

VPBank[®]
Annual Report
2023

**SHAPING
PROSPERITY**

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PREFACE

SHAPING PROSPERITY

The year of 2023 set a major milestone for VPBank when our charter capital bolstered to VND79.34 trillion and owner's equity reached approximately VND140 trillion, ranked first and second in terms of charter capital and owner's equity, respectively, in the industry. Such solid capital became a shock absorber for VPBank to override the bumpy 2023 where the economy recovered in a slower pace than expected, consumer demand was weak and borrowing needs were low among individuals and businesses.

During the year, VPBank had the honour to welcome SMBC, Japan's second largest financial group, as a strategic shareholder, to join the bank's journey to grow into a steady and dominant financial institution in Vietnam, and subsequently the region. VPBank's determination to strive for new heights, coupled with SMBC's unique know-how, extensive experience and cultural value of Japan, will mutually help move the VPBank ship unceasingly forward.

The company of SMBC with its sound financial strength has paved the way for VPBank to tap into the conglomerate, FDI and MNC segments in 2023, filling in the missing piece of the bank's comprehensive and diverse ecosystem while complementing the bank's primary segments of retail and SME.

All of these advantages have translated into some important foundations for VPBank to move forward in 2024, in the hope of a brighter future where the journey of creating prosperity for shareholders, community and society will go on.





Bank





MESSAGE



Chairman's and CEO's message 08

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Message

Chairman's and CEO's message

Dear Valued shareholders, Customers, and Partners,

The local economy, and the banking industry in particular, encountered numerous difficulties and challenges in 2023. Banks run into a liquidity crunch and a corporate bond crisis that prolonged from late 2022 to early 2023. In fact, the consequences of these two major crises shadowed the entire year of 2023. Sluggish economic growth, short credit demand and the weakened financial health of many customers all together shoved the whole banking operations in to difficulty, and banks grew more cautious on lending to customers and debts collection activities. Various banks, as a matter of fact, could not fulfill their business targets, and VPBank was no exception.

In spite of the harsh conditions, there were fairly a number of bright spots in VPBank's big picture last year. We ultimately completed certain goals, and eventually began to roll out a number of strategic plans that were deemed significant and necessary for the future development of the bank.

To begin with, VPBank concluded the 15% stake sale to Japan-based SMBC within the course of 2023. Against all the difficulties and challenges that could threaten the bank's performance, SMBC firmly made its decision to become a strategic shareholder of VPBank, to join us on an incredible journey into the future.

This indeed showed that SMBC highly appreciated VPBank's internal strength and development strategy. Our partner has brought us not only some VND36 trillion in capital but also the experience, expertise and client list of one of the world's largest banks – in terms of assets. Such power will help strengthen the foundation for VPBank to leapfrog on the horizon.

Secondly, VPBank not only managed to successfully weather through the liquidity crunch and non-performing loans (NPL) buildups, which threatened

the whole banking industry, but also achieved strong growth in funding, lending, capital, total assets and customer base. The consolidated funding, in particular, boosted robustly by more than 33%, reaching over VND490 trillion. Such growth rate was much higher than the industry average, thus helped the bank safeguard its liquidity indicators.

Thanks to the proceeds from the stake sale to SMBC, the bank's CAR reached more than 17%, the highest in the banking industry. And owing to the reinforced liquidity ratios, VPBank managed to bolster its lending volume to expand its business. The consolidated credit growth, as such, reached more than 25%. The bank's total assets, meanwhile, soared to VND817 trillion at the end of 2023, up nearly 30% y-o-y. The number of customers across the ecosystem also increased from 24 million to more than 30 million in just a year.

Thirdly, VPBank took the initiative to implement the group operating model that enabled more flexible support between the parent bank and the subsidiaries in the ecosystem in a bid to optimise resources and improve operational efficiency. The support from parent bank VPBank for FE CREDIT, as part of the model, immediately produced visible results at the consumer finance arm.

In 2023, various units of VPBank, both back-office and frontline, directly participated in the restructuring process of FE CREDIT. As a result, FE CREDIT's disbursement volume bounced back gradually in the last two quarters. And its quarterly profit subsequently saw an upward trend. In 2024, the group operating model will continue to be implemented in other subsidiaries including OPES and VPBankS, in a concerted effort to optimise resources and achieve the highest efficiency.

And last but not least, one of the strategic actions that VPBank completed last year was the introduction of the fresh corporate culture and five new core values. We all know that corporate culture has a great influence on the sustainable development of a company, shaping its identity and helping the company achieve its ambitious goals in the future. VPBank has entered a new phase of expansion with big aspirations and dreams. Therefore, we also need to change our cultural identity to suit the very new chapter.

Having overcome difficult times, it is clear to us that VPBank is resilient and capable of flexibly and creatively responding to crises. Thereby, VPBank has drawn lessons, identified shortcomings, reassessed the risk appetite, and made appropriate changes to overcome the shortcomings and achieve sustainable growth in the future.

Flexibility and creativity are VPBank's advantages. They were demonstrated in the past. During the 2012-2013 economic crisis, VPBank – a small bank at that time – faced many difficulties and challenges but achieved impressive growth in volume and total assets, eventually open up a new chapter in the bank's splendid history. At this stage, VPBank's flexibility and creativity are once again demonstrated. Thanks to a much better position than 10 years ago, the support of the strategic partner SMBC, and our large-scale capital base, thorough experience and the customer base of more than 30 million customers, we believe that 2024 will be a successful year for VPBank.

Thank you!

