



VPBANK ANNUAL REPORT

**ASPIRATION TO PROSPERITY**

20  
21

VPBank Annual Report

**ASPIRATION  
FOR PROSPERITY**



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# PREFACE

## Aspiration for prosperity

Originally called Vietnam Joint-Stock Commercial Bank for Private Enterprises, the bank was renamed Vietnam Prosperity Joint Stock Commercial Bank more than 10 years ago as it entered a new chapter of development, marking an important period in which the bank decided to pursue the vision of becoming one of the biggest private banks in Vietnam. During the robust, relentless, creative transformation journey, VPBank has quickly grown from a small player to one of the leading private banks, in terms of equity and customer base.

VPBank is now ready to enter a higher growth path starting from 2022 and undertake the **"Prospering Vietnam"** mission in a more pronounced manner. The bank will continue to look for new growth drivers, penetrate new segments, and create new pioneering, outstanding products and services in line with the aspiration for prosperity. That will not only create value for shareholders but also bring great benefits and prosperity to each customer, the society, and the country as a whole.

# HIGHLIGHTS IN 2021

**Sold 50% stake in  
FE Credit to SMBC,**  
yielding a great amount of income.



**> VND86 trillion**

Owner's equities, up 63.4%, creating the momentum for new growth.



**VND14,364 billion**

Profit before tax, up 10.3% y-o-y despite the most challenging economic situation in past years.



**USD871 million**

Brand value in 2021, up 38 notches in Brand Finance's list of most valuable banking brands in the world.



**CIR 24.2%**

The lowest in the banking sector thanks to digitalisation and automation



# 10 ACHIEVEMENTS OF THE YEAR



## "The Achievement in Enterprise Risk Management" award

from The Asian Banker



## Speeding up digitalisation

Launched many apps/digital banking solutions such as VPBank NEO, Race Car, Race Home, VPBank Neo Express, VPBank SMEBiz



## B1 ↗ Ba3

Moody's upgraded BCA credit ratings of VPBank and FE Credit



## Customer experience

Improved through the adoption of technologies on over-the-counter and 247 customer service channels



## More than VND500 billion

Donated to the fight against the pandemic under VPBank's CSR programme  
More than 400,000 customers got interest reductions, totalling over VND1,2 trillion









# MESSAGE

## from the Chairman and the Chief Executive Officer

**Valued shareholders, customers, and partners,**

In the last Annual General Meeting, we set historically important objectives for the bank, including completing the sale of stake in FE Credit to Japan-based SMBC and achieving strong growth in revenue and profit, in a bid to make VPBank one of the biggest banks in terms of equity. All the objectives were achieved although the year 2021 came with more challenges than the bank had ever faced in 10 years.

Not only did we maintain business continuing and safeguard the achievements made in many past years, but also scaled up and stirred up in the financial sector when successfully selling 50% stake in FE Credit to SMBC and another local partner. It was considered the biggest M&A deal in the local financial market, subsequently boosting VPBank's equity to VND86 trillion.

The growth in equity significantly improved the capital adequacy ratio and further reinforced the bank's foundation. The capital adequacy ratio under Basel II reached over 14.2%, much higher than 11.7% recorded in 2020. Apart from that breakthrough, the total assets also grew by 30.6% y-o-y, reaching more than VND547 trillion. Other important indicators such as consolidated loan balance and customer deposits and valuable papers increased by 18.9% (more than VND384 trillion) and 9.1% (equivalent to more than VND323 trillion) respectively. The total operating income added up to more than VND44,301 billion, up 13.5% year over year. VPBank's profit before tax grew by 10.3% y-o-y, reaching VND14,364 billion. VPBank's operating expense in the year eventually went down by approximately 6% y-o-y. CIR decreased from 29.2% at the end of 2020 to 24.2% at the end of 2021. VPBank continued to be one of the most efficient banks boasting ROA of 2.5% and ROE of 19.8%.

Such impressive indicators resulted from a strong, sustainable development process over many years in order to create a solid foundation for the bank. The internal strength did not only help VPBank stay strong throughout the harshest situations but also allow the bank to invest

more abundantly in digital platforms to expand business. VPBank's efforts were acknowledged by Moody's Investors Service, a leading international credit rating agency, who upgraded Baseline Credit Assessment for VPBank from B1 to Ba3, the same as Moody's sovereign rating for Vietnam, with positive outlook.

In 2022, VPBank enters the last year of the five-year strategy for the period of 2018 – 2022 and will prepare for a new development path. In the past 10 years, the bank has successfully implemented the strategy of rapid transformation, growth, and scale-up. How can we sustain such fast growth momentum and solidify the leading private bank position in the coming years? It poses as a big question among shareholders, customers and the market for the bank.

The strong capital will help VPBank achieve breakthroughs as a market leader, welcome new opportunities, and aggressively conquer more ambitious objectives to realise the "Prospering Vietnam" mission. However, the pressure that we are facing is how to use the capital more efficiently and create stronger growth momentum. The bank will have to secure higher customer growth to earn better income. The operating expense in addition, ought to be optimised to generate better profit.

VPBank will relentlessly look for new growth drivers by creating a diverse ecosystem and focusing on digital platforms, to expand the customer base. At the end of the day, such concerted effort will help turn VPBank into one of the biggest retail banks in Vietnam and fulfil its mission to serve the nation in a more pronounced way.

With careful resources preparation, mental readiness, and the companion of valued investors, customers, and partners, we believe that VPBank will continue to achieve further breakthroughs and grow stronger in 2022 and subsequent years.

*Thank you!*



# ABOUT US

## General information

### Vietnam Prosperity Joint-stock Commercial Bank

(VPBank – ticker VPB) is a joint-stock commercial bank that is established and operates in Vietnam.

The bank was established according to Operating Licence No. 0042/NH-GP issued by the State Bank of Vietnam (SBV) on August 12, 1993 and Business Registration Certificate No. 0100233583 issued by Hanoi Authority for Planning and Investment on September 8, 1993 and latest amended on December 10, 2021. The operating period under this licence is 99 years starting on August 12, 1993.

### VPBank's main operations consist of:



Banking operations including the acquisition of funds and short-, medium-, and long-term deposits from organisations and individuals; Short-, medium-, and long-term lending to organisations and individuals;



Foreign exchange transactions, international trade finance services, discounting of commercial bills, bonds, and other valuable papers



Credit extension in the form of re-discount of negotiable instruments and other valuable papers and other banking services permitted by the SBV.



Provision of payment and e-wallet services



Asset management service



Investment in securities and bonds;  
Investment in government bond futures

## Chartered capital

The bank's chartered capital as of December 31, 2021:

**VND45,056,930 million**

(as of December 31, 2020: VND25,299,680 million)



# Prospering Vietnam

# Vision – Mission

## Core values

### VPBANK'S VISION

As one of the first joint-stock commercial banks established in Vietnam, VPBank has undergone firm development throughout our corporate history. VPBank has set the ambitious goal of becoming the most consumer-friendly bank through technology and becoming one of the top three most valuable banks in Vietnam according to the 2018 – 2022 strategy.

### VPBANK'S MISSION

VPBank believes that the bank with accomplish the mission of bringing the best benefits to customers, serving the best interests of shareholders and employees, developing a strong corporate culture, and contributing sufficiently towards the development of the community.

### CORE VALUE

The above-mentioned strategy is supported by VPBank's corporate culture, which has been developed and nurtured by six values as below:



CUSTOMER FOCUS



PRODUCTIVITY



AMBITION



PEOPLE DEVELOPMENT



TRUST



DIFFERENCE MAKING



# Network

As of December 31, 2022, VPBank had

**01**

Head office

**02**

Subsidiaries

**168**

Transaction offices

**66**

Branches

VPBank is headquartered at No. 89 Lang Ha, Lang Ha ward, Dong Da district, Hanoi, Vietnam



# Development history

**From a small bank established in 1993, VPBank has made tremendous strides, quickly becoming one of the largest private banks in Vietnam in terms of capital, customer base, and brand value**

## 1993

Vietnam Prosperity Joint-stock Commercial Bank was established on August 12, 1993 and is one of the oldest banks in Vietnam.

## 2010

VPBank carried out the strategy of transforming into a modern retail bank and developed strong growth.

The extraordinary growth of VPBank was evidenced by the expansion of the branch/transaction office network across the country and the development of diverse sales and distribution channels.

## 2015

VPBank successfully transformed all consumer credit operations into a new independent legal entity, i.e. Vietnam Prosperity Finance Limited Company (FE Credit brand.) FE Credit has conquered the local consumer finance market with about 50% market share.

# 2017

VPBank was successfully listed on the Ho Chi Minh Stock Exchange (HOSE), entering the integration phase as one of the leading banks in Vietnam.

# 2019

*(\*) According to the Brand Finance, VPBank was ranked among the top 500 most valuable banking brands in the world\* with the ranking of 361, A grade and a brand valuation of USD354 million. (\*)*

# 2021

VPBank completed the sale of 49% stake in FE Credit to SMBC Consumer Finance, a wholly-owned subsidiary of Sumitomo Mitsui Financial Group and renamed it VPBank SMBC Finance Company Limited.





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# CONQUERING THE STORMS





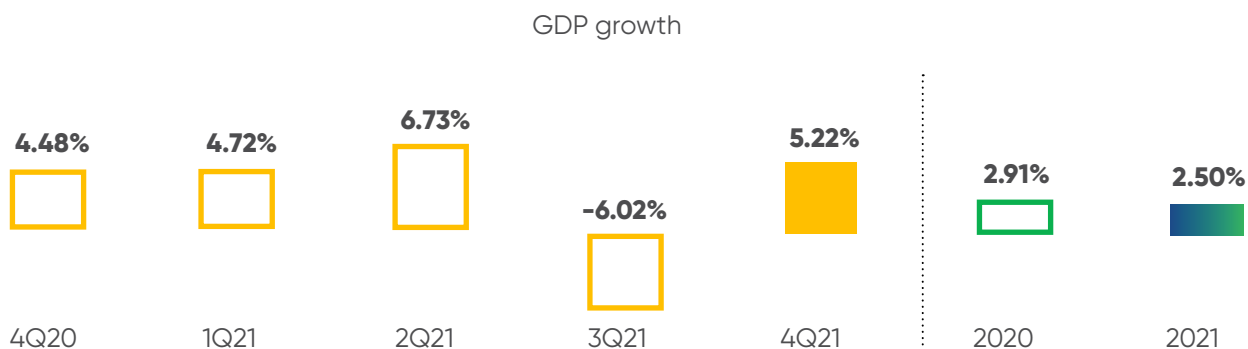
# BUSINESS OPERATIONS IN 2021

## Business environment in 2021

Vietnam faced tough challenges from the complicated developments of the COVID-19 pandemic and widespread of a new variant. Starting in April, the fourth wave was devastating, causing a spike in cases and forcing the Government to impose the most drastic social distancing measures in Q3. That led to quarterly negative GDP reporting for the first time since Vietnam began calculating and publishing GDP quarterly in 2000. The Government shifted the pandemic-response strategy

from Zero COVID to flexible adaptations to pursue the dual goals of effective pandemic control and socio-economic recovery and development. At the same time, it aggressively run its nation-wide vaccination drive. As of now, about more than 80% of the population has been vaccinated and the country has had one of the world's fastest vaccination rates by daily and weekly jabs. The Government issued fiscal, monetary, and social security policies in a timely manner in support of businesses

and citizens in the face of the adverse effects of the pandemic. The policies were implemented more urgently and aggressively so as for the support packages to be truly practical, which was appreciated by businesses and citizens. Thanks to the efforts, the economy gradually recovered, macro-economic stability was maintained, producing a brighter picture of the economic situations overall.



The economy recovered after the fourth wave with Q4 GDP increasing by 5.22% y-o-y as compared with 4.61% in 2020.

**USD668,5 billion**

Export-import turnover hit a new record of USD668,5 billion, up 22.6% y-o-y with the trade surplus reaching USD4 billion.

**USD31,15 billion**

The total registered capital of FDI reached VND31,15 billion, up 9.2% y-o-y, featuring billion dollar projects from Foxconn, Lego, Pegatron, Luxshare, etc.

**1.84%**

CPI was up 1.84% y-o-y, the lowest since 2016.





## BANKING SECTOR

13.53%

Industry-wide credit growth rate

1.91%

Industry-wide on-balance sheet NPL ratio

Source: General Statistics Office and State Bank

**In 2021, the SBV implemented flexible policies, focusing on the support for economic recovery.**

### Highlights of the SBV's policies in the year:

Maintained low interest rate environment;

Issued Circular No. 03/2021/TT-NHNN and Circular No. 14/2021/TT-NHNN to assist customers affected by the COVID-19 pandemic;

Instructed joint-stock commercial banks to reduce lending rates in support of businesses, with cumulative interest reductions totalling more than VND18 trillion by 2021.

# Highlights of business performance in 2021

Beating the headwinds, making future breakthroughs



**VND86,278 billion**  
**OWNER'S EQUITIES**

Up 63%  
Highest growth in the industry



**14.3%**  
**CAR**

Approaching that of leading Asian banks



**VND14,364 billion**  
**PROFIT BEFORE TAX**

Top 3 private commercial banks



**24.2%**  
**CIR**

Highest in the banking sector



**18.9%**  
**CREDIT GROWTH**

Among the highest in the market



**VND44,301 billion**  
**TOTAL OPERATING INCOME**

Top 1 private commercial banks



**22.6%**  
**CASA RATIO**  
Strong growth



**↓1.7%**  
**COF**  
Optimised cost



**19.8%**  
**ROE**  
Among the highest in the market



**2.5%**  
**ROA**  
Among the highest in the market



**19 million**  
**CUSTOMERS**  
Covering all segments



**124 million**  
**TRANSACTIONS ON VPBANK NEO**  
**X2** y-o-y

## Supporting for the community

**More than 400,000**  
**CUSTOMERS**

Were supported through loan restructuring and rescheduling, and interest rate reduction totalling more than VND1,2 trillion

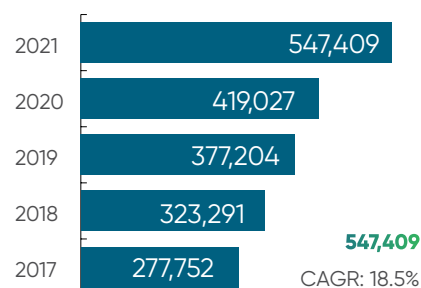
**More than VND500 billion**  
**DONATED TO THE FIGHT AGAINST COVID-19**

For the Government's activities to prevent and fight the pandemic

# Sustainable growth, higher standing

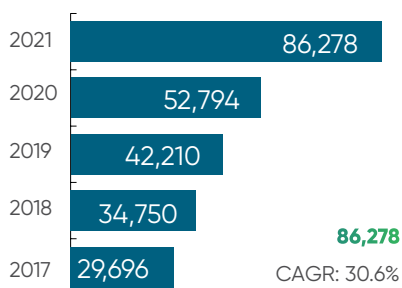
## TOTAL ASSETS

(Billion)



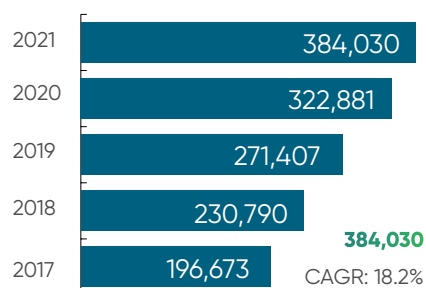
## OWNER'S EQUITIES

(Billion)



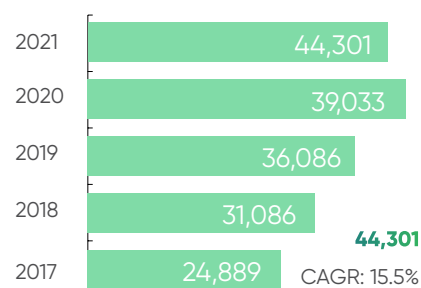
## LOAN BALANCE

(Billion)



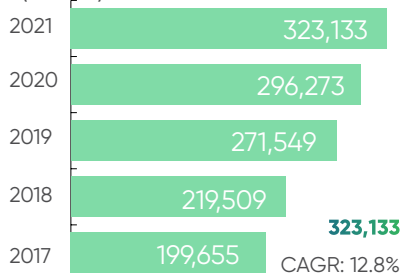
## TOI

(Billion)



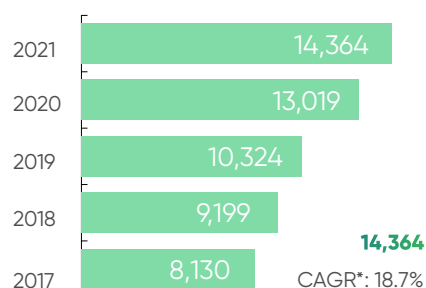
## CUSTOMER DEPOSITS & VALUABLE PAPER ISSUANCE

(Billion)



## PRORIFT BEFORE TAX

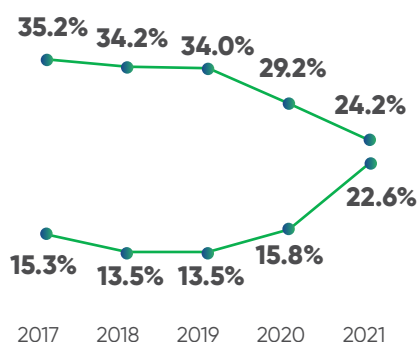
(Billion)



\*Cagr for extraordinary profit

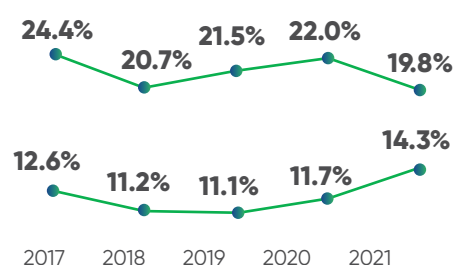
## CIR

CASA ratio



## ROE

CAR







## Flexible responses, not backed down from challenges

The year 2021 continued to pose more challenges to the whole economy than the past 10 years due to the severe impacts from the COVID-19 pandemic, which deteriorated the financial standing of many customer segments. Understanding clearly the severity of the situation, the bank's leadership employed many urgent solutions in response to keep the staff safe and maintain business continuity. VPBank also actively supported the community and people to overcome difficulties. Together with that,

the leadership quickly adjusted sales policies and business plans, managed operations efficiently to mitigate the adverse effects of the pandemic, proactively looked for, seize, and make the best of market opportunities, achieving high growth during the most difficult period of the economy.

The year also marked an important milestone as VPBank completed the transfer of 49% stake at FE Credit to Japan-based SMBC in October, setting the record for M&A value in the local financial market and was

chosen the deal of the year. As a result of the successful deal, VPBank became the biggest bank in terms of equities. VPBank took pride in achieving the highest equity growth rate in the banking sector in the year. On the other hand, the proceeds from it also contributed to the parent bank's record profit of VND38 trillion.

Thanks to the leadership's timely instructions and the whole bank's efforts, VPBank maintained its growth momentum and remained operational efficiency on the back of the pandemic. By the



end of 2021, the bank saw the total assets reach nearly VND548 billion, up 30.6% y-o-y, and was one of the three leading banks in terms of volume growth. The result was made possible by the outstanding credit growth rate of 18.9% and the proceeds from the divestment from FE Credit. The consolidated TOI reached more than VND44 trillion, up 13.5% y-o-y, and remained in the number one spot among private banks. Operating expenses continued to be managed effectively as CIR decreased by 5% to 24.2%

at the end of 2021, making it the most efficiently operated bank in the banking sector and helping achieve the consolidated profit before tax of more than VND14.3 trillion.

VPBank was recognised for the efforts to maintain business continuity and efficiency, helping maintain the stability, prevent interruptions in the economy, support the customers and partners in difficulty, and participate actively and effectively in the fight against the pandemic. VPBank reaffirmed

the mission of bring both financial and spiritual prosperity for a more prosperous and beautify Vietnam.

## Credit growth in strategic segments

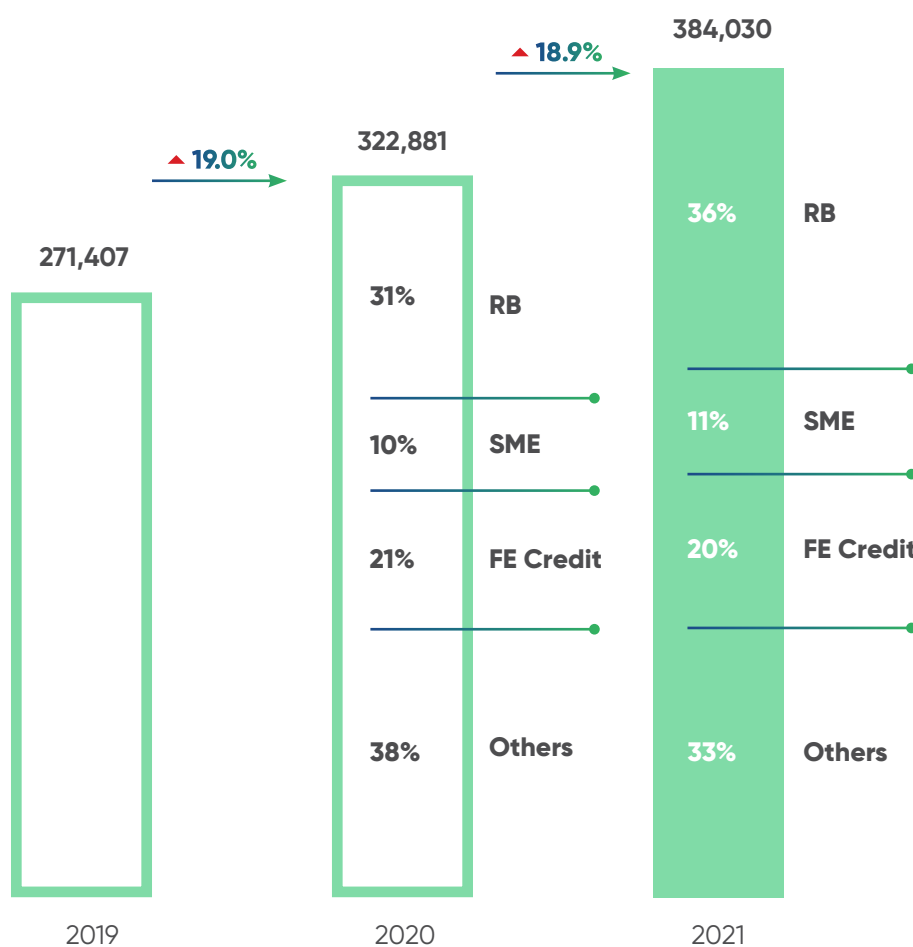
By the end of the 2021, the consolidated credit growth rate reached 18.9%, exceeding the plan and higher than the industry average of 13.5%. The consolidated loan balance reached more than VND384 trillion, to which the strategic segments contributed significantly. The strategic segments RB and SME were given priority, growing by 33% from the beginning of the year and being aligned with the Government's guidelines on accelerating economic recovery and SMEs' access to credit. The

achievement was significantly attributable to the results of the comprehensive digital strategy and the successive launches of the most advanced technology solutions, helping the bank proactively interact with and learn of customers' demands for funds. As the economy began to recovery after the social distancing, the bank held the top position in terms of auto loan disbursement volume among private banks and doubled the home loan disbursement volume y-o-y, through diverse digital

lending apps such as Race Apps, Race Home, etc.

2021 continued to be a challenging year for FE Credit as the consumer finance segment was affected directly by the pandemic. However, thanks to the year-end recovery, FE Credit reached the credit growth rate of 14.2% and maintained its lion's share of the local market.

CREDIT TO CUSTOMERS (VND BILLION)

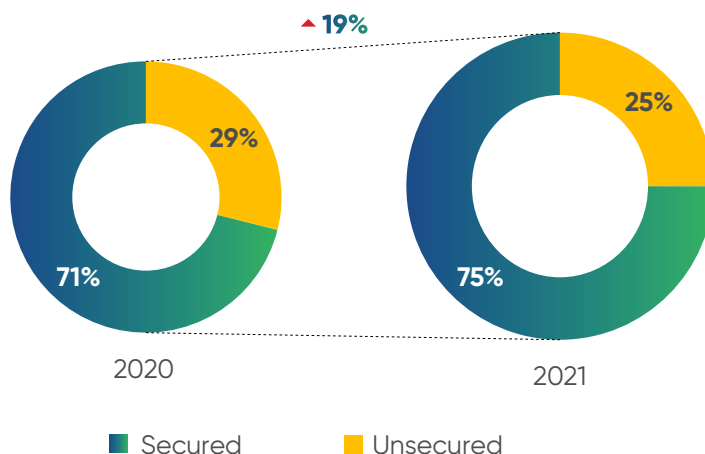




## Sound management of asset quality

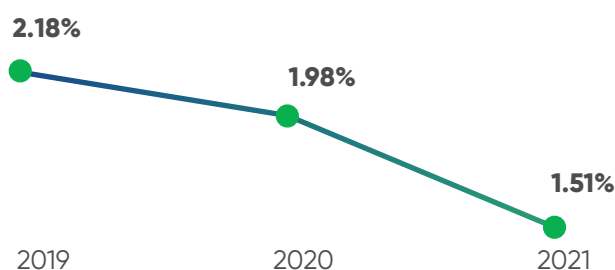
Against the backdrop of the severe developments of the pandemic, VPBank quickly introduced prudent measures, focused on completing policies and processes for the whole organization as well as mechanisms to manage risks comprehensively. The leadership focused on controlling the loan portfolio and became more selective.

CREDIT TO CUSTOMERS BY TYPE



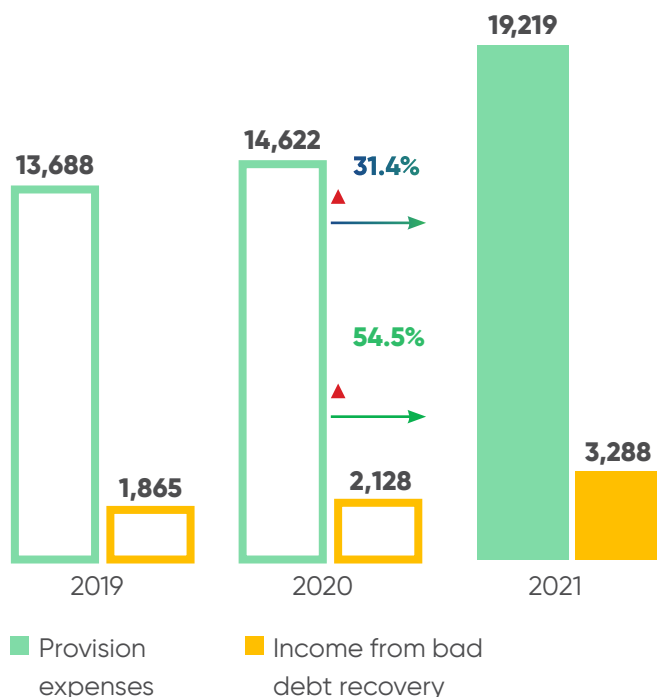
The reduced proportion of unsecured loans, stepped-up loan restructuring efforts, and collection helped keep the consolidated NPL ratio at 3.65%. In particular, the parent bank's asset quality improved as the NPL ratio had gradually decreased, from 2.18% in 2019 to 1.51% at the end of 2021.

STANDALONE NPL RATIO (CIR 11) (%)



Along with the efforts to keep NPLs under control, VPBank continued to proactively increase provisions. The consolidated full-year provision expense was up 31.4% y-o-y. The standalone provision expense increased by 52.9%, with more than VND1 trillion being made for the loans restructured under Circular 14/2021/TT-NHNN as of the end of 2021, fulfilling 30% of the total additional provision expense according to Circular 03/2021/TT-NHNN. This proved that thanks to the "buffer" the bank was always ready to tackle the adhoc risks posed by the pandemic. Besides, the bank also focused on effective collection measures. The consolidated income from bad debt recovery reached more than VND3 trillion as of the end of 2021, up 54.5% and contributing substantially to the bank's TOI.

PROVISION EXPENSES AND INCOME FROM BAD DEBT RECOVERY (VND BILLION, %)





Signing ceremony of USD200 million syndicated loan agreement between VPBank and SMBC

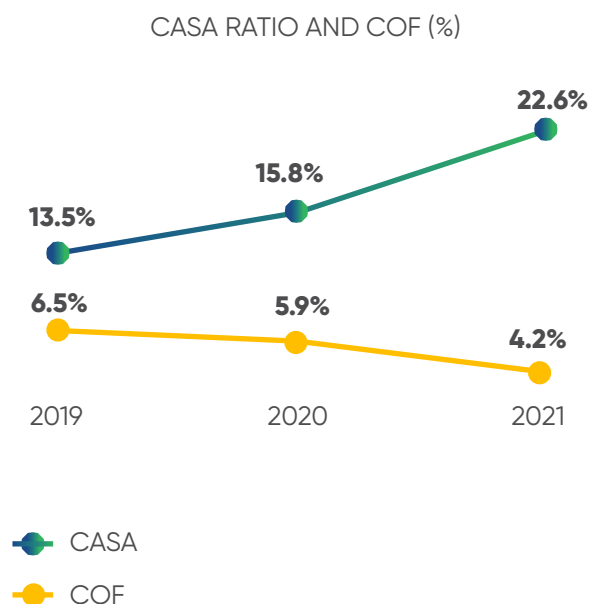
## Strong growth in CASA, continued COF reduction

The bank maintained customer deposits and valuable paper issuance at a reasonable level of VND323 trillion, up 9.1% y-o-y. Another highlight was the exceptional growth in CASA driven by priority investment in technology initiatives, foundational platforms, digital transformation, and customer experience enhancement. There was breakthrough growth in CASA as its balance reached more than VND54 trillion at the end of 2021, up nearly 50% y-o-y and bringing the CASA ratio to 22.6% as compared with 15.8% at the end of 2020.

In addition to that, the bank's funding structure was continuously optimised through funding diversification to ensure liquidity for business operations. In Q4, VPBank successfully acquired USD 300 million from JICA, SMBC and other reputable international organisations. It provides VPBank with stable long-term funding to grow sustainably and continue to provide solutions to retail and enterprise customers going forward.

In view of liquidity opportunities on the market, VPBank flexibly adjusted the balance sheet and funding structure to reduce the cost of fund (COF) by 1.7%, to 4.2%, the most impressive and highest

reduction in the market. VPBank's prudential ratios remained sound and met the SBV's requirements. Specifically, LDR was 75.7% and the ratio of short-term funding to medium- and long-term lending was kept under control at 23.3%.

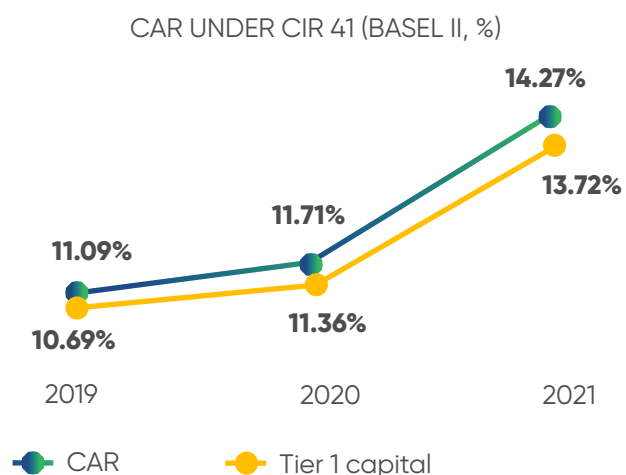




## Strong capital, future breakthroughs

By the end of October, VPBank completed the sale of 49% stake in FE Credit to SMBC, setting the record for M&A value in the local financial market. Also, VPBank Finance Company Limited was renamed VPBank SMBC Finance Company Limited, and remaining the brand name FE Credit. The successful deal has brought VPBank to be one of the best capitalized bank with owner's equities amounting at nearly VND90 trillion. VPBank's equity growth rate of 63% was the highest in the year and the past five years in the sector. VPBank also completed the increase of charter capital to VND45 trillion by paying 80% of the dividends in stock, thus becoming the second biggest bank, in terms of charter capital as at the end of 2021.

Thanks to the abundant capital base, the consolidated CAR under Basel II (Circular 41) reached 14.27%, much higher than the SBV's requirement of 8% and approaching that of leading regional banks. The abundant capital also helped VPBank improve the financial standing, keep the prudential ratios sound, and get ready to grasp the business opportunities in the strategic segments and invest in new ones to support traditional business operations. The robust investment plans also help VPBank achieve the growth targets in quality and volume in the future.





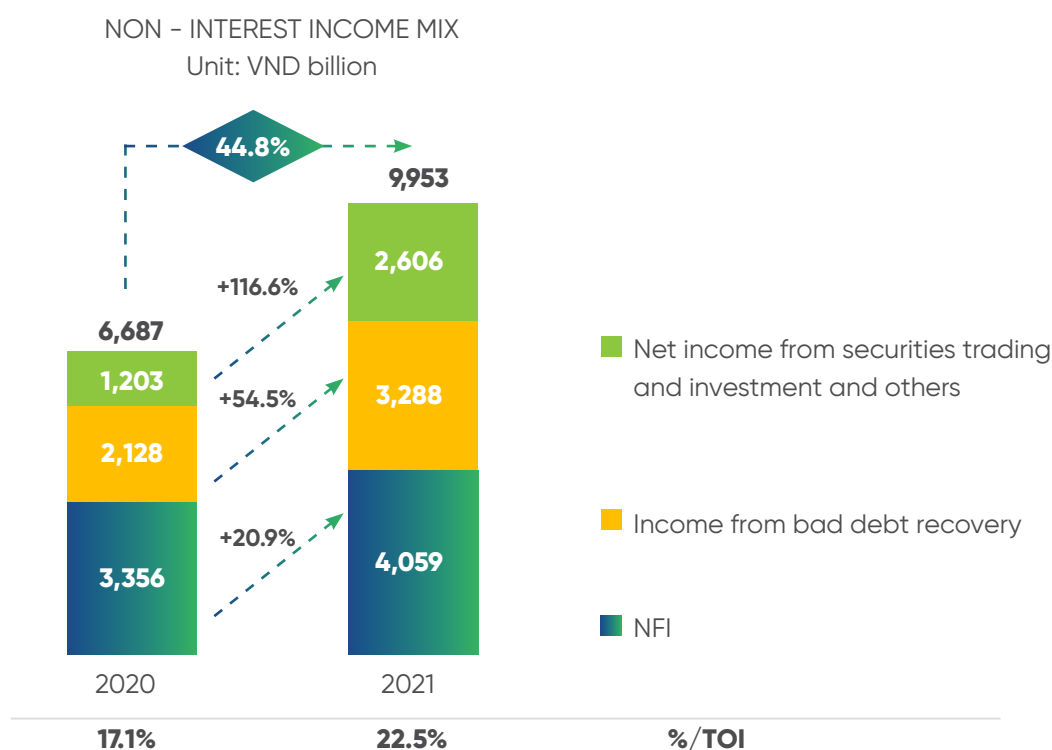
## Income diversification, reaffirming top position

In the face of various challenges and severe pandemic impacts on customer segments, especially the mass and upper mass, VPBank made relentless efforts and continuously implemented business plans to diversify income sources and adapt to the new reality. Therefore, the consolidated TOI reached more than VND44 trillion, up 13.5% y-o-y, helping the bank hold the leading position among joint-stock commercial banks. TOI from the parent bank's core business operations reached nearly VND28 trillion, up 34.2% y-o-y.

The consolidated net interest income grew by 6.2%, reaching more than VND34 trillion, and was lower than the credit growth rate mainly due to the prudent credit management, lower proportion of unsecured loans, and proactive interest reductions for customers through many preferential and support programs.

However, the bank earned good non-interest income, which offset for the moderate growth in interest income and kept profit growth stable. The consolidated Non-NII ratio reached 22.5%, the

highest in the past 10 years. The consolidated net NFI reached more than VND 4 trillion, up nearly 21%. The standalone bank accounted for VND3.6 trillion, up approximately 19% y-o-y, and continued to hold the leading position among private banks. These resulted from the bank's efforts to carry out digital transformation, upgrade payment systems, and continuously improve account management and maintenance services.



By making the best of market opportunities, income from trading and securities investment reached more than VND3 trillion, 3.2 times as high as at the end of 2020.

The consolidated bad debt recovery grew strongly, reaching more than VND3.2 trillion, up 54.5% y-o-y.

# Yielding fruits from digital transformation

VPBank takes pride in being the pioneer, investing and implementing a well-formulated, comprehensive digital strategy that targets various customer segments. Due to the impacts of social distancing measures, VPBank digital activities were accelerated and customers' habits changed. VPBank's readiness to adapt to market and customer behaviour changes helped achieve great successes in the year, not only in operating expense optimisation but also productivity and customer experience improvement. 2021 was a booming year as the bank successively launched technology solutions, notably brands and transaction platforms such as VPBank NEO, VPBank Prime, Race Car, Race Home, and VPBank NEO Express. There were 124 million transactions on VPBank NEO, twice as high as last year. At the end of the year, VPBank NEO was given the Best Mobile Banking Initiatives 2021 award from The Digital Banker, part of a system of awards for credit institutions with excellent technology development and adoptions. It is an acknowledgement of the efforts to develop VPBank NEO into a universal digital bank that can provide a comprehensive set of financial products and services to customers.

Besides, there was a stronger focus on digital products for SME customers as evidenced by the launch of VPBank NEO Biz, remote account unlocking through eKYC, and EcomPay – Simplify payment solutions to help businesses enter the e-commerce space. The advantage of the solutions is the fast process, due to which customers do not need to spend as much time, efforts, and expenses as traditional approaches.

Besides the important digital achievement made by the parent bank, a digital strategy was also adopted comprehensively at the subsidiary FE Credit. Aiming to become a Fintech (financial technology) company, FE Credit has developed and put to use its Social Credit Scoring model based on big data and AI. Further it has worked with leading international companies to automate processes through RPA, automatic outbound calls, digitalisation of the whole sales process to optimise the productivity and improve customer service experience.

Furthermore, FE Credit continued to promote \$NAP, the first lending app in Vietnam with more than 10,000 approved loans each month. FE Credit Mobile app, on the other hand, has more than 2 million users. \$HIELD, a smart

insurance purchase app, provides comprehensive solutions meeting all health and financial insurance needs. Importantly, FE Credit focused on develop an ecosystem around ÜBank, a dedicated digital bank that provides banking and financial services other than consumer credit to millions of FE Credit customers.

