

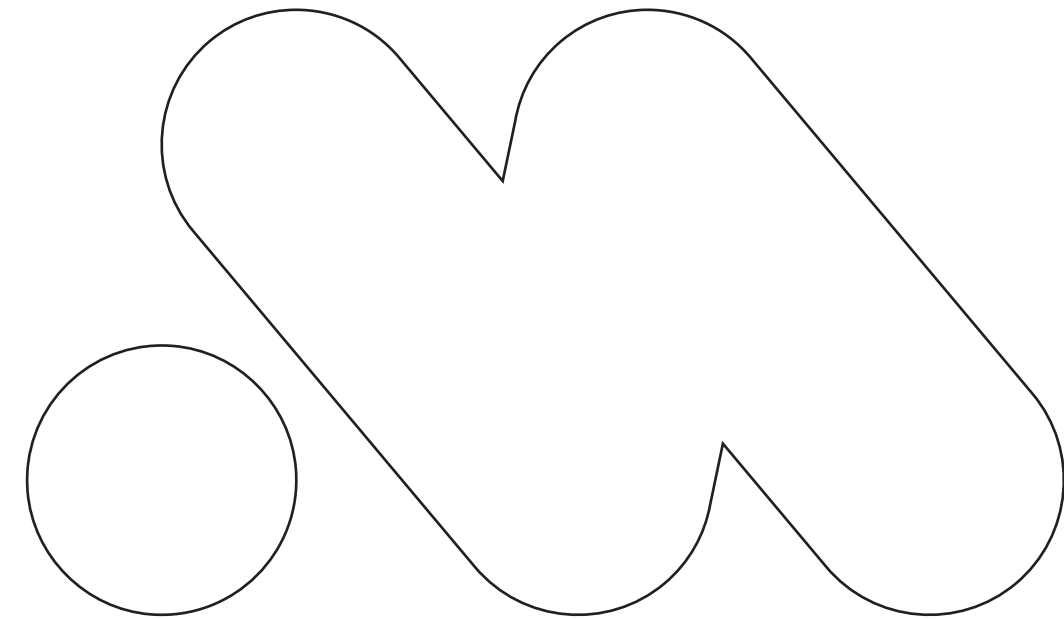


Vietnam Maritime Commercial Joint Stock Bank
54A Nguyen Chi Thanh Street, Dong Da District, Hanoi
Tel: (024) 3771 8989 • Fax: (024) 3771 8899
Hotline: 1800 59 9999

www.msb.com.vn



ANNUAL REPORT 2021



ANNUAL REPORT
2021

BREAK
THE LIMITS



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2017-2021

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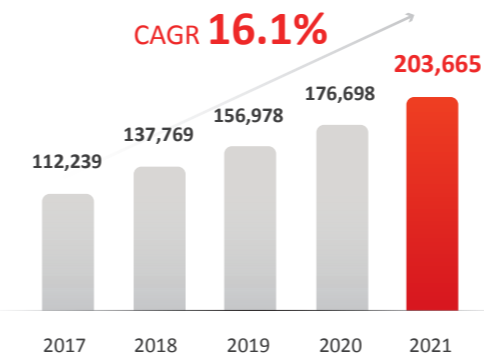
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2017-2021

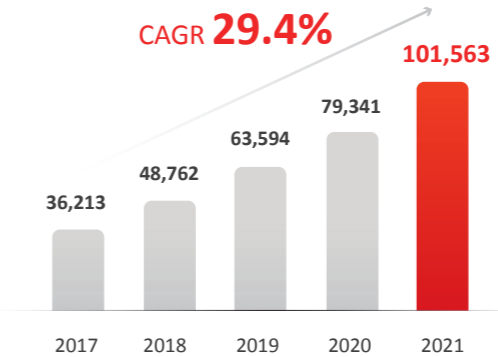
SUSTAINABLE
GROWTH -
STRONG RISE



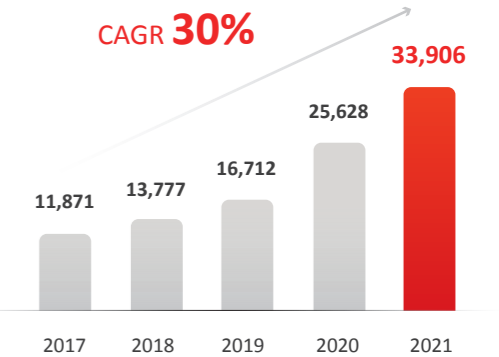
TOTAL ASSETS (VND BILLION)



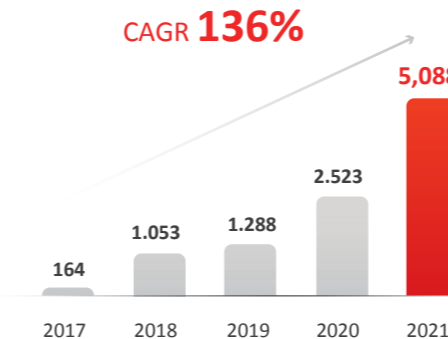
LOAN TO CUSTOMERS (VND BILLION)



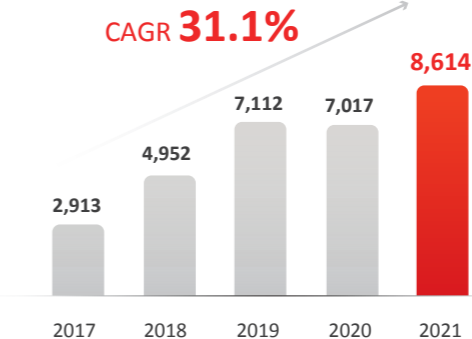
CASA (VND BILLION)



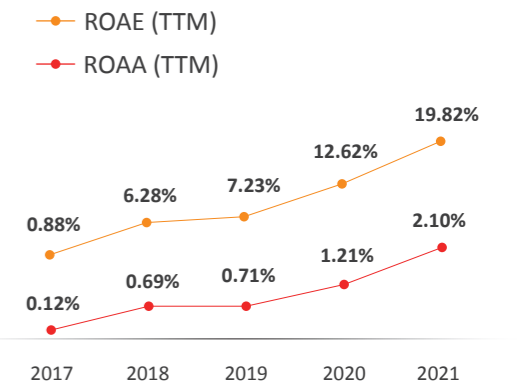
PROFIT BEFORE TAX (VND BILLION)



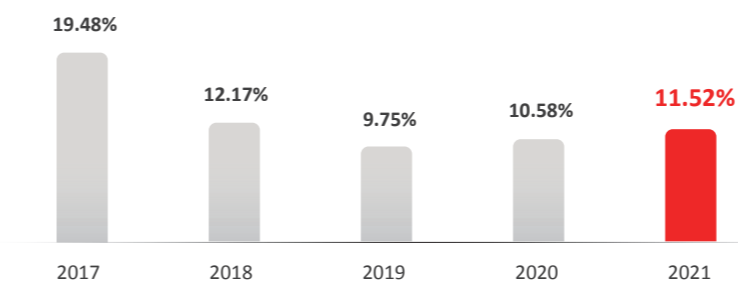
SALES FROM FX AND DERIVATIVE TRADING (VND BILLION)



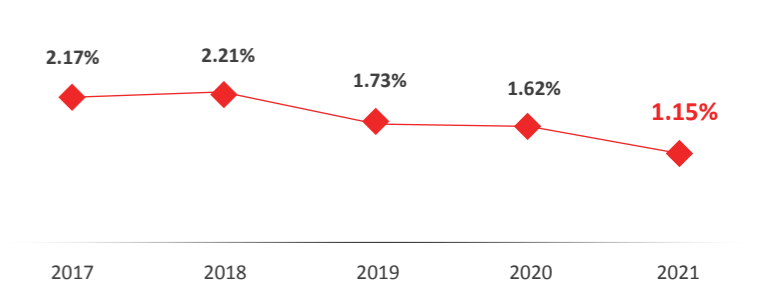
PROFITABILITY



CAPITAL ADEQUACY RATIO (CAR)¹



NON-PERFORMING LOAN (%NPL)²



Notes:

1. For 2017-2018: apply according to Circular 36/2014/TT-NHNN; from 2019: according to Circular No. 41/2016/TT-NHNN. (2019 CAR according to Circular No. 36 was 10.25%)
2. NPLs from 2017-2020 were calculated according to Circular No. 02/2013/TT-NHNN; NPL in 2021 was calculated according to Circular No. 11/2021/TT-NHNN

HIGHLIGHTS OF 2021



10 REMARKABLE ACHIEVEMENTS IN 2021

- 1 The Best Bank in Vietnam in 2021 – Awarded by Global Finance
- 2 The leading bank in trade finance for SMEs in 2021 – Awarded by ADB
- 3 Special award for international payments in 2020-2021 – Awarded by Wells Fargo
- 4 Outstanding Digital Transformation Bank 2021 – Awarded by IDG and Vietnam Banks' Association
- 5 Asia's Best Workplace – Awarded by HR Asia
- 6 Pioneering in the application of e-Kyc identification technology to support services for both individual and corporate customers
- 7 Moody's upgraded MSB's credit rating to B1 in May 2021 despite of the pandemic
- 8 Implementation of the Digital factory project with BCG international consulting partner
- 9 Strategic cooperation with Kaleido Bank (Switzerland) to develop Private Banking activities
- 10 Strategic cooperation in insurance business with Prudential Vietnam

FINANCIAL HIGHLIGHTS IN 2021

1017%
Top Banks with profit before tax



Banking sector in term of CASA performance The ratio of CASA/Total deposits (35.8%)



Banks for sales and market share of Government bond trading



Top market makers of government debt instruments and Top banks with the highest profit from Forex trading



Top banks with the highest dividend payment ratio (30%)

A

MESSAGE FROM
CHAIRMAN
AND CEO





MESSAGE FROM CHAIRMAN



At the age of 31, the Board of Directors and I strongly believe that, with our new position and new strengths, MSB will conquer more heights and reach out not only within the country but also in the region.

Dear Valued Shareholders, Customers and Partners,

We have just gone through a challenging year. Although Covid-19 is no longer new, the year was much impacted. Overcoming difficulties, Vietnam has attempted to maintain a positive GDP growth rate, listed in Top 20 leading economies in in term of international trade. Against that background, MSB accompanied clients through difficulties and endeavor to deliver the year with optimistic outcomes, making a contribution to the country's development. It was resulted from a consistent process with the goal of sustainable growth, proactive and flexible solutions, and reserving resources to accompany customers and partners to overcome the epidemic.

2021 was a special year when MSB turned 30 years old and also a critical milestone in the 2018 - 2023 strategic roadmaps as MSB had basically completed and exceeded several key targets, recognized as the "quality" transformation. The bank has pioneered the completion of all three pillars of Basel II, the IRB internal rating method for credit risk, and Basel III for operational risk, market risk, and liquidity risk. Despite the epidemic in the first half of the year, the world's leading credit rating agency, Moody's, announced to upgrade the credit rating and assess the stable outlook for MSB, demonstrating an improvement of assets quality as well as profitability and performance of core business segments.

In addition, the important driving force for these qualitative changes came from the strategic restructuring process in the entire banking operation along with the accelerated digital transformation in the past year. By activating two key technology projects, the Digital Factory and Modernizing the Core Banking system, MSB expects to accelerate the shift of the traditional way of working to the new one that is more flexible,

modern, and more suitable with demands. It will create a foundation for spreading digital culture internally as well as enhancing the customer's experience journey. This is also highly effective for the "flexible adaptation" to the epidemic.

With these advantages and intrinsic strength, MSB is proud to bring convenient and high-value products as well as services to most economic sectors of the society, from individuals to business households and enterprises. Acting as a financial partner and also a companion of customers, MSB has implemented interest exemption and reduction, loan group restructuring, and many other positive and timely measures to solve difficulties for many customers affected by Covid-19 in this year. It is because we always believe that the companion not only in prosperous period but also in tough time will be the cooperative principle, as well as sustainable and long-term development.

It can be said that Covid-19 has tested the organization's stability, the business model's effectiveness, and the operational strategy's appropriateness. Up to now, MSB can proudly affirm our position as one of the most reliable joint stock commercial banks, understanding the customers, and providing the most suitable products to them. Based on recent achievements, MSB is confident of our ability to break through to soon be in the top list of safe and most effective joint stock commercial banks in Vietnam.

Dear Valued Shareholders, Customers, and Partners,

30 years - 3 decades of MSB has ended with remarkable milestones. Looking back at the time in 1991, MSB was the first joint-stock commercial bank established with the orientation to lead modernization phase to support economic development in the context of innovation, as well as building up pre-eminent banking products to drive Vietnam toward the early integration. Since then, Vietnam's economy has continuously developed, and so has MSB. Experiencing the ups and downs of the country, standing firm through economic crises and epidemics, this is the time when MSB is determined to maintain and pursue the spirit of "breaking the limit" to continue writing bright new chapters in our journey. At the age of 31, the Board of Directors and I strongly believe that, with our new position and new strengths, MSB will conquer more heights and reach out not only within the country but also in the region.

Contributing to such journey, the listing of MSB share on the stock exchange at the end of 2020 came from the desire to affirm our position in the stock market and created liquidity and brought investors good investment opportunities, and conducted the company governance toward higher standards of transparency. We are very proud when MSB was ranked in the best performance share list with the year-end capital reaching over USD 1,9 billion, equivalent to nearly VND 44,3 trillion. Despite of difficulties of both the domestic economy

and the world, MSB is very grateful that the bank's shares had been appreciated by investors, reflected in the number of shareholders increasing nearly 4 times over the year, held by large domestic and foreign organizations. With these initial successes, the Board of Directors and Board of Management have been well aware of the great responsibility to shareholders in every action and decision with the bank's operations. It's our strong belief that the share price movement in the long-term will satisfy investors because it measures the whole process of the upward striving of the banking apparatus for many years. This process is the inevitable result of continuous investment in human resources, training talents, modernizing systems, developing products, satisfying higher standards of regulatory agencies, strengthening healthy balance sheets, improving asset quality, reducing risks, and improving corporate governance standards.

Based on such strategy of the internal capacity investment, in spite of the unpredictable evolution of the Covid-19, 2022 is expected to be high growth potential for the Vietnamese economy in general and the banking industry in particular. Therefore, MSB firmly believes in setting more ambitious targets to conquer and strongly reach out. Besides key activities we had gained in the past year, MSB will promote non-credit activities, increase the digitalization contribution in products and services to meet more demands of customers, and strengthen our position as a leading retail bank.

From the market outlook and intrinsic capacity, with the companionship of the valued Shareholders, Partners, and Customers, I believe that MSB will firmly overcome challenges, and follow new successes to complete the strategic plan for the period 2018 - 2023.

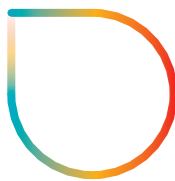
I also hope that more than 5,000 MSB employees will always be ready to adapt, aiming to not only bring customers, shareholders, and partners the experience of the "new normal", but also a "better normal".

Once again, I would like to express my sincere thanks to all of you who have accompanied and trusted MSB for the past 30 years.

We wish you good health, happiness and success.

Best regards.
**On behalf of the Board of Directors
Chairman**

TRAN ANH TUAN



MESSAGE FROM CEO



The year 2022 has begun and promised to be a year of new breakthroughs named MSB in a strong and comprehensive transformation journey towards the ambitious development period 2018 - 2023.

Dear Valued Shareholders, Customers and Partners,

Overcoming the challenges and uncertainties of the economy under the impact of the Covid-19 pandemic, the year 2021 ended successfully for MSB with impressive growth in all aspects. The total assets of MSB reached over VND 203 trillion, increasing over 15% compared to the end of 2020 and more than 7% of the plan. Profit before tax reached over VND 5 trillion, more than 2 times as of 2020. As of December 31, 2021, MSB's market capitalization was more than USD 1.9 billion, over 2 times higher than as at December 31, 2020. Credit growth reached 21.98%, and capital mobilization increased by nearly 9%, of which the proportion of CASA was almost 36% of total deposits, ranked in the Top 3 in the market. These positive outcomes were thanks to the Bank's effective capital use strategy, promotion of non-interest income, strong digitalization and tight risk management.

Specifically, MSB's net non-interest income grew by more than 85%, reaching VND 4,372 billion, accounting for more than 41% of the bank's total operating income. In term of fee collection, MSB recorded high revenue from Bancassurance contracts with Prudential. MSB's good growth in insurance sales is always in the top 10 banks of the market. A bright spot in the non-interest income was the Foreign Exchange Trading with record revenue of USD 7,209 million, increasing by almost 40% compared to 2020, contributing to making MSB one of the top profitable banks in Vietnam having gained the highest profit from forex trading in 2021.

With interest income, MSB's net interest income grew by approximately 29% last year. Thanks to an effectively structured capital and a sharp decrease in capital costs from 3.6% in 2020 to 2.33%, NIM was positively

improved from 3.35% to 3.63% in 2021. The growth of loans to customers reached more than 28%, of which MSB directed credit flows to industries with low risk and potential for development after the pandemic such as healthcare, education, renewable energy... Therefore, the indicators of MSB's performance figures show ROE of nearly 20% and bad debt control at a low level of 1.15%.

In the context of potential economic risks caused by the Covid-19 epidemic, MSB continues to pursue a tight risk appetite. We have closely monitored overdue debts and made adequate provisions, therefore, the bad debt coverage ratio was relatively high at 95%, and the ratio of structured debt to total outstanding loan balance reached the rate of 3% as of December 31, 2021. In addition, higher international standards in risk management have been also applied. Currently, MSB has completed Basel II with IRB internal rating method for credit risk and Basel III for operational risk, market risk, and liquidity risk, and we are also in the process of preparing financial statements in following international standards IFRS, expected to be completed in 2022.

With the trend of digitalizing the banking industry in the future, 2021 also marked a strong transformation for MSB when the bank activated big projects on digitalization and modernization such as Digital Factory, replacing Core Banking, and the latest was nWOW - a project by MSB in collaboration with BCG strategic partner to deploy flexible working methods for employees, contributing to efficient improvement and productivity throughout the system. With the spirit of daring to break old limits, seize new opportunities, and always aim for sustainable development standards, MSB's team is ready to accept new, more creative and effective working methods to thereby bring many superior products and services with high technology content to customers.

The tireless efforts of more than 5,000 MSB employees in 2021 were deservedly recognized with prestigious domestic and foreign awards for MSB, such as the "Best Bank in Vietnam 2021" awarded by the Global Finance magazine; "The bank with the best retail products in Vietnam in 2021" awarded by World Economic Magazine. MSB was also honored by ADB as "The leading bank in trade finance for SMEs in 2021" or voted by Vietnam Report as "Top 10 prestigious Vietnamese private joint stock commercial banks in 2021", and specially shortlisted in HR Asia's "Asia's Best Workplaces 2021" list... and many other prestigious awards as well.

On the stock market, many impressive milestones of MSB have been set out when our bank was consecutively entered into the list of prestigious indexes such as VNDiamond, VNFinlead after less than a year of listing on the HSX. One-year look back, MSB share price increased more than twice compared to the reference price on the listing date. MSB has also fulfilled to pay dividends to shareholders at the rate of 30% in shares, thereby increasing the bank's charter to

VND 15,275 billion. MSB is growing stronger and stronger with many milestones affirming our position and stature in the market as well as taking firm steps in the journey of rising to new levels.

With the spirit of "daring to break down" the barriers, old thoughts and mindsets, and flexibly adapting to ever-changing business conditions to overcome challenges, MSB completed the goals early in 2021. MSB is now on track to conquer more ambitious goals in the next period, soon returning to the Top of Joint Stock Commercial Banks.

The year 2022 has begun and promised to be a year of new breakthroughs named MSB in a strong and comprehensive transformation journey towards the ambitious development period 2018 - 2023. In 2022, MSB has set a target of total assets of VND 233 trillion, an increase of about 15%, profit before tax will increase by 30% and reach the milestone of VND 6,800 billion, credit growth of over 20% subject to the approval of the management agencies, Non-performing Loans (NPL) is controlled below 3%.

TOTAL ASSETS OF	INCREASES BY	CREDIT GROWTH OF OVER
VND 233 TRILLION	▶ 15%	20%
PROFIT BEFORE TAX	INCREASES BY	NPL IS CONTROLLED BELOW
VND 6,800 BILLION	▶ 30%	3%

For the next 3-years vision, MSB aims to be in the Top 5 joint stock commercial banks in Vietnam with an asset growth rate of 15-18% per year, revenue and profit growth of 20-30% per year, with the capital adequacy ratio and bad debt control at the prescribed level. In parallel with the bank development, MSB non-stop pursuing the mission of bringing convenient financial products and services, building sustainable long-term relationship to accompany customers, partners, shareholders, and the community in the journey of rising to new levels.

Sincere thank you and wish you good health, happiness and success!

Best regards,
CEO

NGUYEN HOANG LINH

B GENERAL INFORMATION OF MSB



1. OVERALL INFORMATION



Transaction name:

- In Vietnamese: NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN HÀNG HẢI VIỆT NAM
- In English: VIETNAM MARITIME COMMERCIAL JOINT STOCK BANK
- Transaction name: MSB
- Abbreviated name: MSB



Business Registration Certificate:

Business Registration Certificate No. 0200124891 issued by Hanoi Department of Planning and Investment for the first time on July 1, 2005 (changed from Business Registration Certificate No. 055501 issued by Economic Arbitration (now is the Department of Planning and Investment) of Hai Phong city on March 10, 1992); Registered for the 24th change on December 7, 2021.



Charter capital:

VND 15,275,000,000,000
In words: Fifteen thousand two hundred and seventy-five billion Vietnamese dong.



Contact:

Address of the headquarter: No. 54A Nguyen Chi Thanh, Lang Thuong Ward, Dong Da District, Hanoi City, Vietnam
Telephone: (024) 3771 8989
Fax: (024) 3771 8899
Website: www.msb.com.vn



Business line:

Currency, credit trading and financial, currency, banking services.



Business location:

As of December 31, 2021, MSB has 1 Head Quarter, 62 branches, and 201 transaction offices in 51 provinces and cities nationwide.



Stock code: MSB

2. VISION, MISSION AND CORE VALUES

VISION

**BECOME A BANK WHERE
EVERYONE WANTS TO JOIN
AND NO ONE WANTS TO LEAVE**

MISSION

FOR A MORE CONVENIENT AND COMFORTABLE LIFE

CORE VALUES



Responsibility

MSBers always put responsibility first and therefore always strive to do the right thing until they are completed.



Listening

MSBers always listen attentively to understand customers, partners, shareholders, and colleagues.



Respect

MSBers treat each other equally and respect others as well as working regulations and principles.



Creativity

MSBers are always encouraged to improve and come up with useful initiatives

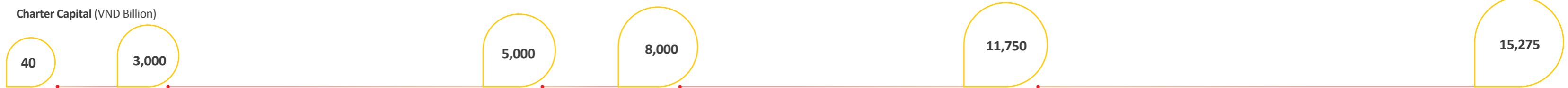


Efficiency

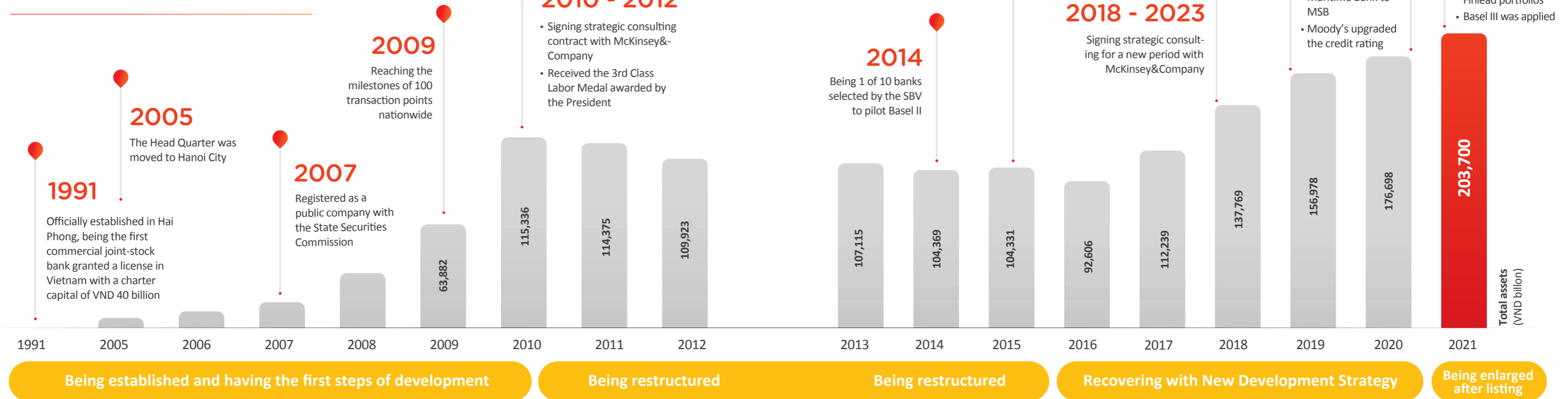
Efficiency is the measurement of every task at MSB.

3. MSB MILESTONES

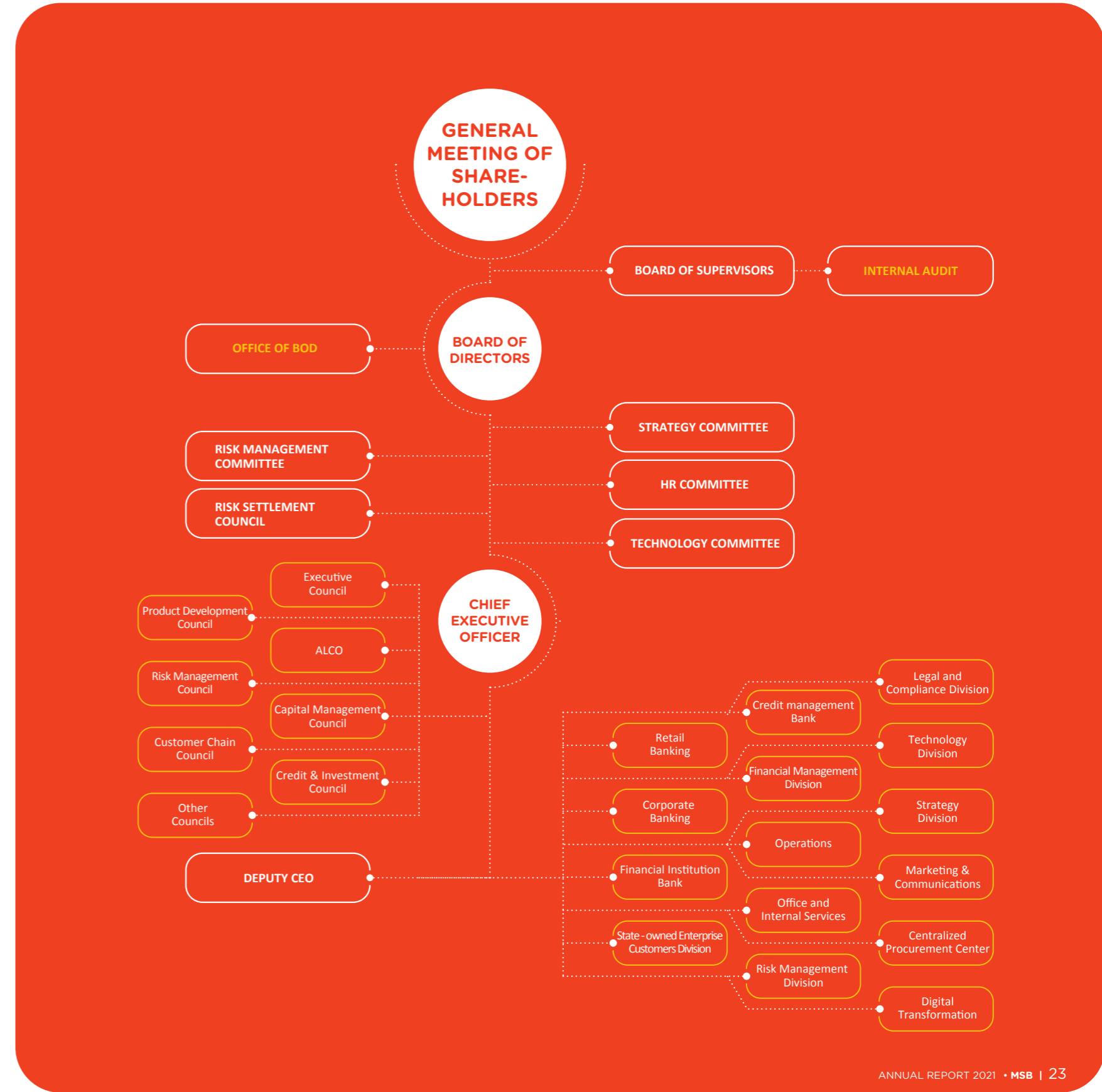
Charter Capital (VND Billion)



Vietnam Maritime Commercial Joint Stock Bank was established in 1991 in Hai Phong city. Over 30 years of construction, with a charter capital of VND 15,275 billion and more than 5,000 qualified employees, MSB has developed into one of the most prestigious banks in Vietnam, providing comprehensive banking and financial solutions for all customers in the economy.



4. BUSINESS ORGANIZATION AND MANAGEMENT STRUCTURES



General Meeting of Shareholders (GMS)

As the highest authority and decides on important issues of MSB according to the law and the Charter, the General Meeting of Shareholders includes all shareholders with voting rights. The General Meeting of Shareholders operates through the annual meeting, the extraordinary meeting, and collecting shareholders' opinions in writing. The General Meeting of Shareholders has the right to approve the development orientation of MSB, elect and dismiss members of the Board of Directors, the Board of Supervisors, and exercise other powers.

Board of Directors (BOD)

The Board of Directors is the governing body of MSB with full power, on behalf of MSB, to decide to exercise the rights and obligations of MSB, except for matters falling under the authority of the General Meeting of Shareholders. The Board of Directors of MSB consists of 06 members, including CEO cum member of the Board of Directors, 01 independent member, and 04 members who are not executives.

The Board of Directors established committees to advise the Board of Directors in banking governance, implementation of business strategies and plans; ensure the effective, safe, and correct development of the set goals. Currently, there are the following units: Risk Management Committee, Risk Settlement Committee, Human Resources Committee, Strategy Committee, Technology Committee, and Office of the BOD.

Board of Supervisors (BoS)

The Board of Supervisors performs internal audits, controls, and evaluates the observance of the Laws, internal regulations, the Charter, resolutions, and decisions of the General Meeting of Shareholders and the Board of Directors. The Board of Supervisors of MSB includes 03 members and all are specialized members.

The Board of Supervisors has an assistant department, an internal audit department, can use MSB's resources, and can hire external experts and organizations to perform its tasks.

CEO - Legal representative of MSB

CEO is the highest executive officer, runs the daily business of the Bank, subject to supervision of the Board of Directors and the Board of Supervisors, take responsibility to the Board of Directors and to the law for the exercise of rights and duties following the provisions of law and the Charter of MSB. If there are damages to MSB arisen from illegal management activities, CEO must be responsible before the law and must compensate MSB for damages.

Currently, the staff assisting CEO are Deputy Chief Executive Officers, Chief of Office of CEO, Directors of the Divisions/Departments, and professional councils including Capital Management Council, Product Council, Asset-liability committee (ALCO), Executive Council, Risk Management Council, Credit and Investment Council. Units under CEO are Retail Banking, Corporate Banking, Financial Institutions Bank, Credit Management Bank, State-owned Enterprise Banking Division, Operations Division, Risk Management Division, Financial Management Division, Marketing and Communications Division, Legal and Compliance Advisory Division, Technology Division, Strategy Division, Digital Banking Division, Centralized Procurement Center, Digital Transformation Division, Office & Internal Services Division.

MSB's organizational structure is designed to ensure separation between business and support activities: Specialized banks (SB) focus on customer development and promotion. Support units ensure specialized roles such as operations, technology, and risk management.

The specialized banks follow customer segmentation. MSB implements an internal management structure according to the model of each specialized bank as a small bank - the "bank in bank model" - autonomous in managing costs, revenue, and profit. Therefore, the implementation progress of tasks and requests are very smooth and efficient.

Subsidiaries and affiliated companies

In 2021, MSB held a public auction for a divestment from the Asset Management Company Limited of Vietnam Maritime Commercial Joint Stock Bank ("MSB AMC") under the Board Resolution No. 22.39/2021/NQ-HĐQT dated 24/8/2021. This subsidiary auction transaction was completed in December 2021. At the end of the year, MSB had only one subsidiary, Finance Company Limited for Community (FCCOM) (formerly known as Vietnam Maritime Commercial Bank Finance Company Limited - "MSB FC").



Address:

KT Floor, Thang Long Office Building, No. 98 Nguy Nhu Kon Tum, Nhan Chinh Ward, Thanh Xuan District, Hanoi



Phone:

(84-24) 7304 4222



Registered charter capital:

VND 500,000,000,000



Actual charter capital contributed:

VND 500,000,000,000



MSB's holding rate:

100%



Affiliates:

MSB has no affiliated companies.



5. INFORMATION ON SHAREHOLDERS AND MSB SHARE



Stock code of the Ho Chi Minh
Stock Exchange: **MSB**

CHARTER CAPITAL INCREASED:

VND **11,750** TO VND **15,275**
BILLION BILLION

CAPITALIZATION ON DECEMBER 31, 2021:

VND **44,297.5** BILLION

NUMBER OF OUTSTANDING SHARES:

1,527,500,000 SHARES

NUMBER OF LISTED SHARES:

1,527,500,000 SHARES

NUMBER OF TREASURY SHARES AS OF DECEMBER 31, 2021

0 SHARES

SHARE PRICE ON 04/01/2021
(ADJUSTED):

VND **14,461** /SHARE

SHARE PRICE ON 31/12/2021:

VND **29,000** /SHARE

PRICE INCREASE MARGIN IN 2021:

100.5%

2021 P/E:

10.72^x

2021 P/B:

2^x

2020 DIVIDEND TO BE
PAID IN 2021:

30% IN SHARES

COMPONENT STOCKS OF THE
VNFINLEAD
& **VNDIAMOND**
INDEX PORTFOLIOS

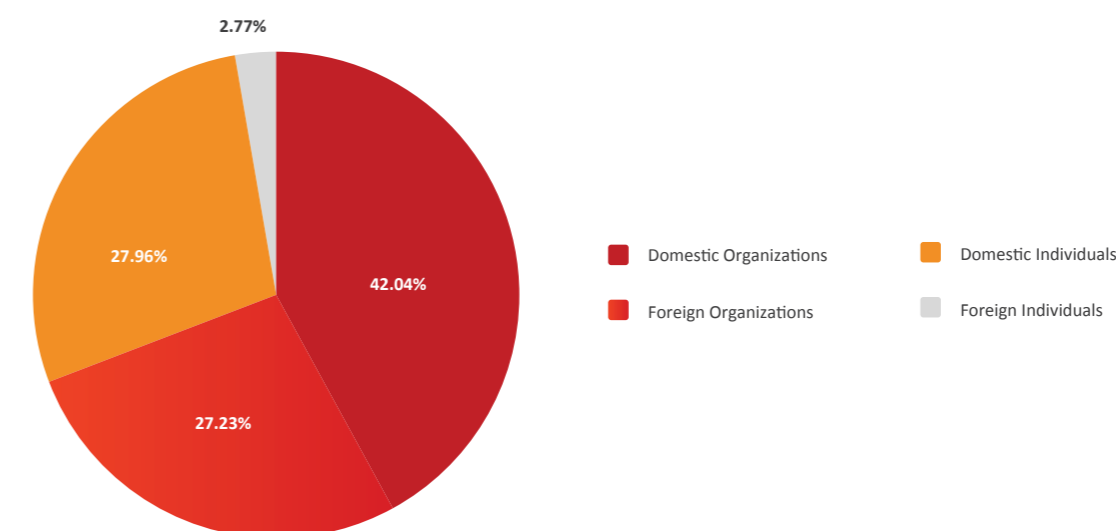
In 2021, MSB completed the increase of charter capital to VND 15,275,000,000,000 through the issuance of common shares to pay the 2020 dividend at the rate of 30%.

Regarding treasury shares, MSB also sold all 82,522,811 treasury shares to existing shareholders in March 2021 according to the Offering Certificate No. 277/GCN-UBCK of the State Securities Commission and sold all 18 million treasury shares in July 2021 to MSB staff under the ESOP program in 2021 according to the approval of Offering No. 3072/UBCK-QLCB of the State Securities Commission. As of December 31, 2021, MSB had 1,527,500,000 outstanding shares and no treasury shares.

SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2021

No.	Shareholders	Number of Shareholders	Number of shares held	Total value (VND)	Proportion of ownership
1	Domestic	36,859	1,069,250,107	10,692,501,070,000	70%
	- Organizations	112	641,766,982	6,417,669,820,000	42.04%
	- Individuals	36,747	427,483,125	4,274,831,250,000	27.96%
2	Foreign investors	80	458,249,893	4,582,498,930,000	30%
	- Organizations	19	416,074,731	4,160,747,310,000	27.23%
	- Individuals	61	42,175,162	421,751,620,000	2.77%
3	Treasury share	0	0	0	0%
	TOTAL	36,939	1,527,500,000	15,275,000,000,000	100%

The number of shareholders of MSB as of December 31, 2021 was 36,939, an increase of more than 3 times compared to 11,627 shareholders at the end of 2020. Vietnam Posts and Telecommunications Group is a major shareholder of MSB. This major state shareholder owns 6.09% of the total charter capital, equivalent to more than 93.05 million shares. Foreign ownership always hits the 30% limit for the banking industry, showing the strong interest of foreign investors in MSB share.



