

LPBank 

ANNUAL REPORT
2023



**STRENGTHENED FOUNDATIONS
EMPOWERED CAPABILITIES**

A landscape of mountains at sunset. The sun is a large, bright, glowing orb in the upper right quadrant of the sky, casting a warm, golden light across the scene. The sky transitions from a pale blue at the top to a deep orange near the horizon. The mountains are silhouetted against the bright light, creating a layered effect of peaks and valleys. The overall mood is serene and hopeful.

“ STRENGTHENED FOUNDATIONS
EMPOWERED CAPABILITIES ”

The biggest achievement of LPBank in 2023 is the comprehensive change in branding, organizational model, technological platforms and corporate culture. We have taken the initial steps to generate a strong determination, turning thoughts into actions and laying the groundwork for robust growth and optimized performance in the upcoming years.

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STT	Acronyms	Explanation
1	BOD	Board of Directors
2	BOM	Board of Management
3	CEO	Chief Executive Officer
4	SBV	State Bank of Vietnam
5	SSC	State Securities Commission of Vietnam
6	IT	Information Technology
7	VND	Vietnam Dong
8	LPBank	Lien Viet Post Joint Stock Commercial Bank
9	ESG	Environmental, Social and Governance
10	IFRS	International Financial Reporting Standards
11	Basel	Basel Framework is an internationally agreed set of measures developed by the Basel Committee on Banking Supervision
12	SMEs	Small and medium-sized enterprises

Chairman's Message



LPBank

Dear Valued Shareholders, Customers and Partners

Celebrating the 15th anniversary in 2023, Lien Viet Post Joint Stock Commercial Bank (LPBank) has embarked on a remarkable transformation, both qualitatively and quantitatively, expanding in depth and breadth. These strategic endeavors have strengthened foundations and empowered capabilities for a sustainable and impactful growth in the future.

The year 2023 witnessed numerous shifts and hurdles in the global economy in general, as well as Vietnam in particular. LPBank remained proactive in adhering to governmental and SBV's directives through implementing comprehensive and synchronous measures to meet business plan targets, ensuring compliance with banking safety ratios, and executing policies in line with monetary policies to manage inflation, stabilize the macro economy, and foster economic recovery.

As a prominent example, LPBank has introduced numerous credit packages amounting to 15,000 billion VND with favorable interest rates, expanding capital accessibility to aid individuals and enterprises, thus fostering the recovery of production and integrating social responsibility in business.

The newly elected Board of Directors at the beginning of 2023 brings together enthusiastic and experienced experts with diverse knowledge and management expertise, promising a radical transformation to LPBank. Throughout 2023, the Bank has comprehensively restructured its organizational model following a modern and professional structure. An array of initiatives was systematically implemented across our operations to ensure risk management aligned with international standards, strengthen financial capacity (through increasing owners' capital and total assets), invest in technology infrastructure

and enhance human capital. At the end of 2023, LPBank not only surpassed the targets set forth by the General Meeting of Shareholders but also achieved remarkable financial results, with pre-tax profits soaring to 7,039 billion VND, marking a notable 24% increase from 2022. Furthermore, our ongoing efforts led to a continued reduction in the non-performing loan (NPL) ratio, at 1.34% compared to 1.45% in 2022.

To have achieved these impressive results, LPBank's Board of Directors acknowledges the support from our esteemed customers and partners, the dedication of our diligent employees and the shared commitment of our shareholders.

As we enter 2024, both the global and Vietnam's economies continue to confront various challenges. Projections indicate that global economic growth will remain sluggish and prolonged conflicts such as the Russia-Ukraine and Hamas-Israel wars will impact investment flows and global supply chains. Meanwhile, domestic demand is recovering slowly and weakly, and inflationary pressures are still present. Recognizing these challenges, LPBank's Board of Directors and employees are proactively devising flexible solutions, expanding our customer base through digital transformation, improving asset quality and increasing operational efficiency in order to meet 2024 objectives of robust growth, optimized performance, and sustainable development to become the leading retail bank and trusted financial partner.

Chairman

Nguyen Duc Thuy

Key Milestones in 2023

Capabilities enhancement

To achieve the goal of “Strengthened Foundations, Empowered Capabilities” following a modern and professional model, LPBank has focused on comprehensive capability enhancement across various aspects including Governance (newly elected Board of Directors), Capital (increasing charter capital), Customer base, Infrastructure (investing in technology infrastructure), and Human Resources (developing talent and training quality).

Organization model restructure

Restructured the Bank according to a modern and professional model with a “Customer-focused” approach that aims to better serve customers, enhance customer experiences, and strengthen management and control capabilities across the entire system.

Brand Innovation and Enhancement

On May 26, 2023, LPBank unveiled its new brand.

The Bank’s new brand was redesigned to be simple, memorable, and easy to read, with a modernized logo inherited from the previous one. This transformation presents LPBank as a dynamic and friendly institution, always ready to fulfill its mission of delivering the highest benefits to customers, shareholders, employees, and community.

Digital transformation achievements

- Successfully deployed a rapid and effective digital transformation strategy with over 40 projects focusing on intelligent operations, interconnectedness (both data and partners), and digital business breakthroughs.
- LienViet24h application:
 - 1,366,245 users in 2023;
 - Accumulated 6.1 million LienViet24h users in the system;
 - Total online savings deposit balance reached over 33.3 trillion VND, increased by 30.4%.

Financial highlights

Deposit balance

285,342 BILLION VND

▲ 14%

Credit balance

275,453 BILLION VND

▲ ~17%

Total assets

382,863 BILLION VND

▲ 17%

Profit before tax

7,039 BILLION VND

▲ 24%

Equity

34,117 BILLION VND

▲ 42%

Non-performing loan ratio

1.34%

▼ 0.11%

ROE

19%

CAR

12.24%

Moody's Rating

B1

Long-Term Deposit and Long-Term Issuer

MOODY'S



"CORPORATE EXCELLENCE AWARD 2023"

ENTERPRISE ASIA



CORPORATE EXCELLENCE AWARD 2023

Enterprise Asia



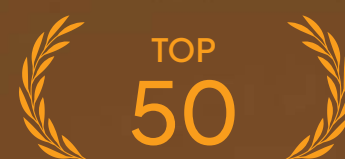
TOP 500 STRONGEST BANKS IN ASIA-PACIFIC REGION 2023

The Asian Banker



TOP 50 INNOVATIVE ENTERPRISES VIETNAM 2023

Vietnam Investment Review and Viet Research



TOP 50 PRESTIGIOUS AND EFFECTIVE PUBLIC COMPANIES 2023

Vietnam report and Vietnamnet



VIETNAM'S 50 BEST PERFORMING COMPANIES

Nhip Cau Dau Tu Magazine and Thien Viet Securities



TOP 100 MOST VALUABLE BRANDS IN VIETNAM 2023

Brand Finance



OUTSTANDING TECHNOLOGY AND DIGITAL TRANSFORMATION PRODUCT IN 2023

Vietnam Investment Review and VWA



TOP 500 VIETNAM BEST EMPLOYERS 2023 (VBE500)

Vietnam Investment Review and Viet Research



▶ **VIETNAM TOP 500 LARGEST PRIVATE ENTERPRISES 2023 (LPBANK RANKED 24/500)**

▶ **VIETNAM TOP 500 LARGEST ENTERPRISES 2023 (LPBANK RANKED 52/500)**



▶ **CSP SECURITY STANDARD CERTIFICATION FOR SWIFT SYSTEMS: CONTROLCASE**

▶ **PCI-DSS VERSION 3.2.1 INTERNATIONAL SECURITY STANDARD CERTIFICATION FOR CARD PAYMENT SYSTEMS: CONTROLCASE**



▶ **THE HIGHEST TRADING VOLUME MARKET MAKER 2022 (THIRD PRIZE)**

▶ **THE BEST QUOTE MARKET MAKER 2022 (FIRST PRIZE)**



▶ **LEADING LICENSEE IN SPENDING VOLUME 2022**

▶ **LEADING LICENSEE IN CARD ACQUISITION 2022**

▶ **LEADING LICENSEE IN PREMIUM CARD BALANCE 2022**

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Overview of the Bank

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General Information

OFFICIAL NAME

LIEN VIET POST JOINT STOCK COMMERCIAL BANK

BUSINESS REGISTRATION CERTIFICATE NUMBER

6300048638

CHARTER CAPITAL

25,576,164 million VND

OWNER'S EQUITY

34,117,400 million VND

ADDRESS

LPB Tower, 210 Tran Quang Khai Street, Trang Tien Ward,
Hoan Kiem District, Hanoi City, Vietnam

PHONE NUMBER

024 62 668 668

FAX NUMBER

024 62 669 669

WEBSITE

www.lpbank.com.vn

STOCK SYMBOL

LPB

Business sectors

LPBank provides financial services in accordance with the Law on Credit Institutions to meet the needs of customers.

LPBank's products and services serve customers through a nationwide network of branches and transaction offices.

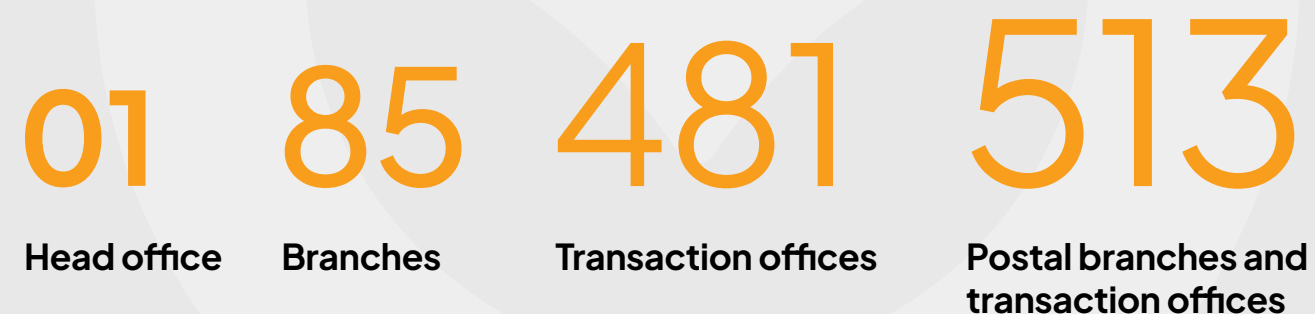


Operating network

Covering all

63

provinces nationwide



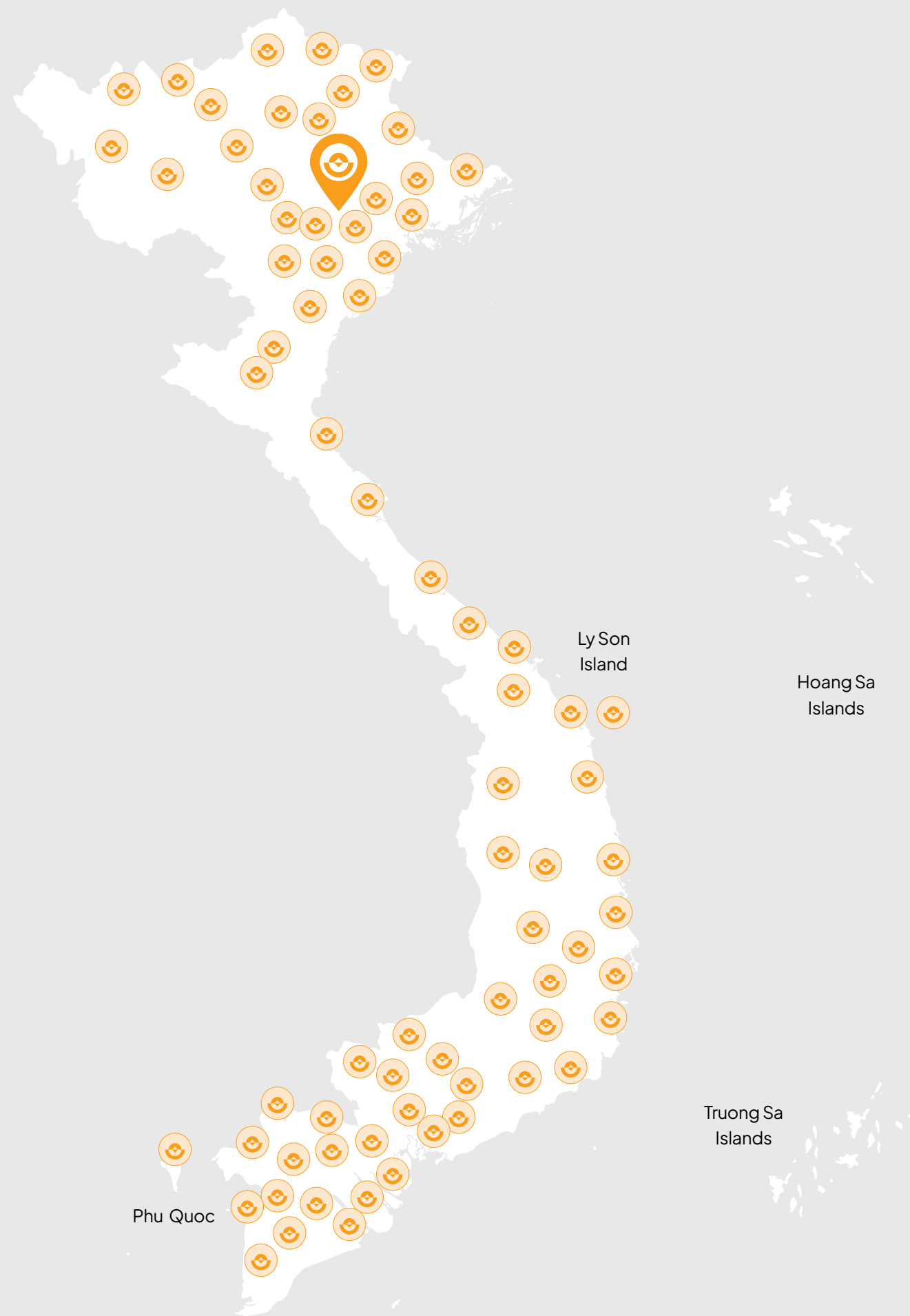
The number of branches and transaction offices relocated during the year



The number of new branches and transaction offices opened in 2023



Subsidiaries and affiliated companies: none



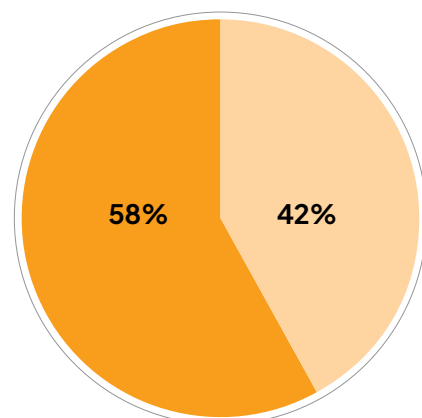
Main products and services

After 15 years of development, the total number of customers at LPBank has reached over 8.5 million customers

Personal Banking

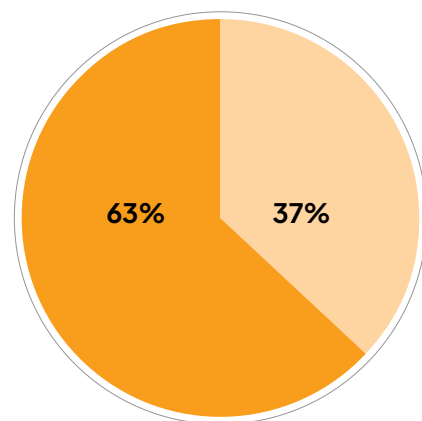
In 2023, amidst declining individual and household income sources, the demand for personal loans for purposes such as personal shopping, home purchase, renovation, and construction has decreased; however, LPBank's personal banking services managed to maintain positive results.

Credit Balance



▲ 14% compared to 2022

Deposit Balance



▲ 17% compared to 2022

- Personal Banking
- Corporate Banking

- 2023 posed numerous challenges for **Retail loan** growth. As of December 31, 2023, the outstanding balance reached 115,198 billion VND, a decrease of 2,005 billion VND compared to 2022. The number of borrowing customers decreased by 10,805 customers compared to 2022, at 339,303 customers. Despite this, LPBank focused its resources on developing key customer segments, including those seeking loans for business operations, agricultural development in rural areas, and consumer loans for daily living expenses. The Bank made concerted efforts to implement various interest rate incentive programs to accompany and support customers. These efforts not only assisted customers in stabilizing their business operations but also fostered increased trust in LPBank during challenging times. Some notable interest rate incentive programs for loans in 2023 included the reduced interest rate support package for existing customers (104,000 billion VND) and short-term production and business loan incentive package (10,000 billion VND). These incentive packages supported customers in reducing loan costs, demonstrating LPBank's commitment to standing by its customers. This commitment will persist throughout 2024 and the subsequent years.
- **Deposit** is a strength of LPBank and continues to yield favorable results, with the deposit balance reaching 174,069 billion VND, an increase of 34,716 billion VND compared to 2022. Despite the reduction in deposit interest rates following the SBV's adjustments, LPBank leveraged its extensive transaction network in rural areas and its established reputation to execute a strategic focus on deposits from small and medium-sized customers. This approach reduces reliance on large corporate customer segments, thereby constructing a sustainable and stable deposit structure with appropriate cost. The number of new customers increased by 277,564 compared to 2022.
- Amidst the economic challenges and changes brought about by the new Insurance Business Law 2022, the **Bancassurance** market witnessed a sharp decline in insurance sales through the Banking channel compared to the same period in 2022. However, LPBank's Bancassurance business only experienced a 35% decrease, achieving a sales volume of 517 billion VND. To



- enhance competitiveness, in 2023, LPBank researched and introduced 02 new products: "**An Phuc Hung Thinh Toan Dien**" and "**Dai Gia An Phuc**", offering numerous outstanding benefits to customers. Developing unique and flexible insurance products lays the foundation for LPBank to continue meeting customer needs, expanding revenue in life insurance in 2024 and beyond.
- By the end of 2023, **the Non-life insurance** business had achieved service fee revenue of 224 billion VND, marking a remarkable 129% increase compared to 2022. Non-life insurance in 2023 indeed underwent a successful transformation towards product diversification, effectively meeting the diverse needs of all customer segments. Notably, products like Credit Protection Insurance ("**Tin Dung An Khang**" and "**Bao An Tin Dung**") were designed with strong humanistic values, offering exceptional benefits to customers. Additionally, these products played a pivotal role in limiting the Bank's non-performing loans in cases where customers faced risks.
- One of the standout achievements was the development of the **LienViet24h application**, which attracted 1,366,245 new users, bringing the total user base to 6.1 million. Moreover, the application facilitated an impressive 71.7 million transactions, totaling over 906 trillion VND in transaction value. LienViet24h was awarded with the prestigious Outstanding Technology and Digital Transformation Product Award in 2023, presented by Vietnam Investment Review in collaboration with VWA.
- In November 2023, LPBank introduced the virtual international debit card - **LPBank UPI Air Card**. This is a key project in LPBank's digital transformation strategy, and is

- also a breakthrough in virtual payment, delivering superior experiences to customers. Notably, it streamlined online card issuance, with approval within just 1 minute, and offered secure payment options for goods and services purchased through various channels.
- In 2024, LPBank aims to establish a diverse financial ecosystem with Open Banking, where customers can conduct all payment services online. Additionally, they can easily create online accounts anytime, anywhere, in a flexible and convenient manner.
- With a "customer-focused" approach, LPBank has designed and developed numerous products with a focus on simplicity and personalization. Simultaneously, it has concentrated on segmenting its customer base to provide distinct experiences, enhancing satisfaction, and optimizing sales performance. Elevating the customer experience is key to retaining existing customers and fostering new customer bases. Therefore, analyzing customer behavior, segmenting existing customer profiles, and developing products aimed at facilitating customer transactions are emphasized across all products for retail customers.

Corporate Banking

2023 represented a pivotal milestone for the Corporate Banking business, marked by positive growth. Throughout the year, LPBank successfully collaborated and implemented bilateral payment services with the State Treasury, efficiently managing large transaction volumes with precision and agility.



- Despite the challenging economic environment that had noticeably impacted the banking sector, **Corporate Credit** still achieved impressive results, with a growth of 35% compared to 2022, reaching a total credit balance of 160,255 billion VND. Furthermore, LPBank provided credit packages with preferential interest rates for corporate customers, totaling over 5,000 billion VND. LPBank focused on providing credit to enterprises in sustainable development sectors, with total financing of 2,000 billion VND for renewable energy and allocating a credit line of 6,000 billion VND for green agriculture in the Highlands and Central regions.
- The intensified financial support for the value chains of corporate customers and the enhancement of **Cash Flow Management services** contributed to impressive growth in fee-based services and CASA (Current Account and Savings Account) deposits. By the end of 2023, the Bank's CASA deposits from corporate customers exceeded 16,420 billion VND, marking a 13% increase compared to 2022. Additionally, the Bank implemented a thorough cross-selling culture of products across its entire system.
- By the end of the year, LPBank had successfully collaborated with partners to implement the **Cash Collection - Payment Settlement services**, with total Collection revenue reaching nearly 48,800 billion VND and total Payment Settlement revenue reaching nearly 10,000 billion VND, marking an impressive growth of 32% compared to the same period last year. Specifically, the Bank managed the State budget collections for nearly 500 State Treasuries nationwide, processing nearly 1 million transactions and achieving a Collection revenue of nearly 25,000 billion VND. It is anticipated that in 2024, the Bank will expand its collaborations with State Treasuries nationwide.



Strengthened Foundations, Empowered Capabilities

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Mission, Vision and Core Values

LPBank's business performance extends beyond mere numbers; it reflects the substantial value the Bank provides to the community through comprehensive and efficient financial services, alongside tangible social initiatives that contribute to communal prosperity.

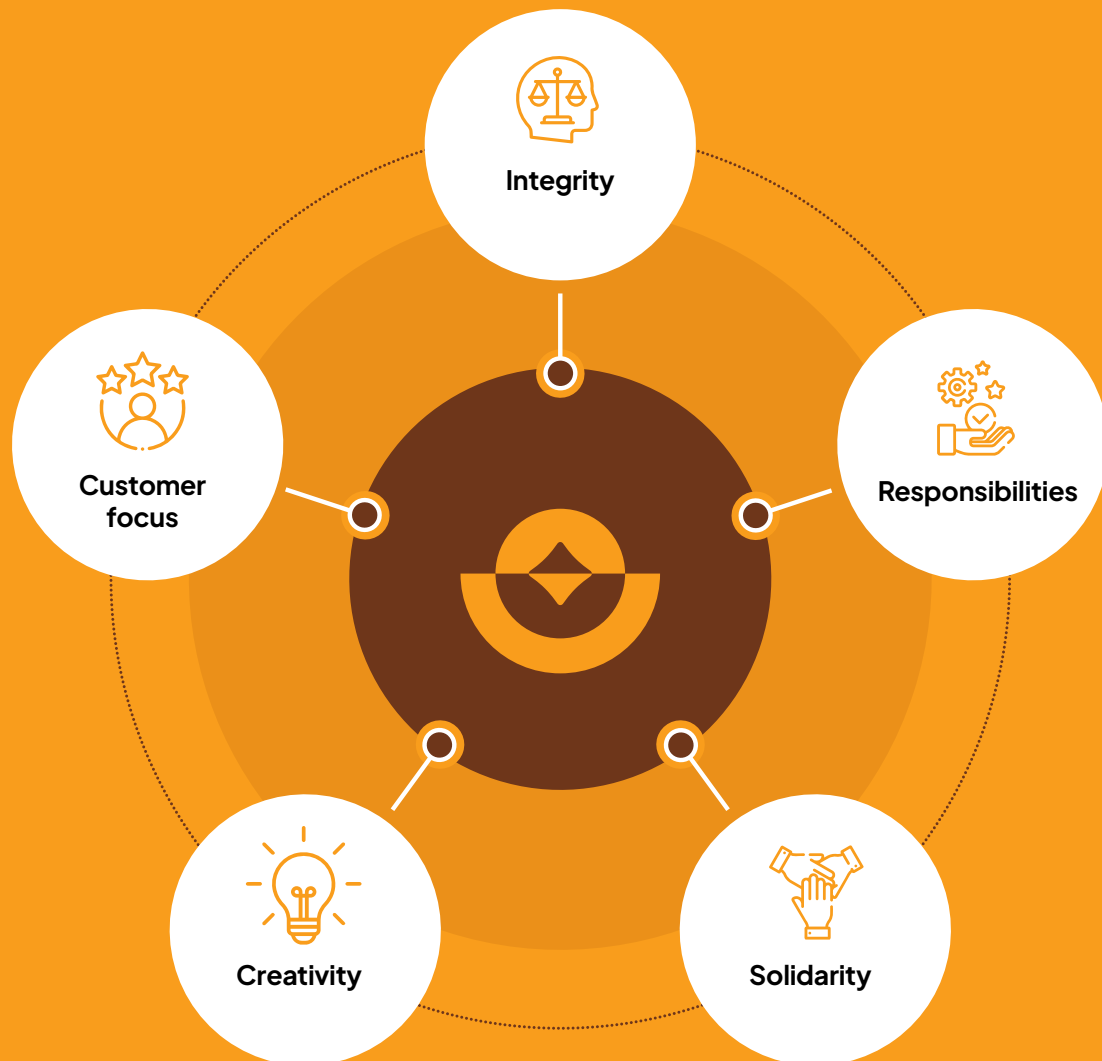
Mission

Integrating and contributing to local economic development, fostering the prosperity of the community via comprehensive, professional and effective financial services.

Vision

Become the most trusted financial partner and the first choice of individuals, households, small and medium enterprises in rural and urban areas.

Core Values



Integrity

LPBank always considers integrity as the solid foundation for all relationships with customers. In every situation, LPBank behaves with honesty, transparency, respect, and propriety, protecting the legitimate rights of customers and the Bank's ethical codes. LPBank fosters absolute trust with customers, partners, employees and the community including government regulatory agencies. Emphasizing integrity is also how LPBank builds credibility and expands business opportunities.

Integrity is the foremost core value in LPBank's recruitment, promotion, training, and self-development efforts.

Responsibilities

LPBank commits to always performing its operations with the utmost responsibility, ensuring the highest levels of accuracy, safety, and security for our customers.

Our business activities are not solely focused on profit generation for the Bank, but also strive for the sustainable development of the community and society, maximizing the benefits for customers, partners, employees, shareholders, and the environment... based on compliance with the law and professional ethics standards. This commitment serves as the scale of LPBank's values, reinforcing our position, reputation, brand, and competitive advantage in the market.

Solidarity

All LPBank employees and leaders are committed to working together in a collaborative, respectful environment, caring for and sharing successes and responsibilities. We value creative ideas and respect differences, all with the same goal of developing the Bank and upholding core values of integrity, openness, fairness, and objectivity.

Creativity

LPBank is committed to always taking the lead in applying advanced technologies in executing the Bank's value chain. We constantly innovate to maximize value, customer experience, and personalization of services for customers.

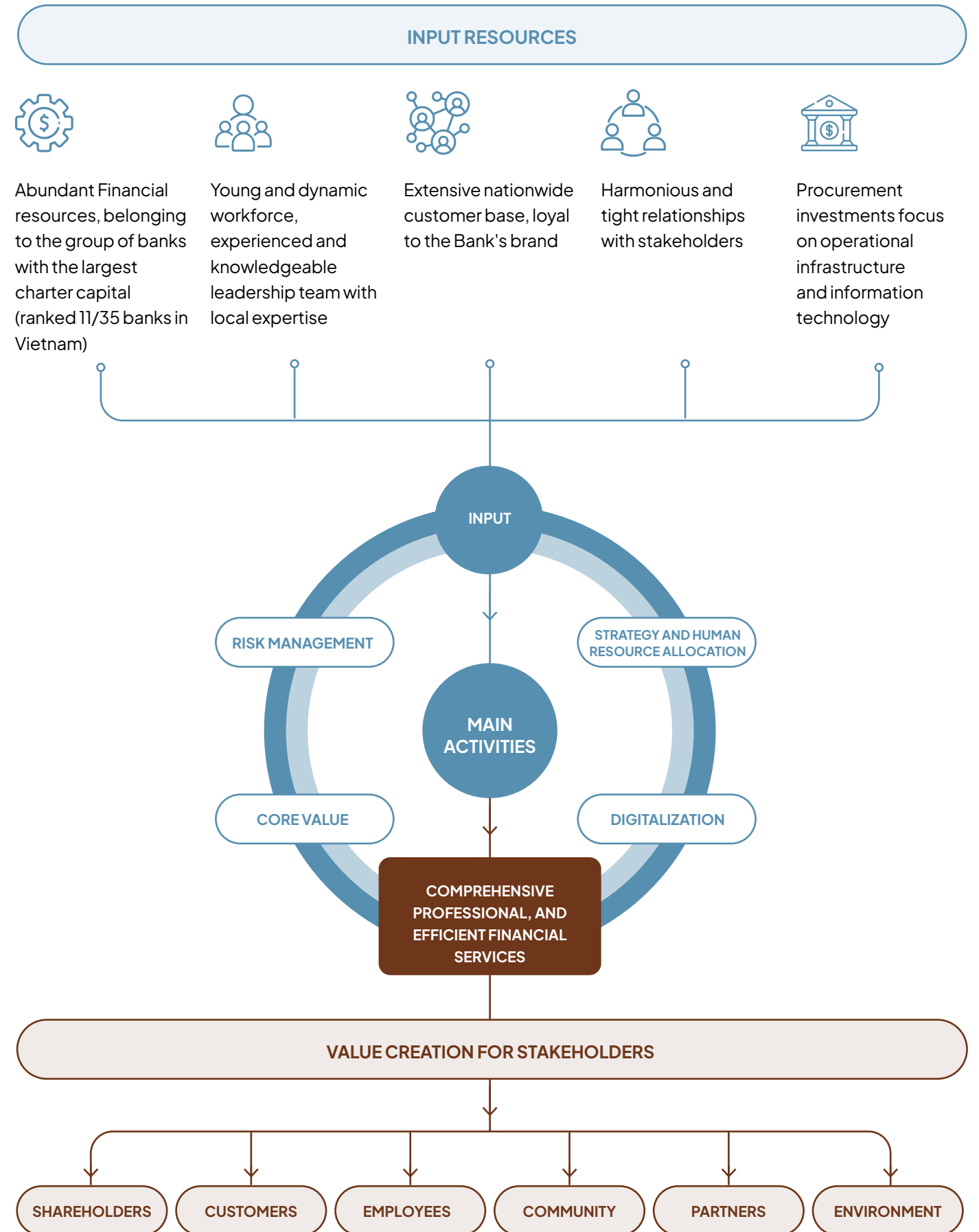
Innovation and creativity are also the foundation for increasing labor productivity, efficiency, and service quality for customers.