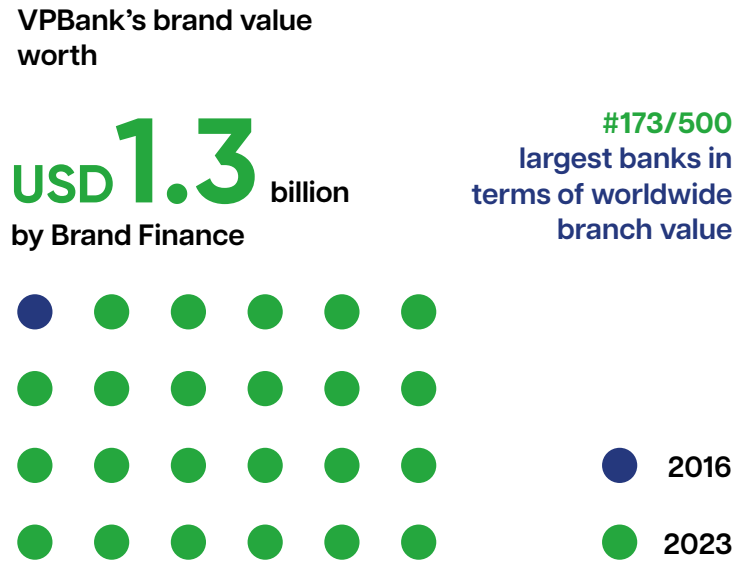
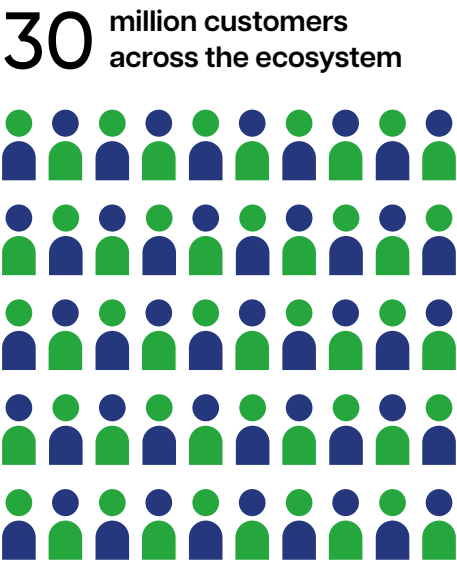
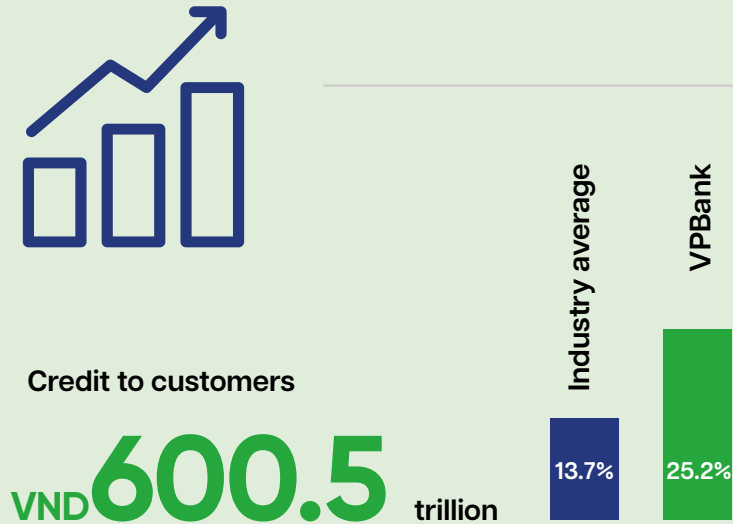
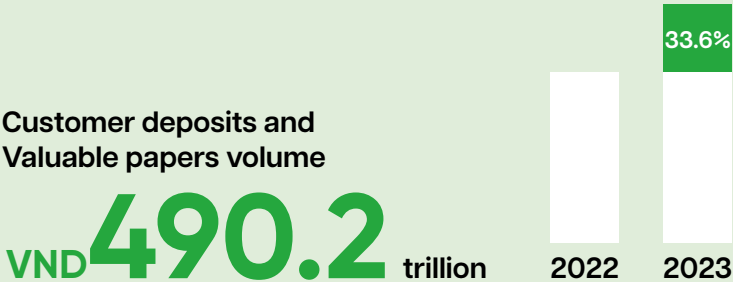
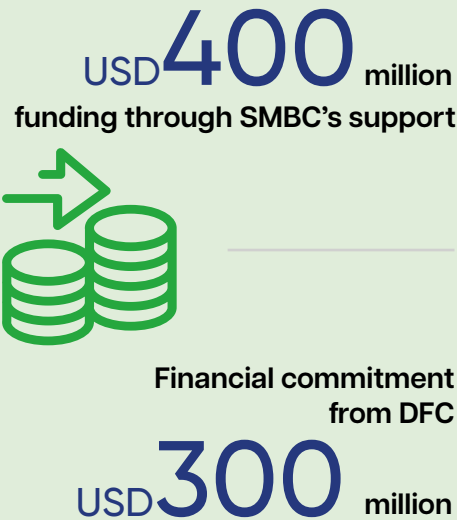


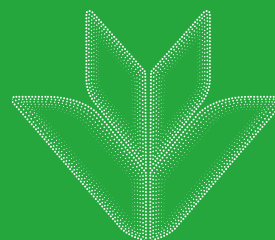
30 Hành trình Thịnh Vượng



Chairman
Ngo Chi Dung

Highlights of 2023





Total cash dividend appox.

 VND **8** trillion

Moody's
affirmed Credit
rating at
Ba3



- Completed the private placement of 15% stake to the strategic partner SMBC, increasing the charter capital to nearly VND79.34 trillion and owner's **equity** to nearly VND140 trillion, ranking first and second respectively in the banking industry. The **capital adequacy ratio** reached 17%, the highest among Vietnamese banks.
- Fulfilled the commitment to pay **cash dividends of nearly VND8 trillion** to shareholders.
- **Acquired** VND490 trillion in **customer deposits and valuable papers** on a consolidated basis, up 33.6% y-o-y, among the highest in the industry.
- **Consolidated credit volume** reached more than VND600 trillion, up 25.2% y-o-y with the parent bank growing by 31.8%, much higher than the industry average (13.7%).
- VPBank **successfully secured USD400 million** in medium- and long-term syndicated loans from large financial institutions through SMBC's support and arrangement in 2023, with the total SMBC-backed international loans added up to nearly USD1.7 billion in the past three years. The bank also received a **financing commitment of USD300 million** from the US International Development Finance Corporation (DFC) in a bilateral loan agreement to promote sustainable finance.
- VPBank's **credit rating** was affirmed at Ba3 by Moody's, with a stable outlook in the context of the financial market facing many difficulties and challenges.
- A first-ever aggressive action programme was implemented at FE CREDIT, helping FE CREDIT return to its growth trajectory while quickly responding to complex developments in the market and the economy.
- The **customer base** reached more than 30 million across the ecosystem that covers banking, finance, securities, insurance, technology, etc.
- VPBank's **brand value** was assessed by Brand Finance to be nearly USD1.3 billion, a 23-fold increase in seven years since the first valuation in 2016. VPBank was ranked 173rd on Brand Finance's list of 500 largest bank, in terms of worldwide branch value.
- Unveiled **five new core values**, namely Aspiration, Integrity, Efficiency & Effectiveness, Discipline, and Innovation, which become the foundation for the bank to bring ambitious goals to fruition.





Overview

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1. General information, establishment and development history

General information

Name	
In Vietnamese	Ngân hàng Thương mại Cổ phần Việt Nam Thịnh Vượng
In English	Vietnam Prosperity Joint-Stock Commercial Bank
Short form	VPBank
Ticker symbol	VPB
Business Registration Certificate No.	0100233583
First registration	8/9/1993
45 th amendment	27/11/2023

Charter capital	VND79,339,236,010,000.00
In words	Seventy-nine trillion three hundred thirty-nine billion two hundred thirty-six million ten thousand Vietnam dong.

Head Office	VPBank Tower, 89 Lang Ha street, Lang Ha ward, Dong Da district, Hanoi
Phone number	(84) (24) 39288869
Fax	(84) (24) 39288867
Website	www.vpbank.com.vn



VÌ MỘT
VIỆT NAM

THỊNH VƯỢNG



VPBank

VPBank is now ready to embark on its next journey of development:
The journey to become a powerful and robust financial institution
that stands among the **top three** leading banks in Vietnam
and **top 100** largest banks in Asia



Establishment and development

Established in 1993 when Vietnam was in the early stage of Doi moi implementation, VPBank has always accompanied the development of the country during the past 30 years of expansion and growth, become an intermediary that effectively mobilise and allocate resources for the economy, helped people access modern financial and banking services, many businesses acquire loans in time to invest and expand their business operations.

Going through many ups and downs over the years, witnessing the rise of the Internet, the change in customer behaviour and psychology, and recently the strong wave of digitisation that swept through the financial and banking industry, VPBank has always taken the initiative to adapt and catch up with new trends and opportunities. Having succeeded in the momentum run (2012-2017) and breakthrough (2018-2022), VPBank has grown to become the bank with the largest charter capital in Vietnam as of December 31, 2023, on the back of a nationwide network and a rich and diverse ecosystem consisting of financial products, services and solutions, meeting individual customers' and business community's demands – ranging from payment to asset management and so on.

VPBank is now ready to embark on its next journey of development – the journey to become a powerful and robust financial institution that stands among the top three leading banks in Vietnam and top 100 largest banks in Asia, jointly contributing to the sustainable development and prosperity of the nation and the community in accordance with the very spirit of “Prospering Vietnam”.