C

2021 OPERATIONAL REPORT

1. MACROECONOMIC CONTEXT

FOREIGN EXCHANGE RESERVES
(USD BILLION):

110

CPI (% AVERAGE OF THE
YEAR COMPARED TO 2020):

1.84%

FDI DISBURSEMENT (USD BILLION):

19.7

EXPORT (USD BILLION):

336.31

IMPORT (USD BILLION):

332.23

BALANCE OF TRADE (USD BILLION):

4.08

GDP GROWTH (%):

2.58%

GDP PER CAPITA (USD):

3,745

CREDIT GROWTH (%):

13.5%

The world economy witnessed large fluctuations in 2021. In response to the epidemic, the coverage of the Covid-19 vaccine has gradually led countries to open their borders. Although the supply chain disruption has recovered, it continues because countries have continuously been facing epidemic peaks and energy crises, like a dark cloud on the economies and leading to high inflation.

From a growth rate of -3% in 2020, the world economy recovered quite positively with a growth rate of 5.5% in 2021. A sharp increase in vaccine coverage along with unprecedented loosening in fiscal and monetary policies has helped the world economy bounce back quickly, especially in the US, China and the UK. Consumer demand recovered strongly after the economic reopening that boosts manufacturing and service activities.

However, the strong spread of the Delta variant from Quarter 2 and Omicron from Quarter 4 slowed the growth momentum of the world economy. Developing economies - the world's manufacturing plant - were strongly affected by new strains of Covid-19, which have led to an imbalance of supply and demand, causing supply chain disruptions to a global extent.

In addition, the energy crisis and the large money supply in the market caused commodity price escalation, leading to severe inflation. Since the third quarter, the stance of monetary policy has gradually turned to a tightening trend instead of super easing as before.

Vietnam's economy overcame adversity and achieved many impressive results against the backdrop of the precarious and volatile global economy.

Vietnam's economic growth in 2021 reached 2.58%, lower than the rate of 2.91% in 2020. However, this was still quite positive growth in the context of Covid-19 seriously affecting all economic and social sectors, especially in the third quarter. The growth rate of the Agriculture, Forestry and Fisheries sector and the Construction industry was higher compared to the previous year while the growth rate of the Service sector was low. The rapid progress of vaccine coverage has been a shield to help the economy reduce disease risks. By the end of 2021, the number of people who had received 2 full doses of the Covid-19 vaccine had nearly reached 70% of the population. The bright spots of Vietnam's economy in 2021 include:

- Consumer price index was maintained at a low level in the context of a sharp increase in the world price level. CPI in 2021 increased by 1.84% compared to 2020, the lowest increase since 2016. Core inflation in 12 months increased by 0.81%.
- Import and export increased positively: The total import and export

value of the whole country reached USD 668.55 billion, up 22.6% over the previous year, equivalent to an increase of USD 123.23 billion. In which, the value of exports reached USD 336.31 billion, up 19% and imports reached USD 332.23 billion, up 26.5%. The country's balance of trade showed a surplus of USD 4.08 billion.

- Foreign direct investment (FDI) continued to increase: Total registered FDI capital was estimated at USD 31.15 billion, up 9.2% compared to 2020.
- Major macro balances were relatively stable; exchange rates and interest rates did not fluctuate strongly. However, the hot growth of real estate and securities markets, labor shortages, the decline in business resilience, and weak demand... were such big risks to the economy.

In the context of the domestic economy facing many difficulties due to complicated developments of the Covid-19 pandemic, in 2021, the State Bank of Vietnam proactively and flexibly administered monetary policy and closely coordinated with financial policies and other policies to control inflation following the target, maintain stable currency and foreign exchange markets, support macroeconomic stability, and contribute to the economic recovery.

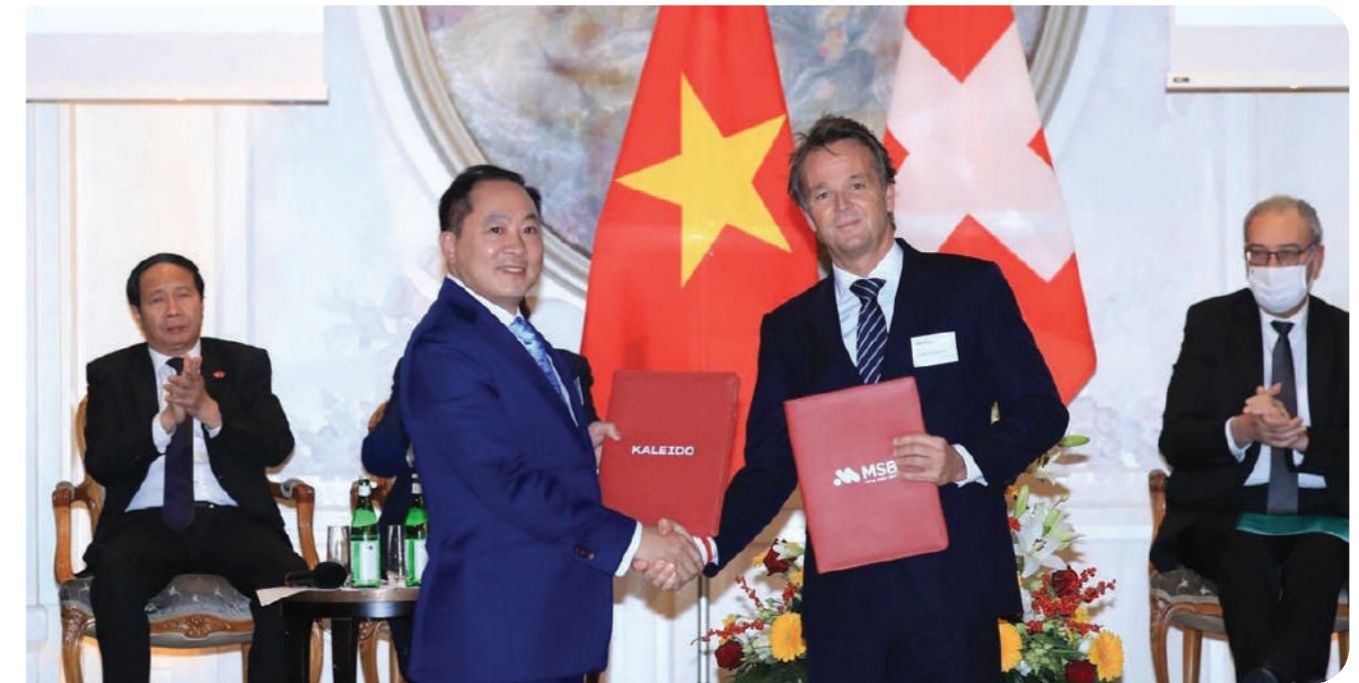
The lending interest rate in 2021 continued to decrease by 0.81%/year; the total outstanding loan balance of the economy reached about VND 10.38 quadrillion, up 12.97% compared to the end of 2020. (Total mobilized capital of the economy reached about VND 11.23 quadrillion, up 8.44%); 4/5 of the priority areas showed a higher growth rate than the overall credit growth of the economy, strictly controlling credit for potentially risky sectors.

The SBV promptly issued Circular 03/2021/TT-NHNN and Circular 14/2021/TT-NHNN, amending Circular 01/2020/TT-NHNN regulating credit institutions (CIs), branches of foreign banks in restructuring debt repayment terms, exempting or reducing interest and fees, and maintaining loan groups to support customers affected by the Covid-19 epidemic.

2021 marked an important milestone in diplomacy and monetary policy management, especially exchange rate policy, when the US Department of Finance officially confirmed that Vietnam had not manipulated currency. (The US Department of Finance's report issued in April 2021 concluded that Vietnam was not a currency manipulator and that continued to be reaffirmed in the Report on December 3, 2021). This statement of the US was considered by experts as a positive factor that helps the SBV continue to have more flexibility in operating monetary policy, exchange rate policy, in order to control inflation and stabilize the macro-economy, support economic growth in a harmonized and reasonable manner, not to create unfair competitive advantage in international trade.

2. 2021 - MSB BROKE THE LIMITS AND SET NEW MILESTONES

2021 HIGHLIGHTS



PRUDENTIAL

MSB and Prudential Life Insurance Vietnam Company Limited (Prudential Vietnam) signed the exclusive strategic cooperation agreement in bancassurance business



MSB was upgraded the credit rating and assessed outlook stable by international leading credit rating agency Moody's

MSB share become VNDiamond ETF component



MSB signed the contract with Temenos supplier and officially started the system modernizing project

MSB share become VN Finlead ETF component

The State Bank of Vietnam approved for MSB to increase charter capital to VND **15,275** billion through share dividend payment

KALEIDO

MSB signed a cooperation contract with Kaleido Bank

Completion of AMC divestment

MARCH

APRIL

JULY

SEPTEMBER

NOVEMBER

DECEMBER

REMARKABLE BUSINESS RESULTS IN 2021

VND **10,59** TRILLION
OPERATING INCOME
(▲ 47.4% YoY)

35.84%
CASA RATIO
(2020: 29.29%)

VND **5,09** TRILLION
PROFIT BEFORE TAX
(▲ 101.7% YoY)

11.52%
CAR (BASEL II)
(2020: 10.6%)

21.98% SO VỚI CUỐI NĂM 2020
CREDIT GROWTH²
(2020: 25%)

1.15%
NPL¹
(2020: 1.62%)

VND **107,7** TRILLION
TOTAL MOBILIZATION
(▲ 8.5% YTD)

Notes: 1: Circular No. 11/2021/TT-NHNN;
2: Individual number



COMPLETED AND EXCEEDED MOST OF THE TARGETS

TOTAL ASSETS
COMPLETED: **107.2%**
PLAN: VND 190,000 BILLION
ACTUAL: VND 203,665 BILLION

MOBILIZATION FROM CUSTOMERS AND VALUABLE PAPERS
COMPLETED: **94.3%**
PLAN: VND 114,105 BILLION
ACTUAL: VND 107,658 BILLION

CREDIT BALANCE
COMPLETED: **98.5%**
PLAN: VND 106,208 BILLION
ACTUAL: VND 104,601 BILLION

PROFIT BEFORE TAX
COMPLETED: **155%**
PLAN: VND 3,280 BILLION
ACTUAL: VND 5,088 BILLION

CHARTER CAPITAL
COMPLETED: **100%**
PLAN: VND 15,275 BILLION
ACTUAL: VND 15,275 BILLION

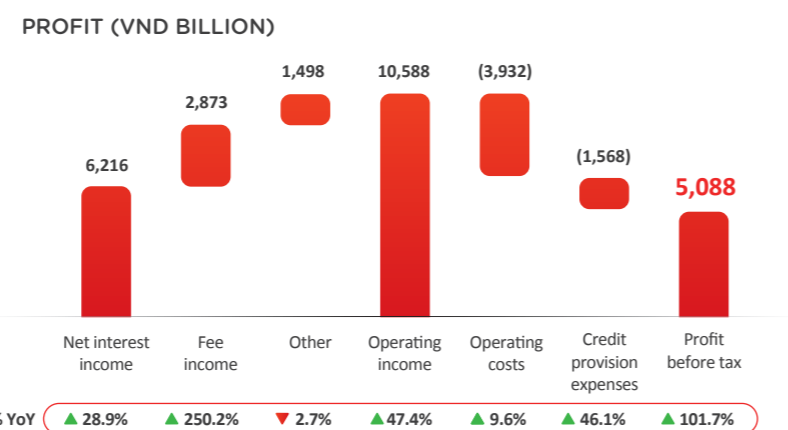
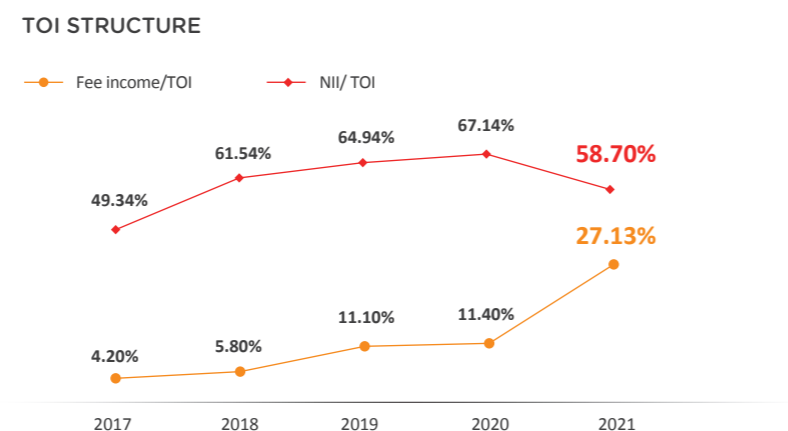
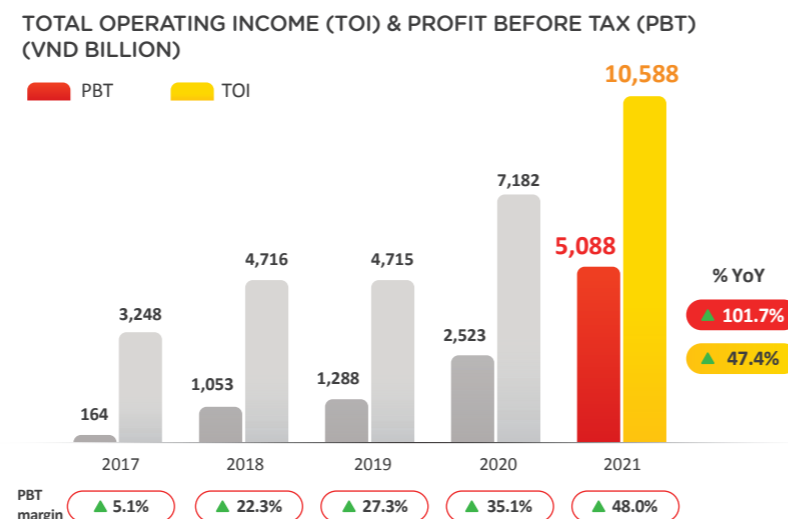
NPL
PLAN: **<3%**
ACTUAL: **1.2%**

2.1. ASSESSMENT REPORT OF THE BOARD OF MANAGEMENT

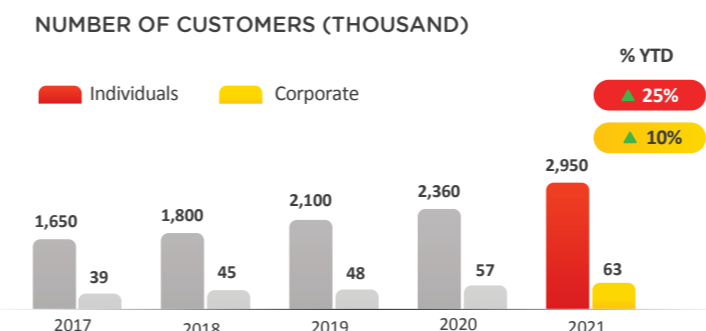
2021 was a volatile and difficult year for the entire economy with the epidemic outbreaks in Ho Chi Minh City, Hanoi, and other provinces nationwide. Long periods of social distancing since May had severely disrupted production and supply chains. However, with the principle of safe adaptation and flexibly controlling the disease effectively, even in that difficult context, Vietnam's economy still recorded bright spots. Understanding the lifeblood role in the economy, MSB, together with the banking industry, has made efforts to set the goal of supporting businesses and customers first aiming to quickly recover after a period of severe impact by Covid-19. Consistent with the sustainable growth strategy associated with social responsibility, MSB has made efforts to implement business plans, flexible operations, and apply the best support policies not only for customers but also for all employees who are attached to MSB. Various response measures have been strongly and promptly implemented such as activating the business continuity plan (BCP), tightening risk management policies, maintaining stable liquidity, supporting customers with extending the repayment schedule, reducing loan interest, reducing service fees, and actively participating in the Government's national programs in the work of ensuring social security and repelling the epidemic. With the timely direction of the Board of Directors and the efforts of all MSB personnel in implementing a flexible and drastic action plan, MSB completed 2021 quite successfully and experienced a lot of new challenges. MSB's full-year operating results exceeded the planned targets set at the General Meeting of Shareholders in early 2021.

A. TOP BANKS WITH HIGH GROWTH RATE OF PROFIT BEFORE TAX

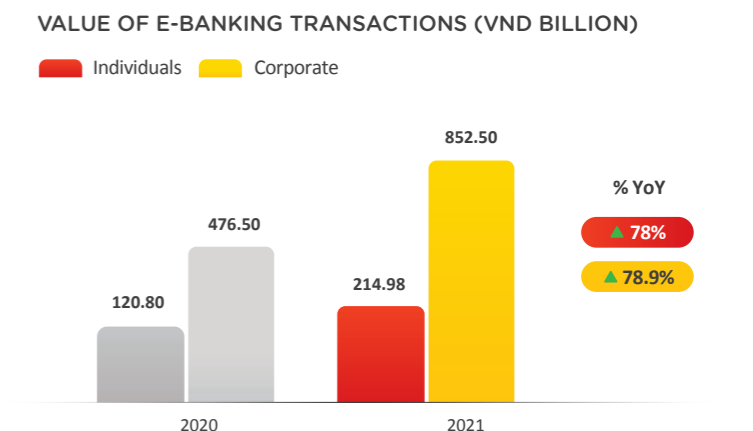
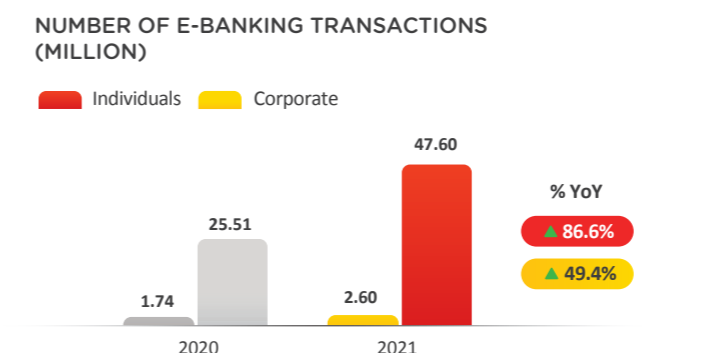
MSB's total operating income (TOI) in 2021 reached over VND 10,588 billion, a sharp increase of 47.4% year-on-year. This impressive growth came from the impressive contribution of both net interest revenue (VND 6,216 billion, accounting for 58.7% of TOI, up 28.9%) and non-interest income (VND 4,372 billion, in which, fee income increased 250.2%, contributing 2,873 billion). The main growth driver for non-interest income came from the promotion of the Bank's services related to accounts, credit cards, insurance, foreign exchange, and payment services.



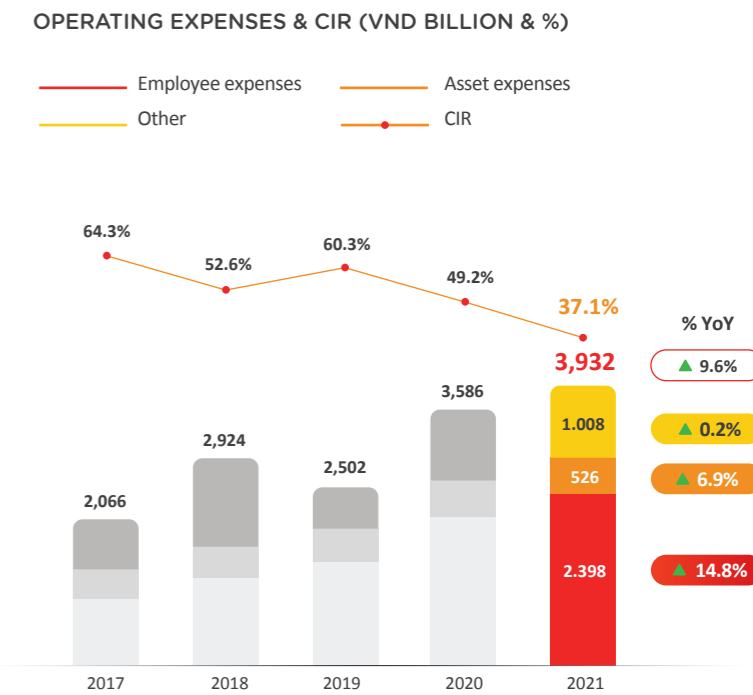
In addition, in 2021, digitalization strategy was constantly invested by MSB. The Digital Factory project has been built and deployed by MSB in the cooperation with an international consulting partner, BCG (Boston Consulting Group), so as to assist Digitalize customer journeys, increase work efficiency for the sales team, improve customer experience, and thereby increase the number and value of products used by existing customers, expand the new customer files, raise our competitive position in the market. By building a flexible business strategy, developing products that are appropriate to the situation, and applying technology, MSB promoted personalization and product diversification in 2021, thereby increasing the number of customers, shifting to online transactions, minimizing the effects of the epidemic and stabilizing revenue. Specifically, by the end of 2021, MSB had about 2,950 million individual customers and 630 corporate customers, growing by 25% and 10% respectively.



As one of the pioneer banks in implementing e-KYC for both individual and corporate customers, MSB anticipates the digitalization trend; the effectiveness of this strategy was reflected in the number and value of e-banking transactions grew significantly.



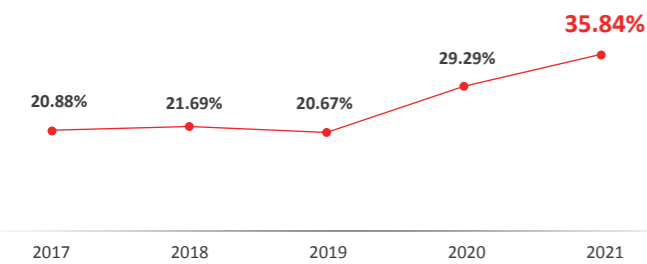
By continuously improving operational efficiency in key investments in projects of digitalization, automation, and optimization for process systems and enhanced labor productivity, MSB has well-controlled operating costs. The consolidated cost data only increased by 9.6% compared to 2020, which made the consolidated cost-to-income ratio (CIR) drop sharply to 37.1%, reaching the control target of less than 40%.



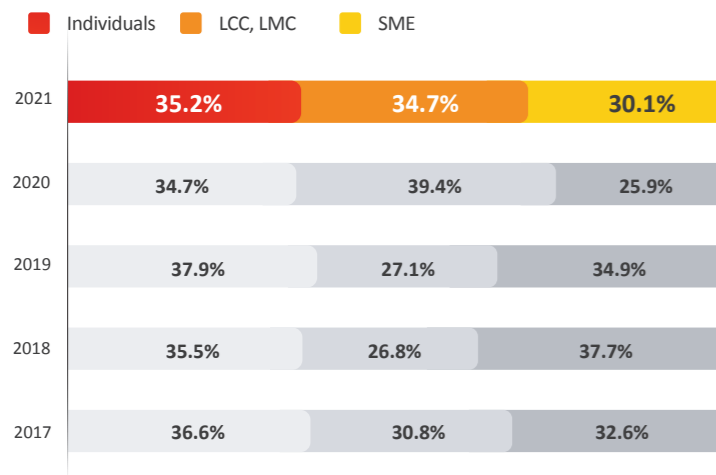
B. TOP BANKS WITH THE HIGHEST RATIO OF CASA/TOTAL DEPOSITS

MSB's customer deposits in the period 2017-2021 showed a compound annual growth rate of nearly 14%; in 2021 alone, total deposits of MSB increased by nearly 9% compared to 2020. With the trend of decline in deposit interest rates along with a diversified product strategy, application of appropriate technology platforms during the year, MSB attracted customers and created an effective capital structure with the proportion of demand deposits (CASA) on total deposits reaching 35.8%, ranked in the top 3 in the banking system. The highest contribution in the proportion of demand capital was from individual customers, accounting for 35.2%, followed by large corporate customers (34.7%), and then SME customers (30.1%).

CASA RATIO

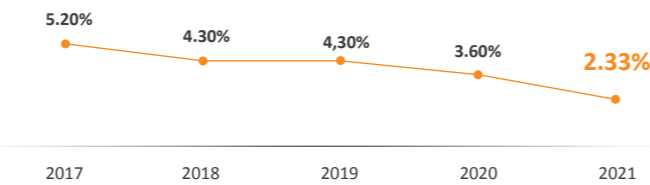


CASA BREAKDOWN

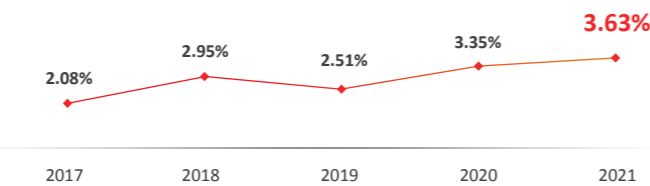


An increase in CASA is resulted from attracting customers to use many products and services of the bank, the capital structure was strongly shifted to low-cost and efficient mobilized capital, the optimal cost of capital was 2.33% on average, helping to improve net interest margin (NIM) with an increase from 3.35% in 2020 to 3.63% in 2021.

CAPITAL EXPENDITURES



NET PROFIT MARGIN

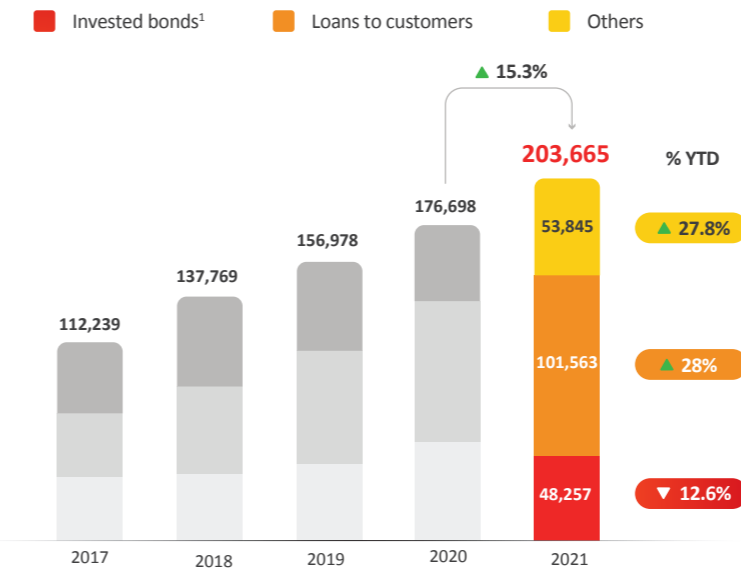


C. IMPROVING ASSETS QUALITY ACCOMPANIED BY SUSTAINABLE ASSETS GROWTH

Thanks to the credit growth in the top list among banks, MSB's steady growth has been maintained over the years. From 2017 to 2021, the compound annual growth rate of assets reached 16.1%, of which customer lending activities increased by about 29% - 30% per year.

In 2021, MSB's total assets reached VND 203,665 billion, an increase of 15.3% compared to 2020 and equal to 107.2% compared to the milestone of VND 190,000 billion as planned in early 2021.

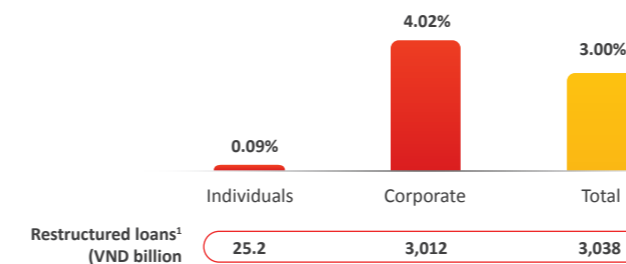
TOTAL ASSETS (VND BILLION)



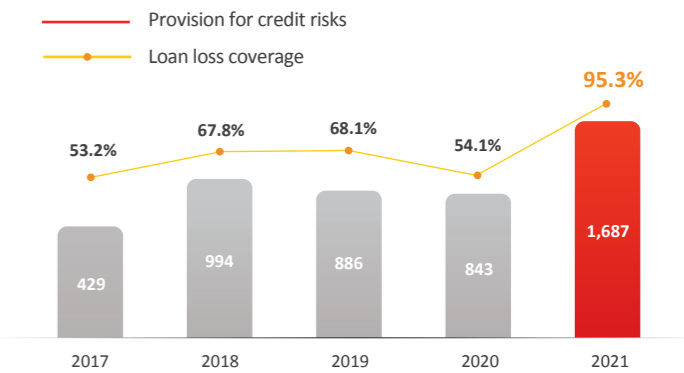
Note: 1: Invested bonds did not include VAMC bonds

From 2020 to 2021, with a tight risk appetite, MSB had a relatively safe and less affected loan portfolio. Thanks to the policy of accompanying customers and maximum support for businesses and small businesses..., MSB has not only retained old customers but also developed and expanded the new customer with great financial and business potential. These were reflected in the bank's restructuring loans at the end of the year: Total restructured loans under the direction of the Government accounted for 3% of the total outstanding loan balance of the bank, which was VND 3,038 billion. MSB increased provision for customer loans by legal guiding documents of the State Bank, and had a bad debt coverage ratio of 95.3, with the bad debt ratio calculated according to Circular 11/2021/TT-NHNN at 1.15%.

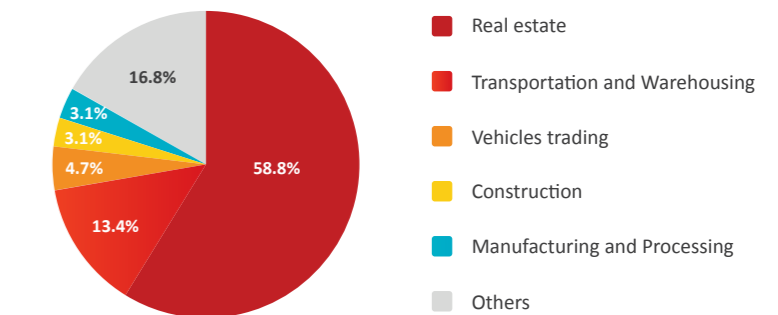
% RESTRUCTURED LOANS/TOTAL LOAN AS OF 31/12/2021



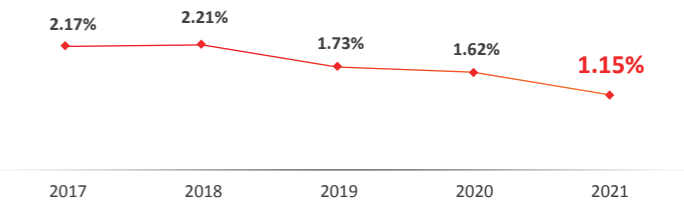
PROVISION FOR LOANS TO CUSTOMERS² (VND BILLION)



RESTRUCTURED LOANS BY INDUSTRIES



NON-PERFORMING LOAN (%NPL)³



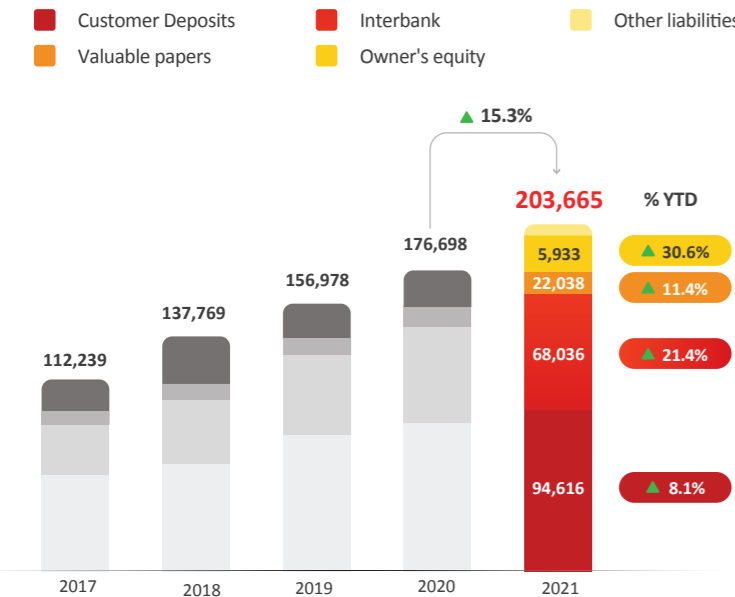
Notes: 1: Restructuring debt balance according to Circular No. 14/2021/TT-NHNN;
2: Including general provision and specific provision;
3: NPLs from 2017-2020 were calculated according to Circular No. 02/2013/TT-NHNN, NPL in 2021 was calculated

The structure of mobilized capital was also diversified and more efficient thanks to an increase in the ratio of CASA/Total Deposits to 35.8%. Customer deposits in the period 2017-2021 showed a compound annual growth rate of nearly 14%.

In addition, MSB has always been focused on risk management, especially in the context of the epidemic. The bad debt ratio (NPL) of the banking segment dropped to 1.15% (2020: 1.62%).

Such positive results were thanks to MSB's effort for continuing to strengthen and improve risk warning systems as well as loan monitoring and warning policies. Along with controlling bad debts, MSB continued to be proactive in making provisions. Consolidated provision for credit risks for the whole year reached VND 1,687 billion, the bad debt coverage ratio reached over 95.3%, a remarkable growth compared to 54.15% in 2020.

TOTAL LIABILITIES AND OWNER'S EQUITY (VND BILLION)

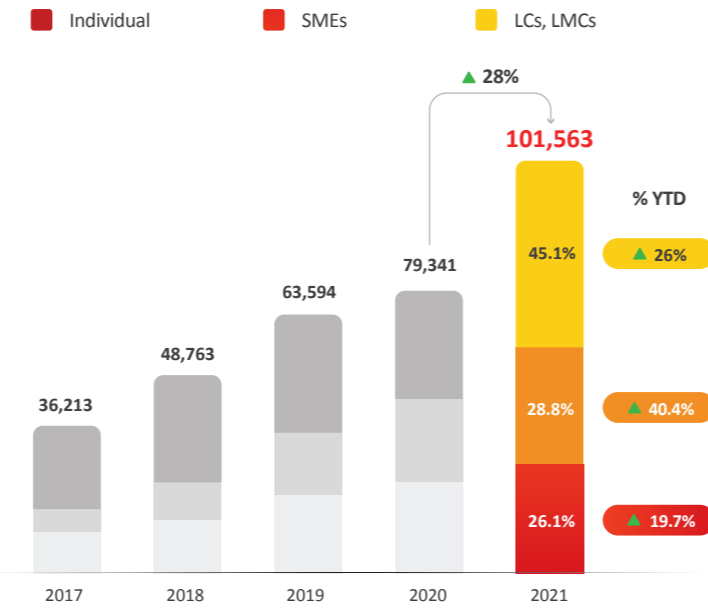


In the interbank market, MSB has always been known as a market maker in many activities. Valuable paper investment activities and deposits/loans in this market also contributed to support capital sources with good prices for MSB.

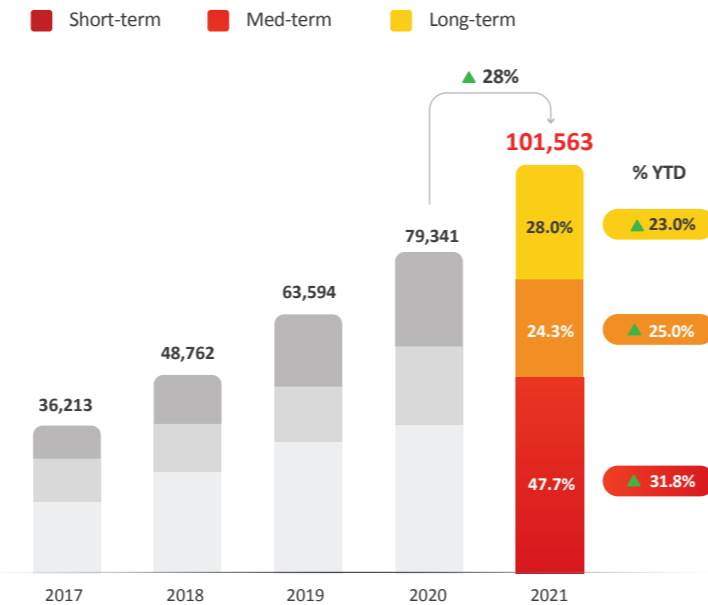
From 2021, the bank has also aimed to mobilize medium-term capital with partners who are reputable foreign financial institutions such as Commerzbank, Mizuho, OPEC Fund... These medium-term foreign loans are expected to increase to USD 200 million in 2022.