Thanks to digitalisation and the effective strategy for controlling costs, VPBank's operating expense in 2021 decreased by approximately 6% y-o-y. CIR continued to decrease significantly, from 29.2% at the end of 2020 to 24.2% at the end of 2021. The results solidified VPBank's position as the most efficient bank in terms of operating expense.

CIR

33.9%

2019

29.2%

2020

24.2%

2021

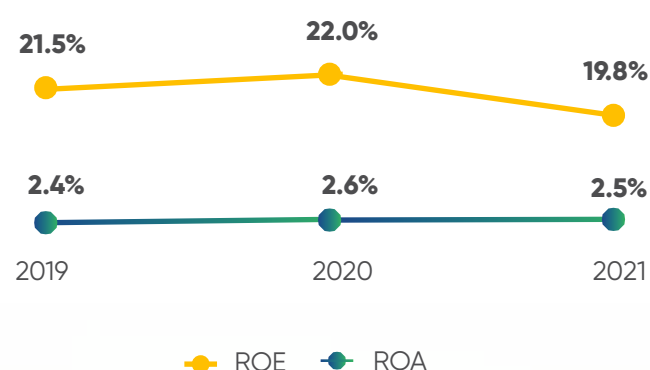
# Sustainable profit growth, breakthrough at parent bank

Thanks to funding optimisation, cost reduction, stringent risk control, and higher market share, the consolidated profit before tax was up more than 10% y-o-y, reaching VND14.364 billion. The actual profit was equivalent to 86% of the plan. The bank actively accompanied with SBV's policies to support customers facing difficulties due to the pandemic. It is estimated that VPBank reduced interest by more than VND1.2 trillion for more than 400,000 customers. Besides, the bank also donated more than VND500 billion to the Government's preventive funding against the pandemic. At the same time, the bank increased provisions sharply due to the pandemic impacts on some customer segments.

Although FE Credit's business operations were affected by the pandemic in 2021, the parent bank achieved strong breakthroughs. By the end of 2021, the standalone profit before tax reached nearly VND38 trillion, four times as high as in 2020. In particular, investment activities and divestment from

subsidiaries accounted for VND24 trillion in profit, mainly coming from the divestment from FE Credit, the biggest M&A deal in the banking-finance sector. The profit before tax from the parent bank's core business operations was up 51%, reaching more than VND14 trillion.

By the end of the year, the consolidated ROA and ROE ratios continued to be a success, at 2.5% and 19.8% respectively.





# 2021 actual results vs AGM's targets

Unit: VND billion

## TOTAL ASSETS

▲ 111% achieved



## CUSTOMERS' DEPOSITS AND VALUABLE PAPERS

▲ 91% achieved



## CREDIT EXTENSION TO CUSTOMERS

▲ 102% achieved



## PROFIT BEFORE TAX

▲ 86% achieved



## STANDALONE NPL

▲ Achieved





## CHANGE & ADAPT

**COVID-19 has made many aspects of life come to a halt, the world nevertheless, has quickly found out new ways to continue the socio-economic activities. VPBank was also adaptive and responsive in a proactive manner, thus succeeded and was among leading banks with highest growth rate in the banking sector.**

2021 was full of difficulties and challenges to Vietnam socio-economy. The faster, more complicated and unexpected development of the COVID-19 pandemic forced us to apply robust solutions in a wider scope and for a longer period of time, thus causing severe damages when the economic growth critically plummeted for the second year in a row, production and businesses, jobs, and social securities were seriously impacted.

Besides, the COVID-19 pandemic has changed the whole world. Life changes, so do consumption, businesses, and economic structures. In that context, enterprises were also forced to change and adapt to succeed. Continuing the journey in 2020, VPBank flexibly changed and proactively adapted not only to overcome difficulties, but also to search for and take the most of

new opportunities to maintain and accelerate growth.

Digitalisation was among the most critical changes, in view of the widely adapted technology in socio-economic activities, hence instead of working, meeting, shopping in person, the online modes prevailed. In 2021, VPBank's Retail and corporate divisions accelerated their digitalisation and obtained good results, filled gaps in customer approach caused by social distancing and met new consumer behavior.

Transaction brands and platforms such as VPBank Prime, VPBank NEO, Race Car, Race Home, VPBank NEO Express, and VPBank NEOBiz were launched and make customer approaching and servicing more convenient. A number of technology applications were launched to introduce a comprehensive



ecosystem of digitalised services i.e. disbursement, overdraft, auto loan, account opening via eKYC, and deposits, and all of which were carried out online. These did not only help VPBank improve its competitiveness, but also reduce the operating expenses and improved its ability to access and provide contactless services for customers.

As a result, VPBank's credit growth reached 18.9% in 2021, in which the strategic segments RB and SME were up 33% y-o-y. The advantages of digitalisation helped VPBank make a breakthrough in attracting more CASA, which accounted for 22.6% of the bank-wide deposits. This was one of the contributors that helped reduce cost of fund and gain effective growth.

In 2021, aiming at the strategic

orientation of making the difference in customer experience, VPBank developed action programmes in a comprehensive and consistent way to all divisions and units. Accordingly, customer experience was taken into account in every business decision.

VPBank flexibly adjusted its lending policies and changed its customer approach strategy to adapt to the pandemic situation. In regard to risk management and effective business during the pandemic, VPBank stopped extending credit to non-essential business areas, reduced unsecured loan proportion and actively promoted debt recovery. At the same time, the bank actively supported customers affected by the pandemic. Apart from restructuring debt

and re-scheduling payment dates for customers, especially those who were in lockdown and isolated areas, etc., or developing a manual on flexible loan application signing to support quarantined customers due to COVID-19, etc., the bank also implemented lending rate reduction programmes to support borrowers affected by COVID-19, etc.

A majority of customers gave great feedback to such changes and adaptation of VPBank. As a result, it can expand its market share, optimise capital flows, save costs and control risks. In face of the prolonged stagnation of the economic activities, the above result proved VPBank's adaptiveness during social distancing.





**VPBank  
express**

**In face of many difficulties in 2021, VPBank still achieved positive performance in its strategic retail segment. All were attributable to the flexibility in the introduction of new product and services production and customer care.**

# RETAIL CUSTOMER SEGMENT

## Positive business results

2021 continued to be a successful year of VPBank in retail segment despite the serious COVID-19-induced impacts to the customers' employment and income. In reality, **the consolidated credit growth was 18.9%.**

In particular, for retail segment, credit growth remained strong and more importantly, debt management was under good control, despite the complicated COVID-19 pandemic. Secured loan grew to VND32,000 billion, a 3-fold increase compared to previous years.

Digitalised approval and underwriting process and improved customer experience helped VPBank significantly increase the number of customers. By the end of 2021, 90% of the unsecured retail portfolios were disbursed via digital channels, in which of 100% existing unsecured household customers and 75% of auto loan portfolios were disbursed via Race App.

VPBank also started to implement digital home loan products through Pro App.

Apart from strong credit growth, 2021 witnessed the breakthrough of non-term deposits from retail customers. As a result, CASA was increased, cost of fund was reduced by 1.7% accordingly and growth became more efficient.

60%

The main driver for this growth in both quantity and quality was E-sodep (lucky number accounts). E-sodep was expected to acquire 582,000 new customers, contributing 60% of the total number of new retail customers in 2021 and earn VND742 billions of CASA, contributing 68% of the total number of new customers.

55%

Total customer deposits via online channel grew strongly in both customer quantity and volume from 31% to 55%, owing to the strategy to promote the shift from the over-the-counter transactions and improve customer experience on VPBank Online.

70%

The expectation for 2022 is to raise deposit online balance to 70%, securing the number one stand in the market.

## Change to speed up

The above-mentioned positive performance was attributable to VPBank's proactive change and flexible adaptation. And the most critical change was digitalisation.

Since the COVID-19 outbreak, up to 70 million Vietnamese have become digital customers. Following the trend of global digitisation in general and Vietnam in particular, VPBank developed a digitalisation ecosystem and the super apps/platforms.

Thanks to the ecosystem, it is possible for customers to quickly open current accounts and virtual cards on mobile phones in just five minutes. Customers can also open and instantly use their credit cards for spending, and the same applied to the opening of bank and stock trading account. Online procedures for customers making loans to buy house and vehicles were also available with the underwriting process executed via eKYC, video call and quick disbursement. For those who want to buy insurance, they will also be provided with online consultancy and electronic contract issuance instead of carrying out a lot of procedures like before.

2021 marked the robust growth of VPBank NEO. By the end of 2021, approximately three million users registered VPBank NEO and 124 million financial transactions were handled, up 91% y-o-y.

Since its launch, customers gave very positive feedback on the new VPBank NEO platform. By the end of December 2021, VPBank NEO was rated the highest score on the app markets as compared to other banking apps (at 4.9/5 on IOS and 4.6/5 on Android).

Product and service digitalisation is obviously the way for VPBank to better meet their customers' needs during the pandemic and the key foundation to achieve greater success in 2021.

Besides, VPBank's adjusted lending policies to adapt to the pandemic and the bank's supports for customers, especially debt structuring and debt repayment re-scheduling were well received and appreciated.

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**VPBank flexibly re-scheduled debt repayment dates for all customers in 12 localities across the country during the social distancing period from August 16 to September 15, 2021.**

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**The support helped VPBank gain more trust from customers and made the bank continue to be their preference. And that laid a solid foundation for the bank's accelerated development.**

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## Insurance

2021 was a successful year for Bancassurance services despite the complicated development of the pandemic, especially during social distancing imposed across many provinces and cities on a large scale. The distinctiveness of this product is that it requires direct care and advice for customers, while the customers' transportation was limited, and especially their personal finance was significantly affected compared to that before the epidemic.

For the latest data in 2021, VPBank reached more than VND800 billion in term of life insurance

premiums. The growth of non-life insurance in 2021 was at 150% y-o-y.

In 2021, VPBank made great efforts to develop Bancassurance service. The bank implemented the online sales process which customers can be consulted through online platforms such as Zalo, Zoom, Viber and especially to issue electronic contracts through online multi-factor authentication without having to meet with a consultant in person.



At the same time, the bank launched combo packages combining life insurance with other products (such as card products, savings accounts, and loans) to increase offers for customers. VPBank also co-operated with

partners to constantly improve the quality of pre-sale and after-sales processes such as simplifying the underwriting process, increase the benefits of insured customers at VPBank when verified as affluent customers, etc.

## Card

In 2021, despite difficulties caused by the pandemic, VPBank still held the number one position in credit cards and accelerated the growth of IDC cards. Both the number of cards in circulation and the spending of them were at the top of the market. IDC card's new customer penetration rate increased from 34% to 66% in 2021.

This accomplishment resulted from the breakthroughs in approaching card segment's customers. Accordingly, the credit card issuance process was completely digitalised to meet

customers' needs in term of to convenience and speed in the card opening process.

Popular cards with outstanding business results are StepUp and Lady credit cards, MC2 card, and Shopee card. Understanding well customers' needs and implementing appropriate preferential programs did not only help attract customers to open new cards but also encouraged existing cardholders to increase their spending on cards.



## Mass Affluent (MAF)

MAF was a new sub-segment and was identified as an important one in retail segment. The segment's potential was great and it contributed greatly to retail segment of which Millennials account for 75%.

With the vision of becoming the leading bank in the MAF segment and increasing VPBank's market share from 5% to 20% by 2035, VPBank Prime brand was built targeting the middle-class customer segment, especially the breakthrough millennials generation.

On October 6, VPBank Prime was officially launched to the market as the first local financial brand targeting the young generation and providing them with tailor-made solutions with three outstanding characteristics: combo offers,

digitisation, and outstanding customer care. The mission of VPBank Prime is to "translate customers' current effort into future prosperity".

After an impressive launch, VPBank Prime achieved positive business results: nearly doubled customer growth, a 5.5-times increase of new customers as compared to 2020. Mass affluent customers from VPBank Prime upgraded to VPBank Diamond were also nearly four times higher than in 2020 since its launch. By the end of 2021, the total revenue earned from this customer group contributed nearly 50% of the income of retail segment.

## Affluent (AF)

In 2021, AF had over 200,000 customers, up 110% y-o-y. Net Promoter Score (NPS) index, a customer satisfaction retaining index, remained stable at 94% which reflected the growth in quality and the sustainable growth of the segment.

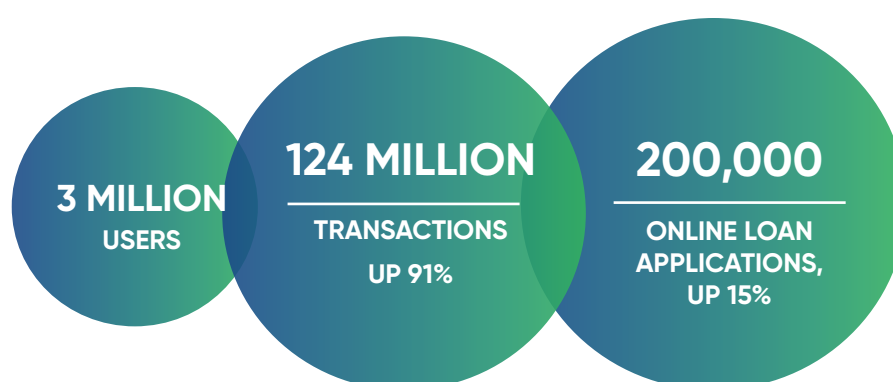
Bearing the "Customer-centric" mind-set, in 2021, a number of financial solution packages based on key personas of affluent segment were launched, including Diamond Business Package for business owners, Diamond Invest package for investors, Diamond Employ Banking Package for senior managers and Diamond Retirees Package

for retirees. These service packages attracted many high quality customers for the segment.

In particular, VPBank also offers affluent customers with new privileges featuring new lifestyle for the elite such as Diamond HNW Programme, gift warehouse exclusively for affluent customers to enrich their experience at VPBank Diamond. Other exclusive and sophisticated programmes helped attract a bulk of customers including many VIP and super-rich ones.



# VPBank NEO



## THE YEAR OF 2021

Marked the robust growth of VPBank NEO. By the end of 2021, approximately three million users registered VPBank NEO. 124 million financial transactions were made on VPBank NEO platform in 2021, up 91% y-o-y.

With the support of VPBank NEO, the percentage of online savings balance reached 55% compared to only 31% at the end of 2020. The proportion of online savings customers out of total savings also increased from 55% in 2020 to 72% by the end of 2021.

For lending segment, the number of loan contracts on VPBank NEO hit 200,000, up 15% y-o-y including a variety of UPL products, credit cards, overdrafts, and online savings loans.

Aiming at becoming more and more user-friendly, in 2021, VPBank NEO successfully integrated the "Automation Marketing" tool to help customers complete the unfinished transactions or automatically refer more real-time features to customers.

VPBank NEO was also successful in integrating Game in App to bring about interesting and fun customer experiences which was totally different from other banks'. The ecosystem surrounding VPBank NEO keeps expanding strongly and turns VPBank NEO into an open and comprehensive platform which fully meets customers' demands ranging from consumption to investment.

Specifically, in 2021, VPBank NEO connected with six additional e-wallets, making it 14 in total directly-linked ewallets. Besides, VPBank NEO also connected to an extensive QRCode network including 50,000 Smartpay merchants, 40,000 VNPay merchants and made VietQR payments to accounts within the network linked with Napas.

In regard to investment ecosystem, in 2021, VPBank NEO connected with six additional securities companies, bringing the total number of securities companies which can top up investment directly on VPBank NEO to eight largest companies.

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## In 2022

VPBank sets the target of two million new VPBank NEO accounts, of which at least 70% will come from new customer (New CIF) through different digital channels using eKYC platform. The number of transactions on VPBank NEO is expected to increase to 236 million, up 90% y-o-y.

In addition, VPBank NEO will continue to focus on improving customer experience and journey to satisfy even the most demanding customers and allow them to comprehensively manage their finance on VPBank NEO.





**"Unbelievable. I didn't expect everything that fast."**

Anh Tuan (Ha Noi)

**NO REQUEST IS  
IMPOSSIBLE AT  
VPBANK**



VPBank's customers, from ones who wish to open accounts to these who would like to borrow money to buy a house, a car, insurance etc. are all satisfied by the bank with simple and convenient and online procedures. That makes customers more confident in choosing VPBank as the "companion" in personal financial management.

Mr. Le Van Tuan (Hanoi) had always wanted to own a car a long time ago. Nevertheless, his personal savings amount was little, so "confused" he was. After being told by his friends that he could get a loan from banks which secured by the very car, he decided to go to an auto showroom and buy a Hyundai Accent 1.4L, MT, and asked for loan procedures.

After being consulted by the showroom staff, he decided to make a loan from VPBank through Race App. "It was surprised that I would know whether my loan application was approved or not in just five minutes. I was supported within an incredibly fast disbursement time and after only two to three days, we already had our dream car. The procedure was too simple and you can flexibly use either your own or your relatives' information", said Mr. Tuan, then "just in seconds", he got the loan of VND382 million from VPBank with 96 months' tenor to "bring" his dream car home.

Perhaps, before that, Mr. Tuan did not know that the Race App was launched as a breakthrough of VPBank's secured segment. The app not only shortens approval time but also reduces operational risks with the support of a dedicated team.

Previously, automobile loan customers had to go to a sales agent to choose a car, and then carry out traditional procedures and get the application approved in at least one day and a half, and then get disbursed in at least five to seven days. Now, with Race App, the customers can get a car loan with fully digitised procedures within 10 minutes only.

Showroom staffs are those who collect customer information and input information on VPBank's app. Within a few minutes, VPBank will call the customer to confirm the information and approve the application.

The procedures are the same even with more complicated loans for borrowers buying a house. Both Race Car and Race Home for project house, the underwriting process is carried out via eKYC and video call to verify customers. The whole process until the customer is disbursed with the home loan happens within 1 week, instead of 2 weeks as before.

"I was completely worried about meeting the repayment schedule of the project. Unexpectedly, the procedures are so quick. Previously, it took me a whole month to complete the procedure for a loan to buy a house," said Ms. Hoang Mai Huong (Da Nang). Apart from loans for buying cars or houses, retail customers coming to VPBank are always satisfied with even the smallest needs with quick procedures and in an incredibly short time.

"The process of applying for a credit card completely online takes place in less than one minute and after 30 minutes I can use the card to go shopping immediately and do not miss any sale events on Shopee", excitedly said Ms. Nguyen Phuong Thao (HCM City), an online shopaholic and a "card swiper".

According to Ms. Thao, using a credit card is a quick and safe way for her to make non-cash payments, especially in the COVID-19 "times" when e-commerce is taking the throne and consumers are afraid to use cash for fear of virus spreading.

"In addition, I also enjoy a lot of cashback campaigns which helps me save money on shopping," said Ms. Thao.

Meanwhile, Mr. Nguyen Hung Cuong (Binh Duong) expressed his joy as all of his financial needs such as opening an account or making deposits can fully take place online without the need of going to a branches or transaction offices, while enjoying free transfers to any bank, and bill repayment without any delay one single platform of right on VPBank NEO.

"Its simplicity and safety helps me to limit direct contact during stressful pandemic time," emphasised Cuong.

Thanks to the bank's flexibility to changes and timely adaptation in providing new products and services, especially VPBank NEO, Race Car, Race Home, etc., customers undergo unprecedented experiences with their personal financial solutions.

It was the customer satisfaction which helped VPBank rise to the market leading position in providing loans for buying personal vans and houses, developing credit cards, and Bancassurance, etc. And that laid the foundation for VPBank's Retail Division to deliver impressive performance in 2021.

# CORPORATE SEGMENT

## SME Customers

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**29%**  
LOAN BALANCE  
GROWTH

**104,750**  
SME CUSTOMERS, **↑ 8%**,  
ACCOUNTING FOR **13%**  
OF THE MARKET SHARE

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**2021 was the year full of changes and difficulties for Vietnam's economy and society, especially the business community. Nearly 120,000 enterprises had to leave the market. By turning challenges into opportunities, VPBank's SME Division still achieve high growth rates.**

## Turning challenges into opportunities

Two COVID-19 waves in 2020, the third in early 2021 and especially the fourth starting from the end of April 2021 acted as a "punch" which caused more difficulties for Vietnamese business community. That was an enormous challenge for the business activities of credit institutions, especially the corporate division.

In face of the same challenges with the market, VPBank took the initiative to turned them into opportunities, made the most of its advantages and quickly seized market opportunities to achieve impressive business results.

VPBank pioneered the breakthrough solution of banking digitization for many years. While Hanoi and Ho Chi

Minh City, the two economic "locomotives", were "frozen" due to the complicated developments of the COVID-19 pandemic, a number of digitalisation solutions were promptly launched and met customer needs such as online disbursement, online overdraft, Auto loan, account opening via eKYC, and deposit, etc.

These were among various solutions making VPBank one of the pioneer banks in the digital transformation process, and also the market leading bank in implementing the online disbursement system, overdraft, and Automobile with the fully use of digital signature technology. This pioneering path contributed to enhance VPBank's position

in the increasingly competitive market.

Apart from the adoption of digital solutions, the bank accompanied other credit institutions to implement support policies for enterprises affected by the COVID-19 pandemic.

In 2021, VPBank supported about 15,000 corporate customers, including 9,000 debt restructured ones and 6,500 ones with lending rate reduction. The majority of SME customers were very satisfied with VPBank's timely support which helped them to overcome difficulties and gradually maintain and stabilise production and business activities.





## Reinforcing the prominent standing

Thanks to the proactive and flexible adaptation, VPBank not only overcame difficulties but also achieved remarkable achievements in SME segment.

Only after half a year of implementing online disbursement system, nearly VND 6 trillion were disbursed to about 2,200 customers. Loan balance grew 29% and fee collection increased 22.5%. These presented encouraging

achievements despite a volatile and challenging year.

As a result, the number of VPBank's corporate customers increased by nearly 8% y-o-y.

Currently, VPBank's market share is 13% of the total of over 800,000 enterprises operating in Vietnam. This is not a run-of-the-mill performance which any banks can deliver.

With the effort to make the comprehensive product digitalisation ranging from user experience to document processing on the system, VPBank was among the market leading banks in terms of product diversity, document simplification and approval time shortening to meet the growing needs of SME customers.



# Corporate customers

For corporate customers, 2021 was also a year full of enormous challenges caused by the COVID-19 pandemic. The long and complicated pandemic disrupted the supply chains and caused a lot of difficulties to Vietnam's economy. The business results of corporate customers were seriously impacted.

In that context, VPBank took practical measures to accompany corporate customers, change its sales approach to new customers and farm the existing ones. Business initiatives and flexibility help optimise resources, increase income, reduce costs, manage credit risk portfolios, and take advantages of the bank's IT solutions to provide services to customers.

Specifically, business divisions such as CMB, CIB and FITB worked closely together to launch more digital products. Most of the journey for corporate customers during the COVID-19 pandemic was digitalised, hence accelerating contactless transactions and minimising community infection. The success in digitization made VPBank the only bank that can issue LCs, guarantee and make disbursement to large enterprises via online channels. Blockchain-based online LC service actually received positive feedback from

customers about the shortened transaction processing time over the past year.

In addition, VPBank is currently the number one bank in the market providing integrated API-enabled solutions for automatic payment reconciliation and supply chain financing with the companies surrounded by a huge supplier ecosystem, supporting various companies in stepping up their digitalization in payment activities and supply chain operations during social distancing. Thanks to these digitization activities, corporate divisions collected the highest income from transaction fee in the market, including the highest LC/guarantee sales volume versus other banks at 40% growth y-o-y.

VPBank's digital solutions helped customers to increase sales from online businesses, manage cash flow, automate accounting and manage corporate finance more effectively.

In 2022, the scenarios for Vietnam's economy are still not unveiled. In corporate customer segment, the stronger cooperation in developing banking products and services is of the top priority. The growth of CASA and fee income, payroll services, real estate ecosystem, construction and infrastructure development

associated with public investment promotion will also be focused on by business divisions to target corporate segments. In addition, the transformation on IT platforms and systems in line with the digitalisation roadmap and application architecture were also an important and consistent task. The bank will continue to develop flexible industry strategies to strongly compete and penetrate in industries which are less affected or still favourable during the pandemic such as essential consumption, food, agriculture, pharmaceuticals, and medical equipment, FMCG, shipping/delivery services, e-commerce. Some promising industries such as construction and development of transport infrastructure, green energy... are also prioritised for selection.

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**23%**  
CASA FROM  
CORPORATE  
CUSTOMERS

**#1**  
DIGITALISATION OF LC  
ISSUANCE, GUARANTEE, CHAIN  
FINANCING AND DISBURSEMENT  
FOR ENTERPRISES

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# VPBANK "SAVED" ENTERPRISES

**Business difficulties initiated by the COVID-19 pandemic caused a serious shortage to the enterprises' cash flow but it was not easy for them to access the funding from credit institutions. In that context, VPBank's services, especially the digital service chain has "saved" such enterprises.**

## HANOI FOODS VIETNAM JOINT STOCK COMPANY

The company pursues a Feed – Farm – Food model and was established in 2014. After more than seven years of establishment and development, Hanoi Foods affirmed its reputation and position in the clean food market inside and outside the region.

But the larger the company's scale is, the greater the capital demand is, especially the working capital. Therefore, there was some time when the company fell into capital shortage and business

stagnation. "It was VPBank's online disbursement service that 'saved' Hanoi Foods," said Mr. Vu Ba Dinh, Sales Director.

According to Mr. Vu Ba Dinh, Hanoi Foods is currently granted a credit limit of up to VND30 billion by VPBank, however the company's growth trend always reaches 300%/year, therefore, it requires a huge and continuous working capital.

"The fast, streamlined and especially, easy-to-implement

online disbursement service helped Hanoi Foods thoroughly handle any problems and maintain its growth rate. We hope to be supported by VPBank in accessing the bank's funding to expand our business scale after the pandemic ends," emphasised Mr. Vu Ba Dinh.

## ALIGRO JOINT STOCK COMPANY

Similar to Hanoi Foods, Aligro was also very impressed with VPBank's online loan and disbursement service. Because with this service, all processes were handled fully online in accordance with the "receive money on the spot" motto, helped quickly and promptly provide the funding accessibility for the business community during the pandemic.

"From the day I started using VPBank's digitalised service chain, specifically the online loans and disbursement, I have not had to leave the office but still receive credit extension from the bank, especially during the social distancing period", said Mrs. Le Thi Thu Hien, CEO.

According to Mrs. Le Thi Thu Hien, just by visiting the SME Connect

website, creating and submitting a loan application for even small amount of several tens of millions VND, her company can have enough money to meet the capital needs for their business activities.

From early 2021, VPBank started to launch a numbers of advanced digitalization services to help SMEs across the country overcome some of their difficulties caused by the COVID-19 pandemic, such as registering for an eKYC account, online overdraft loans, etc. online disbursement, e-commerce solution-Ecompay – Simplify, etc. These services were quickly acknowledged and appreciated by customers.

## NHAT NGHE MOBILE

The owner of Nhat Nghe Mobile was also very impressed from the first time he used Simplify. "The website is very fast with many necessary functions such as sales order management, sales, and report export, etc. and is very convenient for business management. I am really impressed with VPBank's processing time. Just three days from the completion of the application, everything was done and the website can operate almost immediately", excitedly said Mr. Pham Duy Tan, owner of Nhat Nghe Mobile.



# RISK MANAGEMENT

## Highlights

In 2021, despite operating in a potentially risky environment, VPBank still successfully fulfilled important risk management goals. Asset quality continued to be improved with the consolidated and single NPL ratios in November were at 3.65% and 1.51% respectively.

As one of the banks with the highest capital in Vietnam, VPBank's consolidated and single Capital Adequacy Ratios (CAR) hit 14.27% and 14.16%, respectively at the end of 2021 which reflected an impressive growth since Q4 2020, thanks to the increased equity and balance sheet optimisation.

The ratio of highly liquid assets until December 31, 2021 was remained at 16.08%, much higher than the required ratio by the State Bank of Vietnam. This result presented a sound liquidity buffer which ensures strong resilience to liquidity shocks.

## Responses to the COVID-19 pandemic

The COVID-19 pandemic strongly impacted customers' loan repayment capability. In that context, VPBank quickly launched online debt restructuring solutions and debt restructuring via phone. Practical solutions implemented under close supervision really helped the affected customers in lockdown/restricted areas. As a result, customers having their loans restructured at VPBank gained good ground to recover thereafter. Most of the customers after their restructuring period can make their re-scheduled repayments. Besides, VPBank's provision strictly complied with the three-year roadmap of the State Bank of Vietnam as stipulated in Circulars 03 & 14/2021/TT-NHNN. Therefore, the provision at VPBank secured the necessary credit risk buffer for debt restructuring.

The bank's risk profile was kept prudent thanks to the flexible adjustments to credit tightening policies from time to

time and based on the specific situation of the economy.

**In addition, the efficiency of debt collection was continuously improved by:**

- Enhancing the assessment and classification of accounts to ensure the accuracy of the customer data warehouse
- Applying a variety of debt collection strategies to optimise efficiency;
- Maintaining strategic partnership with law firms to improve debt collection efficiency and capacity;
- Applying advanced technologies to approach customers in the lockdown area.

**VPBank quickly applied prudent and effective risk management measures to cope with severe impact of the fourth wave of COVID-19 outbreak in Vietnam.**

## Applying international Basel II & III standards

VPBank was one of the first Vietnamese banks to apply Basel III – Liquidity risk in day-to-day management through short-term liquidity coverage ratio and net stable funding ratio. The implementation of Basel III – Liquidity risk was audited by PwC Vietnam. Besides, liquidity stress test was also carried out every six months to proactively maintain stable liquidity in different stress scenarios.

From February 2020, VPBank was also one of the first three Vietnamese banks to officially comply with the three pillars of Basel II. Notably, pillars I and III were completed from 2019, one year earlier than the State Bank of Vietnam's requirement. Pillar II, ICAAP Capital Adequacy Assessment Process, were completed two years before being required by Circular 13. VPBank published quarterly information on the capital adequacy ratio on its official website presenting the transparency of the bank's risk profile to the public.

The implementation of ICAAP increased awareness of risk

management among all employees, ensure correlation between the bank's risk strategy and its business plan, accurately measured the bank's risk sensitivity to macroeconomic conditions, efficient use of capital through capital allocation for business units and other risk functions, and integrated into the business performance evaluation process and constructed the KPIs for each position in the bank.

The early application of Basel II and Basel III showed the bank's ability and potential to approach international standards. VPBank has developed a three-year roadmap to implement advanced approaches for internal risk management assessment (Basic and Advanced Internal Rating Based Approach, Basel IV). VPBank is confident that the project will be implemented as expected despite the impact of the COVID-19 pandemic and make VPBank one of the pioneer banks in Vietnam and Asia to fully comply with Basel III in capital assessment.

## IFRS 9 application and implementation

VPBank issued IFRS 9-based policies and procedures and developed the support system which was in operation from September 2021. The implementation of IFRS 9 at VPBank was also audited by KPMG.



Credit risk models were upgraded to apply IFRS 9 concepts such as future predictors, PiT, TTC, and Lifetime models to compare the results of Probability of Default with the standard benchmark.



Clearly and specifically planned data strategies for each IFRS 9 application goal in addition to existing standards were made.



## Cybersecurity risk management

VPBank's information technology system was designed to ensure comprehensive protection against risks in cyber space on the combination of security and control measures.

In regard to cybersecurity risk management, VPBank has been developing the highly qualified information technology and information security teams. The information security management system was certified in line with ISO/IEC 27001:2013 international standard. The application of this standard helped the bank strengthen investor trust, improve the security of information technology services, mitigate risks, improve service quality and reliability. This certificate also helps improve the responsibility and awareness of VPBank's staff in

information security, especially in the gradually modernised financial industry.

However, ISO/IEC 27001:2013 certification was just the first step in the digitalisation journey. VPBank is developing a bank-wide cloud computing strategy. Cloud security will be the key task to protect the bank's data/systems during and after cloud computing transition. In addition, the analytic-based framework for detecting information security issues will continue to be improved for faster detection and warning.

## Effective credit risk management

Many initiatives were implemented to help VPBank proactively manage credit risk and counterparty credit risk.



SNL Platform automatically updates and monitors customers' credit ratings by Moody's, Fitch and S&P Ratings; Assets & Liabilities management system quickly and accurately detected deterioration signs of credit quality.



Early warning systems (EWS) from both customer and product's sides with top-down and bottom-up approaches early detected and corrected potential credit problems.

VPBank's success in risk management was strongly emphasised by two prestigious awards in 2021, i.e. "Achievement in Enterprise Risk Management" given by The Asian Banker and "House of the Year 2021" by Asia Risk magazine. That also demonstrated VPBank's high determination to integrate with latest global financial practices to provide the market with most advanced and effective risk management solutions.

# SSM

## KIOSK TỰ PHỤC VỤ

Kính chào quý khách!

MỞ COMBO TÀI KHOẢN,  
THẺ, NGÂN HÀNG ĐIỆN TỬ

ĐĂNG KÝ MỞ THẺ  
TÍN DỤNG

NGÂN HÀNG  
ĐIỆN TỬ

ĐĂNG KÝ VAY  
TÍN CHẤP

ĐĂNG KÝ VAY  
THẺ CHẤP

ĐĂNG KÝ KHÁCH HÀNG



**VPBank**

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# CUSTOMER EXPERIENCE ENHANCEMENT

In 2021, VPBank has developed various comprehensive, unified and extensive action programmes on customer experience. Customer experience has been taken into account in every business decision of the bank.

## Putting customer experience at the heart of development

COVID-19 rapidly changed consumer behaviour and needs. The use rate of mobile banking and internet banking grew from 42% in 2019 to 70% in 2020–2021. Customers immediately turned into digital channels, and moreover, also demanded smarter, more flexible, more convenient and personalised customer journeys.

One of the top goals was to maximize the convenience and values for customers across all product and service channels to adapt to the change. Hence, VPBank decided to bring outstanding experiences on online channel by launching VPBank NEO – a “powerful digital bank” and VPBank NeoBiz.

In addition, for the first time, VPBank also provided special services and utilities through Contact Center channel ever provided by no other bank. In fact, the latest Cisco PBX system was invested in 2018. After four years, customers can experience 11 automated services through the system without directly talking to the operator.

Not only traditional consultation channels, VPBank continuously expanded other interactive channels to meet customers' needs anytime and anywhere they want. That was the reason why the first Customer Care Portal in banking and finance market, with “all in one” function unifying all service information of VPBank, was born.

The voice recognition system (Voice Biometrics), also officially adopted from

June 2021, raised the service to a new level. Accordingly, customers do not need to answer familiar questions that are easily stolen, but can use their registered voice to make service requests in just a few seconds.

Meanwhile, in the branch channel, in 2021, VPBank introduced a new, modern, impressive branch model integrated high-tech services. One of the abovementioned models are VPBank NEO Express model, also known as “Kiosk-bank”, representing the “physical touchpoint of VPBank NEO”, that is fully equipped with the most advanced technologies that allows customers to open accounts, activate service packages, open credit cards, get unsecured and secured loans, etc. just like a transaction office.

To enhance customer experience, in 2021, VPBank also focused on designing and optimising experience journeys on demand to create outstanding and attractive products and services. Moreover, experience management capacity was developed in a professional manner to support business decision-making process, etc.

Furthermore, every member of VPBank is strongly committed to making it the market-leading bank in terms of customer experience.





- TIỆN ÍCH TẠI A
- ✓ RÚT TIỀN M
  - ✓ GỬI TIỀN C
  - ✓ Chuyển kho  
& Thanh to
  - ✓ Truy vấn th
  - tài khoản
  - ✓ In sao kê



## Leading in customer experience

Thanks to its efforts, VPBank outperformed many international credit institutions and technology companies to be honoured for the first time by the Digital CX Awards with the "Outstanding Customer Experience" award in the Contact Centre category. And it was true then that VPBank became the market leading bank in terms of customer experience in Vietnam.

This was not the first time customer experience got VPBank' attention, in fact, four or five years ago, the bank has always paid attention to customer care services by being ready to invest, upgrade its systems, infrastructure and other resources. The bank's comprehensive banking automation story produced win-win results for both customers and the bank itself. Most of VPBank's customers are satisfied with the services provided. Once the experience was enhanced, it strongly promoted customer satisfaction, thereby, they would be more engaged to VPBank and this became a premise for the bank's success. VPBank's business results are the clearest evidence.



# FE CREDIT

Account for about

**50%**

Of the market share,  
maintaining the number  
one position in the market

Moody's ratings upgrades

**B1 ↗ Ba3**

credit rating in 2021

The year of 2021 marked 11 years of establishment and development of VPBank SMBC Finance Company Limited (FE Credit). In the face of the COVID-19 wave, despite strong competitive pressure in the consumer finance market from competitors and emerging financial technology (Fintech) companies, FE Credit continued to maintain its leading position in the market in 2021. Credit rating agency Moody's also upgraded FE Credit's Corporate Family Ratings (CFRs) from B1 to Ba3.





By the end of 2021, FE Credit was proud to maintain its leading position in Vietnam's consumer finance industry. This remained a consistent demonstration of a sustainable growth. FE Credit's distribution network, the largest in Vietnam, is wide spread across the country with more than 16,000 partners in more than 21,000 nationwide points of sale. This distribution system is delivering a record high number of nearly 200,000 loans per month, serving more than 12 million customers with diverse consumer financial products and outstanding service experiences. These service experiences were built on the foundation of advanced technology which combined many unique features and continuously improved service experience quality. This was attributable to the outstanding efforts of the entire FE Credit team based on their deep understanding of each segment in the Vietnamese market.

The year of 2021 marked an unprecedented recession for many enterprises, especially in the consumer finance sector, due to the impact of the COVID-19 pandemic. FE Credit was no exception when it faced

certain difficulties, because the demand for consumer loans was plummeted and debt collection was seriously hindered during the prolonged social distancing period. Ending Net Receivable (ENR) at the end of 2021 was VND75,400 billion, up 14% y-o-y. During the pandemic, the company faced many difficulties in introducing products, collecting service fees and charges, debts, and handle NPL, etc. However, business activities of FE Credit still recorded some positive points when the full-year Other incomes increased by 31.8%, to nearly VND1,100 billion. This was owing to the company's portfolio restructuring showing a flexible and appropriate change during the prolonged COVID-19 period. At the same time, it showed a positive sign for debt collection immediately after the movement restrictions had been lifted. The recovery became more obvious from October, when disbursement and debt collection increased sharply again.