Customer focus

We always put our customers at the center of the organizational structure, business philosophy and development strategy. The Bank's products and services are designed to meet the needs and optimize benefits for customers. Sustaining strong relationships with customers is the Bank's greatest asset.

Business operating model and value creation factors

Drawing upon the Bank's input resources, along with distinct competitive advantages and core values, LPBank develops an appropriate strategy, allocates resources efficiently, establishes a robust risk management system, and implements effective digital transformation. These elements collectively serve as the foundation for realizing the Bank's vision and mission to become a trusted partner, providing comprehensive, professional, and efficient financial services.



Market context in 2023: Challenges and Strategies

EXTERNAL CHALLENGES

The **competition is increasingly intense** among banks, as well as from fintech companies entering the financial services market.

Opening the domestic market to international financial institutions leads to increased competitiveness.

The **political landscape** impacts investment flows and global supply chains.

Slow growths in major economies worldwide, particularly Vietnam's key export markets.

Banking governance standards and supervisory benchmarks are undergoing continual enhancement.

Decreased domestic demand has resulted in a decline in manufacturing sectors catering to domestic needs and a stagnation in the real estate market.

INTERNAL CHALLENGES

Restructuring and transformation of the business model requires a strong and resolute commitment for implementation, resource allocation, training, and retraining of personnel.

The **initial response to the model and digital transformation** within the Bank may pose internal challenges regarding the alteration of organizational culture and traditional workflow.

Through resilience and innovative strategies, LPBank has successfully navigated through challenges, solidifying its position in the market.

Along with the strong commitments from the Leadership team, LPBank has set out a developmental trajectory for the forthcoming years, targeting swift breakthroughs and advancements.

BECOMING THE MOST TRUSTED FINANCIAL PARTNER



Robust Transformation in 2023: Strengthened Foundations – Empowered Capabilities

BECOMING THE MOST TRUSTED FINANCIAL PARTNER



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Organizational model transformation

Aligned with the "Customer focus" core value, LPBank has strategically transformed the Bank's organizational structure to a vertical model, catering to diverse personal and corporate clientele. This strategic shift involves the operational and management support units to always closely coordinate and work alongside business units to deliver customized products and services that address specific customer needs.

With LPBank's extensive and diverse network, centralized management enhances efficiency and consistency throughout the entire organization, maximizing LPBank's network advantage to better serve customers and increase the target customer segments. Initially, the Bank conducted a comprehensive review of regulations and operational processes from the Headquarter to the business units to align policies with the current situation, implement new applications, infrastructure, improve service quality, and labor productivity. With unwavering determination from the BOD down to every employee, in the past year, the Bank underwent significant transformation by issuing 2,505 resolutions and decisions of the BOD related to the implementation of IT projects, human resources, finance, and business promotion activities.

With a focus on retail and expanding customer segments, especially the underbanked segment consisting of customers who have bank accounts but do not use or have limited access to basic banking services, LPBank is constantly striving to implement initiatives aimed at understanding its customers better to enhance service value. Operating vertically allows staff to concentrate on their specific business activities, simplifying processes, accelerating decision-making, and improving operational efficiency. As a result, staff receive specialized training in specific fields, enhancing service quality and responsiveness to customer needs. This strengthens management capabilities across the Bank's system and promotes innovative business approaches, delivering tailored product and service solutions and maximizing utility value for each customer segment.



Digital transformation

Digital transformation is considered a key priority with the following direction: (i) synchronously deploys rapid projects that bring quick-win benefits; (ii) invests resources in long-term beneficial projects, implementing projects to support business development, digital solutions to enhance customer service quality and process automation. Accelerating the pace of digital transformation will positively support business development, reduce costs, increase efficiency, help LPBank comprehensively manage operations, and enhance service quality and customer experience.

LPBank will invest heavily in advanced technology, modern information systems, optimizing workflows, thereby enhancing proactive risk identification and management capabilities, improving operational efficiency to deliver better products and services to customers.

This process was initiated simultaneously in mid-2023 and will continue to be vigorously implemented in 2024 with a series of digital transformation projects and initiatives, categorized into three main groups:

Platform enhancement projects

Focuses on researching and implementing foundational digital transformation projects for the Bank's core activities, delivering high efficiency and reducing manual labor time for employees through the following key initiatives:

- Moving to the T24 core banking system to meet requirements for time, stability, and efficiency in the Bank's operations;
- Implementation of the Kondor+ project to expedite and streamline foreign exchange transactions between customers and the Bank;
- Research on the application of new architecture such as Microservices Architecture (MSA), Open Banking technologies to improve integration capabilities and enhance interoperability, thereby expanding the Bank's ecosystem;
- Infrastructure capacity enhancement: Upgraded and built a new data center (DC) and disaster recovery site (DR), utilizing Private Cloud and Hybrid Cloud technologies. Automation of operations and system updates through Continuous Integration (CI), Continuous Delivery (CD), and Containers aims to improve system efficiency, ensuring seamless and uninterrupted system functionality and swiftly customer onboarding, adapting to their needs with rapid, agile development processes;
- Strengthening of information security: To meet mandatory information security standards for enterprises storing, transmitting, and processing payment cards managed by international payment organizations, LPBank promptly implements information security projects within the Bank, expected to be completed by early 2024;
- Implementation of projects on data analysis and utilization (datalake, ODH, CDH, datamart, basic and advanced analytics, data democratization).

Digital transformation projects

Enhancing Digitization, Automation, and Personalization in Banking Products and Services, exemplified by:

- **Robotic Process Automation (RPA):** employs RPA technology to automate bank processes using robots.
- **Digitalization for enhanced customer service:** implements Business Process Management (BPM) and Enterprise Content Management (ECM) solutions, utilizing artificial intelligence (AI) technologies such as OCR, Computer Vision, and Virtual Banking Assistants with large language models (LLM).
- **Paperless Office project (L-Office):** digitizes internal approval processes, integrates digital signatures, and adopts paperless office practices..
- **Autobank:** enabling customers and the Bank to save time, facilitating 24/7 transactions, simplifying transaction procedures, detecting fraudulent activities, and ensuring efficient transaction management.
- **Smart counter:** a multifunctional device integrated into a compact space to provide efficient and high-quality customer service. Smart counters are part of the Digital Transaction Counter ecosystem and are currently undergoing trial deployments. Upon full operation, they are expected to leverage network advantages to reduce operational costs and processing time at the counter.
- **Flex collection software:** enhances debt management and collection processes, ensuring effective and prompt debt reminders across the Bank.



Customer experience enhancement projects

Investing in innovative solutions and new technologies to directly impact both external customers and internal customers (employees), aiming to provide convenience, new experiences, user-friendly interfaces, and efficiency. Key initiatives include:

- **LienViet24h mobile application:** continuously improves and upgrades the LienViet24h app with modern, professional, and customer-friendly features and interfaces.
- **Mobile application for Corporate customers:** enhances the full customer journey experience for corporate customers at LPBank. LPBank is developing a new version of the mobile app on the current Digital Banking platform with a modern interface, while also introducing many new features and utilities to help corporate customers conveniently meet their financial needs anytime, anywhere, saving time and costs.
- **Mobile application for Sales personnel:** provides LPBank's sales team with efficient work tools and utilities from anywhere, including real-time product and service updates, online transaction entry and approval, revenue recording, sales tracking, and updates.
- **LPBank UPI Air Card:** LPBank and UnionPay jointly issued this virtual international debit card product.
- **Smart multichannel contact center:** elevates customer care services with new technologies to meet transaction growth demands and enhance customer service quality.
- **Visa token deployment:** introduces new products, opening up opportunities to build products, creating new business opportunities, and differentiating LPBank from others.
- **Business development service project:** Customer Data Platform (CDP), Loyalty Customer Management, Omnichannel Banking for corporate customers.
- **Business process automation and integration:** researches and implements end-to-end automation of complex processes for operations and approvals, omnichannel banking services from offline to online channels, and applies big data analytics for automatic lending, Buy Now Pay Later (BNPL), and revolving credit limit analyses.

Risk Management enforcement

Moody's rating

B1

Long-Term Deposit and Long-Term Issuer

MOODY'S

In 2023, both the domestic and international financial markets encountered numerous challenges, and the Vietnamese banking sector was not exempt from these difficulties. Several banks experienced credit rating downgrades or were in the process of reassessing their credit prospects. This was primarily due to concerns about economic challenges, particularly in the real estate sector, which could negatively impact the asset quality of Vietnamese commercial banks.

Against this backdrop, in August 2023, the international credit rating agency Moody's Investors Service (Moody's) maintained LPBank's B1 rating with a stable outlook for its Long-Term Deposits, Issuer Rating category. Moody's also retained LPBank's Ba3 rating for its long-term local and foreign currency counterparty risk assessment.

The maintenance of LPBank's credit ratings reflects stability in the Bank's financial position and operations, including indicators of capital, asset quality, profitability, and liquidity. This also demonstrates LPBank's efforts to grow its capital base, improve asset quality, enhance risk management, and increase profitability despite the adverse impacts of the economy.

Risk management Framework

Throughout 2023, LPBank embarked on comprehensive initiatives aimed at fortifying its risk management framework. These initiatives included: (i) institute multiple layers of defense to ensure seamless oversight across all levels, from Headquarter to individual Business Units; (ii) conduct training sessions and foster a culture of risk management throughout the organization; and (iii) upgrade the risk management system towards sustainable development goals.

LPBank remained steadfast in its commitment to implementing and adhering to Basel III risk management standards, thereby reinforcing its risk management infrastructure and reaffirming transparency in operations. These efforts are pivotal in laying the groundwork for sustainable growth and resilience, poised to propel LPBank's strategic objectives forward.

Effective debt management

NPL ratio

1.34%

▼ 0.11%

In order to enhance debt management capabilities, the Bank has revamped the organization structure of the Debt Collection Division to meet business requirements; staff of this division are specialized to handle debt on stage or by customer segment, thereby improving debt recovery efficiency.

LPBank has developed a hybrid model combining centralized and decentralized debt processing operations through three centers as follows: the Early Debt Recovery Center and the Legal Debt Processing Center carry out centralized debt processing at the Headquarter; while the Debt Management Center implements decentralized debt processing at Business Units.

Establish Early Warning Mechanisms: LPBank is actively researching and testing the SOFTMART debt processing software, designed to enhance our debt management capabilities. This software incorporates features including reminder alerts, automated campaign calls, analysis of overdue debt data, and assignment of debt portfolios to individual specialists for focused follow-up on Group 2 debts. These measures are aimed at mitigating the incidence of non-performing assets within the Bank.

Significant attention is directed towards the management of non-performing and overdue debts, with targeted initiatives implemented to diminish the ratio of non-performing loans. Furthermore, in response to the challenges posed by the Covid-19 pandemic, LPBank has extended support and stood in solidarity with customers experiencing financial hardship.

Product, service diversification and Retail banking expansion

Efficient harnessing of the nationwide network

With the advantage of being one of the Joint Stock Commercial Banks with the largest network and having access to postal transaction points spanning district-level areas nationwide, LPBank continuously strives to develop its retail customer base in many regions. Particularly in the Vietnamese market, there is still a significant number of people who do not have bank accounts or use accounts ineffectively (unbanked), creating a group of individuals facing difficulties in accessing basic financial services. Notably, within the Vietnamese market, a significant cohort still does not have bank accounts or utilizes banking services suboptimally, posing accessibility challenges to fundamental financial services.

Aligned with its noble mission, LPBank pioneers a targeted approach to expansion in economically challenged regions, thereby aiding in mitigating the prevalence of informal lending practices (known as loan sharking), amidst ample retail potential. Through intensified cross-selling initiatives, particularly of technologically driven products, LPBank directs special attention to rural locales. This endeavor not only enhances residents' quality of life but also cultivates sustainable growth prospects for both local communities and the national economy.

Crucially, LPBank prioritizes the recruitment of indigenous management personnel to ensure that strategic decisions and operational directives are grounded in comprehensive insights into each region's distinct dynamics. This localized approach enables LPBank to adeptly discern and respond to the nuanced needs and preferences of customers in each locality, thereby delivering tailored financial solutions and services. Furthermore, the presence of native managers facilitates the establishment of robust community ties, fostering the gradual accrual of trust and confidence in LPBank among its clientele.



Product diversification and emphasis on Non-credit products

Cross-selling products

To increase the number of cross-selling products per customer, the revenue from non-credit services will contribute to shifting the proportion of non-credit income in LPBank's revenue structure. The Bank is strategically focusing on boosting products such as Cards, Digital Banking, International Remittance, Cash Collection, Trade Finance, and Foreign Exchange, through (i) competitive programs and policies to incentivize customers to prioritize using the Bank's services; (ii) develops information technology software to support customer management and cater to the specific needs of core service groups. This approach aids the sales team in closely understanding customer needs, spending habits, and financial capabilities, thereby facilitating the design of tailored products for individual customers.

Currency trading operations

In the context of economic slowdowns witnessed in some countries and regions worldwide, LPBank leverages capital mobilization channels in the money market to minimize the Bank's funding costs while always prioritizing liquidity safety for the entire system. Building upon the achievements of 2023, LPBank will continue to strengthen its presence in the money market by utilizing flexible capital sources in the interbank market to meet the Bank's capital utilization needs. Simultaneously, LPBank will enhance cooperation with domestic and international partners, elevating LPBank's reputation in both domestic and international financial markets.

Foreign exchange and derivative products business operations

The Bank's foreign exchange operations have yielded promising results based on accurate analysis and forecasting of exchange rate trends, interest rates, and general policy directives. The Bank surpassed its 2023 target, achieving revenues of 356 billion VND. LPBank has also initiated interest rate derivative products, yielding significant results as the interest rate derivative portfolio closely aligns with market trends.

In the interbank foreign exchange market, LPBank consistently plays an active role and remains one of the leading market makers. Recognizing its impressive trading results in 2023, LPBank received prestigious awards for being a leading market maker in Foreign Exchange Swap transactions from the Vietnam Bond Market Association.

In 2023, the Bank implemented various measures and programs to boost sales, support Business Units and customers, closely monitor international market developments to provide appropriate trading options. As of December 2023, the profit from buying and selling foreign currencies for corporate customers of Business Units exceeded the target by 20.74% and increased by 6.34% compared to the same period in 2022.

Heading into 2024, the Bank continues to prioritize foreign currency liquidity across the entire system, monitors market trends closely to timely advise and

support Business Units and customers, seeking profitable business opportunities for the Bank. The Bank aims to reaffirm its pioneering and proactive role in the interbank foreign exchange market.

Securities trading activities

LPBank always focuses on issuing securities because this is an effective form of mobilization to supplement medium and long-term capital. In 2023, the Bank successfully issued nearly 4,000 billion VND in Tier 2 Capital bonds to the public. These are bonds with maturities of 07 years and 10 years with flexible and attractive floating interest rates that have received the attention of a large number of individual and institutional investors in the market. Along with the success of issuing bonds to the public, LPBank also issued nearly 31,000 billion VND of securities to partners in the market with maturities of up to 03 years. The successes in issuing securities have contributed to improving the safety ratios prescribed by the SBV, especially the ratio of short-term capital sources for medium and long-term loans and capital adequacy ratio (CAR).

Furthermore, LPBank seized opportunities in the market to enhance investment in credit institutions securities throughout 2023. The investment portfolio was diversified and flexibly adjusted according to market fluctuations to optimize profits while managing liquidity and interest rate risks. The investment portfolio in securities issued by credit institutions was evenly distributed and diversified in terms of maturity, interest rates, and issuing entities. As of December 31, 2023, the total investment portfolio in securities issued by domestic credit institutions (excluding government-guaranteed bonds) reached nearly 17,000 billion VND. LPBank continues to affirm its position and reputation in the market, while strengthening and enhancing good cooperative relationships with partners in the Banking and Financial system.

With the efforts and achievements, LPBank maintained stable investment activities and securities issuance throughout 2023 amidst challenging market conditions, laying the groundwork for further growth in this area in 2024.





Human capital enhancement

In 2023, LPBank continued to prioritize enhancing the quality of its human capital through several initiatives: (i) Develop and implement training programs focused on skills enhancement, professional development, and knowledge-sharing sessions; (ii) Conduct reviews, assessments, and adjustments to the workforce to ensure alignment with capabilities and experience, thus enhancing labor productivity; (iii) Cultivate a professional and passionate work culture; (iv) Establish appropriate compensation and remuneration mechanisms to encourage staff to unleash their creative potential, boost labor productivity, and maintain job stability.

The year 2023 marked a pivotal transformation and comprehensive restructuring of the Bank's organizational structure and operations. Numerous human resource policies were enacted to enhance the staff capabilities, attract and retain talented individuals, foster a positive work environment, and promote a corporate culture that embodies determination and spirit.

(I) LPBank has developed a tailored training framework suitable for each position and title, along with implementing several core training programs to enhance professional knowledge and personal skills. Furthermore, the Bank promptly completed training programs on the new organizational model, products, and business processes to establish a solid foundation for the implementation of the new operating model.

(II) In the process of transformation, the Bank has rearranged its entire workforce to align with the new model, along with transferring certain positions within its units to enhance cross-training efforts and risk control. This facilitated the identification of any operational inefficiencies within business units,

allowing for timely adjustments to ensure effective operations and compliance with regulations;

(III) The Bank has undertaken the development and refinement of the Corporate Culture Handbook, disseminating a detailed cultural standard system applied throughout the entire organization;

(IV) LPBank has also adjusted its salary structure to better reflect the actual performance of employees and align with the current situation. Additionally, the Bank has implemented two rounds of salary adjustments for employees, aiming to motivate them, increase labor productivity, and provide long-term job security and commitment to the Bank.



Brand reinvention

On May 26, 2023, LPBank officially underwent a brand reinvention following approval from the SBV. The Bank's new brand direction reflects modernity and ease of recognition, presenting an image of a dynamic and friendly institution, always ready to fulfill its mission of delivering the highest benefits to customers, shareholders, employees, and the community.



LPBank implemented its "brand coloring" initiative through an extensive promotional campaign across its 99 branches and transaction offices nationwide. Simultaneously, it aimed to fortify its brand presence by leveraging internal strengths, fostering transparency, and embedding social responsibility within its business operations. The brand transformation campaign at

LPBank was meticulously executed in phases, adhering to principles of cost-effectiveness and alignment with the Bank's specific conditions. This strategic move to revamp its brand signifies a pivotal step for LPBank, marking the Bank's transition towards becoming a leading retail bank in Vietnam.



Value creation: Performance snapshot of the year

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Activities throughout the year

Financial performance

Financial indicators	Unit	2021	2022	2023	% increase / decrease
1. Capital					
Owners' Equity	billion VND	16,802	24,055	34,117	42%
In which: Charter capital	billion VND	12,036	17,291	25,576	48%
Total assets	billion VND	289,194	327,746	382,863	17%
Asset turnover (Net revenue/Total average assets)	%	4%	5%	4%	-1%
Capital Adequacy Ratio (CAR)	%	11.26%	12.36%	12.24%	-0.97%
2. Financial performance					
Deposits of Economic entities and Individuals	billion VND	180,276	215,888	237,392	10%
Total outstanding loans	billion VND	208,954	235,767	275,453	17%
Total Revenue	billion VND	23,159	29,864	38,809	30%
Net profit from operating activities before provision expenses for credit losses	billion VND	4,960	8,863	9,865	11%
Tax and payables	billion VND	231	878	1,010	15%
Net interest income	billion VND	9,017	11,900	11,203	-6%
Profit before tax	billion VND	3,638	5,690	7,039	24%
Profit after tax	billion VND	2,873	4,510	5,572	24%
ROE (Profit after tax/Equity)	%	19%	22%	19%	-3%
Profit after tax/ Net revenue	%	29%	32%	36%	4%
ROA (Profit after tax/Total average assets)	%	1%	1%	2%	1%
Profit from operating activities/Net Revenue	%	29%	32%	36%	4%
Provision for credit losses	billion VND	1,322	3,174	2,826	-11%
NPL ratio	%	1.37%	1.45%	1.34%	-0.11%
EPS	VND/share	2,135	2,671	2,703	1%
3. Liquidity					
Liquidity reserve ratio (>=10%)	%	11.54%	16.00%	14.62%	-9%
Liquidity coverage within the next 30 days - VND (>=50%)	%	67.56%	140.58%	90.03%	-36%
Liquidity coverage within the next 30 days - Foreign currency (>=10%)	%	157.83%	35.18%	26.64%	-24%

Investment and implementation of key projects

In 2023, LPBank witnessed a remarkable breakthrough in its digital transformation with over 40 projects spanning all facets: strengthening platform, operational support and risk management, enhancing customer experience, and facilitating business. Key projects include:

Platform enhancement projects

- Core Banking System Replacement Project:** LPBank is undergoing a transition of its core banking system to the T24 solution provided by Temenos Group of Switzerland. The decision to implement T24, a platform akin to those utilized by major banks, will assist LPBank in enhancing its journey towards an end-to-end digital customer experience across all transaction channels, thereby increasing interaction capabilities with staff throughout the entire system. The new core banking system will bolster LPBank's ability to diversify products, data, and virtual accounts, facilitate process automation to minimize operational errors, enhance risk management efficiency, and enable swift and effective digital transformation. Consequently, this will allow for improved performance and efficiency, faster personalization of products and services, and lower costs.

- Infrastructure Capacity Enhancement Project:** LPBank is directing resources towards its existing system, including applications operating at data centers in Ho Chi Minh City and Hanoi, to ensure the availability of databases and applications in both regions, capable of substituting for one another when necessary to maintain continuous bank operations. Specifically, LPBank has undertaken the following initiatives to equip its data center:

- Component 1:** Network equipment and information security

LPBank formally entered procurement contracts with partners in November 2023, completed deployment in January 2024, and commenced official operations right after.

- Component 2:** Server and data storage center



In November 2023, LPBank signed procurement contracts for servers and storage equipment at the data center, completed installation and deployment, and commenced operations in February 2024.

- Component 3:** Investment in equipment, upgrade and expansion of data center

The procurement contract for infrastructure equipment was signed in September 2023, with deployment completed by February 2024, ready for immediate operation in various projects. This initiative aims to meet the expansion needs over the

next 3 to 5 years, enhancing the readiness, stability, and security of LPBank's services.

- **Project Kondor Treasury Front-to-Back:** In 2023, LPBank embarked on a collaboration to implement the Kondor Treasury Front-to-Back solution, aimed at enhancing operational quality, efficiency, and bank management capabilities. This initiative aligns with LPBank's strategic vision to bolster its competitive edge amidst deepening economic integration. The new system enables LPBank to execute large-volume capital transactions and supports more complex derivative products, options, and structured transactions. Consequently, LPBank can increase both the volume and quality of transactions, diversifying trading needs across derivative products to deliver optimal solutions to customers.
- **Modernization of information security project:** Commencing in August 2023, this project has reached a milestone of 90% completion and is scheduled to be finalized by April 2024. LPBank anticipates the following benefits upon project completion:
 - Full compliance of IT systems with international credit card system security standards PCI DSS V3.2.1 and the SWIFT Customer Security Control Framework 2021;
 - Implementation of secure IT management processes

and a reporting subsystem to ensure information security;

- The Bank's IT infrastructure is designed with network segmentation between different layers, ensuring secure isolation of services. Firewalls are employed to control access between these services, preventing any unauthorized traffic from traversing through. All servers providing services undergo stringent security checks upon deployment, ensuring that security configurations are adhered to from inception and are regularly monitored during operation;
- The Bank adheres to a professional four-tier information security assurance model, comprising: On-site security taskforce - Information Security Department - Information Technology Division; Professional supervise and protection by accredited organizations or enterprises; Independent evaluation and periodic assessment conducted by external entities; Integration and information sharing with the national incident response network;
- In addition to technical measures, emphasis is placed on raising awareness through training. Each year, over 10,000 employees undergo training to enhance their understanding of information security;
- In parallel with self-operation and management, the Bank also engages independent partners to assess

Digital transformation projects

- **Robotic process automation (RPA):** LPBank has successfully implemented 21 processes, providing numerous benefits to the Bank such as aggregating daily reserve limit reports, handling suspicious customer transactions, receiving and processing reconciliation transactions for international cards like ISS-Visa, Master, JCB. The robots assist in reducing manual processing time and operational errors, leading to over 2,000 work hours saved per month.
- **Multi-dimensional profit analysis project (MPA):** The MPA project aims to manage profits and allocate expenses across various dimensions including segments, products, customers, and accounts. It facilitates automatic reporting, enhancing the Bank's operational efficiency. This serves as the core platform of the management information system and is scheduled to go live for revenue analysis and expense allocation in June 2024.
- **Paperless office project (L-Office):** Deployed in the latter half of 2023, the project officially went live on March 1, 2024, and is applied throughout the Bank. It enables internal process approvals, integrates digital signatures, and efficiently implements paperless

office practices across the entire system.

- **Autobank project:** LPBank introduced Cash Deposit Machines (CDMs) branded as LPBank Autobank. Apart from conventional ATM functions, LPBank Autobank distinguishes itself with three features: allowing deposits and withdrawals with chip-embedded national ID cards, withdrawals via QR code, and online account opening with instant card issuance. The project has been concurrently deployed in seven major cities across all three regions - North, Central, and South Vietnam. Completion is slated for May 2024, with plans to expand features to further benefit customers based on the latest market technologies.
- **Flex collection software:** This software enhances debt management processes, ensuring tighter and faster debt reminders within the Bank. The system has been operational for debt reminder functions since the second half of 2023. Automated debt reminder services through voicebot technology went live in early 2024. Additionally, the Bank is currently in the process of deploying debt processing functionalities, expected to go live by mid-2024.

Customer experience enhancement projects

- **LienViet24h App update:** The new interface was rolled out in July 2023, continuously adding new features. The project has also completed architecture upgrades, continuing to deploy additional features such as partner connections, service expansion, and increasing flexibility in services (Agile model). Phase 1 is expected to go live in early 2024, with monthly introductions of new features until September 2024.
- **Chatbot project:** Aims at enhancing customer experience and reducing workload for the customer service team. The project is currently implementing over 65 chatbot interaction scenarios with customers based on predefined scripts for websites, fan pages, and social media channels, scheduled to officially operate on April 30, 2024.
- **Multichannel automated call center:** Featuring automatic voice recognition, no-button operation, automatic response, the center leverages artificial intelligence (AI) technology to enhance customer service with cutting-edge technologies, meeting the demands for transaction growth and elevating the quality of customer service. The project has completed

partner selection and is undergoing official deployment, expected to be fully operational by September 2024.

- **Visa token deployment (virtual card):** Launched in the second half of 2023 and scheduled to go live in the third quarter of 2024. The project is expected to open up opportunities to develop new products, create new business opportunities, and differentiate LPBank from others.
- **Digitization project for Disbursement control and International payments:** The project officially went live across LPBank on March 18, 2024, and has automated several steps in the operational process, reducing operational time and improving labor productivity. This includes:
 - Automated assignment of file processing in the loan origination system (LOS);
 - Automatic generation of forms within the LOS system;
 - Application of digital signatures and internal signatures on documents in the disbursement control process.



Protection of customers' rights and benefits

Customer feedback

With the desire for each customer-facing department to be a touchpoint delivering satisfactory experiences, LPBank is committed to promptly receiving and addressing any issues that arise during the use of products and services to ensure maximum legitimate benefits for customers. In addition to the traditional channels at transaction points nationwide, customers can connect to the customer service center whenever they need assistance with product and service information or have inquiries or complaints that need to be addressed.

In 2023, the customer service center diversified its channels to collect customers' feedback to ensure timely support for customers' requests, including:

Hotline:

1800577758/ 02462 668668

Email:

dichvukhachhang@lpbank.com.vn

Fanpage:

<https://www.facebook.com/LPBankFanpage>

<https://www.facebook.com/NganhangsoLienViet24h>

Contact section on the official website of LPBank

<https://lpbank.com.vn/>



All communication materials regarding products and services, including emails and messages sent to customers, prominently display the contact information of the customer service center, enabling customers to connect promptly when needed. With an increase in the volume of incoming calls during the initial stages of digital transformation, the customer service center emphasizes enhancing the expertise and response quality of its agents to reduce support time and increase customer service rates each year. In 2023, LPBank provided support to customers through 448,000 calls, achieving a service rate of over 80% for incoming calls connected to the center, with processing times reduced by over 30%. The Support Department has intensified digitization efforts and process automation, deploying O6 robots to assist in reconciliation tasks, ensuring efficient management of time and quality in handling customer complaints.

Mechanism to enhance the complaints resolution

- To further enhance the efficiency of complaint and denunciation resolution, LPBank routinely reviews and adjusts internal regulations, aligning them with legal provisions to ensure timely compliance by staff with both statutory and internal mandates. This proactive approach mitigates procedural breaches and prevents delays in addressing customer complaints and denunciations.
- Moreover, LPBank emphasizes and mandates self-directed training initiatives within its units. Regular forums for discussions and exchange of experiences among bank personnel, study of relevant legal documents pertaining to customer engagement, complaint resolution in order to fortify and enhance the professional expertise of the Bank's employees.

Organization and human resources

Human resource characteristics



Total employees

10,648



Average age

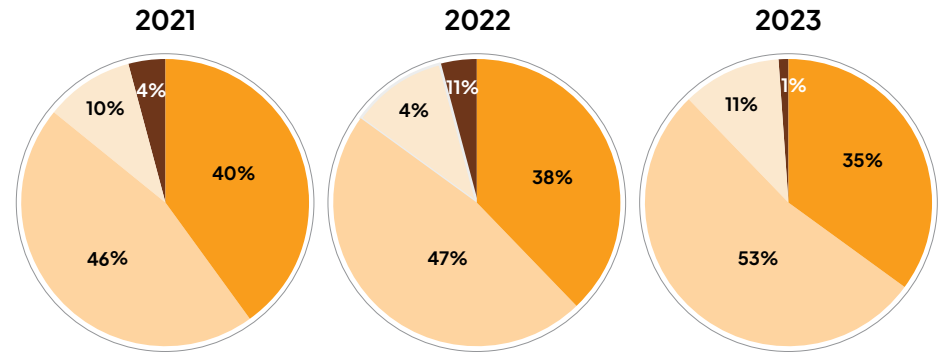
32.7 YEARS OLD



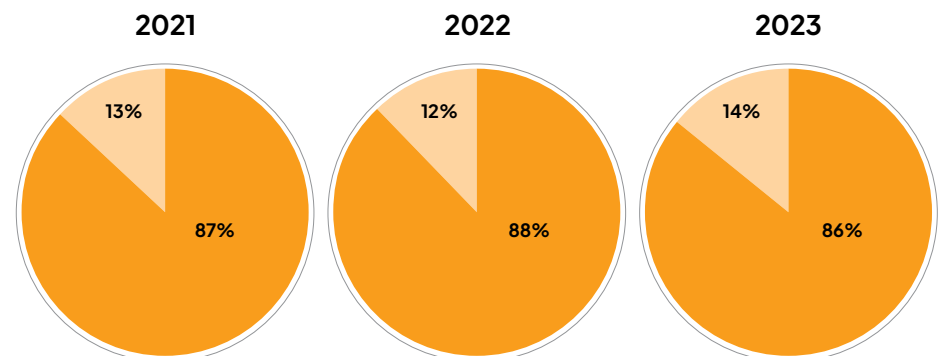
Employee qualification

85.64%

Bachelor's degrees and higher



● Age under 31 ● Age from 31 to 40 ● Age from 41 to 50 ● Age above 50



● Others ● Departmental managers and above

- LPBank's workforce continues to maintain stability. LPBank also identified 2023 as a pivotal year for restructuring and comprehensively transforming the Bank's organizational structure. Consequently, numerous human resources policies have been issued with the aim of enhancing team capabilities, attracting and retaining skilled personnel, fostering a positive work environment, and propagating corporate culture with core values.
- The professional quality foundation remains relatively high compared to industry standards and continues to increase steadily year by year.
- The proportion of managerial staff is reasonably adjusted to ensure optimal bank operations. Furthermore, the Bank continues to promote workforce rejuvenation over different periods to ensure a consistently high-quality team.
- The majority of branch and transaction office leaders are local residents.