Such goal is also the vision that VPBank has mapped out for its five-year development strategy starting 2022 through to 2026. This will serve as a guideline for the bank as it explores new opportunities and conquers new heights, despite the difficulties, challenges and unpredictable implications that the post-pandemic crisis is posing to the global economy and international financial markets, including Vietnam's.

With a persistent and steadfast will, VPBank is determined to overcome obstacles and continue to adhere to the goal of quality growth while constantly innovating and strengthening the quality of products and services, in a bid to affirm its position as a Vietnam's leading bank – ready to reach far and high to regional and international levels.



History and achievements over the past 30 years of development (1993-2023)



1993

Vietnam Prosperity Joint Stock Commercial Bank (VPBank) was established on August 12, 1993 and is one of the commercial joint stock banks with a long history in Vietnam.



2015

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



2018

- Developed a strategy for 2018-2022, identified growth drivers and accelerated the digitalisation process.
- Launched VPBank Diamond brand for the affluent segment.



2010

VPBank implemented the strategy to transform into a modern retail banking model and underwent strong development through the expansion of its nationwide network of branches and transaction outlets along with the development of diverse sales and distribution channels.



2017

Successfully listed on the Ho Chi Minh Stock Exchange, raised nearly USD300 million from private placement, and opened a new phase of development and integration with the leading position in Vietnam.



2020

- Completed all three pillars under Basel II.
- Activated the business continuity plan (BCP) and developed the scenarios to respond to Covid-19.
- Implemented a series of digital initiatives on technology platforms such as Open Banking.



2022

- Extended the agreement on exclusive insurance distribution with AIA.
- Repositioned the brand and unveiled the new mission statement of "Prospering Vietnam" together with the "Light up Vietnam" campaign.
- Increased the charter capital to more than VND67,000 billion, becoming the bank in terms of charter capital in the system.



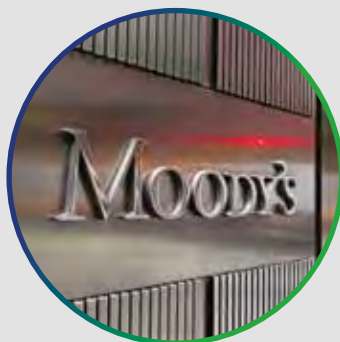
2019

- Successfully issued USD300 million of international bonds.
- Implemented the BeFit programme to streamline the organisation and improve labour productivity.



2021

- Completed the transfer of 49% capital at FE CREDIT to SMBC.
- Moody's upgraded the credit ratings of VPBank and FE CREDIT to Ba3 – same as the sovereign ratings.



2023

- Completed the private placement of 15% of charter capital to the strategic shareholder SMBC, increasing the equity to nearly VND140 trillion, the second highest in the industry.
- Moody's affirmed VPBank's Ba3 issuer ratings, with stable outlook.
- Unveiled five new core values.





VPBank is gradually affirming the reputation of a dynamic bank with stable financial capacity and responsibility to the community, in accordance with the spirit of “Prospering Vietnam”.

Vision

Become a bank with a solid position among the **top three largest banks in Vietnam** and grow in size eligible for **the top 100 largest banks in Asia**, contributing to the **sustainable development and prosperity** of the country and the community.

Mission

Lead in innovation and deliver distinctive **financial services** to customers and partners, and develop effectively to bring about **sustainable prosperity values** to shareholders, the community and society.

Strategy

Build a **universal** bank that leads in implementation, innovation and value creation capacity through **comprehensive** financial solutions, with the **synergy of the ecosystem** and **application of advanced technologies**.



Core values

VPBank has always identified **corporate culture** as a valuable **asset** of the organisation and the **strength** that enables the bank to pursue ambitious goals, creates distinctive values and is the foundation that supports strategies, helping to realise the vision and mission of the bank. In 2023, VPBank officially announced the five new core values as follows:

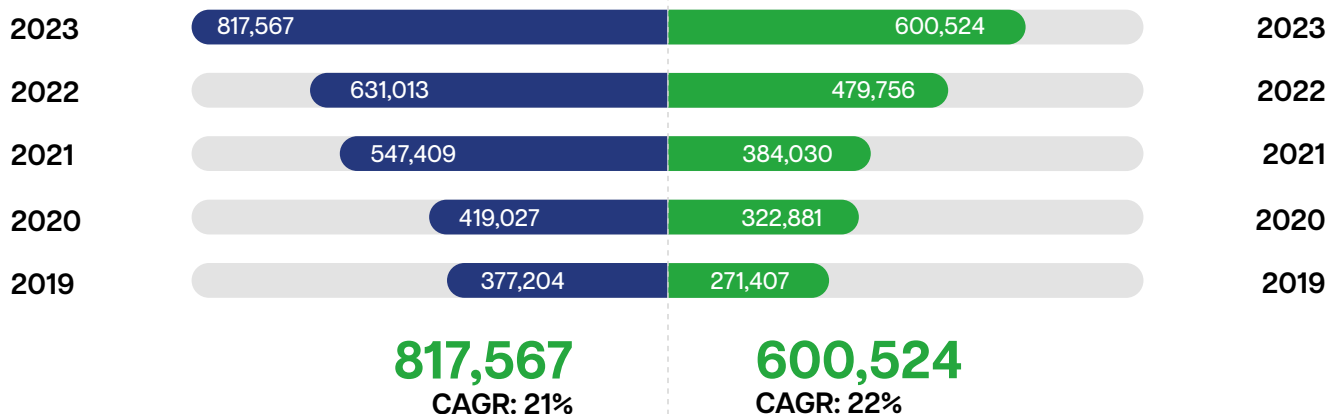


This new set of core values is built on the values and qualities that form VPBank’s identity over the years, with the complement of fresh spirits and beliefs for the bank to uphold sustainable growth in the future. The five core values will be the guideline for each VPBanker to self-reflect, perfect, and develop themselves to become prosperous individuals, rich in aspirations, passionate about creativeness, and disciplined in thought and action. The activated new core values are going to empower VPBank to open a new era of prosperity.

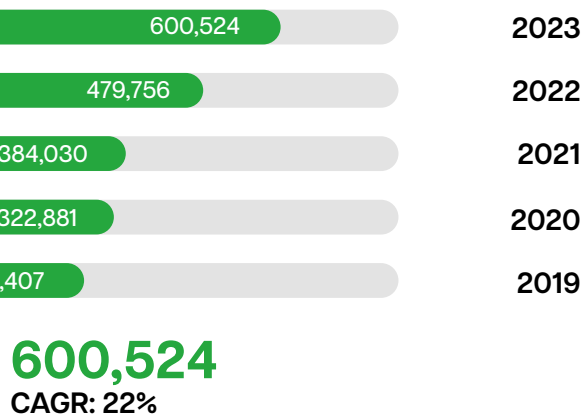
Growth charts

Over the course of five years, VPBank has been consistent in growing volume, strengthening its foundation whilst ensuring quality and operational efficiency. From one year to another, VPBank's capital adequacy ratio (CAR) and cost-to-income ratio (CIR) have been improved to outperform the industry averages.