## The historic deal of the local financial market

At the end of October 2021, VPBank completed the deal of transferring 50% of its stake at FE Credit. In which, SMBC Group of Japan holds 49% and Viet Capital Securities Company holds 1%. After this deal, FE Credit changed its name from VPBank Finance Company Limited to VPBank SMBC Finance Company Limited.

This has been the largest M&A deal in Vietnam's financial industry. The companionship of SMBC is expected to generate a new energy for FE Credit by its enormous financial strength and the sharing's of know-how in information technology, risk management and product development. FE Credit is now ready for a comprehensive transformation to reach its new heights.

## Continue to lead the race with breakthrough technology

Thanks to the investment in technology system, FE Credit can accept more risks than other companies on a large scale while still keeping NPL at prudent level. The following key technology applications were successfully implemented in operations and customer access by FE Credit:

- 1 Social Credit Scoring model, based on Big Data and AI;
- 2 Robotic Process Automation (RPA) to optimise productivity and improve service experience;
- 3 Genesys Engage (USA) customer care system which handles about 10,000 inbound calls per day and 5,000 emails, chats and social media sessions and the automation of almost all outbound;
- 4 Salesman model adopted for the entire sales channel. The total number of stores under the salesman model with FE Credit is more than 15,000 across the country. The entire sales process was completely digitised (documentation and electronic signature) without manual operation or paperwork;
- 5 \$NAP is now continued to be promoted, the first fully automated lending platform in Vietnam integrated with the latest breakthrough technologies such as AI, automatic handwriting, face and voice recognition. \$NAP approves over 10,000 loans per month;
- 6 \$HIELD, a smart insurance purchase application providing comprehensive solutions for all health and financial insurance needs;
- 7 Übank, a digital banking application developed by VPBank also started to help FE Credit provide many other basic banking services to millions of its customers besides consumption loans.

## More remarkable achievements

In addition to the positive factors from the new strategic partner, FE Credit's brand value was also confirmed by a numbers of prestigious local and international awards such as:

- Top 500 Largest Enterprises in Vietnam assessed by Vietnam Report (VNR);
- Top 2 in Fastest Growing Enterprises in Financial Services 2021 by Vietnam Report (VNR) ranking organisation;
- Finance Company of the Year by ABF Magazine;
- Employer Award (bronze) of the Year Award by ABF Magazine.
- Enterprises meeting the standards of Vietnamese business culture were assessed by Vietnam Association of Business Culture Development (VNABC) in collaboration with relevant ministries, departments and sectors.

In early December 2021, Moody's officially upgraded FE Credit's credit rating from B1 to Ba3. The credit rating results from Moody's show the international organisation's high appreciation for FE Credit's liquidity management, stable financial management and prospects.

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## Continue with the mission for the community

- Joined VPBank in donating VND60 billion to the government's COVID-19 vaccine fund;
- Provided 17 coaches to bring more than 1,000 poor workers back to their hometown to celebrate Tet in "Reunion ride 2021" ("Chuyến xe nghĩa tình 2021") programme;
- Supported customers affected by COVID-19 by restructuring loans with the total value of nearly VND215 billion;
- Donated 10 houses to poor households in the Southwest region helping them settle down;
- "Warm Tet, full of love" 2022, the project gave more than 2,000 pieces of warm clothes to children, more than 1,000 gifts of necessities and cash to poor households in Vang Dan commune, Na Bong, Nam Po district and Sen Thuong and Leng Su Sin communes of Muong Nhe district, Dien Bien province.
- More than 150,000 customers affected by COVID-19 were supported by the lending rate reduction of nearly VND 200 billion.

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## Strategy 2022's spearhead focuses

For nearly two years, enterprises around the world in general and Vietnam in particular have been heavily affected by the COVID-19 pandemic. This is also a big challenge for the consumer finance industry which affected FE Credit's loan portfolio in the short term. However, the outlook is still positive and FE Credit believes this is also an opportunity to transform and make further breakthroughs.

- Focus more on good customer portfolio, open Übank account for all new customers with free products. Meanwhile, provide customers with loans through Übank.
- Strengthen direct sales channels to approach employees of registered enterprises and informal enterprises to lay the foundation for salary-based lending.
- Focus on launching new products for people working in specific areas, expand specific customer segments such as retirement consumption loans, loan packages for medical staff, education and increase the size of potential customer base through co-operation with reputational partners such as Zalo, Viettel and other telecommunications platforms.
- Beef up investment in branding to enhance the friendliness, closeness, and become the highly recommended and engaged brand by the community.



# SOCIAL RESPONSIBILITY

Clearly identifying the responsibility of an enterprise when the country is facing COVID-19-induced difficulties, during the past two years, VPBank implemented a number of social security programs to support local authorities and people.



**WORTH OF VND1.2 TRILLION**

**REDUCED LENDING RATE REDUCTION FOR OVER 400,000 CUSTOMERS**

In the past 2 years, being recognised as one of the enterprises which made its best efforts to operate smoothly and efficiently maintaining economic stability and preventing disruption VPBank has also actively and effectively participated in the pandemic prevention and control; paid attention to support customers and partners facing difficulties due to the pandemic, especially business households,

SMEs and MicroSMEs. Especially, VPBankers can be proud of the social security programmes implemented by the bank. Since the outbreak of the disease, VPBank has implemented a number of programmes to support the community with a total budget of more than VND500 billion. VPBank's support programmes were highly appreciated by the Ministry of Health and localities for their timeliness, practicality

and effectiveness such as: the provision of 1,715 modern ventilators including 215 highly-functional invasive and non-invasive ventilators and

1,500 HFNC high-flow oxygen humidification systems for HCM City and other southern provinces; 100 oxygen generators for Tan Binh district; VND 5 billion for Bac Giang to fight against the pandemic; ambulances for Ha Tinh province, etc.



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**>VND500 BILLION**

**SPENT FOR CSR ACTIVITIES**

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These medical devices effectively supported hospitals treating COVID-19 patients at the peak of the outbreaks. Responding to the Government's call, the Vietnam Fatherland Front Committee, the Ministry of Finance, and VPBank also donated VND 60 billion to Vietnam COVID-19 Vaccine Fund. VPBank also cooperated with the Vietnam Young Physicians Association to make five mobile COVID-19 testing labs to support

Ho Chi Minh City, Phu Yen, Dong Nai and Vinh Long. According to statistics, the total number of test samples taken by these labs in August 2021 reached 51,000 single samples and 15,000 aggregate ones.

In September 2021, when Ho Chi Minh City needed to speed up testing to expand the green zone and restore socio-economic activities, VPBank continued to support with two million fast test kits. VPBank also supported 5000 welfare bags for people facing difficulties because of the COVID-19 pandemic in Long An province and 400 tonnes of rice for Binh Duong province, and VND5 billion for disadvantaged families in Long An province on the occasion of the Lunar New Year in 2022.

In 2021, VPBank also actively accompanied the State Bank of Vietnam's policy to support

affected customers. It was estimated that VPBank reduced nearly VND1,200 billion for more than 400,000 customers (including 275,000 customers of the parent bank and 150,000 customers of FE Credit).

VPBank's contributions demonstrated the national solidarity spirit, the responsibility of enterprises, the mission of always accompanying the country, and put the national interests first in its business philosophy. This is also the driving force for VPBank to maintain its development momentum towards the goal of bringing comprehensive prosperity to customers, partners, shareholders, all employees and the community.







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# ASPIRATION FOR PROSPERITY







# BUSINESS ORIENTATION IN 2022

The global economy in 2021 faced many difficulties due to the prolonged COVID-19 pandemic and the appearance of new variations. However, many economies are gradually recovering thanks to the benefits of economic stimulus packages and the implementation of mass COVID-19 vaccination. Entering 2022, the global economy is expected to be optimistic but still cautious with the highlight of some Asian economies.

In 2022, Vietnam's economy is expected to bounce back, thanks to the government's good control of the disease and high vaccination coverage. International organisations forecast Vietnam's GDP growth at 6% to 7% on average. The

main growth drivers of Vietnam's economy come from the easing monetary policy and economic stimulus packages of the government, promoted public investment, recovered domestic demand, positive export momentum and Vietnam is considered an attractive destination for FDI inflows. Besides the positive prospects, the government still have to be really aggressive in controlling the disease and the risk of new and more complicated variants. The risks of global inflation and the slow recovery of aviation and tourism are also challenges in 2022.

The banking sector is expected to continue its growth in 2022. Recovered credit demand and

strong growth next year are the foundation for the recovery of economic growth. The State Bank of Vietnam set the target of 14% credit growth for the whole industry and focuses on manufacturing and prioritised sectors according to the government's policy. Interest rates will be kept stable to support economic development. At the same time, strict credit management in potential risk areas are necessary. In addition, the increase in NPL in the past year will also be a challenge for the entire banking sector in 2022 to ensure economic development while keeping a healthy banking system.

## Ready to break through under an aspiration to prosperity

2022 is an important year as VPBank enters the final year of its five-year strategy for the 2018 - 2022 period with many challenges while the COVID-19 pandemic has not been fully

contained. To maintain effective growth and quick response to the complicated developments of the new normal, VPBank's Board of Management assessed possible economic scenarios

aiming at being proactive and well-prepared in coping with the complicated movements of the market responding to the new normal scenario.

Accordingly, VPBank should be proactive and flexible in response solutions, promoting community activities, social security and sustainable development. On that basis, VPBank identified the following key objectives:



## SCALE GROWTH

- Compatible with the larger owner's equities expansion
- Quality growth
- Make breakthrough in strategic segment with market-leading position



## SOUND BALANCE SHEET

- CASA growth and funding diversification
- Ecosystem expansion to boost fee income
- Accelerate customer deposit growth



## CUSTOMER-CENTRIC ORIENTATION, AND IMPROVE CUSTOMERS BASE THROUGH DIGITALIZATION

- Farming existing customers
- Ecosystem expansion and digitisation to develop new customer base
- Completing a comprehensive segment development strategy



## DIGITAL PLATFORM PROMOTION

- Accelerating the digitization of products and services
- Strengthening the platforms and optimising process
- Customer experience enhancement



## ACCELERATED ACTIVITIES AT SUBSIDIARIES/AFFILIATES

- Ecosystem Expansion: investment banking and securities
- **FE Credit's** transformation & breakthroughs with new products, customer base expansion and digitalisation acceleration in line with the recovery of the economy

With the above efforts and orientations, VPBank wishes to spread the value of prosperity to each customer, community and employee. VPBank's leadership and all staff will continue to unite in the transformation of all aspects, determine to make great achievements to help VPBank create new breakthroughs and continue to realise the "PROSPERING VIETNAM" goal.





## EMBRACE NEW TRENDING

**From time to time, many international organisations have mentioned Vietnam as the new “tiger” of Asia. Its strides of such tiger create development and set new trends in the market. And VPBank is always ready to catch up with these trends.**

In 2018, Forbes had an article on Vietnam poised to be Asia's Next Economic Tiger with a rapid economic growth rate. At the beginning of 2022, Business Time of Singapore had a new article called **“Roar of a new Asian**

**tiger”** to depict the Vietnamese economy ...

It is a growing economy, with growing consumers and insatiable demands. With ambition striving for prosperity, VPBank has soon

gained back the initiative to introduce brand-new superior products and services tailored to strategic customer segments.

## Penetration into a new segment

In 2021, the Wealth Report – 2021 by Rony Penn, Knight Frank's publication anticipated that Vietnam was going to have the leading increasing rate (31%) in the number of the ultra-rich in the next 5 years. At the beginning of 2022, the latest Wealth Report by Knight Frank estimated there were around 19,500 USD dominated

millionaires in Vietnam in 2020 and by 2025 this number was projected swell by approximately 25%, to 25,000 people.

Entering that era, in 2018, VPBank introduced VPBank Diamond service, tailored for a constantly rising high-class customer segment in Vietnam. To be the one who blazed the trail, VPBank

Diamond never fails to secure its success as a strategic direction.

In 2020, VPBank collaborated with Nielsen – a leader in the field of audience insights, data and analytics – on an emerging customer segment, which is the Vietnamese young generation born between 1980 and 2000 (also called Millennials). They

account for 35% of the population and equivalent to 33 million people who are considered to be the “golden generation” of the economy.

By the end of 2021, VPBank Prime was officially launched in the market, which is a new stride for VPBank towards this “golden generation” with new lines of products and services and a comprehensive and optimal digitally financial journey. This was also the very first financial brand in Vietnam specified for the young generations with a

complete solution, and three tailor-made features: combo offers, digitalisation and unique customer service.

With the message “Breakthrough from today” targeting the “golden generation” of the Vietnamese economy, VPBank Prime was a big step forwards, fuelling VPBank to make great strides and breakthrough in 2022.

Also in 2021, VPbank continued to upgrade the lending service to retail customers with better features deeply integrated with the value of digital transformation

in every product and package. VPBank Diamond and especially newly-introduced VPBank Prime, for example, now have connected to separate apps, Race Home and Race Car, offering unprecedented-in-Vietnam speed of automatic approval mechanism in only 5 minutes to satisfy the needs of purchasing houses and automobiles.

## Expand the financial ecosystem

In sync with the economy and market movement, by the end of 2021, VPBank was ready for a significant expanding plan from 2021 to 2025 in the financial ecosystem and even further: opening up new areas in investment banking besides maintaining participation in the traditional banking segments.

In two consecutive years 2020 and 2021, the Vietnamese financial market showed a major shift in terms of scale. In which, securities market showed a great momentum, attracting a large number of investors. This was also the burgeoning trends of demands in services and investment in the economy. Having understood this need, VPBank determined another focus of its operation on

investment banking by founding a new securities firm as a subsidiary. At the beginning of 2022, VPbank officially announced its acquisition of 97.42% of ASC securities’ shares. This milestone marked the comeback of VPBank in the market of securities and investment. As soon as the ownership transition happened, this securities firm offered an ambitious capital increase and business plan. Its charter capital is expected to jump from VND269 billion to VND8,920 billion. Its revenue in 2022 is expected to reach VND1,509 billion and its net income will be VND632 billion.

In the revenue structure, revenue coming from listed securities accounts for the largest

proportion, at VND737 billion, and other areas namely bonds and financial activities are expected to return VND307 billion and VND462 billion respectively.

The incorporation of the securities firm will expand VPBank’s financial ecosystem, which is one of VPBank’s goals to increase the operational efficiency and increase the shareholders’ benefits. It is also a development in the ecosystems which diverse its offers to the customers and promotes cross selling.



**Under an aspiration to prosperity, VPBank took the initiative in creating superior products and services, tailoring them to prioritised and specific customer segments and going side by side with the recovery prospect of the economy.**

# BRANCHLESS BANKING TREND

**The market is becoming more and more sophisticated and specialised; thus, demands and requests for a better customer experience are higher than ever. The operation structure of the bank, as a result, needs to adapt to go with this flow. In which, branchless banking model is an emerging trend that VPBank has been the pioneer in the market for all these years, especially in 2021.**

Switzerland – the front runner in terms of bank number and experience in the banking system – has around 1,300 banks, many of which are no less than 300 years old. That scale and unique tradition are undergoing a major transformation, according to what the media is portraying.

In the new picture, digital banking – Neobank with the determination to recreate a new Swiss banking market, is emerging. More and more customers are looking for Neobank instead of traditional counterparts due to expense issues.

Neobank, a fully digital bank, without physical branch networks and no fee scheme, is changing the whole banking operations and all of its segments

in the market globally. According to the National Payment Corporation of Vietnam (NAPAS), cash withdrawal at ATM system was reduced for the first time in its history in Vietnam in 2021, down 5% against 2020. This is the fruit we reap from the development with a clear objective of all cashless payment channels over the years.

To catch up with that trend in a sophisticated and professional market like one in Switzerland, Neobank was introduced in Vietnam and also was a part of VPBank's pioneering plan in 2021.





## The successive wave

In June 2021, VPBank officially introduced the market the very first powerful digital banking platform in Vietnam – VPBank NEO, upgraded from the previous digital VPBank Online application, with superior technology, features and completely free to users.

VPBank NEO is not only a digital banking model without any physical branches but also one of the first digital banking platform in Vietnam allowing customers to open online accounts right on their smartphones via the state-of-the-art electronic eKYC.

With this powerful platform, customers are now able to make transactions, purchase bonds, make deposits, pay utility bills ...; register and open a virtual card to make online payments exactly like a physical card; shopping, travel and logistics, hotel booking, food and beverage services, etc. on a single platform instead of multiple installed applications via the contactless QR-code payment method and a diversified partner ecosystem and network of 14 biggest e-wallets in the market currently.

VPBank NEO is the creation of many cutting-edge technologies such as “NEO-bank” model operated without the intervention from any branches, and the “Open banking” model which allowing the expansion of its ecosystem. As a result, VPBank NEO developed a broad platform allowing from financial investment to e-commerce, and providing a seamless customer experience at any touchpoint as well as exceeding the conventional expectation of a digital banking product with payment functions.

In December 2021, VPBank NEO Express was put into operation, which was the next move after the introduction of the digital banking platform VPBank NEO. Although VPBank NEO Express is a system of kiosk banking, which can offer almost every service as a traditional transaction office does, it is automatically operated by machines and technologies. Thus, the kiosk banking system is always ready to serve any customer at any given time without any restriction in term of working hours or limitations in human resources.

VPBank NEO and VPBank NEO Express are the products that typify the VPBank’s efforts to be the pioneer in digital transformation in the hope of improving its products, services and features as well as enhancing customer experience.

At VPBank, digital transformation is the successive and relentless wave with ripple effects on every activity in the operation over these years. By 2021, 100% VPBank’s products and services including secured loans, were able to be provided via digital channels and virtual platforms. With such results, the story of remodelling the market and banking operation like the one in Switzerland is not such an alien concept in Vietnam anymore.

## A boost in values

124

transactions in 2021,  
double from 2020

With the branchless banking model, the first and foremost value is a cutback on operational and investment expenses on top of infrastructure maintenance compared to the traditional ones. Along with this, the new model helped the bank achieve the most optimal cost to income ratio (CIR) in the market over those years, especially in 2021.

A greater value of the branchless banking is to bring more convenience and a better experience to customers. Thereby, VPBank's operating foundation was strengthened, giving it a more competitive edge and enhancing growth momentum for future breakthroughs. Only half a year after its launch, VPBank NEO managed to give a boost to many growing indicators. By the end of 2021, the accumulated

number of customers registering VPBank NEO was roughly 3 million. The number of financial transactions on this platform in 2021 reached 124 million, double from 2020. For saving products, online saving balance rate went up to 55%, compared to 31% by the end of 2020; correspondingly, the number of customers saving online out of total saving number increased from 55% to 72%. For lending products, number of lending contracts on VPBank NEO reached 200,000, up 15%...

Inspired by its success, VPBank NEO in 2022 set its sight on acquiring 2 million more customers; 236,000 transactions, up 90% against 2021. Besides, VPBank NEO launched by the end of 2021, is expected to be one of the game-changing factors making these goals more feasible.

All these results and breakthrough goals will continue to create transformations strategically in the structure and operational efficiency of VPBank. These changes were positive, namely the cost to income ratio (CIR) continuously declining and better optimised; non-term deposit (CASA) increasing rapidly; proportion of transactions on all channels virtually 100% digital... This digital transformation of branchless banking became the key to opening up all positive changes and increasing values to VPBank.



# NEW GROWTH MOTIVATION

**The COVID-19 pandemic has entered its third year; the economy is fraught with many unexpected challenges. However, there is still growth prospect with new opportunities opening up. VPBank is more ready than ever in its history to overcome any difficulties, seize chances and aim for new successes in the journey to prosperity.**

Entering 2022, many international organisations forecasted the Vietnamese GDP growth would make a comeback. Growth momentum was evident in many major economies including Vietnam's commercial and investment partners. More importantly, Vietnam has had adjustments in the COVID-19 prevention battle; raised COVID-19 vaccination rates to be one of the highest globally; provided relief packages and supported large-scaled socio-economic development...

It is the ideal environment for fostering the recovery prospect and creating momentum for corporations. To VPBank, this moment has been well-prepared ever since 2021.



## Going beyond the limits

With special preparation in the context of an economic downturn and a daunting pandemic, VPBank carried out successfully one of the most significant plans in the 2021 – 2025 development strategy.

In October 2021, VPBank completed the transaction of selling 49% stake in VPBank Finance Company Limited (FE Credit) to Japan's Sumitomo Mitsui Finance Group (SMFG) – a wholly-owned subsidiary of Japan's Sumitomo Mitsui Financial Group, Inc. This transaction set a new record in M&A history in the finance banking sector in Vietnam, assuring foreign investor's confidence in the Vietnamese market and investment environment in general, as well as the potential and operational efficiency of FE Credit and VPBank in particular. The aforementioned transaction contributed to VPBank's increase

in owner's equity by VND 86,000 billion by the end of 2021, up 63% against 2020, which was the most significant growth and one of the largest in terms of scale among other Vietnamese commercial banks. This was the motivation which enable VPBank to uplift growth limit since 2022, especially as it operates in a strictly regulated sector.

With the new owner's equity, VPBank's capital adequacy ratio (CAR) reached 14.3% according to Basel II by the end of 2021, increasing sharply by 11.7% against 2020. This result, on the one hand, strengthened the bank's capital buffer sufficiently to cope with all volatilities caused by the pandemic and improved its prudent indicators and credit ratings. Such high CAR also benefits VPBank as it is the key consideration for SBV to allocate higher credit growth, such

generate greater momentum for more optimal capital utilisation.

Moreover, motivation deriving from the new owner's equity propelled VPBank into the refinement of its already competitive advantages namely digital transformation, digital banking development, as well as services and customer experiences improvement. According to the Law on Credit Institutions, limitation on investing in fixed assets in direct service of its operations at no more than 50% of its charter and the reserve fund. Thereby, the new owner's equity allowed VPBank to invest more in technology infrastructure, enhancing all its competitive edges.

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## Optimising the new drivers

In 2021, VPBank continued to expand its portfolios, focusing on new strategic segments and creating momentum for a breakthrough in 2022.

Launching of VPBank Prime – the very first financial brand specialized in providing a comprehensive solution to a separate customer segment – the young and bold Vietnamese – was a typical example of this direction.

In addition, VPBank also revisited the investment banking segment by establishing a securities firm in the hope of enlarging its financial ecosystem and diversifying customers' services.

The inspiration from the owner's capital increase in 2021 is translating into specific expanding plans as well as support for 2022's activities. The result of this direction was

optimised on a platform VPBank invested in, relentlessly refined and standardised over these years, especially in the quality of human resources, operational and digital transformation, and strict risk management. A platform repeatedly reaffirmed its increasing efficiency in many criteria such as cost to income ratio (CIR) at 24.2% (declining significantly against 29.2% in 2020);

operational expense decreasing by 6%; digitisation rate of transaction exceeding 97%; non-term deposit (CASA) increasing sharply from 15.8% to 23%; single NPL rate at 1.51% while exposed to many environmental risks...

Operated by an effective system, along with a strategic direction and action

plan in 2022, VPBank's new motivation will be further utilised. Especially, with the prospect of containing the pandemic and recovery of many economies including Vietnam, this motivation will be a boon to VPBank, ready for recovery and the next stride towards on the journey to Prosperity.



**The owner's equity increase was the most significant growth and one of the largest in terms of scale among others, creating new motivation to expand fiscal space from 2022.**

**Operated by an effective system, along with a strategic direction and action plan in 2022, VPBank's new motivation will be further utilised**



# HUMAN DEVELOPMENT

In 2021, VPBank's leadership continued to show commitment to investing in humans – the most valuable asset of the bank – with all staff policies adjusted to the pandemic situation, as well as training courses to prepare for the bank's more intense developmental period.

## EFFECTIVE RECRUITMENT PROCESS

5346 employees in 2021  
Fulfilment rate of the headcount plan: 97%

## CONTINUE TO IMPROVE ALL RESOURCES

With various programmes, and campaigns, recruitment rate met the requirement of the actual situation

## CONTINUE TO UPGRADE RECRUITMENT SYSTEM

With eight initiatives to promote candidates' experience, simplify the procedure and steps

## Attract and retain top talent

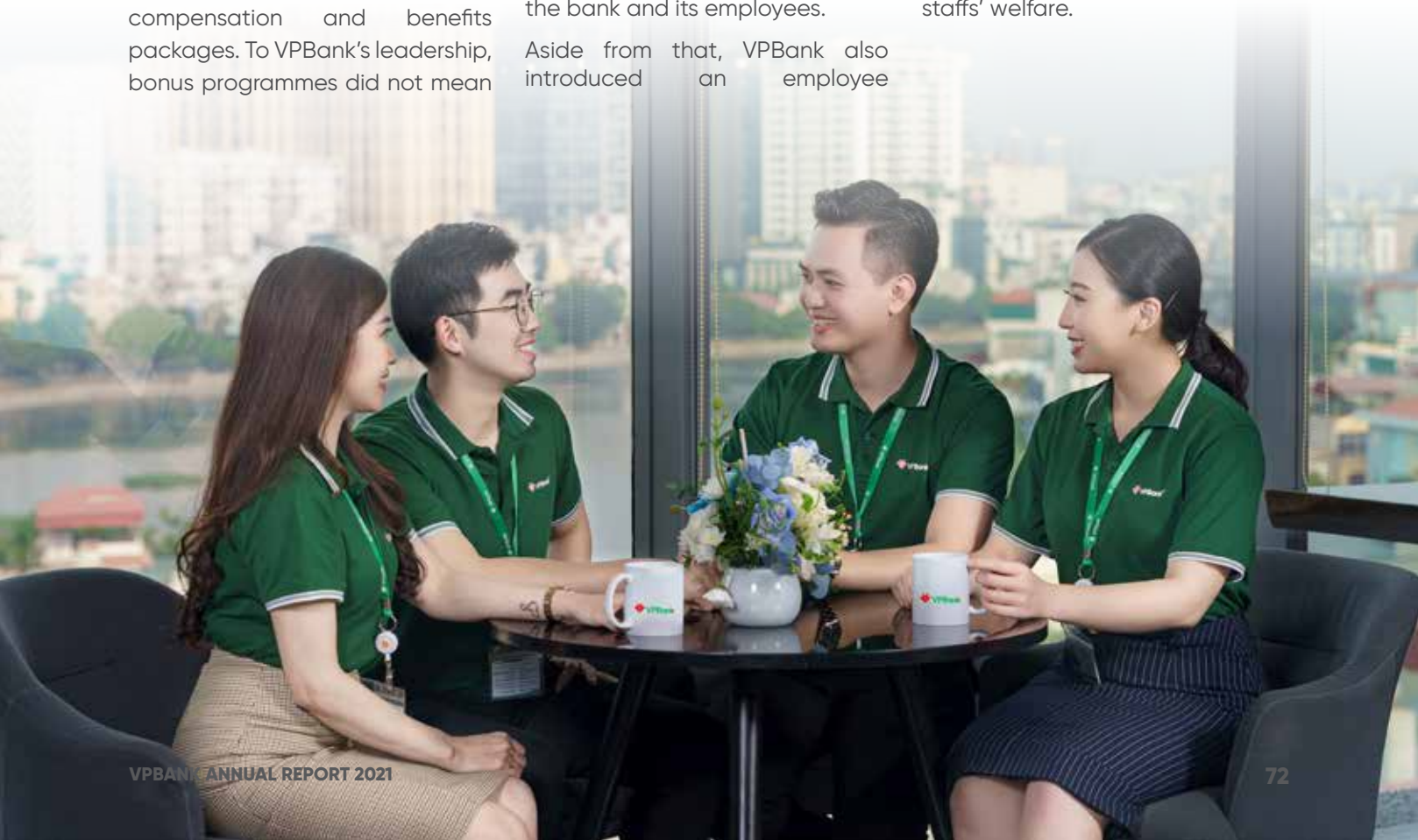
Despite the complexity of the COVID-19 pandemic, VPBank's recruitment process was rather quick and effective, ensuring adequate human resources to all units last year.

Even though the pandemic affected every aspect of the bank's operation, VPBank remained all competitive compensation and benefits packages. To VPBank's leadership, bonus programmes did not mean

distributing bonuses evenly but giving credit to the right people at the right time, making sure that staff can be acknowledged for their dedication. As a result, staff had more motivation to thrive and contributed to the bank's prosperity. The Employee Stock Ownership Plan (ESOP) also strengthened the bond between the bank and its employees.

Aside from that, VPBank also introduced an employee

assistance programme for employees impacted by COVID-19. A policy on supporting family members in case an employee passed away was also introduced. Moreover, WFH (work from home) policy and bank-wide rapid vaccination campaign for staff and their family members were carried out flexibly to ensure staffs' welfare.





# Provide opportunities to staff to develop their potential

2021 was also another year in which training activities were impacted by COVID-19. With the determination not to interrupt the staffs' learning process, VPBank

Academy and its in-house training team, side by side, flexibly utilised a variety of learning approaches and especially applied technologies in teaching methods

by quickly exploring new features of Microsoft Teams. Such platform became a primary means for learning besides E-learning.

## Programmes attracting and retaining top talent were even stronger than in previous years:

### CR Program 2021:

Determine all the bank's critical roles and continue to offer a special compensation policy for this CR group.

### Succession Planning:

Determine successors for N2 and N3 managers (CR) as well as carry out appraisal and development plan IDP

### Next Generation Manager VPBank Gennext (VPG):

Select strictly the next generation of leaders with high standards in a professional manner, provide them training and a career path

### Awards and honours:

TOP100 awards, best employee award, Hot Bonus timely acknowledged, praising all units, individuals on the significant contribution to the bank's business and operations.

## A future of digitalisation

To be a part of the digitalised banking trend, human resources governance was also digitalised rapidly with digitalization of staff documents, application of e-signature to all decisions related to new employees' on-boarding process, optimisation of SLA down from 7 to 3 days, 21 adjustments and supplements

on the systems to improve staffs' experience.

In the belief that talented person is the key to the bank's uniqueness and successes, human resources continued to be an important strategy of VPBank in 2021 in order to be ready for another future stage of more intensive growth. In

which, all governance and training activities were facilitated on digital platforms to adapt to the pandemic and the contemporary trend.







03

SUSTAINABLE  
DEVELOPMENT



# THE SUSTAINABLE DEVELOPMENT REPORT

## The context for sustainable development

2021 marked a milestone when the Paris Agreement became a legally binding international treaty on climate change. For the first time, the world has reached a consensus on a plan of cutting down on the emission of greenhouse gases, using more renewable energy and phasing out coal power. At COP26, Vietnam announced that it would target reducing methane emissions by 30% by 2030, and achieving net-zero carbon emissions by 2050 to reduce climate change's impacts. This is a challenging goal; thus, it requires major changes in the legal framework and policies, focusing on eliminating fossil fuels and replacing them with renewable energy as well as developing a circular economy that is sustainable in growing forests and protecting ecosystems. In the spirit of accompanying the Government, the banking system will be the centre of

all activities revolving around climate change prevention and sustainable development. VPBank acknowledged sustainable finance as a perfectly good and effective business practice, while mitigating risk optimally by taking the impacts of climate change and depletion of natural resources into account when it came to achieving long-term profit. Due to that long-term vision, VPBank developed an Environmental and Social Management System (ESMS) according to international standards and sustainable financial solutions, contributing to Vietnam's transformation into a low-carbon economy and fairly improving access to finance to vulnerable customer segments to overcome the pandemic.

Having followed responsible lending principles, the bank was determined in building a win-win ecosystem sustainably and comprehensively in the post-

pandemic era, by continuously upgrading the environmental, social and governance criteria as well as accelerating green finance and financial innovation.

Despite all obstacles and dangers, the pandemic might cause, VPBank managed to make progress in the main areas of sustainability, remaining to be the front-runner in making contributions to the environment, society and climate. All the positive activities in terms of promoting green finance, along with sustainability initiatives in recent years, were highly appreciated by many international and domestic organisations, thus reinforcing the trust of investors and customers to the bank.

### EVALUATION OF ESG COMMITMENT IN BANKING SECTOR (by Fair Finance Vietnam)



VPBank was No. 1 in terms of ESG in the list of top 10 banks with the highest market capitalisation in Vietnam

### EVALUATION OF DEVELOPMENT EFFECTIVENESS (by DEG)



The Development Effectiveness Rating (DERa)'s and ESG overall indicator of VPBank was rated "Very Good"

### EVALUATION OF SUSTAINABILITY INDEX (by the Ho Chi Minh Stock Exchange HOSE)



VPBank was named among the top 20 listed companies with the highest Vietnam Sustainability Index (VNSI) in the market in the evaluation period of 2021.

# Sustainable Business Strategy

## VISION

Bring prosperity to every customer with top quality products and services, contributing to the nation's prosperity

## MISSION

Support customers via innovative, sustainable and suitable digital financial services; Create "More value – Less impact" via responsible lending principles; Create long-term benefits and increasing values for all relevant parties; provide opportunities enabling the full potential of staff.

## ACTION

### ECONOMIC EFFICIENCY

Our success creates benefits for all related parties

#### → GOAL

Credit growth and digital acceleration

### GREEN FINANCE

We prioritise green financial solutions to accelerate the transformation into a low-carbon economy in Vietnam

#### → GOAL

Green credit growth

### FINANCIAL JUSTICE

We redress the balance for vulnerable customers to access to finance

#### → GOAL

Support women entrepreneurs and businesses impacted by COVID-19

### Contribution to the goal of sustainable development



More value

Less impact

### E&S RISKS

We manage E&S risks in credit extension to customers

#### → GOAL

Prevent projects with irreversible damage and increase compliance

### RESOURCE EFFICIENCY

We manage waste and use resources, energy efficiently

#### → GOAL

Minimise annual consumption of water, electricity and stationery

### SAFETY – HEALTH

We create a wholesome, productive and safe workplace

#### → GOAL

No occupational accidents and improving on welfare programs for employees impacted by COVID-19

### Contribution to the goal of sustainable development



# Sustainability



## Sustainable contribution

Maintain and upgrade  
**The Social and Environmental Management System in line with the standards of IFC**

Collaboration with GIZ to finalize the second phase of  
**the Project on enhancing the practical utility of risk assessment in climate change adaptation**  
 according to TCFD

Build  
**A Green Loan Framework verified by Sustainalytics**  
 and roll out successfully Green Credit program

Raise successfully  
**USD300 million**  
 from international partners to support SMEs and women-led enterprises

VPBank secured its place in the  
**top 20 listed companies with the highest Vietnam Sustainability Index (VNSI)**  
 in three consecutive years.

**Contribute VND500 billion**  
 to the Government in order to minimise the impacts of natural disasters and the COVID-19 pandemic.



# Content and scope

In making the decision on sustainability-related disclosure, VPBank used the principles of Global Reporting Initiative (GRI), including (i) Stakeholder Inclusiveness, (ii) Sustainability Context, (iii) Completeness and (iv) Materiality. All main aspects of VPBank's sustainable strategy and sustainability report were

mentioned in the Annual Report 2020, through an analysis of materiality, and regular update. The Chief Executive Officer reviewed and approved officially the bank's sustainability report and made sure that important topics were covered.

## Relevant parties

During the year, VPBank maintained and continued to extend the participation of related parties to enhance existing connections and collaboration in terms of environment, society, governance and climate change prevention.

### List of relevant parties

Shareholders/Investors	Customers	Partners
Service providers	Employee	Community
Government agency	Non-profit organisation	Media agency

## Summary

Information in the report 2021 was introduced based on the reference to GRI's standards in order to make sure organizers and related parties are on the same page, as well as understand the impacts on the economy, environment and society according to an acceptable global standard.

## New changes

No major changes in terms of the list of subject headings and their scopes compared to previous reports. VPBank continued with the practice of public disclosure with details and transparency towards its contributions and goals to sustainable development and solutions to urgent issues related to society, environment and climate.

## Applied standards

This report is based on the reference of GRI's standard: "Core Option"

## Reporting

**Reporting period:** January 1, 2021 – December 31, 2021

**Latest report:** March 31, 2021

**Reporting frequency:** Annual

**Point of contact for further questions about the sustainability report:**

VPBank Investor Relations

**Email:** [ir@vpbank.com.vn](mailto:ir@vpbank.com.vn)

**Tel:** (84) 24 7305 6600

# Environmental and social risk management

## Major impacts, risks and opportunities

Via approving credit, in an indirect manner, a bank might have suffered reputational, legal and credit risks. Reputational risk originates from the negative aspects of customer activities, adversely affecting the bank’s image. Legal risk can lead to banks caught up in legal tangles and being liable the cost

of remediation of environmental and social damage caused by customers’ contaminated collaterals. Credit risk occurs from a borrower failing to make the required payment because of involving in environmental and social issues.

## E&S management by delegation

The Environmental and Social Department under the Legal & Compliance Division is in charge of building a system and policies for social and environmental management. Currently, the Deputy CEO – Head of Legal and

Compliance Division – is authorised by the CEO to be Environmental & Social Senior Manager, a VPBank’s representative who makes all decisions related to the management of environmental and social risks.

## Environmental and Social Risk Management System

Since 2016, VPBank has implemented an Environmental and Social Risk Management System according to the National Law and IFC’s environmental and social performance standards. These policies are the guidelines of all business units, credit risk management units as well as approval and review of the bank’s sponsor financing and lending in consideration of E&S issues. The Environmental and Social Action Plan (ESAP) will be informed to customers in case their business plan has not met the requirements of VPBank’s E&S policies. All loan

applications causing irreversible E&S damage are denied by the bank. A customer’s commitment to compliance with E&S policies is required in the credit contract or cooperation agreement for loan requirements. More importantly, VPBank makes sure the community and environment are shielded from any potential negative impacts by keeping track of customers and using their environmental awareness. These E&S policies are also applied to suppliers and vendors to eliminate any impacts on the supply chain.

## Feedback on E&S

Since 2017, VPBank has had channels for receiving E&S feedback on its official website, in a bid to handle

all issues timely and transparently according to international standards.