Human resources management

In 2023, LPBank continued its commitment to enhancing employee income growth, marking another milestone in its strategic direction. The Bank undertook two rounds of salary adjustments, boosting employee morale, increasing labor productivity, and fostering enduring relationships with its workforce. Additionally, LPBank revamped its salary structure to better reflect the actual performance of employees and to align with market conditions. Beyond monthly compensation, LPBank provided a range of non-monetary benefits, including birthday perks, routine health check-ups, accident health insurance, and specialized credit offerings for female employees during significant occasions such as International Women's Day and Vietnamese Women's Day. These initiatives yielded significant achievements in the domain of human resources:

- **Implementation of a comprehensive model transformation:** LPBank successfully restructured over 10,648 positions, transitioning from the previous model to a new organizational framework. This restructuring effort included data synchronization across software platforms and the development and dissemination of a comprehensive job description system, tailored to the Bank's evolving business model. These efforts served as a guiding light for internal units, facilitating a seamless transition and contributing to the Bank's overarching goals of organizational agility and digital transformation.
- **Introduction of a new online examination platform:** LPBank launched a state-of-the-art online examination system, facilitating efficient and transparent recruitment processes across its entire network. This platform streamlined candidate evaluations, ensuring timely assessments, and aligning with the Bank's commitment to operational excellence and transparency.
- **Strengthening workforce capabilities and quality:** LPBank initiated various programs aimed at enhancing employee skills and performance standards. These

programs encompass standardized recruitment criteria, competency assessments following the probationary period, regular performance evaluations, and structured personnel rotation initiatives. Through these endeavors, LPBank fortified its workforce, nurturing a culture of continuous improvement and professional development across the organization.

- **Robust implementation of digital transformation in human resources management:** LPBank has deployed a streamlined process for personnel submission and approval, including recruitment, appointment, and contract extension for employees across the entire organization through the HR software platform. This initiative aims to expedite task processing and optimize costs for the Bank.
- **System-wide salary adjustments:** LPBank has conducted multiple rounds of salary adjustments for managerial staff across the organization.
- **Strengthening partnerships with national reputable universities and institutions:** LPBank has expanded collaboration with prestigious universities and academies through comprehensive cooperation agreements and internship programs for potential interns at Banking Academy, Financial Academy, and others. Additionally, the Bank has established scholarship funds at major universities to enhance its recruitment brand and reputation among students, thereby preparing a pool of potential high-quality candidates to meet the Bank's staffing needs in various periods.
- **Completion of three rounds of personnel rotation across the organization:** LPBank has carried out these rotations to enhance cross-training, internal understanding, local business understanding, and risk management. Through this process, the Bank aims to identify and address operational inefficiencies promptly, ensuring effective operations and compliance with legal regulations.

Training activities

Total internal training courses have been implemented in 2023

8,055

Total training hours

16,110

Training programs and sessions

184

Classes

1,418

Learners

186,122

▲ 31% compared to 2022

The average training hours per employee in 2023

51.6 HOURS

During 2023, training activities were closely aligned with LPBank's business development direction and the demands of digital transformation, ensuring optimal preparation to enhance the team's capabilities and readiness for implementing new operating models. This alignment was achieved through several notable policies:

- Adoption of diverse training methodologies, with a heightened emphasis on leveraging technology to facilitate rapid and comprehensive knowledge dissemination. This entailed a strategic integration of online learning platforms alongside traditional classroom-based sessions.
- Targeted initiatives aimed at enhancing the competencies of frontline managers to contribute to the Bank's operational efficiency, alongside timely formulation of training agendas concerning the novel organizational structure, products, and operational procedures to establish a robust footing for the forthcoming model deployment.
- Development and refinement of the Enterprise Culture Handbook to propagate a standardized corporate culture with core values throughout the entire system.

Amidst the backdrop of heightened competition and digital transformation posing significant challenges for the Bank, the imperative for training initiatives to be appropriately adjusted and further enhanced is evident to ensure the Bank cultivates a high-quality workforce capable of swiftly adapting to change. In 2023, LPBank's training efforts yielded the following achievements:

- **Development of a customized training framework designed to meet the specific job requirements across various roles**, from specialist positions to managerial levels. The diverse training content aimed at enhancing individual capabilities encompassed general banking training programs, professional knowledge sessions, and personal skill development courses.
- **System-wide training programs:** Efficient completion of a comprehensive training plan featuring a plethora of supplementary training programs to meet the Bank's business needs. This included 184 training programs and sessions across 1,418 classes, catering to 186,122 learners, reflecting a 31% increase in engagement compared to 2022. The average training hours per employee in 2023 stood at 51.6 hours, with notable programs including:
 - Leadership development training for managerial staff at both Head Office and Business Units, as well as core personnel.
 - Position-based training programs for mid-level management teams within Business Units.
 - Sales skills training for sales management teams and frontline sales personnel.
- **Robust internal training initiatives** were implemented across Business Units throughout the entire system, vigorously promoted by the Bank to enhance staff capabilities, leveraging the pivotal role of internal trainers serving as direct managers. The total number of internal training courses conducted in 2023 amounted to 8,055 courses, equivalent to approximately 16,110 training hours.

Nomination and selection of Senior Leadership

- LPBank carefully selects its senior management based on essential criteria including experience, achievements, and expertise in leadership, banking, risk management and compliance. Candidates are expected to possess outstanding corporate management experience, banking administration proficiency, strong leadership skills, deep industry knowledge, and adeptness in risk management. Furthermore, a strong sense of professional ethics, creativity, and adaptability are highly valued throughout the selection process.
- The Bank's succession planning strategy stands as a cornerstone in human resource development. LPBank ensures ample opportunities for potential personnel to engage in both internal and external training programs, facilitates rotation policies, and assigns significant responsibilities to enhance experience, capabilities, as well as to refine management skills. Notably, the transfer of knowledge and training from LPBank's senior leadership plays a pivotal role in guaranteeing the success of this strategy. By fostering personal development and offering an environment conducive to growth, LPBank aims to groom potential staff into outstanding leaders, thereby contributing to the

sustainable development of the Bank.

- LPBank issued the Regulation on Appointment and Dismissal of Managers on April 25, 2023, to ensure objectivity, fairness, transparency, correct fit, and alignment with the Bank's strategic human resources development direction at each period. Employees appointed to managerial positions must meet the bank's prescribed title standards with basic criteria including professional ethics, business unit performance, individual work efficiency, leadership and management capabilities, professional expertise, work experience in the relevant field of the appointed position, and tenure at the Bank. To ensure precise evaluation of proposals for employee appointments to managerial positions and to maintain alignment, equality, and fairness in comparison with the current internal workforce situation, LPBank has introduced competency frameworks for corresponding titles. These frameworks are accompanied by proposed personnel competency assessments and plans aimed at enhancing the effectiveness of the unit in the event of appointment to the proposed position.



Shareholding structure, changes to Owner's equity

Share structure

Total shares (as of December 31, 2023): 2,557,616,416 shares, of which:

- Number of transferable shares: 2,410,212,236 shares
- The number of restricted shares: 147,404,180 shares (pursuant to Clause 1, Article 56 of the Law on Credit Institutions no. 47/2010/QH12: "Individual shareholders and institutional shareholders with their representatives being members of the BOD or Supervisory Board or CEO (Directors) of credit institutions may not transfer their shares during their incumbency" and other circumstances as regulated by the law).

Shareholding structure

Type of shareholder	Number of shareholders	Number of shares owned	Ownership ratio (%)
Classification by percentage of ownership			
- Major shareholders	1	167,196,956	6.54
- Other shareholders	41,293	2,390,419,460	93.46
Classification by type			
- Individual shareholders	41,188	2,311,738,900	90.38
- Institutional shareholders	106	245,877,516	9.62
Classification by nationality			
- Domestic shareholders	41,032	2,485,842,336	97.19
- Foreign shareholders	262	71,774,080	2.81
Classification by State Ownership			
- State shareholders	1	167,196,956	6.54
- Other shareholders	41,293	2,390,419,460	93.46
Total	41,294	2,557,616,416	100.00

Share transactions by internal shareholders and affiliated persons

No.	Name	Relations with internal shareholders	Shares owned at the beginning of the period		Shares owned at the end of the period		Reasons for increasing or decreasing (buying, selling, converting, receive dividends)
			Number of shares	Percentage %	Number of shares	Percentage %	
1	Nguyen Duc Thuy	Chairman	47,806,200	2.765	70,713,015	2.765	Receive dividends and exercise the right to buy additional issuance
2	Ho Nam Tien	Vice chairman and CEO	536,834	0.031	681,997	0.027	Receive dividends and exercise the right to buy additional issuance; transfer purchasing rights
3	Bui Thai Ha	Vice Chairman	835,416	0.048	1,235,713	0.048	Receive dividends and exercise the right to buy additional issuance
4	Huynh Ngoc Huy	Member of the BOD	495,482	0.029	732,896	0.029	Receive dividends and exercise the right to buy additional issuance
5	Le Hong Phong	Member of the BOD	243,080	0.014	359,552	0.014	Receive dividends and exercise the right to buy additional issuance
6	Duong Hoai Lien	Head of the Supervisory Board	115,000	0.007	136,850	0.005	Receive dividends and transfer purchasing rights
7	Tran Thanh Tung	Deputy Head of the Supervisory Board	253,828	0.015	315,451	0.012	Receive dividends and exercise the right to buy additional issuance; transfer purchasing rights
8	Vu Quoc Khanh	Standing Deputy CEO	1,091,853	0.063	1,280,420	0.051	Sell stocks; Receive dividends and exercise the right to buy additional issuance
9	Nguyen Thi Gam	Deputy CEO	525,845	0.03	777,808	0.030	Receive dividends and exercise the right to buy additional issuance
10	Nguyen Anh Van	Deputy CEO	676,611	0.039	1,000,815	0.039	Receive dividends and exercise the right to buy additional issuance

No.	Name	Relations with internal shareholders	Shares owned at the beginning of the period		Shares owned at the end of the period		Reasons for increasing or decreasing (buying, selling, converting, receive dividends)
			Number of shares	Percentage %	Number of shares	Percentage %	
11	Nguyen Thanh Tung	Deputy CEO	130,891	0.075	164,025	0.006	Sell stocks; Receive dividends and exercise the right to buy additional issuance
12	Le Thi Thanh Nga	Deputy CEO	673,578	0.039	996,328	0.039	Receive dividends and exercise the right to buy additional issuance
13	Vu Thu Hien	Deputy CEO (dismissed on February 6, 2024)	271,478	0.016	92	0.000	Sell stocks
14	Hoang Van Phuc	Deputy CEO	271,448	0.016	0	0	Sell stocks
15	Le Anh Tung	Deputy CEO	643,849	0.037	952,355	0.037	Receive dividends and exercise the right to buy additional issuance
16	Pham Thi Thanh Thuy	Wife of Mr. Bui Thai Ha – Vice Chairman	2,233,964	0.13	7,746	0.0003	Sell stocks
17	Tran Thi Hoai Huong	Sister-in-law of Mr. Nguyen Ngoc Nam – Deputy CEO (dismissed on October 10, 2023)	13,920	0.0008	5	0.000	Sell stocks
18	Duong Tuyet Lan	Sister of Ms. Duong Hoai Lien – Head of the Supervisory Board	187,829	0.011	0	0	Sell stocks
19	Nguyen Duc Ung	Brother-in-law of Ms. Nguyen Thi Gam – Deputy CEO	88,060	0.005	71	0.000	Sell stocks
20	Vu Quoc Vinh	Brother of Mr. Vu Quoc Khanh – Standing Deputy CEO	64,745	0.0037	0	0	Sell stocks

No.	Name	Relations with internal shareholders	Shares owned at the beginning of the period		Shares owned at the end of the period		Reasons for increasing or decreasing (buying, selling, converting, receive dividends)
			Number of shares	Percentage %	Number of shares	Percentage %	
21	Nguyen Thi Ngoc Bich	Sister of Mr. Nguyen Quoc Thanh – Deputy CEO (dismissed on June 1, 2023)	286,798	0.017	0	0	Sell stocks
22	Duong Cong Doan	Brother of Mr. Duong Cong Toan – Vice Chairman of (Dismissed on April 23, 2023)	21,168,696	1.224	0	0	Sell stocks
23	Bui Thai Binh	Brother of Mr. Bui Thai Ha – Vice Chairman	161,063	0.009	186,466	0.007	Sell stocks; Receive dividends and exercise the right to buy additional issuance
24	Nguyen Quy Chien	Deputy CEO (Dismissed on October 1, 2023)	506,649	0.029	117,104	0.005	Sell stocks; Receive dividends and exercise the right to buy additional issuance
25	Nguyen Ngoc Nam	Deputy CEO (Dismissed on October 1, 2023)	352,579	0.02	165,920	0.006	Sell stocks; Receive dividends and exercise the right to buy additional issuance
26	Dang Minh Hoang	Son of Ms. Nguyen Anh Van – Deputy CEO	159,850	0.009	236,443	0.009	Receive dividends and exercise the right to buy additional issuance
27	Nguyen Lan Anh	Sister of Ms. Nguyen Anh Van – Deputy CEO	46,612	0.003	68,946	0.003	Receive dividends and exercise the right to buy additional issuance
28	Dinh Nhu Quynh	Sister-in-law of Ms. Le Thi Thanh Nga – Deputy CEO	14,221	0.001	6,813	0.0002	Sell stocks; Receive dividends and exercise the right to buy additional issuance

Contracts or transactions with internal shareholders and their related persons:

Information about contracts, or transactions that have been concluded or have been performed during the year with the company, its subsidiaries, companies that the company controls by members of the BOD, members of the Supervisory Board, CEO, Managers and persons related to the aforementioned people:

No.	Name of organization or individual	Related relationship with the company	Place of issue	Quantity, total value (million VND)
1	BVM Ninh Binh Company Limited	Related person	Vietnam	
	Demand and term deposits			2
2	Lien Viet Securities Joint Stock Company	Related person	Vietnam	
	Demand and term deposits			215,795
	Interest payable on term deposit contracts			2,799
	Other costs			8,793
3	My Hanh Company Limited	Related person	Vietnam	
	Demand and term deposits			577
4	Xuan Thanh Trading Investment Company Limited	Related person	Vietnam	
	Demand and term deposits			1,420
	Other expenses			2

Changes to Owner's equity: Total number of shares issued in 2023: 828,511,047 shares.

Issuance of shares to pay dividends in 2022:

- Number of shares distributed: 328,511,047 shares
- Number of shareholders distributed: 38,789 shareholders

Public offering:

- Number of shares distributed: 500,000,000 shares
- Number of shareholders distributed: 17,378 shareholders

Capital injections:

Year	Added Capital Value (VND)	Charter capital after increase (VND)	Forms of capital increase	Approval Authority
2008	3,300,000,000,000	3,300,000,000,000	Bank's establishment	SBV
2009	350,000,000,000	3,650,000,000,000	Public offering to existing shareholders	SBV and SSC
2011	2,000,000,000,000	5,650,000,000,000	Convert VND 2,000 billion of convertible bonds issued to the public in 2010	SBV and SSC
2011	360,000,000,000	6,010,000,000,000	Merger with Postal Savings Service Company	The Prime Minister, Ministry of Finance, SBV and SSC
2012	450,000,000,000	6,460,000,000,000	Private issuance to Vietnam Post Corporation	The Prime Minister, Ministry of Finance, SBV and SSC
2018	1,039,994,280,000	7,499,994,280,000	Issuance of shares to pay dividends; public offering to existing shareholders and issuing shares under the ESOP program	SBV and SSC
2019	1,381,446,670,000	8,881,440,950,000	Issuance of shares to pay dividends in 2017; Offering shares to existing shareholders	SBV and SSC
2020	888,042,240,000	9,769,483,190,000	Issuance of shares to pay dividends in 2018 and issuance of shares to increase capital from Owner's equity	SBV and SSC
2020	976,905,960,000	10,746,389,150,000	Issuance of shares to pay dividends in 2019	SBV and SSC
2021	1,289,515,590,000	12,035,904,740,000	Issuance of shares to pay dividends in 2020	SBV and SSC
2022	349,958,490,000	12,385,863,230,000	Issuance of shares under the ESOP program	SBV and SSC
2022	2,649,996,700,000	15,035,859,930,000	Offering shares to existing shareholders	SBV and SSC
2022	2,255,193,760,000	17,291,053,690,000	Issuance of shares to pay dividends in 2021	SBV and SSC
2023	3,285,110,470,000	20,576,164,160,000	Issuance of shares to pay dividends in 2022	SBV and SSC
2023	5,000,000,000,000	25,576,164,160,000	Offering shares to existing shareholders	SBV and SSC

Treasury stock transaction

None

Other securities

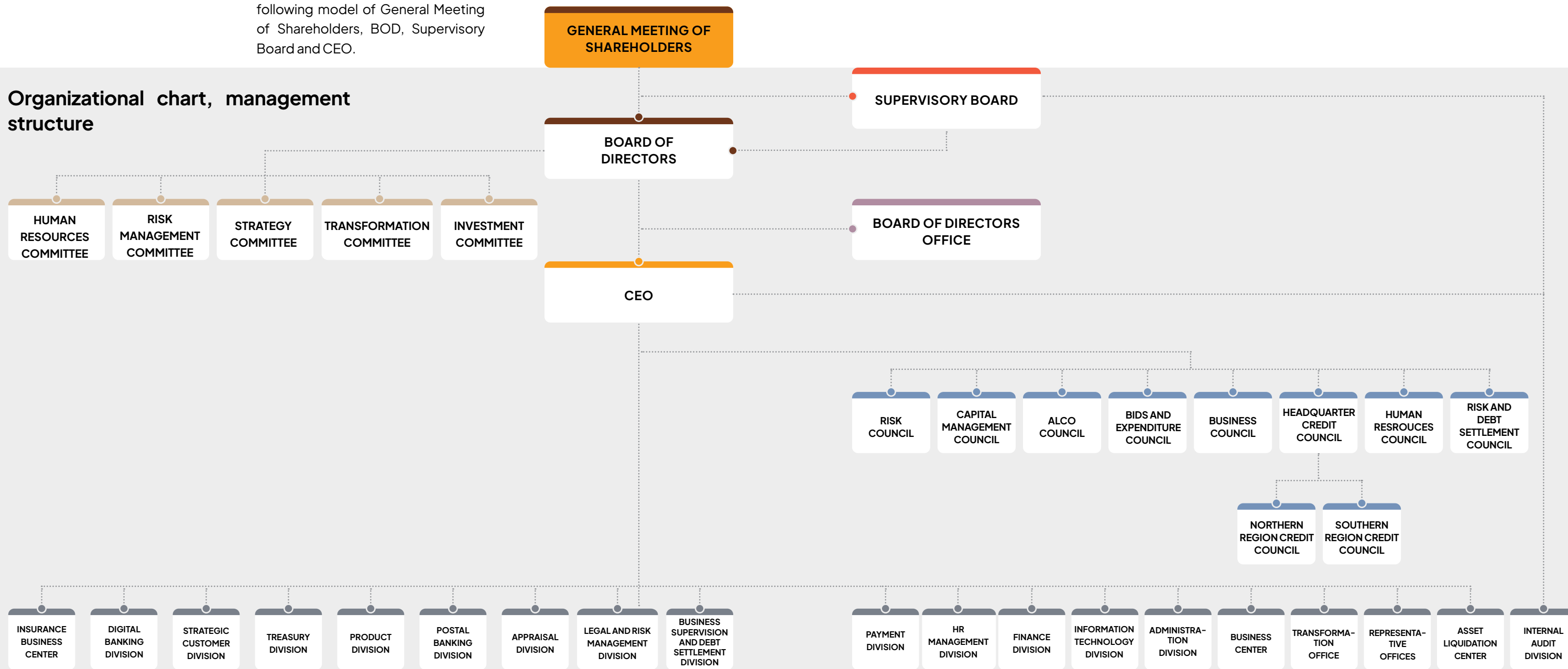
Bond	Issued in 2023 (billion VND)	Balance as of December 31, 2023	Number of issuances
Private placement	15,950	21,550	9
Public offering	3,689.95	6,215.45	2

Governance model

Organizational chart

LPBank is organized, managed and operated according to the following model of General Meeting of Shareholders, BOD, Supervisory Board and CEO.

Organizational chart, management structure



(*)Note: On December 28, 2023, LPBank’s BOD issued Resolution No. 4634/2023/NQ-BOD on the promulgation of the organizational structure model of LPBank, applicable from January 1, 2024. Accordingly:

The Bank’s new organizational structure model is established with the orientation of “Customer focus”. The strong shift to vertically centralized management ensures increased efficiency and independence in transaction control. The new model also strengthens the power of each line in the three lines model (i) Business Units under the direct control of the Operations Units at the Headquarter, (ii) units that are comprehensively supervised by the Internal Control and Compliance Center (newly established), and controlled in terms of risk by the Legal and Risk Management Division; (iii) the Internal Audit Division’s structure also underwent a change enhance the comprehensive control efficiency.

Board of Management

List of members of the Board of Management:



Mr. HO NAM TIEN

Vice Chairman of the Board of Directors and CEO

Year of birth: 1971

Date of first appointment: 05/08/2010

Education:

Master's Degree in Finance

Experience:

Mr. Ho Nam Tien has been the CEO of LPBank since 21/06/2023. He has 30 years of working experience and held management positions at major banks.



Mr. VU QUOC KHANH

Permanent Deputy Chief Executive Officer

Year of birth: 1981

Date of first appointment: 23/09/2011

Education:

Bachelor's Degree in Business Administration

Experience:

Mr. Vu Quoc Khanh has been the permanent Deputy CEO of LPBank since 11/05/2023. Before that, he held the position of Deputy CEO of LPBank from 09/2011 to 05/2023. He has 21 years of experience in the field banking and finance, including 15 years at LPBank with diverse management experiences in various divisions, including: Risk Management Division, Appraisal Division, Product Division and Post Office Banking Division.



Ms. NGUYEN THI GAM

Deputy Chief Executive Officer, Finance Director and Chief Accountant

Year of birth: 1970

Date of first appointment: 10/04/2008

Education:

Master's Degree in Finance and Control; ACCA-UK qualification

Experience:

Ms. Nguyen Thi Gam has been the Deputy CEO and Chief Accountant of LPBank since 10/04/2008. She has 30 years of accounting experience at banks, including 15 years at LPBank.



Ms. NGUYEN ANH VAN

Deputy Chief Executive Officer

Year of birth: 1972

Date of first appointment: 20/05/2010

Education:

Master's Degree in Finance - Banking

Experience:

Ms. Nguyen Anh Van has been Deputy CEO of LPBank since 20/05/2010. She has 28 years of experience holding the position of Treasury division manager at banks, including 15 years at LPBank.



Mr. NGUYEN THANH TUNG

Deputy Chief Executive Officer

Year of birth: 1973

Date of first appointment: 02/12/2013

Education:

Master's Degree in Finance - Banking

Experience:

Mr. Nguyen Thanh Tung has been the Deputy CEO of LPBank since 02/12/2013. He has 30 years of experience at major banks, including 14 years at LPBank. Before joining the BOM, he held the position of Director of the An Giang Branch and Can Tho Branch.

Board of Management



Ms. LETHI THANH NGA
Deputy Chief Executive Officer

Year of birth: 1980
Date of first appointment: 06/01/2016

Education:

Master's Degree in Business Administration

Experience:

Ms. Le Thi Thanh Nga has been the Deputy CEO of LPBank since 06/01/2016. She has 22 years of experience in the field of finance and banking, including 15 years at LPBank. Before joining the BOM, she held the roles of Head of the Internal Audit Department, Director of the Internal Audit Division and Head of the Bank's supervisory Board.



Mr. HOANG VAN PHUC
Deputy Chief Executive Officer

Year of birth: 1977
Date of first appointment: 01/06/2019

Education:

Master's Degree in Management of Non-Traditional Security (MNS).

Experience:

Mr. Hoang Van Phuc has been the Deputy CEO of LPBank since 01/06/2019. He has 19 years of experience at major banks in Vietnam, including 12 years at LPBank. He has diverse experiences in LPBank's divisions such as: Human Resource Management Division, Office Division, ...



Mr. LE ANH TUNG
Deputy Chief Executive Officer

Year of birth: 1972
Date of first appointment: 01/06/2019

Education:

Bachelor's Degree in Economics

Experience:

Mr. Le Anh Tung has been the Deputy CEO of LPBank since 01/06/2019. He has 24 years of experience working at banks, including 15 years at LPBank.



Mr. ĐOAN NGUYEN NGOC
Deputy Chief Executive Officer

Year of birth: 1975
Date of first appointment: 24/04/2023

Education:

Master's Degree in Business Administration

Experience:

Mr. Doan Nguyen Ngoc has been the Deputy CEO of LPBank since 24/04/2023. Before joining LPBank, he had 26 years of experience in the financial sector.



Ms. NGUYEN THI VUI
Deputy Chief Executive Officer

Year of birth: 1981
Date of first appointment: 24/04/2023

Education:

Bachelor's Degree in Accounting

Experience:

Ms. Nguyen Thi Vui has been the Deputy CEO of LPBank since 24/04/2023. She has 16 years of experience in finance and business administration at large organizations.



Ms. VU THU HIEN
Deputy Chief Executive Officer

Year of birth: 1970
Date of first appointment: 01/03/2019

Education:

Economic Engineer

Experience:

Ms. Vu Thu Hien has been the Deputy CEO of LPBank since 01/03/2019. She has 30 years working in management positions, including 10 years at LPBank with diverse experiences in positions such as: Director of Thang Long Branch, Director of Strategic Customer Division, Director of Office Division, etc.



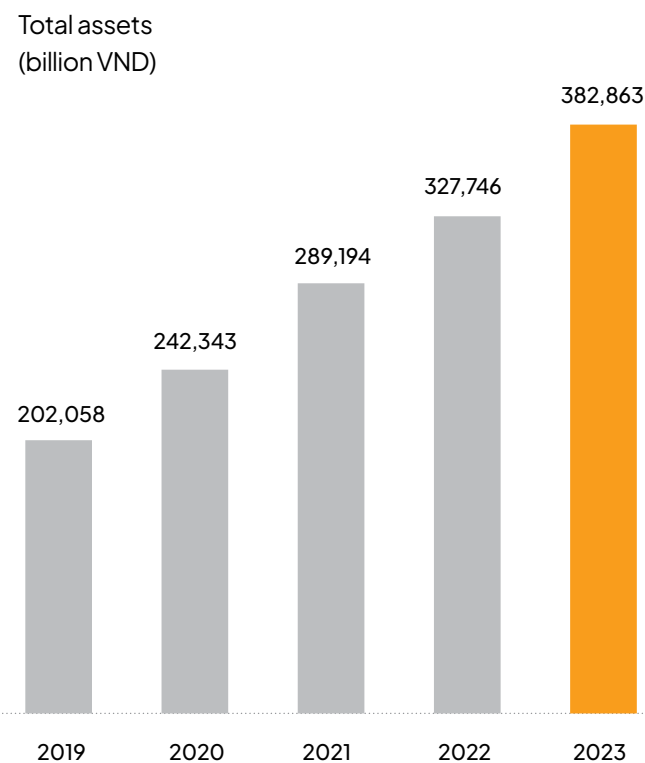
Management's report

Business performance in 2023

Evaluation of business performance

In the successful year of 2023, LPBank excelled in meeting its business plan targets as approved in the General Meeting of Shareholders. The Bank embarked on several pivotal initiatives aimed at laying a robust foundation for accelerated growth in the forthcoming years.

Remaining steadfast in its unique trajectory, LPBank continues to prioritize retail development by capitalizing on its network strengths, alongside implementing strategic measures to optimize business efficiency. The accomplishments of 2023 reaffirm LPBank's unwavering commitment and prudent strategic direction, exemplified by:



Total assets reached

382,863 BILLION VND

▲ An increase of 17% compared to 2022

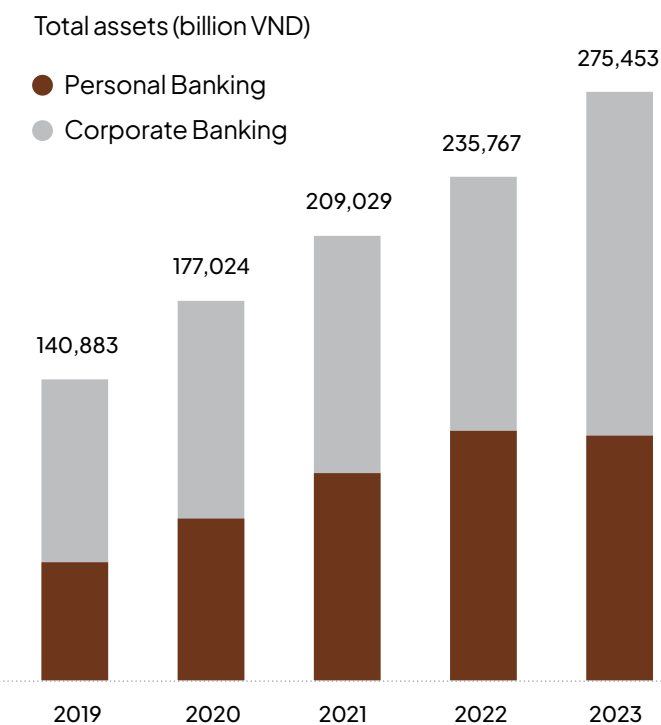
LPBank is one of the banks with the fastest growth in total assets in the past decade. In 2023, total assets surged to 382,863 billion VND, an increase of 17% compared to 2022. Asset quality continues to be improved, non-performing loan (NPL) ratio was well controlled at 1.34%, down by 0.11% compared to the year before. LPBank belongs to the group of banks with the best credit quality in the system. In parallel with credit quality control, LPBank always allocates and manages capital resources in accordance with credit growth to ensure efficiency and meet requirements on safety ratios.