D. CREDIT GROWTH IN THE TOP BANKS OF THE SYSTEM WITH A SHIFT IN LENDING TOWARD SUSTAINABLE GROWTH

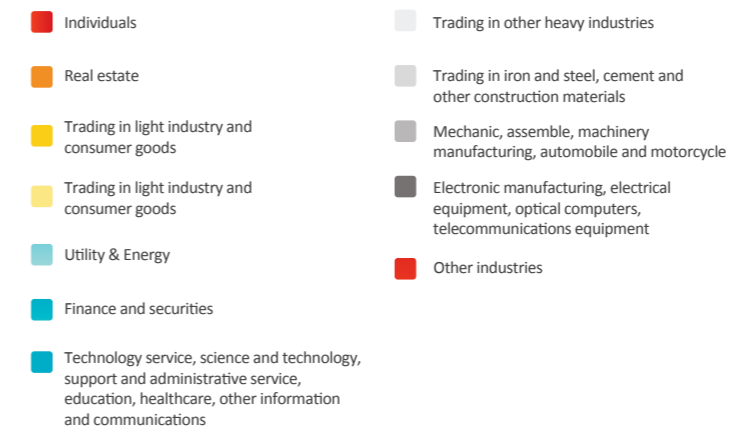
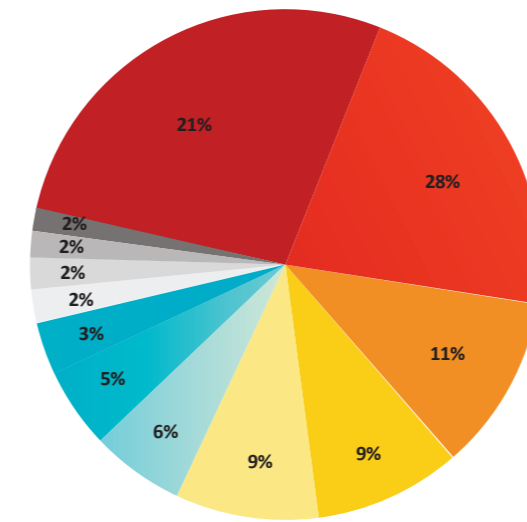
LOANS TO CUSTOMERS BY SEGMENTS (VND BILLION)



LOANS TO CUSTOMERS BY TERM (VND BILLION)



The loan demand of MSB's customers in 2021 grew in all terms and segments. The segments of large customers and State-owned enterprises still contributed the main proportion (45%) in the structure of MSB's lending. Besides, SME (small and medium-sized enterprises) also has had significant growth in 2021 with total loans increasing by more than 40% compared to 2020. This data represents the strategy of the Board of Directors in promoting the development of SME sector to become the main growth motivation in the coming time.

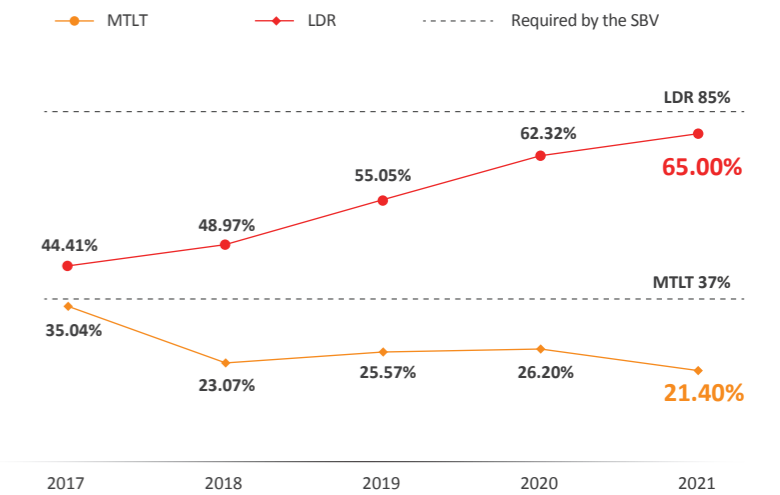


MSB has shown a shift in lending sectors towards sustainable activities, promoting economic recovery after the epidemic. The loan portfolio to corporate customers was diversified and increased strongest in the transportation, building materials, and manufacturing sectors, especially in the energy and renewable electricity sectors. Loans to individual customers were driven by business and consumer lending.

E. EFFECTIVE BALANCE SHEET MANAGEMENT AND CAPITAL ADEQUACY

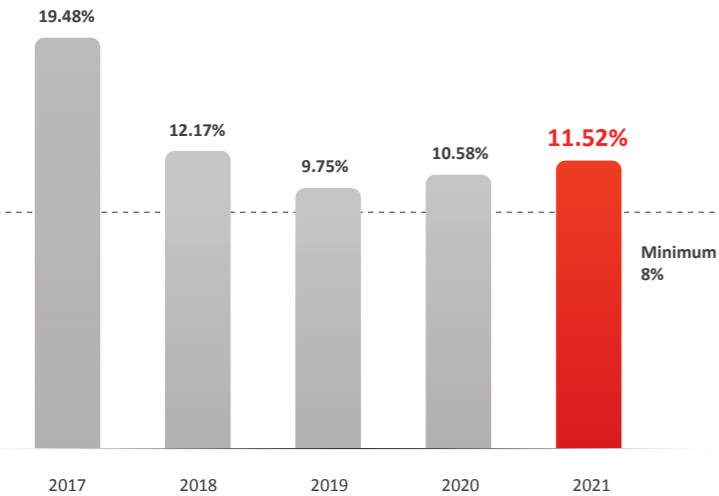
In 2021, besides using the maximum credit line assigned by the State Bank to ensure customer loan growth, MSB also flexibly applied policies to control deposit and lending interest rates, aiming to ensure the competitive capability in the industry and the efficiency of the balance sheet. The mobilized capital was coordinated following the periods of the year, especially when customers' production was disrupted due to social distancing. The effective balance sheet management was based on the improved NIM and the liquidity ratios that are always at a good level compared to the rule of management agencies and international standards.

LDR¹ AND MTLT



Note: ¹ Individual LDR was calculated according to Circular No. 02/2013/TT-NHNN

CAPITAL ADEQUACY RATIO (CAR)²



Note: 1: CAR in 2019 and earlier were calculated according to Circular 36

These positive results were also thanks to risk warning systems as well as post-loan monitoring and warning policies that were continuously promoted. Along with the efforts to control bad debts, MSB continued to be proactive in setting provisions. Consolidated provision for credit risks in 2021 reached VND 1,687 billion; the bad debt coverage ratio reached over 95.3% - a remarkable growth compared to the rate 54.15% in 2020. Effective regulatory policies helped MSB manage liquidity at an optimal level. MSB has maintained safety ratios at a good level and complied with the regulations of SBV, in which LDR was at 85% and the ratio of short-term funding for medium and long-term loans was controlled at 21.4%, ensuring the international standards - Basel II. The IFRS project started in 2021 and is expected to be completed in 2022, also confirms the aim of international standardization on risk management.



2.2. CORE BUSINESS SEGMENTS

2.2.1. BUSINESS ACTIVITIES FOR INDIVIDUAL CUSTOMERS

“Retail Banking has been responsible for a strategic activity for MSB’s growth over the years. In 2021, Retail Bank had accompanied customers to overcome the difficulties of Covid-19 with many convenient and modern products and services. Retail banking has committed to understanding the diverse demands of customers, continuously improving the organization structure and staff capacity, thereby exceeding all goals set out in each period.”

FLEXIBLE RESPONSE TO CUSTOMERS’ NEEDS IN THE CONTEXT OF COVID-19

2021 has been an effective and successful year in MSB’s retail banking. For the whole year, the total net revenue from individual customers reached VND 2,739 billion. With cost control and optimization, this strategic banking segment has reached a profit of 4 times higher than in 2020. MSB’s target customer is at high and average-income levels, revenue from this group contributed 52% of total revenue, in line with the target set by Retail Banking for the 2018-2023 strategy.

In terms of credit, although 2021 was still a difficult year due to the impact of Covid-19, the outstanding loan balance for individual customers still remained at more than VND 26.5 trillion, an increase of nearly 20% compared to 2020, with a focus on real estate loan products accounting for more than 43.6% of total outstanding balance to individual customers. Regarding credit products, business and consumer loans in 2021 marked a breakthrough when recording annual growth rates of respectively 70.2% and 52.9%. This demonstrates the success in the efforts to focus on the “customer-centricity for customer experience improvement” strategy and the effectiveness of the “superior lending product policies/solutions”; simultaneously technology applied to “the loan journey optimization - the process digitalization”, “the customer ranking”, thereby reducing the time to approve the customer’s application and provide appropriate products with competitive interest rates to the customers.

Regarding capital mobilization from individual customers, MSB also maintained significant growth in account products and mobilized both in quantity and total mobilized capital: nearly 3 million customers and total mobilized capital reached 50 trillion. Deposit structure from high and middle-income customers was

still the focus and contributed the highest proportion of the balance, about 71% of deposit revenue. Focusing on serving key customers, developing solutions for deposit products exceed levels, and combining with investments in technology, especially digital channels, these strategies also contributed to the sustainable growth of capital mobilization in general and online products in particular.

Regarding non-credit activities, in 2021, Retail Banking recorded a boom in net revenue from foreign exchange products, reaching 136 billion, equivalent to 161% of the set plan and 2.5 times higher than in 2020.

In March 2021, MSB was also honored to be awarded a prestigious international award in foreign exchange activities: Most Volume Traded and was recognized as one of the top 2 Good market makers and dynamic foreign exchange traders in 2020 by Refinitiv - one of the world’s largest providers of financial data and infrastructure, a business of the London Stock Exchange Group.

For payment services, the retail banking division also chose to connect and retain existing customers by flexibly responding to customers’ payment needs in accordance with the payment gateway ecosystem. In the cooperation with providers of, education and services related to daily living needs, entertainment and medical tourism. The retail division created advantages for customers without service restrictions when Vietnam went through periods of social distancing. In 2021, MSB reached 1.4 million customers using Internet Banking and Mobile Banking services. The transactions made via e-Banking increased by nearly 47% over the previous year and reached almost 48 million. Following the strategic roadmap, the Retail Banking segment will break through to conquer higher goals and gain a superior position in card payment and electronic payment (e-Banking) to become one of the leading banks providing the best online banking service in the market.

In 2021, MSB also clearly defined strategies and implementation initiatives for developing customer access channels and focused on training the sales force. Closely pursuing such goal, the Retail Banking Division proactively established evaluation criteria and key

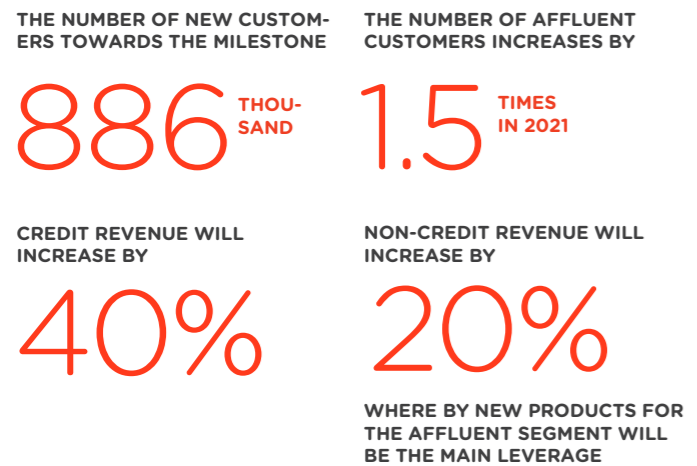
competency training programs for the Branch Manager and Customer Relationship Manager positions, aiming for individual consulting and customer care staff stability. The investment strategy in people and technology are the stepping stones to the disruptive transformation of MSB's sales force in 2022.

2022 - THINK BIG DO BIGGER

2022 is considered a year with many challenges during the Covid-19 epidemic and the rapidly increasing number of infected people, which will affect the bank's core business human resources. Therefore, the retail banking division has high expectations for digital initiatives to transform service activities and provide solutions through online channels for customers. This orientation is parallel with the improvement of business models according to the YP segment (Young customers), SBO (High-income customers, Business Owners, and Small Business Owners), as well as the integration into SSE (Small-scale Enterprises) into Retail Banking.

Four pillars identified as helping Retail Banking to achieve the targets are inclusive of Deep understanding of customers; Design of a consistent experience journey for customers; Development of digital solutions; Connection of Partner Ecosystem and Link Chain.

BUSINESS TARGETS FOR INDIVIDUAL CUSTOMER SEGMENT IN 2022:



In addition to business targets, the Retail Banking Division has also given priority to creating organizational culture. The spirit of "Serving Leadership" based on the core values is highly consensual from the leadership to each employee that will be

the foundation for building internal cohesion. The Retail Banking Division is positioned not only as a Business Division but also as a Community with common targets and common will, collective strengths shall hence generated to accomplish the great aims of the whole bank.



2.2.2. BUSINESS ACTIVITIES FOR CORPORATE CUSTOMERS

The serious impact of the Covid-19 pandemic on the Vietnamese economy was shown in 2021. MSB in general and the Corporate Banking division in particular also faced many difficulties and challenges. However, with flexible policies and a series of convenient products and services that were appropriate to the context, the Corporate Banking Division gained achievements and synergized with other specialized banks to bring MSB to exceed the business targets committed to shareholders.

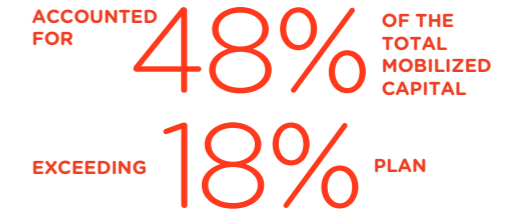
CREDIT BALANCE



CAPITAL MOBILIZATION



CASA



NET INCOME



NET PROFIT-AFTER-PROVISION



REMARKABLE PRODUCTS AND SERVICES OF THE CORPORATE BANKING DIVISION IN 2021

2021 was considered as a year of strong transformation for the Corporate Banking Division with the implementation of the Digital Transformation strategy, continuously creating, developing, and launching products and services with high digital content, typically as follows:

- **ONLINE TTR:** An online international payment remittance product has been deployed by the Corporate Banking Division since the beginning of 2021. Customers can actively conduct international money transfers through the Electronic Banking system (Internet Banking) without going to the bank.
- **Online FX:** E-foreign currency exchange has been deployed by MSB. Foreign currency exchange for payment remittance can be made immediately through Internet Banking system. This is highly appreciated as a rapid transaction, one-second agreed exchange rate and abundant supply with up to 140 currencies.
- **Online disbursement:** E- disbursement is done right on the Internet Banking system through a digital signature step. This feature brings different experiences for businesses compared to previous disbursement processes such as: no travel time, no waiting time, no hardcopy records, etc. Besides, as customers’ dossiers have been saved in the system of MSB, the business information is available and convenient when disbursing but still absolutely confidential.
- **EKYC - online account opening:** This is one of the smart transaction solutions, applying modern online identification technology, allowing business customers to open an online account in just a few minutes with simple operation and can be done at any time of the day or week. Customers can also actively choose a trading account number and a transaction location.
- **Virtual Account:** “Collect to Delivery” service with many outstanding features such as:
 - Accurate identification of receivables/service users on the reports;
 - Self-selected, easy-to-remember accounts according to service user identifiers;
 - No infrastructure dependence, no connection fees;
 - Cash collection & transfer from MSB and all other banks.

In 2021, the Corporate Banking Division successfully deployed at several corporate customers such as Ho Chi Minh City University,

Van Lang University, SIBA Food, Tomita, FCCom, etc. MSB also planned to reach out to some target customers in other industries such as securities (for accurate identification of investors), real estate (for payment management according to schedule, management of service fees), education (for accurate identification of each student), distribution (for satisfaction with the management needs of distribution networks for building materials, animal feed...)

Also in the past year, the Corporate Banking Division focused on exploiting the renewable energy, commerce, construction, and manufacturing customer segments; and simultaneously deployed critical products for the plastic and pharmaceutical manufacturing industries, FMCG, construction of State budget capital... Preferential policies on credit conditions, credit limits, lending interest rates, service fees... were applied to key industry groups to accompany and remove difficulties for businesses during the epidemic outbreak.

OBJECTIVES AND ORIENTATION TOWARD 2022

Based on the available platform and resources, 2022 will continue to be the year in which the Corporate Banking Division promotes the implementation of the digital transformation strategy as a key unit in developing products and services with high digitalization content. Accompanying the Corporate Banking Division, the BCG digitalization project consulting partner has come up with a specific and ambitious implementation roadmap. This project will change the way of user approach for banking and financial services, minimizing paperwork, while still achieving high efficiency and ensuring security. In line with the principle of closely following the proven strategy and MSB's advantages, in the context of economic fluctuations and new challenges, the Corporate Banking Division has focused on developing and investing in new business methods. Standard risk management, understanding and accompanying customers to minimize negative impacts, strengthen risk control after disbursement. Furthermore, MSB also focuses on investing in human resources and training projects aimed at spreading the implementation of digital culture, transforming from traditional working methods to new methods that are more flexible and practical. The objective of improving sales capacity for the sales team is also a core project of 2022. This process aims to promote the quality of human resources and the performance of sales staff to meet the increasing standards of MSB as well as customers and the market.

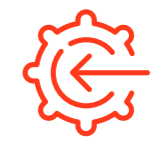
The Corporate Banking Division will continue to implement measures to enhance the experience such as:



Developing customers by key industries, building specialized solution packages for each segment;



Improving operational processes for customers, reducing TAT (Turnaround time) - dossier processing time;



Digitalizing loan journey, improving the interface, and upgrading Internet Banking to increase self-service transactions.



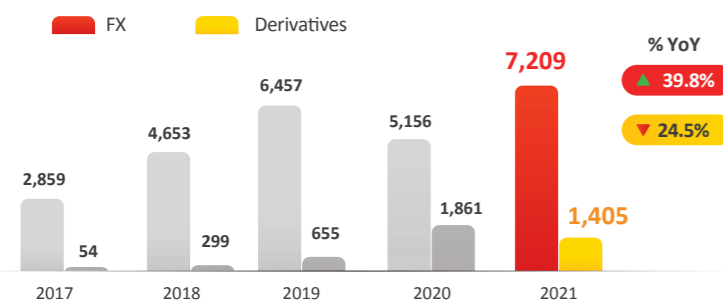
2.2.3. INTERBANK ACTIVITIES

With the ceaseless efforts of the staff at the Financial Institutions Bank (FIB), most of the core business activities of the FIB achieved remarkable growth level against the unpredictable impacts of the epidemic as well as fierce market competition.

FOREX TRADING ACTIVITY

In the interbank market, MSB maintains the position as an important market maker and providing liquidity to stabilize the foreign exchange market in line with the operating policies of the State Bank, with sales continuously growing and always retaining the top 3 of the market. The derivatives trading volume doubled compared to 2021, raising MSB to top 5 banks with the largest derivatives trading volume in Vietnam.

FX & DERIVATIVES TRADING VOLUME (USD MILLION)



In 2021, with the orientation of building a standard reference yield curve system to serve the development of the professional swap market, as one of the market makers foreign currency market, MSB has coordinated with 13 banks in the market and representatives of VBMA ('Vietnam Bond Market Association') to jointly sign an agreement to create a USD/VND interest rate swap market. Especially, with our determination, MSB won the title of top 2 Market Maker in terms of USD/VND interest rate swap volume awarded by VBMA.

2021 was the third year in a row that MSB has been honored in the category of Top 1 Foreign currency trading volume through the Matching system awarded by Refinitiv. In addition, MSB has always been at the top of the best market makers (Most market maker bank) as well as the top of active banks (Most active bank) as assessed by Refinitiv.

As the first bank to deploy an electronic transaction system for foreign exchange business (Platform) for interbank customers, MSB is always committed to convenience for customers in transactions in Forex trading with MSB. By the end of 2021, there had been 6 commercial banks in the market signing agreements to join the foreign exchange trading system (Platform) with MSB, achieving a transaction turnover of nearly USD 1 billion in 2021.

In the foreign exchange trading, MSB also had eminent achievements at maintaining a high proportion in the transaction scale of the whole banking industry in 2021 (more than USD 8,6 billion, accounting for more than 2.45% of the total market scale).

TOP 12 BANKS

WITH THE LARGEST SCALE OF FOREIGN EXCHANGE TRANSACTIONS WITH CUSTOMERS IN VIETNAM

PROFITS INCREASED BY MORE THAN

36% COMPARED TO 2020

MSB MADE A MARK WITH FOREIGN EXCHANGE AND DERIVATIVES TRANSACTIONS THAT SHOW A RECORD SCALE OF MORE THAN

USD 100 MILLION

ESPECIALLY FOR THE FIRST TIME, MSB ACHIEVED RECORD SALES OF FOREX TRADING FOR INDIVIDUAL CUSTOMERS WITH NEARLY

USD 700 MILLION

PROFIT INCREASED BY **300%** COMPARED TO 2020

With a team of knowledgeable and enthusiastic sales staff, MSB was gradually appreciated by leading companies and corporations in Vietnam for the professionalism, liquidity, and transaction quality of foreign currency deals. At the same time, with the spirit of always accompanying businesses, MSB always had preferential programs and attractive and competitive new products in the market to provide cost saving, convenience and safety for enterprises in foreign exchange transactions as well as international payments in response with the constantly developing demands.

Interbank cash foreign capital exchange turnover had also continuously broken its peak from 2019 to 2021 with an average annual growth rate of over 25%, and the tripled turnover of cash foreign currency import and export with foreign partners in 2021 compared to 2020. This helped MSB to maintain the position as one of the few banks providing the most dynamic foreign currency cash services in the Vietnamese market, supporting domestic banks and foreign bank branches in Vietnam in ensuring foreign currency cash liquidity, especially during the recent prolonged Covid-19 epidemic.

In the face of the constant trend of digitalization in business activities, MSB was the first joint stock bank to deploy an electronic transaction system for foreign exchange trading (Platform) for interbank customers. In 2021, MSB's online forex trading feature (FX Online) was launched on the Internet Banking transaction platform, bringing convenience and speed to customers, especially in social distancing due to the Covid-19 pandemic.

LIQUIDITY MANAGEMENT AND CURRENCY TRADING

A lot of technological innovations in the liquidity management process were applied by MSB so that it non-stops complying with the operational safety indicators of the State Bank, ensuring liquidity and maintain a stable capital source at optimal costs. Besides, the portfolio of valuable papers (VP) for investment accounts for a large proportion of total assets, helping MSB to be more flexible in liquidity management.

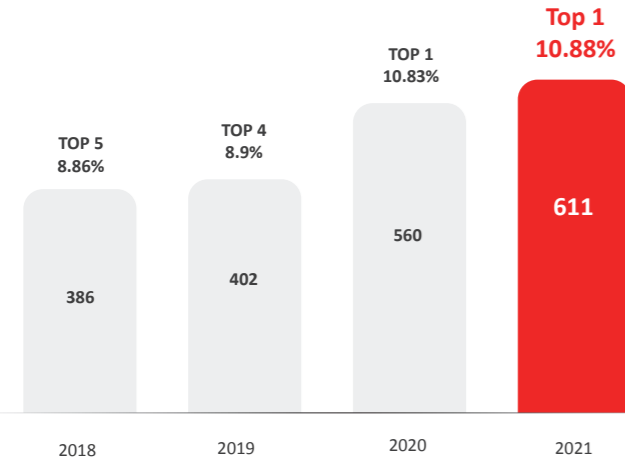
The interbank currency business segment continued to expand its scale and achieved a remarkable growth rate compared to 2020. As of December 31, 2021, the scale of interbank currency transactions reached VND 990 trillion, brought nearly VND 240 billion in profit, and exceeded 130% of the plan. Currency trading in the past years not only contributed to MSB's profit but also helped MSB ensure liquidity and maintain a stable capital source for business activities.

GOVERNMENT BOND (GB) TRADING ACTIVITIES

As one of the dynamic makers in the debt instrument market, MSB has affirmed its position with unremitting contributions to market development, as well as strong annual growth in trading volume.

It is an honor and pride for MSB to have been awarded a lot of certificates of merit and certificates from the regulatory authorities such as the Certificate of Merit from the Ministry of Finance for the bank's contributions to the development of the government bond market in the period 2009-2014 and the period 2009-2019; Top 1 bond trading member, Top 2 primary trading member ranked by Hanoi Stock Exchange in 2020. MSB also has continuously won the award of Top 3 market makers with the most trading volume and the award of Top 3 bond market makers bidding the best prices over the years from 2012 to present as awarded by the Vietnam Bond Association.

TURNOVER AND MARKET SHARE IN GB TRADING (VND TRILLION)



In 2021, MSB continued to promote its strengths in debt instrument market with outstanding business results, continuously topping the rankings of members and market makers of regulatory agencies.

With the largest trading share in the Government Bond market in 2021, MSB was honored to be awarded as:

- TOP 1** bond trading members in 2021 ranked by Hanoi Stock Exchange (HNX);
- TOP 1** self-trading members in 2021 ranked by HNXX;
- TOP 1** outright trading members in 2021 ranked by HNXX;
- TOP 1** repo trading members in 2021 ranked by HNXX;
- Ranked No. 2** of primary market makers 2021 by the Ministry of Finance;

- **The Best Market Maker of bidding Outright prices in 2021** by Vietnam Bond Market Association (VBMA);
- **The Best Market Maker of bidding Repo prices in 2021** by Vietnam Bond Market Association (VBMA);
- **The Market Maker with the third-largest outright trading volume in 2021** by the Vietnam Bond Market Association (VBMA).

Government bond trading not only helped MSB affirm its position in the financial market but also acted as a safe and effective investment channel. On this basis, MSB always ensure good capital adequacy ratios according to regulations of the State Bank, stable liquidity for the Bank, and contributing a large proportion of profit to the banking business in general.

ISSUANCE AND INVESTMENT OF VALUABLE PAPERS ISSUED BY CREDIT INSTITUTIONS

The trading of valuable papers by credit institutions has been focused on building and developing by MSB over the years, helping us expand our portfolio of valuable assets with good yields, safe and effective portfolio.

The total portfolio of debt securities issued by other domestic credit institutions as of December 31, 2021, reached VND 17,820 billion, an increase of 22% over the same period in 2020, continuously being in the top 10 credit institutions with the largest portfolio size in the market. With the increasing scale of investment in debt securities issued by credit institutions, MSB has been showing its role as an active member in the market of valuable papers of credit institutions. Simultaneously, the strategy of expanding investment in debt securities has contributed to boosting market liquidity.

Besides, the issuance of valuable papers to institutional investors has also been effectively implemented by MSB, helping the Bank improve operational safety factors as well as mobilize medium and long-term capital with optimal cost to serve our operating activities.

DEPOSITORY AND SUPERVISORY BANKING SERVICES

With a strategy of continuous improvement and innovation to provide customers with superior valuable paper services, MSB's always been a pioneer in the development of the new products related to bonds, providing customers with a diverse ecosystem of products such as savings deposits linking to bond yields, custodial banking services, depository banks...

Following the success of the Depository and Valuable Papers Banking System” (DSB) established in 2020, MSB in 2021, continued to deploy the service “Supervisory and fund administration banks” to meet the diverse needs of different types of investment funds in the market.

The above-deployed products and services were operated stably in 2021, not only bringing stable fee revenue, expected good annual growth but also increasing opportunities to approach new customers and cross-sell existing MSB's products.

ACTIVITIES OF CONSOLIDATING AND EXPANDING FI CUSTOMER BASE

Thanks to MSB’s reputation and achievements in the domestic and foreign markets in financial institutions, as a pioneer in meeting international capital adequacy standards such as Basel III or IFRS 9, MSB is appreciated and supported by foreign institutions.

Currently, MSB is connected in a network of more than 500 correspondent banks in nearly 70 countries around the world in quick and effective response with all customers' demands in international payment activities, trade finance, insurance, guarantee, trade in foreign currencies, and derivative products... With a total trade finance limit of more than USD 500 million (equivalent), MSB tries its best to support the demand for import and export transactions of corporate customers, thereby making a basis for the bank to continue to expand its market share in international payment and trade finance.

In addition, MSB is one of the most dynamic and active financial institutions in providing trade finance services to Bank customers in Vietnam, which has contributed to building and strengthening the reciprocal role of Vietnamese commercial banks in trade finance, instead of relying too much on foreign financial institutions as before.

For the segments of insurance companies and securities companies, MSB focuses on developing full package products and services including

centralized account services and cash flow management, domestic and international payment services, collection and payment services, deposit products, interest rate derivatives (IRS, AIRS) and exchange rate derivatives (CCS), loans, overdrafts, guarantees, credit commitments application... with simple and fast procedures, timely response to customers' needs. This aims at providing customers with a fast, accurate, safe, and secure payment experience; promoting the application of modern information technology to the process of collection and payment to the state budget, while contributing to long-term and sustainable profits for MSB. In 2021, MSB, in the cooperation with the State Treasury, deployed the State Budget collection service and electronic bilateral payment for immediate payment of taxes and fees.

Therefore, MSB has been chosen by leading securities and insurance companies as the main serving bank and as a partner to jointly promote business for the benefit of both parties.

NON-LIFE INSURANCE AGENCY ACTIVITIES

Non-life insurance product agency activities have been focused on and developed by MSB since 2017 based on two main areas of activity including non-life insurance with credit extension and non-life insurance for independent sales.

With a strategy of continuous improvement and innovation so as to respond to the diverse credit needs and competitive interest rates in the market, MSB has issued and implemented credit risk insurance policies for credit risk to strengthen the management and prevention of risks in credit extension activities, prevent loss of collateral assets that MSB mortgages and risks to the lives of Customers/Enterprises having loans at MSB.

That is the reason why the non-life insurance segment with credit extension has grown very strongly in the past 3 years, especially in 2021; the insurance sales of this segment have grown by 130% compared to 2020 and the profit of this segment has increased significantly. Profit also increased by 145% - marking a year of effective implementation and strict enforcement of MSB's policy on credit risk insurance. Besides, this was also one of the factors that helped MSB improve the safety in credit extension activities, reduce the bad debt ratio, and ensure debt recovery thanks to the management in recourse and settlement of insurance claims against insurance companies.

2.2.4. DIGITAL BANKING ACTIVITIES

The brand new pure digital bank TNEX, was officially launched on December 11, 2020 with outstanding competitive advantages in terms of utilities and 100% free for users. This is the the first digital banking platform and ecosystem for Store Owners and Consumers in Vietnam sponsored by MSBTNEX's mission:

"It is launched to provide comprehensive, secure, free, innovative, and lifestyle-based banking solutions to all individuals, small and micro businesses in both urban and rural areas throughout the territory of Vietnam".

In spite of no branches and transaction offices, the 4.0 TNEX digital-only bank is one of the first banks to allow customers to open accounts completely online through the TNEX smartphone app with the most advanced e-KYC electronic identification technology. TNEX Digital Bank guarantees "a lifetime free-charge" with "5 No" including No transfer fees, No withdrawal fees, No annual fees, No account management fees, and No hidden costs.

Thanks to the operating and business model is supported by advanced technologies, it is totally possible for TNEX to develop and bring to market products and services up to 97% cheaper, and, on average, 10 times faster than similar products of traditional banks.



AFTER 1 YEAR OF OPERATION, TNEX STARTED RECOGNIZING POSITIVE RESULTS



THE GLOBAL ECONOMICS
THE BEST DIGITAL BANK NEW-LAUNCHED

GLOBAL BUSINESS REVIEW MAGAZINE

THE UNIQUE NEW DIGITAL BANK IN VIETNAM IN 2021

NEW-LAUNCHED DIGITAL BANK IN 2021

3. RISK MANAGEMENT

GOVERNANCE FRAMEWORK AND RISK APPETITE

An advanced Risk Management Framework is constantly maintained by MSB. Board of Directors holds the highest responsibility for establishing and monitoring the risk management system, with the advice of the Risk Management Committee (RMC). CEO is responsible for directing and supervising the Units and individuals to perform their responsibilities based on the advice of the Risk Management Council, the ALCO Council and the Capital Management Council. The Risk Management Division is the 2nd line in the "3 lines of defense" model, completely independent of business units, with the main role and responsibility for managing all kinds of risks that may affect operational safety and business objectives of the bank.

In line with international practice, MSB released a Risk Appetite statement for 2021 outlining the extent and type of risks that MSB was willing to accept or avoid to achieve its goals, including qualitative and quantitative factors. In early 2022, the Board of Directors updated the Risk Appetite statement to ensure its relevance.

ENTERPRISE RISK MANAGEMENT (ERM)

Enterprise risk management (ERM) - a key function of the bank - has the main task of developing and implementing a risk management framework, risk management policies (appetite, strategy), risk analysis and credit portfolio management, development of risk measurement tools and models, implementation of Basel and IFRS 9. In 2021, ERM also ensured that the Internal Capital Adequacy Assessment Process (ICAAP) was fully implemented with many improvements compared to 2020, specifically the implementation of an enhanced method according to Basel II standards for risk credit risk, following Basel 3 standards for operational risk (CR), market risk (MR), liquidity risk (LR). In 2022, ICAAP continues to improve the measurement of counterparty risk according to the SA-CCR Method of Basel II standards. On the other hand, to measure business performance on a risk-adjusted basis, in 2021, MSB officially put into practice the assessment, measurement, management, and monitoring through RORWA, TOIRWA criteria for each customer segment, specialized banks, and per customer for the LMC (Large Medium Corporate) segment.

The development and completion of risk measurement tools and models (PD, LGD, EAD) remained the focus in 2021, contributing to

the implementation of the bank's strategy of digitalizing credit products in the current and the future, and helping measure the risk level of financial instruments more accurately when MSB completes the IFRS9 project by the end of 2022 and prepares financial statements according to international standards.

CREDIT RISK MANAGEMENT

Facing with the impact of the Covid-19, in 2021, the Credit Risk Management proactively improved policies, broke down barriers in terms of operational processes to make credit granting operations efficient, but still ensured independence and objectivity in appraisal and approval. Portfolio analysis was focused on the early identification of risks and prompt action in each stage: early warning, management, and debt recovery. Valuation and management of collateral issued warnings about risks associated with these assets in the pandemic. MSB continued to take measures to support customers affected by Covid-19 such as loan restructuring, interest exemption, and reduction in accordance with Circulars and Directives of the State Bank.

In parallel with facing and handling credit risks due to the impact of the Covid-19, in response with the requirements of digitalizing the credit journey for customers, MSB implemented projects to simplify and optimize the credit granting process of retail banking (RB), small and medium-sized enterprises (SME), deployed Mvalue valuation software system, debt collection and management system EFS, upgrading/developing new risk measurement models to support batch screening/pre-approval for some products, RB, SME customers in 2021. In 2022, MSB will implement digitalized credit journeys for RB and SME customers; continue improvement of the risk management framework according to the digital journey.

MARKET RISK MANAGEMENT

The requirements of the State Bank and the Risk Management Strategy (RMS) on the market risk limit are always satisfied by MSB. Monitoring reports on market risks are provided to the Business Units and senior managers daily and closely follow market developments. MSB has also applied the Value at Risk (VaR) method of calculating market risk capital to the ICAAP capital measurement. For internal risk management purposes, MSB has actively researched a new capital calculation method for market risk according to Expected Shortfall (ES - an advanced method of Basel III) in 2021 and 2022.

LIQUIDITY RISK MANAGEMENT

The ALCO and the Risk Management Councils periodically review the balance sheet structure, deposit and loan growth, optimization of funding sources, the situation of competitors, as well as the macroeconomic outlook and other factors that may affect MSB's funding strategy.

Following the trial calculation of Basel III (measurement of Liquidity Coverage Ratio - LCR and Net Stable Funding Ratio - NSFR) in 2021, the Bank periodically has monitored and built an internal compliance roadmap with this index. These are considered encouraging platforms for MSB to move towards standardizing the liquidity risk management system to meet these highest international standards of qualitative and quantitative governance.

MANAGEMENT OF INTEREST RATE RISKS ON BANK BOOKS

The main objective of the bank's interest rate risk management is raised to protect and improve net interest income (Nil) and capital (Economic value - EVE). MSB has well-implemented short-term interest rate risk management (Nil), serving as a premise to implement long-term interest rate risk management (EVE). A new methodology and bank book portfolio sensitivity index (Duration and PV01 Index) was already done in 2021. These indexes will be monitored in 2022 to create a premise to apply to internal governance.

MANAGEMENT OF OPERATIONAL RISKS AND INFORMATION SECURITY

MSB has been a market leader in measuring and calculating operational risk capital requirements in accordance with Basel III, setting target capital plans and operating risk limits.

MSB also prevented Covid-19 and activated an excellent business continuity plan (BCP); and was awarded a certificate of merit for excellent Covid-19 prevention from the Vietnam General Confederation of Labor and the Prime Minister of Vietnam. With nearly 100% of employees having injected at least 2 doses of the Covid-19 vaccine, MSB has set a target that more than 70% of staff members would receive 3 doses of the Covid-19 vaccine in the first 6 months of 2022.

In addition, MSB established an organizational structure, raised awareness, and implemented policies and projects to manage information security risks comprehensively. MSB will develop principles for managing operational risks and information security risks for digital transformation in 2022 to guide a safe and good digital transformation.