## Result

More than 18,000 proposals for credit extension were given a review and legal check-up in line with E&C compliance	0% of suppliers or vendors related to E&S risks
100% credit extension met the requirements of E&S compliance	Nearly 1,900 staff completed the E&S risk management course (100%)

# Green finance

## Resources

Raise funds from international organizations

**\$212.5m    \$50.0m**

## Human Resources

VPBank is creating its own panel of experts with an international certificate from the Renewable Academy AG (RENAC - Germany) to manage and assess all green loans



## Green Credit

The Green Credit framework was built by VPBank with the consultancy from Sustainalytics, within the Green Loan Principles 2020 issued by Loan Market

Association – LMA in the scope of contributing to the United Nations’ sustainable development goals No.6,7,11,12,14 and 15.

GREEN AREAS		
(I) Renewable energy	(II) Energy efficiency	(III) Clean traffic
(IV) Environmentally friendly and/ or Circular economy	(V) Sustainable water supplies and wastewater treatment	(VI) Green buildings
(VII) Sustainable agriculture and forestry	(VIII) Pollution prevention	(IX) Adaptation to climate change

## Identification of climate-related financial risks

Climate change and governments’ measures to mitigate its effects may disrupt routine business activities in banking. To VPBank, climate-related risks are categorised into 2 groups: (i) transition risk, temporary risks related to the adjustment in Government’s policy during the process of transforming into the low-carbon economy; (ii) physical risks or actual risks posed by climate change causing damage to the bank’s assets.

In 2021, VPBank worked with GIZ to finalize the second phase of the project Task Force on Climate-related Financial Disclosures (TCFD). This project was one of the German Federal Ministry of Economic Cooperation and Development (BMZ)’s efforts to reform Vietnam’s green finance and banking system.



## Support sustainable initiatives

ACCESS TO GREEN FINANCE FOR GREEN BUILDINGS WORKSHOP		
Organisation	Time	Number of attendees
IFC	14/04/2021	160
<b>Topic</b> VPBank shares its experience and challenges with Green Finance for green construction		

WORKSHOP ON GREEN FINANCE NETWORKING		
Organisation	Time	Number of attendees
Vietnam Trade Promotion Agency	28/10/2021	139
<b>Topic</b> VPBank shares its green finance programmes and connects with businesses with the need for green loans		

## Contribution to environment and climate

In 2021, VPBank supported 422 customers to transform their business or invest in a greenfield with a total green loan balance of VND4,066 billion. In line with the nation's commitment to the reduction of greenhouse gases, VPBank

did not lend money to any new coal power plants, on the path to eliminating completely all coal power or any other area of business prone to major E&S risks from its portfolio investment.

### VND4,580 BILLION

+ 300% from 2020

Disbursed by VPBank in 2021 for green fields

### RENEWABLE ENERGY

Total solar energy and wind productions were estimated to reach 308,975MWh and 90,000MWh per year respectively, contributing to reducing of 154,266 tonnes of CO<sub>2</sub>/year.

### WASTE TREATMENT

All waste treatment projects contributed to reducing 61,200 tonnes of waste that was supposed to send to a landfill every year.

### BIOFUEL

Manufacture wood pellets from biomass contributed to reducing of 7,486 tonnes of CO<sub>2</sub>/year compared with using diesel oil.

### CLEAN TRANSPORTATION

Manufacture electric motorbikes to replace ones using gasoline, roughly reduced by 18,000 tonnes of CO<sub>2</sub> according to Euro 3 emissions standards.

### CIRCULAR ECONOMY

Waste is recycled to be material for other manufacturing industries. The total recycled amount of metal was 540,000 tonnes/year and that of glass was 55,750 tonnes/year. Metal, glass and seafood processing waste were 540,000, 55,750 and 1,362,250 tonnes/year respectively, compensating for the depletion of natural resources and the contamination from waste.

### SUSTAINABLE MATERIALS

Promote international sustainable certificate to supply of material (FSC certification).

### CLEAN WATER SUPPLY

Increase the proportion of water supplies in the countryside and areas prone to contamination and climate change.

# Energy and waste management



## Waste management

VPBank complies with laws on waste management, with the priority of saving and circulating solutions to reduce the maximum amount of waste. VPBank also applied internal regulations, promotion of hygiene at work, an eco-friendly mindset and a 5S system to encourage the development of more green offices

WASTE	WASTE TREATMENT AT VPBANK (From left to right)		
	SAVING	RECYCLING	DISPOSING
<b>Solid waste</b>	<ul style="list-style-type: none"> <li>• Paper saving</li> <li>• Encourage to discuss work via email, digitalisation of all procedures to reduce amount of paper used</li> <li>• Limit of office supplies</li> <li>• Reduce single-use plastic bags and products</li> </ul>	<ul style="list-style-type: none"> <li>• Depreciating assets (chairs, desks, desktops) disposed of and separated from other kinds of waste according to processing instruction</li> <li>• Print 2 pages on 1 sheet</li> <li>• Reuse containers</li> </ul>	<ul style="list-style-type: none"> <li>• Classify solid waste before daily collection</li> <li>• Collected waste to transfer to a vendor for proper waste treatment process according to law</li> </ul>
<b>Wastewater</b>	<ul style="list-style-type: none"> <li>• Water conservation in restroom area (campaign, notice)</li> </ul>	<ul style="list-style-type: none"> <li>• Treated wastewater is recycled and reused for the restroom area</li> </ul>	<ul style="list-style-type: none"> <li>• Wastewater collection and treatment according to environmental law</li> </ul>
<b>Emissions</b>	<ul style="list-style-type: none"> <li>• Apply fuel consumption limits for all vehicles. Migrate to emission-standardised vehicles</li> <li>• Only use electricity generator in emergency situations</li> <li>• Modern air-conditioning system to save energy. Turn off this system after work except in required areas</li> </ul>	<ul style="list-style-type: none"> <li>• Do not apply</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic maintenance to ensure optimal performance</li> <li>• Apply standard air filtration system</li> </ul>
<b>Hazardous waste</b>	<ul style="list-style-type: none"> <li>• Replace fluorescent lamps by environmentally-friendly LED to save energy</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage refilling cartridges of printers and photocopy machines instead of replacing them to reduce the amount of waste</li> </ul>	<ul style="list-style-type: none"> <li>• Waste classification, collection and storage according to regulations</li> <li>• Transfer waste to another vendor for further proper treatment according to law</li> </ul>



## Energy management

In 2021, VPBank continued synchronized solutions for improving energy efficiency at the bank. Through a number of regulations, guidelines and bulletins, the awareness of all staff was raised, fully manifesting in many saving and green campaigns. Electricity and water consumption of the bank system dropped by 4.3% and 2.2% respectively compared to 2020.

# SUPPORTING WOMEN-LED ENTERPRISES

+4.5%

22.7%

SME

In 2021, VPBank also left its mark in accompanying women-owned companies on the aspect of promoting better access to finance, helping these businesses adapt quickly and maintain and restore production in the face of the pandemic. With the internal resources, funding raised from foreign countries and sustainable finance initiatives, VPBank was successful in rolling out many preferential interest rate programmes,

fee waivers, offering opportunities to access low-interest loans. At the same time, the bank continued practices of debt rescheduling, extending and restructuring in the hope of reducing the financial burdens of impacted businesses. In addition, non-financial supporting programmes to improve corporate governance for women-owned companies were also one of the bank's highlight programmes.





## Financial values VPBank offers to women-led business

In 2021, women-led companies accounted for 22.7% of the bank's total SME investment, increasing by 4.5% against 2020. The end-of-period total loan balance of women-led

SMEs was at VND 10,171 billion, increasing by 27% from the previous year. Number of first-time women-led businesses disbursement increased by 5.5% against 2020.

## Non-financial values VPBank offers to women-led business

In the wake of the successful previous rollout in 2021 of Business Health Check tool to women-led businesses on six core values: **"Business model", "Sale - Marketing", "Corporate governance", "Operation", "Financial governance", and "Human resource management"**, VPBank continued upgrading its system to provide a better

experience to customers in every step of the process, as well as add another feature called "Financial aid" to offer customers products or promoting programmes and also provide holistic support – both financial and non-financial support.

## Tailored courses and facilitation of business connection

CONSULTANCY PROJECT SPONSORED BY ADB	CUSTOMER APPRECIATION PROGRAM	ACCESS TO FINANCE WORKSHOP
Partner: ADB	Partner: Care VN	Partner: Vietnam Trade Promotion Agency
Connect with financial experts to provide consultancy to every customer by supplementing and improving their financial capability.	Pay tribute and give presents to female customers whose business meet the requirements to open corporate accounts at VPBank and activate Internet Banking.	Connect enterprises with domestic and international prestigious financial organisations; improve the financial capability to access finance easier; update on new knowledge and trends on investment in marketing, human resources, digital payment solutions for further optimisation.
400 customers attended	300 customers received presents	160 customers attended

# FAIRNESS AND TRANSPARENCY

## Appointment and evaluation of managers

To ensure the diversification, independence, competency and experience in economics, environment and society of the top management, VPBank has established a procedure for appointing and selecting top-level managers. The top management shall perform self-evaluation of their performances semi-annually. The results will then be revised and approved by the Human Resources Committee for an independence guarantee. In case of failure to meet the targets, the managers shall develop an improvement plan to achieve better outcomes.

## Remuneration

Given the market benchmark for each job's characteristics, title, productivity and competency, VPBank has adopted a competitive remuneration policy. The bank fully complies with the Government's CPI-based (Consumer Price Index) regulation on minimum wage depending on geographical region from time to time. Moreover, the bank also participates in the salary survey in the Vietnam market and purchases the findings for the review and decision-making of remuneration and benefits. **All VPBank's employees are covered under the same remuneration policy, regardless of their gender.**

## Obligations under regulated benefit policy and other retirement benefits

VPBank's staff are entitled to social, medical and unemployment insurance according to the State's regulations; health and accident insurance; share ownership rights; engagement loans, auto loans, and other benefits. VPBank fully complies with legal regulations on payroll deduction for social/medical/ unemployment insurance and Trade Union fees.

Female staffs are entitled to maternity leave according to legal regulations. VPBank Care, a health insurance program for staff, also brings many additional rights to female staff during their pregnancy and maternity leave. In 2021, VPBank had 2,159 female staffs taking maternity leave, 100% of whom returned to work after the leave.

## Collective agreements

By collecting the opinions of all VPBank's employees, the bank's Employee Representative Organisation shall be the Trade Union to participate in the development and passing of the Collective Labour Agreement. At VPBank, 100% staff voluntarily participated in the Trade Union.

## Training and development

### PROFESSIONAL SKILLS TRAINING

Training and development are always one of VPBank's highlights to support staff in improving their expertise, necessary skills and productivity. With more than 10,000 employees, VPBank always places a premium on training as an important tool to develop and maintain the workforce at VPBank. VPBank Academy always comes up with practical training topics with lively visual aid every year, bringing unique experiences with various and novel teaching methods. The bank introduces two compulsory training programmes every year for all staff. There is also an extra one for those failing to participate in the two official programmes, ensuring full completion at the bank-wide level.

There were two forms of training programmes taking place: E-learning (VPBank and vendors' systems), mass training and online mass training. Digitalisation became one of the primary motivations of transformation to promote collaboration, innovation and spirit of learning bank-wide when 1,170 courses with a wide range of topics were introduced in 2021, with more than 205,401 learners attended.

### TRAINING PROGRAMME ON POLICIES AND PROCESS ON HUMAN RIGHT

Human rights and all human-right-areas-related processes directly involved with the activities were introduced in 2 courses of Employee code of conduct (orientation program) and Human rights (compulsory). Topics from safety, security and workplace privacy to business risks, law on occupational safety and health, protection of human rights, harassment prevention and respect education were fully covered; new topics were added such as Global Code of Conduct Solution, facilities for people with disability, Global Harassment Prevention, Privacy Concerns (UK). According to the result, 100% of VPBank staff (including security guards) fully attended all these courses.

**Average monthly training hours by gender in 2021 (hour/employee/year)**



**MALE: 38.42**  
**FEMALE: 40.88**

**Average monthly training hours by group of staff in 2021 (hour/employee/year)**



**MANAGER: 29.70**  
**NON-MANAGER: 41.20**

**Total number of training hours**



**43,974.09 HOURS**



# Labour safety

COMMITMENT	GOAL	POLICY
VPBank's staff is an important factor contributing to the success of the bank. Provide a safe and wholesome working environment to them is the bank's main commitment.	No accidents happen on the job. No fire incidents affecting staffs' welfare.	Regulations on VPBank staffs' occupational safety and health were included in the bank's Internal Labour Regulations.
ACTION		
<ul style="list-style-type: none"> <li>Establish a health care area for staff in the working area</li> <li>Buy medical, accident, and health insurance for staff; provide financial support in case of sickness or accident during business trips.</li> <li>Conduct annual health check-ups for staff in prestigious hospitals/health facilities; carry out health check-ups to detect occupational diseases in specialised positions as per legal regulations.</li> <li>Develop plans and methods to ensure labour safety and hygiene; improve working conditions, provide full personal protective equipment; adopt other regulations on safety, hygiene, and environmental protection</li> <li>Monitor labour safety and hygiene in working areas on a regular basis</li> <li>Record and store information on staff's safety and health in the information management software</li> <li>Comply with law on fire safety and firefighting</li> </ul>		

## RESULT

**0%**

IR or ODR

**2.65%**

BANK-WIDE LDR (UNPAID LEAVE  
TO TOTAL PAID LEAVE)

**4.95%**

ABSENCE RATE



## Other information on employees

Total number of employees by type of contract and region

	NORTH	CENTRAL	SOUTH
On probation	406	52	250
Fixed-term contract	2,649	429	1,336
Permanent contract	2,944	516	1,354

Total number of employees by type of contract and gender

	ON PROBATION	FIXED-TERM CONTRACT	PERMANENT CONTRACT
Male		1,967	1,761
Female		2,447	3,053

Top management by gender (Executive Board)

	RATE
Male	59%
Female	41%

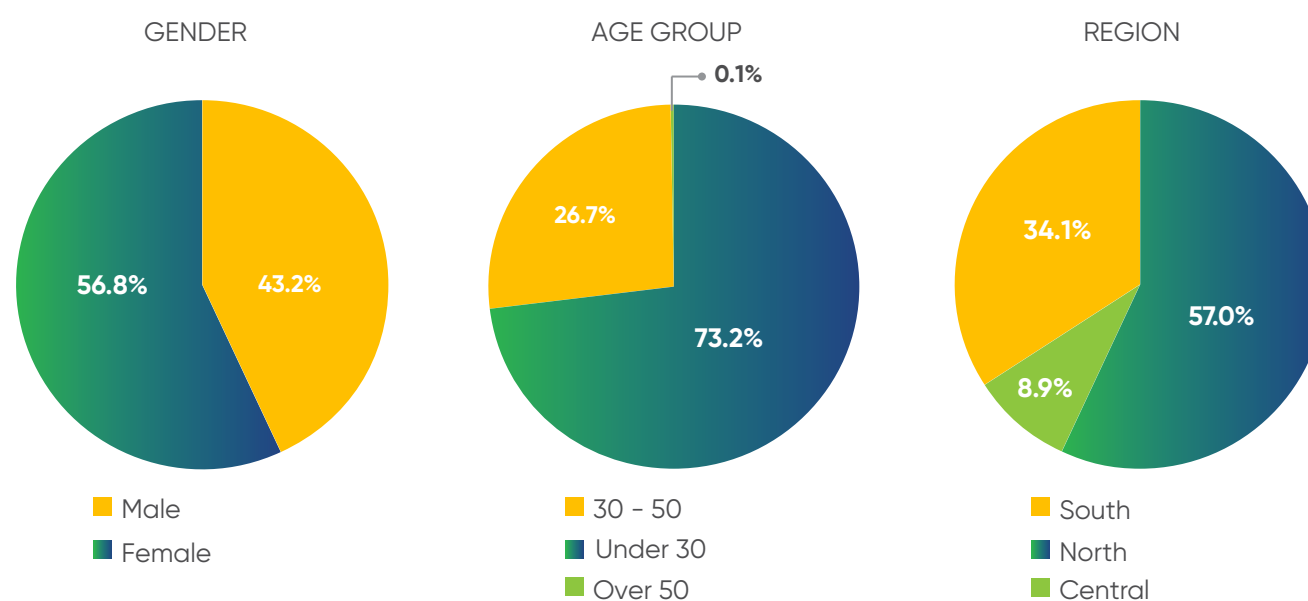
Management level by age group

	UNDER 30	30-50	OVER 50
Male	7.7%	88.4%	3.9%
Female	7.4%	90.1%	2.5%

Employee by age group

	UNDER 30	30-50	OVER 50
Male	49.1%	50.1%	0.8%
Female	54.0%	45.7%	0.3%

Recruitment structure by age group, gender and region



# ETHICAL PRINCIPLES AND RESPONSIBILITY

## Culture and behaviour standards

VPBank has completed the Code of Ethical Conduct based on six core values to set out a guideline of what types of behaviour and decisions are acceptable and the basis for decision making to every VPBank's staffs. Aligning with these regulations is the responsibility of every staff, helping preserve

the bank's reputation and credibility. This code includes 20 rules specifying responsibility to VPBank, colleagues, customers, suppliers, relevant parties, government agencies, law and communities. **The guiding principle for the behaviours and professional ethics that**

**each employee should follow is that he/she shall not trade off VPBank's reputation and prestige for self-interest or even for VPBank's interest.** VPBank shall strictly deal with any behaviour which is against the standards set forth in this Code of Conduct.



CUSTOMER FOCUS



PRODUCTIVITY



AMBITION



PEOPLE DEVELOPMENT



TRUST



DIFFERENCE MAKING

## Anti-corruption

VPBank has established dedicated departments and boards tracking, collecting and analysing corruption-related risks to all the bank's activities. VPBank has introduced policies guiding

on prevention of corruption, campaigns and fully informing all staff, customers and partners, as well as requiring commitment to transparency, compliance with corruption prevention related to

basic construction, purchasing, credit extension and rising risks during the process of a transaction or creating a new transaction, in written form.



## Anti-Money Laundering & Counter-Terrorism Financing

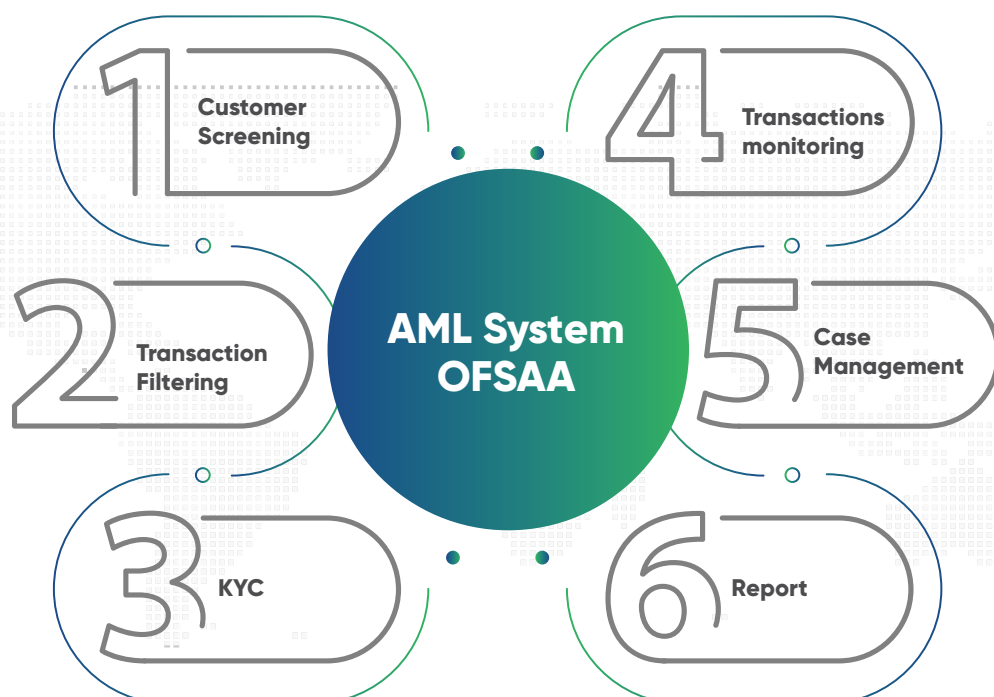
Since the end of 2018, VPBank has rolled out an application system serving comprehensively all activities related to Anti-Money Laundering & Counter-Terrorism Financing – OFSAA. This is the world's leading information technology system developed by Oracle.

In 2021, VPBank completed exploiting all components of the system, including Customer Screening (check on walk-

in customers' information), Transaction Filtering (support checking data on international transactions and trade finance), KYC (identify customers), AML (supervise suspicious transactions) With the support of automated tools, as well as the application of experts' consultancy, 100% of transactions at VPBank were under supervision for any suspicions to avoid any violations of the national and international

law on Anti-Money Laundering & Counter-Terrorism Financing

VPBank was honoured to become the first representative of Vietnam to be selected by prestigious CELENT - a member of Oliver Wyman - to award the 2022 Model Risk Manager award thanks to the application of the system.





04

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# CORPORATE GOVERNANCE







## MEMBERS OF THE BOARD OF DIRECTORS



**Mr. Nguyen Duc Vinh**  
MEMBER

**Mr. Bui Hai Quan**  
VICE CHAIRMAN



**Mr. Ngo Chi Dzung**  
CHAIRMAN

**Mr. Lo Bang Giang**  
VICE CHAIRMAN

**Mr. Nguyen Van Phuc**  
INDEPENDENT MEMBER

# MEMBERS OF THE SUPERVISORY BOARD



**Ms. Nguyen Thi Mai Trinh**  
HEAD OF THE SUPERVISORY BOARD



**Ms. Trinh Thi Thanh Hang**  
EXECUTIVE MEMBER



**Ms. Kim Ly Huyen**  
MEMBER  
HEAD OF INTERNAL AUDIT



**Mr. Vu Hong Cao**  
MEMBER



# MEMBERS OF THE BOARD OF MANAGEMENT



**Mr. Nguyen Duc Vinh**  
CEO



**Ms. Luu Thi Thao**  
STANDING DEPUTY CEO



**Mr. Phan Ngoc Hoa**  
DEPUTY CEO  
HEAD OF SOUTHERN REPRESENTATIVE OFFICE



**Mr. Phung Duy Khuong**  
DEPUTY CEO  
CHIEF RETAIL BANKING OFFICER

# MEMBERS OF THE BOARD OF MANAGEMENT



**Mr. Nguyen Thanh Binh**  
DEPUTY CEO  
CHIEF CREDIT OFFICER



**Mr. Nguyen Thanh Long**  
DEPUTY CEO  
CHIEF LEGAL AND COMPLIANCE OFFICER



**Ms. Duong Thi Thu Thuy**  
DEPUTY CEO  
CHIEF CORPORATE AND INVESTMENT  
BANKING OFFICER



**Mr. Dinh Van Nho**  
DEPUTY CEO  
CHIEF COMMERCIAL BANKING OFFICER

# MEMBERS OF THE BOARD OF MANAGEMENT



**Mr. Pham Phu Khoi**  
DEPUTY CEO  
HEAD OF FINANCIAL MARKETS DIVISION



**Ms. Pham Thi Nhung**  
DEPUTY CEO  
HEAD OF PARTNERSHIP MANAGEMENT CENTRE



**Mr. Nguyen Huy Phach**  
CHIEF OF SME BANKING OFFICER



**Ms. Nguyen Thi Minh Nguyet**  
CHIEF OPERATING OFFICER



# MEMBERS OF THE BOARD OF MANAGEMENT



**Ms. Le Hoang Khanh An**  
CHIEF FINANCIAL OFFICER



**Ms. Tran Thi Diep Anh**  
CHIEF HUMAN RESOURCES OFFICER



**Mr. Wong Kok Seng Augustine**  
CHIEF INFORMATION OFFICER



**Ms. Vo Hang Phuong**  
HEAD OF FINANCIAL INSTITUTION AND  
TRANSACTION BANKING CENTRE

# MEMBERS OF THE BOARD OF MANAGEMENT



**Mr. Dmytro Kolechko**  
CHIEF RISK OFFICER



**Mr. Lim Ann Ken**  
HEAD OF BUSINESS INTELLIGENCE COMPETENCY CENTRE



**Mr. Hoang Anh Tuan**  
HEAD OF LEGAL COLLECTION CENTRE



**Ms. Nguyen Thuy Duong**  
HEAD OF MARKETING AND COMMUNICATION CENTRE





# ORGANISATIONAL STRUCTURE

The organizational structure of VPBank consists of the Annual General Meeting, Board of Directors, Supervisory Board and the CEO as specified in Article 32 of the Law on Credit Institutions in 2010. The AGM is the highest body and mandated to elect, remove, dismiss member of the Board of Directors and Supervisory Board.

The Board of Directors is mandated to build the strategy and operation direction of the bank and exercise governance tasks, make decisions to exercise rights and obligations of the bank, except those under AGM's mandates.

The Board of Directors is supported by two sub-committees on human resources and risk management.

The CEO holds highest management mandates and is responsible before the Board of Directors. The other members of the Board of Management include standing deputy CEO, deputy CEOs, Heads of Divisions, Heads of Centres and they are responsible to support CEO, implement policies and directions built or approved by the Board of Directors in the course of exercising the bank's business activities. VPBank constitutes 18 Divisions, Centres which implement business and support activities in line with their mandates and functions and directly managed by members of the Board of Management.

The CEO also establishes specialised committees in risk management (Operational Risk Committee, Credit Risk and Debt Collection Committee, and Market Risk Committee), asset management (Asset and Liability Committee, Capital Management Committee), credit management/approval, product development, etc. for consultancy in managing and making decisions on the bank's business activities.

# CORPORATE GOVERNANCE REPORT

## Activities of the annual general meeting (AGM)

In 2021, the AGM voted by ballot and passed the resolutions of the AGM 2021 which was organised on April 29, 2021. AGM received and condiered documents, reports, proposals by BOD, Supervisory Board, BOM.

### **The AGM has passed the following resolutions:**

- The 2020 financial statement, performance reports of the BOD, Supervisory Board, BOM and action plan for 2021 of the Board of Directors, Supervisory Board, and Board of Management.
- The 2020 profit allocation plan.
- The plan for ESOP 2021.
- Transferring of VPBank's capital stake at VPB FC.
- Issues related to foreign ownership limit.
- Principles and options/transactions that VPBank shall contribute capital/acquire shares, partner, cooperate or other forms with enterprises, credit institutions which valed from 20% or higher of the bank's charter capital.
- Application for new business lines.
- VPBank's Charter.
- Operating regulations of the BOD, Supervisory Board and new corporate governance regulations.

AGM also passed the resolution by ballots on July 28, 2021 on plan to increase the bank's charter capital in 2021.

# The Board of Directors

## The Board of Directors and its meeting in 2021

2021 was an extremely difficult year due to the wide-spreading pandemic across many provinces cities and severely that affected both the country and VPBank. Bearing the experience gained in 2020, the BOD closely monitored the situation, considered the proposals by the committees and the BOM to provide adjusted governance orientations, modify business policies in line with the orientation of the Government/SBV and the actual situation of customers and the bank.

VPBank has contributed and joined hands with the Government and localities in many of the activities to

combat the pandemic and other meaningful social security programme. The Board has been setting the direction for the bank to continue to strive the business in a sustainable manner while contributing to the comprehensive prosperity of the Vietnamese people.

The Board has organized 4 quarterly meeting and provided written comments to other activities within its mandates.





NO	MEMBER	POSITION
1	Ngo Chi Dzung	CHAIRMAN
2	Bui Hai Quan	VICE CHAIRMAN
3	Lo Bang Giang	VICE CHAIRMAN
4	Nguyen Duc Vinh	MEMBER
5	Nguyen Van Phuc	INDEPENDENT MEMBER

## BOD's activities in 2021

- Organising the implementation of the AGM's resolutions and approving the guidelines that are the basis for the Executive Board to organise the implementation of specific business plans.
- Implementing the AGM's resolutions on setting the foreign ownership ratio at VPBank at 15%;
- Organising the sale of treasury shares for the programme of selling preferred shares for employees.
- Completing the sale of 50% of VPBank's capital stake at VPB FC to partners.
- Amending and issuing/registering the new Charter; Regulations on organisation and operation of the BOD, Supervisory Board, internal governance regulations according to the AGM's resolution.
- Approving full-year 2021 and quarterly business plans according to pandemic-related scenarios.
- Finalising the list of key projects, which are critical in strengthening the foundation and developing business in 2021.
- Finalizing development strategies for affluent segment - an important segment of Retail Banking.
- Agreeing on the adjustment of some contents of the IT strategy.
- Bolstering charter capital for VPB FC from the profit transferred from VPB FC.
- Unifying guidelines and orientations on risk management and business operations, as well as adjust risk policies to suit the orientation/direction of the Government and the State Bank.
- Agreeing on proposals on asset purchase/sale, credit approval, investment proposals, granting operating budgets for projects/units... that exceed the limits of professional councils and committees of the company, bank.
- Amending/issuing new regulations/policies on business activities, risk management, operational management such as: decision on amending the Regulation on the handling of problematic debt; methodology on economic capital for concentration risk; market risk management policy; amending credit policies for corporate customers; regulations on goods procurement; issuing target NPL ratio, target NPL by industry and economic field in the period of 2021-2023; amending regulations on credit approval, prepayment risk limit, indirect risk limit at VPBank; risk management framework policy; Retail credit policy; liquidity risk management policy...
- Approving the changes in the organisational structure of the Finance Division, Commercial Banking Division, IT Division, Risk Management Division, Asset and Liability Management Center; Retail Banking Division; Legal and Compliance Division... based on the advice of the Human Resources Committee.
- Increasing charter capital to VND45,057 billion from issuing shares to pay dividends and from equity.
- Agreeing on the major orientation and business plan and budget of the bank in 2022.

## Boards' Supervision on the CEO and the Board of Management

- Attending in 12 monthly meetings of the Executive Committee (EXCO meetings)
- Monitoring the bank's operations through daily, weekly, monthly, quarterly business reports and other reports/proposals from the BOM.
- Supervising through the review and processing of information from the reports of the Supervisory Board and Internal Audit on the bank's units.
- Monitoring through participation in meetings/ reviewing reports of the Risk Management Committee, the HR Committee...

## Activities of the Board's sub-committees

### HR COMMITTEE

The HR Committee is a specialized unit that assists the Board in making decisions related to the organisational structure, HR management policies, list of nominees to the BOD, Supervisory Board, and other Committees of the Bank (if any).

#### The members of the HR Committee include:

<b>NGO CHI DZUNG</b>	BOD CHAIRMAN	CHAIR
<b>BUI HAI QUAN</b>	VICE CHAIRMAN OF THE BOD	MEMBER
<b>LO BANG GIANG</b>	VICE CHAIRMAN OF THE BOD	MEMBER

#### The Committee held 12 monthly meetings to discuss and implement the following contents:

- Reviewing and giving timely instructions on the monthly basis on HR indicators and activities of HR Division and member companies
- Reviewing and approving more than 200 proposals related to recruitment, appointment, dismissal, salary adjustment for managerial positions
- Advising the Board on periodical activities such as: performance-based bonus plan for 2020, approving the headcount plan for 2021, approving the HR budget, HR segments at VPBank and other incentive schemes for key segments
- Reviewing and handling violations of internal regulations
- Advising the Board on the establishment of the Asset and Liabilities Management Center; updating and reviewing the operational model of units under Operations Division, Risk Management Division, and Finance Division; assessing the current status and approving the farming model of the Retail Banking Division; advising the Board on adjusting the organisational model and operating regulations of the Financial Institutions & Transaction Banking Division, Operations Division, Finance Division, Legal and Compliance Division.
- Giving guidelines on the prevention of the pandemic to ensure business operations.
- Approving the budget and policies to support employees infected with or die of COVID-19.
- Approving the proposal by the HR Division on adjusting the performance review model, regulations on people training and development, adjusting some of the policies on employee benefits
- Advising the Board on developing a staffing plan and budget for 2022

## RISK COMMITTEE (RCO)

The Risk Committee consists of:

1	BUI HAI QUAN	BOD VICE CHAIRMAN	CHAIR
2	NGO CHI DZUNG	BOD CHAIRMAN	MEMBER
3	LO BANG GIANG	BOD VICE CHAIRMAN	MEMBER
4	NGUYEN VAN PHUC	BOD INDEPENDENT MEMBER	MEMBER
5	NGUYEN DUC VINH	CEO – MEMBER OF THE BOD	MEMBER
6	LUU THI THAO	STANDING DEPUTY CEO	MEMBER
7	DMYTRO KOLECHKO	CHIEF RISK OFFICER	MEMBER

**In the context that COVID-19 pandemic became more complex, Vietnam's socio-economy in general and the banking financial sector in particular were facing great difficulty. Based on all lessons in 2020, the Risk Committee (RCO)'s supervision and instruction on all relevant units became increasingly flexible and timely, ensuring the maintenance of business continuity strategy for the bank against unexpected twists in the epidemic and the economy. In 2021, the Risk Management Committee implemented the following contents:**

- Evaluate and review reports on liquidity risk, liquidity buffer. The liquidity risk management indicators according to Basel III, inclusive of the liquidity coverage ratio and the Net stable funding ratio, continue to be reported to the RCO.
- Evaluate and appraise reports on the overview of the bank-wide product portfolio: Despite the complicated developments of the COVID-19 epidemic in the first half of 2021, NPL outstanding balance and NPL ratio were still controlled thanks to practical measures minimising risk and writing off. The measures include a separate collection strategy, enhanced debt structuring, and the use of new data sources and models to improve portfolio quality.
- Evaluate and appraise reports on operational risk management; preliminary results reports on ESG (Sustainable Development) risk management assessment at VPBank...
- Implement capital endurance (ICAAP) and liquidity tests (ILAAP) to timely update fluctuations from the macro economy before the impact of the epidemic, and at the same time make adjustments in the bank's business strategy, as well as providing important information in the development of contingency plans. In 2021, the capital stress test was implemented for the first time on both a consolidated and individual basis, aiming to develop a more comprehensive capital plan for both VPBank and its subsidiaries.
- The Committee advised the Board of Directors in revising the bank's risk management framework policy to ensure compliance with risk management practices at VPBank, amending methodologies for calculating economic and working capital for concentration risk to ensure compliance with regulations of the State Bank.
- The RCO also advised on the roadmap for Advanced Internal Rating - Based Approach (A-IRB of Basel II, Basel III and Basel IV), promoting towards the application of international standards and strengthening the confidence of investors and partners.
- Closely monitor risk indicators in line with the Risk Appetite Statement for the 2021-2023 period and the Strategic Indicators on Top-Down Risk Management in 2021, to prepare action plans. As a result, in the context of the economy with many potential uncertainties, the bank's risk profile was always maintained within a safe threshold while ensuring consistency with VPBank's business strategy goals.
- The RCO continued to be a great support for the BOD in advising and supervising the implementation of the Business Continuity Strategy for the whole bank in order to prevent and overcome difficulties caused by the COVID-19 epidemic.
- The RCO approved and reported to the BOD for approval the revised Risk Appetite Statement 2021; List of strategic targets Top-down 2021; List of key activities and main risks 2022; Risk Appetite Statement 2022-2024; Approval of Capital Expenses 2022...are major documents, the basis of the bank's risk management activities in the coming time.



# SUPERVISORY BOARD (SB)

## Member of the Supervisory Board

1	NGUYEN THI MAI TRINH	HEAD OF THE COMMITTEE
2	TRINH THI THANH HANG	EXECUTIVE MEMBER
3	KIM LY HUYEN	MEMBER
4	VU HONG CAO	MEMBER

## Activities of the Supervisory Board

In 2020, the SB held seven meetings to execute tasks under its functions and obligations. In such meetings, the SB discussed key tasks quarterly and instructed Internal Audit (IA) to perform the relevant tasks

In particular:

### On January 22, 2021

Q1/2021 meeting: (i) SB's performance in 2020; (ii) Key plan Q1/2021;

### On March 25, 2021:

SB meeting for approval of the appraisal result of Financial Statement 2020;

### On April 5, 2021

Q2/2021 meeting: (i) SB's performance in Q1/2021; (ii) Approval of the SB's performance report in 2020 and draft regulations on organization's operation to submit the AGM and (iii) Key plan in Q2/2021;

### On July 5, 2021

Meeting Q3/2021: (i) SB's performance in Q2/2021; (ii) Approval on audit plan adjustment in 2021 (iii) Key plan in Q3/2021;

### On August 16, 2021

Approval for appraisal result of Half-year Financial Report 2021;

### On October 18, 2021

Meeting Q4/2021: (i) SB's performance in Q3/2021; (ii) Approval of principles of audit planning in 2022 (iii) Key plan in Q4/2021;

### On December 10, 2021

Approval on the result of Audit planning 2022

### Supervisory Board's supervision to the Board of Directors (BOD), Board of Management (BOM) and shareholders

The supervising activities focused on (i) VPBank's management and governance; (ii) the BOD's and BOM's execution of the business directions and targets in 2020 approved by AGM.

As a result of the supervising activities, the SB provided timely suggestions/recommendations to the BOD and BOM regarding control measures, the amendment and improvement of internal regulations, enhancement of compliance practices in some units, etc. to mitigate and minimise risks, ensure the compliance with legal regulations and improve operational quality and efficiency of the bank.

### The coordination between the BOD, BOM and SB

The BOD, BOM and SB accordingly coordinated in monitoring, auditing, and supervision to ensure that the SB'S operations comply with the Law, Charter and regulation on organization and operations of the SB. Opinions and recommendations from the SB/IA given in regular meetings were acknowledged, recognised and revised properly.

## Other activities of the SB in 2021

### High-level supervision of Internal Audit:

The SB set directions and instructed IA to execute the annual audit plan. The audit plan 2020 was developed based on multi-angle evaluation to cover all key risks, the bank's major operations, functions, and processes

In 2021, the complicated development of the COVID-19 epidemic also affected the IA's activities in dealing with the general workload as well as limitations in customer fieldwork. However, the IA also made efforts to complete the work as planned, as of December 31, 2021, the IA completed all 40/40 audits in the field according to the plan approved by the SB.

In addition, the SB directed the Internal Audit to oversee the implementation of audit rectification to ensure adequate and timely implementation.

Appraisal of financial statements: Pursuant to provisions in the Law on Credit Institutions, the SB audited VPBank's 2021 biannual report, 2020 annual financial statements and is currently auditing annual financial statements 2021 to evaluate the reliability and rationality of financial statements presented to the AGM in accordance with legal regulations and VPBank's internal regulations.