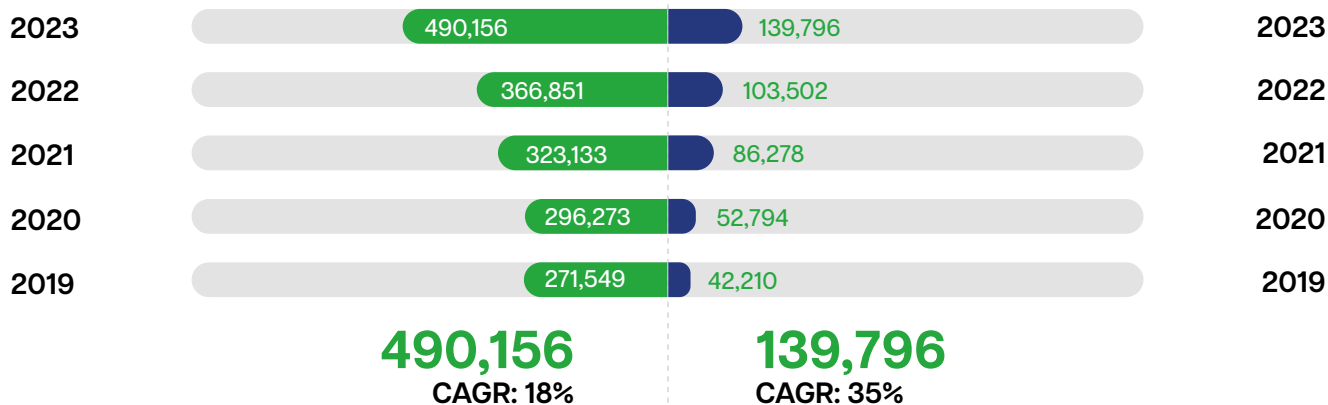
Total assets (VND billion)



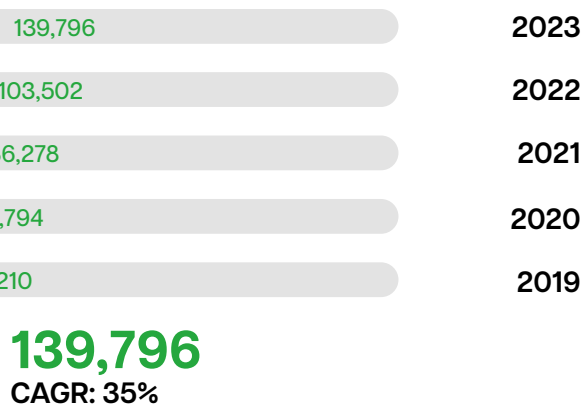
Credit to customers (VND billion)



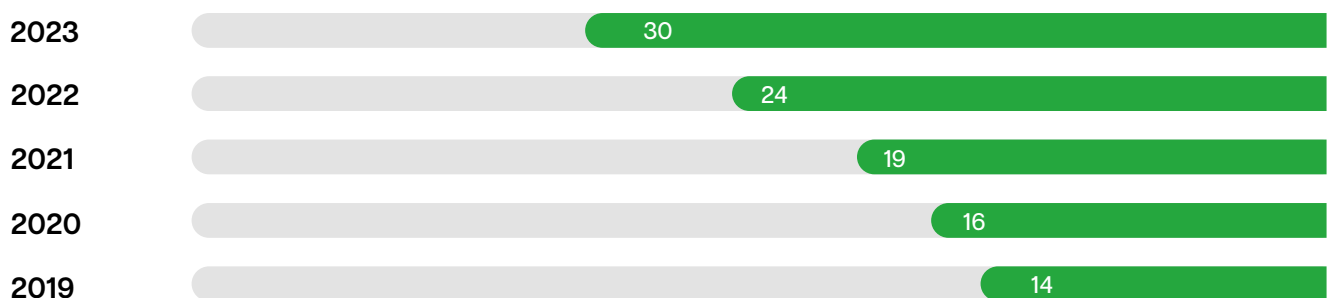
Customer deposits and valuable papers (VND billion)



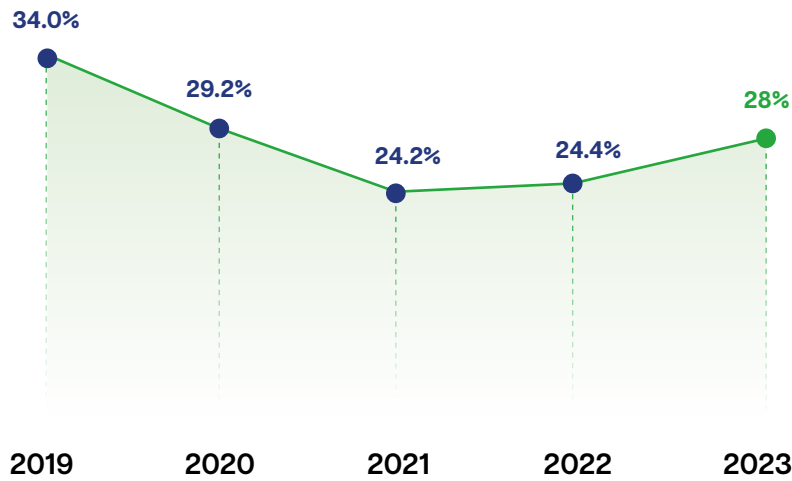
Owner's equity (VND billion)



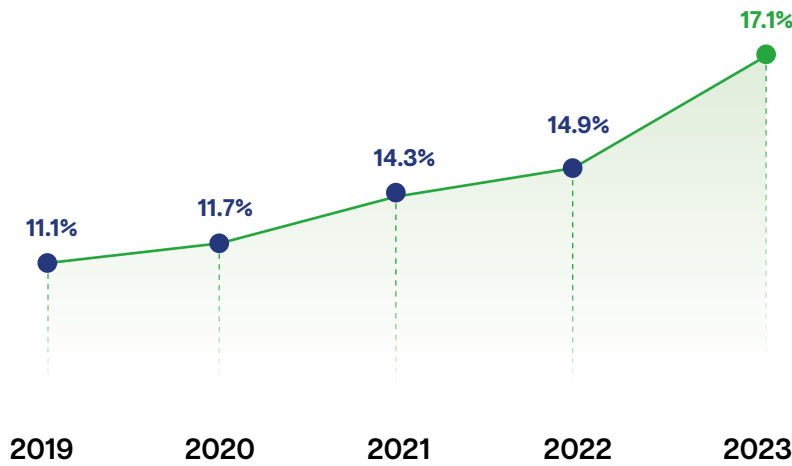
No. of customers (mil)



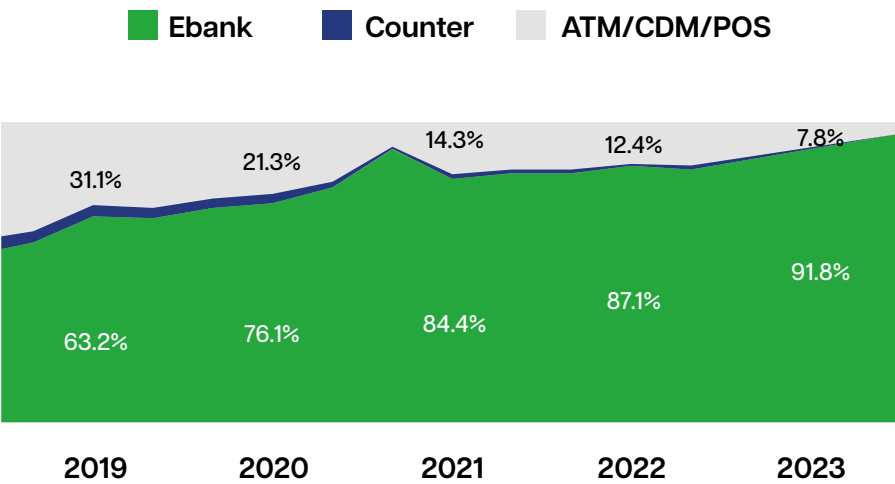
CIR



CAR in accordance with Circular 41
(Basel II, %)