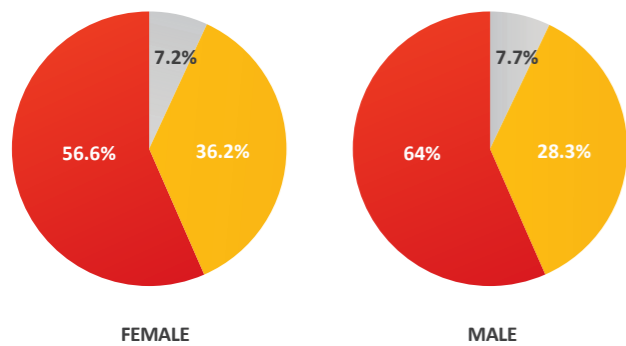
4. ORGANIZATION AND PERSONNEL

4.1. HUMAN RESOURCES

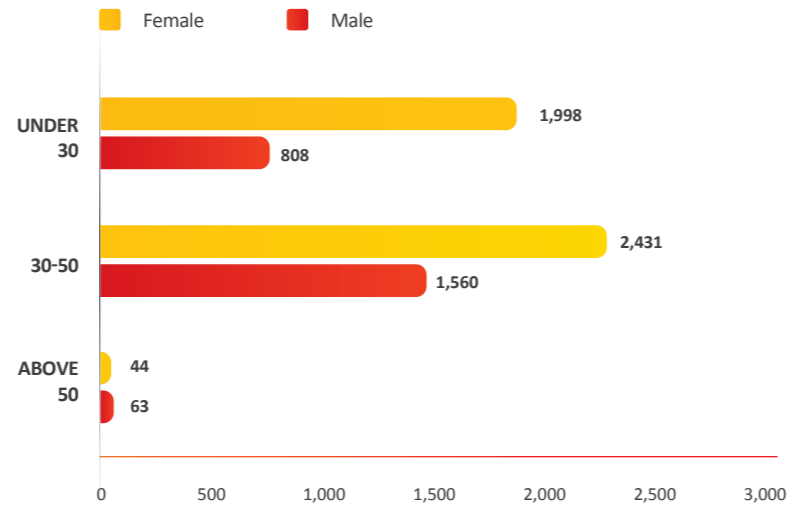
The total number of MSB staff as of December 31, 2021 was 5,190 people. The labor structure is about 61% in the North, 9% in the Central, and 30% in the South; nearly 8% of total employees hold managerial positions with 43% of these are held by women. The personnel structure has changed in recent years, showing equality in management positions. The average salary in 2021 increased by nearly 12% compared to 2020.

A. DISTRIBUTION OF EMPLOYEES BY GENDER AND TYPE OF EMPLOYMENT CONTRACT

■ Contract with definite term ■ Contracts with indefinite term
■ Others

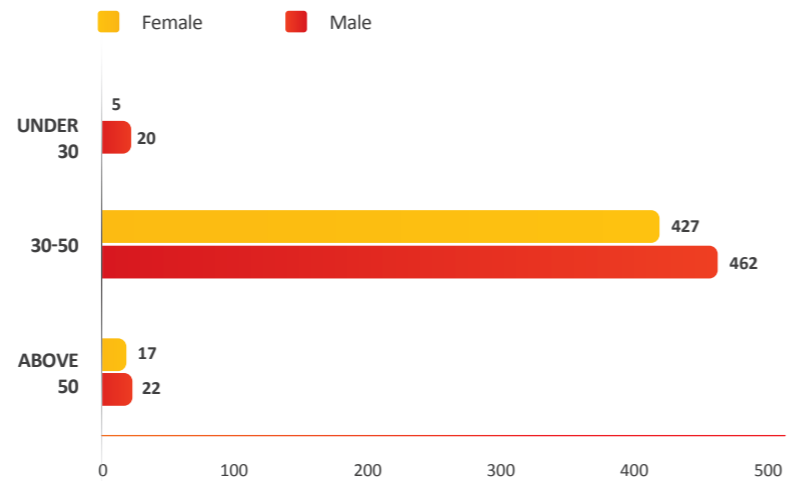
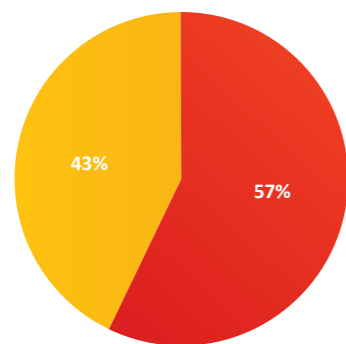


B. DISTRIBUTION OF EMPLOYEES BY AGE GROUP

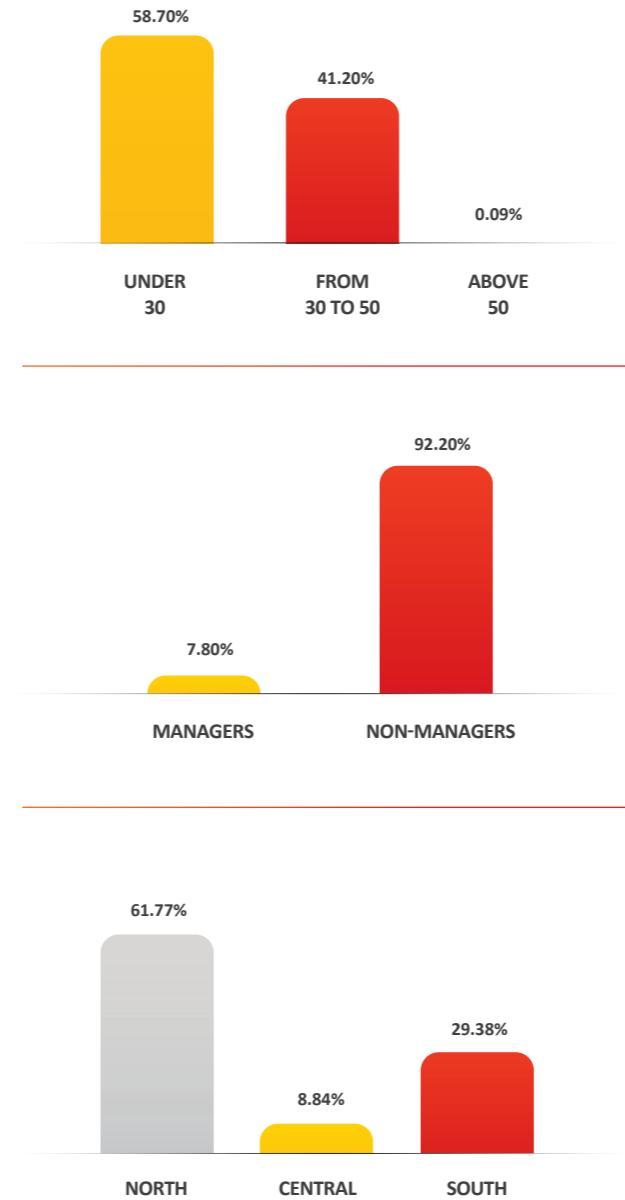


C. DISTRIBUTION OF MANAGERS BY GENDER AND AGE GROUP

■ Female ■ Male



D. RECRUITMENT STRUCTURE BY AGE GROUP, REGION AND MANAGERIAL LEVEL



4.2. HUMAN RESOURCE MANAGEMENT ACTIVITIES

PROMOTING MSB RECRUITMENT BRAND

In 2021, MSB was honorably awarded: “Asia's Best Workplaces”, “Most Favorite Employer Brand”. The awards and recruitment programs have helped spread MSB's recruitment brand, and attract talent to serve MSB's business activities and digital transformation strategy.

Human resources have always been the basic foundation and played an important role in the Bank's development strategy, especially in the context of fierce competition when recruiting talents, experienced managers, and aiming for international standardization like Vietnam's banking industry today. In 2021, MSB implemented many projects, remuneration policies, improved internal capacity, corporate culture, retained and attracted talents... to create a solid management system for the development of MSB. In addition to improving welfare programs and building an effective management system, MSB continued to focus on investing and building human resource management technology infrastructure to help change working methods with high digital content in all operational aspects of the organization.

IMPLEMENTING RECRUITMENT CAMPAIGNS, APPLYING SPECIALIZED REMUNERATION POLICIES FOR PERSONNEL OF MSB'S CORE PROJECTS (DF, CORE)

With the purpose of attracting and retaining high-quality human resources for great projects on digitalization and modernization, such as Digital Factory and New Core Banking, MSB has successfully implemented the MSB D-innovation program - MSB's largest recruitment program for IT and Computer Science. This program was to find talents and create opportunities for experienced Technologists to demonstrate their capabilities, and to develop and implement specially designed remuneration policies for the project's employees and staff.

IMPLEMENTING THE ESOP PROGRAM FOR TALENTED EMPLOYEES, MANAGERS AND LONG-TIME EMPLOYEES

The ESOP program for 1,045 eligible employees with a volume of 18 million issued shares was officially deployed by MSB for the first time in 2021. The ESOP program helped MSB attract, encourage, and keep good and capable employees to work and dedicate in the long-term, contribute to the development of MSB and facilitate our

employees to share with the growth and success of MSB through dividend enjoyment and the opportunity to own shares of MSB.

STRENGTHENING THE IMPLEMENTATION OF THE CAREER DEVELOPMENT ROADMAP FOR THE TALENT POOL AND MID-LEVEL MANAGERS

With the mission as a “career development partner” of employees and the efficiency improvement of human resource management activities throughout the system, in 2021, MSB promoted internal rotation for Talent Pool staff and the group of mid-level managers. 25% of Talent Pool staff were rotated, appointed... according to the career development roadmap, specifically: 5 Hipo staff; 9 Talent staff, and 3 Key staff; the group of mid-level managers from band 6: 13% (20 employees) rotated, 10.4% (16 employees) promoted.

CONTINUING STRONG INVESTMENT IN CORE CAPACITY DEVELOPMENT PROGRAMS

In response with the demands and quality of human resources for the Bank's business operations and digitalization strategy, in 2021, MSB focused on investing heavily in training the Talent Pool group and Mid-Level Managers of band 6 and above and the team of personnel serving the digital transformation strategy with a series of training programs, such as Agile-related training programs, programs that have been designed and are expected to be deployed in 2022 (M.Leader program- Elevating leadership to develop comprehensive capacity for 72 elite mid-level managers and building a capacity foundation for 120 mid-level managers of the whole bank; EB Lead Ahead program – elevating capacity for EB sales team; RB Leader-Leader transformation program for super branch BM team; SRM planning program; Internal Trainer Development Program (building community on Facebook, Virtual training master, gratitude program on 20/11).

DEPLOYING TECHNOLOGY TALENT PROGRAM

Information technology (IT) personnel are not limited to borders and workspaces...; and highly-qualified human resources are "hunted" by all major corporations in the world. In the past 5 years, the demand for IT human resources in Vietnam has continuously increased. To maximize human resources for technology, in 2021, MSB launched the Technology Talent program, which is part of the goal of developing Digital Talents under MSB's Digital Transformation strategy.

Technology talent recruited (in early August 2021) were in Data, Cloud, Digital Development, and UI/UX. Currently, these officers are participating in an intensive planning route specifically designed and trained by a team of Experts and Leaders of the Information Technology Division.

ENHANCING EMPLOYEE EXPERIENCE

1,217 training courses with a total of 168,442 training hours, including include 154,967 hours of staff training and 13,475 hours of management training were organized by MSB's personnel training department for more than 91,006 employees. The number of internal lecturers participating in teaching was 196 lecturers.

Because of the good application of online courses and flexibility in time from previous years, in 2021, the human resource training center has successfully implemented go-live for the LMS project. MSB's online learning system helps staff and lecturers increase their learning and teaching experience; There is a reporting system to monitor students' learning situation; Training data administrators provide quickly to the relevant units.

With the goal of constantly bringing the best experiences to employees through the application of new technologies and policies, in 2021, MSB implemented many solutions such as digitalizing employee-related processes (Online business expenses, online internal referrals, asset management on Hris); Digitalizing the training program through the introduction of the LMS Online training system; Supplementing the leave-day regime for employees who have children going to school on the first day of school; Accelerating the evaluation and timely payment of bonuses to employees right at the end of the fiscal year; Implementing the application of organizational health measurement.



5. PROJECT INVESTMENT AND IMPLEMENTATION

DIGITAL TRANSFORMATION - A MOTIVATION FOR BREAKING GROWTH

DIGITAL TRANSFORMATION STRATEGY LEADS MSB TOWARDS OVERALL GOALS



REVENUE

Developing customer base, retaining customers existing based on new product development, personalized products

Improving customer spending (share of wallet)



CUSTOMERS' SATISFACTION

Improving interactive interface
Optimizing the customer journey



COST OPTIMIZATION

Improving the ability of automation and efficiency in applying digital transformation to operational processes



RISK MANAGEMENT

Building automatic credit approval process; post-lending monitoring and alerting



EFFICIENCY OF HUMAN RESOURCES

Improving labor productivity

Digitalizing/automating recruitment, salary and bonus processes, internal compensation regimes

MSB HAS INVESTED SIGNIFICANTLY IN BOTH FINANCIAL AND HUMAN RESOURCES FOR TWO BIG PROJECTS IN 2021: DIGITAL FACTORY AND CORE-BANKING REPLACEMENT

A. "DIGITAL FACTORY" PROJECT

With a vision to become one of the leading banks in improving customer experience, MSB has a long-term orientation with a strategy of partially digitalizing. The first step for this long-term strategic direction is to build a "Digital Factory" with the ambition to transform complex, rigid system processes into completely redesigned customer journeys simply and smoothly from beginning to end, transform from traditional time-consuming manual and paperwork into a fully digitalized process with the most convenient to users..., the "digital work" method is thereby gradually become MSB's DNA.

Thanks to this project, MSB seize growth opportunities by acquiring new customers, retaining existing customers and increasing MSB's market share. It also enhances customer experience through optimization and redesign of the customer journey to ensure greater customer satisfaction; improves efficiency and saves costs by upgrading and automating operational processes related to the customer journey; raises risk management through automating credit decision-making systems and processes associated with selected customer journeys.

The Digital Factory (DF) project was officially established in September 2021, designed and operated for 24 months with the help of the world's leading prestigious consulting partner, BCG, to make MSB a faster, more flexible and more efficient bank.

The project is invested with a budget of VND 2,000 billion until 2025. The investment of VND 700 billion is expected in the period 2021-2022, with the specific implementation roadmap as follows: deploying 6 initiatives of digital transformation in 2021 and 9 initiatives in 2022.

With the advice of BCG partner - one of the world's leading prestigious consulting partners, Digital Factory implemented digitalization a series of key customer journeys such as the journey of unsecured loans, mortgage loans, the journey of credit cards... for both strategic segments, Retail and Corporate Banking in 2021. In addition, the Digital Factory applied data and advanced analytics to capture opportunities and add value to customers.

With a customer-centric orientation and a spirit of daring to disrupt, the journeys made by DF will provide customers with experience in MSB banking services in the way they want.

In the long term, the Digital Factory will continuously expand the scope journeys in the next 3 to 5 years. This will help MSB undergo a comprehensive digital transformation and achieve the strategic goals of 2021 - 2025.

B. CORE BANKING REPLACEMENT PROJECT

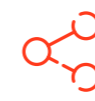
MSB is aiming at digitalizing from the core of products and services, business processes and creating a solid foundation for the success of a strong and comprehensive digital transformation strategy to bring breakthrough changes to MSB in the coming period. Core Banking system modernization project, one of the biggest technology projects ever invested by MSB will replace the current SIBS Core Banking systems along with the BDS counter transaction system, the TF trade finance, and the MSB Gateway with the latest Core Banking Transact R21 from Temenos, the world's leading provider of professional financial banking solutions. The new Core Banking system will bring efficiency to MSB in the following aspects:



Optimizing, digitalizing, and automating internal, at-counter business processes and inter-bank payment transaction processing. Reducing TAT, increasing labor productivity, and optimizing human resources. Well controlling risks and revenue for MSB. Understanding customers appropriately and managing business performance better. Improving customer retention.



Supporting the development of new products and services more quickly with lower costs and higher quality, especially those require complex integration between information technology (IT) systems of internal MSB, integrated with the chain's IT system and customer ecosystem. Improving opportunities to compete and attract new customers, increasing the ratio of products used per customer for MSB.



Strongly supporting MSB's comprehensive digital transformation journey, enabling smooth digital transformation in the customer experience across distribution channels from the beginning to the end, from the inside out, as well as the user experience used in internal business processes.

With the unity and determination of MSB's leaders, the bank was very urgent in evaluating solution options, negotiating with suppliers, establishing project implementation committees, and setting implementation targets for go-live in 18 months, putting the new core banking system into operation, and exploiting it in 2023.

**APRIL 1ST,
2021**

The Project Implementation Board was established with the tasks of acting as the leads to organize the selection and negotiation of contracts with partners; develop the implementation plan and organize the project implementation in accordance with the approved scheme and plan.

**MAY-JUNE,
2021**

The Implementation Board discussed with many partners and reported on the selection of Temenos for the project to replace the core banking system MSB.

**JUNE 30TH,
2021**

MSB signed a contract to purchase the copyright of the T24 R21 system of the Swiss partner, Temenos, and a service contract for deployment with Temenos Singapore after nearly 3 months of continuous negotiation.

**JULY 13TH,
2021**

MSB signed a contract to conclude the scope of work of Core Banking Project with partners, with a total implementation time of 24 months (18 months to implement phase 1, 6 months to implement phase 2)

**AUGUST
13TH, 2021 -
FEBRUARY
28TH, 2022**

MSB organized the implementation of the first milestones in the Phase 1 plan of an 18-month project: the initialization phase (August 13 - September 13, 2021) - the analysis and design phase (September 14, 2021 - February 28, 2022).

MSB is currently completing a set of requirements with a timely implementation schedule. MSB will have completed this important milestone expectedly by the end of February 2022 to proceed requirements that need to be customized/refined from March to June 2022.



6. MSB'S SUSTAINABLE DEVELOPMENT REPORT (MSB'S SDR)

The development aspiration of Vietnam for in reaching high-income economy has never changed in recent years. However, it seems that the path to such position has faced a lot of changes with lot of challenges, both in economic and social aspects as consequence of the wake of Covid-19. This pandemic raised human fragility to external shocks, including environment, climate, and life-quality. Therefore, the demand for building a sustainable society with good resilience to events has become more urgent than ever for both Vietnam and the other governments. The first development priorities in Vietnam in the coming years will focus on digital transformation, financial sector, social protection, and climate change hence, instead of the business environment, urbanization, and reduction of extreme poverty as previously. These factors have been prioritized because they are the foundation for achieving the long-term goal of improving the use of productive capital, physical capital, human capital, and natural resource capital - the pillars of sustainable socio-economic development. *(Source: World bank).

As the first joint-stock commercial bank established in Vietnam, MSB is always aware of our pioneering role, not only in bringing convenient financial services and the best experience to Vietnamese people and enterprises, but also in accompanying them to reach new heights and contributing to strong and sustainable development of the country.

For these reasons, all MSB's action strategies are directed to develop a sustainable economy and improve the life quality for Vietnamese people and the growth of local enterprises through the most convenient financial products and services. Together with those are creating an ideal working environment for MSB's employees and helping each individual develop their career while maintaining a happy life.

MSB believes that the sustainable development of a country must come from sustainable individuals and enterprises. Not only awareness, MSB has also been turning that belief into specific business strategies and actions to become a bank that "everybody wants to join and nobody wants to leave".



6.1. MSB STANDS SIDE BY SIDE WITH VIETNAMESE GOVERNMENT IN THE NATIONAL DIGITAL TRANSFORMATION STRATEGY, SUPPORTING THE INDIVIDUAL ECONOMIC SECTOR AND DISADVANTAGED GROUPS IN SOCIETY, CONTRIBUTING TO THE EQUITABLE AND STRONG DEVELOPMENT

1. Digitalization is the foundation for development in the Industrial 4.0

The impact of COVID-19 on the economy was exacerbated by the outbreaks in February and April of 2021. The social distancing orders made hundreds of businesses close when thousands of workers lose their jobs, incomes lower, and plenty of people fail to access the most basic financial services due to the travel bans and limited contact to control the epidemic...

However, we didn't have to wait until a pandemic occurs to find a way to respond, MSB' is always ready for a flexible adaptation thanks to the digital transformation journey in determination of core strategy for the period 2018-2023 with the advice of McKinsey, a leading consulting firm in the world. It was identified by MSB that the focuses of this 5-year strategy consist of digitalizing products and internal processes, constantly improving working methods as well as training to change the employees' working mindsets for the best adaptation in this digital age.

With that orientation, MSB was one of the pioneer banks in testing a digital-only banking model in the market, TNEX. With TNEX, MSB aims to serve young customers and individual business households who are unable to access traditional banking and financial services. Furthermore, MSB was also the pioneer in the market of building digital products such as eKYC, which is not only for individual customers but also for corporate customers in spite of the Covid outbreaks. This product supported them to open 100% online accounts to use basic financial services without going to transaction points like before; promptly assisted customers directly affected by the pandemic, ensuring their ability to access financial products during social restrictions.

In addition, online bill payment services, electronic tax payment, online shopping utilities, online foreign currency transfer, and particularly the SME credit solution packages supporting 100% online such as M-Power,... has actually provided great value to both individuals and enterprises during the social distancing period contributed partially in minimizing customers' business

interruptions, preventing supply chain disruptions, promoting consumption, and especially accelerating the transformation process of cashless payments, that brings outstanding contribution to impressive economic growth in Vietnam while many countries suffered significant negative impacts due to Covid-19.

Most particularly, MSB has given priority to understanding customers but not digitalizing the solution by product alone. Therefore, the Bank has deeply comprehended the portraits of each target customer group to design a seamless digital journey, helping customers reach and realize their demands. The customer-centric motto is considered as the guideline in all action strategies of MSB.

MSB's convenient digital products, not only directly enable more people and enterprises to access to financial services despite the pandemic, but also played an important role in the government's strategy to build a cashless society. Thanks to this, the habit of cashless payment has been formed, raising awareness and enhancing online financial product recognition in people's subconscious. The transparency of the national financial system thereby can be improved, partially leading to macroeconomic stability, improving the provision of public financial services and boosting international economic integration, expanding opportunities for Vietnam to participate in the major international organizations, and upgrading Vietnam national credit rating.

Also thanks to the proactive preparation for trend catching and market making, MSB has completely mastered our operating activities, promptly adapting to any market fluctuations, despite the global impacts such as Covid-19. It led to impressive results that the number of new individual customers attracted by MSB in 2021 was twice as much as in the same period in 2020.

40% THE PERCENTAGE OF CUSTOMERS FROM DIGITAL BANKING CHANNELS REACHED



OF TOTAL NEW CUSTOMERS

THE PERCENTAGE OF NEW CUSTOMERS



FROM DIGITAL BANKING ACCOUNTS



2. The strategic focus towards the development of the individual economic sector

According to Vietnam Institute for Economic & Policy Research (VEPR), the business household sector (individual sectors, including the agricultural, forestry and fishery sector) accounted for a significant proportion of the economy (having a relatively stable proportion, 30% of GDP in average in the period 2015-2019). This is the sector accounting for the highest proportion of the GDP structure of the entire economy (29.4%).

Another important contribution of the business household sector is to create jobs for society. Only for non-agricultural business households, the average proportion of employees in the period of 2015-2019 was 17% of the national total labor force. These business households also have the role of directly increasing income and hunger eradication and poverty reduction (HEPR) for those who own, manage, and work in this sector, indirectly improving the quality of life of low-income and poor people in both urban and rural areas.

Despite being an extremely important part of the economy, business households face many difficulties in obtaining loans from banks and financed by industry associations due to their limitations in scale and operating scope without legal entities. In addition, business households are also not permitted to issue more securities for capital mobilization and are restricted to access the market and technology due to the small operation scale.

Understanding those difficulties, MSB has prioritized developing credit products exclusively for owners of individual business households. Particularly, there are unsecured business loan packages that require no business registration license, suitable for individual business households and individuals doing business on e-commerce platforms or online business, etc. Besides, MSB has M-First, including products for high-income individual customers willing to realize their business ideas to expand production and bring greater economic value; M-payroll, a product package helps business owners ensure timely and easy salary payment for their employees.

All of the product packages launched to the market by MSB sufficiently satisfy customer business demands, designed based on customer understanding. MSB always gives foremost priority to satisfy customer's demands and customer experience. MSB's desire is to stand side by side with each individual and insitutional client, to accompany and thrive in each up and down cycle of life.

With the focus on supporting the development of individual business owners, MSB's credit growth in 2021 in this segment was over 60% of the same period in 2020.

For SMEs, accounting for more than 90% of the total enterprises in Vietnam, MSB gives priority to production - manufacturing, trading, and construction industries, especially the companies applies sustainable criteria in their development.



M•SUPERS

A support solution for manufacturing enterprises to develop sustainable production and business with minimal costs.



M•SMART ACCOUNT PACKAGE

An account transaction solution with diverse payment features and various incentives of free and refundable transaction fees and, helping enterprises optimize their costs, save time and resources.



M•CONSTRUCTION

A supporting solution for Construction Enterprises to build a strong capital foundation and expand opportunities for big project success.



EASY TRADE

A comprehensive solution for Import-Export Enterprises with high funding rates and competitive interest rates.



M•TRADING

A financing solution that accompanies Trading Companies to have proactive cash flow and easier access to reputable capital.



Besides the above solution packages, MSB has also launched plentiful solution packages specifically designed for each object in other customer groups. It is also oriented in the coming time that the product package M- MediPhar – a solution for Pharmaceutical and Medical supplies Enterprises; M-FMCG – a solution for Commercial Enterprises in FMCG... when MSB has realized the importance of pharmaceutical, medical as well as FMCG industries.

With the efforts to offer superior financial products and services, MSB attracted new SME customers in 2021 with the number increasing by 23% over the same period in 2020. The growth in SME lending in 2021 reached over 40% compared to 2020. In which TOI from the key industry group accounts for over 60% of the total SME customer portfolio.

In addition, in operating activities, MSB has focused on supporting customers doing business in environmentally friendly fields. There has been strong growth in the amount of loan disbursed for sectors/companies that supporting nature and the natural environment protection in recent years. MSB disbursed significantly for renewable energy and public utilities construction projects. MSB's loan balance for renewable energy projects has grown sharply both in absolute values and in the percentage of the total power and energy distribution portfolio. This percentage increased from 29% in 2020 to 50% in 2021. Number of clients and loan amounts disbursed for education and healthcare sectors have been increased significantly in the recent years.

6.2. MSB IS ALWAYS COMPANION WITH OUR EMPLOYEES IN DEVELOPING THEIR CAREERS, BUILDING A BETTER FUTURE, AND CONTRIBUTING TO A HEALTHY AND TRANSPARENT BUSINESS ENVIRONMENT

1. It is a strong belief of MSB that good working experience can bring the best customer experience. In addition to customer centric rule applied for considering every activity of the Bank, MSB has also been investing in building a safe and effective work environment with the most modern and optimal digital working method.

In MSB's development strategy, a safe and effective working environment with high flexibility is always considered the foundation for all subsequent steps. MSB has been continually researching and learning to create new working methods for employees in the digital era in recent years. Not only implementing projects to digitalize internal processes, improve and upgrade technology systems and infrastructure, but MSB has also been dedicated to reforming employees' thinking of work to be more flexible and adaptive to changes for the best preparation for distinguished growth plans in the future. At that time, MSB will be able to serve more diverse demands of more customers, who are familiar with digital financial transactions, while the Bank's employees can complete their work more efficiently with the technological support and have more time for self-development and life balance.

All those non-stop efforts and desires are considered the main goals for the project nWOW – new ways of working - a humanistic project that helps MSB understand the demands and desires of MSB's employees in the "new normal" age. Moreover, the nWOW project is also like a guarantee of a working environment where "everybody wants to join and nobody wants to leave" for MSB's future employees, who are talented people in the digital era that not only work in Vietnam but anywhere.

For reaching those goals, we understand that each employee must feel safe and happy with the best-guaranteed working conditions to best serve customers and achieve the Bank's core values.

Thanks to the preparation for any unforeseen circumstance, MSB always maintained our business continuity optimally during the stressful pandemic. Besides building a long-term

strategy, "human resource" is the strength-creating factor of an apparatus, which is considered a key solution to lead the enterprises to overcome difficulties and get ready for the future. With the motto "Employees' health and safety are the top priorities", MSB's Management launched a drastic policy combined with timely and flexible solutions. These policies and solutions aimed to maintain the work environment in the epidemic prevention and control along with encouraging and relieving employees to work.

The epidemic prevention and response actions include:



Strictly implementing and controlling the epidemic prevention and control measures in accordance with regulations of the Ministry of Health, functional agencies, and MSB, such as medical declarations, temperature check...



Equipping medical masks, antiseptic water, protective gear as well as nutritional products to enhance resistance and health for employees.



Carrying out rapid tests to screen for Covid-19 infection regularly for all department of of MSB.



Registering for all employees' vaccination, strengthening body immunity and minimizing health risks in case of infection.



Deploying the "3 on-site" model at MSB's units.



MSB arranged flexible working methods such as working online, splitting work shifts... to support employees to work most effectively during the social distancing period according to the Government Directives. It is proven that although the rate of MSB's employees working directly at offices was only 30-50% in 2021, business performance was still impressive with optimal operating costs.

2. MSB not only facilitates the best working conditions for employees but also desires to provide them significant support for their life and career development

Making payroll, bonus and welfare regimes for ensuring employees' quality of life

All MSB's employees (including the highest managers and senior positions) are entitled remunerations according to the Regulations on Salary and bonuses as well as benefits under the Collective Labor Agreement.

Market salary analysis and evaluation are annually conducted by MSB. There are thereby salary increase policies in line with our business strategy, ensuring compliance with the provisions in labor law and consistency throughout the Bank and competitiveness in the market.

Especially, in the year 2021 of the Covid outbreak, MSB still ensured employees' income and benefits for without reducing wages or working hours. Besides, MSB always motivated and encouraged the employees in their work, maintaining their material and spiritual life during this difficult and challenging period.



WELFARE REGIMES:

MSB ensures welfare regimes for employees, including Social insurance; Health Insurance; Unemployment insurance; Medical insurance; 24/24 Accident insurance; Periodic health examinations.



LIFE WELFARE:

Cultural - artistic - sports activities; Annual vacation; Birthday and marriage gifts; Gifts for employees' children on June 1st, Mid-Autumn Festival, for Good students.



BENEFITS FOR FEMALE EMPLOYEES

Gifts for female employees on March 8th, October 20th; Maternity allowance.

Building an equitable, democratic, and transparent working environment

Gender equality in recruitment and payroll is always focused within MSB. Employees are treated equally in recruitment, employment, training, salaries, compensations, rewards, and promotion; in social insurance, health insurance, unemployment insurance, working conditions, labor safety, working time, rest time, and other welfare regimes. In addition, MSB has certain incentives for female employees with the development of special Regulations on Policies and welfare regimes for women.

MSB's Labor Regulations, Labor Disciplinary Procedures, and Democratic Regulations ensure the implementation of democratic and transparent principles in the workplace:



GOODWILL, COOPERATION, HONESTY,
EQUALITY, PUBLICITY, TRANSPARENCY



RESPECT OF LEGITIMATE RIGHTS AND INTERESTS
OF EMPLOYERS AND EMPLOYEES



COMPLIANCE WITH THE LAW AND
SOCIAL ETHICS.



ALLOWANCES AND REWARDS:

Meal, travel/telephone allowances; The regime of toxic compensation in kind; Bonus based on work performance in the year; Employee Stock Ownership Plan (ESOP).



Timely support for employees from the Occupational disease accident insurance fund, which the State reduced for enterprises' contribution.



POLICIES FOR EMPLOYEES IN THE COVID-19 PERIOD:

Support for employee vaccinations throughout the system; Support for medical examination and treatment costs of employees and their families during the epidemic.



MSB focuses on investing in talent training and human resource development for the future

Human resource has been the key point in MSB's development strategy to achieve impressive business results over the past years. In addition to the employee-focused HR policy and top remuneration regimes, the development and nurture of financial talents is a "trump card" for both human resource quality and the development of succession teams in a new growth phase, aiming to bring MSB back to the top.

Integration Training – training program digitalization

Similar to business activities, MSB devotes efforts to digitalize employee training programs. All new employees can participate in the Integration Training Program to rapidly learn and adapt to the organizational culture. Not only do the training programs help those employees quickly integrate into the new environment and jobs, but they also make them understand their rights and responsibilities as well as obtain an opportunity to exchange and connect with each other. There are also regular adjustments, supplements, and updates in the content of the Integration Training Program to ensure adequate knowledge for new employees, supporting them to better integrate into the workplace. In 2021, despite the difficult situation faced by nationwide education, MSB's training activities were never interrupted thanks to online training programs, adapting to the epidemic situation while still guaranteeing the best knowledge for employees.

Focused training

MSB concentrates on investing in capacity development programs for the core employees, including Talent pool, training for the mid level band 6 and above, and capacity training for the sales team. at MSB, there are various new capacity training courses for digital transformation strategy such as Agile thinking, Agile culture...

The number of training courses and participants in 2021 decreased compared to 2020 due to the organizational work affected by Covid-19. However, MSB made efforts to take several appropriate response measures to deploy training programs such as transforming to online training, combining online with offline training in the Hybrid form, or separating into small offline classes to adapt to the epidemic situation.

Talent cultivation

Management Trainee, a program to develop talents and build the managements for MSB, was continued in 2021. MSB implemented a Techie talent program with the development goals of Digital Talents under the Digital Transformation strategy in 2021. The number of Techie Talents recruited (from the beginning of August 2021) to the present is 15, including officers in Data, Cloud, Digital Development, and UI/UX fields. These officers are currently participating in an intensive planning roadmap specifically designed and trained by Experts and Managers from the IT Division.

Future planning

The Succession planning program was still considered one of the important personnel development programs of MSB. In 2021, MSB promoted the implementation of a career development roadmap for priority personnel groups, including Talent Pool staff, Mid-level Managers, Sales Staff and Sales Managers.

Despite the pandemic, MSB's training activities shown their effectiveness through impressive numbers:



698

TRAINING COURSES



1,217

TRAINING CLASSES



91,006

URNS OF PARTICIPANTS

With the goal of comprehensive digital transformation to continually provide the best experience to employees, MSB has also been applying technology in administrative management, from digitalizing payment procedures for business fees, personnel information management, and asset management ... to implementing organizational health measurement models for a further improvement in operational efficiency.

By focusing on facilitating employees in both working environment and life improvement, MSB has also been acknowledged by our employees with the achievement:



**ASIA'S BEST
WORKPLACES
2021**



6.3. AS A LARGE-SIZED ENTERPRISE IN SOCIETY, MSB NOT ONLY FOCUSES ON BUSINESS DEVELOPMENT AND CONTRIBUTION TO THE ECONOMY BUT ALSO IS ALWAYS AWARE OF OUR INFLUENCE IN SOCIAL ACTIVITIES

1. MSB aims at environmental protection and sustainable development in all activities

MSB is always aware of our social responsibility and our best efforts to ensure the harmony between business development and environmental sustainability, orienting toward developing a "green" bank with practical activities. Besides products financing for renewable energy projects, developing agriculture and rural areas, expanding production and business in medical and environmental fields, MSB pays attention to the environment in each smallest action, such as always strictly complying with all environmental regulations. MSB also upholds the awareness of saving electricity, water, and printing paper in staff's activities, gradually changing people's awareness of the importance of protecting the environment to maintain a better quality of life in the future. We understand that sustainable development includes not only developing the own business but also fulfilling the responsibilities of an influential organization in society. MSB must play a leading role and act as a bridge so that the ultimate goal is for a rich, beautiful, and thriving Vietnam regardless of our business orientation, target customers, and products and services.

The most remarkable of MSB's environmental activities - the "Green Vietnam Journey" program is a campaign with a great meaning that started in 2021 with 15,000 Ailanthus trees planted in Thuan Nam protection forest to join hands for a green-growing Vietnam. Responding to the Prime Minister's call for the initiative to plant 1 billion trees in the period 2021 - 2025, MSB coordinated with the Foundation for Supporting and Development of Sustainable Living Community (Sống Foundation – Life Fund) and turned 9.29ha of primitive shrubland into protection forest in the first stage. Therefore, MSB hopes to prolong this journey of greening Vietnam, so that everyone can breathe fresher air and experience a better living environment. One more forest tree is one more hope for a peaceful and bright life, as a forest planter shared: "There is a forest for people to live in, to keep water, to be a fence against sand, so our children and grandchildren will also benefit from it in the future".

Afforestation also creates a stable livelihood for workers, bringing benefits to thousands of agricultural farming households. The motto "Forests create livelihoods - Creating livelihoods to keep forests" has long been the thought of many forest-dependent people as well as local leaders. MSB comprehends that the sustainability of a country and a society mainly depends on people. Hence, this green journey will make a little contribution to creating happy and well-being people, both materially and spiritually.



2. MSB focuses on social activities to share with those in difficulty and accompany them for a better life



**TOGETHER GO THROUGH
THE PANDEMIC
LEAVE NO ONE BEHIND**

During the 30-year journey of establishment and development, MSB has always carried the mission of "for a more convenient life". This is not only represented in the convenient financial solutions provided by MSB to customers but also in community activities. Every year, MSB always devotes firm resources to social security work, closely adhere to the guidelines and policies of the Party, State, and the banking industry. 2021 was a tough year for the economy and people, with the outbreak of Covid-19 in many localities nationwide. MSB joined hands with the whole banking system, organizations, and unions to respond to the Government's support campaigns for epidemic prevention.

Remarkable social security activities in 2021

Accompanying Government and local authorities in COVID-19 control activities, upholding the spirit of philanthropy and orienting to the community and society, over VND 68 billion was donated by MSB and TNG Holdings Vietnam.

On May 27, MSB, in the cooperation with TNG Holdings provided donation of VND 10 billion to the Vietnam Fatherland Front, adding fund for the epidemic control works.

After that, on May 28, MSB continued to donate another VND 30 billion to the Ministry of Health to support funding for vaccines and Covid-19 prevention and control across the country.

MSB has also sponsored medical equipment and supplies for several hospitals during the peak period of the epidemic. Joining hands with the bank, MSB's employees and Trade Union also donated and supported those severely affected by Covid-19, contributed to the national vaccine fund, and set up rice ATMs to share difficulties with people to overcome the epidemic. Besides, MSB donated VND 17 billion for Hai Phong, Quang Ninh, Bac Giang, Bac Lieu... to prevent the pandemic in 2021.