Reporting to the SBV: The bank always ensured compliance and made timely report to the SBV the issues at periodic or adhoc requests.

Training, recruitment, and people management: Continuously improve people's competence with training in professions, soft skills and external comprehensive courses on new knowledge such as audit, risk management and digitalisation...

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## Remuneration of the Board of Directors, Supervisory Board

The principle of determining remuneration for members of the Board of Directors and the Supervisory Board has been reviewed and approved by the Board of Directors for each member, which paid monthly, including: fixed remuneration for each position and duty remuneration for members participating in the Council and Committees under the Board of Directors, and the remuneration/salary of the members of the Supervisory Board. The members of the Board of Directors do not receive performance bonuses or other bonuses and incomes.

In 2021, the total cost of remuneration, salaries, bonuses and activities of the members of the Board of Directors and the Supervisory Board is about VND24.7 billion. In which, the cost of remuneration and salary is nearly VND18 billion; other expenses for the operation of the Board of Directors and the Supervisory Board such as travel expenses, guest cost, seminars and meetings, training, transportation, medical insurance, annual physical exams, etc. This account is displayed as a separate item in the Consolidated Financial Statements for the year.

## Evaluation of the bank's business performance in 2021

NO.	ITEM	ACTUAL 2021 (VND BILLION)	BUDGET 2021 (VND BILLION)	% ACTUAL VERSUS BUDGET	% YOY GROWTH
1	<b>Total assets</b>	547,409	492,409	111.2%	30.6%
2	<b>Customer deposits and issuance of valuable papers</b>	323,133	353,280	91.5%	9.1%
3	<b>Loan balance</b>	384,030	376,340	102.0%	18.9%
4	<b>Single NPL ratio</b>	1.51%	<3%	Completed	
5	<b>Profit before tax</b>	14,364	16,654	86.2%	10.3%

2021 was another difficult year local economy faced, as the pandemic has evolved complicatedly where the cases skyrocketed in the second half of the year. While the strict distancing policies were applied aiming to ensure people's health and safety, they also had multi-dimension impacts. In that context, VPBank's entire system made great efforts, united in solidarity to overcome difficulties to ensure the bank's continuous operation. The Board highly appreciated the whole-hearted initiatives and flexibility of the BOM and all employees in quickly adapting to the challenging business environment and completing the goal of sustaining a positive growth momentum for the bank.

In particular, the results on the implementation of AGM targets for 2021 are as follows:

- Completing the transfer of 50% of capital stake of the FE Credit, raising the charter capital to more than VND86 trillion and completing the distribution of dividend by share, bringing the charter capital to over VND45 trillion – the second highest in the industry.
- Thanks to the control of costs combined with the application of digitisation, the consolidated cost-to-income ratio (CIR) decreased to 24.2%, keeping the champion title in efficiency.
- PBT reached over VND14 trillion, up by more than 10% over 2020. This marks a positive result in the context of the severe impact to the entire economy being by the pandemic and demonstrates the utmost efforts of the Board and every employees of the bank.
- Credit balance grew by 18.9%, completing 102% of the plan.
- The asset quality of the parent bank continued to be strictly controlled at 1.51%, fulfilling the goal of keeping the bad debt ratio below 3%.
- Customer deposits reached 91.5% of the target, an increase of 9.1% from 2020. Flexibility in managing the balance sheet, along with leveraging abundant liquidity in the interbank market, has helped VPBank maintain the cost of fund down trend and moved CASA to a new level height.



Not only sustaining the growth momentum, the bank and its employees also exercised CSR via many programmes to support the Government and local authorities affected by natural disasters and the pandemic. A series of actions and customer support policies were implemented in a timely manner. Social security and community support activities were promoted, thus contributing to sharing difficulties and spreading optimism across the community.

With such achievements amid the pandemic and the bank's capital base has been raised to new heights, the Board is always proud of VPBank as one of the leading joint stock banks in Vietnam. It is also confident in the leadership and management capabilities as well as the ability to deal with and overcome challenges in unprecedented difficult circumstances, in a bid to realise the ambitious goals set by the Board and AGM.

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## Corporate governance and investor relations activities

VPBank always focuses on building and strengthening corporate governance activities to ensure the interests of customers, employees, shareholders and investors, thereby ensuring sustainable growth values and development.

VPBank's Board of Directors always adheres to the best governance principles, strictly and fully abide by the rules of corporate governance in accordance with the applicable laws and the requirements of the regulators. In addition, Board members and other individuals and units directly related to the corporate governance activities such as corporate secretary, IR, Supervisory Board/Internal Audit, are also constantly updated with new regulations and best corporate governance practices. In the context of complicated pandemic developments, the IR activities were furthered and considered a key activity in improving the quality of corporate governance and transparency.

Since its establishment, VPBank has always been highly appreciated in Investor Relations activities and continuously received prestigious domestic awards such as: Top 20 Sustainable

Development Index (VNSI) in HOSE for 3 consecutive years; Top 15 listed companies with the best IR activities by Vietstock. In 2021, VPBank was proud to become the only financial institution in Vietnam honoured by the Global Banking & Finance Review with the "Best Investor Relations Bank Vietnam 2021" award. In 2021, VPBank will continue its role as a platinum member, accompanying the Vietnam Institute of Directors and other leading companies in Vietnam in the corporate governance area, focusing on the role of enhancing professionalism, transparency and building a network of business leaders... in order to nurture investors' confidence and ensure sustainability in the action plan of VPBank's Board of Directors.

VPBank is the pioneer one to organise quarterly earnings calls where the Board shall update the performance results and business outlook with domestic and foreign investors and analysts. These discussions are then updated to investors through IR News.

During the period of severe epidemic impacts, VPBank still actively updated and regularly

exchanged information with investors, having had more than 100 private meetings held in 2020. In 2021, when the epidemic situation became more complicated, the bank managed to organise 02 Broker meetings which were highly appreciated by experts. In addition, VPBank's IR team also actively participated in 8 prestigious investment seminars such as those held by Dragon Capital Fund, SSI, HSC, VCSC, EFG Hermes, Maybank KimEng, meeting with more than 400 investors.

Besides the bank's website channel, the IR department has built and operated a specialised website for investors (<https://irevents.vpbank.com.vn/> login) where the event schedule, video records of the meetings and quarterly earning call documents are

posted. All documents for investors are always updated bilingually on the Bank's website so that domestic and foreign investors can access timely and consistent information.

Via this channel and its activities, VPBank's IR has built and maintained good relationships with a large number of domestic and foreign investors and professional organisations, exchanging transparent information about VPBank's activities to domestic and foreign partners and organisations. Also according to evaluations from leading securities companies, VPBank is one of the few banks that has a professional IR department and deliver IR activities in a professional manner and thus highly appreciated by the investor community.



*Được vinh danh*

**NGÂN HÀNG CÓ HOẠT ĐỘNG  
QUAN HỆ NHÀ ĐẦU TƯ TỐT NHẤT 2021**

DO TẠP CHÍ GLOBAL BANKING & FINANCE REVIEW BÌNH CHỌN



**GLOBAL BANKING &  
Finance  
review**



## DIRECTIONS FOR 2022

Entering 2022, VPBank set its goal of recovery and breakthrough growth to match its owner's equities expansion, in addition to maintaining the targets of asset quality as well as indicators of business performance.

Accordingly, VPBank's BOD has set operational orientations in 2022 for the BOM with these objectives:



Optimise resources, enhance all measures to increase productivity, prioritise the growth of operational scale accompanied by quality growth to match the bank's increase in equity, making a breakthrough in all strategic segments as a front runner.



Focus on developing customer base in strategic segments through digital platform, ecosystem and efforts to explore the potential of existing customer portfolio



Diversify funding sources, maintain effective bank balance sheets by promoting CASA growth rate, keeping cost of funds reasonable, promoting penetration capability into new industries and business areas and ensure financial performance.



Continuously improve operational efficiency through accelerating digitisation, encourage innovation initiatives, optimize processing systems, accelerate product introduction, and increase customer experiences with different banking activities

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### Orientation of management activities and investor relations

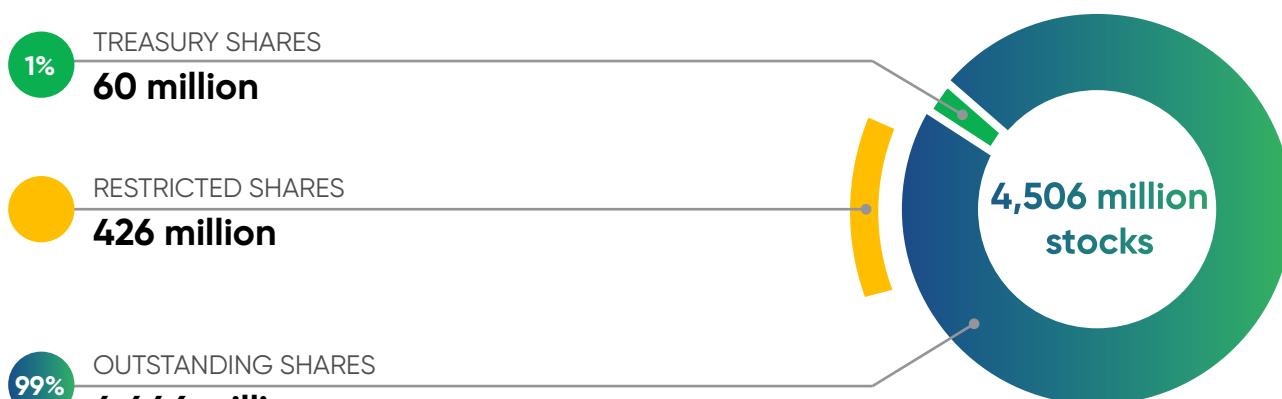
In 2022, VPBank will always make best efforts, be ready and proactively to approach corporate governance standards according to international best practices. Thereby, improving the efficiency of the corporate governance system and providing a solid foundation for the development of the bank

For investor relations activities, VPBank will further promote information sharing channels, improve professionalism and credibility in the stock market, towards the goal of sustainable development and create long-term values for shareholders.





## SHARE STRUCTURE AS OF DECEMBER 31, 2021



## SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2021



VPBank had no major shareholders (those owning 5% or more of total voting shares). Internal shareholders of VPBank are members of the BOD, Supervisory Board and the BOM who collectively own 9.11% of the total shares

**As of December 31, 2021, information on shares owned by internal shareholders was as follow:**

NO		CURRENT POSITION (IF ANY)	SHARES OWNED	PERCENTAGE OWNED OF EOP SHARES
1	Ngo Chi Dzong	BOD CHAIRMAN	219,035,933	4.861%
2	Bui Hai Quan	BOD VICE CHAIRMAN	104,219,468	2.313%
3	Lo Bang Giang	BOD VICE CHAIRMAN	5,499,544	0.122%
4	Nguyen Van Phuc	BOD INDEPENDENT MEMBER	-	0.000%
5	Nguyen Duc Vinh	BOD MEMBER AND CEO	68,936,680	1.530%
6	Nguyen Thi Mai Trinh	HEAD OF SUPERVISORY BOARD	116,821	0.003%
7	Trinh Thi Thanh Hang	SUPERVISORY BOARD MEMBER	96,370	0.002%
8	Kim Ly Huyen	SUPERVISORY BOARD MEMBER	179,998	0.004%
9	Vu Hong Cao	SUPERVISORY BOARD MEMBER	252,570	0.006%
10	Luu Thi Thao	STANDING DEPUTY CEO	6,539,146	0.145%
11	Phan Ngọc Hoa	DEPUTY CEO	693,712	0.015%
12	Duong Thi Thu Thuy	DEPUTY CEO	1,328,785	0.029%
13	Nguyen Thành Long	DEPUTY CEO	239,361	0.005%
14	Pham Phu Khoi	DEPUTY CEO	360,967	0.008%
15	Nguyen Thanh Binh	DEPUTY CEO	381,576	0.008%
16	Dinh Van Nho	DEPUTY CEO	1,023,738	0.023%
17	Phung Duy Khuong	DEPUTY CEO	764,991	0.017%
18	Pham Thi Nhung	DEPUTY CEO	638,997	0.014%
19	Le Hoang Khanh An	CFO	219,128	0.005%
20	Nguyen Thi Thu Hang	CHIEF ACCOUNTANT	251,060	0.006%
21	Le Lan Kim	CORPORATE GOVERNANCE OFFICER/COMPANY SECRETARY	406,795	0.009%

## Change in equities

OWNER'S EQUITY	SINGLE (VND MILLION)		CONSOLIDATED (VND MILLION)	
	31/12/2020	31/12/2021	31/12/2020	31/12/2021
Charter capital	25,299,680	45,056,930	25,299,680	45,056,930
Share premium	365,727	77,202	365,727	77,202
Reserves	4,738,580	8,053,768	11,911,768	12,558,832
Retained earnings	16,596,422	24,611,567	17,415,364	22,439,214
Treasury shares (*)	(2,199,037)	(1,760,512)	(2,199,037)	(1,760,512)
Minority interest	-	-	-	7,906,481
<b>TOTAL OWENER'S EQUITIES</b>	<b>44,801,372</b>	<b>76,038,955</b>	<b>52,793,502</b>	<b>86,278,147</b>

(\*) The bank issued 15 million shares under the ESOP programme at the face value of VND10,000/share as per the Board of Directors' Resolution No. 145/2021/NQ-HDQT dated July 2, 2021 and the State Securities Commission's Official Dispatch No. 4833/UBCK-QLCB dated August 24, 2021.

## Share transactions made by internal shareholders and related persons

Share transactions by internal shareholders

Share transactions by related persons

TRANSACTION	NUMBER OF TRANSACTION	SHARE VOLUME	TRANSACTION	NUMBER OF TRANSACTION	SHARE VOLUME
Buy	33	8,574,200	Buy	9	1,248,594
Sell	21	513,400	Sell	17	4,906,058
<b>Total</b>	<b>54</b>	<b>9,087,600</b>	<b>Total</b>	<b>26</b>	<b>6,154,652</b>





The background of the cover features a dark green to blue gradient. On the left side, there are several stacks of coins, rendered in a semi-transparent, glowing style. The right side and background are filled with faint, semi-transparent line and bar charts, suggesting financial data and market trends.

# VIETNAM PROSPERITY JOINT STOCK COMMERCIAL BANK

CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2021

**VIETNAM PROSPERITY JOINT STOCK COMMERCIAL BANK**  
**CORPORATE INFORMATION**

OPERATION LICENCE NO.	0042/NH - GP	12 AUGUST 1993
The Operation Licence was issued by the State Bank of Vietnam and is valid for 99 years from the date of the Operation Licence.		
BUSINESS REGISTRATION CERTIFICATE NO.	0100233583	8 SEPTEMBER 1993
The Business Registration Certificate of the Bank was amended several times, and the most recent of which was issued on 10 December 2021 by the Hanoi Department of Planning and Investment.		
BOARD OF DIRECTORS		
	Mr. Ngo Chi Dzung	Chairman
	Mr. Bui Hai Quan	Vice Chairman
	Mr. Lo Bang Giang	Vice Chairman
	Mr. Nguyen Van Phuc	Independent member
	Mr. Nguyen Duc Vinh	Member
BOARD OF SUPERVISION		
	Ms. Nguyen Thi Mai Trinh	Head of Board of Supervision
	Ms. Trinh Thi Thanh Hang	Executive member
	Ms. Kim Ly Huyen	Member
	Mr. Vu Hong Cao	Member
BOARD OF MANAGEMENT		
	Mr. Nguyen Duc Vinh	Chief Executive Officer
	Ms. Luu Thi Thao	Standing Deputy Chief Executive Officer
	Mr. Nguyen Thanh Binh	Deputy Chief Executive Officer
	Mr. Phan Ngoc Hoa	Deputy Chief Executive Officer
	Ms. Duong Thi Thu Thuy	Deputy Chief Executive Officer
	Mr. Nguyen Thanh Long	Deputy Chief Executive Officer
	Mr. Pham Phu Khoi	Deputy Chief Executive Officer
	Mr. Dinh Van Nho	Deputy Chief Executive Officer
	Mr. Phung Duy Khuong	Deputy Chief Executive Officer
	Ms. Pham Thi Nhung	Deputy Chief Executive Officer
	(from 27 April 2021)	
LEGAL REPRESENTATIVE		
	Mr. Ngo Chi Dzung	Chairman
AUTHORIZED SIGNATORY		
	Mr. Nguyen Duc Vinh	Chief Executive Officer
	(in accordance with Letter of Authorisation No. 09/2012/UQ-CT dated 5 July 2012)	
REGISTERED OFFICE		
	No. 89 Lang Ha Street, Lang Ha Ward, Dong Da District, Hanoi, Vietnam	
AUDITOR		
	KPMG Limited Vietnam	

## VIETNAM PROSPERITY JOINT STOCK COMMERCIAL BANK STATEMENT OF THE MANAGEMENT

The Board of Management of Vietnam Prosperity Joint Stock Commercial Bank ("the Bank") presents this statement and the accompanying consolidated financial statements of the Bank and its subsidiaries (collectively referred to as "VPB") for the year ended 31 December 2021.

The Board of Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Management:

- a. 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, and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and
- b. at the date of this statement, there are no reasons for the Board of Management to believe that the Bank and its subsidiaries will not be able to pay its debts as and when they fall due.

The Board of Management has, on the date of this statement, authorised the accompanying consolidated financial statements for issue.

On behalf of the Board of Management



Nguyen Duc Vinh  
Chief Executive Officer

Hanoi, 18 MAR 2022

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders**

#### **Vietnam Prosperity Joint Stock Commercial Bank**

We have audited the accompanying consolidated financial statements of Vietnam Prosperity Joint Stock Commercial Bank ("the Bank") and its subsidiaries (collectively referred to as "VPB"), which comprise the consolidated balance sheet as at 31 December 2021, the consolidated statement of income and the consolidated statement of cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's management on 18 Mar 2022, as set out on pages 5 to 87.

### **Management's Responsibility**

The Bank's management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting, and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the 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 of material misstatement.

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

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

### **Auditor's Opinion**

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Vietnam Prosperity Joint Stock Commercial Bank and its subsidiaries as at 31 December 2021 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.



KPMG Limited

Vietnam

Audit Report No.: 20-02-00231-22-2



  
Đàm Xuân Lam

Practicing Auditor Registration  
Certificate No. 0861-2018-007-1  
Deputy General Director

Hanoi, 18 MAR 2022

Trần Đình Vinh

Practicing Auditor Registration  
Certificate No. 0339-2018-007-1

# CONSOLIDATED BALANCE SHEET

as at 31 December 2021

		Note	31/12/2021 VND million	31/12/2020 VND million
A	ASSETS			
I	Cash and gold on hand	5	2,345,733	3,282,556
II	Balances with the State Bank of Vietnam ("the SBV")	6	10,860,730	5,779,610
III	Balances with and loans to other credit institutions ("CIs")	7	57,104,628	19,554,808
1	Balances with other CIs		40,329,730	13,829,025
2	Loans to other CIs		16,858,044	5,725,783
3	Allowance for loans to other CIs		(83,146)	
IV	Securities held for trading	8	6,970,941	493,214
1	Securities held for trading		7,005,061	493,214
2	Allowance for securities held for trading		(34,120)	-
V	Derivatives and other financial assets	9	103,299	
VI	Loans to customers		345,390,282	286,319,402
1	Loans to customers	10	355,281,219	290,816,086
2	Allowance for loans to customers	11	(9,890,937)	(4,496,684)
VII	Debts purchased	12	958,690	258,280
1	Debts purchased		965,935	260,232
2	Allowance for debts purchased		(7,245)	(1,952)
VIII	Investment securities		75,798,431	76,485,435
1	Available-for-sale securities	13	75,313,521	75,959,904
2	Held-to-maturity securities	13	722,934	854,344
3	Allowance for investment securities	14	(238,024)	(328,813)
IX	Long-term investments	15	249,710	238,581
4	Other long-term investments		249,731	238,602
5	Allowance for diminution in value of long-term investments		(21)	(21)
X	Fixed assets		1,872,973	1,862,830
1	Tangible fixed assets	16	1,216,957	1,212,163
a	Cost		2,559,025	2,398,141
b	Accumulated depreciation		(1,342,068)	(1,185,978)
3	Intangible fixed assets	17	656,016	650,667
a	Cost		1,552,403	1,351,718
b	Accumulated amortisation		(896,387)	(701,051)
XII	Other assets	18	45,754,022	24,751,811
1	Receivables		39,015,325	17,409,351
2	Accrued interest and fee receivables		4,897,204	5,036,836
4	Other assets		1,893,820	2,345,902
5	Allowance for other assets		(52,327)	(40,278)
TOTAL ASSETS			547,409,439	419,026,527

The accompanying notes are an integral part of these consolidated financial statements

# **CONSOLIDATED BALANCE SHEET**

as at 31 December 2021 (continued)

		Note	31/12/2021 VND million	31/12/2020 VND million
<b>B</b>	<b>LIABILITIES AND OWNERS' EQUITY</b>			
	<b>LIABILITIES</b>			
<b>I</b>	<b>Amounts due to the Government and the SBV</b>	<b>19</b>	<b>8,454,375</b>	<b>14,220</b>
<b>II</b>	<b>Deposits and borrowings from other CIs, other financial institutions ("FIs")</b>	<b>20</b>	<b>114,619,106</b>	<b>56,511,282</b>
1	Deposits from other CIs		47,106,801	9,371,444
2	Borrowings from other CIs, other FIs		67,512,305	47,139,838
<b>III</b>	<b>Deposits from customers</b>	<b>21</b>	<b>241,837,028</b>	<b>233,427,953</b>
<b>IV</b>	<b>Derivatives and other financial liabilities</b>	<b>9</b>	<b>-</b>	<b>139,825</b>
<b>V</b>	<b>Other borrowed and entrusted funds</b>	<b>22</b>	<b>103,930</b>	<b>187,156</b>
<b>VI</b>	<b>Valuable papers issued</b>	<b>23</b>	<b>81,295,633</b>	<b>62,845,488</b>
<b>VII</b>	<b>Other liabilities</b>	<b>24</b>	<b>14,821,220</b>	<b>13,107,101</b>
1	Accrued interest and fee payables		5,557,507	6,452,780
3	Other liabilities		9,263,713	6,654,321
	<b>TOTAL LIABILITIES</b>		<b>461,131,292</b>	<b>366,233,025</b>
	<b>OWNERS' EQUITY</b>			
<b>VIII</b>	<b>Capital and reserves</b>	<b>27</b>	<b>86,278,147</b>	<b>52,793,502</b>
1	Capital		43,373,620	23,466,370
a	Charter capital	28	45,056,930	25,299,680
c	Share premium		77,202	365,727
d	Treasury shares		(1,760,512)	(2,199,037)
2	Reserves		12,558,832	11,911,768
5	Retained earnings		22,439,214	17,415,364
6	Non-controlling interest		7,906,481	-
	<b>TOTAL OWNERS' EQUITY</b>		<b>86,278,147</b>	<b>52,793,502</b>
	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>547,409,439</b>	<b>419,026,527</b>

# CONSOLIDATED BALANCE SHEET

as at 31 December 2021 (continued)

Form B02/TCTD-HN

(Issued under Circular  
No. 49/2014/TT-NHNN  
dated 31 December 2014  
of the State Bank of Vietnam)

	Note	31/12/2021 VND million	31/12/2020 VND million
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>I</b>	<b>CONTINGENT LIABILITIES</b>	<b>42</b>	
1	Loan guarantees	28,721	33,721
2	Foreign exchange commitments	116,395,985	122,301,777
	Foreign currency purchase commitments	520,241	2,243,568
	Foreign currency sale commitments	155,144	6,932,263
	Swap commitments	115,720,600	113,125,946
4	Letters of credit	49,784,582	21,895,226
5	Other guarantees	16,818,493	16,884,961
6	Other commitments	266,901,038	263,281,970

Prepared by:



Nguyen Thi Thu Hang  
Chief Accountant

Reviewed by:



Le Hoang Khanh An  
Chief Financial Officer



Approved by:

Nguyen Duc Vinh  
Chief Executive Officer



# **CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR**

ended 31 December 2021

	Note	2021 VND million	2020 VND million
1 Interest and similar income	29	50,827,098	52,361,767
2 Interest and similar expenses	30	(16,478,269)	(20,015,944)
<b>I Net interest income</b>		<b>34,348,829</b>	<b>32,345,823</b>
3 Fee and commission income		6,884,061	6,166,753
4 Fee and commission expenses		(2,825,030)	(2,810,626)
<b>II Net fee and commission income</b>	<b>31</b>	<b>4,059,031</b>	<b>3,356,127</b>
<b>III Net loss from trading of foreign currencies</b>	<b>32</b>	<b>(76,394)</b>	<b>(307,207)</b>
<b>IV Net gain from trading securities</b>	<b>33</b>	<b>8,879</b>	<b>226,466</b>
<b>V Net gain from investment securities</b>	<b>34</b>	<b>3,150,866</b>	<b>1,170,731</b>
5 Income from other activities		5,468,704	3,441,951
6 Expenses for other activities		(2,660,916)	(1,205,790)
<b>VI Net gain from other activities</b>	<b>0</b>	<b>2,807,788</b>	<b>2,236,161</b>
<b>VII Income from equity investments and purchase of shares</b>	<b>0</b>	<b>2,476</b>	<b>5,013</b>
<b>VIII Operating expenses</b>	<b>37</b>	<b>(10,718,937)</b>	<b>(11,392,021)</b>
<b>IX Net operating profit before allowance expenses</b>		<b>33,582,538</b>	<b>27,641,093</b>
<b>X Allowance expenses</b>	<b>38</b>	<b>(19,218,768)</b>	<b>(14,621,638)</b>
<b>XI Profit before tax</b>		<b>14,363,770</b>	<b>13,019,455</b>
7 Corporate income tax expenses - current	25	(2,886,600)	(2,605,695)
<b>XII Corporate income tax expense</b>	<b>25</b>	<b>(2,886,600)</b>	<b>(2,605,695)</b>
<b>XIII Net profit after tax</b>		<b>11,477,170</b>	<b>10,413,760</b>
<b>XIV Non-controlling interest</b>		<b>(244,038)</b>	<b>-</b>
<b>XVI Net profit attributable to the Bank's shareholders</b>		<b>11,721,208</b>	<b>-</b>
		<b>2021</b>	<b>2020 (restated)</b>
<b>XV Basic earnings per share (VND/share)</b>	<b>0</b>	<b>2,647</b>	<b>2,373</b>

Prepared by:   
**Nguyen Thi Thu Hang**  
*Chief Accountant*

Reviewed by:   
**Le Hoang Khanh An**  
*Chief Financial Officer*

Approved by:   
  
**Nguyen Duc Vinh**  
*Chief Executive Officer*

The accompanying notes are an integral part of these consolidated financial statements

# **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR**

ended 31 December 2021 (Direct method)

		<b>2021</b> <b>VND million</b>	<b>2020</b> <b>VND million</b>
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
01	Interest and similar income received	51,437,624	53,402,880
02	Interest and similar expenses paid	(17,391,684)	(21,506,426)
03	Net fees and commission income received	3,802,612	3,317,656
04	Net receipts from trading activities of foreign currencies and securities	2,830,349	1,286,723
05	Net payment/receipts from other (expenses)/ income	(481,781)	90,068
06	Proceeds from bad debts previously written off	3,287,966	2,128,240
07	Payments for employees and operating expenses	(10,638,062)	(10,862,595)
08	Corporate income tax paid in the year	(3,581,137)	(1,923,141)
	<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>	<b>29,265,887</b>	<b>25,933,405</b>
	<b>Changes in operating assets</b>		
09	Increase in balances with and loans to other CIs	(11,132,261)	(1,111,216)
10	Increase in securities held for trading	(5,492,319)	(6,855,085)
11	Increase in derivatives and other financial assets	(103,299)	-
12	Increase in loans to customers	(65,208,817)	(33,892,359)
13	Utilisation of allowance	(13,698,651)	(14,206,788)
14	Other increase in operating assets	(21,505,382)	(351,707)
	<b>Changes in operating liabilities</b>		
15	Increase/(decrease) in amounts due to the Government and the SBV	8,440,155	(5,272)
16	Increase in deposits and borrowings from other CIs, other FIs	58,107,824	5,643,293
17	Increase in deposits from customers	8,409,075	19,478,385
18	Increase in valuable papers issued	18,712,105	5,245,765
19	Decrease in other borrowed and entrusted funds	(83,226)	(104,667)
20	(Decrease)/increase in derivatives and other financial liabilities	(139,825)	94,155
21	Other (decrease)/increase in operating liabilities	(455,476)	1,451,644
<b>I</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>5,115,790</b>	<b>1,319,553</b>

The accompanying notes are an integral part of these consolidated financial statements

# **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR**

ended 31 December 2021 (Direct method - continued)

		2021 VND million	2020 VND million
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
01	Purchases of fixed assets	(39,377)	(25,534)
02	Proceeds from sales, disposals of fixed assets	3,103	25,714
07	Payment for investments in other entities	(16,500)	-
08	Receipts from investments in other entities	25,933,714	-
09	Receipts of dividends and share of profit from long-term investments	1,967	5,013
<b>II</b>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>25,882,907</b>	<b>5,193</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
03	Payment for long-term valuable papers eligible to be included in capital and long-term borrowings	(261,960)	-
06	Proceeds from sales of treasury shares	150,000	170,000
<b>III</b>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(111,960)</b>	<b>170,000</b>
<b>IV</b>	<b>NET CASH FLOWS DURING THE YEAR</b>	<b>30,886,737</b>	<b>1,494,746</b>
<b>V</b>	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>22,891,191</b>	<b>21,396,445</b>
<b>VII</b>	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 39)</b>	<b>53,777,928</b>	<b>22,891,191</b>

Prepared by:

*Thuyhang*

Nguyen Thi Thu Hang  
Chief Accountant

Reviewed by:

*Le Hoang Khanh An*

Le Hoang Khanh An  
Chief Financial Officer

Approved by:



Nguyen Duc Vinh  
Chief Executive Officer

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021

These notes form an integral part of, and should be read in conjunction with, the accompanying consolidated financial statements.

### 1. REPORTING ENTITY

#### (A) Establishment and operation

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

The Bank was established pursuant to the Operation Licence No. 0042/NH-GP dated 12 August 1993 issued by the State Bank of Vietnam ("the SBV") and was valid for 99 years since the date of issuance.

The Bank currently operates under Business Registration Certificate No. 0100233583 dated 8 September 1993 issued by the Hanoi Department of Planning and Investment, which was most recently amended on 10 December 2021.

The principal activities of the Bank are mobilising and receiving short, medium and long-term deposits from organisations and individuals; lending to organisations and individuals up to the nature and ability of the Bank's resources; conducting foreign exchange transactions, providing international trade finance services; discounting of commercial papers, bonds and other valuable papers; investing in shares and bonds; providing settlement services; digital wallet; investing in future contract of Government bonds; providing asset management services; granting credit in the form of rediscounting negotiable instruments and other valuable papers and other banking services as allowed by the SBV.

#### (B) Charter capital

As at 31 December 2021, the Bank's charter capital is VND45,056,930 million (31 December 2020: VND25,299,680 million).

#### (C) Location and operation network

As at 31 December 2021, the Bank has one (1) Head Office, sixty-six (66) branches, one hundred and sixty-eight (168) transaction offices nationwide and two (2) subsidiaries (31 December 2020: one (1) Head Office, sixty-two (62) branches, one hundred and sixty-seven (167) transaction offices and two (2) subsidiaries). The Bank's Head Office is located at No. 89 Lang Ha, Lang Ha Ward, Dong Da District, Hanoi.

#### (D) Subsidiaries

As at 31 December 2021, the Bank has two (2) subsidiaries (31 December 2020: two (2) subsidiaries) as follows:

COMPANY NAME	BUSINESS REGISTRATION CERTIFICATE	BUSINESS SECTOR	CHARTER CAPITAL	% OWNED BY THE BANK
VPBank Asset Management Company Limited ("VPB AMC")	Business Registration Certificate No. 0105837483 issued by the Hanoi Department of Planning and Investment, which was most recently amended on 28 December 2016	Asset and liability management	VND115 billion	100%
VPBank SMBC Finance Company Limited ("VPB SMBC FC")	Business Registration Certificate No. 0102180545 issued by the Ho Chi Minh City Department of Planning and Investment, which was most recently amended on 10 November 2021	Other financial services	VND10,928 billion	50%



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR**

ended 31 December 2021 (continued)

### **(E) Total number of employees**

As at 31 December 2021, the Bank and its subsidiaries (collectively referred to as "VPB") had 25,623 employees (31 December 2020: 20,991 employees).

## **2. BASIS OF PREPARATION**

### **(A) Statement of compliance**

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. These standards and statutory requirements may differ in some material respects from International Financial Reporting Standards, generally accepted accounting principles and standards of other countries. Accordingly, the accompanying consolidated financial statements are not intended to present VPB's financial position, results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices for credit institutions.

### **(B) Basis of measurement**

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the direct method.

### **(C) Accounting period**

The annual accounting period of VPB is from 1 January to 31 December.

### **(D) Accounting currency**

VPB's accounting currency is Vietnam Dong ("VND"). These consolidated financial statement have been prepared and presented in Vietnam Dong ("VND"), rounded to the nearest million ("VND million").

## **3. CHANGES IN ACCOUNTING POLICIES**

On 30 July 2021, the SBV issued Circular No. 11/2021/TT-NHNN prescribing classification of assets, amounts and methods of setting up provisions and the use of provisions for control and management of risks arising from operations of credit institutions and foreign bank branches ("Circular 11"). Circular 11 replaces Circular No. 02/2013/TT-NHNN issued by the SBV on 21 January 2013, providing classification of assets, levels and method of setting up risk provisions against credit risks in the banking activity of credit institutions, foreign bank branches ("Circular 02") and Circular No. 09/2014/TT-NHNN issued by the SBV on 18 March 2014 on amending and supplementing a number of articles of Circular 02 ("Circular 09"). Circular 11 is effective from 1 October 2021.

VPB has adopted the applicable requirements of Circular 11 from 1 October 2021 on a prospective basis. The significant changes to VPB's accounting policies and the effects on the consolidated financial statements, if any, are presented in Note 4(j).

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted by VPB in the preparation of these consolidated financial statements.

### (A) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities controlled by VPB. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### (ii) Transactions eliminated on consolidation

Intra-group transactions and balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The accounting policies of subsidiaries have been also revised when necessary to ensure consistency with the accounting policies applied by VPB.

### (B) Foreign currency

#### *Foreign currency transactions*

All transactions are recorded in their original currencies. Monetary items denominated in currencies other than VND are translated into VND at average exchange rate for spot selling and buying at the end of the last working day of the accounting period. Non-monetary items denominated in a foreign currency are translated into VND at the exchange rate at the date of the transaction.

Transactions related to income and expenses in foreign currencies are translated into VND in the consolidated financial statements using the average of the spot buying rates and selling rates at the transactions dates.

Foreign exchange differences arising from revaluation of monetary items denominated in foreign currencies as at the end of the accounting period are recognised in the consolidated statement of income.

### (C) Cash and cash equivalents

Cash and cash equivalents comprise cash and gold on hand, balances with the SBV, current deposits, term deposits with other credit institutions with an original maturity of three months or less from the transaction date, investments in securities with recovery or maturity of three months or less from date of purchase that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

### (D) Balances with and loans to other credit institutions

Balances with other CIs, except for current deposits, are deposits at other CIs with original terms of not exceeding three months. Loans to other credit institutions have original terms to maturity of less than 12 months.

Current deposits at other CIs are stated at the amount of outstanding principal.

Term deposits at and loans to other CIs are stated at the amount of outstanding principal less allowance for credit losses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

Credit risk classification of balances with and loans to other CIs and allowance thereof is made in accordance with Circular 11. Accordingly, VPB has made specific allowance for balances with and loans to other credit institutions (excluding current deposit) in accordance with the method described in Note 4(j).

According to Circular 11, VPB is not required to make general allowance for balances with and loans to other CIs.

### (E) Securities held for trading

#### (i) Classification and recognition

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

VPB recognises securities held for trading on the date that VPB becomes a party under purchase contracts for these securities (trade date accounting).

#### (ii) Measurement

Debt securities held for trading are recognized at cost less allowance for securities held for trading, including allowance for diminution in value of securities and allowance for credit losses of unlisted bonds (if any).

Allowance for diminution in value of securities is determined based on market value. The market value of Government bonds, municipal bonds is the latest transaction price at the Stock Exchange within 10 days up to the reporting date. In case of no transaction within 10 days of the reporting date, VPB does not make allowance for this investment.

The allowance for securities held for trading is reversed if their price or their recoverable value subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance needs to be made.

#### (iii) De-recognition

VPB derecognises securities held-for-trading when the contractual rights to the cash flows from these securities have been terminated or when the significant risks and rewards of ownership of these securities have been transferred.

### (F) Investment securities

#### (i) Classification and recognition

Investment securities include available-for-sale securities and held-to-maturity securities. Available-for-sale securities are debt securities or equity securities, which are held for an indefinite period and may be sold at any time once they are profitable. Held-to-maturity investment securities are debt securities with fixed maturities and fixed or determinable payments, where VPB has the positive intention and ability to hold until maturity.

VPB classifies investment securities at the date of acquisition. According to Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 of the SBV, VPB is allowed to reclassify investment securities for a maximum of one time after the date of acquisition.

VPB recognises investment securities on the date that VPB becomes a party under purchase contracts for these securities (trade date accounting).

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR**

ended 31 December 2021 (continued)

### **(ii) Measurement**

#### **Equity securities**

Equity investment securities are initially recorded at cost including purchase cost plus other directly attributable costs such as brokerage fees, transaction fees, information fees and bank charges (if any). They are subsequently recognised at the lower of book value and the market value with the impairment loss recognised in the consolidated statement of income.

The market value of listed equity securities is the closing price on a nearest day having transactions to the balance sheet date.

#### **Debt securities**

Debt investment securities are initially stated at cost including transaction costs and other directly attributable costs. They are subsequently recognised at amortised cost (affected by premium/discount amortisation) less allowance for investment securities including allowance for credit losses and allowance for diminution in value of securities. Premium and discounts arising from purchases of debt securities are amortised to the consolidated statement of income on a straight-line basis over the period from acquisition date to maturity date.