Credit reached

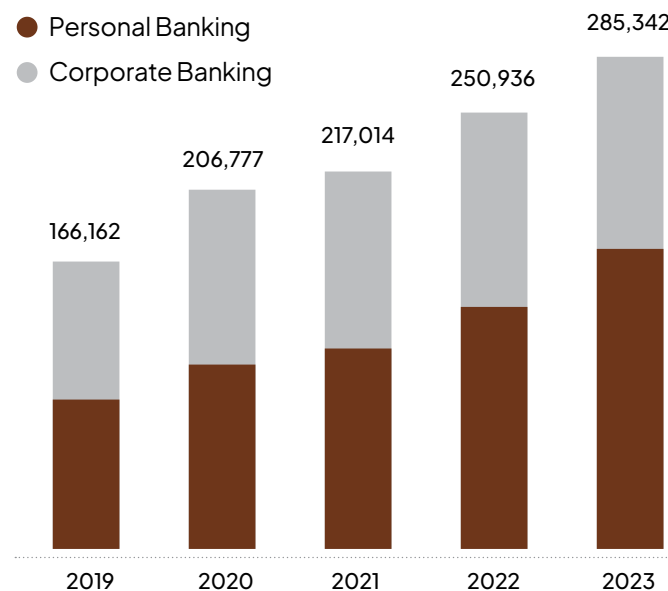
275,453 BILLION VND

▲ An increase of 16.8% compared to 2022

The total outstanding credit reached 275,453 billion VND, marking a robust 16.8% increase over the previous year. In 2023, LPBank strategically realigned its credit portfolio towards priority sectors, aligning with the Government's strategic direction. As a result, credit growth primarily focused on the manufacturing and business sector, rural agriculture, and funding for green projects. Additionally, during the year, LPBank implemented credit packages totaling 15,000 billion VND with preferential interest rates to support customers in restoring their business operations. Furthermore, the Bank noted a decrease in the non-performing loan ratio due to the effective application of credit quality control measures.



Total assets (billion VND)



Capital mobilization reached

285,342 BILLION VND

▲ An increase of 13.7% compared to 2022

Against the backdrop of continuous decreases in the SBV's policy interest rates and commercial banks' deposit rates throughout 2023, LPBank witnessed a noteworthy surge in deposit mobilization, reaching 285,342 billion VND, a significant 13.7% increase compared to the previous year. This accomplishment underscores the robustness of our expansive network coverage, the resilience of our individual customer base, the delivery of exceptional service quality, and the growing trust in our institution. Notably, deposits from individual customers constituted 62% of our total deposit base.

In 2023, LPBank achieved a pre-tax profit of 7,039 billion VND, reflecting a remarkable 24% increase from the preceding year and surpassing the annual target by 17%.

The revenue from non-credit activities in 2023 reached 4,422 billion VND as the Bank intensified the diversification and expansion of its product and service value chain. Furthermore, key profitability metrics demonstrated robust performance, with return on assets (ROA) reaching 1.57%, marking a 0.11% uptick; net interest margin (NIM) standing at 3.24%; and return on equity (ROE) attaining 19.16%. This positive trajectory was complemented by efficient cost management strategies, as evidenced by the reduction in the cost-to-income ratio (CIR) to 36.86%, down by 0.6% compared to 2022.

Profit before tax reached

7,039 BILLION VND

▲ An increase of 24% compared to 2022

Development Plan for 2024

Business plan

In line with the established roadmap to 2028, year 2024 is identified as a pivotal period for acceleration within our 5-year business strategy, aimed at achieving “Robust growth and optimized performance”

In pursuit of our 2024 objectives, LPBank is strategically deploying a comprehensive framework comprising five key solution groups:

Efficiency optimization solutions:

- Continuously refining our organizational structure and related processes to align with operational situation and market dynamics, ensuring both agility and robust risk management practices.
- Implementing cost-effective and flexible cost management strategies tailored to our business environment. We are also strategically planning and enhancing the efficiency of our branch and transaction office network while focusing on elevating service quality across Offline-to-Online touchpoints.
- Prioritizing the growth of CASA deposits to optimize our capital costs and uphold regulatory liquidity requirements.
- Aligning credit growth with regulatory directives and limits set by the SBV, with a primary focus on fostering sustainable growth in credit and commercial financing.

Credit risk management enhancement solutions:

- Credit Risk: (i) Establishing credit limits, targets for non-performing loans (NPLs), and overdue debt ratios; (ii) Monitoring and issuing alerts for breaches or near breaches of established limits; detecting emerging risk signals; (iii) Assessing the credit quality of lending products to promptly identify emerging risk signals; (iv) Developing annual provisions plans to ensure compliance with NPL ratios, overdue debt ratios, and coverage ratios.
- Operational Risk: (i) Ensuring compliance with regulations and established business procedures; (ii) Enhancing automation in processes and operations; (iii) Investing in and applying standards for data security and information technology system safety; (iv) Planning responses to unexpected situations or external disasters.
- Liquidity Risk, Concentration Risk, and Safety Compliance Risk: (i) Establishing and monitoring automated alert thresholds for key indicators; (ii) Developing and implementing sophisticated Asset-Liability Management (ALM) models to measure and forecast liquidity conditions.
- Legal Risk: (i) Implementing new models, enhancing compliance supervision across all three lines of defense; (ii) Improving monitoring systems and methods, systematizing internal document management; (iii) Developing training plans, disseminating legal knowledge to staff members.
- Anti-money laundering, counter-terrorism financing: (i) Implementing



customer information verification measures with the national population database; (ii) Strengthening supervision of customers and transactions; (iii) Enhancing training and awareness regarding anti-money laundering and counter-terrorist financing measures, promoting awareness of mass destruction weapons.

Infrastructure and technology modernization solutions:

- Successfully implementing the Core Banking Project and accelerating digital transformation capabilities, deploying new technologies for digital business, information technology, and operations at LPBank.
- Implementing projects to support business growth, such as the Customer Data Platform (CDP) and the Loyalty – customer care program, alongside digital solutions to enhance service quality and automate processes.

Product and service quality enhancement solutions

- Prioritizing enhancements in customer service infrastructure for both retail and corporate banking operations, with a specific focus on digital platforms. Establishing an efficient ecosystem and maximizing the management and continual improvement of business models to optimize service delivery tailored to each customer segment.
- Elevating service standards to ensure customer satisfaction across all touch points with the Bank, fostering customer retention and acquisition. Providing comprehensive training to sales team members within business units on sales and customer service skills, and further enhancing service quality parameters, including

call center operations, response times to customer inquiries, and service standards at transaction counters.

Human capital enhancement solutions:

- Developing a suitable human resources recruitment plan, with a focus on refining human resource recruitment processes to identify individuals possessing the requisite skills, well-suited for their roles, and aligned with our organizational ethos.
- Focusing on enhancing the quality of human resources through the facilitation of both centralized and online training initiatives.
- Fine-tuning Key Performance Indicator (KPI) frameworks for our sales teams across business units to ensure accurate performance evaluations and foster motivation for employees to work effectively.
- Conducting thorough assessments of business efficacy and operational efficiency within Departmental Headquarter Units through the establishment and measurement of processing times (SLAs) and the delineation of key objectives and outcomes (OKRs) for both departmental and branch levels. This involves assigning, overseeing, and evaluating performance metrics for each Headquarter departments.
- Implementing an array of initiatives aimed at cultivating an optimal work environment for our workforce, encompassing remuneration and incentive structures, career progression pathways, appointment protocols, and training.

Continued focus in digital acceleration

In 2024, LPBank continues to advance its digitalization efforts, aiming to enhance user experience through various digital initiatives:

Efficiency optimization solutions for customers

- LPBank prioritizes improving service quality and user experience on the LienViet24h application, while also dedicated to constructing a comprehensive financial ecosystem for users through the "Banking-as-a-Service (BaaS)" model. This includes expanding partnerships to diversify the Bank's products, services, and distribution channels.
- LPBank's application platform offers corporate customers high levels of safety and security. It provides a wide range of products and services tailored to meet business needs. These services support enterprises in various financial management aspects, including cash flow management, payment services, card services, credit facilities, deposit products, investment opportunities, and foreign exchange transactions. Moreover, customers can conveniently submit online requests 24/7 for issuance, modification, guarantees, and international payments without the need to visit the Bank physically.

Operational support solutions

- LPBank offers tools supporting micro-lending and credit scoring assessments. Leveraging big data and advanced technology, LPBank facilitates capital borrowing for small loans while streamlining the credit assessment process. This ensures swift completion of procedures and provides customers with flexible and efficient financial experiences.
- By combining these strategies, LPBank has been shaping an open, flexible, and convenient financial environment, while digitizing and optimizing how customers experience daily financial services.

Directors' Report

The year 2023 was considered a year of outstanding success for the Bank, exceeding the targets set by the General Meeting of Shareholders. LPBank earned a pre-tax profit of 7,039 billion VND, completing 117% of the year's plan, growing 24% compared to 2022.

By the end of 2023, LPBank's credit scale increased by 16.83% compared to the beginning of the year. Compared to the industry average of 13.7%, the Bank achieved a high growth rate. Most importantly, LPBank always complied with all of SBV's regulations, safety operations and risk management indicators.

Furthermore, in 2023, LPBank has focused on building solid foundations and operational capacity for strong growth in the coming years.

The Bank has proactively strengthened comprehensive risk management across all operational aspects, improved the quality, enhancing the quality, effectiveness, and efficiency of supervision and compliance monitoring in parallel with credit expansion activities. LPBank also paid great attention to training and communication as the foundation for building a culture of risk management throughout the system. Additionally, LPBank's new organizational model also established an Internal Control and Compliance Center under the BOM, especially the Risk Council, to help the BOD and BOM perform the supervisory function of senior management in banking operations.

The year 2023 also witnessed LPBank's strong revolution through a series of digital transformation projects based on 6 main pillars:

Pillar 1: Stable operation and enhancement of core systems. Focuses on improving its core banking system, card services, and omnichannel banking platform to deliver better services to customers and drive the bank's growth.

Pillar 2: Digitization and automation of operational processes and customer experience. Employs Business Process Management (BPM), Business Activity Monitoring (BAM) tools, and Robotic Process Automation (RPA).

Pillar 3: Intelligent Data Analytics: LPBank adopted intelligent data analysis methods to gain insights from both structured and unstructured big data, on a batch or real-time basis. This analytical approach helps LPBank understand its customers better, enabling the customization and optimization of services to meet their needs effectively.

Pillar 4: Open banking and ecosystem connectivity – Implements Open API projects and Microservices architecture to enhance connectivity with partners. This allows third-party partners to access bank data with customer consent, enabling Fintech companies to create value-added services and revenue streams for the bank.



Pillar 5: Organization, construction, and operation of IT systems according to international standards. This involved selective adoption of international IT management and governance standards to align with LPBank's organizational culture. LPBank also conducts reviews, incrementally strengthens its IT workforce and high-quality security personnel; invests in deploying new, advanced, and modern solutions, establishing policies, regulations, processes, and management tools in compliance with international standards, as well as to meet the requirements of the SBV and relevant regulatory authorities.

Pillar 6: Strengthening information security capabilities. LPBank reinforces its investment and deployment of security solutions and measures commensurate with the importance and risks of its information systems to ensure information security.



Fostering trust: Corporate governance overview

- 78 Roles, responsibilities and commitments of the Board of Directors
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"Ensuring sustainable growth to maximize benefits for shareholders and stakeholders is fundamental to our governance philosophy."

Roles, responsibilities and commitments of the Board of Directors

The BOD is the principal governing body of the Bank, accountable to the General Meeting of Shareholders regarding the Bank's performance. They possess full authority, acting on behalf of the Bank, to make decisions pertaining to all bank activities, while exercising the rights and fulfilling the obligations of the Bank, excluding matters falling under the jurisdiction of the General Meeting of Shareholders. LPBank's BOD is responsible for formulating management plans and policies, proposing strategies, and providing overarching direction for the Bank. It plays a pivotal role in defining the Bank's purpose, values, and mission. The roles and responsibilities of LPBank's BOD are clearly delineated in the Bank's Charter issued in April 2023, the Board Charter issued in April 2023, and the Internal Regulation on Corporate Governance issued in April 2023. Consequently, the BOD continually monitors and evaluates the Bank's governance to ensure clear delineation of the scope of accountability of management levels throughout the Bank.

The BOD remains steadfast in upholding LPBank's governance with professionalism, prioritizing the Bank's best interests, and appointing those charged with the governance officer with full functions and duties as mandated. The newly elected Board members understand their roles and responsibilities, helping to shape and promote the Bank's core values and culture, including integrity, responsibility, solidarity, creativity and customer focus. Therefore, these core values are always prioritized in actions to build a strong organization and establish a solid foundation for customer relationships. In addition, the BOD always ensures adherence to legal statutes, fosters community value, and champions sustainable employment opportunities. Setting objectives for sustainable growth and social responsibility not only serves the community and the environment but also fosters trust from customers and stakeholders, as well as brings economic benefits to the Bank (Reference to Chapter 5 - Sustainability at LPBank: A summary of Sustainability report.

A summary of Sustainability report.



Establishing a competent and professional Board of Directors

The Board of Directors brings together a wealth of experience, expertise, and diverse skills and capabilities, ensuring effective guidance and oversight of the Bank's operations.



Introduction on the Board of Directors members

Mr. **NGUYEN DUC THUY**

Chairman of the Board of Directors

Year of birth: 1976

Joined the Board of Directors on 29/04/2021

Education:

Bachelor's Degree in Business Administration

Experience:

Mr. Nguyen Duc Thuy has been serving as the Chairman of the BOD of LPBank since December 9, 2022. Prior to this role, he served as the Vice Chairman of the BOD of LPBank from May 2021 to December 2022. Upon joining LPBank, he brought with him 26 years of experience in business management from various organizations, including 12 years of expertise in the financial sector.

Introduction on Board of Directors members



Mr. NGUYEN VAN THUY
Standing Vice Chairman of the BOD

Year of birth:	1981
Joined the BOD on:	23/04/2023

Education:

Bachelor's Degree in Civil and Industrial Construction

Experience:

Mr. Nguyen Van Thuy has been the Standing Vice Chairman of the BOD since 07/06/2023. Before joining LPBank, he had 14 years of experience in finance and business administration at other organizations.



Mr. HO NAM TIEN
Vice Chairman of the BOD

Year of birth:	1971
Joined the BOD on:	23/04/2023

Education:

Master's Degree in Finance - Banking

Experience:

Mr. Ho Nam Tien has been the Vice Chairman of the BOD of LPBank since 23/04/2023. He has 30 years of experience in the banking and finance sector. Since August 2010, he joined LPBank and has held important management positions, such as: Deputy CEO, Director of Customer Division, Director of PR & Marketing Division, Director of Legal & Risk Management Division, Director of Appraisal Division, and General Director.



Mr. BUI THAI HA
Vice Chairman of the BOD

Year of birth:	1976
Joined the BOD on:	23/04/2023

Education:

Master's Degree in Business Administration

Experience:

Mr. Bui Thai Ha has been the Vice Chairman of LPBank since 23/04/2023. He has 29 years of experience in the field of finance and banking, including 13 years at LPBank in key positions such as: Director of Thang Long Branch, Deputy CEO, Director of Legal and Risk Management Division.



Mr. HUYNH NGOC HUY
Member of the BOD

Year of birth:	1966
Joined the BOD on:	01/07/2016

Education:

Master's Degree in Finance

Experience:

Mr. Huynh Ngoc Huy has been a member of LPBank's BOD since 01/07/2016. He previously held the position of the Chairman of LPBank's BOD from December 2019 to December 2022 and as Vice Chairman of the Board from December 2022 to April 2023. He has 17 years of experience in the fields of finance, banking and business administration.



Mr. LE HONG PHONG
Member of the BOD

Year of birth:	1962
Joined the BOD on:	28/03/2012

Education:

PhD degree in Economics

Experience:

Dr. Le Hong Phong has been a member of LPBank's BOD since 28/03/2012 until now. He has 37 years of experience in the field of finance and banking, including 14 years at LPBank with the positions: Deputy CEO, CEO and Board member.



Mr. LE MINH TAM
Independent member of the BOD

Year of birth:	1971
Joined the BOD on:	23/04/2023

Education:

Master's Degree in Business Administration; Master's Degree in Law

Experience:

Mr. Le Minh Tam has been an independent member of the LPBank's BOD since 23/04/2023. Before that, he had 29 years of experience in the finance and banking sector.

Mr. Le Minh Tam is the only board member currently holding the position of Chairman of LPBank Securities Joint Stock Company since 09/12/2023.

The information regarding the number of shares held by each member of the Board of Directors is presented in the section Share transactions by internal actors and affiliated persons (pages 55-57). Mr. Nguyen Van Thuy and Mr. Le Minh Tam did not hold any shares in the Bank in 2023.

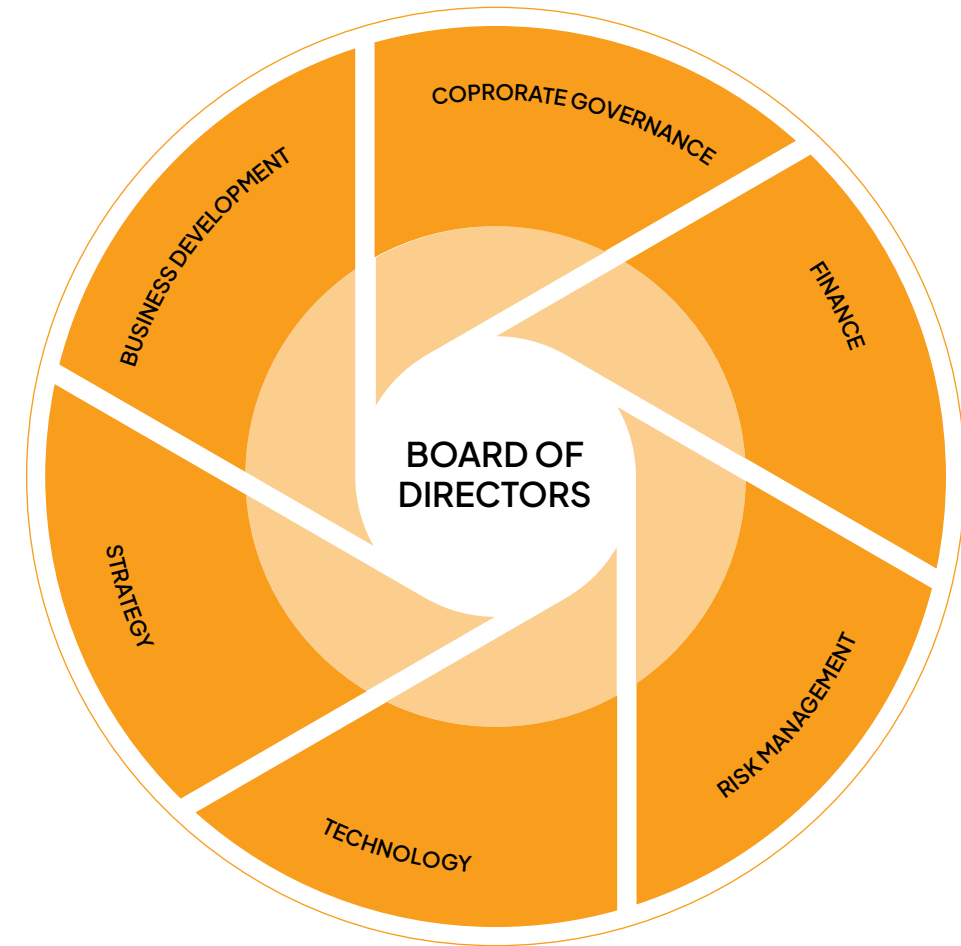
Ensuring leadership effectiveness and the independence of the Board of Directors

Activities of the Board of Directors

Meetings

No.	Board Members	Number of Board meetings attended	Meeting attendance	Reasons for Non-attendance
1	Mr. Nguyen Duc Thuy	8/8	100%	
2	Mr. Nguyen Van Thuy	6/8	100%	Attended all 06 meetings since his appointment date on 23/04/2023.
3	Mr. Ho Nam Tien	6/8	100%	Attended all 06 meetings since his appointment date on 23/04/2023.
4	Mr. Bui Thai Ha	6/8	100%	Attended all 06 meetings since his appointment date on 23/04/2023.
5	Mr. Huynh Ngoc Huy	8/8	100%	
6	Mr. Le Hong Phong	8/8	100%	
7	Mr. Le Minh Tam	6/8	100%	Attended all 06 meetings since his appointment date on 23/04/2023.

The Board of Directors of LPBank is composed of highly experienced and expertise members, who form a proficient and professional governance body. Each board member is assigned specific areas of responsibility to optimize oversight of the Bank's activities and serves as a point of consultation for the Board of Management when needed, which helps to promptly and effectively address any issues that arise within the organization.



In 2023, the BOD conducted 08 regular meetings, issued 2,505 resolutions, providing directives and guidance within its authority either through direct meetings or written ballots. These decisions formed the basis for the BOM to execute specific business plans.

The BOD demonstrated leadership by reviewing and approving matters within its jurisdiction. Some notable resolutions passed in 2023 include:

- Proposing the strategic direction for the Bank for the period 2023–2028 for approval by the General Meeting of Shareholders;
- Endorsing the annual business plan presented to the General Meeting of Shareholders;
- Amending and enacting new regulations to facilitate the Bank's transition in its operational model effective January 1, 2024, covering business operations, risk management, credit, and finance policies;
- Approval of significant procurement expenses and

investments to support the Bank's business operations. In 2023, the BOD approved strategic investments such as the implementation of the core banking system T24 and the Treasury Front-to-Back software system, aiming for long-term strategic development and sustainability.

All BOD members actively monitored the Bank's operations, engaged in discussions, and provided consultation at regular monthly meetings with the BOM. Meeting documents are consistently sent to all board members according to the specified timeline.

Additionally, board members oversee the Bank's activities through daily, weekly, monthly, and quarterly business activity reports from the Bank's dashboard or proposals from the BOM.

Independent Board member

Activities of the Independent Board member

The Independent Board Member fulfilled his duties in accordance with the laws, regulations, and relevant regulations of LPBank. He also executed all responsibilities as prescribed when assuming the positions of Chairperson or members of several committees under the BOD, including the Risk Management Committee Chairperson, Strategy Committee Chairperson, and Investment Committee Member.

In 2023, the Independent Board Member analyzed, made contributions, and provided positive recommendations for the Bank's governance and operations, digital transformation, and organizational model transition. Furthermore, he executed tasks assigned by the BOD and the Chairperson of the Board. The Independent Board Member consistently offered objective and independent opinions, contributing to enhancing the effectiveness and quality of the Board's decisions, in pursuit of the Bank's stable and sustainable development objectives.

Independent Board member's evaluation of the Board

The BOD provided strategic guidance and directives in line with the resolutions of the annual General Meeting of Shareholders for the year 2023. These directives and decisions were strategically aligned to fulfill the Bank's objectives and missions. The BOD conducted meetings, discussions, and voting procedures in compliance with legal requirements and within its jurisdiction. Ballots were obtained in accordance with the prescribed procedures.

Members of the board fulfilled their roles responsibly, attending meetings regularly and actively contributing to discussions and decision-making processes, thus contributing to the development and growth of the Bank. The BOM frequently convened meetings to discuss business operations and promptly implemented strategies guided by the BOD, ensuring alignment with practical realities.

LPBank diligently implemented internal control, internal audit procedures, and risk management practices in accordance with legal regulations and international standards. Transactions between the Bank and related parties were transparently disclosed and monitored according to the provisions of law and the Bank charter.

During his service, the Independent Board Member received full support and cooperation, with access to relevant documents regarding the Bank's operations and facilitating interactions with other board members, members of the BOM and other mid-level managers. Any arising issues were promptly discussed and resolved in a timely manner.



Remuneration of Board of Directors, Supervisory Board and Board of Management

Details of salary and remuneration of the BOD, Supervisory Board and BOM: Please refer to the audited Financial Statements 2023 – Financial Note 45: Related Party Transactions and Balances (Page 157).

Committees supporting the Board of Directors

In 2023, the Committees supporting the BOD were highly active and efficient, playing a significant advisory role in assisting the Board fulfill their duties and authorities in accordance with legal regulations, and providing timely support in business operations as well as risk management of the Bank.

Human Resources Committee

The Human Resources Committee plays a pivotal role in advising the BOD on managing and overseeing the implementation of legal regulations and the Bank's policies and regulations regarding personnel affairs.

The Chairman of the Human Resources Committee is Mr. Nguyen Duc Thuy – Chairman of the Bank.

Risk Management Committee

The Risk Management Committee is responsible for two main areas:

- Risk Management: Advising the BoD on issuing procedures and policies within its jurisdiction related to risk management in the Bank's operations as per legal regulations and the Bank's bylaws. Monitoring and reporting to the BoD on the implementation of decisions and resolutions related to risk management undertaken by the Bank.
- Anti-Money Laundering (AML): Advising and assisting the BoD in strategizing and issuing policies and regulations; supervising the implementation of strategies, policies, and regulations related to AML, ensuring alignment with the Bank's business strategy, legal requirements and the Bank's charter.
- Mr. Le Minh Tam, an Independent Board Member, serves as the Chairman of the Risk Management Committee.



Strategy Committee

The Strategy Committee plays a crucial role in advising, strategizing, establishing roadmaps, and monitoring the implementation of the Bank's development strategy according to the objectives set by the BOD.

Mr. Le Minh Tam, an Independent Board Member, serves as the Chairman of the Strategy Committee.

Transformation Committee

The Transformation Committee plays a pivotal role in advising the BOD on planning, developing, and executing the Bank's transformation process.

Mr. Nguyen Duc Thuy, the Chairman of the BOD, serves as the Chairman of the Transformation Committee.

Investment Committee

The Investment Committee plays a significant role in advising, strategizing, developing, and executing profitable investment opportunities outside the Bank.

Mr. Nguyen Duc Thuy, the Chairman of the BoD, also serves as the Chairman of the Investment Committee.

Robust risk management and internal controls framework

Organizational model

Under the new organizational framework, business operations have undergone a pronounced shift towards a vertical model, with specialized functions centralized at the Headquarter with a robust and efficient three lines of defense

This is a significant step contributing to strengthening and enhancing risk management capabilities. Moreover, the Bank's policies, processes, and internal regulations are regularly reviewed (at least annually according to the Regulation on the development and issuance of institutional documents), making necessary adjustments and updates to ensure the principle of cross-checking (where all tasks are reviewed and monitored by at least one individual or independent department), thereby enhancing the effectiveness of internal controls and compliance oversight.



Overview of Risk Management

Overview of Risk Management

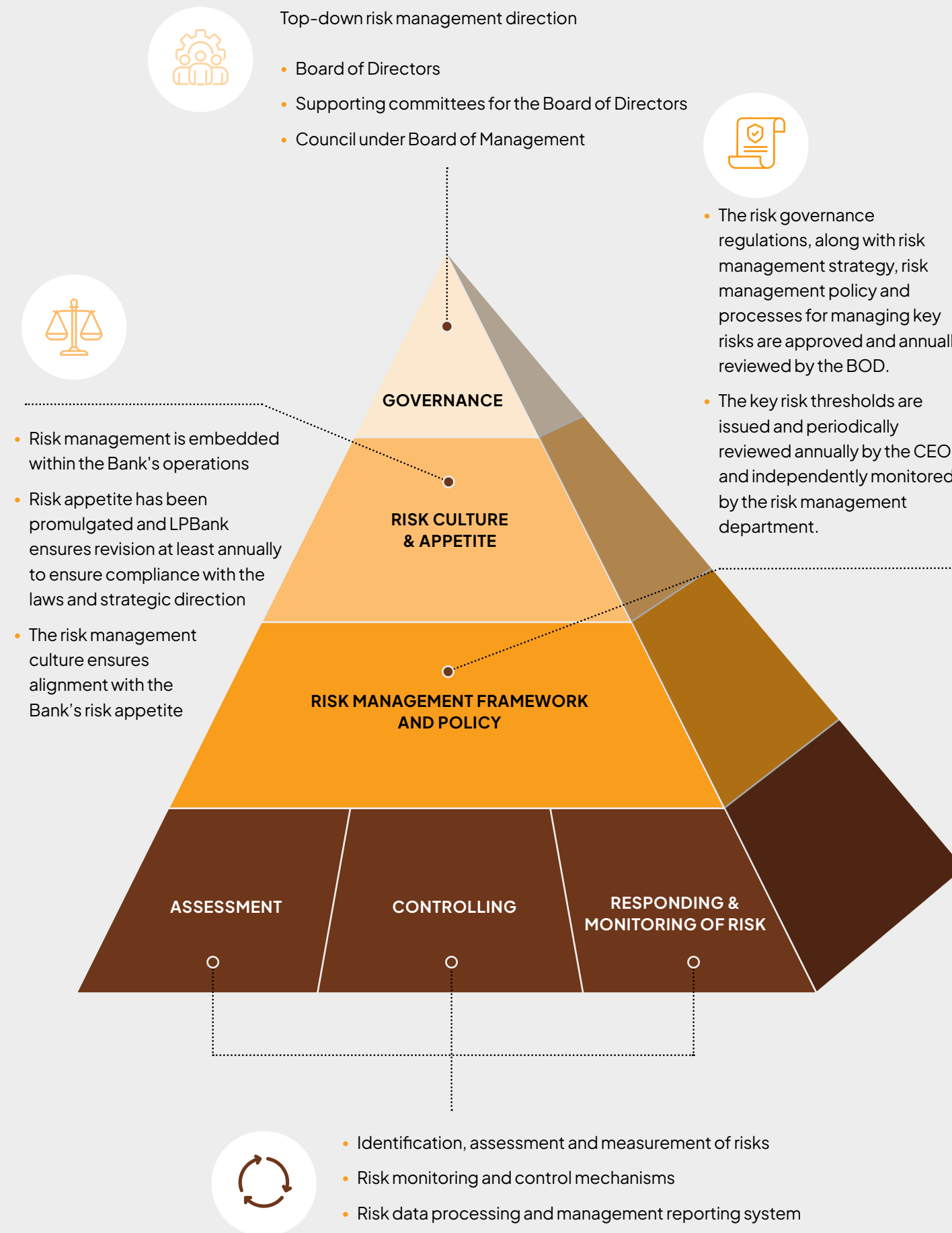
In the current landscape, risk management is increasingly recognized as a crucial determinant of the Bank's success. Effective risk management activities are built upon several foundations:

- Bank's operating model: Consistently reflects core values and the vision set by shareholders;
- Business processes: Logically designed to reduce manual operations and ensure smooth information flow between business units to eliminate potential risks;
- Information technology infrastructure: Strong emphasis on technology application in business operations to enhance work efficiency, accuracy, and timely response to risk management tasks;
- Skilled and trained workforce: Capacity-building programs and knowledge enhancement on risk management are designed and implemented for all staff (35 training sessions in 2023), digitally accessible so that staff can proactively and easily access anytime, anywhere.