Those are such practical actions to ensure employee health and the business continuity, to overcome the pandemic with the Government and the whole community.

In December 2021, MSB continued to donate VND 10 billion for the program "Waves and computers for children" under the Government's advocacy for supporting students, especially those living in the areas affected by Covid-19, for effective online learning.

In addition to the Covid-19 prevention and control activities for external localities, MSB's Trade Union spent nearly VND 1.2 billion for employees on epidemic prevention and control in the internal banking system.

With all of the above action strategies, MSB has been affirming our desire to accompany Vietnam on the journey of comprehensive and sustainable development. Thanks to the strategic investment in business and social activities with both financial and intellectual resources, MSB is proud to have joined hands to make a Vietnam greener, more modern, more transparent, and closer to the standards of a developed country in the world but still preserving Vietnamese good traditional human values.

MSB, IN THE COOPERATION WITH TNG HOLDINGS VIETNAM DONATED OVER

VND **68** BILLION

VND **10** BILLION

TO THE VIETNAM FATHERLAND FRONT FOR PREVENTING THE PANDEMIC

VND **30** BILLION

TO THE MINISTRY OF HEALTH TO SUPPORT FUNDING FOR VACCINES AND COVID-19 PREVENTION AND CONTROL ACROSS THE COUNTRY

VND **10** BILLION

FOR THE PROGRAM "WAVES AND COMPUTERS FOR CHILDREN" UNDER THE GOVERNMENT'S ADVOCACY FOR SUPPORTING STUDENTS, ESPECIALLY THOSE LIVING IN THE AREAS AFFECTED BY COVID-19, FOR EFFECTIVE ONLINE LEARNING

VND **17** BILLION

DONATED FOR HAI PHONG, QUANG NINH, BAC GIANG, BAC LIEU... TO PREVENT THE PANDEMIC IN 2021

VND **1,2** BILLION

FOR EMPLOYEES ON EPIDEMIC PREVENTION AND CONTROL IN THE INTERNAL BANKING SYSTEM



7. ACTIVITIES OF SUBSIDIARY- FCCOM

GENERAL INFORMATION



FCCOM: FOCUSES ON CONSUMER LENDING



ADDRESS: KT FLOOR, THANG LONG OFFICE BUILDING, NO. 98 NGUY NHU KONTUM, NHAN CHINH WARD, THANH XUAN DISTRICT, HANOI



TELEPHONE: (84-24) 7304 4222



REGISTERED CHARTER CAPITAL:
VND 500,000,000,000



ACTUAL CONTRIBUTED CHARTER CAPITAL:
VND 500,000,000,000



MSB OWNERSHIP:
100%

As of the end of 2021, FCCOM had 23 service introduction points (POS); the number of customers was about 13,000, with most of them being farmers, small businesses, and small individuals. The company has focused on developing consumer loan products suitable for consumer borrowers with reasonable interest rates, contributing to preventing "usury".

MAIN LOAN PRODUCT LINES:



CONSUMER LOANS WITH REAL ESTATE OWNERSHIP



LOANS WITH OUTSTANDING BALANCE OF REAL ESTATE MORTGAGE



ORDINARY CONSUMER LOANS



LOANS WITH INCOME FROM SALARY



SUPER-QUICK CONSUMER LOANS



LOANS TO EXISTING CUSTOMERS



LOANS SECURED BY VALUABLE PAPERS AND OTHER LOANS

AT THE END OF 2021, FCCOM RECORDED:

TOTAL OUTSTANDING LOAN BALANCE

VND **358** BILLION

REVENUE

VND **150** BILLION

PROFIT BEFORE TAX

VND **1.97** BILLION

PROFIT AFTER TAX IN 2021

VND **0.98** BILLION



READILY BREAKING THE LIMITS
RAPIDLY APPROACHING THE TOP

D

D. GOALS AND
STRATEGIC
ORIENTATION
IN 2022

1. 2022 GLOBAL AND VIETNAM ECONOMIC OUTLOOK

1.1. THE ECONOMIC PROSPECTS OF THE WORLD AND VIETNAM IN 2022

The Covid-19 pandemic and political-related issues will continue to be a serious risk to the global economy in 2022. With the fact that consumption demand continues to increase again, the world economy is forecasted to recover in 2022 but at a slower pace, while global inflationary pressures continue to increase (from political factors leading to increases in oil and basic materials prices to the restructuring of supply chains...). It is expected that inflation pressure may peak in early 2022 and remain higher than in the pre-Covid-19 period until the end of 2023.

The trend of monetary tightening easing measures of central banks around the world is gradually becoming popular. The Fed is accelerating the rate of Quantitative tightening (QT) faster than previously expected and may quickly raise the base rate to 1.75% - 2% right this year. When inflation is a concern of the world economy, many central banks will tighten monetary policy again. The international financial market will have strong fluctuations with the movement of money flows due to the deviation in the speed of economic recovery leading to the deviation in the policy moves of countries and regions.

Although global economic growth is forecasted to be lower than 2021, Vietnam's growth is expected to outperform in 2022.

The main motivations for economic growth in 2022 still comes from communication drivers such as public investment resources, foreign investment capital flows, and import and export activities. These key factors are expected to continue to be positive, creating a good premise for Vietnam's economy to bounce back. Growth is forecast under the optimistic scenario at 6.7% (the pessimistic scenario is 3.8 %). CPI is forecast to reach 3.21% - 3.33% on average, depending on each scenario (YoY is 6.17% - 7.65% respectively).

In term of monetary policies, similar to many other central banks, the SBV is also in a dilemma. On the one hand, it is concerned about inflation and asset bubbles. On the other hand, it still needs to support enterprises and the economy to recover when the risk of disease remains large. Similar to some developing countries, to promote public investment, the regulatory agencies may delay further tightening monetary policy. In 2022, the regulatory agencies will continue to strengthen credit control, manage asset

quality at banks and handle bad debts (thereby helping to control M2), use credit line tools to require banks to further lower lending rates to support businesses, and drive capital flows into priority areas to limit high-risk areas. They will focus on the "intermediate anchor" of the USD/VND exchange rate to control inflation expectations.

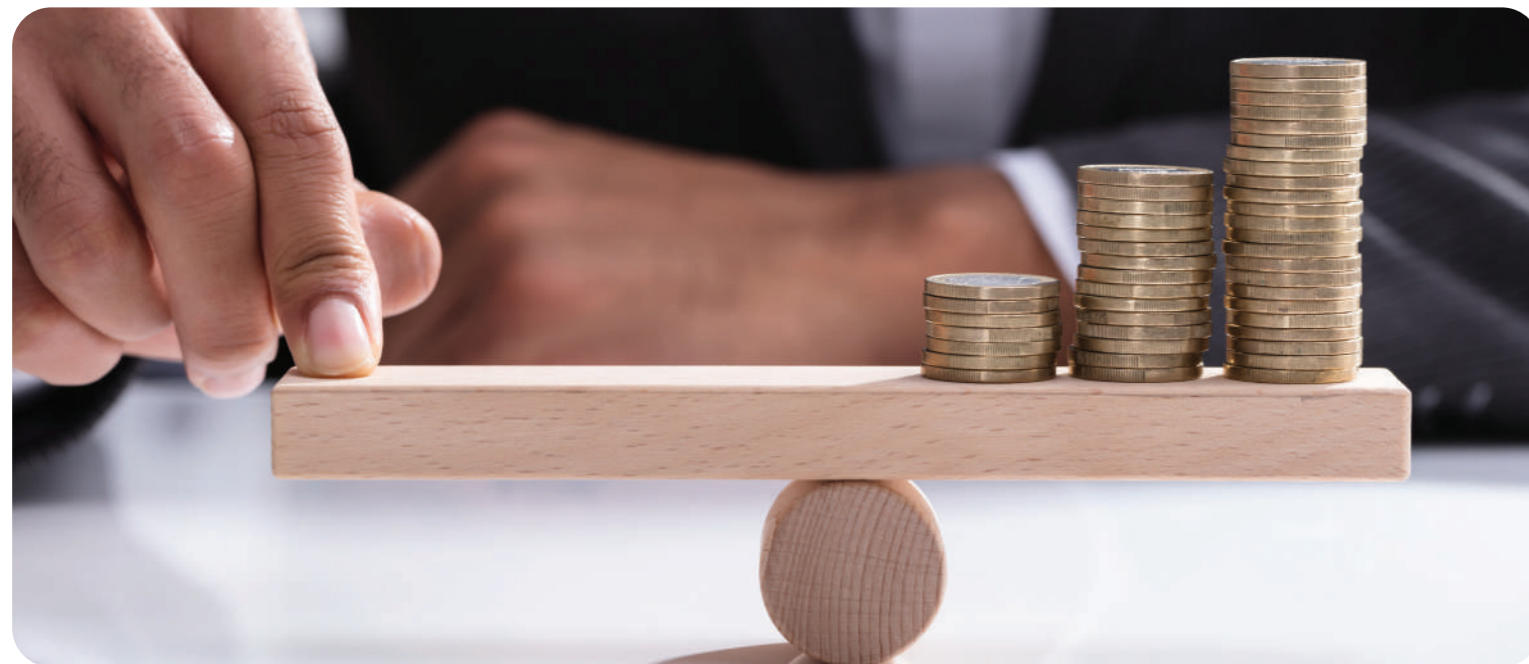
On that basis, credit growth of the whole banking industry is expected to be stronger than in 2021, stemming from both supply and demand sides. However, the credit structure may be adjusted compared to the issuance of corporate bonds, tightened with the provisions of Circular 16/2021 on corporate bonds, effective from January 15, 2022.



1.2. POTENTIAL RISKS

In 2020-2021, the entire domestic and international economy witnessed devastation and heavy influence on all economic sectors, disrupting supply chain in the wake of Covid-19. The social-distancing periods caused stagnation of life, production cycle, and supply of goods, and seriously impacted the lives of people and workers in all industries. Responding to the complexities of the epidemic, MSB's various measures promptly implemented to ensure continuous operation throughout the system such as equipping personal protective equipment, hand sanitizer at all transaction points nationwide; regularly spraying disinfectant at transaction points located in epidemic areas; propagating 5K compliance throughout the system; dividing the work shift to ensure the continuous operation of personnel in all situations... MSB's employees received the attention and timely welfare regimes of the Bank and the Trade Union in case of infection. Simultaneously, our Bank also facilitated employees across the line to be fully and timely vaccinated, ensuring the health and safety of employees and customers when they came to MSB's transactions points. All risk mitigation activities from the epidemic will be applied more optimally in 2022, MSB believes in the flexible response-ability of the bank's entire system of more than 5,000 employees.

In addition to risks caused by the epidemic, industry characteristics and scope of operations, MSB is also exposed to risks related to macroeconomic stability (inflation, currency devaluation, systemic risks...) and traditional factors for credit institutions such as credit risk, market risk, operational risk, liquidity risk, interest rate risk, real-estate bubble risk, bad debt risk potential when there is a change in policies to support debt restructuring... With 30 years of experience in international and domestic crises, MSB is always ready to face new risks generated from in the macro environment and banking industry environment such as legal risks, foreign exchange risks, competition risks... Furthermore, some risks are defined as force majeure including but not limited to earthquakes, natural disasters, fires, wars, epidemics, terrorism, etc... In spite of rare occurrence, they will also directly or indirectly affect the Bank's business operations. With a strict risk appetite and a risk management framework in line with international standards, MSB has been continuing to perform well in risk management, ensuring that the Bank's operations are in compliance with legal regulations and international safety standards, contributing to the realization of MSB's sustainable growth.



2. DEVELOPMENT STRATEGY

2.1. MEDIUM AND LONG TERM

5 KEY STRATEGIC FOCUSES FOR THE BANK IN UPCOMING PERIOD



UNDERSTANDING CUSTOMERS:

Continuing to perfect CVP solution packages, perfect the service model and customer care



EXPLOITING CHAIN & ECOSYSTEM:

Taking advantage of the partner environment to build chains and ecosystems to help develop and attract potential customers quickly



RAISING SALES PERFORMANCE:

Combining the improvement of the sales team quality & the application of systems, tools, and digitalization



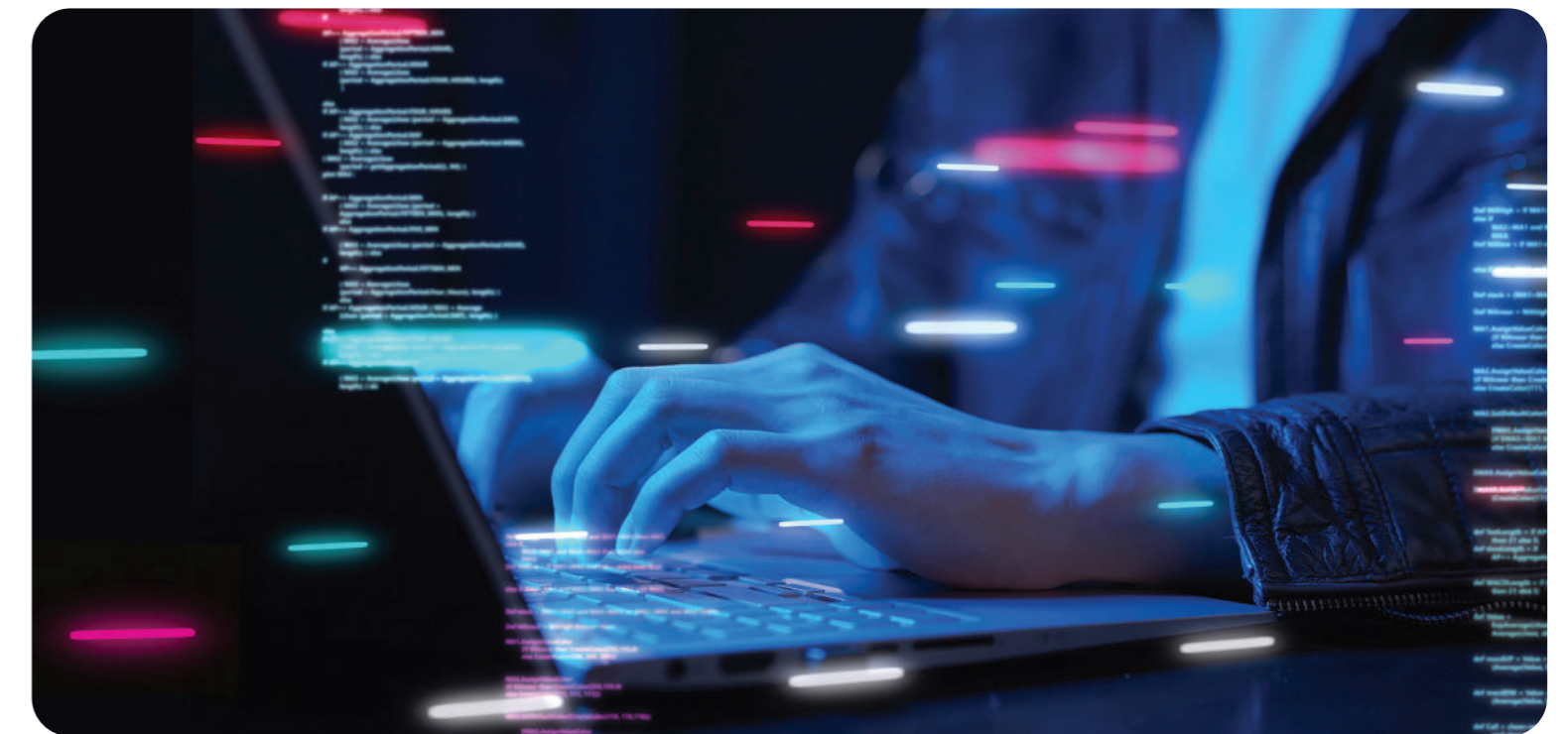
STREAMLINING & DIGITALIZING:

Redesigning the complete journey "from zero", investing powerful digital resources effectively



BIG DATA & ADVANCED ANALYSIS:

End-to-end data management, advanced analytics in decision making



2.2. STRATEGIC FOUNDATION FOR 2022

- Coordinating with BCG – a leading consulting partner, to accelerate the completion of digital transformation
- Building and developing a model of priority customer care service (Private banking)
- Promoting Agile work culture and new ways of working nWOW
- Keeping pace with the Replacing core banking system project
- Streamlining processes, improving sales force productivity



3. KEY PROJECTS TO BE DEPLOYED IN 2022

3.1. NWOW PROJECT - NEW WAY OF WORKING

The project aims at building a modern technology platform for the pioneering deployment of a new flexible and efficient way of working remotely. By 2024, MSB will be the first selected employer in Vietnam thanks to the large-scale nWoW application for the whole bank.

The project brings benefits to MSB in the following aspects:



- Analyzing facilities and determining targets
- Designing nWOW model according to prototypes
- Changing work methods, thought, and behaviors
- Planning a specific route (quick-win, short-term, long-term) and implementing it
- Testing, expanding scale and monitoring by each stage of sprints

3.2. SALES TRANSFORMATION PROJECT

OBJECTIVES



Improving sales performance (e.g. increase the number of RB & EB products per customer)



Enhancing the sales experience to reduce job quit rate (up to 60-70%) in the sales force



Increasing sales productivity by adopting strong sales practices



Focusing on capacity building to make a skilled and capable sales force



Accordingly, the productivity of RB is about 25-35% and EB 30-40%, the expected time is within 24 months

DEPLOYMENT ASPECTS OF THE PROJECT:



Generating potential customers and understanding customers



Practicing methods to operate an effective sales model



Improving the skills of consultancy for the sales team



Restructuring the sales force



Developing capacity, talent, and motivating the sales team



4. FINANCIAL GOALS

4.1. 2022 - 2024 TARGETS

Plan orientation for the period 2022-2024

TOP 5 JOINT STOCK BANKS IN VIETNAM



SCALE

TOTAL ASSETS

▲ 15-17% /YEAR

OWNER'S EQUITY

▲ 30% /YEAR

CASA RATIO

35-40%

% RETAIL OUTSTANDING
BALANCE/TOTAL BALANCE

≥60%



GROWTH

REVENUE

▲ 20-30% /YEAR

FEE INCOME

▲ 30% /YEAR

INSURANCE INCOME

▲ 25-30% /YEAR

PROFIT BEFORE TAX

▲ 20-30% /YEAR



EFFICIENCY & SAFETY

ROE

20-22% /YEAR

ROA

2.5-2.8% /YEAR

NPL

<3%

CAR

>11%

4.2. SPECIFIC TARGETS FOR THE FISCAL YEAR 2022

Unit: billion VND

No.	Content	2021 Actual	2022 Plan	2022 Plan/2021 Actual
1	Total assets	203,665	233,000	114%
2	Capital mobilized from the market I and bonds to raise capital ^(*)	107,659	123,808	115%
3	Credit outstanding balance (including outstanding personal loans and financial institutions, investment in corporate bonds) ^(*)	104,601	130,752	125%
4	NPL ratio in banking segment (group 3-5)	1.2%	<3%	
5	Profit before corporate income tax	5,088	6,800	134%
6	Remuneration and expenses of the Board of Directors and Board of Supervisors	23.2	25.5	110%
7	Charter Capital	15,275	20,000	131%
8	Dividend payout ratio ^(**)	(**)	≥20%	

(*) Depending on the credit growth rate granted by the State Bank in accordance with the operating policy from time to time, capital mobilization will increase accordingly to ensure the optimization of capital sources.

(**) Depending on the dividend level approved by the General Meeting of Shareholders in the annual meeting taking place in 2022.



E

**BOARD OF
DIRECTORS'
ASSESSMENT ON
MSB'S OPERATION**

1. BOARD OF DIRECTORS' ASSESSMENT ON ALL ASPECTS OF MSB'S ACTIVITIES

In 2021, MSB recorded eminent growth and achieved impressive results in all areas of activity; achieved and exceeded the targets assigned by the General Meeting of Shareholders. Business indicators such as total assets, revenue, profit... all excellently exceeded the plan.

TOTAL ASSETS REACHED OVER

VND **203** TRILLION

INCREASING MORE THAN **15%** COMPARED TO THE END OF 2020

AND MORE THAN **7%** OF THE PLAN

MSB'S PROFIT BEFORE TAX IN 2021 REACHED OVER

VND **5** TRILLION

OVER **2 TIMES** HIGHER THAN IN 2020

AS OF DECEMBER 31, 2021, MSB'S MARKET CAPITALIZATION WAS OVER

USD **1,9** BILLION

OVER **2 TIMES** HIGHER THAN AS OF DECEMBER 31, 2020

CREDIT GROWTH REACHED

22%

CAPITAL MOBILIZATION INCREASED BY NEARLY

9%

RANKED IN THE TOP 3 BANKS IN THE MARKET

WHICH THE PROPORTION OF CASA ACCOUNTED FOR NEARLY

36% OF TOTAL DEPOSITS

In addition, MSB has also continuously conducted activities to consolidate its organizational model, evaluate network effectiveness, and develop development plans in line with business strategies. During the complicated development of Covid-19, MSB strengthened free e-banking services, promoted cashless transactions, no need to go to the counter, bringing conveniences to individual and corporate customers. MSB also launched preferential credit packages, reduced interest rates, and restructured repayment periods for customers affected by the epidemic according to Circular 03 and Circular 14 of the SBV. We focused on promoting business while pursuing the sustainable development roadmap that is the goal of MSB. The bank is applying credit risk management according to the internal rating method of Basel II standards, and at the same time, implementing Basel III in operational, market, and liquidity risk management. Moody's, the world's leading credit rating agency, announced to upgrade the credit rating and assess the stable outlook for MSB when the epidemic was developing unpredictably in May 2021. This result reflects MSB's improved asset quality and profitability and MSB's core capital also has the potential to stabilize in the

next 12-18 months according to MSB's expectations. Simultaneously, the Bank's Management has also focused resources on two important projects, creating many other big impressions on the market in terms of strong digital transformation determination across the entire banking system. In June 2021, MSB officially started the Digital Factory project with an investment of approximately VND 2,000 billion. With the companionship of BCG - the world's leading technology corporation, the project is a methodical investment in finance and resources of MSB, towards the roadmap to 2022-2023 which will bring breakthrough profits for our bank. In addition, MSB signed a contract with Temenos - a global partner in banking software to deploy a solution to upgrade the core banking system (Core Banking) with a total investment of up to VND 500 billion. The new Core Banking system is the basis for MSB to optimize costs and processes, creating a driving force for future growth.

Thanks to its efforts to overcome market difficulties and the Covid-19 epidemic, MSB was honored to receive prestigious domestic and international awards such as the Top 10 most prestigious private joint-stock commercial banks in Vietnam, the Award for Bank with Most Innovative Retail Products, the Award for "Leading Bank in Trade Finance for Small and Medium Enterprises in 2021" honored by ADB, the "Best Bank" Award and "Best companies to work for 2021". The prestigious domestic and international awards are proof of MSB's efforts in the journey of "rising" along with customers, employees, shareholders, and partners. It is also the driving force for MSB to continue to create many superior products and services with high technology content, contributing to the growth of the financial - banking industry in the future.

MSB has complied with the provisions of the law on environmental protection; paid attention to and well implement policies related to employees: focusing on training and developing human resources, ensuring stable jobs for employees, improving income, especially synchronous and drastic implementation activities to ensure the health of MSB members of the Covid-19 vaccination team. As of December 2, 2021, 6,252 employees received 2 doses of vaccine, accounting for 95.5% of the total employees working at MSB. The number of employees who have injected at least 1 dose also reached 6,360 employees (equivalent to 97.2%).



2. BOD'S ASSESSMENT ON BOM'S ACTIVITIES

The CEO and the executive members successfully completed the operation of MSB under the resolution of the General Meeting of Shareholders and the direction of the Board of Directors; strictly complied with the Bank's Charter and legal regulations. In addition, CEO and the Board of Management also actively researched and implemented new business activities, digital transformation in accordance with the trend to improve MSB's operations, applied many flexible and timely management solutions, in line with BOD's guidelines and orientations and adapted to the complex developments to excellently achieve the assigned targets for the year 2021.

3. PLANS AND ORIENTATIONS OF THE BOARD OF DIRECTORS

Providing guidance and supervision for the successful implementation of the assigned targets, specifically:

Unit: VND billion

No.	Criteria	2021 Plan	2021 Actual	2021 Actual/2021 Plan
1	Total assets	190,000	203,665	107.2%
2	Capital mobilized from market I and bonds to raise capital (*)	114,105	107,658	94.3%
3	Credit outstanding balance (including outstanding personal loans and financial institutions, investment in corporate bonds) (*)	106,208	104,601	98.5%
4	NPL (group 3-5)	<3%	1.2%	Achieved
5	Profit before corporate income tax	3,280	5,088	155.1%
6	Remuneration and expenses of the BoD and BoS	25.3	23.2	91.7%
7	Charter Capital	15,275	15,275	100%
8	Dividend payout ratio (**)	>=15%	(**)	

(*) Depending on the credit growth limit granted by the State Bank, capital mobilization will increase accordingly to ensure capital optimization.

(**) Depending on the dividend level approved by the General Meeting of Shareholders in the annual meeting taking place in 2022.

Researching and guiding CEO and the Board of Management on new business models and methods to improve MSB's efficiency, including connecting and cooperating with foreign partners to strongly implement the Private Banking model; improving the selling capacity of the sales team at Retail Banking and Corporate Banking; deploying differentiated value positioning for target customer segments with appropriate business models; developing chains and partners to take advantage of the ecosystem between specialized banks.

Accompanying and supporting the Executive Council to implement strong digital transformation throughout the system, spread digital culture to each staff; especially consulting and supervising for the bank to successfully deploy the Core Banking system, improving the capacity of product design, service, and management.

Directing the constant implementation of solutions to improve the quality of governance, the efficiency of capital use and ensure the safety of shareholders' capital; strengthen debt management, preventing new bad debts from arising and ensuring liquidity safety.



F
**CORPORATE
GOVERNANCE**

1. OVERVIEW OF CORPORATE GOVERNANCE

MSB always focuses on the implementation of corporate governance regulations in accordance with current legal regulations, in line with market practices, and towards meeting international standards. In 2021, despite of difficulties and challenges caused by the Covid-19 epidemic, MSB still ensured business operations in parallel with complying with regulations of the State Bank of Vietnam, the State Securities Commission, and legal regulations.

The MSB's Charter, MSB's Governance Regulations, the Regulation on organization and operation of the Board of Supervisors and the Regulation on organization and operation of the Board of Directors were approved in the MSB's Annual General Meeting of Shareholders in 2021 to satisfy the requirements of the current laws:

- Law on Credit Institutions 2010, amended and supplemented by Law amending and supplementing a number of articles of
- Law on Credit Institutions No. 17/2017/QH14;
- Law on Enterprises 2020;
- Pursuant to the Law on Securities 2019;
- Decree No. 115/2020/ND-CP of the Government detailing the implementation of a number of articles of Law on Securities;
- Circular No. 13/2018/TT-NHNN on the internal control system of commercial banks, foreign bank branches, and other relevant regulations;
- Circular No. 22/2019/TT-NHNN stipulating limits and ratios to ensure safety in the operation of Banks, foreign bank branches;
- Circular No. 116/2020/TT-BTC of the Ministry of Finance guiding a number of articles of corporate governance applicable to public companies in Decree No. 115/2020/ND-CP;
- Circular 96/2020/TT-BTC of the Ministry of Finance guiding information disclosure on the stock market.

MSB's document system is regularly reviewed and adjusted to be consistent with legal regulations and MSB's actual operations. In 2021, MSB issued the Regulation on Code of Conduct and Professional Ethical Standards, Regulation on Information Disclosure on the Stock Market; amended and supplemented the Regulation on operational risk management, the Regulation on credit risk management...

Regarding corporate governance, MSB clarifies management and administration, ensures the supervision mechanism of senior management combined with empowerment; develops and maintains a culture of control and ethical standards.

MSB strictly abides by regulations on information disclosure on the stock market, regulations of the State Bank, State Securities Commission, Vietnam Securities Depository, Stock Exchange and other state administration authorities.

In 2022, MSB intends to better implement the established corporate governance principles, continuously update the state's legal regulations and promptly adjust relevant internal documents. MSB also aims to approach governance regulations that meet international standards to build and perfect the best internal governance system.



2. INVESTOR RELATIONS

MSB was officially listed on the Ho Chi Minh Stock Exchange on December 23, 2020. And then, 2021 was the first year MSB has strengthened and reached higher standards in investor relations.

TRANSPARENT AND STANDARDIZED PROCEDURES:

With the transparent structure and shareholder interests acknowledged as principles in governance, MSB always ensures strict compliance with the regulations on information disclosure of the State Securities Commission and Ho Chi Minh Stock Exchange. The information disclosure MSB's policy is updated adequately in accordance with applicable laws and ensures a standardized process to help timely information be sent to shareholders and investors interested in the MSB shares. The internal process was revised in 2021, consistent with the new requirements of the laws and new regulations of the regulatory agencies (the Vietnam Stock Exchange and Ho Chi Minh Stock Exchange, Vietnam Securities Depository). MSB's website is fully updated with documents such as information disclosure, financial statements and documents for shareholders... The process of holding the General Meeting of Shareholders was also restructured according to detailed steps and ensured that information was brought to shareholders and investors early and on time as required by law. In 2021, the Annual General Meeting of Shareholders was held smoothly even during the epidemic period, ensuring the distance and epidemic prevention at the request of the Government. The documents were sent to shareholders on time; the issues were fully presented before the General Meeting of Shareholders and received the maximum approval rate with the number of voting shares of the shareholders attending/authorized to attend the meeting.

PROFESSIONALIZATION AND TECHNOLOGICAL APPLICATION IN MULTI-CHANNEL INFORMATION TO SHAREHOLDERS AND INVESTORS:

In the face of that all activities affected by the epidemic in 2021, the approach to shareholders and investors was conducted by MSB through multiple channels, from online to large-scale communication through press channels. All information including financial data, eminent business activities were quarterly published through Investor newsletters; documents for investors; domestic and abroad analysts so

that it maintained the equality and prompt communication to investors. MSB has discussed with individual and institutional investors not only in the country but also in many countries around the world through emails, seminars, and online exchanges.

Thanks to the efforts of the sales team, business support apparatus, effective communication, and investor relations, MSB had more than 25,000 new shareholders in 2021, increasing over 3 times compared to the end of 2020. Particularly, there were a large number of professional investors, foreign institutional investors and investment funds with a long history of success in the international financial market. The interest of investors in MSB share is also reflected in the average trading volume of shares per session. In spite of its short listed period, MSB has always been at the top of banking shares with the highest trading volume since being included in the list of shares traded on margin by the Ho Chi Minh Stock Exchange. The success of the share listing was also recorded when MSB was selected in the list of typical indexes such as VNDiamond and VNFinlead.

MSB is generally aiming for promoting business development, risk management and flexible adaptation for a higher level of profit value. Together with the objective, investor relations' activities also aim at higher standards of transparency, respect for equality, and shareholders' rights. With those principles, MSB believes to rise to the top of Vietnam's private banks and the bank's market capitalization will continue to conquer new heights, maximizing the benefits of our shareholders, partners, customers, and employees.

3. CHANGE IN OWNER'S EQUITY

3.1. SHAREHOLDER STRUCTURE (AS OF DECEMBER 31, 2021)

In 2021, MSB increased its charter capital by 30% by paying 2020 dividends in shares, bringing the bank's charter capital to VND 15,275 trillion, by which MSB completed the capital increase in October 2021. Thanks to the positive stock market movements, especially with the banking industry and MSB share being widely interested by investors, the number of shareholders of the bank was 36,939, over 3 times higher than the number at the end of 2020. Vietnam Post and Telecommunications Group are major shareholders owning 6.09% of the total charter capital, equivalent to more than 93.05 million shares. In terms of shareholder structure, domestic shareholders account for more than 69.98% with 112 organizations and 36,747 individuals; foreign ownership is 29.99% with the participation of 19 organizations and 61 individuals.

Unit: VND million

Changes in owners' invested capital	Separate		Consolidated	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Charter capital	15,275,000	11,750,000	15,275,000	11,750,000
Capital for basic construction	608	608	608	608
Share Premium	491,710	400,000	491,710	400,000
Reserve funds	1,275,266	975,052	1,276,973	989,453
Retained earnings	5,049,574	4,748,837	4,993,494	4,775,413
Treasury shares	-	(1,040,655)	-	(1,040,655)
Total owner's equity	22,092,158	16,833,842	22,037,785	16,874,819

3.2. TREASURY SHARE TRANSACTIONS

In 2021, MSB performed 2 transactions for treasury shares as follows:

	Closing date of treasury share offering	Number of treasury shares sold	Objects to offer treasury shares	Average offering price (VND/share)
The 1st installation of selling Treasury shares	10/03/2021	82,522,811	Existing Shareholders	11,547
The 2nd installation of selling Treasury shares	12/07/2021	18,000,000	MSB employees (ESOP 2021)	10,000
Total Treasury shares sold		100,522,811		

As of December 31, 2021, MSB doesn't have treasury share.



4. INTRODUCTION OF THE BOARD OF DIRECTORS, BOARD OF SUPERVISORS, BOARD OF MANAGEMENT

4.1. BOARD OF DIRECTORS

A. MEMBERS AND STRUCTURE



MR. TRAN ANH TUAN

CHAIRMAN OF THE BOARD OF DIRECTORS

Master of Business Administration, Griggs University, USA

Mr. Tran Anh Tuan has been involved in the management and administration of MSB since 2007 and acted as Vice Chairman of the Board of Directors, Chief Executive Officer. He has been the Chairman of the Board of Directors of MSB since February 2012.



MS. NGUYEN THI THIEN HUONG

VICE CHAIRMAN OF THE BOARD OF DIRECTORS

Master of Business Administration, University of Hawai'i, Manoa, USA.

Ms. Nguyen Thi Thien Huong has 26 years of experience in the banking industry. From 1995 to 2016, she worked at Techcombank and held various positions such as Head of Credit Department, Deputy Chief Executive Officer and Standing Member of Risk Audit Committee. She has held the position of Vice Chairman of the Board of Directors at MSB since May 2018.



MR. NGUYEN HOANG AN

VICE CHAIRMAN OF THE BOARD OF DIRECTORS

Bachelor of Economics, Banking Academy of Vietnam

Mr. Nguyen Hoang An joined MSB in 1991 and held positions such as Head of Credit Department, Director of Thanh Xuan Branch, Branch Manager Hanoi, and Deputy Chief Executive Officer. From October 2011 to May 2018, he acted as Deputy Chief Executive Officer. He has held the position of Vice Chairman of MSB's Board of Directors since May 2018.



MR. TRAN XUAN QUANG

MEMBER OF THE BOARD OF DIRECTORS

Master of Business Administration, University of Southern California, USA.

Mr. Tran Xuan Quang held important positions at MSB as Deputy Head of Treasury and Retail Banking, Head of Corporate Banking, Deputy Chief Executive Officer cum Head of Strategy Division, Chief Risk Officer and Standing Deputy Chief Executive Officer. In November 2013, he held the position of Deputy Chief Executive Officer, Head of Corporate Banking. In April 2016, he was elected to the Board of Directors as standing Vice Chairman. He has been a member of MSB's Board of Directors since May 2018.



MR. NGUYEN HOANG LINH

MEMBER OF THE BOARD OF DIRECTORS,
CHIEF EXECUTIVE OFFICER

Master of Economics, Hanoi University of Science and Technology

Mr. Nguyen Hoang Linh has more than 23 years of experience in finance and banking and held many important positions in Vietnamese banks such as a Member of the Board of Directors, Chief Executive Officer at PVCombank, Chief Executive Officer at Western Bank, General Director at Viet A Bank,... He has dedicated more than 15 years and is trusted with many key roles such as Director of Ho Chi Minh Branch, Deputy Chief Executive Officer cum Head of the Corporate Banking Division, Deputy Chief Executive Officer cum Head of Strategy Division, Deputy Chief Executive Officer cum Head of Retail Banking. He has been the Chief Executive Officer cum a member of the Board of Directors since 2020.



MS. LE THI LIEN

INDEPENDENT MEMBER OF THE BOARD OF DIRECTORS

Doctor of Science in Business Administration, University of California Miramar, USA.

From 2007 to 2012, Ms. Le Thi Lien acted as the Chairwoman of the Board of Vietnam Maritime Commercial Joint Stock Bank for the fourth term cum the capital representative of the ownership in MSB of Vietnam Posts and Telecommunications Group (VNPT). At the same time, she was the Head of the Investment and Capital Management Department, VNPT. From 2012 to 2017, she held various positions such as Head of Investment and Capital Management Department at VNPT; Deputy Head of the Finance - Strategy Division under the Members' Council at VNPT. She has been an independent member of the Board of Directors since May 2018.