Allowance for diminution in value of securities is determined based on market value. The market value of Government bonds, municipal bonds, debt securities issued by other credit institutions is the latest transaction price at the Stock Exchange within 10 days up to the balance sheet date. In case of no transaction within 10 days of the balance sheet date, VPB does not make allowance for this investment.

Allowance for credit losses on corporate bonds which are not listed on the stock market or not registered on the unlisted public companies market is made in accordance with Circular 02 and Circular 09 as described in Note 4(j).

The allowance for investment securities is reversed if their price or their recoverable value subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance needs to be made.

Interest income from debt securities and equity securities after the acquisition date is recognised in the consolidated statement of income when the income is received. Accrued interest incurred before VPB purchases the securities will be deducted from carrying amount, corresponding to interest receivable account.

### **(iii) De-recognition**

VPB derecognises investment securities when the contractual rights to the cash flows from these securities expired or when the significant risks and rewards of ownership of these securities have been transferred.

### **(G) Re-purchase and reverse re-purchase contracts**

Securities sold under agreements to repurchase at a specific date in the future 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

Securities purchased under agreements to resell at a specific date in the future are not recognized in the consolidated financial statements. The corresponding cash paid under these agreements is recognized as a loan in the consolidated 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.

### (H) Long-term investments

#### (i) Other long-term investments

Other long-term investments are investments in the equity of other companies without having control or significant influence. These long-term investments are initially recognised at cost at the date of acquisition, and subsequently stated at cost less allowance for diminution in the value of investments.

#### (ii) Allowance for diminution in value of long-term investments

At the end of accounting period, if the other long-term investments are impaired compared to the carrying value, VPB will make allowance for diminution in the value of other long-term investment according to the financial statements of the investee at the same time with VPB's financial statements, allowance for diminution in the value of other long-term investment is calculated according to the following formula:

$$\text{Allowance for diminution in value of each investment} = \text{Percentage of invested amount (\% of VPB in the entity at the reporting date)} \times \left( \text{Total invested amount of all parties in the entity at the reporting date} - \text{Owners' equity of the entity at the reporting date} \right)$$

In case the investee does not prepare the financial statement at the same report date with VPB, VPB will not make a allowance for diminution in the value of long-term investment.

Allowance is reversed when the recoverable amount of the investment increases after the allowance is made. Allowance is reversed up to the gross value of the investment before the allowance is made.

#### (i) Loans to customers

Loans to customers are stated in the consolidated balance sheet at the amount of the principal outstanding at the end of the accounting period.

Allowance for loans to customers is recorded and stated in a separate line in the consolidated balance sheet. Allowance for credit losses comprises specific allowance and general allowance.

Short-term loans are those with maturity term of up to one year from the loan disbursement date. Medium-term loans are those with maturity from more than one year to five years of the loan disbursement date. Long-term loans are those with maturity term of more than five years from the loan disbursement date.

VPB derecognises loans when the contractual rights to the cash flows from these loans expire or when substantially all the risks and rewards of ownership of these loans have been transferred.

Debt classification and allowance for credit losses on loans to customers are made in accordance with Circular 11 as described in Note 4(j).

**(J) Debt classification and the rate and method of making allowance for credit losses**

**(i) Debt classification and specific allowance for credit losses**

*Before 1 October 2021*

Debt classification for term deposits with and loans to other credit institutions, unlisted corporate bonds, loans and advances to customers, and entrusted loans (collectively referred to as "debts") and other debts sold but not yet collected is made in accordance with the quantitative method is implemented monthly using the method based on the quantitative element as stipulated in Article 10 of Circular 02. VPB determines specific allowance for credit risks based on the allowance rates corresponding to debt classification results and loan principals balance less the value of collateral assets. Specific allowance as at 31 December is determined based on the debt classification and outstanding balance of loans as at 30 Nov.

*From 1 October 2021*

Debt classification for term deposits with and loans to other credit institutions (except demand deposits), direct and entrusted investment in unlisted corporate bonds, loans and advances to customers; entrusted loans; buy and selling debts; repos of government bonds in the stock market; purchases of promissory notes, treasury bills and certificates of deposit issued by other credit institutions and foreign bank branches (collectively referred to as "debts") and other debts sold but not yet collected is made in accordance with the quantitative method as stipulated in Article 10 of Circular 11.

According to Circular 11, VPB determines specific allowance for credit risks based on the allowance rates corresponding to debt classification results and loan principals balance less the value of collateral assets. Specific allowance as at 31 December is determined based on the debt classification and outstanding balance of loans as at 31 December. The rates of specific allowance for specific loan groups are as follows:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

GROUP		OVERDUE STATUS	RATE OF ALLOWANCE
1	Current debts	(a) Current debts being assessed as fully and timely recoverable, both principal and interest; or (b) Debts being overdue for less than 10 days and being assessed as fully recoverable, both overdue principal and interest, and fully and timely recoverable, both remaining principal and interest.	0%
2	Special mentioned debts	(a) Debts being overdue up to 90 days; except those prescribed in point (b) of Current debts; or (b) Debts with first-time adjusted repayment terms that are unmatured.	5%
3	Sub-standard debts	(a) Debts being overdue between 91 days and 180 days; or (b) Debts having terms of repayment extended for the first time which is unmatured; or (c) Debts having exempt or reduced interest because customers are not able to pay the interest according to the credit contract; or (d) Debts falling in one of the following cases that have not yet been recovered within less than 30 days from the effective dates of recovery decisions: ▶ Debts having violated regulations specified in Points 1, 3, 4, 5, 6 of Article 126 of Laws on Credit Institutions; or ▶ Debts having violated regulations specified in Points 1, 2, 3, 4 of Article 127 of Laws on Credit Institutions; or ▶ Debts having violated regulations specified in Points 1, 2, 5 of Article 128 of Laws on Credit Institutions. (e) Debts falling within the recovery periods under inspection and examination conclusions; or (f) Debts that need to be recovered under premature debt recovery decisions of credit institutions or foreign bank branches due to borrowers' breach of agreements with them, but are not yet recovered within a period of less than 30 days from the effective dates of recovery decisions.	20%
4	Doubtful debts	(a) Debts being overdue from 181 days to 360 days; or (b) Debts with first-time rescheduled repayment terms that are up to 90 days past due from the first-time rescheduled maturity dates; or (c) Debts/loans with second-time rescheduled repayment terms that are unmatured; or (d) Debts referred to in point (d) of Sub-standard debts that are not yet been recovered in 30 and 60 days from the effective dates of recovery decisions; or (e) Debts that need to be recovered under inspection and examination conclusions, but are not yet recovered in up to 60 days after expiry of the recovery deadlines; or (f) Debts that need to be recovered under premature debt recovery decisions of credit institutions or foreign bank branches due to borrowers' breach of agreements with them, but are not yet recovered in 30 and 60 days from the effective dates of recovery decisions.	50%
5	Loss debts	(a) Debts being overdue more than 360 days; or (b) Debts/loans with first-time rescheduled repayment terms that are from 91 days or more past due from the first-time rescheduled maturity dates; or (c) Debts having rescheduled terms of repayment for the second time and being overdue according to the second reschedule terms of repayment; or (d) Debts having rescheduled terms of repayment for the third time or more; or (e) Debts specified in point (d) of Sub-standard debts not yet collected over 60 days since the issuance date of recovery decision; or (f) Debts that need to be recovered under inspection and examination conclusions, but are not yet recovered in more than 60 days after expiry of the recovery deadlines; or (g) Debts that need to be recovered under premature debt recovery decisions of credit institutions or foreign bank branches due to borrowers' breach of agreements with them, but are not yet recovered in more than 60 days from the effective dates of recovery decisions; or (h) Debts of borrowers that are credit institutions put under special control, or foreign bank branches of which capital and assets are frozen.	100%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

Payments on behalf arising from balance sheet commitments are classified based on the number of overdue days, starting from the date when VPB committed obligations:

- ▶ Group 3 – Sub-standard loans: overdue for less than 30 days;
- ▶ Group 4 – Doubtful loans: overdue for between 30 days and less than 90 days;
- ▶ Group 5 – Loss loans: overdue for 90 days or more.

In case where a customer has more than one loan with VPB, if a loan is classified to a higher risk group, VPB is required to classify the other loans of that customers to that higher risk loan group.

When VPB participates in a syndicated loan to a customer not as a lead bank, VPB classifies loans (including the syndicated loan) of the customer to a higher risk group of the risk assessment made by the lead bank and made by VPB.

VPB also collects loan classification results of the customers provided by the Credit Information Center of the SBV ("CIC") at the date of loan classification to adjust its own classification of loans. If a customer's loans and off-balance sheet commitments are classified in a loan group that has a lower risk than the loan groups provided in CIC's list, VPB shall adjust its classification of loans and off-balance commitments following the loan groups provided by CIC.

### Before 17 May 2021

VPB adopted Circular No. 01/2020/TT-NHNN dated 13 March 2020 ("Circular 01") issued by the SBV on providing regulations on restructuring of loan repayment periods, exemption/reduction of interest/fees and keeping loan groups unchanged to assist customers affected by the COVID-19 pandemic. Accordingly, for customers with the principal and/or interest arising during the period from 23 January 2020 to the day after 03 months after the day on which the Prime Minister declares the end of the COVID-19 outbreak; and the borrower is unable to repay the principal and/or interest on schedule under the loan agreement due to decrease in revenue or income caused by COVID-19 pandemic, VPB is allowed to reschedule loan repayment periods, grant exemption/reduction of interest/fees and loan groups are kept unchanged from those classified at the most recent date prior to 23 January 2020.

### From 17 May 2021 to 7 September 2021

VPB has adopted Circular No. 03/2021/TT-NHNN dated 2 April 2021 ("Circular 03") issued by the SBV on amending and supplementing to some articles of Circular 01. Accordingly, for debts granted before 10 June 2020 and incurred principal and/or interest during the period from 23 January 2020 to 31 December 2021, and the borrower is unable to repay the principal and/or interest on schedule under the loan agreement due to decrease in revenue or income caused by COVID-19 pandemic, VPB is allowed to reschedule loan repayment periods, grant exemption/reduction of interest/fees and loan groups are kept unchanged as follows:

DEBTS GRANTING	DEBTS INCURRED PRINCIPAL AND/OR INTEREST	OVERDUE STATUS	OVERDUE TIME	DEBTS CLASSIFICATION
Before 23/1/2020		Not overdue or overdue for less than 10 days	From 29/3/2020 to before 31/12/2021	Loan groups are kept unchanged from those classified at the most recent date prior to 23 January 2020
		Overdue	From 23/1/2020 to 28/3/2020	
From 23/1/2020 to before 10/6/2020	From 23/1/2020 to 31/12/2021	Not overdue or overdue up to 10 days	From 17/5/2021 to before 31/12/2021	Loan groups are kept unchanged from those classified at the most recent date prior to the date of being restructured repayment term for the first time
		Overdue	From 23/1/2020 to before 17/5/2021	Loan groups are kept unchanged from those classified at the most recent date prior to the date of being overdue



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### From 7 September 2021

VPB has adopted Circular No.14/2021/TT-NHNN dated 7 September 2021 issued by the SBV on amending and supplementing to some articles of Circular 01. Accordingly, for debts granted before 1 August 2021 and incurred principal and/or interest during the period from 23 January 2020 to 30 June 2022, and the borrower is unable to repay the principal and/or interest on schedule under the loan agreement due to decrease in revenue or income caused by COVID-19 pandemic, VPB is allowed to reschedule loan repayment periods, grant exemption/reduction of interest/fees and loan groups are kept unchanged as follows:

DEBTS GRANTING	DEBTS INCURRED PRINCIPAL AND/OR INTEREST	OVERDUE STATUS	OVERDUE TIME	DEBTS CLASSIFICATION
Before 23/1/2020		Not overdue or overdue up to 10 days	From 30/3/2020 to 30/6/2022	Loan groups are kept unchanged from those classified at the most recent date prior to 23 January 2020
From 23/1/2020 to before 1/8/2021		Not overdue or overdue up to 10 days	From 17/05/2021 to before 17/7/2021 or from 7/9/2021 to 30/6/2022	Loan groups are kept unchanged from those classified at the most recent date prior to the date of being restructured repayment term for the first time
Before 23/1/2020	From 23/1/2020 to 30/6/2022	Overdue	From 23/1/2020 to 29/3/2020	Loan groups are kept unchanged from those classified at the most recent date prior to 23 January 2020
From 23/1/2020 to before 10/6/2020		Overdue	From 23/1/2020 to before 17/5/2021	Loan groups are kept unchanged from those classified at the most recent date prior to the date of being overdue
From 10/6/2020 to before 1/8/2021		Overdue	From 17/7/2021 to before 7/9/2021	

Moreover, VPB shall determine and record the additional allowance for total debts of borrowers, including debts are rescheduled or granted interest exemption or reduction according to debts classification under Circular 11 (if not keeping loan groups unchanged according to Circular 01, Circular 03, and Circular 14) as follows:

ADDITIONAL ALLOWANCE	DEADLINE
At least 30% of the total difference of specific allowance if not applying the policy on keeping debt groups unchanged under Circular 03	Until 31 December 2021
At least 60% of the total difference of specific allowance if not applying the policy on keeping debt groups unchanged under Circular 03	Until 31 December 2022
100% of the total difference of specific allowance if not applying the policy on keeping debt groups unchanged under Circular 03	Until 31 December 2023

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

Since 26 October 2020, the Bank has adopted Official Letter No. 7751/NHNN-TD ("Official Letter 7751") issued by the SBV, providing regulations on assisting customers to overcome consequences caused by floods in the Central and Central Highlands regions by restructuring loan repayment periods, exemption/reduction of interest/fees, new lending and other supports. VPB restructured and wrote-off loans in accordance with Decree No. 55/2015/ND-CP dated 9 June 2015 ("Decree 55"), Decree No. 116/2018/ND-CP dated 7 September 2018 by the Government on credit policies for agriculture and rural development, Circular No. 10/2015/TT-NHNN dated 22 July 2015, Circular No. 25/2018/TT-NHNN dated 24 October 2018 by the SBV providing guidance on certain contents of Decree 55. Accordingly, VPB is allowed to reschedule debt repayment periods and debt groups are kept unchanged for those customers who are impacted by floods in the Central and Central Highlands regions.

### (ii) **General allowance for credit losses**

According to Circular 11, general allowance is also required at the rate of 0.75% of total balance of debts balance, except for the balances with other credit institutions, foreign bank branches in accordance with law and at overseas credit institutions; lending, termed purchase of valuable papers among credit institutions and foreign bank branches in Vietnam; purchase of promissory notes, treasury bills, certificates of deposit or bonds issued by credit institutions and foreign bank branches onshore; repos of government bonds and debts classified into the loss group. For these separate consolidated statements, general allowance is calculated based on loan classification and loan principal outstanding balance as at 31 December.

### (iii) **Write-off of bad debts**

According to Circular 11, VPB writes off bad debts in the following cases:

- ▶ Borrowers who are dissolved, bankrupted under legal regulations (in case of legal entities); or are deceased or missing (in case of individuals);
- ▶ Debts are classified into Group 5.

Debts written-off against allowance are recorded as off-balance sheet items for following up and collection. The amounts collected from the debts previously written-off are recognised in the consolidated statement of income upon receipt.

### (iv) **Off-balance sheet commitments**

According to Circular 11, the classification of off-balance sheet credit commitments is conducted solely for risk management, credit quality supervision of credit granting activities. No allowance is made for off-balance sheet credit commitments, except where VPB has been required to made payment under the guarantee contract, in which case the payment on behalf is classified and allowance is made for in accordance with policy in Note 4(j).

## (K) **Debts purchased**

The accounting treatment for debts purchased are in accordance with Circular No. 09/2015/TT-NHNN issued by the SBV prescribing the purchase and sale of debts by credit institutions and foreign bank branches.

Debts purchased are initially recorded at purchase price and subsequently presented at cost less allowance for credit losses. Price of debts purchased is the settlement amount to be paid by the buyer under the debt purchase contract.

Debts purchased are initially classified in the risk group which is not lower than the risk group of the debts before the purchase. Subsequently, debts purchased are classified and provided for credit losses similar to normal loans to customers in accordance with Circular 11.

Interest income is recognised in the consolidated statement of income on an accrual basis, except for the interest arising before VPB purchases the debts which is deducted from the purchase price

**(L) Derivative financial instruments**

**(i) Currency forward and swap contracts**

VPB involves in currency forward contracts and currency swap contracts to facilitate customers to transfer, adjust or reduce foreign exchange risks and other market risks, also for the business purposes of VPB.

Currency forward contracts are commitments to buy or sell an amount of foreign currency at a specified interest rate at specified transaction date and will be paid at a specific point of time in the future. The forwards contracts are recorded at nominal value at the transaction date and are revalued at effective exchange rate at the reporting date and are stated at net value in the consolidated balance sheet. Differences between the amounts in VND of the foreign currency amounts which are committed to buy or sell at forward rate and spot rate are recognised in the consolidated statement of income on a straight-line basis over the term of the contracts.

The currency swap contracts are commitments to buy or sell the same amount of foreign currency (only two currencies are used in the transaction) with the same partner, in which there is a transaction with the spot payment term and a transaction with a payment period determined in the future, or two transactions with the spot payment term and the rate of the two transactions is determined at the time of determination of spot transaction. Premiums/discounts arising from the difference of the spot exchange rate at the effective date of the contracts and the forward exchange rate will be recognised immediately on the effective date of the contracts as an asset if they are positive or as a liability if they are negative in the consolidated balance sheet. This difference is amortised to the consolidated statement of income on a straight-line basis over the term of the swap contracts.

**(ii) Interest rate swap contracts**

Interest swap contracts are commitments to settle in cash the notional principal amounts at the interest amount based on floating or fixed interest rates. Income earned and expenses incurred are recognised in the consolidated statement of income on an accrual basis.

**(M) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated statement of income during the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

- ▶ Buildings and structures 5 – 40 years
- ▶ Machines and equipment 3 – 7 years
- ▶ Means of transportation 6 years
- ▶ Office equipment 3 – 5 years
- ▶ Other tangible fixed assets 3 – 5 years

**(N) Intangible fixed assets**

**(i) Software**

The cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis ranging from 2 to 14 years.

**(ii) Land use rights**

Land use rights comprise:

- ▶ Those granted by the State for which land use payments are collected or those acquired in a legitimate transfer (including definite land use right and indefinite land use right).
- ▶ Rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use right certificate issued by competent authorities.

Definite land use rights are stated at cost less accumulated amortization. Indefinite land use rights are stated at cost and are not amortised.

The cost of fixed assets being land use rights determined is the total amount paid to have the legal land use right plus (+) costs of site clearance, ground leveling, registration fee (excluding costs for building works on land) or the value of land use right received as contributed capital.

**(O) Other assets**

Other assets that are classified as assets with credit risk are stated at cost. The Bank conducts classification and makes allowance similarly to those of loans to customers as described in Note 4(j). The allowance for losses is recorded in "Allowance expenses" during the year.

Other assets that are not classified as assets with credit risk receivables are subject to assessment of allowance for credit losses based on overdue date of debts or estimated loss arising from undue debts of which the indebted economic organisations are bankrupt or undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have died. Increases or decreases to the allowance balance are recorded in "operating expenses" in the year.

Allowance for overdue debts is made at the following allowance rates:

OVERDUE PERIOD	RATE OF ALLOWANCE
▶ From six (06) months to less than one (01) year	30%
▶ From one (01) year to less than two (02) years	50%
▶ From two (02) years to less than three (03) years	70%
▶ Over three (03) years	100%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### **(P) Deposits from customers**

Deposits from customers are stated at their cost.

### **(Q) Deposits and borrowings from other CIs, other FIs**

Deposits and borrowing from other CIs, other FIs are stated at their cost.

### **(R) Valuable papers issued**

Valuable papers issued are stated at cost less amortised premiums or discounts. Cost of valuable papers issued includes the proceeds from the issuance less directly attributable costs.

### **(S) Other payables**

Other payables are stated at their cost.

### **(T) Share capital**

#### **(i) Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

#### **(ii) Share premium**

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

#### **(iii) Treasury shares**

*Before 1 January 2021*

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.

*From 1 January 2021*

Treasury shares are recognised in respect of repurchased shares which are aggregated fractions of share arising when the company issues shares to pay dividends or issues shares from equity reserves in accordance with an approved issuance plan, or repurchased odd-lots of shares as requested by the shareholders. In all other cases, when shares recognized as equity are repurchased, their par value amount is recognized as a reduction to share capital. The difference between the par value and the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is included in share premium.

This change in accounting policy has been applied prospectively from 1 January 2021 due to change in applicable laws and regulations on buying back shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### (U) Reserves and funds

#### (i) Reserves and funds of the Bank and VPB SMBC FC

According to Decree No. 93/2017/ND-CP dated 7 August 2017 issued by the Government of Vietnam providing regulations on the financial regime applicable to credit institutions, the Bank and VPB SMBC FC are required to make the following reserves before distribution of profits:

	ANNUAL ALLOCATION	MAXIMUM BALANCE
Reserve to supplement charter capital	5% of profit after tax	100% of charter capital
Financial reserve	10% of profit after tax	Not stipulated

The financial reserve is used to cover losses incurred during the normal course of business. The financial reserve and the reserve to supplement share capital are not used to pay dividends to shareholders or distribute profits to owners or capital contributors and are classified as equity.

Other equity funds are allocated from profit after tax. The allocation from profit after tax and the utilisation of the other equity funds are approved in the General Meeting of Shareholders. These funds are not required by law and are fully distributable.

#### (ii) VPB AMC

According to Circular No. 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance, the allocations to reserves before distribution of retained profits are made by VPB AMC the same as that of the parent bank. Reserves and other equity funds are made from profit after tax at year-end.

According to Circular No. 200/2014/TT-BTC, since fiscal year starting from or after 1 January 2015, VPB AMC doesn't make financial reserve.

### (V) Revenue

#### (i) Interest income

Interest income is recognised in the consolidated statement of income on an accrual basis, except for interest on debts classified in Group 2 to Group 5 as described in Note 4(j), debts classified in Group 1 but specific allowance provided and restructured debts kept unchanged in Group 1 as a result of adoption of the State's policies. Interest receivable on these debts will be derecognised and recorded as off-balance sheet items. Interest on these debts are recognised in the consolidated statement of income upon receipt.

#### (ii) Fee and commission income

Fees and commissions are recognised in the consolidated statement of income upon completion of the services rendered.

#### (iii) Income from investing activities

Income from sale of securities is recognised in the consolidated statement of income upon receipt of the order matching notice from Vietnam Securities Depository (listed securities) and completion of the assets transfer agreement (unlisted securities) and is determined based on the differences between selling price and specific identification cost of securities sold.

Dividend income in the form of cash is recognised in the consolidated statement of income when VPB's right to receive dividend is established. Dividends received in the form of shares, bonus shares and rights to purchase shares given to existing shareholders, shares distributed from retained earnings are not recognised as an increase in investment and such dividend income is not recognised in the consolidated statement of income. When share dividends are received, VPB only recognises an increase in the number of shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

Dividends received which are attributable to the period before acquisition date are deducted against the carrying amount of the investment.

### **(W) Interest expenses**

Interest expenses are recognised in the consolidated statement of income on an accrual basis.

### **(X) Fee and commission expenses**

Fee and commission expenses are recognised in the consolidated statement of income when these expenses are incurred.

### **(Y) Operating lease payments**

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

### **(Z) Taxation**

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of the accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## **(AA) Related parties**

Related parties of VPB include:

- ▶ Management or members of the Board of Supervision of VPB;
- ▶ Individuals or organisations that hold at least 5% of charter capital or share capital with voting rights of VPB;
- ▶ Wives, husbands, parents, children, and siblings of managers or members of the Board of Supervision, capital contributors or shareholders who hold at least 5% of charter capital or share capital with voting rights of VPB;
- ▶ Enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described above or over which such a person is able to exercise significant influence. This case includes businesses owned by VPB's leaders or key shareholders and those businesses that have a key managing member with VPB;
- ▶ Representatives for VPB's paid-in capital and shares.

## **(BB) Commitments and contingent liabilities**

At any point of time, VPB has outstanding credit commitments. These commitments are approved and unutilised loans and overdraft facilities. The Bank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the contingent liabilities and commitments will expire without any advanced payment, in whole or in part. Therefore, these commitments and contingent liabilities do not necessarily represent expected future cash flows.

## **(CC) Basic earnings per share**

VPB presents basic earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of VPB by the weighted average number of ordinary shares outstanding during the year.

As at 31 December 2021 and for the year then ended, VPB has no potential ordinary shares hence disclosure for diluted EPS is not applicable.

## **(DD) Segment reporting**

A segment is a distinguishable component of VPB that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. VPB's primary format for segment reporting is based on business segments.

## **(EE) Nil balances**

Items or balances required by Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 ("Decision 16") of the SBV's Governor promulgating the regulation on financial reporting regime applicable to Credit institutions and Circular No. 49/2014/TT-NHNN dated 31 December 2014 ("Circular 49") of the SBV's Governor on amending and supplementing a number of articles of the regulation on financial reporting regime applicable to credit institutions accompanying Decision 16, Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 and the chart of accounts of credit institutions accompanying the Decision that are not shown in these consolidated financial statements indicate nil balances.



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR**

ended 31 December 2021 (continued)

### **(FF) Employee benefits**

#### **(i) Post-employment benefits**

Retired employees of VPB receive post-employment benefits from the Social Insurance Agency which belongs to the Ministry of Labor, Invalids and Social Affairs. VPB are required to contribute to these post-employment benefits by an amount at the rate of 17.5% of an employee's gross monthly salary under regulations. Other than that, VPB have no further obligation. Expenses for contribution of post employment benefits are recorded in the consolidated statement of income whenever contribution obligation incurs.

#### **(ii) Severance allowance**

VPB has the obligation, under Article 48 of the Vietnam Labor Code No. 10/2012/QH13 effective from 1 May 2013, to pay severance allowance for voluntary resignation of employees, equal to a half of monthly 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 Year up to the resignation date. Provision for severance allowance has been provided based on employees' years of service and their average salary for the six-month period prior to the end of the accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by VPB are excluded.

#### **(iii) Unemployment insurance**

According to Circular No. 28/2015/TT-BLĐTBXH on guidelines for Article 52 of the Law on Employment and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government on guidelines for the Law on Employment in term of unemployment insurance, VPB 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. Expenses for contribution of unemployment insurance benefits are recorded in the consolidated statement of income whenever contribution obligation incurs.

### **(GG) Financial instruments**

Solely for the purpose of providing disclosures about the significance of financial instruments to VPB's financial position and results of operations and the nature and extent of risk arising from financial instruments, classifies its financial instruments as follows:

#### **(i) Financial assets**

*Financial assets at fair value through profit or loss:*

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- ▶ It is considered by management as held for trading. A financial asset is classified as held for trading if it meets either of the following conditions:
  - It is acquired principally for the purpose of selling it in the near term;
  - There is evidence of a recent pattern of short-term profit-taking; or
  - A derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- ▶ Upon initial recognition, it is designated by VPB as financial assets at fair value through profit or loss.

*Held-to-maturity investments:*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that VPB has the positive intention and ability to hold to maturity, other than:

- ▶ Financial assets that, upon initial recognition, were categorised by VPB as financial assets at fair value through profit or loss;
- ▶ Financial assets already categorised by VPB as assets that available for sale; or
- ▶ Financial assets that meet the definitions of loans and receivables.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- ▶ That the Bank intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as financial assets at fair value through profit or loss;
- ▶ That the Bank, upon initial recognition, designates as available-for-sale; or
- ▶ For which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as assets available-for-sale.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as:

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

**(ii) Financial liabilities**

*Financial liabilities at fair value through profit or loss*

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- ▶ It is considered by management as held for trading. Financial liability is classified as held for trading if:
  - It is incurred principally for the purpose of repurchasing it in the near term;
  - There is evidence of a recent pattern of short-term profit-taking; or
  - A derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- ▶ Upon initial recognition, it is designated by the Bank as financial liabilities at fair value through profit or loss.

*Financial liabilities carried at amortised cost*

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the financial instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 5. CASH AND GOLD ON HAND

	31/12/2021 VND million	31/12/2020 VND million
Cash on hand in VND	2,041,617	2,145,363
Cash on hand in foreign currencies	222,998	1,110,882
Monetary gold	81,118	26,311
	2,345,733	3,282,556

### 6. BALANCES WITH THE STATE BANK OF VIETNAM

These consist of a compulsory reserve requirement for liquidity and a current account.

	31/12/2021 VND million	31/12/2020 VND million
<b>Balances with the SBV</b>		
▶ Current account and compulsory reserve in VND	8,340,980	5,553,676
▶ Current account and compulsory reserve in foreign currencies	2,519,750	225,934
	10,860,730	5,779,610

Under the SBV's regulations relating to the compulsory reserve, banks are permitted to maintain a floating balance for the compulsory reserve requirement ("CRR"). The monthly average balance of the reserves must not be less than CRR rates multiplied by the preceding month's average balances of deposits at VPB.

CRR rates at the end of the year were as follows:

DEPOSITS IN SCOPE	CRR RATES	
	31/12/2021	31/12/2020
<b>Preceding month average balances of:</b>		
▶ Deposits with term of less than 12 months in foreign currencies	8.00%	8.00%
▶ Deposits with term of and more than 12 months in foreign currencies	6.00%	6.00%
▶ Deposits in VND with term of less than 12 months	3.00%	3.00%
▶ Deposits in VND with term of and more than 12 months	1.00%	1.00%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 7. BALANCES WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	31/12/2021 VND million	31/12/2020 VND million
<b>Current accounts</b>		
Current accounts in VND	5,434,129	1,548,010
Current accounts in foreign currencies	3,738,981	892,215
<b>Term deposits</b>		
Term deposits in VND	27,092,880	3,350,000
Term deposits in foreign currencies	4,063,740	8,038,800
	40,329,730	13,829,025
<b>Loans to other credit institutions ("CIs")</b>		
Loans in VND	16,858,044	5,725,783
▶ <i>In which: discounted, re-discounted</i>	6,891,839	-
Allowance for loans to other CIs	(83,146)	-
	16,774,898	5,725,783
	57,104,628	19,554,808

Balances with and loans to other CIs by groups at the end of the year were as follows:

	31/12/2021 VND million	31/12/2020 VND million
Current	47,931,518	17,114,583
Loss	83,146	-
	48,014,664	17,114,583

Annual interest rates at the end of the year were as follows:

	31/12/2021 %/year	31/12/2020 %/year
Term deposits in VND	0.90% - 3.5%	0.10% - 3.85%
Term deposits in foreign currencies	0.01% - 0.25%	0.15% - 0.70%
Loans in VND	0.85% - 5.03%	0.60% - 5.50%
Loans in foreign currencies	Not applicable	Not applicable

Movements in allowance for loans to other CIs during the year were as follows:

	2021 VND million	2020 VND million
Opening balance	-	-
Allowance reversed during the year (Note 38)	83,146	-
Closing balance	83,146	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 8. SECURITIES HELD FOR TRADING

	31/12/2021 VND million	31/12/2020 VND million
Debt securities issued by the Government or local authority	7,005,061	493,214
Allowance for securities held for trading (i)	(34,120)	-
	6,970,941	493,214

**(i) Movements in allowance for securities held for trading during the year were as follows:**

	2021 VND million	2020 VND million
Opening balance	-	4,549
Allowance reversed during the year (Note 33)	34,120	(4,549)
Closing balance	34,120	-

Listing status at the end of the year were as follows:

	31/12/2021 VND million	31/12/2020 VND million
Listed bonds	7,005,061	493,214

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 9. DERIVATIVES AND OTHER FINANCIAL ASSETS/(LIABILITIES)

Details of financial derivatives at the end of the year were as follows:

	TOTAL CONTRACT NOMINAL VALUE (AT EXCHANGE RATE OF THE EFFECTIVE DATE OF THE CONTRACT)	TOTAL CARRYING VALUE (AT EXCHANGE RATE AT THE END OF THE YEAR)		
		CASH IN-FLOW	CASH OUT-FLOW	NET VALUE
	VND million	VND million	VND million	VND million
<b>As at 31 December 2021</b>				
Currency derivative financial instruments	62,203,676	62,008,819	(62,130,697)	(121,878)
<i>Currency forward contracts</i>	4,226,245	4,217,062	(4,201,864)	15,198
<i>Currency swap contracts</i>	57,977,431	57,791,757	(57,928,833)	(137,076)
Other financial derivatives	61,319,521	53,798,063	(53,572,886)	225,177
	123,523,197	115,806,882	(115,703,583)	103,299
<b>As at 31 December 2020</b>				
Currency derivative financial instruments	62,330,973	61,820,905	(62,106,078)	(285,173)
<i>Currency forward contracts</i>	5,660,822	5,657,466	(5,602,537)	54,929
<i>Currency swap contracts</i>	56,670,151	56,163,439	(56,503,541)	(340,102)
Other financial derivatives	70,770,746	30,611,636	(30,466,288)	145,348
	133,101,719	92,432,541	(92,572,366)	(139,825)

### 10. LOANS TO CUSTOMERS

	31/12/2021 VND million	31/12/2020 VND million
Loans to economic entities and individuals	330,494,713	270,633,257
Loans on discounting negotiable instruments and valuable papers	292,972	246,532
Payments on behalf of customers	29,923	30,083
Loans granted from borrowed and entrusted funds	170,341	268,439
Other loans	24,293,270	19,637,775
	355,281,219	290,816,086

Loan portfolio by loan groups was as follows:

	31/12/2021 VND million	31/12/2020 VND million
Current	322,226,418	265,902,470
Special mention	16,810,638	14,989,428
Sub-standard	6,662,218	6,024,814
Doubtful	7,535,242	1,823,719
Loss	2,046,703	2,075,655
	355,281,219	290,816,086

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

Loan portfolio by term was as follows:

	<b>31/12/2021</b> <b>VND million</b>	<b>31/12/2020</b> <b>VND million</b>
Short-term loan	135,801,184	102,019,331
Medium-term loan	140,081,594	126,492,662
Long-term loan	79,398,441	62,304,093
	<b>355,281,219</b>	<b>290,816,086</b>

Annual interest rates at the end of the year were as follows:

	<b>31/12/2021</b> <b>%/year</b>	<b>31/12/2020</b> <b>%/year</b>
Loan in VND	3.15% - 15.40%	3.20% - 16.30%
Loan in foreign currencies	2.60% - 6.50%	3.00% - 6.50%
Consumer finance loan in VND	34.52%	41.46%

Portfolio of loans to customers by ownerships and customers was as follows:

	<b>31/12/2021</b>		<b>31/12/2020</b>	
	<b>VND million</b>	<b>%</b>	<b>VND million</b>	<b>%</b>
State-owned companies	1,086,930	0.31	1,684,444	0.58
One-member limited liability companies with 100% of State owned capital	281,375	0.08	301,867	0.10
Limited liability companies which have 2 members and above and State holds more than 50% of charter capital, or has the governing power	26,446	0.01	152,910	0.05
Other limited liability companies	66,432,340	18.70	53,620,556	18.44
Joint stock companies which the State holds more than 50% of charter capital or of voting shares, or has the governing power	107,926	0.03	154,507	0.05
Other joint stock companies	91,086,560	25.64	71,371,808	24.54
Partnership	750	0.00	-	-
Private companies	553,435	0.16	529,038	0.18
Foreign invested enterprises	99,576	0.03	316,962	0.11
Cooperatives, cooperative unions	93,417	0.03	82,984	0.03
Business households, individuals	195,511,733	55.01	162,599,837	55.91
Others	731	0.00	1,173	0.01
	<b>355,281,219</b>	<b>100</b>	<b>290,816,086</b>	<b>100</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

Loan portfolio by industry sectors was as follows:

	31/12/2021		31/12/2020	
	VND million	%	VND million	%
Agriculture, forestry and aquaculture	3,807,569	1.07	3,786,880	1.30
Mining	554,164	0.16	927,374	0.32
Manufacturing and processing	16,652,370	4.69	14,266,805	4.91
Electricity, gas, hot water, steam and air-conditioning	2,277,161	0.64	2,803,150	0.96
Water supplying and garbage and sewage treatment and management	174,778	0.05	181,272	0.06
Construction	26,492,203	7.46	24,703,820	8.49
Wholesale and retail trade; repair of motor vehicles, motorcycles	40,136,840	11.30	31,836,141	10.95
Transport, warehouse	6,107,587	1.72	5,899,292	2.03
Hospitality services	8,895,843	2.50	10,017,665	3.44
Information and communications	339,174	0.10	234,725	0.08
Finance and insurance	21,806,591	6.14	7,430,985	2.56
Real estates	42,567,227	11.98	36,924,235	12.70
Science and technology	766,072	0.22	456,384	0.16
Administrative activities and supporting service	944,447	0.27	1,087,771	0.37
The Communist Party, Socio-political unions, state management, security and national defence, compulsory social insurance	6,836	0.00	3,970	0.00
Education and training	166,771	0.05	141,609	0.05
Health care and social work	187,843	0.05	94,361	0.03
Art, playing and recreation	1,584,563	0.45	106,138	0.04
Other service activities	3,513,137	0.99	535,206	0.18
Households services, production of material products and service used by households	123,947,317	34.86	113,042,970	38.88
Loans to individual customers for accommodation purpose and obtain land use rights	54,352,231	15.30	36,334,720	12.49
Activities of international organizations and offices	495	0.00	613	0.00
	355,281,219	100	290,816,086	100

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 11. ALLOWANCE FOR LOANS TO CUSTOMERS

Allowance for loans to customers consists of:

	<b>31/12/2021</b> <b>VND million</b>	<b>31/12/2020</b> <b>VND million</b>
General allowance (i)	2,656,663	2,068,040
Specific allowance (ii)	7,234,274	2,428,644
	<b>9,890,937</b>	<b>4,496,684</b>

**(i) Movements in general allowance for loans to customers were as follows:**

	<b>2021</b> <b>VND million</b>	<b>2020</b> <b>VND million</b>
Opening balance	2,068,040	1,920,435
Allowance made during the year (Note 38)	588,623	147,605
Closing balance	<b>2,656,663</b>	<b>2,068,040</b>