Penetration rate by channel



2. Business lines and regions

Banking services

VPBank's principal functions include:



Providing banking services, including mobilising and receiving short-, medium- and long-term deposits from organisations and individuals; making short-, medium- and long-term loans and advances to organisations and individuals



Investing in securities and bonds; investing in Government bond futures contracts



Providing settlement payment and e-wallet services



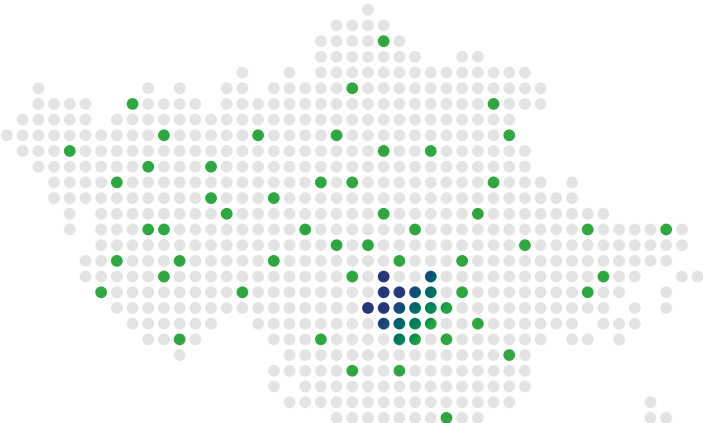
Conducting foreign exchange transactions; providing international trade finance services; discounting of commercial papers, bonds and other valuable papers



Extending credit in the form of of rediscounting negotiable instruments and other valuable papers and other banking services permitted by the State Bank of Vietnam



Providing asset management services



1 HEAD
OFFICE
31 BRANCHES
113 TRANSACTION
OFFICES
NORTH

1 HEAD
OFFICE
76 BRANCHES
187 TRANSACTION
OFFICES

By the end of 2023, VPBank had one head office, 76 branches and 187 transaction offices across the country

8 BRANCHES
16 TRANSACTION
OFFICES
CENTRE

37 BRANCHES
58 TRANSACTION
OFFICES
SOUTH

3. Governance model, business organisation and management apparatus

Governance model

VPBank's organisational structure constitutes the Annual General Meeting, the Board of Directors, the Supervisory Board, and the CEO as per regulation stated in Article no. 32 under the Law on Credit institutions 2010. The Annual General Meeting has the ultimate authority over the bank. The Annual General Meeting has the right to elect, relieve from duty or dismiss members of the Board of Directors and the Supervisory Board.

The Board of Directors is responsible for the establishment of the bank's strategies and direction; implementation of the governance framework, decisions making to exercise the bank's rights and obligations except for issues under the authority of the Annual General Meeting.

The Board of Directors has two supporting committees, which are the Human Resources Committee and the Risk Management Committee.

Management apparatus

The CEO is the highest-ranking executive and takes responsibility before the Board of Directors.

Other members of the Board of Management include the standing DCEOs, DCEOs and division or centre heads, etc. have the responsibility to support the CEO in the implementation of directions and policies approved by the Board of Directors. The bank establishes 18 main divisions and centres, implementing business and operation activities, every of which has a specific duty and is managed by assigned members of the Board of Management.

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

Organisational chart



Subsidiaries and affiliates



Vietnam Prosperity Joint Stock Commercial Bank Asset Management Co., Ltd. (VPBank AMC)

Business registration certificate	No. 0105837483 issued by Hanoi Department of Planning and Investment on May 12, 2023
Registered business address	L2B floor, Royal City Building, 72A Nguyen Trai road, Thuong Dinh ward, Thanh Xuan district, Hanoi
Business line	Debt and asset management
Charter capital	VND115,000,000,000.00
% owned by VPBank	100%



OPES Insurance Joint Stock Company (OPES)

Business registration certificate	No. 79/GP/KDBH issued by Ministry of Finance on March 20, 2018 and revised on December 16, 2021
Registered business address	6 th floor, 5 Dien Bien Phu road, Dien Bien ward, Ba Dinh district, Hanoi
Business line	Insurance
Charter capital	VND550,000,000,000.00
% owned by VPBank	98%

Thanks to strong and well-thought-out investment in technology infrastructure, OPES Insurance made remarkable leaps in 2023 in terms of revenue, market share and reputation with customers.

After five years entering the market, from a young insurance business, OPES became one of the 15 largest non-life insurance companies, in terms of revenue, in Vietnam. In 2023, OPES's revenue reached more than VND1.6 trillion. Its ROE and ROA reached 22.9% and 5.8% respectively. More than 109.3 million non-life insurance policies were successfully issued by OPES during the year, with a customer base of over 11 million. During peak period, OPES issued in excess of 500,000 insurance policies per day and the number is expected to continue to increase in 2024.

Diverse business model

To meet the diverse customer demands, OPES expanded its range of insurance products, including An Gia O.HOUSE insurance, broken screen insurance, mobile device insurance and many other products.

Along with that, OPES is partnering and providing services to big companies like BE, GSM, etc. in an effort to expand its market share in Vietnam.

In particular, in July 2023, OPES partnered with two famous brands in the market, Military Insurance (MIC) and Petrolimex Insurance (PJICO), to introduce the O-CAR physical insurance product for RB Division and SME Division of the parent bank. The large-scale cooperation programme brought together more than 200 branches and transaction offices, along with 132 business units nationwide, 7,370 sales staff, 460 professional appraisers, and 2,639 affiliated garages.

2024 - Accelerate on a superior digital technology platform

Set the target

100.3%

in insurance premium revenue

OPES has set the target of 100.3% y-o-y growth in insurance premium revenue, becoming one of the top 10 largest non-life insurance companies in Vietnam in 2024.

To realise these goals, OPES will beef up business, maximise the insurance potential in the ecosystem, optimise operating costs and enhance the brandname.

In addition, OPES will also continuously improve the D2C platform and carry out digital marketing activities to enhance the digital insurance brand. The business will move towards digitisation of the entire customer journey, becoming the most pioneering and innovative digital insurance company in Vietnam in the coming years.

VPBank Securities Joint Stock Company (VPBankS)

Business registration certificate	No. 106/UBCK-GP issued by the State Securities Commission on April 8, 2009 and revised on December 16, 2021
Registered business address	21 st and 25 th floors, VPBank Tower, 89 Lang Ha street, Lang Ha ward, Dong Da district, Hanoi
Business line	Securities
Charter capital	VND15,000,000,000,000.00
% owned by VPBank	99.95%



2023 - Solid foundation

Inheriting the strength and the business philosophy of “Customer Focus” from the parent bank, VPBankS focused on building a unique range of products and services, tailored to each investor’s risk appetite in 2023, with the aim of becoming a One-stop Shop for all investors by 2026.

The product and service ecosystem, accordingly, has gradually been improved and diversified to serve diverse needs and tastes while providing added value on customers’ investment journey.