Risk Management Framework

LPBank is continuously enhancing its risk management framework, encompassing the development and refinement of regulations governing risk management, from risk management policies to key risk management processes; construct, refine, and upgrade risk measurement, risk alert systems and tools. LPBank is among a few credit institutions that have completed some key pillars of Basel III and international accounting standards IFRS9. Consequently, modern risk measurement tools have been established, aligning closely with international standards. In 2023, LPBank also digitized its risk management reports. In 2024, LPBank will continue to implement various projects to further enhance its risk management capabilities.

Risk management activities receive meticulous oversight and direction from the BOD and the BOM. LPBank has established a Risk Management Committee, Risk Council, Risk and Debt Handling Council, and ALCO Council to support the BOD and BOM in effectively managing risks. Moreover, LPBank places great emphasis on fostering a risk management culture. All activities are consistently aligned with risk appetite, undergo rigorous control, and are updated in accordance with changes in policies and legal regulations. All signs and risk events are communicated and alerted throughout the system to ensure timely identification, prevention and handling of risks within the Bank. Additionally, all employees participate in specialized training tailored to their roles.



Key risks

Risk	Impact factors	Risk mitigation policies and measures
 <p>Credit risk and concentration risk</p>	<ul style="list-style-type: none"> The slow growth in major global economies – crucial export markets for Vietnam, combined with uncertainties in geopolitics impacting international investments and supply chains, has led to a downturn in import-export activities. Simultaneously, the slow recovery of domestic demand has resulted in subdued growth in production and business operations within the country. The stagnant real estate market has adversely affected related sectors. 	<ul style="list-style-type: none"> Directed credit toward sustainable development sectors such as agriculture, renewable energy, and government-prioritized industries; Conducted thorough reviews of loan portfolios and customer lists within specific sectors to collaboratively devise appropriate financial solutions with customers; Harnessed advanced information technology for enhanced risk management practices, including the implementation of loan management systems, non-performing loan software, and automated debt reminder systems; Established and fine-tuning credit limit policies tailored to various customer segments, industries, and products; Set concentration limits for counterparties by product type within proprietary trading portfolios; Automated and conducted comprehensive analysis of credit portfolio management reports, focusing on customer segmentation, economic sectors, and business units to ensure timely alerts and recommendations.
 <p>Market risk and interest rate risk in the Banking books</p>	<ul style="list-style-type: none"> In 2023, the USD/VND exchange rate faced upward pressure as the USD strengthened in the international market, with overall system liquidity surplus leading to significant interest rate reductions, while government bond yields remained low, posing inherent risks to business and investment activities. There was a demand for diversifying business operations in the foreign exchange and currency markets, seeking indirect foreign investment opportunities, and engaging in interest rate derivative trading to generate high-efficiency profits, albeit requiring effective market risk management. 	<ul style="list-style-type: none"> Automated control and execution of transactions to enhance operational efficiency. Regular measurement and ongoing monitoring of market and interest rate risks on bank assets using advanced modeling tools. Flexible utilization of risk mitigation instruments such as derivative products to effectively manage market risks. Rigorous control over portfolio composition and adherence to predefined market risk limits, as well as interest rate risk thresholds on bank assets.
 <p>Liquidity risk</p>	<ul style="list-style-type: none"> The adjustment of the short-to-medium-term lending capital ratio, reducing it from 34% to 30% as of October 1, 2023, in accordance with regulatory requirements, has created temporary liquidity pressure on banks. Negative events at other credit institutions affecting customers' deposit flows. 	<ul style="list-style-type: none"> The Bank prioritizes the development of stable and long-term capital mobilization through product diversification, the implementation of various promotional and customer loyalty programs, and activities aimed at enhancing brand recognition. Additionally, The Bank is intensifying its efforts in multi-channel capital mobilization through its distribution network (both online and in branches), VNPost distribution channels, and other strategic partnerships. The successful implementation of the Basel III and ICAAP projects has equipped LPBank with methodologies and automated tools for liquidity risk management, thereby enhancing its risk management capabilities. LPBank conducted annual reviews of its liquidity contingency plan framework to ensure continuous operational resilience in liquidity-stressed scenarios.

Risk	Impact factors	Risk mitigation policies and measures
 <p>Operational risk</p>	<ul style="list-style-type: none"> The global rise in high-tech crime is mirrored in Vietnam. Investment in and deployment of various technological applications for customers are accompanied by cybersecurity and customer data safety risks. A nationwide network infrastructure caters to a large number of retail customers. 	<p>Operational risk control measures:</p> <ul style="list-style-type: none"> Automated business processes to streamline operations and mitigate associated risks. Implemented automated management of operational risk events to ensure agile and continuously updated risk management. Strengthened Business Process Mapping (BPM) and Risk Control Self-Assessment (RCSA) to assess the operational risk level of each business process, identify common risks across processes, and understand their interconnections. Notably, in 2023, the entire system focused on reviewing and updating regulations and procedures according to the new model. Continuously carried out pentests (penetration testing and vulnerability scanning) with a focus on critical systems to enhance IT security. Invested in upgrading IT security systems for Information Technology and Telecommunications (IT). Employed biometrics for customer authentication in high-risk transactions to minimize fraud and mitigate risks associated with suspicious transactions.

Anti-Money Laundering efforts

In 2023, LPBank completed 03 key initiatives, laying the groundwork for the goal of enhancing anti-money laundering capabilities in 2024, specifically:

- Implemented Fico Tonbeller's automated transaction monitoring system, a leading global provider of anti-money laundering solutions. This system automates the identification and alerting of suspicious transactions to international anti-money laundering standards, serving as a reliable supplementary database for analyzing potential risks and identifying operational gaps.
- Enhanced the real-time transaction filtering system (provided by SWIFT) to improve flexibility, usability, and compliance with international standards. Leveraging additional data from ISO 2022, the system more effectively detects and manages risks in international payment processing.
- Updated anti-money laundering regulations, counter-terrorism financing, counter-proliferation of weapons of mass destruction regulations, and sanctions compliance in alignment with the Anti-Money Laundering Law of 2022.

Supervisory Board

LPBank follows a three-line defense model in Risk Management. In particular, the third line includes the activities of the Supervisory Board and the Internal Audit Division.

About the Supervisory Board



Ms. **DUONG HOAI LIEN**
Head of the Supervisory Board

Year of birth: 1981
Joined the SB on: 23/04/2023

Education:

Master's Degree in Finance

Experience:

Ms. Duong Hoai Lien has been the Head of LPBank's Supervisory Board since 23/04/2023. Previously, she served as an independent member of LPBank's BOD from April 2018 to April 2023. She has 19 years of experience in the finance and banking sector.



Mr. **TRAN THANH TUNG**
Deputy Head of Supervisory Board

Year of birth: 1967
Joined the SB on: 28/03/2008

Education:

Bachelor's Degree in Finance and Banking

Experience:

Mr. Tran Thanh Tung has been the Deputy Head of LPBank's Supervisory Board since 23/04/2023. He joined the Bank's Supervisory Board in March 2008 and was the Head of LPBank's Supervisory Board from April 2017 to April 2023. He has 31 years of experience in accounting and finance and banking.



Ms. **NGUYEN THI LAN ANH**
Member of the Supervisory Board

Year of birth: 1958
Joined the SB on: 28/03/2013

Education:

Master's Degree in Economics

Experience:

Ms. Nguyen Thi Lan Anh has been a member of LPBank's Supervisory Board since 28/03/2013. She has 28 years of experience in the field of tax and customs and 10 years of experience in finance and banking.



Mr. **NGUYEN PHU MINH**
Member of the Supervisory Board

Year of birth: 1984
Joined the SB on: 23/04/2023

Education:

Bachelor's Degree in Business Administration

Experience:

Mr. Nguyen Phu Minh has been a member of LPBank's Supervisory Board since 23/04/2023. He has 16 years of experience in the field of finance and banking, including 6 years at LPBank.

Meetings of the Supervisory Board:

In 2023, the Supervisory Board organized 11 meetings with the full participation of its members. They solicited opinions in writing, held discussions, and made decisions on matters and tasks according to legal regulations.

No	Supervisory Board Members	Number of meetings attended	Meeting attendance rate	Voting rate reasons	Reasons for not attending meetings
1	Ms. Duong Hoai Lien	9/11	100%	100%	Attended all 9 meetings since her appointment date on April 23, 2023
2	Mr. Tran Thanh Tung	11/11	100%	100%	
3	Ms. Nguyen Thi Lan Anh	11/11	100%	100%	
4	Mr. Nguyen Phu Minh	9/11	100%	100%	Attend all 9 meetings since his appointment date on April 23, 2023

The Supervisory Board's oversight over the BOD and the BOM:

- Supervising compliance with the provisions of law and the Bank's Charter in the management and operation of the Bank and implementation of the Resolution of the General Meeting of Shareholders of the BOD and the BOM;
- Supervising compliance with regulations on capital adequacy ratios, operational safety assurance ratios, asset classification, provisioning, and operational restructuring; monitoring key business activities such as capital mobilization, utilization, foreign exchange status, credit quality, and credit growth rates;
- Overseeing the Bank's operations involves receiving information on the Bank's governance and management through resolutions, regulations, procedures, directives, official letters, reports, notices, and other relevant documents issued by BOD and the BOM.

Collaboration among the Supervisory Board, Board of Directors, Board of Management and other managers

- The Supervisory Board regularly coordinates with the BOD, BOM and other managers to properly perform their functions and duties. The Supervisory Board regularly participates in regular and periodic meetings of the Board of Directors and monthly meetings of the Board of Directors. The Supervisory Board is also provided with information and documents on the Bank's management, operations, and business activities to facilitate the Supervisory Board's work.
- Through its supervisory activities, the Supervisory Board has made recommendations to the BOD and BOM on measures to strengthen control, reduce risks, ensure compliance with legal regulations, the charter, and internal regulations, contributing to improving the quality, efficiency, and safety of the Bank's operations.

Other activities of the Supervisory Board

- In 2023, the Supervisory Board directed the implementation and oversight of the Internal Audit Division's activities in appraising the 2022 Financial Reports, the Financial Report for the first six months of 2023, and executing the 2023 audit plan to ensure alignment with the Bank's actual operations.
- The Supervisory Board regularly reviews internal regulations regarding its and the Internal Audit Division's operations to ensure compliance with legal regulations, the Bank's Charter, organizational models, and operational practices. Furthermore, the Supervisory Board carries out other tasks as required by the SBV, legal regulations, and the Bank's internal regulations.

Internal Audit

- The Internal Audit Division, under the Supervisory Board, conducts independent and objective reviews and evaluations of the internal control system, providing independent assessments of adequacy and compliance with internal regulations, policies, procedures, and established processes within the Bank. It offers recommendations to enhance the efficiency of systems, procedures, and regulations, contributing to ensuring the Bank operates safely, effectively, and in compliance with the law in 2024. Additionally, the Internal Audit Division has been reorganized geographically to ensure effective control over the Bank's operations according to the new model.
- The Internal Audit Division has completed the audit plan for the year 2023, including: (i) 13 audits on compliance activities in business units; (ii) 48 audits on compliance activities in Business Units and Dependent Transaction Offices; (iii) 10 audits and reviews on specific topics. All audit results are presented in detail in the Audit Report and Review Report, which clearly outline the identified issues, assess impacts, and propose recommendations submitted to the Board of Directors, Supervisory Board, BOM, Business Units, and audited units to adjust and improve operational procedures, minimize risks in the operational process at units, ensure compliance with internal regulations and policies. This contributes to ensuring the Bank operates safely, efficiently, and complies with all regulations of the SBV. In addition, the Internal Audit Division also acknowledges the importance of advising and supporting the construction, improvement, and perfection of the internal control system without compromising the principles of independence and objectivity in internal audit activities.

Anti-corruption

General policies and stance on Anti-Corruption efforts

LPBank remains steadfast in its commitment to anti-corruption efforts in strict adherence to legal provisions governing anti-corruption and the Bank's internal regulations. The Bank has promulgated anti-corruption regulations in accordance with legal requirements, conducting training, dissemination, and implementation across the entire system. LPBank encourages self-disclosure and reporting of relevant information to competent authorities to promptly detect and address any violations. Additionally, LPBank proactively strengthens internal control mechanisms, innovates control processes to timely identify signs and manifestations of corruption, and establishes transparent and fair policies and regulations to ensure accountability and democracy.

Embedded within LPBank's Corporate Culture Handbook is integrity, one of the five core values of the Bank. Integrity serves as a guiding light in the Bank's business activities, setting standards for the conduct, attitudes, and behaviors of all bank employees.

At LPBank, any acts of corruption, if present, must be promptly detected, prevented, and rigorously addressed. Individuals engaged in corrupt practices, regardless of their position or role, are subject to legal and bank disciplinary measures. Corruptly acquired assets are seized and confiscated, and individuals causing harm through corrupt acts are obligated to compensate or reimburse according to legal provisions. The handling of corruption cases involves coordination among relevant functional units and timely reporting to the authorized level in compliance with regulations.

Approach and process of handling anti-corruption

Approach

LPBank has fully constituted a Steering Committee on Anti-Corruption, Misconduct Behavior, and Crime. The Chairman of the Board serves as the Head of this Steering Committee, alongside key members such as the CEO, Party Committee Representative, Union President, Directors of the Finance Division, Human Resources Division, and other pivotal individuals. Additionally, similar Subcommittees are also established within business units to enhance oversight and compliance efforts at the operational level.

Anti-corruption handling process

The Subcommittees undertake the task of monitoring and addressing issues related to corruption prevention within each business unit, while also compiling and reporting on the implementation of anti-corruption measures to the Steering Committee, ensuring timely information dissemination and appropriate action plans.

The Steering Committee devises plans and provides guidance for the implementation of anti-corruption measures across the entire bank, in alignment with the programs, plans, and regulations set forth by the Party, State, local authorities, and the banking sector. This ensures that all bank employees are aware of and adhere to the legal provisions concerning corruption prevention and control.

Promotion, dissemination, and training on anti-corruption practices and regulations

The number of classes organized for the promotion and thorough understanding of anti-corruption laws and regulations

35

Number of employees trained

12,976

Number of reported cases resolution results

LPBank places special emphasis on promoting propaganda and education to enhance awareness and understanding of laws regarding violations, misconduct, and corruption within the Bank. The Bank regularly organizes dissemination sessions to convey the Party's, Government's, and SBV's policies and legal framework on anti-corruption efforts to all staff, party members, and employees through various forms of training (in-person, online, internal documents) and over the Bank's loudspeaker system.

LPBank always encourages staff to prevent, detect, and report any violations, misconduct, corruption, or wasteful acts in all bank activities. Additionally, the Bank strictly complies with legal requirements for information disclosure, ensuring that information is published in a timely, comprehensive, and accurate manner. It openly discloses transaction procedures with customers at its service points to prevent any illegal, misconduct, corrupt, or wasteful acts.

As of December 31, 2023, training programs on anti-corruption have been disseminated to nearly all employees within the system. In 2024 and the following years, the Bank will continue to expand and enhance staff awareness in this area.

Since establishment, the Bank has maintained a clean record, with no wrongdoing or corruption allegations.

Information security and data privacy

The Bank has made significant investments in technology and information security systems, implementing rigorous policies and procedures to adhere to relevant legal mandates regarding customer data protection and privacy

In particular, the Bank has enacted regulations on information management and security, as well as protocols for the management of network and end-user devices across the entire system to enhance the capacity of the database infrastructure and ensure the security of customer data privacy.

LPBank boasts a modern, resilient database infrastructure and a team of professional technicians renowned for their stability, data processing capabilities, and security prowess. Throughout 2023, the Bank concentrated its resources on further upgrading its database system to guarantee data accuracy and reliability, in compliance with international security standards, thus laying a solid foundation for future development. Specifically, LPBank invested in upgrading its core banking system, significantly enhancing its internal reporting data warehouse, information systems, and implementing risk management systems such as ICAAP and Basel III, as well as financial reporting systems according to best practices. Moreover, LPBank has continually modernized and digitized all aspects of its business operations, from credit approval and management systems (LOS) to foreign exchange trading management (Night Vision FX) and insurance sales management, to the E-Office work management system, internal website. Alongside stringent regulations, guidelines, and data processing procedures, LPBank ensures that all data serving governance, operations, reporting, and information disclosure are consistently accurate, timely, and compliant with legal requirements and safeguarding the rights of stakeholders.



A framework for the effective implementation of Shareholders' rights

LPBank is committed to upholding transparency, timeliness, and adhering to legal requirements when disclosing information and engaging with shareholders. This commitment fosters an environment of openness and transparency, cultivating trust and confidence within the community

- In 2023, alongside diligently adhering to regulations to safeguard the rights of shareholders and stakeholders, LPBank has established a foundation geared towards applying best practices in information disclosure and transparency, ensuring equitable treatment among shareholders and upholding shareholder rights according to best practices. The Bank's database and reporting processes are designed to ensure transparency and timeliness in providing information to shareholders and the public. Public information is archived and stored in both hard copy and soft copy following legal requirements, publicly disclosed, and archived on a dedicated section of LPBank's website (www.lpbank.com.vn) for easy access and retrieval by shareholders and investors. The Bank's internal regulations regarding information disclosure and provision to shareholders are clearly outlined, detailing the processes and responsibilities of individuals and units in providing, disclosing, and storing information to ensure compliance with legal requirements and uphold shareholder rights in accessing crucial management information of the Bank.
- LPBank continually strives to enhance the quality of investor relations activities, expanding channels for receiving and responding to shareholder information via phone, email, messaging, and providing professional and efficient support for shareholders to exercise their rights. LPBank maintains regular and continuous communication with domestic and international investors, fostering an open, transparent environment to build trust within the community. During the 2023 Annual General Meeting, preparations regarding timing, venue, shareholder list finalization procedures, nomination and candidacy announcements, meeting invitations, and document transmission were implemented in compliance with current regulations and in line with best practices in bank governance.

Dividend Policy

- With the utmost commitment to shareholder rights, LPBank's annual dividend policy is crafted by the BOD in alignment with the Bank's financial position and development strategy, ensuring transparency, reliability, and sustainability in profit distribution. Once approved by the General Meeting of Shareholders, LPBank promptly proceeds with the necessary procedures to distribute dividends within the legal timeframe.
- In 2023, LPBank distributed dividends in the form of shares at a rate of 19% within 6 months from the date of the General Meeting of Shareholders approval. The dividend payment process for shareholders is standardized, simplified, and transparent, with information publicly disclosed through various channels within the prescribed time frame.



Transactions with Related Parties

- LPBank is committed to adhering to the principles of transparency and fairness in its transactions with related parties. LPBank ensures that all transactions with related parties comply with legal requirements and the Bank's Charter. LPBank establishes internal control procedures to ensure strict compliance with regulations and procedures, including the review and decision-making roles of members of the BOD and Supervisory Board independently, without any conflicting interests.
- Transactions with related parties: Please refer to the 2023 audited financial statements – Section 45: Transactions and balances with related parties (Page 156).

Management for conflict of interests

In 2023, the BOD and the BOM successfully completed a comprehensive review, revision, and supplementation of the entire regulatory documents of the Bank, establishing a robust set of policies and standards within the Bank to proactively prevent any conflicts of interest.

Consequently, the members of BOD, BOM and Supervisory Board; Chief Accountant, and other bank executives are required to promptly, comprehensively, and accurately notify the Bank of their rights and interests in other organizations, transactions with external organizations or individuals that may potentially conflict with the Bank's interests. Additionally, members of the BOD and Supervisory Board are prohibited from participating in voting on matters where conflicts of interest may arise.

Moreover, the Bank has implemented a stringent monitoring mechanism to closely oversee the affiliations of internal personnel with external entities, thereby alerting the BOD and BOM to any transactions or decisions that may carry the risk of conflicting interests.



Sustainability at LPBank: A summary of Sustainability report

- 106 Governance - Act responsibly
- 106 Environment - Transition to a sustainable and carbon-neutral economy
- 106 Society - Fostering societal prosperity



LPBank is committed to advancing sustainable development through progressively integrating sustainable solutions and policies into daily business operations. LPBank's strategic orientation for sustainable development revolves around three pillars of ESG



GOVERNANCE

Act responsibly

Establish a robust corporate culture and sustainable governance framework aligned with industry best practices to continuously generate and uphold value for stakeholders. This includes implementing a resilient governance structure, enhancing data integrity and customer rights, developing appropriate welfare policies and training programs for employees, as well as fortifying regulatory oversight and adherence.



ENVIRONMENT

Transition to a sustainable and carbon-neutral economy

Focus on investing in environmentally friendly projects through the promotion of green credit, thereby contributing to the transition to a sustainable and climate-resilient economy. Concurrently, LPBank also actively explores green initiatives and products while streamlining operational processes to maximize resource efficiency and minimize environmental impact.



SOCIETY

Fostering societal prosperity

Contribute to the community's sustainable development by leveraging sustainable finance, fostering financial inclusion, and enhancing accessibility through LPBank's products and services. Engage in impactful social initiatives, establish Codes of Conduct aligned with human rights principles, advocate for diversity and inclusion, and uphold equality both internally within the Bank and in engagements with stakeholders.



Act responsibly

The Bank has established a flexible and transparent governance structure, with the active participation of the BOD in shaping LPBank's strategy and sustainable development goals. In 2023, LPBank underwent a bank-wide sustainability practice assessment project referencing global leading practices around, thereby building a roadmap to complete the ESG governance model and data governance system.

To ensure that all business activities comply with ESG regulations and standards, LPBank aims to integrate ESG risks into the existing Risk Management framework. This entails integrating ESG into the identification, assessment, and development of risk control and response measures.

In addition, the Bank also sets high standards for transparency, business ethics and preventing conflicts of interest – topics that are considered material set out

by the Sustainable Accounting Standards Board (SASB). For other material topics relating to customer data security, in 2023, LPBank has implemented information security projects across the Bank. These initiatives not only ensure compliance with mandatory security requirements and standards but also enhance customer trust in LPBank's products and services. Beyond investing in infrastructure and information technology systems, LPBank is dedicated to fostering a culture of awareness among employees regarding information and data security. This includes regular reviews and updates of relevant regulations and procedures to maintain the highest standards of security and confidentiality.

Transition to a sustainable and carbon-neutral economy

Given LPBank's operations, the Bank acknowledges its significant role in fostering sustainable development practices within the business community through the responsible financial products. LPBank is committed to spearheading green finance aimed at mitigating climate change while also supporting the Vietnamese Government in meeting its commitment to achieve net-zero emissions by 2050 under The Paris Agreement and The United Nations Climate Change Conference in Glasgow (COP26).

The Bank has directed its lending efforts towards enterprises operating in sustainable development sectors, allocating a total funding of 2,000 billion VND towards renewable energy projects and earmarking a credit limit of 6,000 billion VND for sustainable agriculture ventures in the Central and Highlands regions. Additionally, in 2023, the Bank introduced guidelines for evaluating environmental risks associated with lending activities, equipping LPBank's employees with the necessary knowledge and tools to effectively identify, assess, and mitigate environmental risks in credit granting processes.

In all activities, LPBank always prioritizes the efficient and sustainable use of resources, while focusing on the

protection, recycling and reuse of natural resources, especially materials, energy and water. Furthermore, the promotion of digital banking services not only enriches customer interactions but also enables LPBank to bolster operational efficiency, resulting in a reduction of paper consumption compared to 2022 and diminished emissions from customer travels to physical transaction locations.



Total greenhouse gas emissions decreased from 35,633 tons of CO₂ in 2022 to 32,976 tons of CO₂ in 2023, a decrease of approximately 7%



The Bank's total water consumption in 2023 has decreased by about 4% compared to 2022 from 315 Megalit to 301 Megalit



Petrol consumption from vehicles decreased from 328 TJ in 2022 to 272 TJ in 2023, equivalent to a decrease of about 17%

Fostering societal prosperity

LPBank's sustainable products are not only geared towards addressing climate change but also towards fostering an equitable and compassionate society, aiding marginalized communities in integration and growth, bolstering the local economy. Leveraging the extensive reach of the Bank's nationwide network, LPBank has extended services to many customers, particularly those residing in rural areas with limited access to financial, banking, and insurance services. The Bank tailors its products to cater to various target customer groups, including agricultural and rural area credit packages, loans facilitated through pension institutions, support for students, and assistance for SMEs in their entrepreneurial endeavors.

For LPBank's employees, who are a crucial asset to the institution, LPBank remains committed to prioritizing career growth and skill enhancement through various initiatives: (i) design and execute skill development and professional training programs, along with knowledge-sharing sessions; (ii) regularly assess and align personnel roles with their capabilities and expertise to enhance labor efficiency; (iii) foster a professional and dynamic work culture; and (iv) establish suitable compensation and reward systems to incentivize creativity, boost labor productivity, and ensure workforce stability.

In terms of community engagement, LPBank remains dedicated to making meaningful contributions to society through direct involvement in social initiatives, sponsorship programs, and charitable endeavors. Through this, LPBank was honored as a leading institution in Corporate Social Responsibility (CSR) in 2023. The bank's CSR initiatives encompass a wide spectrum, including bolstering social welfare, promoting education and training, and fostering cultural and sports activities aimed at enhancing the overall well-being of the community.



The total value of sponsorships for social and community activities in 2023



CHAPTER
06

Financial Statements

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STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Lien Viet Post Joint Stock Commercial Bank (the “Bank”) presents this report together with the Bank’s financial statements for the year ended 31 December 2023.

The members of the Board of Directors, Board of Supervisors, Board of Directors of the Bank during the year and to the date of the financial statements were as follows

:

Board of Management

Mr. Nguyen Duc Thuy	Chairman
Mr. Nguyen Van Thuy	Standing Vice Chairman (From 07 June 2023) Vice Chairman (From 23 April 2023)
Mr. Pham Doan Son	Standing Vice Chairman (Until 22 April 2023)
Mr. Ho Nam Tien	Vice Chairman (From 23 April 2023)
Mr. Bui Thai Ha	Vice Chairman (From 23 April 2023)
Mr. Duong Cong Toan	Vice Chairman (Until 22 April 2023)
Mr. Huynh Ngoc Huy	Vice Chairman (Until 22 April 2023) Member (From 23 April 2023)
Mr. Le Hong Phong	Member
Mr. Le Minh Tam	Independent Member (From 23 April 2023)
Ms. Duong Hoai Lien	Independent Member (Until 22 April 2023)

Board of Supervisors

Ms. Duong Hoai Lien	Head of Board of Supervisors (From 23 April 2023)
Mr. Tran Thanh Tung	Head of Board of Supervisors (Until 22 April 2023) Deputy Head of Board of Supervisors (From 23 April 2023)
Ms. Nguyen Thi Lan Anh	Member (Until 22 April 2023) Non-executive member (From 23 April 2023)
Mr. Nguyen Phu Minh	Member (From 23 April 2023)
Mr. Phung The Viet	Member (Until 22 April 2023)

Board of Directors

Mr. Ho Nam Tien	Chief Executive Officer (From 21 June 2023) Acting Chief Executive Officer (From 17 March 2023 to 20 June 2023) Standing Deputy Chief Executive Officer (Until 16 March 2023)
Mr. Pham Doan Son	Chief Executive Officer (Until 17 March 2023)
Mr. Vu Quoc Khanh	Standing Deputy Chief Executive Officer (From 11 May 2023) Deputy Chief Executive Officer (Until 23 May 2023)
Mr. Bui Thai Ha	Standing Deputy Chief Executive Officer (From 21 March 2023 to 11 May 2023) Deputy Chief Executive Officer (From 11 May 2023 to 23 May 2023)
Ms. Nguyen Thi Gam	Deputy Chief Executive Officer
Ms. Nguyen Anh Van	Deputy Chief Executive Officer
Mr. Nguyen Thanh Tung	Deputy Chief Executive Officer
Mr. Nguyen Ngoc Nam	Deputy Chief Executive Officer
Ms. Le Thi Thanh Nga	Deputy Chief Executive Officer
Mr. Hoang Van Phuc	Deputy Chief Executive Officer
Mr. Le Anh Tung	Deputy Chief Executive Officer
Mr. Doan Nguyen Ngoc	Deputy Chief Executive Officer (From 24 April 2023)
Ms. Nguyen Thi Vui	Deputy Chief Executive Officer (From 24 April 2023)
Ms. Vu Nam Huong	Deputy Chief Executive Officer (From 20 March 2024)
Mr. Nguyen Quoc Thanh	Deputy Chief Executive Officer (Until 01 July 2023)
Mr. Kim Minh Tuan	Deputy Chief Executive Officer (Until 01 May 2023)
Mr. Nguyen Ngoc Nam	Deputy Chief Executive Officer (Until 01 October 2023)
Mr. Nguyen Quy Chien	Deputy Chief Executive Officer (Until 01 October 2023)
Ms. Vu Thu Hien	Deputy Chief Executive Officer (Until 06 February 2024)

STATEMENT OF THE BOARD OF DIRECTORS (Continued)

The Board of Directors' statement of responsibility

The Board of Directors of the Bank is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Bank as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with accounting standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. In preparing these financial statements, the Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue its business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimize errors and frauds.

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Bank, and that the financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Directors confirms that the Bank has complied with the above requirements in preparing these financial statements.

For and on behalf of the Board of Directors,



Ho Nam Tien
Chief Executive Officer

Hanoi, 22 March 2024

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders
The Board of Directors and the Board of Management
Lien Viet Post Joint Stock Commercial Bank**

We have audited the accompanying financial statements of Lien Viet Post Joint Stock Commercial Bank (the "Bank"), prepared on 22 March 2024 as set out from page 06 to page 57, which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and the cash flow statement for the year then ended, and a summary of accounting policies and other explanatory information.

Board of Directors' Responsibility

The Bank's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

Conclusion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

Other matter

The financial statements for the year ended 31 December 2022 of the Bank was audited by another independent auditor who expressed an unmodified conclusion and opinion on those statements on 28 March 2023.