**(ii) Movements in specific allowance for loans to customers were as follows:**

	<b>2021</b> <b>VND million</b>	<b>2020</b> <b>VND million</b>
Opening balance	2,428,644	2,163,659
Allowance made during the year (Note 38)	18,542,262	14,471,773
Allowance used due to selling debts	(37,981)	-
Utilization of allowance to write-off bad debts	(13,698,651)	(14,206,788)
Closing balance	<b>7,234,274</b>	<b>2,428,644</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 12. DEBT PURCHASED

	<b>31/12/2021</b> <b>VND million</b>	<b>31/12/2020</b> <b>VND million</b>
Debts purchased in VND	965,935	260,232
Allowance for debts purchased	(7,245)	(1,952)
	958,690	258,280

Details of outstanding principal and interest of debts purchased were as follows:

	<b>31/12/2021</b> <b>VND million</b>	<b>31/12/2020</b> <b>VND million</b>
Principal	965,935	260,232

Analysis by quality of debts purchased at the end of year was as follows:

	<b>31/12/2021</b> <b>VND million</b>	<b>31/12/2020</b> <b>VND million</b>
Current	965,935	260,232

Movements in allowance for debt purchased for the year were as follows:

	<b>2021</b> <b>VND million</b>	<b>2020</b> <b>VND million</b>
Opening balance	1,952	-
Allowance made during the year (Note 38)	5,293	1,952
Closing balance	7,245	1,952

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 13. INVESTMENT SECURITIES

	31/12/2021 VND million	31/12/2020 VND million
Available-for-sale securities (i)	75,313,521	75,959,904
Held-to-maturity securities (ii)	722,934	854,344
	76,036,455	76,814,248

(i) **Available-for-sale securities consists of:**

	31/12/2021 VND million	31/12/2020 VND million
<b>Debt securities</b>		
▶ Government, municipal bonds	29,846,833	33,571,272
▶ Debt securities issued by other local credit institutions	17,668,917	10,568,514
<i>In which: Government guaranteed bonds</i>	1,407,460	2,431,485
▶ Debt securities issued by local economic entities	27,782,414	31,804,761
<b>Equity securities</b>		
▶ Equity securities issued by local economic entities	15,357	15,357
	75,313,521	75,959,904

Investment securities by listing status at the end of the year were as follows:

	31/12/2021 VND million	31/12/2020 VND million
Listed bonds	31,287,293	36,002,757
Unlisted bonds	42,410,865	34,454,762
Other unlisted valuable papers	1,600,006	5,487,028
Listed equity securities	15,357	15,357
	75,313,521	75,959,904

Analysis by quality of investment securities, which includes promissory notes, treasury bills, certificates of deposit or bond issued by credit institutions and foreign bank branches onshore, unlisted corporate bonds classified as credit risk bearing assets at the end of the year is as follows:

	31/12/2021 VND million	31/12/2020 VND million
Current	44,010,871	34,454,762



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

The term and annual interest of available-for-sale debt securities at the end of year were as follows:

	31/12/2021		31/12/2020	
	Term	Interest rate per annum	Term	Interest rate per annum
Government bonds	5 years - 20 years	1.90% - 9.50%	3 years - 15 years	1.50% - 12.00%
Debt securities issued by other local credit institutions	1 year - 8 years	2.50% - 7.78%	6 months - 5 years	2.80% - 9.00%
Debt securities issued by local economic entities	1 year - 11 years	8.00% - 12.00%	1 year - 11 years	6.00% - 12.00%

### (ii) Held-to-maturity securities consists of:

	31/12/2021 VND million	31/12/2020 VND million
Government bonds	722,934	854,344

The term and annual interest of held-to-maturity debt securities at the end of the year were as follows:

	31/12/2021		31/12/2020	
	Term	Interest rate per annum	Term	Interest rate per annum
Government bonds	5 - 10 years	2.90% - 9.10%	5 - 12 years	2.90% - 9.10%

## 14. ALLOWANCE FOR INVESTMENT SECURITIES

	31/12/2021 VND million	31/12/2020 VND million
Allowance for available-for-sale securities	238,024	328,813

Movements in allowance for available-for-sale securities during the year were as follows:

	2021 VND million	2020 VND million
Opening balance	328,813	151,873
Allowance (reversed)/made during the year (Note 34)	(90,789)	176,940
Closing balance	238,024	328,813

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR**  
ended 31 December 2021 (continued)

## 15. LONG-TERM INVESTMENTS

Portfolio by types of investments was as follows:

	31/12/2021 VND million	31/12/2020 VND million
Other long-term investments - cost (i)	249,731	238,602
Allowance for diminution in the value of long-term investments (ii)	(21)	(21)
	249,710	238,581

(i) Details of other long-term investments at the end of the year were as follows:

	31/12/2021		31/12/2020	
	Cost	(%)	Cost	(%)
	VND million	Owned	VND million	Owned
Sai Gon Port Joint Stock Company	185,276	7.44	185,276	7.44
OPES Insurance Joint Stock Company	60,500	11.00	44,000	11.00
Vietnam Credit Information Joint Stock Company	3,934	3.28	3,934	3.28
ITRACO Transportation Joint Stock Company	21	0.64	21	0.64
Dong Xuan Joint Stock Company	-	-	5,000	10.00
Banking Training and Consultancy Joint Stock Company	-	-	371	5.29
	249,731		238,602	

(ii) Movements in allowance for diminution in the value of long-term investments during the year were as follows:

	2021 VND million	2020 VND million
Opening balance	21	74,177
Allowance reversed in the period (Note 37)	-	(74,156)
Closing balance	21	21

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR**

ended 31 December 2021 (continued)

**16. TANGIBLE FIXED ASSETS****Year ended 31 December 2021**

	Buildings and structures	Machines and equipment	Means of transportation	Office equipment	Others	Total
	VND million	VND million	VND million	VND million	VND million	VND million
<b>Cost</b>						
Opening balance	1,016,630	1,028,706	156,670	126,821	69,314	2,398,141
Additions	509	3,479	21,978	2,321	-	28,287
Disposals	-	(14,135)	(10,355)	(1,930)	(2,882)	(29,302)
Other movements	-	155,349	(42)	6,308	284	161,899
Closing balance	1,017,139	1,173,399	168,251	133,520	66,716	2,559,025
<b>Accumulated depreciation</b>						
Opening balance	93,270	812,228	114,373	104,121	61,986	1,185,978
Charge for the year	26,405	121,415	14,688	16,617	4,767	183,892
Disposals	-	(14,110)	(8,923)	(1,887)	(2,882)	(27,802)
Other movements	-	53	(42)	(11)	-	-
Closing balance	119,675	919,586	120,096	118,840	63,871	1,342,068
<b>Net book value</b>						
Opening balance	923,360	216,478	42,297	22,700	7,328	1,212,163
Closing balance	897,464	253,813	48,155	14,680	2,845	1,216,957

Cost of fully-depreciated tangible fixed assets which are still in active use as at 31 December 2021 is VND879,779 million (31 December 2020: VND694,034 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### Year ended 31 December 2020

	Buildings and structures VND million	Machines and equipment VND million	Means of transportation VND million	Office equipment VND million	Others VND million	Total VND million
<b>Cost</b>						
Opening balance	1,017,311	998,508	162,428	127,342	74,519	2,380,108
Additions	-	10,698	12,282	341	-	23,321
Disposals	(681)	(25,165)	(18,040)	(6,947)	(6,030)	(56,863)
Other movements	-	44,665	-	6,085	825	51,575
Closing balance	1,016,630	1,028,706	156,670	126,821	69,314	2,398,141
<b>Accumulated depreciation</b>						
Opening balance	67,409	710,027	112,969	88,246	58,767	1,037,418
Charge for the year	26,340	127,333	15,861	22,799	9,249	201,582
Disposals	(479)	(25,132)	(14,457)	(6,924)	(6,030)	(53,022)
Closing balance	93,270	812,228	114,373	104,121	61,986	1,185,978
<b>Net book value</b>						
Opening balance	949,902	288,481	49,459	39,096	15,752	1,342,690
Closing balance	923,360	216,478	42,297	22,700	7,328	1,212,163

Cost of fully-depreciated tangible fixed assets which are still in active use as at 31 December 2020 is VND694,034 million (31 December 2019: VND611,069 million).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 17. INTANGIBLE FIXED ASSETS

Year ended 31 December 2021

	Land use rights	Software	Total
	VND million	VND million	VND million
<b>Cost</b>			
Opening balance	65,127	1,286,591	1,351,718
Additions	-	11,090	11,090
Other increases	-	189,595	189,595
Closing balance	65,127	1,487,276	1,552,403
<b>Accumulated amortization</b>			
Opening balance	868	700,183	701,051
Charge for the year	-	195,336	195,336
Closing balance	868	895,519	896,387
<b>Net book value</b>			
Opening balance	64,259	586,408	650,667
Closing balance	64,259	591,757	656,016

Cost of fully-depreciated intangible fixed assets which are still in active use as at 31 December 2021 is VND440,184 million (31 December 2020: VND257,826 million).

Year ended 31 December 2020

	Land use rights	Software	Total
	VND million	VND million	VND million
<b>Cost</b>			
Opening balance	69,147	1,033,336	1,102,483
Additions	-	2,213	2,213
Disposals	(4,020)	-	(4,020)
Other increases	-	251,042	251,042
Closing balance	65,127	1,286,591	1,351,718
<b>Accumulated amortization</b>			
Opening balance	868	521,333	522,201
Charge for the year	-	178,850	178,850
Closing balance	868	700,183	701,051
<b>Net book value</b>			
Opening balance	68,279	512,003	580,282
Closing balance	64,259	586,408	650,667

Cost of fully-depreciated intangible fixed assets which are still in active use as at 31 December 2020 is VND257,826 million (31 December 2019: VND194,190 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 18. OTHER ASSETS

	31/12/2021 VND million	31/12/2020 VND million
Internal receivables	153,154	138,461
External receivables	38,797,967	17,195,533
<i>In which:</i>		
▶ Receivables from usance payable at sight letters of credit (UPAS L/C) (*)	35,569,214	13,990,996
▶ Deposits under economic contracts	749,133	731,258
▶ Credit risk bearing assets	33,063	113,676
▶ Receivables on settlement operation	998,990	178,424
▶ Prepayments to suppliers	214,297	115,979
▶ Other external receivables	1,233,270	2,065,200
Fixed assets acquisition	63,797	74,288
Construction in process expenditure	407	1,069
Interest and fee receivables	4,897,204	5,036,836
Other assets (i)	1,893,820	2,345,902
Allowance for other assets (ii)	(52,327)	(40,278)
	45,754,022	24,751,811

(\*) Receivables from UPAS L/C are receivables from buyers who are VPB's customers for the UPAS L/C letter of credit issued by VPB. Accordingly, the corresponding banks made payment to the beneficiaries of UPAS L/C prior to those letter of credits' matured dates.

Analysis of other assets classified as credit-risk assets by quality at reporting date is as follows:

	31/12/2021 VND million	31/12/2020 VND million
Current	-	113,676
Loss	33,063	-
	33,063	113,676

#### (i) Other assets

	31/12/2021 VND million	31/12/2020 VND million
Materials	10,473	12,242
Prepaid expenses	1,571,506	1,893,821
Foreclosed assets	311,841	439,839
▶ <i>In which: real estate</i>	311,841	439,839
	1,893,820	2,345,902

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### (ii) Allowance for other assets

Allowance for other assets consist of

	31/12/2021 VND million	31/12/2020 VND million
Allowance for credit risk	-	556
▶ General allowance	-	556
Allowance for doubtful debts	52,327	39,722
	52,327	40,278

Movement in allowance for other on-balance sheet assets during the year were as follows:

	2021 VND million	2020 VND million
Opening balance	40,278	28,643
Allowance made during the year	12,049	11,635
In which:		
▶ Allowance (reversed)/made for credit risk bearing assets (Note 38)	(556)	308
▶ Allowance made for doubtful debts (Note 37)	12,605	11,327
Closing balance	52,327	40,278

For the year ended 31 December 2021 and 31 December 2020, VPB had no amount of uncollectible debts written off.

## 19. AMOUNTS DUE TO THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	31/12/2021 VND million	31/12/2020 VND million
Borrowings from the SBV	8,452,993	13,780
Deposits from State Treasury	1,382	440
	8,454,375	14,220

As at 31 December 2021, borrowings from the SBV had a term from 2 weeks to 12 months and interest rate of from 2.50% per annum to 3.30% per annum (31 December 2020: term of 12 months and interest rate of 3.50% per annum).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 20. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS, OTHER FINANCIAL INSTITUTIONS

	31/12/2021 VND million	31/12/2020 VND million
<b>Demand deposits from other CIs</b>		
In VND	3,781,884	7,674
In foreign currencies	18	20
<b>Term deposits from other CIs</b>		
In VND	39,215,499	8,324,250
In foreign currencies	4,109,400	1,039,500
	47,106,801	9,371,444
<b>Borrowings from other CIs, other FIs</b>		
Borrowings from other CIs, other FIs in VND	7,854,569	9,259,665
Borrowings from other CIs, other FIs in foreign currencies (*)	23,784,083	23,782,622
Payables for UPAS L/C	35,873,653	14,097,551
	67,512,305	47,139,838
	114,619,106	56,511,282

(\*) Including USD254 million equivalent to VND5.805.184 million borrowed from International Financial Company IFC (31 December 2020: USD318 million equivalent to VND7,347,290 million).

Annual interest rates at the end of the year were as follows:

	31/12/2021 %/year	31/12/2020 %/year
Term deposits in VND	0.70% - 3.30%	0.10% - 3.85%
Term deposits in foreign currencies	0.10% - 0.25%	0.12%
Borrowings in VND	1.70% - 4.98%	0.75% - 6.50%
Borrowings in foreign currencies	0.47% - 9.00%	0.70% - 8.20%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 21. DEPOSITS FROM CUSTOMERS

	31/12/2021 VND million	31/12/2020 VND million
<b>Demand deposits</b>		
Demand deposits in VND	51,840,603	34,143,854
Demand deposits in foreign currencies	1,163,804	1,345,738
<b>Term deposits</b>		
Term deposits in VND	185,652,557	194,804,424
Term deposits in foreign currencies	2,097,592	2,223,938
<b>Margin deposits</b>		
Margin deposits in VND	796,886	783,043
Margin deposits in foreign currencies	207,222	87,666
<b>Deposits for special purpose</b>		
Deposits for special purposes in VND	16,714	11,598
Deposits for special purpose in foreign currencies	61,650	27,692
	241,837,028	233,427,953

Deposits from customers by types of customers and ownership were as follows:

	31/12/2021		31/12/2020	
	VND million	%	VND million	%
State-owned companies	1,719,830	0.71	2,915,349	1.25
One-member limited liability companies with 100% of State owned capital	1,740,736	0.72	1,641,028	0.70
Limited liability companies which have 2 members and above and State holds more than 50% of charter capital, or has the governing power	101,457	0.04	119,481	0.05
Other limited liability companies	30,411,250	12.58	26,591,293	11.39
Joint stock companies which the State holds more than 50% of charter capital or of voting shares, or has the governing power	4,644,930	1.92	4,292,174	1.84
Other joint stock companies	84,611,437	34.99	71,222,321	30.51
Partnerships	4,558	0.00	7,499	0.00
Private companies	38,041	0.02	33,154	0.01
Foreign invested enterprises	446,133	0.18	1,261,113	0.54
Cooperatives, cooperative unions	137,984	0.06	514,857	0.22
Business households, individuals	114,643,104	47.41	121,299,803	51.96
Administrative units, parties, unions and associations	2,982,130	1.23	3,364,262	1.44
Others	355,438	0.14	165,619	0.09
	241,837,028	100	233,427,953	100

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

Annual interest rates at the end of the year were as follows:

	<b>31/12/2021</b> <b>%/year</b>	<b>31/12/2020</b> <b>%/year</b>
Demand deposits in VND	0.10% - 0.20%	0.20%
Demand deposits in foreign currencies	0.00%	0.00%
Term deposits in VND	0.20% - 10.00%	0.20% - 10.00%
Term deposits in foreign currencies	0.00% - 1.20%	0.00% - 2.40%

## 22. BORROWED AND ENTRUSTED FUNDS

	<b>31/12/2021</b> <b>VND million</b>	<b>31/12/2020</b> <b>VND million</b>
Borrowed and entrusted funds in VND from Official Development Assistance (ODA) (i)	103,930	187,156

- (i) Borrowed and entrusted funds had terms ranging from 3 years to 10 years and bore interest rates of 3.864% per annum (31 December 2020: terms ranging from 2 years to 10 years and bore interest rates of 4.176% per annum).

## 23. VALUABLE PAPERS ISSUED

Valuable papers issued by original term were as follows:

	<b>31/12/2021</b> <b>VND million</b>	<b>31/12/2020</b> <b>VND million</b>
Less than 12 months	13,641,911	6,283,399
From 12 months to less than 5 years	66,273,051	54,893,029
From 5 years and above	1,380,671	1,669,060
	<b>81,295,633</b>	<b>62,845,488</b>

Valuable papers issued by types were as follows:

	<b>31/12/2021</b> <b>VND million</b>	<b>31/12/2020</b> <b>VND million</b>
Certificates of deposits to retail customers	393,779	520,237
Certificates of deposits to corporate customers	34,542,604	30,134,841
Bonds (*)	46,359,250	32,190,410
	<b>81,295,633</b>	<b>62,845,488</b>

- (\*) Including USD300 million equivalent to VND6,849,000 million (31 December 2020: USD300 million equivalent to VND6,930,000 million) international bonds with par value of USD1,000/bond, term of 36 months, interest rate of 6.25% per annum, issued on 17 July 2019. Interest is paid semi-annually.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 24. OTHER LIABILITIES

	31/12/2021 VND million	31/12/2020 VND million
<b>Accrued interest and fees payable</b>	5,557,507	6,452,780
<b>Other payables and liabilities</b>		
Internal payables	446,723	757,681
▶ Payables to employees	446,723	757,681
External payables	8,816,990	5,896,640
▶ Advances from customers	853,129	984,922
▶ Unearned income	277,611	343,963
▶ Remittances payable	357,376	269,657
▶ Taxes and others payable to State Treasury (Note 26)	4,689,105	1,345,951
▶ Payables on settlement operation	882,715	783,746
▶ Payables to suppliers	6,823	7,942
▶ Other payables	1,750,231	2,160,459
	9,263,713	6,654,321
	14,821,220	13,107,101

### 25. CORPORATE INCOME TAX

#### (A) Recognition in the consolidated statement of income

	2021 VND million	2020 VND million
<b>Current tax expense</b>		
Current tax expense	2,882,333	2,592,480
Adjustment to taxes payable of prior years	4,267	13,215
	2,886,600	2,605,695

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### (B) Reconciliation of effective tax rate

	2021 VND million	2020 VND million
Accounting profit before tax	14,363,770	13,019,455
Plus/(minus):		
▶ Tax exempt income	(1,967)	(5,013)
▶ Other deduction	(16,493)	(65,068)
▶ Non-deductible expenses	23,710	12,748
▶ Expenses related to consolidation of financial statements	42,643	277
Estimated taxable income	14,411,663	12,962,399
Tax at VPB's tax rate	2,882,333	2,592,480
Adjustment to taxes payable of prior years	4,267	13,215
Corporate income tax expense for the year	2,886,600	2,605,695
Corporate income tax payable at the beginning of the year	1,169,201	13,215
Income tax due to divestment in subsidiaries	4,070,363	-
Corporate income tax paid within the year	(3,581,137)	(1,923,141)
Corporate income tax payable at the end of the year	4,545,027	1,169,201

### (C) Applicable tax rate

VPB has an obligation to pay corporate income tax to the Government at the usual tax rate of 20%.

## 26. OBLIGATIONS TO THE STATE TREASURY

### Year ended 31 December 2021

	1/1/2021	INCURRED DURING YEAR		31/12/2021
	Payable	Increase	Decrease	Payable
	VND million	VND million	VND million	VND million
Value added tax	49,018	363,841	(352,695)	60,164
Corporate income tax	1,169,201	6,956,963	(3,581,137)	4,545,027
Other taxes	127,732	548,006	(591,824)	83,914
	1,345,951	7,868,810	(4,525,656)	4,689,105

### Year ended 31 December 2020

	1/1/2020	INCURRED DURING YEAR		31/12/2020
	Payable	Increase	Decrease	Payable
	VND million	VND million	VND million	VND million
Value added tax	47,186	365,248	(363,416)	49,018
Corporate income tax	486,647	2,605,695	(1,923,141)	1,169,201
Other taxes	89,649	681,440	(643,357)	127,732
	623,482	3,652,383	(2,929,914)	1,345,951



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR**

ended 31 December 2021 (continued)

**27. CAPITAL AND RESERVES**

Changes in capital and reserves of VPB during the years ended 31 December 2021 and 31 December 2020 were as follows:

	Charter capital	Share premium	Reserve to supplement charter capital	Financial reserve fund	Investment and development fund	Retained earnings	Treasury shares	Non-controlling interest	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million		VND million
<b>Balance at 1 January 2020</b>	25,299,680	692,720	1,116,526	3,290,424	2,700,455	11,805,967	(2,696,030)	-	42,209,742
Net profit for the year	-	-	-	-	-	10,413,760	-	-	10,413,760
Appropriation to equity funds	-	-	520,702	1,041,350	3,242,311	(4,804,363)	-	-	-
Issuing shares from treasury shares to employees under ESOP	-	(326,993)	-	-	-	-	496,993	-	170,000
<b>Balance at 31 December 2020</b>	25,299,680	365,727	1,637,228	4,331,774	5,942,766	17,415,364	(2,199,037)	-	52,793,502
<b>Balance at 1 January 2021</b>	25,299,680	365,727	1,637,228	4,331,774	5,942,766	17,415,364	(2,199,037)	-	52,793,502
Net profit/(loss) for the year	-	-	-	-	-	11,721,208	-	(244,038)	11,477,170
Appropriation to equity funds	-	-	1,390,064	2,779,975	884,897	(5,054,936)	-	-	-
Issuing shares for paying dividends and issuing share for increasing capital (*)	19,757,250	-	(807,872)	-	(3,600,000)	(15,349,378)	-	-	-
Issuing shares from treasury shares to employees under ESOP (**)	-	(288,525)	-	-	-	-	438,525	-	150,000
Impact due to change in ownership rate in subsidiaries	-	-	-	-	-	13,706,956	-	8,150,519	21,857,475
<b>Balance at 31 December 2021</b>	45,056,930	77,202	2,219,420	7,111,749	3,227,663	22,439,214	(1,760,512)	7,906,481	86,278,147

(\*) Under the Resolution of the Board of Directors No. 191/2021/NQ-HDQT dated 23 September 2021, the Bank issued 1,975,725,021 shares on 8 October 2021 to paid dividend and increase charter capital from reserves. On 18 October 2021, State Securities Commission of Vietnam issued Official Dispatch No. 6372/UBCK-QLCB on receiving report on results of shares issuance. Subsequently, the Bank completed the issuance of all 1,975,725,021 shares.

(\*\*) Under the Resolution of the Board of Directors No. 173/2021/NQ-HDQT dated 13 August 2021, the Bank issued 15,000,000 shares under the Employee Stock Ownership Plan (ESOP) for the Bank's employees from treasury shares with issue price equivalent to par value of VND10,000/share. On 24 August 2021, State Securities Commission of Vietnam issued Official Dispatch No. 4833/UBCK-QLCB on receiving report on results of ESOP issuance. Subsequently, the Bank completed the issuance of all 15,000,000 shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 28. SHARE CAPITAL

	31/12/2021		31/12/2020	
	Number of shares	Par value VND million	Number of shares	Par value VND million
Shares registered for issuance	4,505,692,987	45,056,930	2,529,967,966	25,299,680
Shares issued to the public	4,505,692,987	45,056,930	2,529,967,966	25,299,680
<i>Ordinary shares</i>	<i>4,505,692,987</i>	<i>45,056,930</i>	<i>2,529,967,966</i>	<i>25,299,680</i>
Shares repurchased for treasury shares	(60,219,600)	(602,196)	(75,219,600)	(752,196)
<i>Ordinary shares</i>	<i>(60,219,600)</i>	<i>(602,196)</i>	<i>(75,219,600)</i>	<i>(752,196)</i>
Shares in circulation	4,445,473,387	44,454,734	2,454,748,366	24,547,484
<i>Ordinary shares</i>	<i>4,445,473,387</i>	<i>44,454,734</i>	<i>2,454,748,366</i>	<i>24,547,484</i>

All ordinary shares of the Bank have a par value of VND10,000. Each share is entitled to one vote at meetings of the shareholders of the Bank. Treasury shares are not entitled to exercise rights. All ordinary shares are ranked equally with regard to the Bank's residual assets.

### 29. INTEREST AND SIMILAR INCOME

	2021 VND million	2020 VND million
Interest income from deposits	128,305	129,584
Interest income from lending	44,083,317	44,937,133
Interest income from trading securities, investment securities	4,617,157	5,615,740
▶ <i>From trading securities</i>	33,700	9,200
▶ <i>From investment securities</i>	4,583,457	5,606,540
Fees from guarantee services	216,850	219,382
Interest income from debts purchased	54,691	5,309
Other income from credit activities	1,726,778	1,454,619
	50,827,098	52,361,767

### 30. INTEREST AND SIMILAR EXPENSES

	2021 VND million	2020 VND million
Interest expense for deposits	9,808,043	13,206,994
Interest expense for borrowings	1,297,477	1,630,137
Interest expense for valuable papers issued	4,665,994	4,471,532
Other expenses for credit activities	706,755	707,281
	16,478,269	20,015,944

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 31. NET FEE AND COMMISSION INCOME

	2021 VND million	2020 VND million
<b>Fee and commission income from</b>		
Settlement and treasury services	1,358,023	1,016,825
Business and insurance services	2,362,235	2,574,493
Consulting services	190,091	312,479
Other services	2,973,712	2,262,956
	6,884,061	6,166,753
<b>Fees and commission expense for</b>		
Settlement and treasury services	(264,710)	(248,285)
Consulting services	(8,450)	(16,766)
Brokerage services	(1,008,243)	(1,363,950)
Other services	(1,543,627)	(1,181,625)
	(2,825,030)	(2,810,626)
<b>Net fee and commission income</b>	<b>4,059,031</b>	<b>3,356,127</b>

### 32. NET LOSS FROM TRADING OF FOREIGN CURRENCIES

	2021 VND million	2020 VND million
<b>Income from trading of foreign currencies</b>		
Spot currency contracts	1,248,163	1,333,948
Gold trading	16,766	89,245
Currency derivative financial instruments	4,960,419	1,086,981
	6,225,348	2,510,174
<b>Expenses for trading of foreign currencies</b>		
Spot currency contracts	(442,625)	(710,323)
Gold trading	(32,166)	(110,336)
Currency derivative financial instruments	(5,826,951)	(1,996,722)
	(6,301,742)	(2,817,381)
<b>Net loss from trading of foreign currencies</b>	<b>(76,394)</b>	<b>(307,207)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 33. NET GAIN FROM SECURITIES HELD FOR TRADING

	<b>2021</b> <b>VND million</b>	<b>2020</b> <b>VND million</b>
Income from trading of securities held-for-trading	113,053	254,201
Expenses for trading of securities held-for-trading	(70,054)	(32,284)
(Provision)/reversal of allowance for diminution in value of securities held-for-trading (Note 8)	(34,120)	4,549
	<b>8,879</b>	<b>226,466</b>

### 34. NET GAIN FROM INVESTMENT SECURITIES

	<b>2021</b> <b>VND million</b>	<b>2020</b> <b>VND million</b>
Income from trading of available-for-sale securities	3,395,676	1,566,158
Expenses from trading of available-for-sale securities	(335,599)	(218,487)
Reversal/(provision) of allowance for diminution in value of available-for-sale securities (Note 14)	90,789	(176,940)
	<b>3,150,866</b>	<b>1,170,731</b>

### 35. NET GAIN FROM OTHER ACTIVITIES

	<b>2021</b> <b>VND million</b>	<b>2020</b> <b>VND million</b>
<b>Income from other activities</b>		
Income from other derivatives	1,713,898	911,497
Proceeds from bad debts recoveries	3,287,966	2,128,240
Proceeds from disposal of fixed assets	1,603	17,853
Income from disposal of other assets	110,514	93,608
Gain from debt sales and purchases	-	37,579
Income from contract breach penalty	566	280
Receipt of support and other income	354,157	252,894
	<b>5,468,704</b>	<b>3,441,951</b>
<b>Expenses for other activities</b>		
Expenses for other derivatives	(1,247,964)	(816,609)
Expenses for disposal of other assets	(142,435)	(78,881)
Expenses for debt sales	(585,284)	-
Expenses for other activities	(685,233)	(310,300)
	<b>(2,660,916)</b>	<b>(1,205,790)</b>
<b>Net income from other activities</b>	<b>2,807,788</b>	<b>2,236,161</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 36. INCOME FROM EQUITY INVESTMENTS AND PURCHASE OF SHARES

	2021 VND million	2020 VND million
Dividend income	1,967	5,013
Income from sales, divestment in other entities	509	-
	2,476	5,013

### 37. OPERATING EXPENSES

	2021 VND million	2020 VND million
Tax, duties and fees	2,778	4,170
Staff costs	6,230,506	6,699,495
<i>In which:</i>		
Salary and allowances	5,615,916	6,068,496
Salary based contribution	341,240	367,073
Allowances	148,772	116,172
Other staff expenses	124,578	147,754
Expenses on assets	1,467,665	1,549,971
<i>In which:</i>		
Depreciation and amortisation of fixed assets	379,228	380,432
Operating leases	748,722	738,018
Administrative expenses	1,054,780	1,306,159
<i>In which:</i>		
Per diems	13,655	28,058
Allowance expenses for other risks	12,605	(62,829)
Allowance expenses for long-term investment (Note 15)	-	(74,156)
Allowance expenses for doubtful debts (Note 18)	12,605	11,327
Insurance fee for customers' deposits	176,046	205,015
Other expenses	1,774,557	1,690,040
	10,718,937	11,392,021

### 38. ALLOWANCE EXPENSES FOR CREDIT LOSSES

	2021 VND million	2020 VND million
Specific allowance expense for loans to customers (Note 11)	18,542,262	14,471,773
General allowance expense for loans to customers (Note 11)	588,623	147,605
Allowance expense for debts purchased (Note 12)	5,293	1,952
Allowance expense for loans to other CIs (Note 7)	83,146	-
Allowance (reversed)/expense for other assets (Note 18)	(556)	308
	19,218,768	14,621,638

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 39. CASH AND CASH EQUIVALENTS

	<b>31/12/2021</b> <b>VND million</b>	<b>31/12/2020</b> <b>VND million</b>
Cash and gold on hand	2,345,733	3,282,556
Balances with the SBV	10,860,730	5,779,610
Demand deposits with other credit institutions	9,173,110	2,440,225
Deposits with other credit institutions with original term not exceeding three months	31,156,620	11,388,800
Securities with original term or maturity term not exceeding three months from purchase date	241,735	-
	<b>53,777,928</b>	<b>22,891,191</b>

### 40. EARNINGS PER SHARE

	<b>2021</b>	<b>2020</b> <b>(restated)</b>	<b>2020</b> <b>(as previously reported)</b>
Net profit attributable to ordinary shareholders (VND million)	11,721,208	10,413,760	10,413,760
Weighted average number of ordinary shares for the year (shares) (*)	4,428,903,799	4,388,459,578	2,438,073,503
<b>Basic earnings per share (VND/share)</b>	<b>2,647</b>	<b>2,373</b>	<b>4,271</b>

(\*) Weighted average number of ordinary shares for the year:

	<b>2021</b> <b>Shares</b>	<b>2020</b> <b>Shares</b> <b>(restated)</b>	<b>2020</b> <b>Shares</b> <b>(as previously reported)</b>
Issued ordinary shares at the beginning of the year	4,418,473,835	4,387,874,342	2,437,748,366
Effect of issuing shares from treasury shares to employees under ESOP in 2020	-	585,236	325,137
Effect of issuing shares from treasury shares to employees under ESOP in 2021	10,429,964	-	-
Weighted average number of ordinary shares for the year	4,428,903,799	4,388,459,578	2,438,073,503

The basic earnings per share for 2020 have been restated due to the effect of issuing shares for paying dividends and for increasing capital from equity in 2021 to existing shareholders.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 41. EMPLOYEE BENEFITS

	2021	2020
Average number of employees (person)	23,307	24,037
Employees' income (VND million)	5,749,305	6,083,368
▶ Total salary fund (VND million)	5,490,524	5,799,883
▶ Other income (VND million)	258,781	283,485
Average monthly salary (VND million/person/month)	19.63	20.11
Average monthly income (VND million/person/month)	20.56	21.09

### 42. CONTINGENT LIABILITIES AND COMMITMENTS

	31/12/2021 VND million			31/12/2020 VND million		
	Contractual value - gross	Margin deposits	Contractual value - net	Contractual value - gross	Margin deposits	Contractual value - net
Loan guarantees	28,721	-	28,721	33,721	-	33,721
Foreign exchange commitments	116,395,985	-	116,395,985	122,301,777	-	122,301,777
▶ Foreign currency purchase commitments	520,241	-	520,241	2,243,568	-	2,243,568
▶ Foreign currency sale commitments	155,144	-	155,144	6,932,263	-	6,932,263
▶ Swap commitments	115,720,600	-	115,720,600	113,125,946	-	113,125,946
Letters of credit	50,011,565	(226,983)	49,784,582	22,194,102	(298,876)	21,895,226
Other guarantees	17,402,874	(584,381)	16,818,493	17,456,794	(571,833)	16,884,961
Other commitments	266,901,038	-	266,901,038	263,281,970	-	263,281,970
<i>In which: Unused revocable credit limits</i>	164,431,886	-	164,431,886	141,928,441	-	141,928,441

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 43. ASSETS AND VALUABLE PAPERS FOR PLEDGING/MORTGAGING OR DISCOUNT/RE-DISCOUNT

*Assets and valuable papers pledged/mortgaged or received for discount/re-discount*

	BOOK VALUE	
	31/12/2021 VND million	31/12/2020 VND million
<b>From customers</b>		
Real estate	462,522,578	361,660,948
Movable assets	58,498,987	47,726,263
Valuable papers	265,743,561	197,136,412
Others	288,885,946	245,421,625
	1,075,651,072	851,945,248
<b>From other CIs</b>		
Valuable papers	8,441,805	1,997,296
	1,084,092,877	853,942,544

*Assets and valuable papers pledged/mortgaged or given for discount/re-discount*

	31/12/2021 VND million	31/12/2020 VND million
Valuable papers pledged or mortgaged	2,905,850	3,075,000
Valuable papers sold with repurchase commitments	11,885,000	-
Other assets	17,226,698	21,680,226
	32,017,548	24,755,226

### 44. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

In the normal course of operation, VPB carries out transactions with related parties.

Balances with related parties at the end of the year were as follows:

	BALANCE	
	31/12/2021 VND million Assets/(Liabilities and owner's equity)	31/12/2020 VND million Assets/(Liabilities and owner's equity)
<i>Members of Board of Directors, Board of Supervision, Board of Management</i>		
► Deposits	(64,900)	(31,851)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

Transactions with related parties during the year were as follows:

TRANSACTIONS		
	2021 VND million Revenue/ (Expenses)	2020 VND million Revenue/ (Expenses)
<i>Members of Board of Directors, Board of Supervision, Board of Management</i>		
▶ Interest expenses on deposits	(1,731)	(1,898)
▶ Remuneration of Members of Board of Directors	(10,800)	(8,656)
▶ Remuneration, salary and other allowance of Members of Board of Supervision	(7,488)	(6,776)
▶ Salary and other allowance of General Director and Members of Board of Management	(51,097)	(78,680)

## 45. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET COMMITMENTS BY GEOGRAPHICAL SEGMENTS

Concentration of assets, liabilities and off-balance sheet items by geographical region of VPB's partners as at 31 December 2021 are as follows:

	Total loans	Total deposits, borrowings	Contingent credit commitments	Derivatives	Trading and investment securities
	VND million	VND million	VND million	VND million	VND million
Domestic	373,105,198	402,042,482	66,631,796	61,350	83,041,516
Overseas	-	44,267,590	-	41,949	-
	373,105,198	446,310,072	66,631,796	103,299	83,041,516

Concentration of assets, liabilities and off-balance sheet items by geographical region of VPB's partners as at 31 December 2020 are as follows:

	Total loans	Total deposits, borrowings	Contingent credit commitments	Derivatives	Trading and investment securities
	VND million	VND million	VND million	VND million	VND million
Domestic	296,802,101	318,236,219	38,813,908	127,895	77,307,462
Overseas	-	34,749,880	-	11,930	-
	296,802,101	352,986,099	38,813,908	139,825	77,307,462

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR**

ended 31 December 2021 (continued)

### **46. FINANCIAL RISK MANAGEMENT**

This note provides information of VPB's exposure to risk and describes the policies, the methods used by VPB's management to control risk. The most important types of financial risks to which the Bank is exposed are credit risk, liquidity risk and market risk.

#### ***Risk management framework***

The Board of Directors ("BOD") has overall responsibility for the establishment and oversight of VPB's risk management framework, and at the same time, take the ultimate responsibility for the quality and effectiveness of VPB's risk management. To facilitate this oversight function, the Bank's BOD has established an Assets and Liabilities Committee ("ALCO") and a Risk Committee ("RCO") which are responsible for developing and monitoring key risk management policies for specific areas authorised by the BOD and periodically report to the BOD on their activities. These committees include both voting and non-voting members.

VPB's risk management framework is established to form key principles in managing and controlling significant risks arising from VPB's activities. Based on this, specific policies and regulations for each type of risk are established to assist VPB in analysing and determining appropriate risk limits and control and monitoring measures and ensuring adherence to the limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. VPB, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

### **47. CREDIT RISK**

VPB is subject to credit risk through its loans to customers, deposits at and loans to other CIs, and its investments in corporate bonds and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. Credit risk arises when customers, parties who have obligations, or counterparties fails to meet its contractual obligations as committed and agreed with VPB. VPB's primary exposure to credit risk arises through its loans and advances to corporate customers, loans and advances to retail customers and its investments in corporate bonds. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the consolidated balance sheet. In addition, VPB is exposed to off balance sheet credit risk through commitments to guarantee, letters of credit, and derivative instruments.