B. SHARE OWNERSHIP OF BOD MEMBERS AS OF DECEMBER 31, 2021

No.	Full name	Position	Number of shares	Ownership percentage	Positions in other companies
1	Tran Anh Tuan	Chairman of the BOD	12,959,327	0.848%	None
2	Nguyen Thi Thien Huong	Vice-Chair of the BOD	70,980	0.005%	None
3	Nguyen Hoang An	Vice-Chairman of the BOD	260,520	0.017%	None
4	Tran Xuan Quang	Member of the BOD	196,560	0.013%	<ul style="list-style-type: none"> • Chief Executive Officer of TNG Holdings Vietnam Investment Joint Stock Company • Chairman of TNEX Digital Finance Platform And Services Joint Stock Company • Chairman of the BOD of Family Mart Vietnam Joint Stock Company
5	Nguyen Hoang Linh	Member of the BOD cum Chief Executive Officer	291,200	0.019%	Member of the BOD of Finance Company Limited For Community (FCCOM)
6	Le Thi Lien	Independent member of the BOD	489,970	0.032%	Chairwoman of BoD of TNL Lease Property And Investment Joint Stock Company

C. SUB-COMMITTEES UNDER THE BOARD OF DIRECTORS

RISK MANAGEMENT COMMITTEE

Members	Position
Mr. Tran Xuan Quang, Member of the BOD	Chairman
Ms. Le Thi Lien, Independent member of the BOD	Voting member
Mr. Nguyen Hoang Linh, Chief Executive Officer	Voting member
Mr. Do Thanh Cong	Voting member
Ms. Nguyen Thi Thu Hang, Head of Financial Management Division	Non-voting member

STRATEGY COMMITTEE

Members	Position
Mr. Tran Anh Tuan, Chairman of the BOD	Chairman
Mr. Nguyen Hoang Linh, Chief Executive Officer	Vice Chairman
Ms. Dinh Thi To Uyen, Head of Strategy Division	Standing Member
Mr. Tran Xuan Quang, Member of the BOD	Member
Mr. Oliver Schwarzhaupt, Head of Risk Management Division	Member

RISK SETTLEMENT COUNCIL

Members	Position
Ms. Le Thi Lien, Independent member of the BOD	Chairman
Mr. Nguyen Hoang Linh, Chief Executive Officer	Vice Chairman
Mr. Oliver Schwarzhaupt, Head of Risk Management Division	Voting member
Ms. Nguyen Thi Thu Hang, Head of Financial Management Division	Voting member
Mr. Do Thanh Cong	Voting member
Head of Specialized Banks and Head of Division/Committee ⁽¹⁾	Non-voting member
Head of Credit Risk Management for Specialized Bank 2, Risk Management Division	Non-voting member

HUMAN RESOURCE COMMITTEE

Members	Position
Mr. Tran Anh Tuan, Chairman of the BOD	Chairman
Ms. Nguyen Thu Trang	Permanent Vice Chairman
Mr. Nguyen Hoang An, Vice Chairman of the BOD	Member
Mr. Tran Xuan Quang, Member of the BOD	Member
Ms. Le Thi Lien, Independent Member of the BOD	Member
Mr. Nguyen Hoang Linh, Chief Executive Officer	Member
Mr. Nguyen Ngoc Cuong, Head of Human Resource	Member

TECHNOLOGY COMMITTEE

Members	Position
Mr. Tran Anh Tuan, Chairman of the BOD	Chairman
Mr. Nguyen Hoang Linh, MSB's Chief Executive Officer	Permanent Vice Chairman
Mr. Tran Xuan Quang, Member of the BOD	Member
Mr. Nguyen Quoc Khanh, Head of Technology Division	Member
Ms. Dinh Thi To Uyen Head of Strategy Division	Member
Ms. Nguyen Thi Thu Hang, Head of Financial Management Division	Member
Ms. Nguyen Ha Thanh, Head of Operations Division	Member
Mr. Le Minh Loan, Cybersecurity specialist	Member
Head of Specialized Banks and Head of Division/Committee ⁽¹⁾	Member

D. ACTIVITIES OF THE BOARD OF DIRECTORS

MEETINGS OF THE BOARD OF DIRECTORS IN 2021

No.	Member of the BOD	Member of the BOD	Percentage of attending	Reasons for absence
1	Mr. Tran Anh Tuan	04	100%	Absent, Ms. Le Thi Lien was authorized
2	Mr. Nguyen Hoang An	05	100%	
3	Ms. Nguyen Thi Thien Huong	05	100%	
4	Mr. Nguyen Hoang Linh	05	100%	
5	Mr. Tran Xuan Quang	05	100%	
6	Ms. Le Thi Lien	05	100%	

1. As Chief Executive Officer of Specialized Banks and Heads of Divisions/-Committees other than Technology Division, Strategy Division, Financial Management Division, and Operations Division, who only participate by topic and/or for related issues.

BOD'S SUPERVISION OF CEO:

The CEO's operations are supervised by BOD through the detailed assignment of tasks, periodic performance evaluation; participation in monthly executive meetings with the Board of Management; use of the internal audit system to evaluate the quality of operations as well as ensure compliance with the provisions of law and internal regulations of the units.

SUB-COMMITTEES' ACTIVITIES UNDER THE BOD:

according to the authorized assignment, the committees assisting the Board of Directors handled the following tasks in 2021:

RISK MANAGEMENT COMMITTEE (RMC):

In 2021, the RMC held 13 meetings (including 10 online meeting sessions due to the Covid-19 epidemic) and approved 06 proposals for consultation via email. At the meetings, the committee focused on discussing reports/topics, at the same time, considered the proposals submitted for advice and recommendations to the Board of Directors, CEO and approved the periodic Risk Portfolio Reports, specifically:

- Discussing 10 topics and reports, including important topics/reports on Risk Management such as Risk Management Report according to advanced methods of Basel standards (Internal Rating Method and Advanced Methods according to Basel III for Operational Risk, Market Risk, Liquidity Risk); Implement Internal Capital Adequacy Assessment Process (ICAAP) in 2021; Topics on Data Management; Review decentralization of approval authority for Financial Institution Customers; Specialization in Operational Risk Management and Continuity Operation Management.
- Reviewing and recommending to the Board of Directors 15 proposals, including Credit Rating Models for Customer Segments (Business Owners, Individual Customers with Salary Income, Business Owners (BO EB), Customer pays salary via MSB); Risk Management Framework (QC.RR.008); Statement of Risk Appetite for 2021-2023 and Statement of Risk Management Strategy for 2021-2023; Amendment of compositional Regulations (Regulations on Credit Risk Management (QC.RR.001), Regulations on Classification and Protection of Information (QC.RR.017), Regulations on Classification of Debts and Use of Provision for Credit risk handling (QC.RR.010), Operational Risk Management Regulation (QC.RR.015), Special Lending Regulations for specially controlled

credit institutions; Resolution on authority to approve credit extension, restructure debt repayment term and handle credit risks.

- Reviewing and recommending 15 proposals on risk management to the Chief Executive Officer, including Regulations on credit extension to customers of small and medium enterprises; Regulations on credit extension at the Retail banking division; Regulations on credit extension to Large Corporate Customers; Regulations on collateral for credit extension; Approval model in advance for SMEs and delegating authority to Business Units; and Programs/products exceeding the Credit extension Regulations (The process of automatically increasing credit card limit for individual customers, Credit policies for financing the purchase/transfer of project real estate for individual customers, Credit card issuance solutions for existing customers on digital channels...)
- Updating the Risk Portfolio Report every 12 months in 2021: the Committee recognized the report and updated its performance from material risk aspects (credit, operations, markets, liquidity, Bankbook interest rates, and information security); monitored and updated the performance of targets against warning thresholds/limits of Risk appetite, and gave timely risk management instructions on Debt recovery, Information security risk management, Risk management according to the digitalization journey, Post-lending management...

STRATEGY COMMITTEE (SC):

With the role of advising and recommending to the Board of Directors on strategic direction and actions for a successful strategic transformation, the SC conducted meetings in 2021 and collected some comments via email with the following specifics:

- Evaluating and reviewing the organizational structure in 2020 and proposing changes in line with the strategic direction.
- Reporting the implementation of the customer value positioning (CVP) project and updating strategic activities at the Transformation Office (CMO): Updating the implementation progress of the ongoing strategic initiatives and supplementing additional projects that the specialized bank needs to implement at the CMO.
- Setting up the Digital Factory: Completing the design phase of the digital transformation roadmap approved by the Board of Directors. Negotiating and selecting BCG partners to deploy bank digitalization.

- Report on key strategic indicators by segment of Retail Banking & Corporate Banking: The Strategy Division reports key indicators according to the Balanced Scorecard (based on the MSB's Plainning Regulations and Strategic Management) quarterly.
- Reporting the Risk Management Division restructuring under the model of specialization of credit and mortgage, strengthening risk control through debt recovery management designed throughout the journey of each product and target customers.
- The SC considered approving the policy of cooperation with TNEX Company, with the goal of continuing to develop customers through digital channels with low cost but high efficiency.
- The SC assessed and reviewed the selling capacity of EB and RB based on proposing actions to improve the selling capacity, especially EB.
- The SC evaluated the total strength of corporate banks on key aspects including SSE segment, SME sales force structure capacity, key industry, from which to approve adjustments and key actions for the next period according to specific approval to adjust SSE from EB to RB management, select additional focus sectors for EB;
- Reporting on competitors in the field of digitalization helped the SC see the overall picture of banks, especially rival banks that have been implementing digital activities; proposing action plans for technology and digitalization strategy.
- There was also content related to updating the progress of key projects such as the Digital Factory Project, projects at the CMO Transformation Office, the New Core banking project...

After the meetings, the units were required to update the report on the implementation of the SC's directives on a monthly basis through the secretary of the Board of Directors.

Members of the SC always give in-depth evaluations and suggestions, maximum support to specialized banks, and strategic projects. The Strategy Division, in the role of the SC's secretary, always monitors and reviews the implementation actions of the units, ensuring that the directives of the SC Chairman are carried out accurately and on schedule, as committed.

HUMAN RESOURCES COMMITTEE (HRC):

In 2021, the Human Resources Committee handled more than 130 documents and advised the Board of Directors and the Chairman of the Board of Directors on organizational issues to meet our Bank's development needs, policies and procedures on human resources to ensure the compliance with the law, to arrange optimal human resources for the organization; carried out personnel procedures related to managerial positions and statutory titles under the authority of the Board of Directors, the Chairman of the BOD, and other tasks assigned by the Chairman of the BOD.

TECHNOLOGY COMMITTEE (TC):

In 2021, the Technology Committee held 3 sessions. The first session was an extraordinary session at the request of the Chairman of the Board of Directors. At the meeting, the committee focused on discussing and advising the Board of Directors and the Chairman of the Board of Directors on the selection of partners to implement the project to replace the Core Banking system for MSB and approve the technology investment budget plan for 2021. The second session was held in the third quarter of the year with main contents: Reporting results/progress of important strategic projects after the first 6 months of the year, giving 06 Technology Orientations and 05 new approaches of Technology implementation, reporting to the Committee for approval of the project for Copyright Microsoft and Information Security Monitoring Center (SOC). The third session was held in the fourth quarter with the main contents: Reporting results/progress of important strategic projects implemented in 2021, Reporting Technology Architecture (according to the advice by BCG), Orientation and main tasks, major projects in 2022, Reporting the Budget for major projects/works in 2022, Reporting to the SC for approval of investment project to deploy All flash disk cabinet and SAN switch.

E. TRAINING ON CORPORATE GOVERNANCE FOR THE BOARD OF DIRECTORS

MSB's Board of Directors always encourages and creates all conditions for Bank leaders at all levels to participate in courses and discussions related to banking governance activities according to domestic and international standards. The members of the Board of Directors of MSB have participated in several seminars on corporate governance and have extensive experience in managing many economic and credit institutions.



4.2. BOARD OF SUPERVISORS

A. MEMBERS AND STRUCTURE



MS. PHAM THI THANH
HEAD OF BOARD OF SUPERVISORS

Master of Economics, National Economics University, Hanoi.

Ms. Pham Thi Thanh used to hold many important positions such as Deputy Director of the State Bank of Ha Tay (former Ha Tay); Deputy Head of General Supervisory Department at the State Bank of Vietnam; Member of the Board of Directors, Head of Board of Supervisors of Vietnam Bank for Social Policies. She joined MSB in April 2009 as a member of the Board of Supervisors. In September 2009, she has held the position of Head of the Board of Supervisors of MSB. In May 2018, she continued to be elected as Head of the Board of Supervisors for the term 2018-2021.



MS. CHU THI DAM
MEMBER OF BOARD OF SUPERVISORS

Master of Economics, Academy of Finance.

Ms. Chu Thi Dam has 27 years of experience in the finance and banking industry. She joined MSB in September 2008 and held the position as Head of the Internal Audit Division. In February 2012, she acted as a member of the Board of Supervisors. In May 2018, she continued to be elected as a member of the Board of Supervisors for the term 2018-2021.



MS. LE THANH HA
MEMBER OF BOARD OF SUPERVISORS

Master of Business Administration, Griggs University, USA.

Ms. Le Thanh Ha joined MSB in 1991 and held leadership positions such as Accounting, Customer Service, Capital Management, Investment and Trading in Foreign Exchange, Financial Markets Division and financial institution banking Division. In February 2012, she held the position of Member of the Board of Supervisors. In May 2018, she continued to be elected as a member of the Board of Supervisors for the term 2018-2021.

B. OWNERSHIP PERCENTAGES OF VOTING SHARES AND OTHER SECURITIES OF MSB'S BOARD OF SUPERVISORS

No.	Full name	Position	Number of shares owned	Share ownership
1	Pham Thi Thanh	Head of the Board	180,965	0.011847%
2	Le Thanh Ha	Specialized member	183,566	0.012017%
3	Chu Thi Đam	Specialized member	109,200	0.007149%

C. ACTIVITIES OF THE BOARD OF SUPERVISORS

In 2021, the Board of Supervisors conducted 05 meetings. The main content of the meetings was to update the business situation of MSB, the key resolutions issued by the Board of Directors, the directions and regulations of the State Bank for the activities of the credit institutions in general and of MSB in particular, thereby agreeing on the work to be focused on in the process of monitoring MSB's business activities, directing the internal audit work to closely follow the requirements of the State Bank of Vietnam, remote monitoring and direct auditing the key business activities of our bank, reporting to the Board of Directors and CEO for some potentially risky activities so that MSB can have solutions to rectify and improve the quality, ensure that MSB operates safely, efficiently, and in compliance with the law.

All meetings reached the consensus and agreement of all members of the Board of Supervisors, which was a premise for this Board to successfully complete the work following regulations, contributing to MSB's development.



4.3. BOARD OF MANAGEMENT

A. INTRODUCTION



MR. NGUYEN HOANG LINH

MEMBER OF THE BOARD OF DIRECTORS,
CHIEF EXECUTIVE OFFICER

Master of Economics, Hanoi University of Science and Technology

Mr. Nguyen Hoang Linh has more than 23 years of experience in finance and banking and held many important positions in Vietnamese banks such as a Member of the Board of Directors, Chief Executive Officer at PVCombank, Chief Executive Officer at Western Bank, Chief Executive Officer at Viet A Bank,... He has dedicated more than 15 years and is trusted with many key roles such as Director of Ho Chi Minh Branch, Deputy Chief Executive Officer cum Head of the Corporate Banking Division, Deputy Chief Executive Officer cum Head of Strategy Division, Deputy Chief Executive Officer cum Head of Retail Banking. In March 2020, he was appointed to hold the position of Chief Executive Officer. In September 2020, he was elected as a member of the Board of Directors for the term 2018-2021.



MS. NGUYEN HUONG LOAN

DEPUTY CHIEF EXECUTIVE OFFICER, HEAD OF FINANCIAL
INSTITUTION BANKING

Master of Business Administration, Sorbonne University Paris 1

Ms. Nguyen Huong Loan joined MSB in 2009 as Deputy Chief Executive Officer cum Head of the Funding Division. After that, still in the position of Deputy Chief Executive Officer, she was in charge of the Financial Institutions and Large Corporate Division cum the Head of the Financial Markets Division. Currently, Ms. Loan holds the position of Deputy Chief Executive Officer cum Head of the Financial Institution Banking Division.

With 27 years of experience in the banking industry, she spent 13 years working for The Vietnam Technological and Commercial Joint Stock Bank (Techcombank) in managerial positions before joining in MSB.



MR. NGUYEN THE MINH

DEPUTY CHIEF EXECUTIVE OFFICER, GENERAL DIRECTOR
OF CORPORATE BANKING DIVISION

Master of Finance and Banking, ESCP University and Paris Dauphine, France

Mr. Nguyen The Minh has 23 years of experience in finance and banking. He has held many important positions at prestigious banks such as Head of MME Division, Northern Director - HSBC Vietnam; Senior Director of Corporate & Financial Projects - Calyon Vietnam... In April 2015, he acted as Chief Executive Officer cum Head of the Large Corporate Banking. In January 2019, he held the position of Deputy Chief Executive Officer cum Head of Corporate Banking.



MR. OLIVER SCHWARZHaupt

DEPUTY CHIEF EXECUTIVE OFFICER OF MSB, CHIEF RISK OFFICER

Master of Economics, Justus Liebig University, Giessen, Germany

Mr. Oliver Schwarzhaupt has 28 years of experience in banking and risk management. He held the position of Chief Risk Officer at MSB from 2011 to 2013 and officially returned to MSB in August 2019 as Deputy Chief Executive Office of MSB cum Chief Risk Officer.



MS. NGUYEN THI MY HANH
HEAD OF RETAIL BANKING DIVISION

Master of Business Administration

Ms. Nguyen Thi My Hanh has 19 years of experience in the finance and banking industry, including 14 years working at MSB, and is trusted to take on many managerial positions such as Head of Sales and Distribution Channel Center; Head of Business Development Management Center; Director of Region 1, in charge of Liabilities Department at MSB; Deputy Head of Business Development Center - Retail Banking at Vietin-Bank. In January 2020, she was appointed as Deputy Chief Executive Officer of Retail Banking. Since December 2020 to the present, she has acted as the Head of Retail Banking.



MS. LAI THANH MAI
HEAD OF LEGAL AND COMPLIANCE DIVISION

Lawyer, Bachelor of Law, Hanoi Law University

Ms. Mai has 25 years of experience in legal consulting and compliance in banking sector. She joined MSB in 1997 and held many important positions at MSB such as Head of Legal Department, Head of Secretariat of the Board of Directors, Head of Legal and Compliance. In January 2019, she was appointed as the Head of Legal and Compliance.



MS. NGUYEN HA THANH
CHIEF OPERATING OFFICER

Master of Business Administration, Asian Institute of Technology - AIT

Ms. Nguyen Ha Thanh has 26 years of experience working at prestigious Financial and Banking institutions in Vietnam such as Deputy Chief Operating Officer, Techcombank; Deputy Chief Executive Officer - Chief Operating Officer, Morgan Stanley Gateway Securities Company (MSGS); Deputy General Director - Operations Director, Royal International Securities Company (IRS); Since the end of December 2020, she has joined MSB and held the position of Chief Operating Officer.



MS. DINH THI TO UYEN
HEAD OF STRATEGY DIVISION

Bachelor of Economics, Foreign Trade University, Hanoi

Ms. Dinh Thi To Uyen has nearly 25 years of experience in Marketing & Communication and held senior positions at international organizations in Vietnam and overseas such as Head of Marketing and Branding at Techcombank; Head of Marketing & Business Development at British Petroleum; Head of Marketing Department at Shell Gas Vietnam... In May 2015, she joined MSB and held the position of Director of Marketing & Communication Division. In February 2020, she was appointed as the Head of the Strategy Division.



MR. NGUYEN QUOC KHANH
CHIEF INFORMATION OFFICER

PhD, University of Western Sydney

Mr. Khanh has more than 22 years of working experience in information technology in Vietnam and overseas, with nearly 15 years holding leading leadership positions such as Deputy Chief Information Officer at Vietcombank, Deputy Chief Executive Officer cum Chief Information Officer at PVCombank, Deputy Chief Executive Officer in charge of information technology at PetroVietnam Finance Joint Stock Corporation (PVFC), Deputy Chief Information Officer under Preparatory Board at PV Bank, Technical Director at FPT Software... He used to hold the position of Chief Information Officer at MSB from May 2009 to October 2013 and attained many critical achievements. He officially returned and has held the position of Chief Information Officer at MSB since April 2020.



MS. NGUYEN THI THU HANG
CHIEF FINANCIAL OFFICER

Bachelor of Economics, University of Commerce, Vietnam

Ms. Nguyen Thi Thu Hang has 21 years of experience at MSB and has held many senior positions such as Deputy Chief Financial Officer cum Head of Financial Management Center, Head of Finance Department, Head of Planning and Budget Department. Given her extensive financial experience and expertise, she was appointed Chief Financial Officer in April 2020.



MR. NGUYEN NGOC CUONG
CHIEF HUMAN RESOURCE OFFICER

Master of Business Administration, National Economics University, Vietnam

Mr. Nguyen Ngoc Cuong joined MSB in 2007 and held many managerial positions from 2009 to 2012 including Head of Human Resource Management, Head of Talent Development Strategy Department, Deputy Head of Pay and Remuneration. In 2012, he worked at M-Talent Human Resource Management Joint Stock Company as Head of HR Strategy Centre and then Deputy Chief Executive Officer of M-Talent in 2015. In January 2020, he was appointed Chief Human Resource Officer.



MR. DUONG NGOC DUNG
CHIEF MARKETING OFFICER

Bachelor of Economic Law

Mr. Duong Ngoc Dung has more than 20 years of experience in Marketing, Communication and Branding. He used to hold numerous important positions at prestigious banks and financial institutions in Vietnam such as Chief Marketing Officer at Hong Leong Bank Vietnam, Chief Marketing Officer at Vietnam International Bank, Chief Marketing Officer at Viet Capital Bank and Viet Capital Securities Company, Head of Marketing and Business Development at Sao Bac Dau Technology Service Joint Stock Company. In February 2020, he joined MSB and held the position of Chief Marketing Officer.



MR. BUI DUC QUANG

HEAD OF CREDIT MANAGEMENT BANKING DIVISION

Bachelor of Law, Hanoi Law University

Mr. Bui Duc Quang has more than 21 years of experience in the legal field (08 years in banking industry). He used to hold the position of Head of Debt Handling at Vietnam International Commercial Joint Stock Bank (VIB); Head of Litigation at TNG Group, member of Advisory Council at TNG Group. At MSB, he used to be Head of Litigation & Asset Management, Deputy Head of Credit Management Division, Chairman of MSB AMC and Acting Head of Credit Management Division in January 2020. In July 2020, he was appointed as the Head of Credit Management Banking.



MR. SAMUEL ANTHONY DOTRO

HEAD OF DIGITAL TRANSFORMATION DIVISION

Bachelor of Science in Management Science, Kean College of New Jersey, USA

Mr. Samuel has 28 years of experience in finance and banking. He used to hold many important positions at prestigious organizations in the world such as Executive Vice President - Chief Technology Officer, Thanachart Bank (Thailand); Vice President of Systems and Enterprise Architecture of Scotiabank (Canada); Executive Director - Chief Architect of Enterprise Data and Technology Center; CIBC Bank (Canada); CEO - Chief Architect of First Caribbean Bank, CIBC World Markets Corporation (Caribbean); CEO - Chief Architect, Global Chief Technology Officer, CIBC World Markets Corporation (USA). In November 2021, Mr. Samuel joined MSB and was appointed as the Head of the Digital Transformation Division.

B. PERSONNEL CHANGES ON THE BOARD OF MANAGEMENT IN 2021

Dismissing Mr. Bryan Patrick Carroll – Head of Digital Banking Division because of changes in the structure of the Digital Banking Division of the internal structure on June 11, 2021

Appointing Mr. Samuel Anthony Dotro – Head of Digital Transformation Division because of the establishment of a new Division on November 15, 2021



5. TRANSACTIONS, REMUNERATION, AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND BOARD OF SUPERVISORS

5.1. SALARY, BONUS, REMUNERATION, AND BENEFITS

Remuneration of the Board of Directors, Board of Supervisors, and Chief Executive Officer complied with the salary regulations and the Resolution approved by the Annual General Meeting of Shareholders in 2020.

Refer to Consolidated Financial Statements 2021 - Note 43 "Major transactions and balances of related parties".

5.2. SHARE TRANSACTIONS BY INTERNAL SHAREHOLDERS

No.	Transacting person	Relationship with internal person	Number of shares held at the beginning of the year		Number of shares held at the end of the year		Reason for increase, decrease (purchase, sale, conversion, bonus...)
			Number of shares	Rate (%)	Number of shares	Rate (%)	
1	Tran Anh Tuan	Chairman of the BOD	1,932,023	0.16	12,959,327	0.85	*
2	Nguyen Hoang An	Vice Chairman of the BOD	32,400	0.00	260,520	0.02	(*) (**)
3	Le Thi Lien	Independent Member of the BOD	280,300	0.02	489,970	0.03	(*) (**)
4	Tran Xuan Quang	Member of the BOD	0	0.00	196,560	0.01	*
5	Nguyen Hoang Linh	Member of the BOD/ CEO	0	0.00	291,200	0.02	*
6	Nguyen Thi Thien Huong	Member of the BOD	0	0.00	70,980	0.00	*
7	Pham Thi Thanh	Head of the Board of Supervisors	21,604	0.00	180,965	0.01	*
8	Le Thanh Ha	Member of Board of Supervisors	21,205	0.00	183,566	0.01	*

(*) Sale and purchase during the period (**) Sale of the share purchase rights

No.	Transacting person	Relationship with internal person	Number of shares held at the beginning of the year		Number of shares held at the end of the year		Reason for increase, decrease (purchase, sale, conversion, bonus...)
			Number of shares	Rate (%)	Number of shares	Rate (%)	
9	Chu Thi Dam	Member of Board of Supervisors	0	0.00	109,200	0.01	*
10	Tran Phi Hanh	Brother of the Chairman of the BOD	5,464,888	0.46	0	0.00	*
11	Tran Anh Duc	Son of the Chairman of the BOD	0	0.00	4,098	0.00	*
12	Pham Le Viet Hung	Son of the Independent Member of the BOD	0	0.00	291,200	0.02	*
13	Nguyen Tien Sang	Brother-in-law of the Vice Chairman of the BOD	0	0.00	72	0.00	*
14	Le Thi Bich Lien	Sister-in-law of the Vice Chairman of the BOD	16,530	0.00	9	0.00	*
15	Pham Thi Ha Thuy	Wife of the Vice Chairman of the BOD	30,130	0.00	45,411	0.00	*
16	Vu Thanh Son	Husband of the Member of Board of Supervisors	12,960	0.00	0	0.00	*
17	Le Thi Thanh Huyen	Sister of the Member of Board of Supervisors	19,835	0.00	27,765	0.00	*
18	Do Ngoc Cuong	Brother-in-law of the Member of Board of Supervisors	71,907	0.00	0	0.00	*
19	Vu Tien Hung	Brother-in-law of the Member of Board of Supervisors	0	0.00	3,700	0.00	*
20	Pham Thi Nga	Mother of the Member of the BOD/ Chief Executive Officer	3,664	0.00	5,128	0.00	*
21	Trade Union of Vietnam Maritime Commercial Joint Stock Bank		150,603	0.12	213,279	0.01	*

Vietnam Maritime Commercial Joint Stock Bank
Consolidated financial statements
For the year ended 31 December 2021

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Vietnam Maritime Commercial Joint Stock Bank GENERAL INFORMATION

THE BANK

Vietnam Maritime Commercial Joint Stock Bank (“the Bank”) is a joint stock commercial bank incorporated and registered in the Socialist Republic of Vietnam on 8 June 1991 under Banking Operating License No. 0001/NH-GP issued by the State Bank of Vietnam (“SBV”), which was amended in accordance with Decision No. 1883/QĐ-NHNN dated 23 November 2021 with the operating duration of 99 years. The Bank is operating under Business Registration Certificate No. 0200124891 with the 24th amended Business Registration dated 7 December 2021.

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

Location and operational network

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

As at 31 December 2021, the Bank has one (01) Head Office, sixty-two (62) branches, two hundred and one (201) transaction offices nationwide (as at 31 December 2020, the Bank has one (01) Head Office, sixty-two (62) branches, two hundred and one (201) transaction offices nationwide).

BOARD OF DIRECTORS

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

Name	Position
Mr. Tran Anh Tuan	Chairman
Ms. Nguyen Thi Thien Huong	Vice - Chairman
Mr. Nguyen Hoang An	Vice - Chairman
Mr. Nguyen Hoang Linh	Member
Mr. Tran Xuan Quang	Member
Ms. Le Thi Lien	Independent Member

BOARD OF SUPERVISION

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

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

MANAGEMENT

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

Name	Position
Mr. Nguyen Hoang Linh	Chief Executive Officer
Ms. Nguyen Huong Loan	Deputy Chief Executive Officer - Head of Financial Institution Banking
Mr. Nguyen The Minh	Deputy Chief Executive Officer - Head of Corporate Banking
Mr. Oliver Schwarzhaupt	Deputy Chief Executive Officer - Head of Risk Management
Ms. Nguyen Thi My Hanh	Head of Retail Banking
Mr. Bui Duc Quang	Head of Credit Management
Ms. Nguyen Thi Thu Hang	Head of Financial Management
Ms. Dinh Thi To Uyen	Head of Strategy
Mr. Nguyen Quoc Khanh	Head of Technology
Mr. Nguyen Ngoc Cuong	Head of Human Resources
Ms. Lai Thanh Mai	Head of Legal and Compliance
Mr. Duong Ngoc Dung	Head of Marketing and Communication
Ms. Nguyen Ha Thanh	Head of Operation
Mr. Samuel Anthony Dotro	Head of Digital Transformation

LEGAL REPRESENTATIVE

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

AUDITORS

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

Vietnam Maritime Commercial Joint Stock Bank REPORT OF MANAGEMENT

Management of Vietnam Maritime Commercial Joint Stock Bank is pleased to present this report and the consolidated financial statements of the Bank and its subsidiaries (“the Bank”) as at 31 December 2021 and for the year then ended.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Management of the Bank is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Bank and its subsidiaries and ensuring that the accounting records comply with the applied accounting system. Management is also responsible for safeguarding the assets of the Bank and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT BY MANAGEMENT

Management of the Bank does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2021, the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

For and on behalf of Management:



Ms. Nguyễn Hoàng Linh
Chief Executive Officer
Hanoi, Vietnam
28 February 2022

INDEPENDENT AUDITORS’ REPORT

Reference: 60755035/22716213-HN



Building a better
working world

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

We have audited the accompanying consolidated financial statements of Vietnam Maritime Commercial Joint Stock Bank (“the Bank”) and its subsidiaries, as prepared on 28 February 2022 and set out on pages 6 to 68, which comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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



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Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2021, and of the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

Other matter

The consolidated financial statements of the Bank for the year ended 31 December 2020 were audited by another audit firm which expressed an unmodified conclusion on those financial statements on 1 March 2021.

Ernst & Young Vietnam Limited



Nguyen Phuong Nga
Deputy General Director
Audit Practising Registration
Certificate No. 0763-2019-004-1

Hanoi, Vietnam
28 February 2022

Hoang Thi Hong Minh
Auditor
Audit Practising Registration
Certificate No. 0761-2018-004-1

	Notes	31 December 2021 VND million	31 December 2020 VND million
ASSETS			
Cash, gold and gemstones	5	1,524,098	2,204,642
Balances with the State Bank of Vietnam ("SBV")	6	3,056,674	1,850,921
Placements with and loans to other credit institutions ("CIs")	7	33,441,936	16,977,765
Placements with other CIs		19,909,194	14,730,353
Loans to other CIs		13,532,742	2,247,412
Securities held for trading	8	23,487	21,050
Securities held for trading		39,287	39,287
Provision for securities held for trading		(15,800)	(18,237)
Loans to customers		99,875,801	78,497,568
Loans to customers	10	101,562,609	79,340,579
Provision for credit losses of loans to customers	11	(1,686,808)	(843,011)
Debts purchased	12	-	-
Debts purchased		-	3,750
Provision for credit losses of debts purchased		-	(3,750)
Investment securities	13	48,226,133	55,676,927
Available-for-sale securities		48,257,483	55,845,414
Provision for investment securities		(31,350)	(168,487)
Long-term investments	14	10,036	22,036
Other long-term investments		10,036	22,036
Fixed assets		311,581	308,751
Tangible fixed assets	15	133,753	127,909
Cost		625,105	700,273
Accumulated depreciation		(491,352)	(572,364)
Intangible assets	16	177,828	180,842
Cost		515,078	468,203
Accumulated amortization		(337,250)	(287,361)
Investment properties	17	-	1,032,510
Cost		-	1,253,600
Accumulated depreciation		-	(221,090)
Other assets	18	17,195,677	20,105,455
Receivables	18.1	10,122,841	13,398,020
Interest and fee receivables	18.2	2,769,866	2,640,237
Deferred tax assets	18.3	61	46
Other assets	18.4	4,545,971	5,161,649
- In which: Goodwill	19	35,088	45,071
Provision for other assets	18.5	(243,062)	(1,094,497)
TOTAL ASSETS		203,665,423	176,697,625

	Notes	31 December 2021 VND million	31 December 2020 VND million
LIABILITIES			
Borrowings from the Government and the SBV	20	1,017,253	20,734
Deposits and borrowings from other CIs	21	68,035,603	56,025,723
Deposits from other CIs		34,078,939	22,447,288
Borrowings from other CIs		33,956,664	33,578,435
Customer deposits	22	94,616,419	87,510,188
Derivatives and other financial liabilities	9	76,833	52,030
Valuable papers issued	23	13,042,540	11,711,474
Other liabilities		4,838,990	4,502,657
Interest and fee payables	24.1	1,605,625	1,577,833
Other payables and liabilities	24.2	3,233,365	2,924,824
TOTAL LIABILITIES		181,627,638	159,822,806
OWNERS' EQUITY			
Capital		15,767,318	11,109,953
- Share capital		15,275,000	11,750,000
- Capital expenditure fund		608	608
- Share premium		491,710	400,000
- Treasury shares		-	(1,040,655)
Reserves		1,276,973	989,453
Retained earnings		4,993,494	4,775,413
TOTAL OWNERS' EQUITY	26	22,037,785	16,874,819
TOTAL LIABILITIES AND OWNERS' EQUITY		203,665,423	176,697,625
OFF-BALANCE SHEET ITEMS			
1. Lending guarantees	42	70,591	41,411
2. Foreign exchange commitments	42	241,920,764	192,588,581
2.1 Foreign exchange commitments - buy		5,288,413	5,973,601
2.2 Foreign exchange commitments - sell		5,297,947	5,973,649
2.3 Swap contracts		231,334,404	180,641,331
3. Letters of credit	42	9,529,543	5,774,141
4. Other guarantees	42	15,331,738	8,889,537
5. Other commitments	42	8,434,389	8,854,611

Prepared by:



Ms. Nguyen Bao Ngoc
General Accounting Manager

Hanoi, Vietnam
28 February 2022

Reviewed by:



Ms. Phung Thuy Nhung
Chief Accountant



	Notes	2021 VND million	2020 VND million
Interest and similar income	27	10,338,591	10,019,692
Interest and similar expenses	28	(4,122,347)	(5,197,303)
Net interest and similar income		6,216,244	4,822,389
Fee and commission income		3,248,448	1,139,289
Fee and commission expenses		(375,009)	(318,619)
Net fee and commission income	29	2,873,439	820,670
Net gain from trading of foreign currencies	30	382,764	269,999
Net gain/(loss) from trading securities	31	2,031	(8,433)
Net gain from investment securities	32	349,636	560,927
Other operating income		1,254,834	921,833
Other operating expenses		(592,242)	(205,094)
Net gain from other operating activities	33	662,592	716,739
Income from capital contribution, share purchase	34	101,536	189
Operating expenses	35	(3,931,913)	(3,585,922)
Net profit before provision for credit losses		6,656,329	3,596,558
Provision expenses for credit losses	36	(1,567,866)	(1,073,244)
PROFIT BEFORE TAX		5,088,463	2,523,314
Current corporate income tax ("CIT") expenses	37	(1,053,738)	(512,216)
Deferred CIT expenses		15	46
Total CIT expenses		(1,053,723)	(512,170)
PROFIT AFTER TAX		4,034,740	2,011,144
Basic earnings per share (VND/share)	38	2,704	1,440

Prepared by:



Ms. Nguyen Bao Ngoc
General Accounting Manager

Hanoi, Vietnam
28 February 2022

Reviewed by:



Ms. Phung Thuy Nhung
Chief Accountant



	Notes	2021 VND million	2020 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		10,209,053	11,407,201
Interest and similar payments		(4,069,141)	(5,747,173)
Net fee and commission receipts		2,873,090	821,47
Net receipts from trading of foreign currencies, gold and securities		1,094,564	845,853
Other operating expenses		(682,252)	(265,190)
Recoveries from bad debts previously written-off		807,680	471,329
Payments of operating and personnel expenses		(2,854,006)	(2,558,239)
Corporate income tax paid	37	(990,807)	(398,922)
Net cash flows from operating activities before changes in operating assets and liabilities		6,388,181	4,576,331
Changes in operating assets			
(Increase)/Decrease in placements with and loans to other Cls		(24,243,394)	(28,600,235)
Decrease/(Increase) in trading securities		(11,285,330)	114,027
Increase in loans to customers		7,587,931	(9,857,848)
Use of provision to write off (loans to customers, securities, long-term investments, and other receivables)		(22,222,029)	(15,740,617)
Decrease/(Increase) in other assets		(1,966,784)	(1,349,952)
		3,642,818	(1,765,845)
Changes in operating liabilities			
Increase/(Decrease) in borrowings from the Government and the SBV	996,520	22,232,135	17,803,124
Increase in deposits and borrowings from other Cls		(3,307)	9,007,863
Increase in customer deposits		12,009,880	6,637,546
Increase in valuable papers issued (excluding valuable papers issued for financing activities)		7,421,611	6,637,546
Increase in derivatives and other financial liabilities		1,411,066	2,738,693
Increase/(Decrease) in other liabilities		24,802	44,614
Payments from reserves		368,434	(621,570)
		(178)	(715)
Net cash flows from/(used in) operating activities		4,376,922	(6,220,780)

	Notes	2021 VND million	2020 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(100,466)	(87,514)
Proceeds from disposal of fixed assets		3,390	2,85
Payments for disposal of fixed assets		-	(15)
Proceeds from investment, capital contribution in other units		291,815	194,52
Proceeds from dividends and profits distributed from long-term investments and capital contributions		-	189
Net cash flows from investing activities		194,739	110,033
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in share capital from capital contribution and/or issue of shares	24	-	-
Proceeds from sales of treasury shares		1,132,365	-
Net cash flows from financing activities		1,132,389	-
Net cash flows during the year		5,704,050	(6,110,747)
Cash and cash equivalents at the beginning of the year		18,785,916	24,896,663
Cash and cash equivalents at the end of the year	39	24,489,966	18,785,916

Prepared by:



Ms. Nguyen Bao Ngoc
General Accounting Manager

Hanoi, Vietnam
28 February 2022

Reviewed by:



Ms. Phung Thuy Nhung
Chief Accountant



Mr. Nguyen Hoang Linh
Chief Executive Officer

1. THE BANK INFORMATION

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

The Bank was established in accordance with Banking Operating License No. 0001/NH-GP issued by the State Bank of Vietnam (“SBV”) on 8 June 1991 which was amended in accordance with Decision No. 1883/QD-NHNN dated 23 November 2021 with the operating duration of 99 years. The Bank is operating under Business Registration Certificate No. 0200124891 with the 24th amended Business Registration dated 7 December 2021.