- Low risk product: money market
- Trading products: underlying stock, covered warrant, model investment portfolio, diverse margin lending policies
- Wealth products: bonds, fund certificates
- Investment support tools: professional analysis reports, weekly livestreaming channels that provide ample useful advices
- Digital platform that brings the best digital experience to customers, particularly NEO Invest, Web Trading NEO Invest, and NEO Advisor – a customer management and support platform
- Dedicated customer service, add-on privileges for VPBankS Loyalty customers, and a customer tier programme in partnership with VPBank

Total revenue reached

VND **1.936** trillion

In 2023, the company focused on and promoted Corporate Culture, Human Resources, Risk Management, Operations and Compliance activities. In particular, as part of the Corporate Culture activity, VPBankS’s new Mission, Vision and Set of 5 Core Values (Aspiration - Integrity – Efficiency & Effectiveness - Discipline - Innovation) were unveiled. Along with that, the “Customer Focus” philosophy has become a foundation to spread the VPBankS brand, creating momentum for breakthrough and quality growth in the coming years.

Equity reached

VND **16.445** trillion

In 2023, the second year of operations under the VPBankS brand, the company recorded outstanding business performance: total revenue reached VND1.936 trillion and profit before tax VND1.255 trillion, up 150% and 131% y-o-y respectively. VPBankS’s equity by the end of 2023 reached VND16.445 trillion. Its revenue came from core segments such as underlying stock, investment banking, bonds, warrants and derivatives.

Newly opened accounts increase

4.5 times

- **Underlying stock:**
 - The cumulative number of newly opened accounts reached nearly 250,000, an increase of more than 4.5 times y-o-y.
 - Total average customer net asset value (NAV) reached more than VND21 trillion, an increase of 345% y-o-y.
 - Margin loan balance increased by 151% y-o-y, reaching nearly VND7.2 trillion.
 - The market share of the underlying stock transactions reached nearly 1.6% on average by the end of 2023, an increase of 167% y-o-y.
- **IB and investment:** Completed prominent deals such as investment of nearly VND740 billion in ride-hailing platform BE and other deals totalling more than VND4.5 trillion.
- **Bonds:** Recorded a recovery with more than VND27.7 trillion in sales.
- **Warrants and derivatives:** prepared the platform to enter the market in 2024.

Ride-hailing platform BE investment

VND **740** billion

Award

Most Innovative Trading App award for NEO Invest app from International Finance Award 2023



2024 Orientation

Becoming

one-stop shop

for financial investors

Revenue target

VND3.509 trillion

Profit before tax target

VND1.932 trillion

After focus on building a solid foundation in 2023, VPBankS has set the revenue target of VND3.509 trillion and profit before tax target of VND1.932 trillion for 2024. It is expected that the year will open up many opportunities for VPBankS to seize and use in order to realise the goal of fast, strong and sustainable growth until 2026.

Inheriting and promoting the philosophy of “Customer focus”, VPBankS will continue to build and expand customer segments, effectively manage and care for each segment, perfect the product ecosystem from savings to investment on a simple and convenient digital platform, becoming an indispensable One-stop Shop for financial investors.

At the same time, the company will continuously review, optimise and digitalise business processes to create a solid operating foundation, paving the way for outstanding growth in the coming time.

2024 is an important part of **VPBankS's 2026 vision**, by when it will realise the aspiration to become a leading securities company in the Vietnamese market while achieving specific goals in business lines:

- Top 5 in brokerage market share with more than 1 million accounts and VND150 trillion NAV.
- Top 5 in the provision of investment services.
- Top 1 in the distribution of Wealth and Investment products and effective trading.

FE CREDIT is gradually reaffirming its position as the largest consumer finance company in Vietnam, in terms of market share.

VPBank SMBC Finance Company Limited (FE CREDIT)	
Business registration certificate	No. 0102180545 issued by the Department of Planning and Investment of Ho Chi Minh City on February 14, 2022
Registered business address	2 nd floor, REE Tower building, 9 Doan Van Bo street, Ward 13, District 4, Ho Chi Minh City
Business line	Financial services
Charter capital	VND10,928,000,000,000.00
% owned by VPBank	50%



Strategic transformation

The year 2023 marks the first steps in FE CREDIT's corporate transformation journey based on the group operating model, aiming to improve the operating model and optimise the organisational structure in accordance with the business orientation in the new period.

During the transformation journey of 2023, FE CREDIT made certain achievements in sales, credit processing and operations, as well as in the strengthening of digital technology infrastructure for sustainable growth.

Sales

FE CREDIT adjusted the sales model from multitasking to specialised, separating main and secondary products, with KPIs and sales policies being consistent with such orientation but still competitive in the market, coupled with a series of activities to promote sales and optimise the sales process. FE CREDIT excellently maintained its sales staff with proud results.

- Labour productivity across the company increased two times compared with the pre-transformation period, while incentive/disbursement costs decreased by 20% - in comparison to TOI that decreased by 36% compared to the previous period.
 - Banca products grew dramatically, in which the cash loan insurance accounted for 90% and standalone insurance added up to over VND70 billion per month.
 - In addition, newly-disbursed loans had better risk indicators, helping improve the quality of the company's new portfolio.
-

Credit processing

Through organisational restructuring, management centralisation and functional specialisation, and the development of a working environment to make the most of staff's capacity, FE CREDIT streamlined the staffing of credit processing with more than three thousand employees by the end of 2023. In addition, thanks to innovative, creative and flexible incentive policies and the adoption of many credit processing initiatives, the average total amount collected by each credit processing employee increased by 30% in the last quarter of the year.

Operations

Increase labour productivity

30% – 40%

To optimise the operating costs throughout the company thanks to tripartite cooperation under the group operating model, outsourced activities were reviewed and negotiated, leading to optimised payments by 10-20% or 50% in the case of office rental costs. In addition, FE CREDIT succeeded in building Operational Hub - phase 1, an operations management platform, to maintain service quality, increase labour productivity of ordinary collection and payment positions by 30-40% while implementing Voicebot, promoting technology applications and strategic changes.

IT development

In 2023, the parent bank approved the implementation of the Information Technology Strategy and Roadmap 2023-2025 and the organisational model for the division based on the group's development strategy. More than 10 projects were completed or underway with more than 600 system changes already implemented. In addition, FE CREDIT also gave priority to the information security roadmap, ISO 27001 certification, and compliance.

Product development

In 2023 many changes related to FE CREDIT's products took place. Accordingly, under the strategy of targeting customers with sustainable spending, the FE CREDIT card lines launched many spending-stimulation programmes, and point accumulation programmes and attractive gifts to stimulate consumer loan demand.

Results

made disbursements
to more than

15 million
customers

The year 2023 marks the transformation journey towards smart finance with the goal of "Make FE CREDIT great again". As of December 31, 2023, FE CREDIT made disbursements to more than 15 million customers, in which 5.9 million were existing customers that had been using FE CREDIT's financial services to date. Disbursement results grew over the quarters, by 4%, 13% and 17% in the second, third and fourth quarter respectively, while risk costs improved due to disbursement to safe segments and strengthened credit processing activities. In the fourth quarter, FE CREDIT marked its transformation with positive profits, becoming an important reference for its growth in 2024.

Plan for 2024

In 2024, based on the foundation established in 2023, FE CREDIT will continue to focus on key areas:

- Re-evaluate the business model, focus on a safer customer group, and strengthen the organisation.
- Develop separate management policies for old and new loans, introduce solutions to control risks for old and new loans.
- Strengthen governance activities.
- Optimise profits through risk control activities to reduce provision expenses while continuing to take advantage of the low interest rate environment and the synergy of the VPBank ecosystem.

FE CREDIT is on the road to recovery. Thanks to the increasingly positive macroeconomic situation in 2024, consumer demand will be stimulated, helping VPBank's extended consumer finance arm to regain its leading position, market share and profit in Vietnam.

Local and international awards

"Best Digital Transformation in Consumer Finance Offerings in Vietnam" and "Best Sustainable Development Strategies in Consumer Finance in Vietnam" from the Global Economics in 2023.