Do Hong Duong
Deputy General Director
Audit Practising Registration Certificate
No.: 2393-2021-001-1

DELOITTE VIETNAM AUDIT COMPANY LIMITED
22 March 2024
Hanoi, S.R Vietnam

Doan Dieu Huyen
Auditor
Audit Practising Registration Certificate
No.: 5593-2020-001-1

LIEN VIET POST JOINT STOCK COMMERCIAL BANK
LPB Tower, No. 210 Tran Quang Khai Street
Trang Tien Ward, Hoan Kiem District Hanoi, Vietnam

FORM B02a/TCTD
Issued under Circular No. 49/2014/TT-NHNN
dated 31 December 2014 of the State Bank of Vietnam

Statement of financial position

As at 31 December 2023

Unit: VND million

NO	ITEMS	Note	Closing balance	Opening balance
A	ASSETS			
I.	Cash	5	2,382,762	2,983,877
II.	Balances with the State Bank of Vietnam ("SBV")	6	14,578,444	10,323,700
III.	Deposits with and loans to other credit institutions	7	35,527,676	31,967,998
1.	Deposits with other credit institutions		35,059,076	31,367,998
2.	Loans to other credit institutions		526,177	658,198
3.	Provision for credit losses on placements with and loans to other credit institutions		(57,577)	(58,198)
IV.	Held-for-trading securities	8	580,440	566,280
1.	Held-for-trading securities		580,440	566,280
V.	Loan to customers		271,972,649	230,636,976
1.	Loan to customers	10	275,430,884	235,506,871
2.	Provision for loans to customers	11	(3,458,235)	(4,869,895)
VI.	Debts purchased	12	21,796	257,484
1.	Debts purchased		21,961	260,453
2.	Provision for debts purchased		(165)	(2,969)
VII.	Investment securities	13	46,844,368	42,007,290
1.	Available-for-sale securities		46,844,368	42,007,290
VIII.	Long-term investments	14	348,718	315,931
1.	Other long-term investments		348,718	315,931
IX.	Fixed assets		1,949,987	1,693,198
1.	Tangible fixed assets	15	1,170,643	1,202,795
a.	Costs		2,940,904	2,829,739
b.	Accumulated depreciation		(1,770,261)	(1,626,944)
2.	Intangible fixed assets	16	779,344	490,403
a.	Costs		996,036	678,956
b.	Accumulated amortisation		(216,692)	(188,553)
X.	Other assets	17	8,656,339	6,993,113

The accompanying disclosures are an integral part of these financial statements.

LIEN VIET POST JOINT STOCK COMMERCIAL BANK
LPB Tower, No. 210 Tran Quang Khai Street
Trang Tien Ward, Hoan Kiem District Hanoi, Vietnam

FORM B02a/TCTD
Issued under Circular No. 49/2014/TT-NHNN
dated 31 December 2014 of the State Bank of Vietnam

Unit: VND million

NO	ITEMS	Note	Closing balance	Opening balance
1.	Receivables		3,050,171	2,185,961
2.	Interests and fees receivable		5,037,867	4,149,087
3.	Other assets		575,737	665,150
4.	Provision for other assets		(7,436)	(7,085)
	TOTAL ASSETS		382,863,179	327,745,847
B.	LIABILITIES AND OWNER'S EQUITY			
I.	Amount due to the Government and the SBV	18	89,576	3,076,781
1.	Deposits and borrowings from the Government and the SBV		89,576	3,076,781
II.	Deposits and borrowings from other credit institutions	19	50,112,429	39,660,022
1.	Deposits from other credit institutions		47,152,604	37,694,447
2.	Borrowings from other credit institutions		2,959,825	1,965,575
III.	Deposits from customers	20	237,391,609	215,888,025
IV.	Derivatives and other financial liabilities	9	75,786	42,030
V.	Valuable papers issued	21	47,909,881	35,048,167
VI.	Other liabilities	22	13,166,498	9,975,668
1.	Interests and fees payables		9,839,488	6,525,149
2.	Other payables and liabilities		3,327,010	3,450,519
	TOTAL LIABILITIES		348,745,779	303,690,693
VII.	Capital and reserves			
1.	The Bank's capital	23	25,576,221	17,291,111
	Charter capital		25,576,164	17,291,054
	Share premium		57	57
2.	The Bank's reserves	23	3,696,036	2,860,199
3.	Retained earnings	23	4,845,143	3,903,844
	TOTAL OWNER'S EQUITY		34,117,400	24,055,154
	TOTAL LIABILITIES AND OWNER'S EQUITY		382,863,179	327,745,847

The accompanying disclosures are an integral part of these financial statements.

LIEN VIET POST JOINT STOCK COMMERCIAL BANK
LPB Tower, No. 210 Tran Quang Khai Street
Trang Tien Ward, Hoan Kiem District Hanoi, Vietnam

FORM B02a/TCTD
Issued under Circular No. 49/2014/TT-NHNN
dated 31 December 2014 of the State Bank of Vietnam

Statement of financial position (Continued)

As at 31 December 2023

Off balance-sheet items

Unit: VND million

No	ITEMS	Note	Closing balance	Opening balance
1.	Credit guarantees	41	55,340	59,340
2.	Foreign currency commitments	41	162,150,751	74,355,004
a.	Foreign currency purchase commitments		-	54,514
b.	Foreign currency sale commitments		2,902,200	32,868
c.	Swap commitments		159,248,551	74,267,622
3.	Letters of credit commitments	41	676,398	1,786,014
4.	Other guarantees	41	1,706,763	944,919
5.	Other commitments	41	4,486,870	301,096
6.	Uncollected interest from loans and fee receivables	42	1,235,726	1,107,733
7.	Bad debts written-off	43	10,649,809	5,916,900
8.	Other assets and papers	44	2,322,992	2,650,884


Ngày 22 tháng 3 năm 2024

Prepared by



Tran Hoai Thu
Head of Finance Department

Approved by



Nguyen Thi Gam
Chief Accountant

Approved by



Ho Nam Tien
Chief Executive Officer

The accompanying disclosures are an integral part of these financial statements.

LIEN VIET POST JOINT STOCK COMMERCIAL BANK
LPB Tower, No. 210 Tran Quang Khai Street
Trang Tien Ward, Hoan Kiem District Hanoi, Vietnam

FORM B03a/TCTD
Issued under Circular No. 49/2014/TT-NHNN
dated 31 December 2014 of the State Bank of Vietnam

Income statement


For the year ended 31 December 2023

Unit: VND million

No	ITEMS	Note	Curren year	Prior year
1.	Interest and similar income	24	32,353,651	25,225,644
2.	Interest and similar expenses	25	(21,150,522)	(13,325,675)
I.	Net interest and similar income		11,203,129	11,899,969
3.	Income from services rendered		3,905,988	2,096,512
4.	Expenses on services rendered		(340,361)	(434,650)
II.	Net gain from services rendered	26	3,565,627	1,661,862
III.	Net gain from foreign currency trading	27	435,098	10,463
IV	Net gain from trading held-for-trading securities	28	30,208	(2,769)
V.	Net (loss)/gain from trading investment securities	29	(5,254)	345,762
5.	Income from other activities		490,524	334,327
6.	Expenses on other activities		(143,372)	(133,180)
VI.	Net gain/(los) from trading	31	347,152	201,147
VII.	Income from capital contribution and equity investments in other entities	30	49,345	53,877
VIII.	Total operating expenses	32	(5,759,872)	(5,306,893)
IX.	Net profit from operating activities before provision expenses for credit losses		9,865,433	8,863,418
X.	Provision expenses for credit losses	33	(2,826,040)	(3,173,737)
XI.	Profit before tax		7,039,393	5,689,681
7.	Current corporate income tax expense	34	(1,467,147)	(1,179,428)
XII.	Corporate income tax expense		(1,467,147)	(1,179,428)
XIII.	Profit after tax		5,572,246	4,510,253
XIV.	Basic earnings per share	35	2,705	2,022

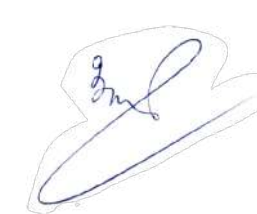
22 March 2024

Prepared by



Tran Hoai Thu
Head of Finance Department

Approved by



Nguyen Thi Gam
Chief Accountant

Approved by



Ho Nam Tien
Chief Executive Officer

The accompanying disclosures are an integral part of these financial statements.

LIEN VIET POST JOINT STOCK COMMERCIAL BANK
LPB Tower, No. 210 Tran Quang Khai Street
Trang Tien Ward, Hoan Kiem District Hanoi, Vietnam

FORM B04a/TCTD
Issued under Circular No. 49/2014/TT-NHNN
dated 31 December 2014 of the State Bank of Vietnam

Cash flow statement

For the year ended 31 December 2023

Unit: VND million

	Note	Current year	Prior year
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar income received		31,525,094	26,524,485
Interest and similar expenses paid		(17,583,219)	(12,859,829)
Income from services rendered received		3,564,158	1,660,084
Net cash from dealing in foreign currency and trading securities		175,210	636,389
Other income/Other (expenses)		(2,771)	(91,337)
Cash recovered from bad debts written off or compensated by provision for credit losses		359,547	298,260
Payments to employees and for operation management		(5,028,906)	(5,256,098)
Corporate income tax paid	34	(1,299,047)	(559,628)
Net cash flow from operating activities before changes in operating assets and working capital		11,710,066	10,352,326
Changes in operating assets			
Decrease in deposits with and loans to other credit institutions		132,021	492,535
(Increase) in investment securities		(4,851,238)	(3,634,243)
(Increase)/Decrease in derivatives financial instruments and other financial assets		-	84,831
(Increase) in loans to customers and debts purchased		(39,685,522)	(26,813,188)
(Decrease) in provision for credit losses on bad debts and corporate bonds		(4,240,775)	(1,414,012)
(Increase) in other operating assets		(1,221,125)	(1,039,086)
Changes in operating liabilities			
(Decrease) in amount due to the Government and the SBV		(2,987,204)	1,373,907
Increase/(Decrease) in deposits and borrowings from other credit institutions		10,452,408	(6,621,358)
Increase in deposits from customers		21,503,583	35,611,679
Increase/(Decrease) in valuable papers issued (excluding valuable papers charged to financial activities)		12,861,714	(1,689,462)
(Decrease)/Increase in derivatives and other financial liabilities		33,756	42,030
(Decrease)/Increase in other operating liabilities		(386,732)	1,196,210
Expenditures from funds of credit institutions		(557,085)	(82,507)
Net cash used in from operating activities		2,763,867	7,859,662

The accompanying disclosures are an integral part of these financial statements.

LIEN VIET POST JOINT STOCK COMMERCIAL BANK
LPB Tower, No. 210 Tran Quang Khai Street
Trang Tien Ward, Hoan Kiem District Hanoi, Vietnam

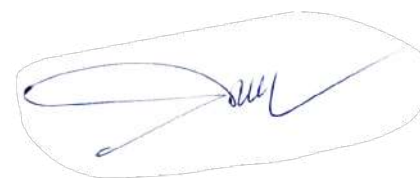
FORM B04a/TCTD
Issued under Circular No. 49/2014/TT-NHNN
dated 31 December 2014 of the State Bank of Vietnam

Unit: VND million

	Note	Current year	Prior year
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets		(428,246)	(145,140)
Proceeds from disposal of fixed assets		16,163	8,816
Payments for disposal of fixed assets		(23,635)	(8,279)
Cash outflows for investments in and capital contribution to other entities		(32,787)	-
Dividends and profit received from long-term investments and capital contribution		49,345	53,877
Net cash used in investing activities		(419,160)	(90,726)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from capital contributed and/or issuing shares		5,000,000	2,999,955
Net cash used in financing activities		5,000,000	2,999,955
Net cash flows for the year		7,344,707	10,768,891
Cash and cash equivalents at the beginning of the year		44,675,575	33,906,684
Cash and cash equivalents at the end of the year	36	52,020,282	44,675,575

22 March 2024

Prepared by



Tran Hoai Thu
Head of Finance Department

Approved by



Nguyen Thi Gam
Chief Accountant

Approved by



Ho Nam Tien
Chief Executive Officer

The accompanying disclosures are an integral part of these financial statements.

LIEN VIET POST JOINT STOCK COMMERCIAL BANK
LPB Tower, No. 210 Tran Quang Khai Street
Trang Tien Ward, Hoan Kiem District Hanoi, Vietnam

FORM B05/TCTD
Issued under Circular No. 49/2014/TT-NHNN
dated 31 December 2014 of the State Bank of Vietnam

Notes to the financial statements

These notes are an integral part of and should be read in conjunction with the accompanying financial

1. General information of the bank

Establishment and Operation

Lien Viet Post Joint Stock Commercial Bank (“the Bank”), formerly known as Lien Viet Joint Stock Commercial Bank, was established under the Operation License No. 91/GP-NHNN dated 28 March 2008 issued by the Governor of the State Bank of Vietnam (“SBV”) with an operation period of 99 years from the issuance date. The Enterprise Registration Certificate No. 6300048638 issued by the Department of Planning and Investment of Hanoi has been amended for the 30th time on 29 December 2023.

In accordance with Official Letter No.244/TTg-DMDN dated 21 February 2011, the Vietnamese Prime Minister approved the capital contribution of Vietnam Post Corporation (“Vietnam Post”) in Lien Viet Joint Stock Commercial Bank by the value of Vietnam Postal Saving Services Company (“VPSC”) and cash. As at 01 July 2011, Vietnam Post completed the transfer of assets and liabilities of VPSC to Lien Viet Joint Stock Commercial Bank. Under Decision No. 1633/QD-NHNN dated 22 July 2011 by the SBV, Lien Viet Joint Stock Commercial Bank was approved to change its name to Lien Viet Post Joint Stock Commercial Bank.

The Bank’s principal operating activities include implementing banking transactions which comprise of mobilizing and receiving short-term, medium-term and long-term deposits from organizations and individuals; providing short-term, medium-term and long-term loans to organizations and individuals on the basis of the nature and capability of the Bank’s capital resources; conducting foreign exchange transactions; trade finance services, discounting of commercial papers, bonds and other valuable papers; providing brokerage services and other banking services permitted by the State Bank of Vietnam.

Charter capital

At 31 December 2023, the charter capital of the Bank was VND 25,576,164 million (as at 31 December 2022 VND 17,291,054 million)

Locations and the Bank network

The Bank’s Head Office is located at LPB Tower, No. 210 Tran Quang Khai Street, Trang Tien Ward, Hoan Kiem District, Hanoi. The total number of the Bank’s network points as at 31 December 2023 was one (01) Head Office, three (03) representative offices, eighty (80) branches, four hundred and eighty one (481) transaction offices and five hundred and thirteen (513) post transaction offices nationwide.

Employees

Total employees of the Bank as at 31 December 2023 were 10,627 (as at 31 December 2022: 12,203 employees).

Disclosure of information comparability in the financial statements

The comparative figures are the figures of the audited financial statements for the year ended 31 December 2022.

LIEN VIET POST JOINT STOCK COMMERCIAL BANK
LPB Tower, No. 210 Tran Quang Khai Street
Trang Tien Ward, Hoan Kiem District Hanoi, Vietnam

FORM B05/TCTD
Issued under Circular No. 49/2014/TT-NHNN
dated 31 December 2014 of the State Bank of Vietnam

2. Basis for preparing financial statements and fiscal year

Basis for preparing financial statements

The accompanying financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. However, due to the Bank’s large scale of operation, for the purpose of preparing these financial statements, the figures are rounded to and presented in millions of Vietnam Dong (VND Million). This presentation does not materially impact the financial statements in terms of the financial position, the results of operations and cash flows of the Bank. With regard to the number of shares, the Bank presented the items in units as shown in Note 23.3.

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

Accounting period

The Bank’s accounting period begins on 01 January and ends on 31 December.

3. New guidance application

Circular No. 02/2023/TT-NHNN dated 23 April 2023

On 23 April 2023, the State Bank of Vietnam issued Circular No. 02/2023/TT-NHNN (“Circular 02”) regulating credit organization, foreign banks branches restructuring of debt repayment terms, and maintaining debt categories to support financially challenged customers.

Some key changes introduced by Circular 02 that affect the financial reporting for the current period of the Bank include:

- Regulating the conditions of debts, including principal and/or interest balances, that have been restructured

in terms of repayment, and providing regulations on maintaining debt categories and debt classification after the debt repayment terms are restructured.

- Regulating provisioning for customers with principal and/or interest balances that have been restructured in terms of repayment as stipulated in this Circular.

Circular 02 is effective from 24 April 2023. The Bank has applied Circular 02 in financial reporting for the year ended 31 December 2023.

Circular No. 18/2023/TT-NHNN dated 26 December 2022

On 26 December 2022, the State Bank of Vietnam issued Circular No. 18/2022/TT-NHNN (“Circular 18”) to amend and supplement certain provisions of Circular No. 09/2015/TT-NHNN regulating the activities of purchasing and selling debts of credit institutions, foreign bank branches.

Some key changes introduced by Circular 18 that affect the financial reporting for the current period of the Bank include:

- Specifying principles of purchasing and selling debts, including the case of purchasing and selling debts when the buyer has not paid the full amount for the debt purchase.
- Providing guidelines for monitoring and management in the case of selling a portion of a debt or selling a debt to multiple debt buyers.
- Stipulating financial handling and accounting treatment for purchased and sold debts, including cases of selling debts with outstanding principal that is internally booked, selling debts with tracked external balances, selling debts that have been derecognized from external balances, purchasing debts at a price equal to or less than the original principal balance of the purchased debt, and purchasing debts at a price greater than the original principal balance of the purchased debt.

Circular 18 is effective from 09 February 2023. The Bank has applied Circular 18 in financial reporting for the year ended 31 December 2023.

Notes to the financial statements (Continued)

4. Summary of significant accounting policies

The following are the main accounting policies applied by the Bank in preparing its own financial statements:

Accounting estimates

The preparation of financial statements complies with accounting standards, accounting regimes applicable to credit institutions in Vietnam and legal regulations related to the preparation and presentation of financial statements that require the Board of Directors to make estimates and assumptions affecting the reported data on debts, assets and the presentation of liabilities and potential assets at the date of preparation of the financial statements as well as reported figures on revenues and expenses throughout the financial year. Although accounting estimates are made to the best of Board of Directors's knowledge, the actual results may differ from those set forth in the estimates and assumptions.

Foreign currency

According to the Bank's accounting system, all the transactions are recorded in original currencies. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into VND using the average buying and selling spot exchange rates at the end of the balance sheet date if the difference between this rate and the weighted average exchange rate of buying and selling of the same day is less than 1% (see details of foreign currency rates applied as at 31 December 2023 in Note 52). In case the buying and selling spot exchange rate at the end date of the balance sheet date is greater than or equal to 1% compared with the weighted average buying and selling spot exchange rate of that day, the Bank uses the weighted average buying and selling spot exchange rates on the statement of financial position date for conversion. Income and expenses arising in foreign currencies of the Bank are converted into VND at exchange rates ruling at the transaction dates. At the end of the year, exchange rate differences arising from the

revaluation of assets and liabilities denominated in foreign currencies into VND are recorded in "Net gain/(loss) from foreign currency trading" in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash, gold, gemstones, precious metals, current accounts at the SBV, treasury bills and other short-term valuable papers that are qualified for being discounted at the SBV, current accounts and time deposits for term of three months or less from the deposit date and securities investment with the original maturity of three months or less from the transaction date.

Deposits with and loans to other credit institutions

Deposits with and loans to other credit institutions are presented at their principal amounts outstanding at the end of the financial year.

Deposits with and loans to other credit institutions are classified and provisioned in accordance with Circular no. 11/2021/TT-NHNN dated 30 July 2021 ("Circular 11") of the SBV. Accordingly, the Bank makes specific provisions for deposits at other credit institutions and foreign bank branches in Vietnam (except for current accounts and placements with Vietnam Bank for Social Policies in accordance with the regulations of the SBV on maintaining balance of deposits Vietnam Bank for Social Policies of state credit institutions) at other credit institutions and foreign bank branches as prescribed by law, and making deposits at overseas credit institutions and loans to other credit institutions in a similar way to those for loans to customers.

Derivatives

Foreign currency forward and swap contracts

For foreign currency forward and swap contracts, the difference between equivalent VND amounts of foreign currency purchase/sale commitments using forward exchange rate and spot exchange rate as at effective date of the contract is recognized immediately at the effective date of the contract in line "Interest and fee receivables" item or "Interest and fee payables" item in the statement of financial position. The difference is subsequently allocated to "Net gain/(loss) from foreign currency trading" item using straight-line method over the term of the contract.

As at the date of the financial statements, commitments of foreign currency forward and swap contracts are revaluated and exchange differences arising from the revaluation of foreign currency denominated balances of forward contracts are recognized in the "Net gain/(loss) from foreign currency trading" item in the income statement.

Loans to customers

Loans to customers are disclosed and presented at their principal amounts outstanding at the end of the financial year.

Short-term loans are those with a repayment date within less than 1 year of the loan disbursement date. Medium-term loans are those with a repayment date between 1 to 5 years of the loan disbursement date. Long-term loans are those with a repayment date of more than 5 years from the loan disbursement date.

Loans to customers are derecognized when the rights to receive cash flows from the loans end or when the Bank transfers to the buyer the significant risks and rewards associated with the ownership of the loans.

Provision for credit losses

Classification of loans and provision for credit losses

In accordance with Circular 11, credit institutions are required to implement loan classification and credit risk provisioning. Loan classification and credit risk provisioning in compliance with Circular 11 are applied to Assets (hereinafter referred to as "debts") including:

- Loans;
- Financial leasing;
- Discounts, rediscounts of negotiable instruments and other valuable papers;
- Factoring;
- Credit facilities in the form of credit card issuance;
- Payments on behalf under off-balance-sheet commitments;
- Amounts for purchase and entrustment of purchase of corporate bonds (including bonds issued by other credit institutions) which have not yet been listed on stock exchanges or have not yet been registered for trading on the Upcom trading market (hereinafter referred to as unlisted bonds), excluding the purchase of unlisted bonds with trusted funds to which the trustee bears the risk;
- Credit granting entrustment;
- Deposits at other credit institutions and foreign bank branches in Vietnam (except for current accounts and deposits at Vietnam Bank for Social Policies in accordance with the regulations of the SBV on maintaining balance of deposits Vietnam Bank for Social Policies of state credit institutions) at other credit institutions and foreign bank branches as prescribed by law, and making deposits at overseas credit institutions;
- Debt sale and purchase according to the State Bank's regulations on buying and selling debt;
- Repurchase of Government bonds in the stock market in accordance with law on issuance, registration, depository, listing and trading of Government debt

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securities in the stock market;

- Purchase of promissory notes, bills and certificates of deposit issued by other credit institutions and foreign banks' branches

Accordingly, customers' loans are determined to be in the higher risk group of the classification made under Article 10 and Article 11 of Circular 11 and customers' debt group provided at the time of loan classification by the Credit Information Center ("CIC") of the SBV.

The Bank maintains the debt group for a number of loans as stipulated in Circular No. 01/2020/TT-NHNN ("Circular 01") dated 13 March 2020 which regulates credit organization, restructuring of debt repayment terms, waiver, reduction of interest, fees, and maintaining debt categories to support customers affected by the Covid-19 pandemic. Circular No. 03/2021/TT-NHNN ("Circular 03") dated April 2, 2021, amending and supplementing some provisions of Circular 01; Circular No. 14/2021/TT-NHNN ("Circular 14") amending and supplementing some provisions of Circular 01; Circular No. 02/2023/TT-NHNN ("Circular

02") regulating credit organization, restructuring of debt repayment terms, and maintaining debt categories to support financially challenged customers; and relevant documents from the State Bank of Vietnam regarding debt classification and risk provisioning.

Loans are classified by risk levels into: Standard, Special mention, Substandard, Doubtful and Loss. Loans classified as either Substandard, Doubtful or Loss are considered as bad debts. Loan classification and provision for credit losses will be made at the end of each month and recognised in the following month. Provision for credit losses as at 31 December 2023 is recognized in the income statement for the financial year incurred.

Net credit risk exposure for each item is calculated by subtracting from the remaining loan balance the discounted value of collateral which is subject to discount rates in accordance with Circular 11 from the remaining loan balance. Specific provision is made based on the net credit risk exposure of each item using the prescribed provision rates as follows:

Group	Category	Provision rate
1	Standard	0%
2	Special mention	5%
3	Substandard	20%
4	Doubtful	50%
5	Loss	100%

In accordance with Circular 03, the Bank should make a specific provision for customers whose debts are rescheduled or granted interest and fees exemption or reduction based on the classification results as per Circular 11 (if the provision of maintaining debt categories is not applied as per the regulation of Circular 03) as follows:

- Up to 31 December 2021, by at least 30% of the additional specific provision;
- Up to 31 December 2022, by at least 60% of the additional specific provision;

- Up to 31 December 2023, 100% of the additional specific provision;

According to Circular 02, the Bank determines and records the specific additional provisioning amount that must be set aside for the entire outstanding balance of customers with restructured debt repayment terms based on the classification results as per Circular 11 (if the provision of maintaining debt categories is not applied as per the regulation of Circular 02) as follows:

- Up to 31 December 2023: At least 50% of the specific

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additional provisioning amount must be set aside.

- Up to 31 December 2024: 100% of the specific additional provisioning amount must be set aside.

In accordance with Circular 11, a general provision is made for credit losses which are yet to be identified during the loan classification and specific provisioning process as well as in cases where the Bank encounters potential financial difficulty due to the deterioration in loan quality. Accordingly, the Bank is required to fully make and maintain a general provision at 0.75% of total loans which are classified in group 1 to 4 excluding deposits at credit institutions, foreign bank branches in accordance with law and at overseas credit institutions; loans, termed purchase of valuable papers among credit institutions and foreign bank branches in Vietnam; purchases of promissory notes, bills, certificates of deposit or bonds issued by other credit institutions and foreign bank branches onshore; and repurchase agreements of government bonds in accordance with Circular 11.

Writing off bad debts

Provision is recorded in the income statement as an expense and will be used to write off bad debts. In accordance with Circular 11, the Bank must set up Risk Settlement Committee to write off bad debts if they are classified into Group 5, or if legal entity borrowers are liquidated or bankrupted, or if individual borrowers are deceased or missing.

Debt purchased

Debts purchased are recognized on the basis of amounts paid to purchase debts and classified into group with risk level not lower than that of group before being purchased.

In the case where the purchase price of debt is less than or equal to the original principal balance of the acquired debt:

The principal amount collected from the credit contract of the purchased debt is recorded by the Bank as a recovery against the amount of the purchased debt. If the purchased

debt amount has been fully recovered, the remaining principal amount (the residual difference between the original principal of the acquired debt and the purchased debt amount) obtained is recognized as income.

The interest amount collected from the credit contract of the purchased debt is recognized as income.

In the case where the purchase price of debt is greater than the original principal balance of the acquired debt:

The principal and interest amounts collected from the credit contract of the purchased debt are recorded as recoveries against the amount of the purchased debt. Up until the point where the remaining purchased debt amount is less than or equal to the original principal balance of the acquired debt at that time, the Bank processes the principal and interest amounts collected from the credit contract of the purchased debt according to the provisions in the scenario mentioned above.

If the purchased debt amount is not fully recovered, the Bank processes the unrecovered amount according to the financial regulations of credit institutions, foreign bank branches, and relevant legal provisions.

The Bank classifies the debt and sets up risk provisions for the purchased debts according to the provisions of the laws regarding risk provisions and their utilization, as presented in Disclosure No. 33 - Credit Risk Provisions Cost.

Classification of off-balance-sheet commitments

The Bank classifies guarantee, acceptances of payment and unconditional, irrevocable loan commitments with specific effective date (collectively referred to as "off-balance-sheet commitments") into groups as stipulated in Article 09, Article 10 or Article 11 of Circular 11 and The customer's debt group provided by the State Bank's Credit Information Center ("CIC") at the time of debt classification. Accordingly, off-balance-sheet commitments are classified by risk level as follows: Standard, Special mention, Substandard, Doubtful and Loss.

Notes to the financial statements (Continued)

The Bank does not make general provisions and specific provisions for off-balance sheet commitments in accordance with the guidelines in Circular 11.

Investments

Held-for-trading securities

Held-for-trading securities include debt securities or equity securities that the Bank has bought and had the intention to sell in the near future in order to gain benefits from price differences. Held-for-trading securities are recognized at cost at the date of transaction and subsequently recorded at cost during the holding financial year. Interest and cash dividends received from trading securities are recognized on the cash basis in the income statement.

These securities are subject to impairment review at the date of the financial statements. Provision for securities that are fallen within the scope of Circular 11 are made in accordance with Circular 11. Provision for impairment of securities that are not subjected to the scope of Circular 11 are made when their carrying values are higher than their market values determined in accordance with prevailing accounting regulations. Provision for impairment is recognized in the income statement as "Net gain/(loss) from held-for-trading securities".

Investment securities

Available-for-sale securities

Available-for-sale securities include debt and equity securities that the Bank holds less than 11% of voting rights for investment and ready-for-sale purposes. These securities are not frequently traded but can be sold at any time once they are profitable, and the Bank is neither the founding shareholder/strategic partner nor capable of controlling, to some extent, the process of initiating and approving financial and operational policies of the investee through a written agreement on delegating personnel for representation in the Board of Directors/Board of Management.

Available-for-sale equity securities are recognized at cost at the transaction date and subsequently recorded at cost during the holding financial year. Available-for-sale debt securities are initially recognized at par value at the transaction date. Accrued interest before the acquisition date (for debt securities with interest payment in arrears) or interest income received upfront awaiting amortisation (for debt securities with interest payment in advance) is recorded in a separate account. Any discount or premium, which is the difference between the cost and the amount equal to par value plus (+) accrued interest before the acquisition date (if any) or minus (-) interest received upfront awaiting amortisation (if any), is also recorded in a separate account.

During the term of those securities, available-for-sale securities are recorded at par value minus/plus remaining discount/premium after being amortised into the income statement using the straight-line method over the remaining term of securities. Interest payment in arrears is recorded as follows: accumulative interest income before the purchasing date is deducted from the cost of such securities and the same amount is credited into the accrued interest income; accumulative interest income after the purchasing date is recognised as the Bank's income on an accrual basis. Interest received upfront is amortised into the income statement using the straight-line method over the investment period.

Periodically, available-for-sale securities are subject to impairment review. Provision for securities that are fallen within the scope of Circular 11 are made in accordance with Circular 11. Provision for impairment of securities that are not fallen within the scope of Circular 11 are made when their carrying values are higher than their market values determined in accordance with prevailing accounting regulations. Provision for impairment is recorded in the income statement as "Net gain/(loss) from investment securities".