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

Charter capital

As at 31 December 2021, charter capital of the Bank was VND 15,275,000 million (31 December 2020: VND 11,750,000 million).

Location and operational network

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

As at 31 December 2021, the Bank has one (01) Head Office, sixty-two (62) branches, two hundred and one (201) transaction offices nationwide (as at 31 December 2020, the Bank has one (01) Head Office, sixty-two (62) branches, two hundred and one (201) transaction offices nationwide).

Subsidiaries

As at 31 December 2021, the Bank had one (01) subsidiary as follows:

STT	Company name	Enterprise Registration Certificate	Business sector	% owned by the Bank
1	Finance Company Limited for Community (“FCCOM”)	0301516782 initially issued on 1 December 2010 and amended for the 5th time on 22 April 2021 by the Hanoi Department of Planning and Investments	Other financial activities	100%

The Bank has disinvested the entire value of capital contribution in the Vietnam Maritime Commercial Joint Stock Bank Asset Management Company Limited (“AMC”) and AMC is no longer a subsidiary of the Bank from 9 December 2021.

Employees

Total number of employees of the Bank as at 31 December 2021 was 5,190 persons (as at 31 December 2020: 4,944 persons).

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 Fiscal year

The Bank’s fiscal year starts on 1 January and ends on 31 December.

2.2 Accounting currency

The currency used in the preparation of the consolidated financial statements of the Bank is Vietnam Dong (“VND”). For purpose of preparing the consolidated financial statements as at 31 December 2021, all amounts are rounded to the nearest million and presented in VND million. The presentation makes no impact on readers’ view of the consolidated financial position, consolidated operational results and consolidated cash flows of the Bank and its subsidiaries.

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 Statement of compliance

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

3.2 Basis of preparation

The consolidated financial statements of the Bank are prepared in accordance with the Accounting System applicable to Credit Institutions required under Decision No. 479/2004/QD-NHNN issued on 29 April 2004; Circular No. 10/2014/TT-NHNN dated 20 March 2014; Circular No. 22/2017/TT-NHNN dated 29 December 2017 amending and supplementing Decision No. 479/2004/QD-NHNN; the financial reporting regime applicable to credit institutions required under Decision No. 16/2007/QD-NHNN dated 18 April 2007; Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QD-NHNN and the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QD-NHNN by the Governor of the State Bank of Vietnam; Decree No. 93/2017/ND-CP dated 7 August 2017; Circular No. 16/2018/TT-BTC dated 7 February 2018 on guidelines for financial regulations applied to credit institutions and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

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

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

3.3 Basis of assumptions and uses of estimates

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

3.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the year ended 31 December 2021.

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.4 Basis of consolidation (continued)

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

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

All intra-company balances, income and expenses and unrealized gains or losses resulting from intra-company transactions are eliminated in full.

Non-controlling interest represents the portion of net results of operations and net assets are not owned, by the Bank and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Changes in accounting policies and disclosures

The accounting policies adopted by the Bank in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Bank's consolidated financial statements for the year ended 31 December 2020, except for the following changes in the accounting policy:

Circular No. 11/2021/TT-NHNN provides guidance on classification of assets, levels and method of risk provisioning, and use of provision to write off bad debts in operation of credit institutions, foreign bank's branches ("Circular 11")

On 30 July 2021, the SBV issued Circular 11 having effective date from 1 October 2021 to replace Circular No. 02/2013/TT-NHNN dated 21 January 2013 and Circular No. 09/2014/TT-NHNN dated 18 March 2014 with the major changes as below:

- Amend regulations on the timing, process and provisioning of credit risk, accordingly, credit institutions and foreign bank branches shall base on customer's adjusted debt classification results as provided by CIC to adjust provision amount for credit losses of the last month of the quarter;
- Amend regulations on method to determine the value of collaterals used for deduction in risk provisioning;
- Supplement balances not required for general provisioning, including promissory notes and bills; certificates of deposit, bonds issued by other credit institutions and foreign bank branches; repurchases of government bonds.

Circular No. 03/2021/TT-NHNN ("Circular 03") and Circular No. 14/2021/TT-NHNN ("Circular 14") amending and supplementing a number of articles of Circular No. 01/2020/TT-NHNN dated 13 March 2020 ("Circular 01") issued by the SBV providing regulations on loan restructuring, interest and/or fees exemption or reduction and debt classification retention for credit institutions and foreign bank branches to assist customers affected by the COVID-19 pandemic

The SBV issued Circular 03 on 2 April 2021 having effective date from 17 May 2021 and Circular 14 on 7 September 2021 having effective date from 7 September 2021 to amend and supplement a number of articles of Circular 01 with the main changes as below:

- Amend and supplement conditions of debts eligible for loan restructuring, interest and/or fees exemption or reduction and debt classification retention;
- Supplement regulations on specific provisioning for customers whose outstanding balances have been rescheduled for repayment, interest exemption or reduction followings the Circular.

4.2 Cash and cash equivalents

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Placement with and loans to other credit institutions ("CIs")

Placements with and loans to other credit institutions ("CIs") are presented at the principal amounts outstanding at year end.

The classification of credit risk for placements with and loans to other CIs and the corresponding provision for credit losses is made in accordance with Circular 11. Accordingly, the Bank makes a specific provision for placements with (except for current accounts at local CIs and foreign bank branches in Vietnam) and loans to other CIs according to the method as described in *Note 4.5*.

According to Circular 11, the Bank is not required to make a general provision for placements with and loans to other CIs.

4.4 Loans to customers and debts purchased

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

Provision for credit losses of loans to customers is accounted and presented in a separate line in the consolidated balance sheet.

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

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

Loan classification and provision for credit losses are made according to Circular 011 as presented in *Note 4.5*.

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

Debt classification

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

Specific provision

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Specific provision (continued)

Group	Description	Provision rate
1 Current	(a) Current debts are assessed as fully and timely recoverable for both principals and interests; or (b) Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	0%
2 Special mention	(a) Debts are overdue for a period of 90 days or less, other than those specified in Point (b) of Loan group 1; or (b) Undue debts whose repayment terms are restructured for the first time.	5%
3 Substandard	(a) Debts are overdue for a period of between 91 days and 180 days; or (b) Undue debts whose repayment terms are extended for the first time; or (c) Debts which interests are exempted or reduced because customers do not have sufficient capability to repay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: • Debts made in compliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or • Debts made in compliance with Clause 1, 2, 3, 4 under Article of Law on Credit Institutions; or • Debts made in compliance with Clauses 1, 2, 5 under Article 128 of Law on Credit Institutions. (e) Debts are required to be recovered according to regulatory inspection conclusions. (f) Debts are required to be recovered as follows the before-due recovery decision of the Bank due to customers' breach of the agreement with the Bank but still outstanding with an overdue for a period of less than 30 days from the date of recovery decision; or (g) At the request of the SBV based on regulatory inspection, supervision results and relevant credit information.	20%
4 Doubtful	(a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts whose repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts whose repayment terms are restructured for the second time; or (d) Debts are specified in Point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions; or (f) Debts are required to be recovered as follows the before-due recovery decision of the Bank due to customers' breach of the agreement with the Bank but still outstanding with an overdue for a period of 30 to 60 days from the date of recovery decision; or (g) At the request of the SBV based on regulatory inspection, supervision results and relevant credit information.	50%
5 Loss	(a) Debts are overdue for a period of more than 360 days; or (b) Debts whose repayment terms are restructured for the first time but still overdue for a period of 90 days or more under that first restructured repayment term; or (c) Debts whose repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts whose repayment terms are restructured for the third time or more; or (e) Debts are specified in Point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts are required to be recovered under regulatory inspection conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection conclusions; or (g) Debts are required to be recovered as follows the before-due recovery decision of the Bank due to customers' breach of the agreement with the Bank but still outstanding with an overdue for a period of more than 60 days from the date of recovery decision; or (h) Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches whose capital and assets are blocked. (i) At the request of the SBV based on regulatory inspection, supervision results and relevant credit information	100%

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Specific provision (continued)

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

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

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

The Bank also applies the regulations under Circular 01, Circular 03 and Circular 14 amending and supplementing a number of articles in Circular 01 on loan restructuring and retention of loan classification group. Once debts, whose repayment terms were restructured, interest and/or fees were exempted or reduced and debt classifications were retained, are overdue under the rescheduled repayments and are not continued to be restructured under current regulations, the Bank makes debt classification and provisioning in accordance with Circular 11.

The Bank makes specific provision for customers whose debt repayment term is restructured, interest is exempted or reduced under Circular 03 based on the following debt classifications: (1) debt classifications before the rescheduling; (2) debts classifications according to the SBV's current regulations. In case the difference between the amount of provision required for (2) and (1) is positive, additional specific provision is made as follows:

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

From 1 January 2024, based on regulations of the SBV regarding risk provisioning in the operations of credit institutions, the Bank makes provision for all outstanding loans and off-balance sheet commitments of customers, including outstanding loans which the repayment term is restructured, interest is exempted or reduced, debt classification is retained under Circular 03.

General provision

According to Circular 11, general provision as at 31 December is made at 0.75% of total outstanding loans classified as Current, Special mention, Substandard and Doubtful as at 31 December excluding:

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

Bad debts written off

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Securities held for trading

Securities held for trading include equity securities acquired and held for the purpose of trading.

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

Securities held for trading are subject to impairment review at year end. Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Article 5, Circular No. 48/2019/TT-BTC issued by the Ministry of Finance on 8 August 2019 (“Circular 48”). In case market prices of securities are not available or cannot be determined reliably, no provision is calculated. Provision is recognized in “*Net gain/(loss) from trading securities*” on the consolidated income statement.

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

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

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

4.7 Available-for-sale securities

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

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

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

These securities are subsequently recorded at par value, and any discount/premium is amortized to the consolidated income statement on a straight-line basis over the estimated remaining term of the securities. Interest received in arrears is recorded as follows: cumulative interest incurred before the purchasing date is recorded as a decrease in the accrued interest; cumulative interest incurred after the purchasing date is recognized as income based on the accumulated method. Interest received in advance is amortized into the securities interest income on a straight-line basis over the term of the securities.

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

Provision for diminution in value of securities (except for unlisted corporate bonds) is made when the carrying value is higher than the market value in compliance with Article 5, Circular 48. Provision is recognized in “*Net gain/(loss) from investment securities*” on the consolidated income statement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Available-for-sale securities (continued)

For government bonds, the actual market prices of bonds are the average of prices that are firmly committed to bid in the bidding session by market makers, including commercial banks, securities companies announced and selected by Ministry of Finance. In case there is no firm commitment of bid as above, the actual market prices of bonds are the most recent transaction prices at the stock exchanges within 10 days until year end. In case there is no transaction within 10 days until year end, the Bank does not make provision for these investments.

For municipal bonds, government-guaranteed bonds and corporate bonds that have been listed and registered for trading, the market prices of bonds are the most recent transaction prices at the stock exchanges within 10 days until year end. In case there is no transaction within 10 days until year end, the Bank does not make provision for these investments.

The remaining unlisted debt securities (excluding unlisted corporate bonds) are recognized at cost less provision for diminution in value determined by the market value of the securities. In case the market value of the securities is unavailable or not reliably determined, these securities will be recorded at book value.

Provision for credit losses of unlisted corporate bonds is made in accordance with Circular 11 as described in *Note 4.5*.

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

4.8 Re-purchase and reverse-repurchase contracts

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

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

4.9 Other long-term investments

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

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

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

Increase or decrease in provision for long-term investments is recognized in “*Operating expenses*” on the consolidated income statement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Fixed assets

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

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

When assets are sold or liquidated, their cost and accumulated depreciation are deducted from the balance sheet item and any gains or losses resulting from their disposal are recorded to the consolidated income statement.

4.11 Depreciation and amortization

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

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

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

4.12 Investment properties

Investment properties are stated at cost including transaction costs less accumulated depreciation and/or amortization.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Bank and its subsidiaries.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognized in the consolidated income statement.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Depreciation and amortization of investment properties are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Land use rights with definite terms	40 – 50 years
Buildings and construction	40 – 50 years

Land use rights with indefinite term are not amortized. The cost of land use right comprises its purchase price plus any directly attributable cost of having right to use land.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Receivables

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

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

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

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

4.14 Prepaid expenses and expenses awaiting allocation

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

4.15 Operating lease

Rentals under operating lease are charged in the “*Operating expenses*” on the consolidated income statement on a straight-line basis over the term of the lease.

4.16 Business combinations and goodwill

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

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

4.17 Borrowings from the Government and the SBV

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

4.18 Deposits and borrowings from other CIs, customer deposits and valuable papers issued

Deposits and borrowings from other CIs, customer deposits and valuable papers issued are presented at the principal amounts outstanding at year end.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.19 Derivatives

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

Currency forward contracts

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

Swap contracts

Swap contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates and the notional principal amount of the contracts or commitments to settle interest based on a floating rate or a fixed rate calculated on the notional amount and in a given period.

Currency swap contracts are revalued periodically. Gains or losses from revaluation are recognized in “Impact of exchange rate fluctuation” under “Owners’ equity” and will be transferred to the consolidated income statement at the maturity date or at year end.

Differences in interest rate swaps are recognized in the consolidated income statement on an accrual basis.

4.20 Foreign currency transactions

According to accounting system of the Bank, all transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the consolidated balance sheet date (Note 49). Income and expenses arising in foreign currencies during the year are converted into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized in the “Impact of exchange rate fluctuation” under “Owners’ equity” and will be transferred to the consolidated income statement at year end.

4.21 Payables and accruals

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

4.22 Capital and reserves

4.22.1 Ordinary shares

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

4.22.2 Share premium

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

4.22.3 Treasury shares

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.22 Capital and reserves (continued)

4.22.4 Reserves

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

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

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

(ii) Subsidiaries’ reserves

- Finance Company Limited for Community (“FCCOM”): According to Decree No. 93/2017/ND-CP, FCCOM is required to make statutory reserves before distribution of profits similar to the Bank.

4.23 Classification for off-balance-sheet commitments

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

4.24 Recognition of income and expenses

Interest income and expenses

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

Fee and commission income and expenses

Fee and commission income are recognized in the consolidated income statement when the services are performed. Fee and commission expenses are recognized in the consolidated income statement when these expenses are incurred.

Income from investment activities

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

Cash dividend is recognized in the consolidated income statement upon formation of cash dividend right.

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

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

Income/expenses from debt trading

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.25 Corporate income tax

Current income tax

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

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

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

Deferred tax

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

Deferred tax payables are recognized for temporary taxable differences.

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

4.26 Employee benefits

4.26.1 Post-employment benefits

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

4.26.2 Voluntary resignation benefits

The Bank has the obligation, under Article 46 of the Vietnam Labor Code 45/2019/QH14 effective from 1 January 2021, to pay allowance arising from voluntary resignation of employees, equal to one-half month's salary for each year of employment up to 31 December 2008 plus salary allowances (if any). From 1 January 2009, the average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date. Accordingly, working time at the Bank to calculate severance allowance is the total actual working time at the Bank minus (-) the time the employee has participated in unemployment insurance in accordance with the law regarding unemployment insurance, and the working time that has been paid off by employers for severance allowance.

4.26.3 Unemployment insurance

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

4.27 Related parties

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.28 Segment report

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

4.29 Earnings per share

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

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

4.30 Offsetting

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

5. CASH, GOLD AND GEMSTONES

	31 December 2021 VND million	31 December 2020 VND million
Cash in VND	940,958	1,211,593
Cash in foreign currencies	581,913	991,928
Gold	1,227	1,121
	1,524,098	2,204,642

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

	31 December 2021 VND million	31 December 2020 VND million
Balances with the SBV		
- In VND	2,810,639	1,531,853
- In foreign currencies	246,035	319,068
	3,056,674	1,850,921

Balances with the SBV include current account and compulsory reserves. As at 31 December 2021, the Bank is required to maintain certain cash reserve with the SBV, in the form of compulsory reserves, calculated at:

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

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

7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS (“CIs”)

	31 December 2021 VND million	31 December 2020 VND million
Placements with other CIs	19,909,194	14,730,353
Demand deposits with other CIs	8,140,594	6,269,100
- In VND	7,812,447	5,992,119
- In foreign currencies	328,147	276,981
Term deposit with other CIs	11,768,600	8,461,253
- In VND	8,987,000	2,930,000
- In foreign currencies	2,781,600	5,531,253
Loans to other CIs	13,532,742	2,247,412
In VND	12,303,890	1,534,077
In foreign currencies	1,228,852	713,335
	33,441,936	16,977,765

In which, balance of term deposits at other CIs with an original maturity of ninety-two (“92”) days or less as at 31 December 2021 is VND 11,768,600 million.

Interest rates of placements with and loans to other CIs at year end are as follows:

	31 December 2021 % per annum	31 December 2020 % per annum
Term deposits in VND	0.65 - 4.10	0.19 - 3.00
Term deposits in foreign currencies	0.05 - 0.20	0.11 - 0.70
Loans in VND	1.90 - 5.50	1.60 - 3.77
Loans in foreign currencies	0.50 - 1.77	1.52 - 2.20

Analysis of outstanding placements with and loans to other CIs by quality at year end are as follows:

	31 December 2021 VND million	31 December 2020 VND million
Current	25,301,342	10,637,726
Special mention	-	70,939
	25,301,342	10,708,665

8. SECURITIES HELD FOR TRADING

	31 December 2021 VND million	31 December 2020 VND million
Equity securities		
- Shares issued by local economic entities	39,287	39,287
Provision for diminution in value of securities held for trading	(15,800)	(18,237)
	23,487	21,050

Listing status of securities held for trading is as follows:

	31 December 2021 VND million	31 December 2020 VND million
Equity securities		
Unlisted	39,287	39,287
	39,287	39,287

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

	2021 VND million	2020 VND million
Opening balance	18,237	72,131
Provision reversed	(2,437)	(53,894)
Closing balance	15,800	18,237

9. DERIVATIVES AND OTHER FINANCIAL ASSETS/LIABILITIES

	Total contract nominal value (*) VND million	Total carrying value (**)		Net realizable value VND million
		Assets VND million	Liabilities VND million	
As at 31 December 2021				
Derivatives instruments				
Forward contracts	48,188,115	-	(46,681)	(46,681)
Swap contracts	113,984,812	-	(30,152)	(30,152)
	162,172,927	-	(76,833)	(76,833)
As at 31 December 2020				
Derivatives instruments				
Forward contracts	14,095,713	-	(11,623)	(11,623)
Swap contracts	90,573,927	-	(40,407)	(40,407)
	104,669,640	-	(52,030)	(52,030)

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

(**) Total carrying value is the net value translated using exchange rates at the balance sheet date.

10. LOANS TO CUSTOMERS

	31 December 2021 VND million	31 December 2020 VND million
Loans to local economic entities and individuals	100,887,495	79,150,468
Discounted negotiable instruments and valuable papers	675,114	190,111
	101,562,609	79,340,579

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

	31 December 2021 % per annum	31 December 2020 % per annum
In VND	3.00 - 11.00	3.00 - 11.00
In foreign currencies	2.50 - 4.50	2.90 - 4.50

10.1 Analysis of loan portfolio by quality

	31 December 2021 VND million	31 December 2020 VND million
Current	98,632,895	76,801,294
Special mention	1,160,921	981,639
Substandard	344,979	295,721
Doubtful	469,210	394,154
Loss	954,604	867,771
	101,562,609	79,340,579

10.2 Analysis of loan portfolio by original maturity

	31 December 2021 VND million	31 December 2020 VND million
Short-term loan	48,627,296	36,622,806
Medium-term loan	24,599,699	19,676,969
Long-term loan	28,335,614	23,040,804
	101,562,609	79,340,579

10.3 Analysis of loan portfolio by types of customer and ownership

	31 December 2021		31 December 2020	
	VND million	%	VND million	%
State-owned enterprises	1,417,828	1.40	1,930,673	2.43
State-owned limited liability companies	1,168,864	1.15	1,863,677	2.35
Privately-owned limited liability companies	25,563,155	25.17	18,073,133	22.78
Joint-stock companies with state-owned share capital accounting for more than 50% of the charter capital or the total number of voting shares; or the state retains control of the company in its charter	2,625,510	2.59	25,619	0.03
Other joint stock companies	43,850,713	43.16	34,695,336	43.72
Private companies	6,393	0.01	61,049	0.08
Foreign invested enterprises	356,060	0.35	488,473	0.62
Cooperatives, cooperative unions	15,384	0.02	13,471	0.02
Individuals	26,557,255	26.15	22,189,148	27.97
Others	1,447	0.00	-	0.00
	101,562,609	100.00	79,340,579	100.00

10. LOANS TO CUSTOMERS (CONTINUED)

10.4 Analysis of loan portfolio by industries

	31 December 2021		31 December 2020	
	VND million	%	VND million	%
Agriculture, forestry and fisheries	681,673	0.67	273,999	0.35
Mining	276,564	0.27	693,482	0.87
Seafood processing	1,604,515	1.58	1,155,146	1.46
Manufacturing, food processing, beverages, animal feed	1,133,664	1.12	1,252,804	1.58
Textile, skin and costumes manufacturing	939,478	0.93	740,041	0.93
Wood extraction, primary processing, manufacturing and other wood products	924,344	0.91	396,753	0.50
Paper manufacturing and printing	1,198,916	1.18	242,673	0.31
Pharmaceuticals, medicinal chemical, rubber, plastics, fertilizers, chemicals manufacturing	1,471,096	1.45	893,847	1.13
Production of construction materials (excluding steel, stainless steel, paint, mastic...)	569,161	0.56	480,129	0.61
Steel products	104,169	0.10	80,033	0.10
Billet production	44,445	0.04	40,396	0.05
Production of stainless steel and other metallurgy	58,268	0.06	28,846	0.04
Mechanical, assembly, manufacturing of machinery, automobiles, motorcycles	1,242,653	1.22	1,299,402	1.64
Manufacture of electronic, electrical, equipment, optical computers, telecommunications equipment	1,483,772	1.46	1,212,595	1.53
Ship, boats	3,051	0.00	4,159	0.01
Office equipment, home appliances, medical equipment, education, sports	42,665	0.04	14,242	0.02
Production and distribution of electricity, energy	7,125,610	7.02	4,706,923	5.92
Construction	14,175,548	13.96	7,279,461	9.17
Light industry and consumer goods	8,148,952	8.02	7,450,285	9.39
Fertilizers, chemicals and other chemical products, medicines, pharmaceuticals, medical devices	560,650	0.55	750,273	0.95
Commercial of gasoline, oil	1,017,390	1.00	1,067,638	1.35
Trading of steel, cement, building materials other synthetic	2,014,497	1.98	1,665,960	2.10
Heavy industry	2,062,717	2.03	1,672,322	2.11
Transportation and waterways	3,672,107	3.62	931,744	1.17
Shipping business	634,813	0.63	194,383	0.24
Hotel services, tourism, dining, entertainment	199,411	0.20	213,360	0.27
Property and infrastructure	12,136,094	11.95	9,020,505	11.36
Telecommunications services	422,106	0.42	710,826	0.90
Professional, scientific and technological activities, administrative and support services, health education, information and communication	2,664,604	2.62	2,626,868	3.31
Warehousing and support services	297,192	0.29	246,885	0.31
Financial and securities activities	2,809,632	2.77	4,185,717	5.28
Other industries	5,285,597	5.20	5,619,734	7.07
Individuals	26,557,255	26.15	22,189,148	27.97
	101,562,609	100.00	79,340,579	100.00

11. PROVISION FOR CREDIT LOSSES OF LOANS TO CUSTOMERS

	31 December 2021 VND million	31 December 2020 VND million
General provision	754,974	555,137
Specific provision	931,834	287,874
	1,686,808	843,011

Changes in provision for credit losses of loans to customers in 2021 are as follows:

	General provision VND million	Specific provision VND million	Total VND million
Opening balance	555,137	287,874	843,011
Provision charged	199,837	2,008,811	2,208,648
Provision utilized to write off bad debts	-	(1,364,851)	(1,364,851)
Closing balance	754,974	931,834	1,686,808

Changes in provision for credit losses of loans to customers in 2020 are as follows:

	General provision VND million	Specific provision VND million	Total VND million
Opening balance	442,735	443,312	886,047
Provision charged	112,402	384,330	496,732
Provision utilized to write off bad debts	-	(1,123,952)	(1,123,952)
Effect of the repurchase of debts sold to VAMC	-	584,461	584,461
Other decreases	-	(277)	(277)
Closing balance	555,137	287,874	843,011

12. DEBTS PURCHASED

	31 December 2021 VND million	31 December 2020 VND million
Debts purchased in VND	-	3,750
Provision for credit losses of debts purchased	-	(3,750)
	-	-

12.1 Analysis of debts purchased by quality

	31 December 2021 VND million	31 December 2020 VND million
Loss	-	3,750
	-	3,750

12. DEBTS PURCHASED (CONTINUED)

12.2 Provision for credit losses of debts purchased

	31 December 2021 VND million	31 December 2020 VND million
Specific provision	-	3,750
	-	3,750

13. INVESTMENT SECURITIES

13.1 Available-for-sale securities

	31 December 2021 VND million	31 December 2020 VND million
Debt securities	48,257,483	55,216,842
Government bonds	27,398,852	35,288,667
Debt securities issued by other local CIs	17,819,946	14,306,287
Debt securities issued by local economic entities	3,038,685	5,621,888
Equity securities	-	628,572
Equity securities issued by other local CIs	-	628,572
	48,257,483	55,845,414
Provision for available-for-sale securities	(31,350)	(168,487)
General provision	(22,790)	(153,124)
Provision for diminution in value	(8,560)	(15,363)
	48,226,133	55,676,927

- Government bonds have terms ranging from 5 years to 30 years with interest rates ranging from 0.80% p.a. to 9.40% p.a.
- Debt securities issued by other local CIs have terms ranging from 6 months to 10 years with interest rates ranging from 2.10% p.a. to 9.10% p.a.
- Bonds issued by local economic entities have terms ranging from 1 year to 10 years with interest rates ranging from 8.50% p.a. to 12.50% p.a.

13.2 Changes in provision for available-for-sale securities

Changes in provision for credit losses of investment securities in 2021 are as follows:

	General provision VND million	Specific provision VND million	Total VND million
Opening balance	153,124	-	153,124
Provision charged/(reversed)	(130,334)	500,000	369,666
Provision utilized to write off bad debts	-	(500,000)	(500,000)
Closing balance	22,790	-	22,790

13. INVESTMENT SECURITIES (CONTINUED)

13.2 Changes in provision for available-for-sale securities (continued)

Changes in provision for credit losses of investment securities in 2020 are as follows:

	General provision VND million	Specific provision VND million	Total VND million
Opening balance	118,444	-	118,444
Provision charged	34,680	-	34,680
Closing balance	153,124	-	153,124

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

	2021 VND million	2020 VND million
Opening balance	15,363	17,423
Provision reversed	(6,803)	(632)
Other decrease	-	(1,428)
Closing balance	8,560	15,363

13.3 Analysis of quality of debt securities classified as credit risk bearing assets according to Circular 11

	31 December 2021 VND million	31 December 2020 VND million
Current	20,858,631	19,928,175
	20,858,631	19,928,175

14. LONG-TERM INVESTMENTS

	31 December 2021 VND million	31 December 2020 VND million
Investment in economic entities	10,036	22,036
	10,036	22,036

15. TANGIBLE FIXED ASSETS

	Buildings and structures VND million	Machines & equipment VND million	Means of transportation VND million	Office equipment VND million	Others VND million	Total VND million
Cost						
Opening balance	28,892	464,611	107,324	98,857	589	700,273
Additions	-	48,103	-	5,368	-	53,471
Disposal	-	(100,195)	(12,257)	(14,790)	(90)	(127,332)
Decrease from disposal of subsidiaries	(303)	(727)	-	(277)	-	(1,307)
Closing balance	28,589	411,792	95,067	89,158	499	625,105
Accumulated depreciation						
Opening balance	12,516	394,628	80,356	84,351	513	572,364
Depreciation during the year	581	31,665	6,471	8,214	27	46,958
Disposal	-	(99,558)	(12,242)	(14,773)	(90)	(126,663)
Decrease from disposal of subsidiaries	(303)	(727)	-	(277)	-	(1,307)
Closing balance	12,794	326,008	74,585	77,515	450	491,352
Net book value						
Opening balance	16,376	69,983	26,968	14,506	76	127,909
Closing balance	15,795	85,784	20,482	11,643	49	133,753

Cost of fully-depreciated tangible fixed assets in use as at 31 December 2021 is VND 321,230 million.

16. INTANGIBLE ASSETS

	Land use rights VND million	Computer software VND million	Other intangible assets VND million	Total VND million
Cost				
Opening balance	52,233	398,808	17,162	468,203
Additions	-	45,397	1,598	46,995
Decrease from disposal of subsidiaries	-	(120)	-	(120)
Closing balance	52,233	444,085	18,760	515,078
Accumulated amortization				
Opening balance	-	282,522	4,839	287,361
Amortization during the year	-	47,618	2,391	50,009
Decrease from disposal of subsidiaries	-	(120)	-	(120)
Closing balance	-	330,020	7,230	337,250
Net book value				
Opening balance	52,233	116,286	12,323	180,842
Closing balance	52,233	114,065	11,530	177,828

Cost of fully-amortized intangible assets in use as at 31 December 2021 is VND 167,407 million.

17. INVESTMENT PROPERTIES

	<i>Buildings and structures</i> VND million	<i>Land use rights</i> VND million	<i>Total</i> VND million
Cost			
Opening balance	1,220,909	32,691	1,253,600
Decrease from disposal of subsidiaries	(1,220,909)	(32,691)	(1,253,600)
Closing balance	-	-	-
Accumulated depreciation			
Opening balance	220,487	603	221,090
Depreciation during the year	25,419	208	25,627
Adjustments	(2,228)	(48)	(2,276)
Decrease from disposal of subsidiaries	(243,678)	(763)	(244,441)
Closing balance	-	-	-
Net book value			
Opening balance	1,000,422	32,088	1,032,510
Closing balance	-	-	-

18. OTHER ASSETS

18.1 Receivables

	<i>31 December 2021</i> VND million	<i>31 December 2020</i> VND million
Internal receivables	438,142	628,145
External receivables	9,573,294	12,629,568
Construction in progress	111,405	140,307
	10,122,841	13,398,020

18.1.1 Internal receivables

	<i>31 December 2021</i> VND million	<i>31 December 2020</i> VND million
Advances for operations	93,926	252,025
Embezzled, deficient, lost money, assets awaiting settlement	102	1,549
Other advances and receivables	344,114	374,571
	438,142	628,145

18.1.2 External receivables

	<i>31 December 2021</i> VND million	<i>31 December 2020</i> VND million
Security deposits, mortgage, pledge	2,000	-
Receivables from debt selling contracts with partners	3,053,057	8,762,444
Receivables from trade finance contracts	4,431,204	2,506,384
Other advances and receivables	1,787,598	1,025,410
Advances for processing of foreclosed assets (*)	283,715	318,609
Interest subsidy receivables from State Treasury	13,592	13,592
Tax receivables from State Treasury	2,128	3,129
	9,573,294	12,629,568

(*) Including VND 183,331 million of expenses for operating foreclosed assets being ships which are recognized as advances (as at 31 December 2020: VND 219,029 million) The Bank will settle operating income (Note 24.2.2) and expenses when the disposal is finished.

18. OTHER ASSETS (CONTINUED)

18.1 Receivables (continued)

18.1.3 Construction in progress

	<i>31 December 2021</i> VND million	<i>31 December 2020</i> VND million
Advances for purchase of fixed assets	79,325	119,119
Repair of fixed assets	32,080	21,188
	111,405	140,307

18.2 Interest and fee receivables

	<i>31 December 2021</i> VND million	<i>31 December 2020</i> VND million
Interest receivables from deposits	4,524	876
Interest receivables from investment securities	1,126,743	1,332,235
Interest receivables from credit activities	1,332,612	1,150,152
Interest receivables from derivative instruments	298,740	150,076
Other interest and fee receivables	7,247	6,898
	2,769,866	2,640,237

18.3 Deferred income tax

	<i>31 December 2021</i> VND million	<i>31 December 2020</i> VND million
Opening balance	46	-
Deferred tax assets related to tax-deductible temporary differences	15	46
Closing balance	61	46

18.4 Other assets

	<i>31 December 2021</i> VND million	<i>31 December 2020</i> VND million
Materials and tools	50,408	65,835
Prepaid expenses awaiting allocation	177,475	208,136
Foreclosed assets awaiting resolution	3,729,761	4,272,143
Receivables from trading securities	467,305	467,305
Other assets	85,934	103,159
Goodwill	35,088	45,071
	4,545,971	5,161,649

18.5 Provision for other assets

	<i>31 December 2021</i> VND million	<i>31 December 2020</i> VND million
Provision for receivables from debts sold	204,372	849,087
- General provision	28,862	33,837
- Specific provision	175,510	815,250
Other provision	38,690	245,410
	243,062	1,094,497

18. OTHER ASSETS (CONTINUED)

18.5 Provision for other assets (continued)

Changes in provision for receivables from debts sold in 2021 are as follows:

	General provision VND million	Specific provision VND million	Total VND million
Opening balance	33,837	815,250	849,087
Provision reversed	(4,975)	(635,807)	(640,782)
Provision utilized to write off bad debts	-	(3,933)	(3,933)
Closing balance	28,862	175,510	204,372

Changes in provision for receivables from debts sold in 2020 are as follows:

	General provision VND million	Specific provision VND million	Total VND million
Opening balance	61,795	534,403	596,198
Provision (reversed)/charged	(27,958)	280,847	252,889
Closing balance	33,837	815,250	849,087

Changes in other provision during the year are as follows:

	2021 VND million	2020 VND million
Opening balance	245,410	190,067
Provision (reversed)/charged	(364)	54,595
Provision utilized to write off bad debts	(98,000)	-
Other decreases	1,500	748
Decrease from disposal of subsidiaries	(109,856)	-
Closing balance	38,690	245,410

19. GOODWILL

	2021 VND million	2020 VND million
Total value of goodwill	99,823	99,823
Amortization period (year)	10	10
Value of accumulated amortized goodwill at the beginning of the year	54,752	44,769
Value of unamortized goodwill	45,071	55,054
Goodwill amortized during the year	9,983	9,983
Goodwill amortized during the year	9,983	9,983
Total value of unamortized goodwill at the end of the year	35,088	45,071

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

	31 December 2021 VND million	31 December 2020 VND million
Borrowing from the SBV		
Discounting, rediscounting of valuable papers	999,972	-
Borrowings for Banking and Settlement System Modernization Project	17,281	20,734
	1,017,253	20,734

21. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS ("CIS")

	31 December 2021 VND million	31 December 2020 VND million
Deposits from other CIs	34,078,939	22,447,288
Demand deposits	8,162,389	6,760,023
- In VND	7,734,805	6,705,384
- In foreign currencies	427,584	54,639
Term deposits	25,916,550	15,687,265
- In VND	19,019,550	13,098,315
- In foreign currencies	6,897,000	2,588,950
Borrowing from other CIs	33,956,664	33,578,435
In VND	21,843,606	27,238,714
In foreign currencies	12,113,058	6,339,721
	68,035,603	56,025,723

Interest rates of deposits and borrowings from other CIs at year end are as follows:

	31 December 2021 % per annum	31 December 2020 % per annum
Term deposits from other CIs in VND	0.70 - 2.80	0.15 - 1.55
Term deposits from other CIs in foreign currencies	0.10 - 0.50	0.10 - 0.60
Borrowings from other CIs in VND	1.50 - 4.88	0.60 - 5.24
Borrowings from other CIs, financial institutions in foreign currencies	0.17 - 1.50	0.70 - 4.10

22. CUSTOMER DEPOSITS

22.1 Analysis of customer deposits by type of deposits

	31 December 2021 VND million	31 December 2020 VND million
Demand deposits	32,268,015	23,326,844
Demand deposits in VND	28,478,627	20,301,577
Demand deposits in foreign currencies	3,789,388	3,025,267
Term deposits	60,709,924	61,881,847
Term deposits in VND	56,803,593	58,725,552
Term deposits in foreign currencies	3,906,331	3,156,295
Deposit for specific purposes	111,570	51,365
Deposit for specific purposes in VND	107,973	47,976
Deposit for specific purposes in foreign currencies	3,597	3,389
Margin deposits	1,526,910	2,250,132
Margin deposits in VND	1,459,093	2,187,025
Margin deposits in foreign currencies	67,817	63,107
	94,616,419	87,510,188

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

	31 December 2021 % per annum	31 December 2020 % per annum
Demand deposits in VND	0.00 - 0.20	0.00 - 0.20
Term deposits in VND	3.00 - 5.60	3.50 - 6.00
Demand deposits in foreign currencies	0.00	0.00 - 0.10
Term deposits in foreign currencies	0.00 - 1.70	0.00 - 1.70

22.2 Analysis of customer deposits by type of customers

	31 December 2021		31 December 2020	
	VND million	%	VND million	%
Deposits from economic entities	47,825,931	50.55	42,935,657	49.06
Deposits from individuals	46,790,488	49.45	44,574,531	50.94
	94,616,419	100.00	87,510,188	100.00

23. VALUABLE PAPERS ISSUED

	31 December 2021 VND million	31 December 2020 VND million
Certificate of deposit	4,643,540	8,232,474
Ordinary bonds	8,399,000	3,479,000
	13,042,540	11,711,474

23. VALUABLE PAPERS ISSUED (CONTINUED)

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

	Ordinary bonds VND million	Certificate of deposit VND million	Total VND million
Up to 12 months (Up to 366 days) - In VND	-	259,161	259,161
From 12 months to 5 years (From 366 - 1826 days) - In VND	8,399,000	4,384,379	12,783,379
Closing balance	8,399,000	4,643,540	13,042,540

24. OTHER LIABILITIES

24.1 Interest and fee payables

	31 December 2021 VND million	31 December 2020 VND million
Interest payable for deposits	1,072,385	1,164,842
Interest payable for valuable papers issued	253,042	288,975
Interest payable for loans from other CIs	49,337	29,948
Interest payable for derivative financial instruments	230,861	94,068
	1,605,625	1,577,833

24.2 Other payables and liabilities

	31 December 2021 VND million	31 December 2020 VND million
Internal payables	1,129,666	1,124,518
External payables	2,070,952	1,764,464
Bonus and welfare fund	32,747	35,842
	3,233,365	2,924,824

24.2.1 Internal payables

	31 December 2021 VND million	31 December 2020 VND million
Payables to employees	800,332	379,106
Dividend payables	6,413	4,221
Excessive funds and assets awaiting settlement	501	1,037
Suspended interest of foreclosed assets	79,734	131,927
Other internal payables	242,686	608,227
	1,129,666	1,124,518

23. VALUABLE PAPERS ISSUED (CONTINUED)

24.2 Other payables and liabilities (continued)

24.2.2 External payables

	31 December 2021 VND million	31 December 2020 VND million
Consigned funds pending for payment	25,626	25,405
Taxes payable to State Treasury	271,850	208,116
Transfer payables	193,578	47,676
Receivables from sales of debts, collaterals or development of collaterals (*)	547,144	639,067
Other external payables	1,032,754	844,200
	2,070,952	1,764,464

(*) Includes VND 542,034 million income from operating foreclosed assets being ships (as at 31 December 2020: VND 596,985 million). The Bank will finalize total operating income and expenses (Note 18.1.2) arisen upon settlement of sales of these assets.