**Best Sustainable
Development Strategies in
Consumer Finance in Vietnam**

The Global Economics



**Best Digital Transformation
in Consumer Finance
Offerings in Vietnam**

The Global Economics



4.

Development directions

Business directions

VPBank has identified seven key targets under the third five-year development strategy (2022-2026), including:

1

Accelerate the scalability and growth of retail banking segment by deeply exploiting the middle and high-end segments and continuing to optimise opportunities in potential segments.

2

Increase initiatives and comprehensive financial solutions and expand the partner ecosystem to promote scalability and capture market share in the SMEs.

3

Seize cooperation opportunities to develop transactional and payment banking services and penetrate into new or potential industries to increase revenue from mid-sized and corporate customers.

4

Accelerate digital transformation and technology adoption across all segments and products.

5

Proactively adopt Advanced Analytics to maximise the effectiveness of business decisions, improve corporate governance and risk management.

6

Continue to invest in, develop and expand the ecosystem to bring customers the highest valued financial services, find and develop new growth drivers and new business opportunities in the investment banking, asset management areas, etc.

7

Enforce and improve Organisation Health Index (OHI) for VPBank to become a land to attract and retain talents.

A photograph of two hands holding heart-shaped leaves against a bokeh background. The left hand holds a green leaf, and the right hand holds a yellow leaf. The background is a soft, out-of-focus green and yellow bokeh.

Pursuit of sustainable development goals

Please refer to Chapter VIII. Sustainable development report.

5. Risks



Comprehensive identification and management of material risks

Thanks to a solid risk management framework and the efforts to deploy diverse strategies and solutions, VPBank overcame the challenging year of 2023 by carefully and comprehensively monitoring all aspects of material risks.

Credit risk

Facing with the market headwinds in 2023, VPBank has quickly applied prudent risk management measures and strengthened credit policies with the aim of (i) closely following government's direction to facilitate the capital access of customers, (ii) ensuring the robust growth of strategic customer portfolio with selective risk profiles and proper distribution in all segments, while (iii) strengthening asset quality. Thanks to risk management efforts, **VPBank's asset quality remains within safe level** despite the significant impact of macroeconomic conditions on customer's payment ability. Specifically, as of December 31, 2023, the standalone and consolidated NPL ratios were stably controlled at 2.95% and 4.48%, respectively.

Liquidity risk

Throughout 2023, **VPBank still ensured to stabilise the liquidity position** with adequate buffer to bolster the bank's resilience in face of unforeseeable liquidity crisis. Specifically, as of 31/12/2023, the Liquidity Reserve Ratio of the Bank reached 13.4%, well above SBV's requirement of 10%. Furthermore, VPBank conducted Internal Liquidity Adequacy Assessment Process on semi-annual basis, of which the stress testing scenarios were in correspondence with the 2023 economic environment, such as (i) prolonged Russia-Ukraine war, (ii) elevated global interest rate till YE2023, (iii) deceleration of GDP growth owing to global demand slump and (iv) changes in the Bank's business plan. Whereby, the Bank can estimate more precisely potential impacts on the liquidity, then deliver appropriate liquidity contingency plan.

Market risk

In 2023, **market risk digitalisation has been further boosted at VPBank**. With the application of Kondor Treasury System, the bank was able to timely and smoothly execute a large numbers of transactions while supporting complicated derivatives, options and transactions in a flexible manner. In 2023, as the first local bank in Vietnam to implement market data validation process into Kondor system to ensure the accuracy of data input, VPBank is able to closely monitor market fluctuations, make expert judgments, grasp risks early and hence provide recommendations on effective hedging strategies. Moreover, Market Data Validation system successfully went live on Cloud platform and was proven to run and deliver results faster than on premise.

Operational risks

Thanks to the stringent management initiatives, the timely implementation of appropriate measures and application of operational risk tools such as Loss Reporting, Key Risk Indicators, Risk Control Self-Assessment and Scenario Analysis, **number of operational risk events were limit at the minimum level and did not have significant impact on VPBank's operations** in 2023. With ultimate goal of obtaining advanced analytics capability to detect and analyse operational risk data to strongly support business units and prevent future operational risk incidents, the Bank has set clear roadmap to pursue state-of-the-art risk measurement methodology – **Basel 3 reformed Standardised Measurement Approach (SMA)**, in which one of the key initiatives is to improve quality of loss dataset. Specifically, (i) Data input process and related regulation were reviewed and enhanced, (ii) data cleansing mechanism was developed, and (iii) operational risk taxonomy on a more granular level was revised to assure the accuracy, consistency and sufficiency of loss and operational risk event related data. Simultaneously, the data improvement would be a strong foundation for operational risk analytics and a critical input for upgraded Operational Risk Management System that shall be developed and centralised on Cloud platform, which will further excel operational risk management in VPBank.

Environmental - Social - Governance (ESG) Risk

Facing the escalating challenges posed by global warming, climate change, and the growing push for a net-zero economy, the banking sector was confronted with heightened financial and non-financial risks. Despite limited local industry practice, VPBank stood out by **establishing a comprehensive ESG Risk Management Framework, independently assessed by a leading consulting firm** to be aligned with international standards and practices on ESG risk management. The framework encompasses a solid risk governance structure, strategic ESG Risk Appetite Statement, and an effective risk management process. VPBank identified ESG risks through a comprehensive taxonomy (incorporating input from both bottom-up and top-down), reports status of E&S risk profile quarterly to ensure active oversight and annually conducted climate risk stress test to construct business strategy adapting to future climate change. The bank also proactively controlled E&S risks with the implementation of the Environmental and Social Management System (ESMS) in credit granting activities as well as applies the Green and Social Finance Frameworks in financing sustainable projects, signaling a proactive stance in sustainable banking. Notably, for 2 consecutive years, VPBank has been the only bank in the local market to annually publish Task Force on Climate-related Financial Disclosures reports. To strengthen the pioneering position, VPBank progressively developed and implemented its Net Zero Transition plan with determined targets and actions for each period to ensure that the Bank is well placed to support and finance the economic transformation required to reach net zero target.





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1. Business performance

Business achievements in 2023

Laying the foundation, building the future

2023 was full of drawbacks and challenges for the global economy in general and the Vietnam's economy in particular. Manufacturing and business activities declined due to lack of orders and sluggish consumer demand while major markets, such as real estate fell into a slump, insurance and bonds stagnated. Operating in a volatile macroeconomic environment, VPBank's business activities could not avoid negative impacts. Understanding short-term difficulties and being determined to pursue a long-term vision, the bank proactively strengthened the foundation to create momentum for growth in the coming years. This was also one of the sustained efforts to affirm its position as one of Vietnam's leading banks.