Reclassification

According to Official Letter No. 2601/NHNN-TCKT dated 14

April 2009 by the SBV, reclassification after transaction date is made only once for each item of investment securities. In special cases or in case a large number of securities has to be reclassified (greater than or equal to 50% of total value of the portfolio), the Bank will disclose the effect of reclassification on total assets, liabilities, equity, income and expenses of the Bank in the financial statements.

Other long-term investments

Other long-term investments represent the Bank's capital investments in other enterprises at which the Bank neither have control nor significant influence. The investments are initially recognized at cost at the transaction date and always carried at that cost during the subsequent holding period.

Provision for impairment of investments

Provision for impairment of Long-term investment is established in cases where the economic entities in which the Bank is investing incur losses leading to the Bank's potential capital loss, unless there is evidence that the value of the investment is not impaired. The provision is reversed when the recoverable amounts of those investments increase after the provision is established. The provision reversal amount is limited to ensure that the carrying amount of the investments does not exceed the carrying amount of these investments when assuming no provision is recognized.

Other long-term investments are derecognized when the rights to receive cash flows from these investments have ceased or when the Bank has transferred a substantial portion of the risks and rewards of ownership of these investments.

Recognition

The Bank recognizes investment securities and other investments at the date when contracts are signed and effective (transaction-date based policy). Investment securities and other investments are initially recognized at cost. After initial recognition, investment securities

and other investments are recognized under the above accounting policies.

Derecognition

Investments in securities are derecognized when the rights to receive cash flows from the investments end or when the Bank transfers to the buyer the significant risks and rewards associated with the ownership of the investments.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed asset comprises all the Bank's purchase price plus any directly attributable costs of bringing the asset to the working condition for its intended use.

Expenditures for additions, improvements and renewals are capitalized and expenditures for maintenance and repairs are charged to the income statement when incurred. When assets are sold or disposed, their cost and accumulated depreciation are written off from the statement of financial position and any gains or losses resulting from their disposals are recorded in the income statement.

Intangible assets

Intangible assets are stated at cost less accumulated amortization. The cost of an intangible asset comprises all the Bank's expenditures paid to acquire the asset until it is put into use.

Expenditures for improvements and renewals are capitalized; other expenditures are charged to the income statement when incurred. When intangible assets are sold or disposed, their cost and accumulated amortisation are written off from the statement of financial position and any gains or losses resulting from their disposals are recorded in the income statement.

Notes to the financial statements (Continued)

Depreciation and amortization

Depreciation and amortization of tangible fixed assets and intangible assets are calculated on a straight-line basis over the estimated useful lives of the assets.

Assets	Estimated useful lives (Years)
Buildings and structures	15 - 50
Machinery and equipment	8 - 15
Transportation vehicles	10
Other tangible fixed assets	8 - 10
Computer software	8 - 15

The cost of the land use rights is not amortized if it is granted by the Government of Vietnam for an indefinite term. The cost of the land use rights with definite term is amortized over the granted term.

Prepayments

Prepaid expenses related to brokerage commission fees are the amounts paid as commissions to the postal transaction offices directly related to the lending activities. These costs are allocated using the straight-line method over the term of each customer loan.

Prepayments include actual expenses that have arisen but are related to the results of production and business activities of multiple accounting periods. Prepayments comprise prepaid office rentals and other long-term prepaid expenses.

Office rentals represent the amounts which have been paid in advance. Prepaid office rental is charged to the income statement using the straight-line method over the rental period.

Other long-term prepayments include repair,

maintenance costs for assets, costs of tools and supplies issued for consumption, which are expected to provide future economic benefits to the Bank. These expenses are capitalized as prepayments and are allocated to the income statement using the straight-line method over the period of one year or more, but not exceeding three years in accordance with prevailing accounting regulations.

Receivables

Receivables other than those from credit activities in the Bank's operation are initially recognized at cost and subsequently recorded at cost. Other receivables are subject to impairment review based on the overdue status or based on the expected loss for the following cases: institutional debtors who have fallen into bankruptcy or have been in the process of dissolution; or individual debtors who are missing, escaping, prosecuted, on trial or passed away even though receivables are not overdue. Provision expense incurred is recorded as "Operating expenses" in the income statement during the year.

Provision rates for overdue receivables are applied in accordance with the prevailing accounting regulations.

Other provisions

Other provisions are recognized when the Bank has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation. Other provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date.

Capital and reserves

Common share capital

Common share capital is classified as owners' equity of the Bank.

Reserves

Reserves are used for specific purposes and are appropriated from the Bank's profit after tax based on the regulated ratios in the following sequence:

- Charter capital supplementary reserve: 5% of profit after tax but not exceeding the Bank's charter capital;
- Financial reserve fund: 10% of profit after tax;
- Other reserves, if any, will be approved by the shareholders at the Annual General Shareholders' Meeting.

Revenue and expenses

Interest income and interest expense

Income from interest and interest expenses are recognized in the income statement on the accrual basis. The accrued interest income arising from the loans that are classified from group 2 to group 5 in accordance with Circular 11, accrued interest income on loans restructured and maintained as Standard loan groups (group 1) as prescribed in Circular 01, Circular 03, Circular 14, Circular 02 and Decree 55/2015/ND-CP dated on 09 June 2015 will not be recognized in the income statement. Accrued interest income on such loans is recorded as an off-balance-sheet item and is recognized in the income statement when it is actually received.

Income and expenses from interest on investments in securities are recorded on the accrual basis. Accrued interest income of overdue securities is not recognized in the income statement for the financial year and is recorded as an off-balance sheet item and is only recognized in the income statement when it is actually received.

Income from service charges and commissions

Income from service charges and commissions is recognized on the accrual basis.

Income from guarantee and L/C commitment activities

Income from guarantee and L/C commitment activities is recognized on the accrual and allocation bases.

Recognition of dividends and profits received

Cash dividends and profits received from investment and capital contribution activities are recorded in the income statement when the Bank's right to receive dividends and profits has been established. Share dividends, which are distributed from profits of joint stock companies, are recognized neither as an increase in the value of received shares nor financial income in the financial statements but are only used for tracking the increase in the number of shares according to Circular No. 22/2017/TT-BTC dated 29 December 2017 issued by the Ministry of Finance.

Recognition of accrued income not yet collected

According to Circular No. 16/2018/TT-BTC dated 07 February 2018 issued by the Ministry of Finance, receivables recognized as accrued income but subsequently assessed to be not recoverable or not yet recoverable at the due date are recorded as reduction in revenue if the income has been accrued in the same financial year or recorded as other expenses if accrued in different financial year and monitored off-balance-sheet. Upon actual receipt of these receivables, the Bank recognizes them in "Other income" in the statement of profit or loss.

Taxation

Corporate income tax expense represents the sum of the current corporate income tax expense and deferred tax.

The current corporate income tax expense is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on temporary differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases. Deferred tax liabilities are generally recognized for all

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taxable temporary differences, unless they occurred from the initial recognition of an asset or liability of a transaction which has no impact on accounting profit or taxable profit/(loss) at the transaction date. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

The determination of the current corporate income tax expense is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

Employee benefits

Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank by the Social Insurance Agency, under the Ministry of Labour, Invalids and Social Affairs. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17% of the employee's monthly salary for their working period. In addition, the Bank also uses its Welfare Fund to pay one-time retirement benefits to employees under the Bank's regulations.

Severance allowance

According to Article 46 of Labour Code 2019, the Bank is responsible to pay severance allowance for employees who have regularly worked at the Bank for 12 months or more, half-month salary allowance for each working year before 01 January 2009. The working period used for calculation of severance allowance excludes the period that employees benefit from unemployment insurance and the working period that employees have received severance allowance, retrenchment benefit from employers.

Retrenchment benefits

According to Article 47 of Labor Code 2019, the Bank is responsible to pay retrenchment benefits for employees who have regularly worked at the Bank for 12 months or more but are retrenched from their jobs as a result of organizational restructuring, technological changes, economic reasons, business combination, consolidation or split. For each year of employment, the employee is entitled to one-month salary but not less than two times the average salary of 06 consecutive months immediately preceding the job loss date. The working period used for calculation of retrenchment benefits excludes the period that employees benefit from unemployment insurance and the working period that employees receive severance allowance, retrenchment allowance from employers.

Unemployment insurance

According to the Circular No. 28/2015/TT-BLDTBXH dated 31 July 2015 of the Ministry of Labor - War Invalids and Social Affairs guiding the implementation of Article 52 of the Employment Law 2013 and Decree No. 28/2015/ND-CP of the Government dated 12 March 2015 regulating the implementation of the Law on unemployment insurance, from 01 January 2009, the Bank is obliged to pay unemployment insurance to eligible employees at 1% of their salary fund allocated for unemployment insurance.

Related parties

The parties are considered to be related if one party has

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the ability to control the other party or exercise significant influence over the other party in making decisions on financial and operating policies. or when both the Bank and the other party share common control or significant influence. Related parties can be companies or individuals, including immediate family members of individuals considered related.

Offsetting

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

5. Cash

Unit: VND million

	Closing balance	Opening balance
Cash on hand in VND	2,287,656	2,887,662
Cash on hand in foreign currencies	95,106	96,215
	2,382,762	2,983,877

6. Balances with the state bank of VIETNAM ("SBV")

Unit: VND million

	Closing balance	Opening balance
Balances with the SBV in VND	14,416,346	9,770,682
Balances with the SBV in foreign currencies	162,098	553,018
	14,578,444	10,323,700

Balances with the SBV include demand deposits and compulsory deposits. According to the regulations of the SBV, the Bank must maintain a certain reserve at the SBV in the form of compulsory reserve. The average monthly required reserve balance must not be lower than the previous month's average deposit balance multiplied by the corresponding required reserve ratio

Required reserve ratio at the end of the financial year and the beginning of the financial year:

	Closing balance	Opening balance
Deposits with term of less than 12 months in VND	3%	3%
Deposits with term of 12 months or more in VND	1%	1%
Deposits with term of less than 12 months in USD	8%	8%
Deposits with term of 12 months or more in USD	6%	6%

Notes to the financial statements (Continued)

7. Deposits with and loans to other credit institutions

Unit: VND million

	Closing balance	Opening balance
Deposits with other credit institutions	35,059,076	31,367,998
Demand deposits	757,476	1,003,523
- In VND	284,831	460,581
- In foreign currencies	472,645	542,942
Term deposits	34,301,600	30,364,475
- In VND	25,353,150	21,752,300
- In foreign currencies	8,948,450	8,612,175
Loans to other credit institutions	526,177	658,198
- In VND	526,177	658,198
In which: Discount, rediscount	369,201	-
Provision for loans to other credit institutions	(57,577)	(58,198)
	35,527,676	31,967,998

Analysis of deposits with and loans to other credit institutions (excluding current accounts in local credit institutions, foreign banks' branches in Vietnam under Circular 11) and loans to other credit institutions by quality:

Unit: VND million

	Closing balance	Opening balance
Standard	35,090,854	30,964,475
Loss	56,977	58,198
	35,147,831	31,022,673

8. Held-for-trading securities

Unit: VND million

	Closing balance	Opening balance
Other held-for-trading securities		
Open-end fund certificates issued by foreign economic entities	580,440	566,280
	580,440	566,280

Listing status of held-for-trading securities:

Unit: VND million

	Closing balance	Opening balance
Other held-for-trading securities		
Unlisted	580,440	566,280
	580,440	566,280

9. Derivatives and other financial assets/(liabilities)

Details of derivatives as at 31 December 2023 are as follows:

Unit: VND million

	Closing balance		Opening balance	
	The total value of the contract	Total accounting value Assets/ (Liabilities)	The total value of the contract	Total accounting value Assets/ (Liabilities)
Currency derivatives	159,390,424	(78,736)	90,627,836	(42,030)
Currency forwards	918,457	(16,142)	15,204,071	124,567
Currency swaps	158,471,967	(62,594)	75,423,765	(166,597)
Other derivatives	4,483,185	2,950	-	-
Interest rate swap contracts	4,483,185	2,950	-	-
	163,873,609	(75,786)	90,627,836	(42,030)

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10. Loans to customers

Unit: VND million

	Closing balance	Opening balance
Loans to local economic entities and individuals	274,903,245	234,993,485
Loans on discounting negotiable instruments and valuable papers	16,238	59,000
Amounts paid on behalf of customers	367	-
Loans using grants, investment entrustment	511,034	454,386
	275,430,884	235,506,871

Analysis of loan portfolio by quality:

	Closing balance		Opening balance	
	VND million	%	VND million	%
Standard	268,630,841	97.53	228,513,627	97.03
Special mention	3,111,392	1.13	3,566,426	1.51
Sub-standard	812,753	0.30	1,069,695	0.45
Doubtful	1,706,597	0.62	1,004,566	0.43
Loss	1,169,301	0.42	1,352,557	0.58
	275,430,884	100.00	235,506,871	100.00

Analysis of loans portfolio by original term:

Unit: VND million

	Closing balance	Opening balance
Short-term loans (under one year)	114,751,090	88,471,294
Medium-term loans (from one year to five years)	117,315,182	100,339,749
Long-term loans (over five years)	43,364,612	46,695,828
	275,430,884	235,506,871

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Analysis of loan portfolio by type of businesses:

	Closing balance		Opening balance	
	VND million	%	VND million	%
One member limited liability companies of 100% State-owned equity	242,550	0.09	370,506	0.16
Other types of limited liability companies	122,892,869	44.62	35,015,355	14.87
The Joint-stock company of which over 50% of Stated-owned equity	3,373,000	1.22	3,321,598	1.41
Other types of joint stock companies	33,648,706	12.22	79,755,195	33.87
Partnerships	599	0.00	774	0.00
Private companies	636	0.00	5,347	0.00
Cooperatives and cooperative unions	39,394	0.01	70,267	0.03
Administrative units, party, unions and associations	56,869	0.02	25,152	0.01
Individuals	115,176,261	41.82	116,942,677	49.65
	275,430,884	100.00	235,506,871	100.00

Analysis of loan portfolio by sector:

	Closing balance		Opening balance	
	VND million	%	VND million	%
Agriculture, forestry and aquaculture	21,381,814	7.76	18,225,025	7.74
Mining	107,940	0.04	200,876	0.09
Manufacturing and processing	23,272,541	8.45	16,893,510	7.17
Electricity, gas, hot water, steam and air conditioning manufacturing	9,280,687	3.37	3,707,662	1.57
Water supplying, waste and sewage processing and management	101,788	0.04	178,952	0.08
Construction	40,917,258	14.86	44,511,469	18.90
Wholesale and retail; repair of motor vehicles, motorcycles and other vehicles	59,572,371	21.63	56,359,145	23.93
Accommodation and food services	23,618,699	8.58	15,287,303	6.49
Transport and warehousing	1,539,252	0.56	1,672,054	0.71
Information and communication	7,808,323	2.83	70,748	0.03
Financial, banking and insurance activities	286,343	0.10	290,832	0.12
Real estate trading	13,982,476	5.08	3,911,365	1.66
Specialization, scientific and technology activities	211,374	0.08	782,441	0.33
Administration activities and supporting services	1,157,097	0.42	1,585,087	0.67
The Communist Party, socio-political unions, state management, security and national defence, compulsory social insurance	-	0.00	12,971	0.01
Education and training	67,805	0.02	1,695,501	0.72
Health care and social work	267,549	0.10	376,457	0.16
Art, playing and recreation	23,386,552	8.49	14,998,363	6.37
Other service activities	649,714	0.24	740,641	0.31
Households services	47,821,301	17.35	54,006,469	22.94
	275,430,884	100.00	235,506,871	100.00

Notes to the financial statements (Continued)

11. Provisions for loans to customers

Movements in provisions for loans to customers for the financial year ended 31 December 2023 are as follows:

Unit: VND million

	General provision	Specific provision	Total
Opening balance	1,751,300	3,118,595	4,869,895
Allowance made during the year	303,462	2,526,003	2,829,465
Allowance utilised for bad debts written off during the year	-	(4,241,125)	(4,241,125)
Closing balance	2,054,762	1,403,473	3,458,235

Movements in provisions for loans to customers for the financial year ended 31 December 2022 are as follows:

Unit: VND million

	General provision	Specific provision	Total
Opening balance	1,554,425	1,616,277	3,170,702
Allowance made during the year	196,875	2,916,330	3,113,205
Allowance used for bad debts written off during the year	-	(1,414,012)	(1,414,012)
Closing balance	1,751,300	3,118,595	4,869,895

12. Debts purchased

Unit: VND million

	Closing balance	Opening balance
Debts purchased by VND	21,961	260,453
Provision for debts purchased	(165)	(2,969)
	21,796	257,484

The values of principal of the debts purchased

Unit: VND million

	Closing balance	Opening balance
Principal amount of debts purchased	18,282	251,835
Interest amount of debts purchased	3,679	8,618
	21,961	260,453

Analysis of debts purchased by quality

Unit: VND million

	Closing balance	Opening balance
Standard	21,961	260,453
	21,961	260,453

13. Investment Securities

Available-for-sale investment securities

Unit: VND million

	Closing balance	Opening balance
Debt securities	46,844,367	42,007,289
Debt securities issued by the Government and local Government (i)	27,708,770	27,915,448
Debt securities issued by other domestic credit institutions (ii)	19,135,597	14,091,841
<i>In which: Debt securities guaranteed by the Government</i>	2,235,562	2,241,590
Equity securities	1	1
Equity securities issued by local economic entities	1	1
	46,844,368	42,007,290

(i) Represents bonds issued by the State Treasury and Hai Phong People's Committee, denominated in VND. These bonds have terms ranging from 5 to 20 years and annual interest rates ranging from 2.00% to 8.80% (as at 31 December 2022: from 2.00% to 9.10%). Interest is earned annually.

(ii) Represents bonds issued by other domestic credit institutions, denominated in VND. These bonds have terms ranging from 6 months to 10 years and annual interest rates ranging from 2.30% to 11.50% (as at 31 December 2022: from 2.30% to 16.00%). Interest is earned semi-annually or annually.

14. Long-Term Investments

Unit: VND million

	Closing balance	Opening balance
Other long-term investments	348,718	315,931
	348,718	315,931

Details of other long-term investments:

Unit: VND million

	Closing balance		Opening balance	
	Cost	Proportion owned by the Bank	Cost	Proportion owned by the Bank
Lien Viet Securities Joint Stock Company	15,931	5.50	15,931	5.50
Xuan Thanh Insurance Joint Stock Corporation	32,787	4.82	-	-
Viet Lao Power Joint Stock Company	300,000	6.86	300,000	6.87
	348,718		315,931	

Notes to the financial statements (Continued)

15. Tangible fixed assets

Movements of tangible fixed assets in the financial year ended 31 December 2023 are as follows:

Unit: VND million

	Buildings, structures	Machinery, equipment	Motor vehicles	Management tools and equipment	Others tangible fixed assets	Total
Cost						
Opening balance	784,204	790,350	900,041	298,189	56,955	2,829,739
New purchases for the year	-	96,105	114,189	32,258	21,410	263,962
Disposals	-	(17,570)	(42,538)	(35,330)	(3,785)	(99,223)
Other (decreases)	(53,574)	-	-	-	-	(53,574)
Closing balance	730,630	868,885	971,692	295,117	74,580	2,940,904
Accumulated depreciation						
Opening balance	285,150	588,657	498,012	216,607	38,518	1,626,944
Depreciation for the year	39,928	61,485	84,747	29,713	9,693	225,566
Other (increases)	-	-	-	68	-	68
Disposals	-	(17,377)	(28,365)	(27,126)	(3,233)	(76,101)
Other (decreases)	(3,880)	(873)	(625)	-	(838)	(6,216)
Closing balance	321,198	631,892	553,769	219,262	44,140	1,770,261
Net book value						
Opening balance	499,054	201,693	402,029	81,582	18,437	1,202,795
Closing balance	409,432	236,993	417,923	75,855	30,440	1,170,643

Other information about tangible fixed assets:

Unit: VND million

	Closing balance	Opening balance
Commitment to buy high-value fixed assets in the future	340,702	44,626
Cost of tangible fixed assets fully amortized but still in use	733,637	723,554

16. Intangible fixed assets

Unit: VND million

	Land use rights	Software computer	Total
Cost			
Opening balance	409,789	269,167	678,956
New purchases during the year	214,428	102,652	317,080
Closing balance	624,217	371,819	996,036
Accumulated depreciation			
Opening balance	19,824	168,729	188,553
Amortisation for the year	3,862	24,277	28,139
Closing balance	23,686	193,006	216,692
Net book value			
Opening balance	389,965	100,438	490,403
Closing balance	600,531	178,813	779,344

Other information about special intangible fixed assets:

Unit: VND million

	Closing balance
Commitment to buy high-value fixed assets in the future	22,372
Cost of intangible fixed assets fully amortized but still in use	61,602

Notes to the financial statements (Continued)

17. Other assets

Unit: VND million

	Closing balance	Opening balance
Receivables	3,050,171	2,185,961
- Other receivables (Note 17.1)	3,050,171	2,185,961
Interest and fee receivables	5,037,867	4,149,087
Other assets	575,737	665,150
- Prepaid expenses (Note 17.2)	521,646	626,970
- Other assets	54,091	38,180
Provision for impairment of other assets	(7,436)	(7,085)
	8,656,339	6,993,113

17.117.1 Other receivables

Unit: VND million

	Closing balance	Opening balance
Receivables from UPAS L/C	251,584	1,236,138
(Usance L/C payable at sight) (i)		
Advance for purchase of fixed assets	338,951	216,463
Advances for construction for charity purposes	149,242	247,701
Deposit for operating activities	1,614,314	194,984
Advance for operating activities	388,134	137,391
Receivables from post offices of provinces (ii)	46,590	48,714
Advance for office renovation	123,800	28,609
Deposits for long-term office rental	33,166	33,958
Receivable from the SBV relating to interest rate subsidy program	9,761	9,268
Receivable from credit card operation	6,158	4,335
Other receivables	88,471	28,400
	3,050,171	2,185,961

(i) Represent receivables from importers who are customers of the Bank from UPAS L/C (Usance L/C payable at sight) issued by the Bank. Accordingly, the counterpart bank pays the beneficiary (exporters) before the due date of the deferred payment documents and earns prepayment service fee.

(ii) Represents receivables from provincial post offices related to fundraising and deposit-taking of the Bank. These amounts occur every day and have the repayment term of within one month.

17.2 Prepaid expenses

Unit: VND million

	Current year	Prior year
Brokerage commission fees (i)	192,553	200,725
Payment for office rental	43,808	159,027
Head office repair and improvement expenses	84,153	78,745
Other prepaid expenses	201,132	188,473
	521,646	626,970

(i) Represent commissions paid to the system of post offices directly related to lending to customers. These expenses are amortized according to the term of each loan to customer.

18. Amount due to the government and the

Unit: VND million

	Closing balance	Opening balance
Borrowings from the SBV	89,425	3,073,010
- Borrowings based on credit facilities	89,425	122,642
- Borrowings secured by mortgage of valuable papers	-	2,950,368
Deposits from the State Treasury	151	3,771
- Deposits in VND	151	3,771
	89,576	3,076,781

19. Deposits and borrowings from other credit institutions

Unit: VND million

	Closing balance	Opening balance
Demand deposits from other credit institutions	143,814	25,782
- In VND	143,806	25,772
- In foreign currency	8	10
Term deposits from other credit institutions	47,008,790	37,668,665
- In VND	34,094,000	26,059,925
- In foreign currency	12,914,790	11,608,740
Borrowings from other credit institutions	2,959,825	1,965,575
- In VND	1,749,890	785,089
In which: discount, rediscount	961,676	-
- In foreign currency	1,209,935	1,180,486
	50,112,429	39,660,022

As at 31 December 2023, the Bank pledged debt securities being Government bonds and other credit institution bonds with a total face value of VND 4,295,000 million (as at 31 December 2022: VND 4,295,000 million) at other credit institutions, as collateral for placements with and loans to other credit institutions (Note 13).

Notes to the financial statements (Continued)

20. Deposits from customers

Unit: VND million

	Closing balance	Opening balance
Demand deposits	22,919,137	18,760,984
- In VND	22,532,154	18,117,334
- In foreign currency	386,983	643,650
Term deposits	214,351,072	196,966,597
- In VND	214,177,382	194,153,393
- In foreign currency	173,690	2,813,204
Marginal deposits	117,514	139,663
- In VND	117,512	138,977
- In foreign currency	2	686
Deposits for specific purposes	3,886	20,781
- In VND	357	334
- In foreign currency	3,529	20,447
	237,391,609	215,888,025

Deposits from customers categorized by type of customers and economic entities are as follows:

Unit: VND million

	Closing balance	Opening balance
Economic entities	63,322,060	76,534,120
State-owned enterprises	1,377,889	5,510,740
Limited companies with 100% State-owned	41,262,346	43,290,510
Limited companies with State-owned exceeding 50%	9,640	7,252
Other limited companies	6,248,859	5,888,102
Joint Stock Companies with State-owned exceeding 50%	3,499,201	4,814,055
Other Joint Stock Companies	7,687,224	8,456,507
Partnership	223,926	15,268
Private enterprises	17,244	23,106
Foreign direct investment enterprises	221,379	4,013,522
Cooperative and cooperative union	19,072	7,384
Individual business	3,877	2,685
Administrative and Public Non-Business Units, Party, Organizations, and Associations	2,173,026	4,421,229
Deposits from other entities	578,377	83,760
Individuals	174,069,549	139,353,905
	237,391,609	215,888,025

21. Valuable papers issued

Unit: VND million

	Closing balance	Opening balance
Certificates of deposits in VND	20,185,357	13,549,667
Below 12 months	14,800,000	8,000,000
From 12 months to 5 years	5,385,423	5,550,034
Discount	(66)	(367)
Bonds in VND	27,724,524	21,498,500
From 12 months to 5 years	18,450,000	14,290,000
More than 5 years	9,315,454	7,260,975
Discount	(40,930)	(52,475)
	47,909,881	35,048,167

As at 31 December 2023, the bank pledged debt securities being Government bonds with a total face value of VND 3,090,000 million (as at 31 December 2022: VND 3,090,000 million) at Vietnam Securities Depository Center as collateral for bonds issued by the Bank (Note 13).

22. Other liabilities

Unit: VND million

	Closing balance	Opening balance
Interest and fee payables	9,839,488	6,525,149
Internal payables	245,407	17,125
External payables (Note 22.1)	2,732,150	3,036,856
Bonus and welfare funds	349,453	396,538
	13,166,498	9,975,668

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22.1 External payables

Unit: VND million

	Closing balance	Opening balance
Payables for Vi Viet e-wallet services	801,538	471,317
Tax payables (Note 38)	1,009,557	878,161
Payables for UPAS L/C transaction (Unsanctioned L/C payable at sight)	251,584	1,236,138
Amount due to customers awaiting settlement	235,051	249,520
Commissions fees for provincial post office	97,015	79,068
Payables for card services	267,859	58,468
Revenue awaiting allocation	31,792	10,113
Payables for purchasing of fixed assets and construction in progress	3,559	5,447
Payables for e-banking services	1,899	1,223
Other payables	32,296	47,401
	2,732,150	3,036,856

23. Capital and reserves

23.1 Statement of changes in equity

Unit: VND million

	Charter capital	Share premium	Investment and development fund	Financial reserve	Charter capital supplementary reserve	Retained earnings	Total
Balance as at 01 January 2023	17,291,054	57	3,793	1,899,865	956,541	3,903,844	24,055,154
Capital increase through stock dividend payment (Note 23.4)	3,285,110	-	-	-	-	(3,285,110)	-
Capital increase through stock offering (i)	5,000,000	-	-	-	-	-	5,000,000
Profit after tax for the year	-	-	-	-	-	5,572,246	5,572,246
Appropriation of funds for the year	-	-	-	557,224	278,613	(835,837)	-
Temporary appropriation to bonus and welfare funds for 2023 (ii)	-	-	-	-	-	(510,000)	(510,000)
Balance as at 31 December 2023	25,576,164	57	3,793	2,457,089	1,235,154	4,845,143	34,117,400

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(i) On 31 October 2023, the Bank issued Resolution No. 3245/2023/NQ-BOD announcing the results of the additional public offering of shares. Accordingly, the number of issued shares is 5,000,000,000 shares, equivalent to 100% of the total number of shares offered. Total proceeds from the issuance are VND 5,000 million

(ii) The Bank has allocated a welfare fund for rewards according to the Profit Distribution Plan for the year 2022 passed at the Annual Shareholders' Meeting in 2023 under the Resolution dated 23 April 2023 of the Annual Shareholders' Meeting.

23.2 Details of the Bank's capital

Unit: VND million

	Closing balance			Opening balance		
	Total	Ordinary shares	Percentage of ownership	Total	Ordinary shares	Percentage of ownership
Vietnam Post Corporation	1,671,970	1,671,970	6.54%	1,405,016	1,405,016	8.13%
Other shareholders	23,904,194	23,904,194	93.46%	15,886,038	15,886,038	91.87%
	25,576,164	25,576,164	100.00%	17,291,054	17,291,054	100.00%

As at 31 December 2023, the Bank has a shareholder held more than 5% of the Bank's ordinary shares, which is Vietnam Post Corporation. The business registration certificate number of Vietnam Post Corporation is 0102595740, and the Head Office address is located at No. 5, Pham Hung Street, My Dinh Ward, Nam Tu Liem District, Hanoi City, Vietnam.

23.3 Details of the Bank's shares

Unit: VND million

	Closing balance	Opening balance
Number of shares registered to issue	2,557,616,416	1,729,105,369
Number of shares offered to public	2,557,616,416	1,729,105,369
- Ordinary shares	2,557,616,416	1,729,105,369
Number of shares in circulation	2,557,616,416	1,729,105,369
- Ordinary shares	2,557,616,416	1,729,105,369
Par value per share (VND)	10,000	10,000

Each ordinary share corresponds to one voting right in the Bank's shareholder meetings. Shareholders have the right to receive dividends that the Bank announces at various times. All ordinary shares have equal priority in terms of the remaining assets of the Bank. The rights of repurchased shares by the Bank are temporarily suspended until they are reissued.

Notes to the financial statements (Continued)

23.4 dividends

The resolution of the Annual General Meeting 2023 of Shareholders dated 23 April 2023 approved the 2022 profit distribution plan in accordance with the contents of Submission No. 366/2023/TTr-BOD dated 31 March 2023 of the Board of Directors of the Bank, including the plan to issue shares to pay dividends in 2022 at the rate of 19%. According to Resolution No. 1490/2023/NQ-BOD dated 12 July 2023 of the Board of Directors, the last registration date to finalize the list of shareholders exercising the right to receive dividends in shares in 2022 was on 23 August 2023. According to the Report on Results of the 2022 Dividend Issuance No. 12550/2023/BC-LPBank.VPHĐQT dated 29 August 2023, the Bank has distributed 385,511,047 shares.