25. TAXES AND OTHER OBLIGATIONS TO THE STATE BUDGET

	Movements during the year			Decrease from disposal of subsidiaries	Closing balance
	Opening balance	Payables	Paid		
Receivables from the State Budget	(3,129)	1,001	-	-	(2,128)
CIT	(3,123)	995	-	-	(2,128)
Other taxes	(6)	6	-	-	-
Payables to the State Budget	208,116	1,464,267	(1,387,443)	(13,090)	271,850
VAT	10,178	194,533	(191,196)	20	13,535
CIT	171,371	1,056,203	(990,807)	(11,805)	224,962
Other taxes	26,567	206,493	(199,704)	(3)	33,353
Housing tax, land rental	-	5,380	(5,380)	-	-
Other payables	-	1,658	(356)	(1,302)	-
	204,987	1,465,268	(1,387,443)	(13,090)	269,722

Unit: VND million

26. OWNERS' EQUITY AND RESERVES

26.1 Statement of changes in equity

	Unit: VND million								
	Charter capital	Share premium	Treasury shares	Development and investment reserve	Financial reserve	Capital supplementary reserve	Capital expenditure fund	Retained earnings	Total
1 January 2020	11,750,000	400,000	(1,040,655)	12,958	628,897	192,266	608	2,919,447	14,863,521
Net profit during the year	-	-	-	-	-	-	-	2,011,144	2,011,144
Other increase	-	-	-	-	-	-	-	869	869
Appropriation to reserves	-	-	-	-	103,628	52,419	-	(156,047)	-
Utilization of reserves	-	-	-	-	(715)	-	-	-	(715)
1 January 2021	11,750,000	400,000	(1,040,655)	12,958	731,810	244,685	608	4,775,413	16,874,819
Capital increase	3,525,000	-	-	-	-	-	-	(3,524,976)	24
Net profit during the year	-	-	-	-	-	-	-	4,034,740	4,034,740
Sales of treasury shares	-	-	-	-	200,426	101,109	-	(301,535)	-
Appropriation to reserves	-	91,710	1,040,655	-	-	-	-	-	1,132,365
Utilization of reserves	-	-	-	-	(178)	-	-	-	(178)
Decrease from disposal of subsidiaries	-	-	-	(9,561)	-	(4,276)	-	13,837	-
Other decrease	-	-	-	-	-	-	-	(3,985)	(3,985)
31 December 2021	15,275,000	491,710	-	3,397	932,058	341,518	608	4,993,494	22,037,785

26.2 Capital

	31 December 2021 shares	31 December 2020 shares
Number of registered shares	1,527,500,000	1,175,000,000
Number of shares issued	1,527,500,000	1,175,000,000
Common shares	1,527,500,000	1,175,000,000
Number of shares repurchased	-	100,522,811
Common shares	-	100,522,811
Number of outstanding shares	1,527,500,000	1,074,477,189
Common shares	1,527,500,000	1,074,477,189
Face value per share	10,000	10,000

27. INTEREST AND SIMILAR INCOME

	2021 VND million	2020 VND million
Interest income from deposits	77,311	115,231
Interest income from loans to customers	7,588,621	6,256,890
Interest income from investment securities	1,792,785	2,914,094
Interest income from guarantee services	188,541	112,227
Interest income from debt trading	178,799	258,548
Other income from credit activities	512,534	362,702
	10,338,591	10,019,692

28. INTEREST AND SIMILAR EXPENSES

	2021 VND million	2020 VND million
Interest expenses on deposits	3,057,616	4,029,926
Interest expenses on borrowings	341,605	508,487
Interest expenses on valuable papers issued	690,695	604,764
Expenses for other credit activities	32,431	54,126
	4,122,347	5,197,303

29. NET FEES AND COMMISSION INCOME

	2021 VND million	2020 VND million
Fees and commission income	3,248,448	1,139,289
Settlement services	665,040	548,174
Treasury services	5,681	6,923
Entrustment and agent operations	1,853,101	137,744
Others	724,626	446,448
Fees and commission expenses	(375,009)	(318,619)
Settlement services	(219,923)	(173,774)
Treasury services	(9,008)	(11,355)
Others	(146,078)	(133,490)
Net fees and commission income	2,873,439	820,670

30. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	2021 VND million	2020 VND million
Income from foreign exchange	1,946,137	1,578,287
Income from spot trading of foreign currencies and gold	474,960	242,425
Income from trading of currency derivatives financial instruments	1,471,177	1,335,862
Expenses for foreign exchange	(1,563,373)	(1,308,288)
Expense for spot trading of foreign currencies and gold	(40,854)	(75,500)
Expense for trading currency derivatives financial instruments	(1,522,519)	(1,232,788)
Net gain from trading of foreign currencies	382,764	269,999

31. NET GAIN/(LOSS) FROM TRADING SECURITIES

	2021 VND million	2020 VND million
Expenses for trading securities	(406)	(62,327)
Provision reversed for trading securities	2,437	53,894
Net gain/(loss) from trading securities	2,031	(8,433)

32. NET GAIN FROM INVESTMENT SECURITIES

	2021 VND million	2020 VND million
Income from trading of investment securities	2,039,698	1,957,151
Expenses for trading of investment securities	(1,327,199)	(1,362,176)
Provision charged for investment securities	(362,863)	(34,048)
Net gain from investment securities	349,636	560,927

33. NET GAIN FROM OTHER OPERATING ACTIVITIES

	2021 VND million	2020 VND million
Other operating income	1,254,834	921,833
Income from bad debts written-off	807,680	471,329
Income from other derivatives financial instruments	21,084	303
Income from disposal of assets	3,141	1,924
Income from debt trading	4,897	51
Other income	418,032	448,226
Other operating expenses	(592,242)	(205,094)
Expense for debt trading	(54,200)	(4,958)
Expense for other derivatives financial instruments	(16,073)	(307)
Other expenses	(521,969)	(199,829)
Net gain from other operating activities	662,592	716,739

34. INCOME FROM CAPITAL CONTRIBUTION, SHARE PURCHASE

	2021 VND million	2020 VND million
Dividends received from capital contribution, share purchase	-	189
Income from disposal of subsidiaries	101,901	-
Other expenses for capital contribution, share purchase	(365)	-
	101,536	189

35. OPERATING EXPENSES

	2021 VND million	2020 VND million
Tax payments and other fees	63,724	64,998
Personnel expenses	2,397,659	2,088,008
Salaries and allowance	2,175,598	1,869,684
Salary-related allowance	146,976	137,079
Subsidies	45,517	44,555
Others	29,568	36,690
Fixed asset expenses	526,152	491,825
Depreciation and amortization	96,967	95,298
Repair and maintenance costs	102,064	93,145
Rental expenses	267,330	234,477
Tools and supplies	45,960	56,002
Insurance fees	13,831	12,903
Administrative expenses	877,583	811,598
Per diem	33,928	39,635
Marketing and promotion	156,947	125,319
Hiring experts and consultants	32,021	19,470
Others	654,687	627,174
Insurance expenses for customer deposits	67,159	74,898
Provision (reversed)/charged (excluding credit risks; provision for diminution in value of securities)	(364)	54,595
	3,931,913	3,585,922

36. PROVISION EXPENSE FOR CREDIT LOSSES

	2021 VND million	2020 VND million
Provision charged for placements with and loans to other CIs	-	113,080
Provision charged for loans to customers	2,208,648	496,732
Provision charged/(reversed) for debts purchased	-	3,293
Provision charged for special bonds issued by VAMC	-	207,250
Provision (reversed)/charged for receivables from debts sold	(640,782)	252,889
	1,567,866	1,073,244

37. CORPORATE INCOME TAX ("CIT") EXPENSES

Since 1 January 2016, the Bank had the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits according to Circular No. 78/2014/TT-BTC which became effective from 2 August 2014.

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

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

Current CIT expenses during the year are estimated as follows:

	2021 VND million	2020 VND million
Profit before tax	5,088,463	2,523,314
Adjustments		
- Non-deductible expenses	4,642	1,808
- Tax loss of subsidiaries	-	(189)
- Movements of temporary differences	(45,823)	(16,259)
- Non-taxable consolidated adjustments (Goodwill, disposal of fixed assets and subsidiaries)	133,929	10,215
Taxable income incurred during the year	5,181,211	2,518,889
Include:		
- Income from operating activities	5,179,403	2,518,889
- Income from transfer of real estate	1,808	-
Tax rate	20%	20%
Current CIT expenses	1,036,241	503,778
Include:		
- CIT expenses from operating activities	1,035,879	503,778
- CIT expense from transfer of real estate	362	-
Adjustments of prior periods CIT expenses	17,497	8,438
CIT incurred during the year	1,053,738	512,216
CIT payable at the beginning of the year	168,248	54,865
Adjustments of corporate income tax expenses of previous years (AMC)	3,460	89
CIT paid during the year	(990,807)	(398,922)
Decrease from disposal of subsidiaries	(11,805)	-
CIT payable at the end of the year	222,834	168,248
Deferred CIT expenses	(15)	(46)

38. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for 2021 is based on the net profit attributable to ordinary shareholders of the Bank.

	2021	2020 (restated)
Net profit after tax attributable to ordinary shareholders (VND million)	4,034,740	2,011,144
Weighted average number of ordinary shares (shares) (*)	1,492,302,922	1,396,820,340
Basic earnings per share (VND/share)	2,704	1,440

(*) Weighted average number of outstanding ordinary shares and basic earnings per share in 2020 are adjusted for comparative purposes as results of the Bank issuing 30% stock dividends in 2021 to increase its capital.

39. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cash flow statement comprise the following amounts on the consolidated balance sheet:

	31 December 2021 VND million	31 December 2020 VND million
Cash and cash equivalents on hand	1,524,098	2,204,642
Balances with the SBV	3,056,674	1,850,921
Demand deposit at other CIs	8,140,594	6,269,100
Placements with other CIs with original terms of 92 days or less	11,768,600	8,461,253
	24,489,966	18,785,916

40. ASSETS, VALUABLE PAPERS USED FOR MORTGAGE, DISCOUNT AND REDISCOUNT

40.1 Assets, valuable papers received for mortgage, discount and rediscount

	31 December 2021 VND million	31 December 2020 VND million
Immovables	104,526,594	72,072,125
Movables	13,265,140	10,364,653
Valuable papers	43,474,512	25,922,555
Other assets	186,315,446	125,726,493
	347,581,692	234,085,826

40.2 Assets, valuable papers used for mortgage, discount and rediscount

	31 December 2021 VND million	31 December 2020 VND million
Valuable papers	17,923,000	22,299,000
	17,923,000	22,299,000

41. EMPLOYEES' REMUNERATIONS

	2021 VND million	2020 VND million
I. Total average number of employees (person)	5,386	5,241
II. Employees' remuneration		
1. Total salary fund and bonus	1,754,897	1,528,083
2. Total income	1,757,942	1,531,609
3. Average monthly salary	27.15	24.30
4. Average monthly income	27.20	24.35

42. CONTINGENT LIABILITIES AND COMMITMENTS

	31 December 2021 VND million	31 December 2020 VND million
Credit guarantees	70,591	41,411
Foreign exchange commitments	241,920,764	192,588,581
Spot foreign exchange commitments - buy	5,288,413	5,973,601
Spot foreign exchange commitments - sell	5,297,947	5,973,649
Cross currency swap contracts	231,334,404	180,641,331
Letters of credit	9,529,543	5,774,141
Letters of credit	9,827,025	5,936,801
- Less: Margin deposits	(297,482)	(162,660)
Other guarantees	15,331,738	8,889,537
Settlement guarantees	2,892,812	1,980,227
Contract performance guarantees	3,728,934	2,381,987
Bid guarantees	1,081,072	634,917
Other guarantees	8,494,992	4,284,326
- Less: Margin deposits	(866,072)	(391,920)
Other commitments	8,434,389	8,854,611

43. RELATED PARTY TRANSACTIONS

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

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

43. RELATED PARTY TRANSACTIONS (continued)

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

	31 December 2021 Receivables/(Payables) VND million	31 December 2020 Receivables/(Payables) VND million
Vietnam Posts and Telecommunications Group ("VNPT") – Major shareholder		
Deposits	(936,304)	(20,830)
Other payables	(23,462)	-
TNG Holding Vietnam Investment JSC – Related party of members of the Board of Directors		
Deposits	(2,182)	(1,676)
TNL Lease Property and Investment JSC – Related party of members of the Board of Directors		
Deposits	(81,861)	-
Other payables	(400)	-
TNEX Digital Finance Platform and Services JSC – Related party of members of the Board of Directors		
Deposits	(12,676)	-
Other payables	(15)	-
FamilyMart Vietnam JSC – Related party of members of the Board of Directors		
Deposits	(85)	-
Members of the Board of Directors, Management, Board of Supervision and related individuals		
Deposits	(51,646)	(58,964)
Loans	30,475	35,056
Other receivables	122	146
Other payables	(652)	(652)

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

	2021 Income/(Expenses) VND million	2020 Income/(Expenses) VND million
VNPT – Major shareholder		
Interest expenses on deposits	(23,487)	(47)
Fee income	2	3
TNG Holding Vietnam Investment JSC – Related party of members of the Board of Directors		
Interest expenses on deposits	(12)	(11)
Fee income	152	29
TNL Lease Property and Investment JSC – Related party of members of the Board of Directors		
Interest expenses on deposits	(1,042)	-
Fee income	6	-
TNEX Digital Finance Platform and Services JSC – Related party of members of the Board of Directors		
Interest expenses on deposits	(30)	-
Fee income	37	-
Members of the Board of Directors, Management, Board of Supervision and related individuals		
Remunerations of the Board of Directors	(18,421)	(15,522)
Remunerations of the Board of Supervision	(4,783)	(4,780)
Salaries of the Chief Executive Officer and Deputy Chief Executive Officers	(27,985)	(30,822)
Interest income from loans	1,705	1,437
Fee income	263	119
Interest expenses on deposits	(2,112)	(3,239)
Interest expenses on valuable papers issued	(7)	(34)

44. SEGMENT REPORT

44.1 Business segment report

Operating results by business segments in 2021 are as follows:

	Banking and finance VND million	Others VND million	Offsetting intercompany transactions VND million	Total VND million
I. Income	18,999,647	138,576	(206,177)	18,932,046
1. Interest income	10,343,549	1,196	(6,154)	10,338,591
2. Fee and commission income	3,248,532	-	(84)	3,248,448
3. Income from other operating activities	5,407,566	137,380	(199,939)	5,345,007
II. Expenses	(12,236,853)	(86,612)	47,748	(12,275,717)
1. Interest expenses	(4,122,099)	(6,402)	6,154	(4,122,347)
2. Depreciation expenses	(96,854)	-	(113)	(96,967)
3. Expenses directly related to operating activities	(8,017,900)	(80,210)	41,707	(8,056,403)
Operating results before provision for credit losses	6,762,794	51,964	(158,429)	6,656,329
Provision expenses for credit loss	(1,592,366)	-	24,500	(1,567,866)
Operating results by segments	5,170,428	51,964	(133,929)	5,088,463

Assets and liabilities by business segments as at 31 December 2021 are as follows:

	Banking and finance VND million	Others VND million	Offsetting intercompany transactions VND million	Total VND million
III. Assets	204,553,080	-	(887,657)	203,665,423
1. Cash on hand	1,524,098	-	-	1,524,098
2. Fixed assets	311,886	-	(305)	311,581
3. Other assets	202,717,096	-	(887,352)	201,829,744
IV. Liabilities	181,853,064	-	(225,426)	181,627,638
1. External liabilities	2,078,452	-	(7,500)	2,070,952
2. Internal liabilities	1,129,666	-	-	1,129,666
3. Other liabilities	178,644,946	-	(217,926)	178,427,020

44.2 Geographical segment report

	Northern VND million	Central VND million	Southern VND million	Total VND million
I. Operating results by segment				
1. Total income	14,367,126	874,117	3,690,803	18,932,046
2. Total operating expenses	(11,331,174)	(438,445)	(2,073,964)	(13,843,583)
Profit before tax	3,035,952	435,672	1,616,839	5,088,463
II. Assets	169,978,726	5,909,723	27,776,974	203,665,423
III. Liabilities	(149,330,668)	(5,634,138)	(26,662,832)	(181,627,638)

45. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY GEOGRAPHICAL REGIONS

	Credit granting (loans to customers and other CIs) VND million	Fund mobilized (deposits from customers, deposits and borrowings from other CIs) VND million	Credit commitments VND million	Derivative instruments (Total contract nominal value) VND million	Trading and investment securities VND million
Domestic	115,095,351	152,207,941	34,529,815	162,172,927	48,296,770
Overseas	-	10,444,081	-	-	-
	115,095,351	162,652,022	34,529,815	162,172,927	48,296,770

46. RISK MANAGEMENT POLICIES

The Bank's business goal is to be a multi-functional financial institution. Accordingly, the utilization of financial instruments, including fund mobilization (customer deposits and valuable papers) and investments of these funds in high-quality assets to achieve sufficient interest margins, is the core of the Bank's activities. From risk management perspective, this primarily involves maintaining portfolio of assets, liabilities and capitals, in both on- and off-balance sheet for the purposes of safety and risk minimization in the Bank's activities. The Bank also places its mobilized funds in investment securities or loans to other CIs. Foreign exchange and interest rate exposures are managed through the use of position limits, actively managing risks and entering into counterbalancing positions in order to offset exposures. Through holding a large proportion of high-quality financial instruments, the balance sheet structure of the Bank is adequate to avoid significant exposures within the scope of its operations and manage its liquidity position. Additionally, the Bank also enters into hedging arrangements to manage risks associated with financial instruments such as swap contracts to hedge interest rate risks.

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

46.1 Credit risk

Credit risk is the risk that results in the Bank's loss because its customers or counterparties default on their contractual obligations or fail to fulfil their committed obligations.

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

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

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

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

46. RISK MANAGEMENT POLICIES (continued)

46.1 Credit risk (continued)

The maximum exposures to credit risk relating to asset groups, which are equivalent to their carrying values (exclude provision) in the consolidated balance sheet, are listed below:

	Current VND million	Special mention VND million	Sub- standard VND million	Doubtful VND million	Loss VND million	Total VND million
Term deposits at and loans to other CIs	25,301,342	-	-	-	-	25,301,342
Loans to customers	98,632,895	1,160,921	344,979	469,210	954,604	101,562,609
Debt securities issued by local CIs and economic entities	20,858,631	-	-	-	-	20,858,631
Other credit risk-bearing assets	2,851,159	161,000	-	-	40,898	3,053,057
Total	147,644,027	1,321,921	344,979	469,210	995,502	150,775,639

The above table presents the worst scenario in which the Bank will incur the maximum credit exposures as at 31 December 2021, without taking into account of any collateral held or their credit enhancement.

Current debts comprise debts classified to group 1 in compliance with Circular 11. The Bank estimates that it is capable of recovering these assets in full and on time in the future. Special mention debts comprise debts classified to group 2 in compliance with Circular 11. The Bank assesses that it is able to recover the principals and interests in full, but there are signs of impairment. Sub-standard debts comprise debts classified to group 3 in compliance with Circular 11. The Bank estimates that it is unable to collect the principals and interests as at due date, and there is a possibility of loss. Doubtful debts comprise debts classified to group 4 in compliance with Circular 11. The Bank estimates that there is a high possibility of loss. Loss debts include debts classified to group 5 in compliance with Circular 11. The Bank assesses that it no longer has the capability of recovering these debts.

The Bank is currently holding collateral in the form of immovables, movables, valuable papers and other types for the above financial assets.

46.2 Market risk

46.2.1 Interest rate risk

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

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

Interest-sensitive items (assets, liabilities, off-balance sheet items) are those whose income/ expenses/prices change when interest rates change.

The term used for determining actual interest rate is the remaining time as from the consolidated financial statements date to the nearest date of interest rate re-pricing or due date/partial due date of assets and liabilities.

The following assumptions and conditions are adopted in the analysis of effective interest rate re-pricing of the Bank's assets and liabilities:

- Non-interest-bearing items (not subject to interest rate re-pricing) include, but are not limited to cash, gold, gemstones, trading securities, premiums, discounts, interest, fees receivable, long-term investments, fixed assets, investment securities (equity securities);
- Balances with the SBV are considered current account; therefore, the effective interest rate re-pricing term is assumed to be within one month;
- The effective interest rate re-pricing term of investment securities, placements with and loans to other CIs, loans to customers, deposits and borrowings from the Government and the SBV, deposits and borrowings from other CIs and customer deposits are determined as follows:
 - Items with fixed interest rate during the contractual term: The effective interest rate re-pricing term is based on actual maturity date (due date or partial due date) since the consolidated financial statements date;
 - Items with floating interest rate: The effective interest rate re-pricing term is based on the nearest interest rate re-pricing date and actual maturity date (whichever comes first) since the consolidated financial statements date;
- The effective interest rate re-pricing term of valuable papers issued is based on actual maturity date of valuable papers;
- The effective interest rate re-pricing term of other liabilities are classified according to the actual maturity date of the liabilities;
- The effective interest rate re-pricing term of other assets are classified according to the characteristics of each asset.

46. RISK MANAGEMENT POLICIES (continued)

46.2 Market risk (continued)

46.2.1 Interest rate risk (continued)

Interest policy of the Bank

Management periodically reviews the potential interest rate risks arising from business activities of the Bank, thereby implementing measures to balance the assets-liabilities structure to minimize the Bank's exposures against adverse fluctuations in market interest rates and ensure compliance with SBV's regulations, the Bank's regulations and the established limits.

The interest rates set by the Bank for loans to customers and customer deposits by currencies are presented in Note 10 and Note 22, respectively

	Interest re-pricing period								Total
	Overdue	Non-interest bearing	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	
Assets									
Cash, gold and gemstones	-	1,524,098	-	-	-	-	-	-	1,524,098
Balances with the SBV	-	-	3,056,674	-	-	-	-	-	3,056,674
Placements with and loans to other CIs (*)	-	-	23,220,226	5,575,970	4,622,826	22,914	-	-	33,441,936
Securities held for trading (*)	-	39,287	-	-	-	-	-	-	39,287
Loans to customers and debts purchased (*)	2,778,884	-	26,734,385	31,369,613	23,337,520	11,578,209	5,526,045	237,953	101,562,609
Investment securities (*)	-	1,374,043	500,000	2,860,000	4,450,000	5,450,100	12,227,029	21,396,311	48,257,483
Long-term investments (*)	-	10,036	-	-	-	-	-	-	10,036
Fixed assets	-	311,581	-	-	-	-	-	-	311,581
Other assets (*)	487,362	16,556,733	-	-	-	-	-	394,644	17,438,739
Total assets	3,266,246	19,815,778	53,511,285	39,805,583	32,410,346	17,051,223	17,753,074	22,028,908	205,642,443
Liabilities									
Borrowing from the Government and the SBV	-	-	1,593	-	-	1,001,566	14,094	-	1,017,253
Deposits and borrowings from other CIs	-	-	54,118,391	9,641,072	4,276,140	-	-	-	68,035,603
Customer deposits	-	-	50,386,927	15,672,028	13,587,372	13,017,337	1,952,617	138	94,616,419
Derivatives and other financial liabilities	-	-	76,833	-	-	-	-	-	76,833
Valuable papers issued	-	-	289,333	332,044	347,256	4,031,063	8,042,844	-	13,042,540
Other liabilities (*)	-	4,838,990	-	-	-	-	-	-	4,838,990
Total liabilities	-	4,838,990	104,873,077	25,645,144	18,210,768	18,049,966	10,009,555	138	181,627,638
On-balance sheet interest sensitivity gap	3,266,246	14,976,788	(51,361,792)	14,160,439	14,199,578	(998,743)	7,743,519	22,028,770	24,014,805

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

46.2.2 Currency risk

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

The Bank is incorporated and operating in Vietnam with reporting currency as VND. The major currency of its transaction is also VND. Loans to customers of the Bank is mainly denominated in VND and USD. Other foreign-currencies-denominated assets of the Bank are mainly in USD, partly EUR and other currencies. The Bank have set limits to control its currency positions. Positions are monitored on a daily basis and hedging strategies are used to ensure currency positions are maintained within the established limits.

46. RISK MANAGEMENT POLICIES (continued)

46.2 Market risk (continued)

46.2.2 Currency risk (continued)

	EUR equivalent VND million	USD equivalent VND million	Other foreign currencies equivalent VND million	Total VND million
Asset				
Cash, gold and gemstones	86,076	332,767	164,297	583,140
Balances with the SBV	531	245,504	-	246,035
Placements with and loans to other CIs (*)	34,962	4,142,028	161,609	4,338,599
Derivatives and other financial assets	466,074	9,802,417	4,558	10,273,049
Loans to customers and debts purchased (*)	2,445	6,856,721	-	6,859,166
Other assets (*)	15,463	3,582,544	7,866	3,605,873
Total assets	605,551	24,961,981	338,330	25,905,862
Liabilities				
Borrowing from the Government and the SBV	-	17,281	-	17,281
Deposits and borrowing from other CIs	34,029	19,290,464	113,149	19,437,642
Customer deposits	177,134	7,477,628	112,371	7,767,133
Other liabilities (*)	1,455	349,209	9,597	360,261
Capital and reserves	-	-	-	-
Total liabilities and owner's equity	212,618	27,134,582	235,117	27,582,317
FX position on balance sheet	392,933	(2,172,601)	103,213	(1,676,455)
FX position off-balance sheet	(393,224)	(553,529)	(84,323)	(1,031,076)
Net on, off-balance sheet FX position	(291)	(2,726,130)	18,890	(2,707,531)

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

46.3 Liquidity risk

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

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

- Always maintain a portfolio of highly liquid assets to ensure payment needs, and regularly evaluate the market liquidity of this portfolio;
- Always focus on diversifying fund mobilization activities, enhancing access to capital markets; understand the reciprocal relationship of credit risk and market risk affecting the Bank's liquidity;
- Establish liquidity risk limits based on liquidity forecast results under normal scenarios as well as stressful conditions; promulgate specific regulations on contingency fund plans.

The maturity terms of assets and liabilities represent the remaining period of assets and liabilities as calculated from the consolidated financial statements date to the settlement date in accordance with contractual terms and conditions.

46. RISK MANAGEMENT POLICIES (continued)

46.3 Liquidity risk (continued)

The following assumptions and conditions are adopted in the analysis of maturity of the Bank's assets and liabilities:

- Balances at the SBV include compulsory reserves are considered liquid assets;
- The maturity of securities is calculated based on investment purposes:
 - Trading securities are considered highly liquid and can be transferred immediately within 1 month;
 - Other types of investment securities are allocated based on the contractual maturity date of each kind of securities;
- The maturity of placements with and loans to other CIs, deposits and borrowings from other CIs, loans to customers and customer deposits are based on the contractual repayment date. The actual maturity date can be adjusted from contractual term when the contract is extended. In fact, demand and term deposits of customers may be rotated, and therefore, lasting beyond the original maturity date;
- The maturity of loans to customers from debts purchased is determined based on the due date of the loan contract as prescribed;
- The maturity of fixed assets, capital contribution and share purchase are considered long-term because these investments do not have specific maturity date;
- The maturity of derivative contracts (Swap, Forward) is determined based on the contractual term of the transaction on the basis of clearing between cash inflows and outflows;
- The maturity of other assets and other liabilities is classified according to the characteristics of each item.

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

	Unit: VND million							Total
	Overdue			Current				
	Above 3 months	Up to 3 months	Up to 1 months	1-3 months	3-12 months	1-5 months	Above 5 years	
Assets								
Cash, gold and gemstones	-	-	1,524,098	-	-	-	-	1,524,098
Balances with the SBV	-	-	3,056,674	-	-	-	-	3,056,674
Placements with and loans to other CIs (*)	-	-	23,033,273	5,583,459	4,685,734	139,470	-	33,441,936
Securities held for trading (*)	-	-	39,287	-	-	-	-	39,287
Loans to customers and debts purchased (*)	1,768,793	1,010,091	5,892,487	14,735,278	36,413,472	24,362,844	17,379,644	101,562,609
Investment securities (*)	-	-	1,874,042	1,218,665	9,666,430	15,342,030	20,156,316	48,257,483
Long-term investment (*)	-	-	-	-	-	-	10,036	10,036
Fixed assets	-	-	-	-	-	-	311,581	311,581
Other assets (*)	233,644	253,718	2,102,629	2,339,778	2,181,039	3,581,215	6,746,716	17,438,739
Total assets	2,002,437	1,263,809	37,522,490	23,877,180	52,946,675	43,425,559	44,604,293	205,642,443
Liabilities								
Borrowings from the Government and the SBV	-	-	1,594	-	1,001,573	14,086	-	1,017,253
Deposits and borrowings from other CIs	-	-	50,657,875	10,828,195	6,549,533	-	-	68,035,603
Customer deposits	-	-	50,386,822	15,672,111	26,604,710	1,952,776	-	94,616,419
Derivatives and other financial liabilities	-	-	76,833	-	-	-	-	76,833
Valuable papers issued	-	-	289,350	332,060	4,378,320	8,042,810	-	13,042,540
Other liabilities (*)	-	-	2,331,403	433,321	705,582	1,355,625	13,059	4,838,990
Total liabilities	-	-	103,743,877	27,265,687	39,239,718	11,365,297	13,059	181,627,638
Net liquidity gap	2,002,437	1,263,809	(66,221,387)	(3,388,507)	13,706,957	32,060,262	44,591,234	24,014,805

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

47. SUPPLEMENTARY DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial years beginning on or after 1 January 2011.

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

Financial assets

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

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

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

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

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

- **Held-to-maturity investments**

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

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

- **Loans and receivables**

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

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

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

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

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

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

Financial liabilities

Financial liabilities of the Bank under the Circular 210 consist of deposits and borrowings from other credit institutions, valuable papers issuance and other financial payables and other payables under currency derivative contracts.

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

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

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

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

- **Financial liabilities at amortized cost**

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

Determine the fair value of financial instruments

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

Offsetting of financial assets and liabilities

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

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

The table below summarizes the carrying amount and fair value of financial assets and liabilities of the Bank as at 31 December 2021:

	Carrying value						Fair value VND million
	Fair value through profit or loss VND million	Held-to- maturity VND million	Loans and receivable VND million	Available- for-sale VND million	Amortized cost VND million	Total VND million	
	Cash, gold and gemstones	1,524,098	-	-	-	-	
Balances with the SBV	-	-	3,056,674	-	-	3,056,674	(*)
Placements with and loans to other CIs	-	-	33,441,936	-	-	33,441,936	(*)
Securities held for trading	39,287	-	-	-	-	39,287	(*)
Loans to customers and debts purchased	-	-	101,562,609	-	-	101,562,609	(*)
Available-for-sale securities	-	-	-	48,257,483	-	48,257,483	(*)
Other long-term investments	-	-	-	10,036	-	10,036	(*)
Other financial assets	-	-	17,099,391	-	-	17,099,391	(*)
	1,563,385	-	155,160,610	48,267,519	-	204,991,514	
Borrowings from the Government and the SBV	-	-	-	-	1,017,253	1,017,253	(*)
Deposits and borrowings from other CIs	-	-	-	-	68,035,603	68,035,603	(*)
Customer deposits	-	-	-	-	94,616,419	94,616,419	(*)
Derivatives and other financial liabilities	76,833	-	-	-	-	76,833	(*)
Valuable papers issued	-	-	-	-	13,042,540	13,042,540	(*)
Other financial liabilities	-	-	-	-	3,733,950	3,733,950	(*)
	76,833	-	-	-	180,445,765	180,522,598	

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

48. EVENTS AFTER THE BALANCE SHEET DATE

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

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

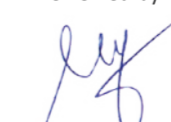
	31 December 2021 VND	31 December 2020 VND
USD	22,800	23,095
EUR	25,988	28,478
GBP	31,246	31,542
CHF	24,734	26,258
JPY	199	224
SGD	17,075	17,382
CAD	17,994	18,165
AUD	16,860	17,261

Prepared by:



Ms. **Nguyen Bao Ngoc**
General Accounting Manager

Reviewed by:



Ms. **Phung Thuy Nhung**
Chief Accountant



Hanoi, Vietnam
28 February 2022

NETWORK

51



PROVINCES, CITIES

263



BRANCHES/
TRANSACTIONS

287



ATM



- | | |
|-------------------|--------------------|
| 1 An Giang | 27 Kien Giang |
| 2 Ba Ria Vung Tau | 28 Kontum |
| 3 Bac Lieu | 29 Lang Son |
| 4 Bac Giang | 30 Lao Cai |
| 5 Bac Ninh | 31 Lam Dong |
| 6 Ben Tre | 32 Long An |
| 7 Binh Duong | 33 Nam Dinh |
| 8 Binh Dinh | 34 Ninh Binh |
| 9 Binh Phuoc | 35 Ninh Thuan |
| 10 Binh Thuan | 36 Nghe An |
| 11 Ca Mau | 37 Phu Tho |
| 12 Can Tho | 38 Phu Yen |
| 13 Da Nang | 39 Quang Binh |
| 14 DakLak | 40 Quang Nam |
| 15 Dong Nai | 41 Quang Ngai |
| 16 Dong Thap | 42 Quang Ninh |
| 17 Gia Lai | 43 Tay Ninh |
| 18 Ha Nam | 44 Thai Binh |
| 19 Ha Noi | 45 Thai Nguyen |
| 20 Ha Tinh | 46 Thanh Hoa |
| 21 Hai Duong | 47 Tien Giang |
| 22 Hai Phong | 48 TP. Ho Chi Minh |
| 23 Hau Giang | 49 Tra Vinh |
| 24 Hue | 50 Vinh Long |
| 25 Hung Yen | 51 Vinh Phuc |
| 26 Khanh Hoa | |