#### ***Credit risk management***

Credit risk is the one that exerts the largest impact on VPB's income and capital. VPB has established a credit risk appetite on the basis of managing credit activities in a prudent manner and credit limits including the credit concentration risk limits and adhering to VPB's risk tolerance. In principle, VPB identifies and manages credit risks in all activities and products with potential credit risk and ensures that VPB provides new products only when sufficient regulations and procedures related to new products and operation in new markets in order to identify, measure, evaluate, monitor and control critical risk exposure are in place. To keep credit risks under control, VPB's policy is to engage in transactions with reliable partners, and request its partners to take guarantee measures as and when required.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

The credit risk management system is operated based on the principles of independence and centralization. Accordingly, the development of risk management policies, determination of risk limits and risk monitoring, risk reporting and risk control are implemented independently and centrally at the Risk Management Division. The reports from the Risk Management Division are a basis for Risk Management Committee to issue key credit decisions.

VPB measures credit risks, makes allowances and complies with safe ratios for loan and advances to customers and to other credit institutions in accordance with relevant regulations of the SBV.

VPB's overall approach to credit risk is a risk based approach. Accordingly, credit approval or credit valuation decisions as well as the behavioural methods in monitoring and classifying credits and controlling credit risks are being designed following the risk levels of customers. To this end, key activities being implemented by VPB include the followings:

- ▶ Focusing on completion of data infrastructure used for developing credit rating and risk classification systems in accordance with international standards;
- ▶ Developing and completing the credit rating system and the scorecard system;
- ▶ Gathering and reviewing credit policies/documents of the whole system to reassess the integrity and responsiveness to the requirements specified in the policies of Risk Management Framework;
- ▶ Completing the credit quality monitoring mechanism for the entire life cycle of a loan;
- ▶ Developing an early credit risk warning system; and
- ▶ Developing a debt recovery and restructuring system.

The following table presents the maximum exposure to credit risk from balance sheet, before taking account of any collateral held or other credit risk enhancements:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### As at 31 December 2021

(VND million)	Neither past due not requiring allowance	Past due but not requiring allowance yet	Overdue and full allowance provided	Total
Balances with and loans to other CIs	57,187,774	-	-	57,187,774
Trading securities - gross	7,005,061	-	-	7,005,061
Loans to customers and debts purchased - gross	323,192,353	2,502,755	30,552,046	356,247,154
Investment securities - gross	76,036,455	-	-	76,036,455
Other assets - gross	45,714,931	33,063	58,355	45,806,349
	509,136,574	2,535,818	30,610,401	542,282,793

### As at 31 December 2020

(VND million)	Neither past due not requiring allowance	Past due but not requiring allowance yet	Overdue and full allowance provided	Total
Balances with and loans to other CIs	19,554,808	-	-	19,554,808
Trading securities - gross	493,214	-	-	493,214
Loans to customers and debts purchased - gross	266,162,702	3,799,839	21,113,777	291,076,318
Investment securities - gross	76,814,248	-	-	76,814,248
Other assets - gross	24,734,415	-	57,674	24,792,089
	387,759,387	3,799,839	21,171,451	412,730,677



The above table presents the worst scenario in which VPB is exposed to the maximum credit risk as the end of the accounting period, without taking into account any collateral held or credit enhancement.

VPB's overdue financial assets are classified by counterparties with credit risks by each counterparty using quantitative method of Circular 11, Circular 01, Circular 03, Circular 14 and Official Letter 7751.

Financial assets past due but not requiring allowance yet due to the fact that VPB is currently holding sufficient collateral to cover credit losses in accordance with current regulations.

VPB is currently holding collateral in the form of real estates, movable assets, valuable papers and others. VPB has not adequately determined fair value of these collateral due to unavailability of specific guidance and market information.

## **48. LIQUIDITY RISK**

Liquidity risk is the risk that VPB will not be able to meet its financial obligations as and when they fall due, or that VPB will be able to meet its financial obligations as and when they fall due but significant losses are required to meet such obligations. Liquidity risk may lead to negative effect on the Bank's profit, reputation, equity, even causes VPB's bankruptcy.

### ***Liquidity risk management***

VPB management the liquidity of the entire Bank by each main currency (VND, USD) in accordance with the mechanism and process on liquidity regulating, monitoring and managing as specified in liquidity management policies, processes and procedures. Accordingly, liquidity risk management of VPB is implemented through a strengthened cooperation between the three Divisions including Asset-Liability Management, Risk Management and Financial Market. In particular, Financial Market Division plays a leading role in management of short-term liquidity, and Asset-Liability Management Division plays a leading role in management of long-term liquidity in accordance with VPB's risk appetite, risk criteria, risk management strategies and policies which are developed by Risk Management Division.

VPB maintains a specific portfolio and volume of high-liquid assets, which may include but not limited of cash, gold, interbank deposits, Government bonds and other high-liquid assets in order to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to VPB's reputation. VPB will establish specific liquidity gap and follow strictly on each period based on Assets and Liabilities structure.

VPB understands the interrelation of credit risk and market risk and how they may have impacts on VPB's liquidity. VPB also realizes that liquidity risks come from two sides of its balance sheet. Therefore, VPB's approach to managing liquidity is to constantly focus on diversification of investment and credit activities and increases of accessibility to capital markets by raising fund through various tools and products.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR**

ended 31 December 2021 (continued)

VPB adopts both of the common approaches to managing liquidity, namely Stock Approach and Flow Approach. Accordingly, VPB monitors on a daily basis the compliance with adequate liquidity ratios and forecast movements of cash flows which may have impact on VPB's liquidity position in the future to ensure compliance at any time with all the regulations of the SBV as well as its internal regulations.

Liquidity risk limits are established based on results of VPB's liquidity forecast in normal and stressed market conditions. Regular liquidity stress testing is conducted under a variety of scenarios covering adverse conditions. At the same time, VPB also issues specific regulations on a Liquidity Contingency Plan ("LCP") which clearly specify the roles and responsibilities of each unit and individual and a coordination process for implementation when there appear signs of a possible stressed liquidity event.

The following table provides an analysis of the assets and liabilities of VPB into relevant maturity groupings based on the remaining period from the balance sheet date to repayment date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR**

ended 31 December 2021 (continued)

	OVERDUE		CURRENT				
	More than 3 months	Up to 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years
<b>As at 31 December 2021</b> <b>(VND million)</b>							
<b>Assets</b>							
Cash and gold on hand	-	-	2,345,733	-	-	-	2,345,733
Balances with the SBV	-	-	10,860,730	-	-	-	10,860,730
Balances with and loans to other CIs	83,146	-	45,436,490	5,150,625	6,517,513	-	57,187,774
Securities held for trading - gross	-	-	7,005,061	-	-	-	7,005,061
Derivatives and other financial assets	-	-	(35,211)	(9,761)	(23,053)	171,324	103,299
Loans to customers and debts purchased - gross	11,498,869	7,668,683	44,014,900	38,066,944	96,767,365	117,818,865	356,247,154
Investment securities - gross	-	-	615,435	338,950	5,311,265	37,654,431	76,036,455
Long-term investments - gross	-	-	-	-	-	249,731	249,731
Fixed assets	-	-	-	-	-	427,310	1,872,973
Other assets - gross	58,355	33,063	16,197,001	9,978,086	19,539,844	-	45,806,349
	11,640,370	7,701,746	126,440,139	53,524,844	128,112,934	156,071,930	557,715,259
<b>Liabilities</b>							
Amounts due to the Government and the SBV	-	-	8,444,199	2,181	7,995	-	8,454,375
Deposits and borrowings from other CIs, other FIs	-	-	56,670,478	15,081,662	30,998,289	11,868,337	114,619,106
Deposits from customers	-	-	107,505,698	60,863,995	71,127,796	2,338,119	241,837,028
Other borrowed and entrusted funds	-	-	324	16,741	39,815	43,694	103,930
Valuable papers issued	-	-	2,771,241	7,504,986	36,822,972	34,196,434	81,295,633
Other liabilities	-	-	13,632,066	303,411	734,273	151,470	14,821,220
	-	-	189,024,006	83,772,976	139,731,140	48,598,054	461,131,292
<b>Net liquidity gap</b>	<b>11,640,370</b>	<b>7,701,746</b>	<b>(62,583,867)</b>	<b>(30,248,132)</b>	<b>(11,618,206)</b>	<b>107,473,876</b>	<b>96,583,967</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

As at 31 December 2020 (VND million)		OVERDUE		CURRENT					Total
		More than 3 months	Up to 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	
Assets									
Cash and gold on hand		-	-	3,282,556	-	-	-	-	3,282,556
Balances with the SBV		-	-	5,779,610	-	-	-	-	5,779,610
Balances with and loans to other CIs		-	-	13,428,287	4,093,081	1,986,821	46,619	-	19,554,808
Securities held for trading - gross		-	-	493,214	-	-	-	-	493,214
Loans to customers and debts purchased - gross		8,839,008	3,870,626	38,630,128	30,511,727	86,934,971	91,185,527	31,104,331	291,076,318
Investment securities - gross		-	-	265,074	814,128	8,695,894	41,859,708	25,179,444	76,814,248
Long-term investments - gross		-	-	-	-	-	-	238,602	238,602
Fixed assets		-	-	-	-	-	455,959	1,406,871	1,862,830
Other assets - gross		50,291	7,383	13,016,818	4,921,853	6,795,744	-	-	24,792,089
		8,889,299	3,878,009	74,895,687	40,340,789	104,413,430	133,547,813	57,929,248	423,894,275
Liabilities									
Amounts due to the Government and the SBV		-	-	482	2,181	11,557	-	-	14,220
Deposits and borrowings from other CIs, other FIs		-	-	9,772,419	16,616,258	24,811,544	5,303,320	7,741	56,511,282
Deposits from customers		-	-	85,097,886	67,255,736	76,002,013	5,071,019	1,299	233,427,953
Derivatives and other financial liabilities		-	-	3,691	91,376	200,211	(67,837)	(87,616)	139,825
Other borrowed and entrusted funds		-	-	22,741	21,755	120,615	22,045	-	187,156
Valuable papers issued		-	-	2,703,759	4,227,688	21,749,949	33,177,510	986,582	62,845,488
Other liabilities		-	-	12,332,700	224,828	466,531	83,042	-	13,107,101
		-	-	109,933,678	88,439,822	123,362,420	43,589,099	908,006	366,233,025
Net liquidity gap		8,889,299	3,878,009	(35,037,991)	(48,099,033)	(18,948,990)	89,958,714	57,021,242	57,661,250



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 49. MARKET RISKS

Market risk is the risk due to negative changes in market risk factors (including interest rates, exchange rates, stock prices and commodity price, etc.) that will adversely affect VPB's income and capital.

#### **Market risk management**

Management of market risks is vested in the Market and Counterparties Risk Department under the Risk Management Division. The Market and Counterparties Risk Department is responsible for the development of policies and process; establishment of measurement tools; proposing independent market risks limits for review and approval by the Management and controlling market risks limit on daily/monthly basis according to VPB's regulations.

Market risk management policies introduce a risk management model in which market risk management functions have been segregated amongst different units and committees, using three lines of defense model; Market Risk Management Committee (MACO) under General Director was established to propose and analyse in-depth market risk, liquidity risk and counterparties risk issues. Also, regulations require segregation between Trading Book and Banking Book have been issued in accordance with the SBV's regulation and Basel II standards, ensuring management of each tools by risk appetite. Strategies on books of Financial Market Division were issued. Accordingly, business strategy, appropriate tools, analysis of potential risks and hedging strategy and have been clearly regulated for each portfolio.

VPB's regulations on determining and approving transaction limits with customers being financial institutions were amended and issued by the Board of Directors, which provide on determining limits for market risk and counterparties risk involved transactions, ensuring that all risk factors are taken into account in the credit limit granting process.

VPB's market risks (including currency risk, interest rate risk, commodity price, option risk, yield spread and market liquidity risks) were subject to in-depth analysis, identification, measurement and management in the internal limit system. Risk management and control include regular risk reports (normally daily) and reports on limits violating cases.

The system of limits relating to market risks is established using 2 methods: top-down method which is based on VPB's risk appetite, the SBV's regulations and requirements of strategic partners and bottom-up method which is based on specific needs of operation units and risk-profit analysis.

For risk management of partners, VPB issued regulation on determining and approving transaction limit of the Bank to financial institutions, which specifies regulations to determine limit for transactions with market risk and counter party risk factors, ensures all risk factors being considered in limit granting process.

#### **(A) Interest rate risk**

Interest rates applicable to loans to customers and deposits from customers were presented in Note 10 and Note 21, respectively.

The following tables show the re-pricing period of assets and liabilities at the reporting date:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

As at 31 December 2021 (VND million)	Overdue	Free of interest	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years	Total
<b>Assets</b>									
Cash and gold on hand	-	2,345,733	-	-	-	-	-	-	2,345,733
Balances with the SBV	-	-	10,860,730	-	-	-	-	-	10,860,730
Balances with and loans to other CIs	83,146	-	45,436,490	5,150,625	5,644,772	872,741	-	-	57,187,774
Securities held for trading - gross	-	-	7,005,061	-	-	-	-	-	7,005,061
Derivatives and other financial assets	-	-	238,751	(7,010,731)	(5,989,603)	2,121,241	10,743,641	-	103,299
Loans to customers and debts purchased - gross	19,167,552	-	188,299,015	34,136,593	30,085,677	29,880,714	53,845,040	832,563	356,247,154
Investment securities - gross	-	15,357	12,556,750	14,030,112	4,165,445	5,499,469	13,845,490	25,923,832	76,036,455
Long-term investments - gross	-	249,731	-	-	-	-	-	-	249,731
Fixed assets	-	1,872,973	-	-	-	-	-	-	1,872,973
Other assets - gross	91,418	45,714,931	-	-	-	-	-	-	45,806,349
	19,342,116	50,198,725	264,396,797	46,306,599	33,906,291	38,374,165	78,434,171	26,756,395	557,715,259
<b>Liabilities</b>									
Amounts due to the Government and the SBV	-	-	8,444,199	2,181	7,807	188	-	-	8,454,375
Deposits and borrowings from other CIs, other FIs	-	-	63,610,452	19,634,759	23,894,305	7,099,090	380,500	-	114,619,106
Deposits from customers	-	-	107,505,698	60,863,995	52,706,164	18,421,632	2,338,119	1,420	241,837,028
Other borrowed and entrusted funds	-	-	325	103,605	-	-	-	-	103,930
Valuable papers issued	-	-	2,771,241	7,504,986	14,406,169	22,416,803	34,196,434	-	81,295,633
Other liabilities	-	14,821,220	-	-	-	-	-	-	14,821,220
	-	14,821,220	182,331,915	88,109,526	91,014,445	47,937,713	36,915,053	1,420	461,131,292
<b>Interest sensitivity gap on balance sheet</b>	<b>19,342,116</b>	<b>35,377,505</b>	<b>82,064,882</b>	<b>(41,802,927)</b>	<b>(57,108,154)</b>	<b>(9,563,548)</b>	<b>41,519,118</b>	<b>26,754,975</b>	<b>96,583,967</b>
<b>Interest sensitive gap off- balance sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,444,265</b>	<b>3,105,695</b>	<b>(12,249,110)</b>	<b>(11,300,850)</b>	<b>-</b>
<b>Interest sensitive gap on and off-balance sheet</b>	<b>19,342,116</b>	<b>35,377,505</b>	<b>82,064,882</b>	<b>(41,802,927)</b>	<b>(36,663,889)</b>	<b>(6,457,853)</b>	<b>29,270,008</b>	<b>15,454,125</b>	<b>96,583,967</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR**

ended 31 December 2021 (continued)

<b>As at 31 December 2020</b> <b>(VND million)</b>	<b>Overdue</b>	<b>Free of interest</b>	<b>Up to 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 to 12 months</b>	<b>From 1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Assets</b>									
Cash and gold on hand	-	3,282,556	-	-	-	-	-	-	3,282,556
Balances with the SBV	-	-	5,779,610	-	-	-	-	-	5,779,610
Balances with and loans to other CIs	-	-	15,308,286	3,533,081	249,017	417,805	46,619	-	19,554,808
Securities held for trading - gross	-	-	493,214	-	-	-	-	-	493,214
Loans to customers and debts purchased - gross	12,709,634	-	177,714,267	28,106,701	18,688,678	23,168,807	29,820,656	867,575	291,076,318
Investment securities - gross	-	15,357	13,577,890	13,888,949	4,535,499	1,861,143	18,242,966	24,692,444	76,814,248
Long-term investments - gross	-	238,602	-	-	-	-	-	-	238,602
Fixed assets	-	1,862,830	-	-	-	-	-	-	1,862,830
Other assets - gross	57,674	24,734,415	-	-	-	-	-	-	24,792,089
	12,767,308	30,133,760	212,873,267	45,528,731	23,473,194	25,447,755	48,110,241	25,560,019	423,894,275
<b>Liabilities</b>									
Amounts due to the Government and the SBV	-	440	42	2,181	9,505	2,052	-	-	14,220
Deposits and borrowings from other CIs, other FIs	-	-	21,507,462	16,282,191	4,185,517	13,573,612	962,500	-	56,511,282
Deposits from customers	-	-	85,115,886	67,327,936	49,778,500	26,133,313	5,071,019	1,299	233,427,953
Derivatives and other financial liabilities	-	-	271,241	1,118,001	(240,880)	291	(921,212)	(87,616)	139,825
Other borrowed and entrusted funds	-	-	154	187,002	-	-	-	-	187,156
Valuable papers issued	-	-	2,703,759	4,227,688	8,272,919	13,477,030	33,177,510	986,582	62,845,488
Other liabilities	-	13,107,101	-	-	-	-	-	-	13,107,101
	-	13,107,541	109,598,544	89,144,999	62,005,561	53,186,298	38,289,817	900,265	366,233,025
<b>Interest sensitivity gap on balance sheet</b>	<b>12,767,308</b>	<b>17,026,219</b>	<b>103,274,723</b>	<b>(43,616,268)</b>	<b>(38,532,367)</b>	<b>(27,738,543)</b>	<b>9,820,424</b>	<b>24,659,754</b>	<b>57,661,250</b>
<b>Interest sensitive gap off-balance sheet</b>	<b>-</b>	<b>-</b>	<b>64,167</b>	<b>23,084,985</b>	<b>38,582</b>	<b>2,658,691</b>	<b>(25,846,425)</b>	<b>-</b>	<b>-</b>
<b>Interest sensitive gap on and off-balance sheet</b>	<b>12,767,308</b>	<b>17,026,219</b>	<b>103,338,890</b>	<b>(20,531,283)</b>	<b>(38,493,785)</b>	<b>(25,079,852)</b>	<b>(16,026,001)</b>	<b>24,659,754</b>	<b>57,661,250</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### Interest rate sensitivity

With assumptions that all other variables remain constant, changes in interest rates of interest-bearing assets and liabilities (including fixed interest bearing assets and liabilities) had following effects on the profit before tax, profit after tax and owner's equity of VPB:

	EFFECT ON		
	Increase in interest rate	Profit before tax Increase/ (decrease) VND million	Profit after tax and owner's equity Increase/ (decrease) VND million
<b>As at 31 December 2021</b>			
USD	1.50%	(246,979)	(197,583)
VND	3.00%	1,755,215	1,404,172
<b>As at 31 December 2020</b>			
USD	1.50%	(77,266)	(61,812)
VND	3.00%	1,025,496	820,397

### (B) Currency risk

Currency risk (normally referred to as exchange rate risk) is the risk of losses due to negative changes in fair value of positions when exchange rate fluctuates. Foreign currency positions as well as positions in gold and other precious metal bear exchange rate risk. Exchange rate risk arises when the portfolio contains spot or future cash flows in foreign currencies. Exchange rate risk potentially exists in both Trading Book and Banking Book. Exchange rate risk has direct effects on the balance sheets and the statement of income when it is required to translate assets, liabilities and income in foreign currencies into the reference currency.

#### Currency risk management

Currency risk management is implemented by means of limits on open FX position of every currency as well as total open FX position. VPB has set limits on open FX position of every currency in accordance with the Bank's business strategies and the SBV's regulations. The major currency in which VPB transacts is VND; USD is mainly transacted in loans, deposits and derivatives; other currencies accounts for a tiny proportion in the Bank's total assets and liabilities. Currency positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

Significant exchange rates at the reporting date were presented at Note 54.

The following table presents the assets and liabilities denominated in other currencies translated into VND at the end of the accounting period:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

As at 31 December 2021 (VND million)	EUR equivalent	USD equivalent	Gold equivalent	Other currencies equivalent	Total
<b>Assets</b>					
Cash and gold on hand	27,428	116,539	81,118	79,031	304,116
Balances with the SBV	780	2,518,970	-	-	2,519,750
Balances with and loans to other CIs	160,828	7,381,378	-	260,514	7,802,720
Derivatives and other financial assets	-	16,386,649	-	(68,284)	16,318,365
Loans to customers and debts purchased - gross	1,619	6,259,097	-	-	6,260,716
Other assets - gross	18,261	11,492,526	-	13,874	11,524,661
	208,916	44,155,159	81,118	285,135	44,730,328
<b>Liabilities</b>					
Amounts due to the Government and the SBV, and deposits and borrowings from other CIs, other FIs	18,243	39,052,041	-	14,298	39,084,582
Deposits from customers	152,434	3,112,953	-	264,881	3,530,268
Valuable papers issued	-	6,840,647	-	-	6,840,647
Other liabilities	2,995	466,491	-	961	470,447
	173,672	49,472,132	-	280,140	49,925,944
<b>FX position on balance sheet</b>	<b>35,244</b>	<b>(5,316,973)</b>	<b>81,118</b>	<b>4,995</b>	<b>(5,195,616)</b>
<b>FX position off-balance sheet</b>	<b>(38,985)</b>	<b>404,059</b>	<b>-</b>	<b>23</b>	<b>365,097</b>
<b>FX position on and off-balance sheet</b>	<b>(3,741)</b>	<b>(4,912,914)</b>	<b>81,118</b>	<b>5,018</b>	<b>(4,830,519)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

As at 31 December 2020 (VND million)	EUR equivalent	USD equivalent	Gold equivalent	Other currencies equivalent	Total
<b>Assets</b>					
Cash and gold on hand	389,308	118,784	26,311	602,790	1,137,193
Balances with the SBV	-	225,934	-	-	225,934
Balances with and loans to other CIs	38,854	8,464,053	-	428,108	8,931,015
Loans to customers and debts purchased - gross	2,260	4,473,272	-	-	4,475,532
Other assets - gross	22,076	6,973,994	-	8,082	7,004,152
	452,498	20,256,037	26,311	1,038,980	21,773,826
<b>Liabilities</b>					
Amounts due to the Government and the SBV, and deposits and borrowings from other CIs, other FIs	21,864	31,210,428	-	8,022	31,240,314
Deposits from customers	183,225	3,163,957	-	337,852	3,685,034
Derivatives and other financial liabilities	385,054	(22,976,731)	-	697,646	(21,894,031)
Valuable papers issued	-	6,906,025	-	-	6,906,025
Other liabilities	5,979	644,033	-	2,460	652,472
	596,122	18,947,712	-	1,045,980	20,589,814
<b>FX position on balance sheet</b>	<b>(143,624)</b>	<b>1,308,325</b>	<b>26,311</b>	<b>(7,000)</b>	<b>1,184,012</b>
<b>FX position off-balance sheet</b>	<b>118,368</b>	<b>(4,807,062)</b>	<b>-</b>	<b>-</b>	<b>(4,688,694)</b>
<b>FX position on and off-balance sheet</b>	<b>(25,256)</b>	<b>(3,498,737)</b>	<b>26,311</b>	<b>(7,000)</b>	<b>(3,504,682)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### Exchange rate sensitivity

With assumptions that all other variables remain constant, the table below represents the sensitivity of profit after tax and of owner's equity of VPB to possible fluctuations in exchange rate. VPB's risk exposure to exchange rate fluctuations of other foreign currencies is insignificant. An increase in foreign exchange rate represent USD's strengthening against VND.

	Increase in foreign exchange rate	Sensitivity of profit after tax and owner's equity Increase/ (decrease) VND million
<b>As at 31 December 2021</b>		
USD	2.00%	(85,072)
<b>As at 31 December 2020</b>		
USD	2.00%	20,933

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR**  
ended 31 December 2021 (continued)

**50. DISCLOSURE OF FINANCIAL INSTRUMENTS**

As at 31 December 2021 (VND million)	CARRYING VALUE					Fair value	
	Fair value through profit and loss	Held-to- maturity	Loans and receivables	Available for sale	Other assets and liabilities recorded at amortised cost	Total carrying value	
<b>Financial assets</b>							
Cash and gold on hand	-	-	2,345,733	-	-	2,345,733	2,345,733
Balances with the SBV	-	-	10,860,730	-	-	10,860,730	(*)
Balances with and loans to other CIs	-	-	57,187,774	-	-	57,187,774	(*)
Securities held for trading - gross	7,005,061	-	-	-	-	7,005,061	(*)
Derivatives and other financial assets	103,299	-	-	-	-	103,299	(*)
Loans to customers and debts purchased - gross	-	-	356,247,154	-	-	356,247,154	(*)
Available-for-sale securities - gross	-	-	-	75,313,521	-	75,313,521	(*)
Held-to-maturity securities - gross	-	722,934	-	-	-	722,934	(*)
Other long-term investments - gross	-	-	-	249,731	-	249,731	(*)
Other financial assets	425,127	37,234	41,768,311	1,417,110	-	43,647,782	(*)
	7,533,487	760,168	468,409,702	76,980,362	-	553,683,719	
<b>Financial liabilities</b>							
Amounts due to the Government and the SBV	-	-	-	-	8,454,375	8,454,375	(*)
Deposits and borrowings from other CIs, other FIs	-	-	-	-	114,619,106	114,619,106	(*)
Deposits from customers	-	-	-	-	241,837,028	241,837,028	(*)
Other borrowed and entrusted funds	-	-	-	-	103,930	103,930	(*)
Valuable papers issued	-	-	-	-	81,295,633	81,295,633	(*)
Other financial liabilities	214,637	-	-	-	9,161,773	9,376,410	(*)
	214,637	-	-	-	455,471,845	455,686,482	

(\*) VPB has not determined fair values of these items because there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or Vietnamese Accounting System applicable to Credit institutions. The fair values of these financial instruments may differ from their carrying amounts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

	CARRYING VALUE					Fair value	
	Fair value through profit and loss	Held-to-maturity	Loans and receivables	Available for sale	Other assets and liabilities recorded at amortised cost	Total carrying value	
<b>As at 31 December 2020</b> (VND million)							
<b>Financial assets</b>							
Cash and gold on hand	-	-	3,282,556	-	-	3,282,556	3,282,556
Balances with the SBV	-	-	5,779,610	-	-	5,779,610	(*)
Balances with and loans to other CIs	-	-	19,554,808	-	-	19,554,808	(*)
Securities held for trading - gross	493,214	-	-	-	-	493,214	(*)
Loans to customers and debts purchased - gross	-	-	291,076,318	-	-	291,076,318	(*)
Available-for-sale securities - gross	-	-	-	75,959,904	-	75,959,904	(*)
Held-to-maturity securities - gross	-	854,344	-	-	-	854,344	(*)
Other long-term investments - gross	-	-	-	238,602	-	238,602	(*)
Other financial assets	210,656	40,626	199,54,737	1,828,062	-	22,034,081	(*)
	703,870	894,970	339,648,029	78,026,568	-	419,273,437	
<b>Financial liabilities</b>							
Amounts due to the Government and the SBV	-	-	-	-	14,220	14,220	(*)
Deposits and borrowings from other CIs, other FIs	-	-	-	-	56,511,282	56,511,282	(*)
Deposits from customers	-	-	-	-	233,427,953	233,427,953	(*)
Derivatives and other financial liabilities	139,825	-	-	-	-	139,825	(*)
Other borrowed and entrusted funds	-	-	-	-	187,156	187,156	(*)
Valuable papers issued	-	-	-	-	62,845,488	62,845,488	(*)
Other financial liabilities	196,499	-	-	-	10,436,574	10,633,073	(*)
	336,324	-	-	-	363,422,673	363,758,997	

(\*) VPB has not determined fair values of these items because there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or Vietnamese Accounting System applicable to Credit institutions. The fair values of these financial instruments may differ from their carrying amounts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 51. CHANGES IN NET PROFIT BEFORE TAX

The consolidated profit before tax of VPB for the year ended 31 December 2021 increased by VND1,344,315 million compared to the consolidated profit before tax for the year ended 31 December 2020, equivalent to 10.33% due to the following reasons:

	VND million
Increase in interest and similar income	2,003,006
Increase in net fee and commission income	702,904
Decrease in net loss from trading of foreign	230,813
Decrease in net gain from securities held for trading	(217,587)
Increase in net gain from investment securities	1,980,135
Increase in net gain from other operating activities	571,627
Decrease in income from equity investments and purchase of shares	(2,537)
Decrease in operating expense	673,084
Increase in allowance for credit losses	(4,597,130)
	1,344,315

### 52. SEGMENT INFORMATION

A segment is a component determined separately by VPB which is engaged in providing related products or services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

#### (I) The primary segment information by business segment

For management purpose, the Bank and its subsidiaries have established their operation in the following business segments:

Banking and credit granting:	Provide the following products and services to customers:
	▶ Mobilizing deposits;
	▶ Providing credit;
	▶ Wire transfer; settlement services; and
	▶ Other banking operations.
Finance company:	Consumer finance and other financial activities
Asset and liabilities management:	Asset and liabilities management



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

Primary segment information by business segment as at 31 December 2021 and for the year then ended is as follows:

(VND million)	Banking	Finance company	Asset and liabilities management	Elimination	Total
<b>Income</b>					
Interest and similar income	32,214,828	18,752,102	3,678	(143,510)	50,827,098
Net fee and commission income	3,652,638	429,806	(2)	(23,411)	4,059,031
Net other operating income	28,835,879	1,020,027	(623)	(23,961,668)	5,893,615
	64,703,345	20,201,935	3,053	(24,128,589)	60,779,744
<b>Expenses</b>					
Interest and similar expenses	(12,833,390)	(3,803,361)	-	158,482	(16,478,269)
Depreciation and amortization charges	(264,517)	(114,711)	-	-	(379,228)
Other direct operating expenses	(5,779,920)	(4,559,425)	(364)	-	(10,339,709)
	(18,877,827)	(8,477,497)	(364)	158,482	(27,197,206)
Net profit before allowance for credit losses	45,825,518	11,724,438	2,689	(23,970,107)	33,582,538
Allowance expense for credit losses	(7,862,503)	(11,331,399)	-	(24,866)	(19,218,768)
Segmental profit before tax	37,963,015	393,039	2,689	(23,994,973)	14,363,770
<b>Total assets</b>					
Cash, gold and gemstones	2,345,733	-	-	-	2,345,733
Fixed assets	1,445,525	427,309	-	139	1,872,973
Other assets	480,651,064	77,201,669	190,646	(14,852,646)	543,190,733
	484,442,322	77,628,978	190,646	(14,852,507)	547,409,439
<b>Total liabilities</b>					
External liabilities to customers	401,406,237	59,540,937	-	(9,079,595)	451,867,579
Other internal liabilities	431,857	14,366	500	-	446,723
Other liabilities	6,565,273	2,271,526	27,882	(47,691)	8,816,990
	408,403,367	61,826,829	28,382	(9,127,286)	461,131,292

### (II) The supplementary segment information by geographical area

The Bank and its subsidiaries' principal activities are mainly taking place within Vietnam. Therefore, VPB's risks and returns are not impacted by VPB's operations that are taken place in different locations. Therefore, the Bank's management identifies that VPB has only one geographical segment. Accordingly, the presentation of geographical segment information is not required.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ended 31 December 2021 (continued)

### 53. POST BALANCE SHEET EVENTS

As at 14 January 2022, the Bank purchased 26,186,000 shares of ASC Securities Corporation, equivalent to 97.42% of ownership. Accordingly, ASC Securities Corporation officially became subsidiary of the Bank since 14 January 2022.

Except events stated above, as of the date of issuance of these consolidated financial statements, there are no significant events occurring subsequently after 31 December 2021 that require adjustments or disclosure to be made in the consolidated financial statements as at 31 December 2021 and for the year then ended.

### 54. EXCHANGE RATES OF SOME CURRENCIES AT THE REPORTING DATE

The followings were the significant foreign exchange rates applied by VPB:

	Exchange rate as at	
	31/12/2021 VND	31/12/2020 VND
AUD	16,678	17,660
CAD	17,969	18,165
CHF	25,021	26,186
CNY	3,596	3,539
DKK	3,160	3,160
EUR	25,990	28,523
GBP	30,911	31,160
JPY	199	224
NZD	17,249	17,249
SEK	3,078	3,078
SGD	16,946	17,504
THB	640	640
USD	22,830	23,100
XAU (*)	613,000	558,250

(\*) This represent exchange rate of 0.01 tael of gold

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# APPENDIX

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1.33	102-43	Approach to stakeholder engagement	
1.34	102-44	Key topics and concerns raised	Page 77-78
<b>GRI 102-6. REPORTING PRACTICE</b>			
1.35	102-45	Entities included in the consolidated financial statements	Page 130
1.36	102-46	Defining report content and topic Boundaries	Page 78-79
1.37	102-47	List of material topics	
1.38	102-48	Restatements of information	
1.39	102-49	Changes in reporting	
1.40	102-50	Reporting period	
1.41	102-51	Date of most recent report	
1.42	102-52	Reporting cycle	
1.43	102-54	Claims of reporting in accordance with the GRI Standards	
1.44	102-55	GRI content index	Appendix
1.45	102-56	External assurance	Page 122-123
<b>GRI 201. ECONOMIC PERFORMANCE</b>			
2.1	201-1	Direct economic value generated and distributed	Page 18-19
2.2	201-2	Financial implications and other risks and opportunities due to climate change	Page 80-81
2.3	201-3	Defined benefit plan obligations and other retirement plans	Page 86, 147
<b>GRI 202. MARKET PRESENCE</b>			
2.4	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Page 86
<b>GRI 203. INDIRECT ECONOMIC IMPACTS</b>			
2.5	203-1	Infrastructure investments and services supported	Page 58-59
2.6	203-2	Significant indirect economic impacts	
<b>GRI 204. PROCUREMENT PRACTICES</b>			
2.7	205-1	Operations assessed for risks related to corruption	Page 90
2.8	205-2	Communication and training about anti-corruption policies and procedures	

GRI 302. ENERGY			
3.1	302-1	Energy consumption within the organization	Page 83
3.2	302-4	Reduction of energy consumption	
GRI 306. WASTE			
3.3	306-2	Management of significant waste-related impacts	Page 83
GRI 307. ENVIRONMENTAL COMPLIANCE			
3.4	307-1	Non-compliance with environmental laws and regulations	Does not arise at VPBank in 2021.
GRI 308. SUPPLIER ENVIRONMENTAL ASSESSMENT			
3.5	308-1	New suppliers that were screened using environmental criteria	Page 80
3.6	308-2	Negative environmental impacts in the supply chain and actions taken	
GRI 401. EMPLOYMENT			
4.1	401-1	New employee hires and employee turnover	Page 72, 89
4.2	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 86, 147
4.3	401-3	Parental leave	Page 86
GRI 402. LABOR/MANAGEMENT RELATIONS			
4.4	402-1	Minimum notice periods regarding operational changes	VPBank based on the nature & impact of changes to decide appropriate notice period for employees to minimize the affect employees and ensure compliance with legal regulations.
GRI 403. OCCUPATIONAL HEALTH AND SAFETY			
4.5	403-1	Workers representation in formal joint management-worker health and safety committees	Trade union is representative.
4.6	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 88
4.7	403-3	Workers with high incidence or high risk of diseases related to their occupation	Taken not arising at VPBank in 2021.
4.8	403-4	Health and safety topics covered in formal agreements with trade unions	Labor regime, occupational safety, occupational health, health care workers.
GRI 404. TRAINING AND EDUCATION			
4.9	404-1	Average hours of training per year per employee	Page 87
4.10	404-2	Programs for upgrading employee skills and transition assistance programs	Page 73, 87
4.11	404-3	Percentage of employees receiving regular performance and career development reviews	100%
GRI 405. DIVERSITY AND EQUAL OPPORTUNITY			
4.12	405-1	Diversity of governance bodies and employees	Page 89
4.13	405-2	Ratio of basic salary and remuneration of women to men	Page 86



GRI 406. NON-DISCRIMINATION			
4.14	406-1	Incidents of discrimination and corrective actions taken	Taken not arising at VPBank in 2021.
GRI 408. CHILD LABOR			
4.15	408-1	Operations and suppliers at significant risk for incidents of child labor	Taken not arising at VPBank in 2021.
GRI 409. FORCED OR COMPULSORY LABOR			
4.16	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Taken not arising at VPBank in 2021.
GRI 410. SECURITY PRACTICES			
4.17	410-1	Security personnel trained in human rights policies or procedures	Page 87
GRI 411. RIGHTS OF INDIGENOUS PEOPLES			
4.18	411-1	Incidents of violations involving rights of indigenous peoples	Does not arise at VPBank in 2021.
GRI 412. HUMAN RIGHTS ASSESSMENT			
4.19	412-2	Employee training on human rights policies or procedures	Page 87
GRI 413. LOCAL COMMUNITIES			
4.20	413-1	Operations with local community engagement, impact assessments, and development programs	Activity level credit participation of local communities through the process of receiving and settling complaints.
GRI 414. SUPPLIER SOCIAL ASSESSMENT			
4.21	414-1	New suppliers that were screened using social criteria	Page 80
4.22	414-2	Negative social impacts in the supply chain and actions taken	Does not arise at VPBank in 2021.
GRI 416. CUSTOMER HEALTH AND SAFETY			
4.23	416-1	Assessment of the health and safety impacts of product and service categories	Page 80
4.24	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Does not arise at VPBank in 2021.
GRI 418. CUSTOMER PRIVACY			
4.25	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	VP resolutely handle Rights violations customer privacy and customer data loss. VPBank regularly recommends Customers improve security.
GRI 419. SOCIOECONOMIC COMPLIANCE			
4.26	419-1	Non-compliance with laws and regulations in the social and economic area	Does not arise at VPBank in 2021.





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