24. Interest and similar income

Unit: VND million

	Current year	Prior year
Interest income from deposits	1,121,923	583,502
Interest income from loans to customers	28,449,092	22,696,143
Interest income from trading debt securities	2,254,660	1,868,956
Income from guarantee	524,389	43,768
Income from debt purchasing	3,587	33,257
Other income from credit activities	-	18
	32,353,651	25,225,644

25. Interest and similar expenses

Unit: VND million

	Current year	Prior year
Interest expenses for deposits	16,700,017	10,242,271
Interest expenses for borrowings	178,172	356,843
Interest expenses for issuance of valuable papers	3,064,227	1,903,706
Other expenses for credit activities	20,295	23,334
Brokerage commission fee for postal saving services	1,187,811	799,521
	21,150,522	13,325,675

26. Net gain from services

Unit: VND million

	Current year	Prior year
Income from services	3,905,989	2,096,512
Settlement services	182,265	180,305
Treasury activities	32,528	36,518
Entrusting, consulting and insurance agency services	2,689,397	1,623,724
Other services	1,001,799	255,965
Expenses on services	(340,362)	(434,650)
Settlement services	(181,982)	(189,920)
Treasury activities	(855)	(884)
Other services	(157,525)	(243,846)
Net gain from services	3,565,627	1,661,862

27. Net gain from gold and foreign currency trading

Unit: VND million

	Current year	Prior year
Income from trading foreign currencies	1,977,532	1,670,903
Income from trading foreign currencies	363,617	448,513
Income from monetary derivative financial instruments	1,613,915	1,222,390
Expenses for trading foreign currencies	(1,542,434)	(1,660,440)
Expenses for foreign exchange spot transactions	(83,867)	(475,913)
Expenses for monetary derivative financial instruments	(1,458,567)	(1,184,527)
Net gain from trading foreign currencies	435,098	10,463

28. Net gain from trading held-for-trading securities

Unit: VND million

	Current year	Prior year
Gain from trading held-for-trading securities	30,208	-
Loss from trading securities	-	(2,769)
	30,208	(2,769)

Notes to the financial statements (Continued)

29. Net (loss)/gain from trading investment securities

Unit: VND million

	Current year	Prior year
Gain from trading investment securities	1,464	343,379
Loss from trading investment securities	(6,718)	(14,302)
Reversal provision for trading investment securities	-	16,685
	(5,254)	345,762

30. Income from capital contribution and equity investments in other entities

Unit: VND million

	Current year	Prior year
Dividends and profits received in the year from capital contribution:	49,345	53,877
- From long-term capital contribution and investments	49,345	53,877

31. Net gain from other activities

Unit: VND million

	Current year	Prior year
Income from other activities	490,524	334,327
Proceeds from disposal of assets	16,163	8,816
Income from debts written off	376,721	298,260
Income from interest rate swaps	74,493	15,225
Other incomes	23,147	12,026
Expenses on other activities	(143,372)	(133,180)
Expenses on interest rate swap contracts	(63,874)	(103,029)
Other expenses	(79,498)	(30,151)
Net gain from other activities	347,152	201,147

32. Operating expenses

Unit: VND million

	Current year	Prior year
1. Taxes, duties and fees	156,982	118,935
2. Staff costs	3,233,810	3,038,695
In which:		
- Salaries and allowances	2,793,324	2,563,451
- Salary-based expenses	271,746	237,687
- Severance allowances	3,868	1,183
- Other staff costs	164,872	236,374
3. Expenses on assets	1,023,185	884,358
In which:		
- Depreciation and amortization	253,705	282,836
- Rental expenses	488,567	334,040
- Repair and maintenance expenses	280,913	267,482
4. Expenses related to public affairs management	1,097,649	1,072,013
In which:		
- Per diem	24,048	20,192
- Expenses related to union activities	505	397
- Other expenses on management activities	1,073,096	1,051,424
5. Insurance expenses on deposits of customers	236,979	181,642
6. Other provision cost	351	2,166
7. Other operating expenses	10,916	9,084
	5,759,872	5,306,893

33. Provision expenses for credit losses

Unit: VND million

	Current year	Previous year
(Reversal)/Provision made for loans to other credit institutions (Note 7)	(621)	58,198
Provision made for loans to customers (Note 11)	2,829,465	3,113,205
(Reversal)/Provision made for debts purchased (Note 12)	(2,804)	2,969
Reversal for investment securities (Note 13)	-	(635)
	2,826,040	3,173,737

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34. Current corporate income tax expense ("cit")

Unit: VND million

	Current year	Prior year
Profit before tax	7,039,393	5,689,681
Less:		
Non-taxable income	(49,345)	(53,877)
Add:		
Other non-deductible expenses	292,242	185,282
Taxable income	7,282,290	5,821,086
CIT rate	20%	20%
CIT expenses based on tax rate	1,455,900	1,163,900
Adjustments for income tax differences in prior years	11,247	15,528
Total CIT for the year	1,467,147	1,179,428
CIT payable at the beginning of the year	804,800	185,000
CIT paid during the year	(1,299,047)	(559,628)
CIT payable at the end of the year	972,900	804,800

35. Basic earning per share

Unit: VND million

	Current year	Prior year (Restatement)
Profit after tax	5,572,246	4,510,253
Appropriation of other funds (excluding charter capital supplemental reserve fund, charter capital supplemental reserve fund, financial reserve fund and other equity funds) (*)	-	(510,000)
Profits distributed to shareholders owning common shares	5,572,246	4,000,253

(*) The previous year's reward and welfare fund appropriation are represented according to actual figures on the Bank's Board of Directors Resolution approved in 2023.

At the date of this financial statement, the Bank has not made an estimate of the amount of the welfare reward fund appropriation for the financial year ended 31 December 2023. As a result, underlying earnings per share are calculated based on estimates excluding 2023 welfare reward fund appropriation. The actual amount of distribution to the welfare reward fund for the financial year ended 31 December 2023 will be approved during the 2024 General Meeting of Shareholders and therefore the basic earning per share may be different from these above figures.

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Number of ordinary shares for basic earning calculation

According to the guidance in Vietnam Accounting Standard No. 30 – Earning per share, the Bank retrospectively adjusted "Basic earning per share" for all reporting periods if the number of outstanding ordinary shares increases due to capitalization, issuance of bonus shares, stock splitting or decrease due to pooling of shares, includes changes that occur after the end of the financial year but before the date the financial statements issue.

In accordance with Resolution No. 733/2023/NQ-BOD dated 05 May 2023 and Resolution No. 1490/2023/NQ-BOD dated 12 July 2023, the Board of Directors of the Bank has decided to issue shares to pay dividends from after-tax profits in 2022 at the ratio of 100:19. On 23 August 2023, the Bank completed the issuance of an additional 385,511,047 shares to pay dividends, so the underlying earnings per share for the financial year ended December 31, 2022 are restated as follows:

Unit: VND million

	Current year	Prior year
Ordinary shares issued at the beginning of the year	1,592,528,412	1,203,590,474
Effects of issuing shares under the employee option program	-	32,502,994
Issuance of shares to the public to existing shareholders in 2022	-	130,915,568
Effect of the number of ordinary shares issued to pay dividends in 2022	-	225,519,376
Effects of the number of ordinary shares issued to pay dividends in 2023	385,511,047	385,511,047
Issuance of shares to the public to existing shareholders in 2023	82,191,781	-
The weighted average of common shares for calculating basic earning per share	2,060,231,240	1,978,039,459

Basic earning per share:

Unit: VND million

	Current year	Prior year (Restatement)
Basic earning per share	2,705	2,022
	2,705	2,022

The figures of basic earnings per share for the financial year ended 31 December 2022 are represented as follows:

Unit: VND million

	Current year	Prior year (Restatement)
Profits distributed to shareholders owning common shares (VND million)	4,253,322	4,000,253
The weighted average of common shares for calculating basic earning per share (shares)	1,592,528,412	1,978,039,459
Basic earning per share (VND)	2,671	2,022

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Notes to the financial statements (Continued)

36. Cash and cash equivalents

Unit: VND million

	Closing balance	Opening balance
Cash, gold and gemstones	2,382,762	2,983,877
Balances with the SBV	14,578,444	10,323,700
Deposits with other credit institutions	35,059,076	31,367,998
- Demand deposits	757,476	1,003,523
- Term deposit with term of 3 months or less	34,301,600	30,364,475
	52,020,282	44,675,575

37. Employees' income

Unit: VND million

	Current year	Prior year
Total average number of employees at the end of the year (person)	10,627	12,203
Total average number of employees at the end of the year (person)	11,180	11,753
Employees' income (VND million)		
1. Salary and allowances	2,793,324	2,563,451
2. Allowances	275,614	238,870
3. Other income	164,872	236,374
4. Total income (1+2)	3,233,810	3,038,695
5. Average monthly income per employee (VND million/person/month)	20.82	18.18
6. Average monthly income	24.10	21.55

38. The bank's obligations to the state budget

Unit: VND million

	During the year			
	Opening balance	Payable	Paid	Closing balance
Value-added tax	17.996	298.503	(305,271)	11,228
Corporate income tax	804.800	1,467.147	(1,299,047)	972,900
Other taxes	55.365	237.437	(267,374)	25,428
	878.161	2,003.087	(1,871,692)	1,009,556

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39. Types and value of collaterals and mortgages

Assets, valuable papers received as mortgages, pledges and discounts, rediscounts

Unit: VND million

	Closing balance	Opening balance
Investment securities	12,185,000	10,716,761
	12,185,000	10,716,761

Assets, valuable papers used for mortgages, pledges and discounts, rediscounts

Unit: VND million

	Closing balance	Opening balance
Real estate	327,973,063	418,557,721
Movable estate	8,148,299	8,721,363
Valuable papers	95,889,324	77,867,203
Other assets	380,200,274	105,858,974
	812,210,960	611,005,261

40. Trust and agency activities for credit institutions

Unit: VND million

	Closing balance	Opening balance
Other trust activities	4,707,967	4,702,374
	4,707,967	4,702,374

41. Contingent liabilities and other commitments

Unit: VND million

	Closing balance	Opening balance
Credit guarantees	55,340	59,340
Foreign currency commitments	162,150,751	74,355,004
Foreign currency purchased commitments	-	54,514
Foreign currency sale commitments	2,902,200	32,868
Swap commitments	159,248,551	74,267,622
Letters of credit commitments	676,398	1,786,014
Other guarantees	1,706,763	944,919
Other commitments	4,486,870	301,096
	169,076,122	77,446,373

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Notes to the financial statements (Continued)

42. Uncollected interest from loans and fee receivables

Unit: VND million

	Closing balance	Opening balance
Loan interest not yet collected	1,232,715	1,105,975
Fees not yet collected	3,011	1,758
	1,235,726	1,107,733

43. Bad debts written-off

Unit: VND million

	Closing balance	Opening balance
Principal amount of bad debts written-off under surveillance year	7,138,374	3,200,989
Interest amount of bad debts written-off under surveillance year	3,511,401	2,715,877
Other bad debts written-off	34	34
	10,649,809	5,916,900

44. Other assets and papers

Unit: VND million

	Closing balance	Opening balance
Other assets held on behalf	2,322,992	2,650,884
	2,322,992	2,650,884

45. Related party transactions and balances

Details of significant balances with related parties as at 31 December 2023 are as follows:

Unit: VND million

Related party	Balance	31/12/2023		31/12/2022	
		Receivables	(Payables)	Receivables	(Payables)
Vietnam Post Corporation	- Demand deposit and term deposit	-	(921,265)	-	(782,954)
	- Other receivables	46,590	-	48,714	-
	- Interest payable on term deposit contracts	-	(13,439)	-	(11,982)

Transactions with related parties for the year ended 31 December 2023 are as follows:

Đơn vị: Triệu VND

Related parties	Transactions	Current year	Prior year
Vietnam Post Corporation	- Interest expenses paid	(16,036)	(12,431)

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Details of salaries and allowances of the members of the Board of Directors, Board of Supervisors and Board of Directors are as follows:

Unit: VND million

Name	Title	Assigned/ resigned date	Current year	Prior year
Board of management			10,618	21,197
Mr. Nguyen Duc Thuy	Chairman		-	3,875
Mr. Nguyen Van Thuy	Standing Vice Chairman	Appointed on 07 June 2023	824	-
	Vice Chairman	Appointed on 23 April 2023		
Mr. Pham Doan Son	Standing Vice Chairman	Resigned on 22 April 2023	1,258	2,539
Mr. Ho Nam Tien	Vice Chairman	Appointed on 23 April 2023	824	-
Mr. Bui Thai Ha	Vice Chairman	Appointed on 23 April 2023	824	-
Mr. Duong Cong Toan	Vice Chairman	Resigned on 22 April 2023	1,258	4,117
Mr. Huynh Ngoc Huy	Vice Chairman	Resigned on 22 April 2023	2,083	4,611
	Member	Appointed on 23 April 2023		
Mr. Le Hong Phong	Member		2,011	3,600
Mr. Le Minh Tam	Independent member	Appointed on 23 April 2023	824	-
Ms. Duong Hoai Lien	Independent member	Resigned on 22 April 2023	712	2,455
Board of supervisors			2,785	2,262
Board of directors and Chief accountant			19,747	34,050
Mr. Ho Nam Tien	General Director	Appointed on 21 June 2023	1,705	-
	Acting General Director	Appointed on 17 March 2023 Resigned on 20 June 2023		
	Standing Depute General Director	Resigned on 16 March 2023		
Mr. Pham Doan Son	General Director	Resigned on 17 March 2023	1,631	5,373
Salaries of other key managers			16,411	28,677

46. Geographical structure of assets, liabilities and off-balance-sheet items as at 31 december 2023

Unit: VND million

	Total loan balance and debts purchased	Total deposits at SBV and other credit institutions	Total deposits and loans from other credit institutions and valuable papers issued to other credit institutions	Total deposits from customers	Credit commitments	Derivatives (Total contract value)	Trading and investment securities
Domestic	275,452,845	49,843,643	96,902,636	237,005,395	-	163,873,609	46,844,368
Overseas	-	320,054	1,209,250	386,214	695,062	-	580,440

Notes to the financial statements (Continued)

47. Management policies related to financial instruments

This explanation provides information about the risks that the Bank may face and describes in detail the methods used by the Bank's Board of Management to control risks. The most important types of financial risks that a Bank typically encounters are currency risk, interest rate risk, credit risk, and liquidity risk.

Risk Management Policy

The Bank's Board of Directors has a shared responsibility for establishing and overseeing the Bank's risk management framework. The Bank's Board of Directors has established Risk Management Committee and Assets and Liabilities Committee responsible for developing and overseeing the Bank's risk management policies in each management area. All boards of the Board of Directors have dedicated and non-specialized members and periodically report to the Board of Directors on their activities.

The Bank's risk management policy are established to identify and analyze the risks exposed to the Bank, to set appropriate risk limits and controls, and to monitor risks and adhere to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered by the Bank. Through training activities and standards

and management systems, the Bank aims to develop a disciplined and positive control environment in which all its employees understand their roles and responsibilities.

The Legal and Risk Management Division is a focal point to cooperate with Operational Division to undertake both regular and ad-hoc reviews of risk management controls and monitoring procedures, the results of which are reported to the Chief Executive Officer, the Board of Directors. The Internal Audit Division undertakes independent reviews, inspections.

Along with setting up the departments in charge of risk management and risk management policies relating to financial instruments, the Bank also coordinates with suppliers in the information technology and telecommunication sectors to build an integrated system of risk management tools to support the risk management operation in protecting customers, suppliers and therefore, to enhance the sustainable development of the Bank.

The policies on currency risk, interest rate risk, credit risk, and liquidity risk are analyzed in details in Note 48, 49, 50 and 51.

48. Interest rate risk

Interest rate risk is the possibility that the Bank's income or the value of its assets is affected by fluctuations in market interest rates. The Bank's activities are exposed to interest rate fluctuations when its interest-earning assets and interest-bearing liabilities mature at different times or with different values. Some assets lack specific maturity dates or are highly sensitive to interest rates and do not correspond to individual interest-bearing liabilities.

The Bank's assets and interest-bearing liabilities are classified based on the earlier of the revaluation date according to the contract or the maturity date, and the actual interest rate at the end of the accounting period. The revaluation date for assets and the projected maturity date can significantly differ from the dates stipulated in contracts, especially in the case of customer deposit maturity dates.

Interest rate risk for the Bank can originate from both investment activities and capital-raising and lending activities.

The interest rate reset period is the remaining time calculated from the date of financial statement preparation to the nearest interest rate reset date for various asset and liability items. The following assumptions and conditions are applied in analyzing the reset period for determining the interest rate of the Bank's assets and liabilities:

- Cash; long-term equity investments; fixed assets; other assets; and other liabilities are classified as items with no interest rate risk;
- Deposits with the State Bank of Vietnam (SBV) are classified as demand deposits, including compulsory reserves, hence the re-pricing interest rate term is non-interest-bearing or up to one month;
- Deposits and loans with other credit institutions; loans to customers; investment securities; derivative financial instruments; other financial assets; Amount due to the Government and the SBV; deposits and borrowings from other credit institutions; customer deposits; contributed capital, entrusted investment, loans to credit institutions with risk, and issued securities: The interest rate re-pricing period is determined based on the actual maturity date or the nearest interest rate reset date (for items with floating rates) from the date of financial statement preparation, whichever comes first;
- Derivative financial instruments and other financial liabilities, and other liabilities are classified as non-interest-bearing items.

Notes to the financial statements (Continued)

The table below presents the Bank's exposure to interest rate risk as at 31 December 2023:

Unit: VND million

	Overdue	Not subject to interest rate re-pricing risk	Interest repricing term						Total
			Up to 01 month	From 01 to 03 months	From 03 to 06 months	From 06 to 12 months	From 01 to 05 years	Over 05 years	
Assets									
Cash on hand	-	2,382,762	-	-	-	-	-	-	2,382,762
Balances with the SBV	-	14,578,444	-	-	-	-	-	-	14,578,444
Deposits with and loans to other credit institutions (*)	56,977	-	30,587,276	4,841,000	-	100,000	-	-	35,585,253
Derivatives and other financial assets	-	580,440	-	-	-	-	-	-	580,440
Loans to customers and debts purchased (*)	1,786,321	-	37,967,892	145,086,661	38,681,110	31,760,202	17,903,526	2,267,133	275,452,845
Investment securities (*)	-	6,755,143	250,000	3,300,000	1,443,000	3,714,275	9,600,000	21,781,950	46,844,368
Long-term investments (*)	-	348,718	-	-	-	-	-	-	348,718
Fixed assets	-	1,949,987	-	-	-	-	-	-	1,949,987
Other assets (*)	7480	8,656,295	-	-	-	-	-	-	8,663,775
Total assets	1,850,778	35,251,789	68,805,168	153,227,661	40,124,110	35,574,477	27,503,526	24,049,083	386,386,592
Liabilities									
Deposits and borrowings from the SBV and other credit institutions	-	-	42,133,624	6,066,213	1,256,138	44,820	581,469	119,741	50,202,005
Deposits from customers	-	-	58,646,241	64,646,068	50,074,071	52,471,537	11,552,487	1,205	237,391,609
Valuable papers issued	-	75,786	-	-	-	-	-	-	75,786
Other liabilities	-	-	-	15,494,668	2,649,981	8,015,651	18,677,613	3,071,968	47,909,881
	-	13,166,498	-	-	-	-	-	-	13,166,498
Total liabilities	-	13,242,284	100,779,865	86,206,949	53,980,190	60,532,008	30,811,569	3,192,914	348,745,779
On-balance sheet interest sensitivity gap	1,850,778	22,009,505	(31,974,697)	67,020,712	(13,856,080)	(24,957,531)	(3,308,043)	20,856,169	37,640,813
On-balance sheet and off-balance sheet interest sensitivity gap	1,850,778	22,009,505	(31,974,697)	67,020,712	(13,856,080)	(24,957,531)	(3,308,043)	20,856,169	37,640,813

(*) Excluding provision for credit risk.

Notes to the financial statements (Continued)

49. Currency risk

Currency risk is the risk that the Bank's asset or value of an investment fluctuates due to changes in foreign exchange rates. The Bank was established and operates in Vietnam with reporting currency of VND. The Bank's assets are denominated mainly in VND and USD. Since the Bank's financial statements are presented in Vietnamese Dong, the financial statements are susceptible to be affected by fluctuations in exchange rates between the US Dollar and the Vietnamese Dong.

The risks in foreign currency transactions of the Bank will result in foreign exchange gains or losses, and these gains or losses will be recognized in the income statement. This risk includes the assets and liabilities of the Bank denominated in currencies other than the

Bank's functional currency, units of currency in cash in the fund, deposits with and loans to other credit institutions, investment securities, loans to customers, deposits and loans with other credit institutions, customer deposits, entrusted investment, grants, loans to credit institutions with risk assumption, and issuance of valuable papers.

The Bank has established limit statuses for each currency based on the Bank's internal risk assessment system and the regulations of the SBV. Currency statuses are managed daily, and risk mitigation strategies are employed by the Bank to ensure that currency statuses remain within the established limits. The Bank also maintains open positions to benefit from exchange rate fluctuations.

The book values of the Bank's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2023 are as follows:

Unit: VND million

	VND	Converted EUR	Converted USD	Converted other currencies	Total
Assets					
Cash on hand	2,287,657	132	94,973	-	2,382,762
Balances with the SBV	14,416,346	-	162,098	-	14,578,444
Deposits with and loans to other credit institutions (*)	26,164,158	38,376	9,306,416	76,303	35,585,253
Derivatives and other financial assets	-	-	580,440	-	580,440
Loan to customers and debts purchase (*)	271,678,358	-	3,774,487	-	275,452,845
Investment securities (*)	46,747,094	-	97,274	-	46,844,368
Long-term investments (*)	348,718	-	-	-	348,718
Fixed assets	1,949,987	-	-	-	1,949,987
Other assets (*)	8,090,218	231	568,009	5,317	8,663,775
Total assets	371,682,536	38,739	14,583,697	81,620	386,386,592
Liabilities					
Deposits and borrowings from the SBV and other credit institutions	36,077,272	-	14,124,733	-	50,202,005

Unit: VND million

	VND	Converted EUR	Converted USD	Converted other currencies	Total
Deposits from customers	236,827,404	3,671	521,488	39,046	237,391,609
Derivatives financial instrument and other financial liabilities	75,786	-	-	-	75,786
Valuable paper issued	47,909,881	-	-	-	47,909,881
Other liabilities	12,805,601	1,494	352,036	7,367	13,166,498
Total capital ownership	34,117,400	-	-	-	34,117,400
Total assets	367,813,344	5,165	14,998,257	46,413	382,863,179
On-balance-sheet currency position	3,869,192	33,574	(414,560)	35,207	3,523,413
Off-balance-sheet currency position	(2,825,212)	-	2,749,426	-	(75,786)

(*) Excluding provision for credit risk.

50. Liquidity risk

Liquidity risk is the risk that results in the Bank's losses and/or failing to meet its payment obligation when the Bank cannot mobilize sufficient liquid capital at appropriate costs and/or cannot sell assets at fair value and/or the Bank has to mobilize funds at high costs to meet its payment obligations at a point of time. Liquidity risk arises due to un-matching of maturity terms of assets and maturity terms of liabilities, the sensitivity of financial assets to changes in interest rates that makes the Bank unable to meet its payment obligation.

Liquidity Risk Management

The Bank's objective in liquidity risk management is to ensure as much as possible that the Bank has sufficient liquidity to meet its obligations and when they fall due, under both normal and stressed conditions, without incurring preventable losses or affecting the reputation of the Bank.

To limit this risk, the Bank has maintained an appropriate structure of assets and liabilities and also strengthened

the ability to raise fund from diversified sources. The Bank manages assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Bank has also assessed the expected cash flows and availability of current collaterals if additional funding is required.

In addition, the Bank maintains a deposit at the SBV in accordance with current regulations on statutory reserves, and at the same time ensures to maintain solvency ratios, short-term capital ratios for medium and long-term loans and operational prudential ratio limites in accordance with SBV's regulations.

Analysis of assets and liabilities based on remaining period of maturity

The remaining maturity of assets and liabilities reflects the time remaining for assets and liabilities to be settled from the reporting date to the payment period stipulated in contracts or issuance terms.

Notes to the financial statements (Continued)

The following assumptions and conditions are applied in the analysis of the remaining maturity of assets and liabilities in the Bank's financial position report:

- Deposits at the SBV are classified as demand deposits, including compulsory reserves. The balance of compulsory reserves depends on the composition and maturity of customer deposits at the Bank.
- The remaining maturity of investment securities is calculated based on the maturity date stated in the contract for each type of security.
- The remaining maturity of placements with and loans to other credit institutions is determined based on the maturity date specified in the contract. The remaining maturity of loans to customers is determined based on the repayment period stipulated in the contract. The actual maturity dates may change due to loan and deposit contract extensions.

Bảng sau trình bày rủi ro thanh khoản của Ngân hàng tại ngày 31 tháng 12 năm 2023:

Unit: VND million

	Quá hạn		Trong hạn					Total
	Over 03 months	Due within 03 months	Due within 01 month	From 01 to 03 months	From 03 to 12 months	From 01 to 05 years	Over 05 years	
Assets								
Cash on hand	-	-	2,382,762	-	-	-	-	2,382,762
Balances with the SBV	-	-	14,578,444	-	-	-	-	14,578,444
Deposits with and loans to other credit institutions (*)	-	56,977	30,587,276	4,841,000	100,000	-	-	35,585,253
Derivatives and other financial assets	-	-	580,440	-	-	-	-	580,440
Loans to customers and debt purchased (*)	625,577	1,160,744	12,707,805	20,267,472	126,903,557	91,771,946	22,015,744	275,452,845
Investment securities (*)	-	-	250,182	6,351,309	7,980,667	9,613,954	22,648,256	46,844,368
Long-term investments (*)	-	-	-	-	-	-	348,718	348,718
Fixed assets	-	-	-	-	-	1,949,987	-	1,949,987
Other assets (*)	-	7,480	8,656,295	-	-	-	-	8,663,775
Total assets	625,577	1,225,201	69,743,204	31,459,781	134,984,224	103,335,887	45,012,718	386,386,592
Liabilities								
Deposits and borrowings from the SBV and other credit institutions	-	-	42,133,624	6,066,213	1,300,958	581,469	119,741	50,202,005
Deposits from customers	-	-	61,092,886	62,199,422	102,545,609	11,552,487	1,205	237,391,609
Derivatives financial instrument and other financial liabilities	-	-	75,786	-	-	-	-	75,786
Valuable papers issued	-	-	-	13,799,973	3,149,981	21,677,613	9,282,314	47,909,881
Other liabilities	-	-	13,166,498	-	-	-	-	13,166,498
Total liabilities	-	-	116,468,794	82,065,608	106,996,548	33,811,569	9,403,260	348,745,779
Liquidity gap	625,577	1,225,201	(46,725,590)	(50,605,827)	27,987,676	69,524,318	35,609,458	37,640,813

(*) Excluding provisions for credit risk.

Notes to the financial statements (Continued)

51. Credit risk

The Bank is exposed to credit risk in its lending and investment activities, as well as when it acts as an intermediary on behalf of customers or other third parties, or when it provides guarantees.

The risk of counterparties' inability to repay debts is continuously monitored. To manage credit risk effectively, the bank prioritizes transactions with highly creditworthy counterparties. When appropriate, the bank may also require collateral.

The primary credit risk that the bank faces arising from its lending activities. This credit risk level is reflected in the book value of the assets on the financial position statement. Additionally, the bank counters off-balance-sheet credit risk in the form of credit commitments and guarantees.

The concentration of credit risk (domestic or foreign) arises from the financial instruments existing within each counterpart group. These groups share economic similarities that could potentially lead to similar impacts on their repayment abilities when facing economic fluctuations or other conditions.

Credit risk management and control are executed through relevant policies and procedures. This includes credit risk management policies and the functions of the Risk Council, the Risk and Debt Treatment Council, and the Credit Council. The Bank classifies debt for customers and other counterparties based on Circular 11, which involves the regular assessment of doubtful debts, bad debts, and propose appropriate solution.

To manage credit risk, the bank employs tools such as creating policies and issuing regulations related to credit risk management, establishing credit processes, conducting credit risk reviews, building credit rating and debt classification systems, and delegating authority levels within credit operations.

Collateral Assets

Collateral assets are independently valued by a separate unit from the business unit, based on market values at the valuation date. The valuation of collateral assets is periodically updated as per regulations. Primary collateral asset types encompass real estate, machinery and equipment, and valuable documents. Valuation guidelines for real estate are periodically reviewed and updated to comply with the regulations of the SBV.

Commitments

To meet the financial needs of customers, the bank issues various irrevocable commitments and contingent liabilities. These commitments and guarantees are also credit-rated and classified according to credit risk.

Financial assets that are overdue but not impaired

Financial assets that are overdue but not impaired are overdue loans for which specific provision balances required to be made in accordance with the accounting standards and regimes applicable to credit institutions in Vietnam and legal regulations relating to the preparation and presentation of financial statements is zero.

Financial assets overdue but not impaired as at 31 December 2023 is described below:

Unit: VND million

	Overdue			
	Under 90 days	91-180 days	181-360 days	Over 360 days
Loans to customers	464,662	142,870	178,181	223,310

52. Exchange rates of some foreign currencies at the end of the accounting period

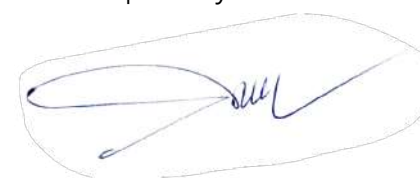
Currencies	As at 31/12/2023	As at 31/12/2022
USD	24,185	23,595
EUR	27,006	25,322
GBP	31,028	28,616
CHF	28,839	25,651
JPY	172	179
SGD	18,433	17,629
CAD	18,389	17,480
AUD	16,636	16,044
HKD	3,141	3,067

53. Subsequent event

There have been no other significant events occurring after the end of the accounting period that have had a material impact or may have a material impact on the Bank's operations and financial position, as well as on the results of the Bank's business operations during the financial year that requires adjustment or disclosures in the financial statements.

22 March 2023

Prepared by



Tran Hoai Thu
Head of Finance Department

Chief Accountant



Nguyen Thi Gam
Chief Accountant

Approved by



Ho Nam Tien
Chief Executive Officer

About the report

Reporting scope and content

The annual report includes information on the financial performance and activities of the Bank during the period from 01/01/2023 to 31/12/2023. The financial statements have been audited by Deloitte Vietnam Audit Company Limited. There is no restatement of information from the 2022 report in 2023.

Reporting standards

The report is prepared based on compliance with the guidelines for annual reporting in Circular 96/2020/TT-BTC on Providing guidelines on disclosure of information on securities market.

Contact information

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