- VPBank completed the private placement of 1.19 billion shares (equivalent to 15% of the charter capital) to the strategic investor SMBC, raising equity to nearly VND140 trillion, the 2nd highest in the banking industry. Along with that, the CAR was raised to 17.1%, becoming the best capitalised bank in Vietnam.
- In 2023, VPBank fulfilled its commitment to shareholders by paying cash dividends for the first time in 10 years at a payout rate of 10%, with a total value of nearly VND8 trillion. The activity was part of the bank's plan to pay dividends regularly for the next five consecutive years.
- Continuing its strategy of promoting and diversifying funding sources, in 2023, VPBank successfully signed an agreement with the U.S. International Development Finance Corporation (DFC) for a bilateral loan of USD300 million, with a 7-year term, within the framework of US President Joe Biden's official visit to Vietnam in September 2023. The total consolidated assets reached over VND817 trillion at the end of 2023, an increase of 29.6% compared to the beginning of the year.
- Throughout 2023, VPBank actively strengthened the enablement infrastructures and governance at the bank and its subsidiaries to optimise operations and improve risk control capacity. By the end of the year, VPBank's ecosystem reached the milestone of serving over 30 million customers, of which, the number of retail customers increased by more than 4 million.
- In the face of the difficult circumstances of the consumer finance sector in 2023, VPBank conducted a comprehensive restructuring programme at FE CREDIT by transforming the business model towards lower risks. In the last 6 months of the year, the restructuring process showed many positive signs when the disbursement volume at the consumer finance company grew again and the company gradually recovered operating efficiency.
- For the fifth consecutive time, VPBank once again made it to the top 20 enterprises with stocks on the list of VNSI Sustainability Index assessed by the Ho Chi Minh City Stock Exchange, continuing to affirm its role as one of the leading banks in sustainable development.



The foundation built and strengthened in 2023 will pave the way for VPBank to move forward on the journey of sustainable growth and prosperity in the period of 2022-2026, while continuing to contribute to the nation's prosperity. On this journey, VPBank aims to become a bank with a solid position among the top three largest banks in Vietnam and among the top 100 largest banks in Asia, continuing to affirm its mission of pioneering innovation, bringing outstanding financial services to customers and partners, developing effectively, and bringing sustainable, prosperous values to shareholders, communities and society.

Actual vs planned

Against the backdrop of general difficulties of the economy, the banking industry also directly faced challenges from an unfavourable macro environment which affected the investment, production, business and spending activities of the majority of individual and enterprise customers. In addition, the real estate market still had many bottlenecks that could not be

resolved in the short term, which also partly affected credit demand across the economy. In fact, credit growth across the industry was slow in the first nine months of the year and only really showed signs of improvement in the fourth quarter of 2023. In such context, VPBank made great efforts to realise growth targets, control quality, and complete strategic programmes and plans. However, it must be admitted that the year 2023 posed significant challenges to the business efficiency on both standalone and consolidated levels.

- VPBank completed its capital increase plan through a private issuance of 1.19 billion shares to the strategic shareholder SMBC, bringing the bank's total equity to nearly VND140 trillion, the 2nd highest in the industry. SMBC's companionship in the context of many unfavourable market developments demonstrated the trust of a major international partner in VPBank's internal strength and development potential.

- The bank fulfilled a commitment to pay nearly VND8 trillion in cash dividends to shareholders at a rate of 10%, completing the commitment to the Annual General Meeting.
- Total assets as of December 31, 2023 reached VND817,567 billion, growing 29.6% compared to the end of 2022 and completing 93.2% of the plan.
- The consolidated credit to customers at the end of the period reached VND600,524 billion, an increase of 25.2% compared to the beginning of the year, exceeding the industry average and completing 94.4% of the plan.
- Deposits from customers and valuable papers reached VND490,156 billion, an increase of 33.6% and completing 94.6% of the plan.
- The bank's non-performing ratio was 2.95%, below the targeted 3%, completing the plan.
- The consolidated profit before tax reached about VND11 trillion, completing approximately 50% of the plan.



Retail Banking (RB)

The Retail Banking Division smoothly navigated through the challenging year of 2023, recording outstanding volume growth thanks to a sharp segmentation strategy, a set of products and services tailor-made to customer needs and a well of digital features that helped enhance user experience.

In the context of the troubled global and domestic economies, stagnant production and business activities stagnating, and people's lives and incomes being affected, the banking industry in general and retail banking in particular were faced with the challenge of "weak credit demand". The stagnant real estate market and crisis events in the insurance and bond sectors also had negative impacts on the entire industry.

Although in 2023, the State Bank of Vietnam reduced regulatory rates four times (from 0.5-1.5%), thereby reducing funding and lending interest rates, increasing access to and supply of funds for the economy, but credit demand was still weak.

To adapt, VPBank quickly deployed financial solutions to support individual customers and flexibly adjusted product policies to minimise the impact of an unfavourable macroeconomic environment, thereby continuing to play the role of growth driver for the whole bank.

Outstanding numbers

TOI grew

19%

y-o-y, completing

103% of the annual plan

new eKYCed customers
were acquired

3.2 million

an increase of

61%

y-o-y

The total number of individual
customers reached

11.6 million

up

44%

compared to 2022

Funding grew by

75%

y-o-y

CASA volume grew by

101%

y-o-y

Loan balance grew by

26%

y-o-y

New disbursements
reached

117%

of the plan

Number of credit cards in
circulation reached

1.5 million cards

up

20%

compared to 2022

Credit card spending
grew by

49%

Card balances grew by

27%

Total life insurance sales
ranked

top 3
in the market

(up three places compared
to 2022)

total sales reached VND970 billion

Non-life insurance
sales grew by

56%

Completed 101% of the plan

Labour productivity
increased by

25%

compared to 2022

Segments-based business strategy

603,000

priority customers

▲ 35% compared to 2022

Total assets under management (AUM):

VND271

trillion

2.3 million

mass affluent customers

▲ 52% compared to 2022

AUM reached

VND24.6

trillion

VPBank continued to promote its segments-based business strategy, reaping many impressive results from key segments: Affluent Banking Segment - VPBank Diamond, Mass Affluent Segment - VPBank Prime, and Business Household Segment - CommCredit.

Affluent Banking segment:

VPBank Diamond continued to be steadfast in its value position, focusing on providing financial solutions for customers and families and creating a classy lifestyle and unique experiences for customers.

- Created a competitive position and conquered the super-rich customer segment thanks to the programme “Diamond Status - Classy Privileges” with resort, cuisine, health care, golf, etc. privileges, both domestically and internationally.
- “Priority customer referral by customers” programme: Attracted 22,000 new customers, accounting for 24% of new to bank (NTB) customers in 2023
- Family Banking service: After only 7 months, the service attracted more than 1,000 new priority customers, nearly 3,300 Family IDs were established with a total AUM of VND22,000 billion.
- VPBank was the first bank in the market to launch a series of luxury privileges abroad exclusively for customers with AUM of over VND200 billion

Mass Affluent segment:

VPBank Prime implemented many programmes to grow its customer base, therefore the cumulative number of customers reached 2.3 million, 5 times higher than the first year of launch on the market.

- The number of new customers increased by 482,000, with 25% coming entirely from online channels and Gen Z customers being targeted, helping to increase the proportion of this customer group to 30%. Along with that, the farming of existing customers continued to be the focus, with 300,000 customers potentially being eligible for upgrade to the affluent banking segment.
- VPBank was the pioneer bank in implementing the ShopQR feature on VPBank NEO for enterprise customers to manage cash and share balance fluctuations within their multi-store chain. By the end of 2023, after 3.5 months of launch, nearly 11,500 stores used the ShopQR feature.

Household Business segment (CommCredit):

CommCredit promoted digitalisation and increased connections with ecosystem partners to create added value, increase the competitiveness of products and services, and create other differentiated values for household business customers. At the same time, it optimised costs to achieve the best operating performance with the lowest risk.

Jumping on the digitalisation bandwagon, CommCredit successfully launched ePay4.0 combo with fully online payment and transaction features, making online transactions more convenient and opening up prosperous business opportunities.

By the end of 2023, **CommCredit attracted nearly 70,000 new customers, completing 150% of the plan.**

Outstanding funding

Retail banking's funding growth rate was among the highest on the market, accounting for more than 60% of the total funding of the bank. Along with growth in volume, the cost of fund was kept under better control thanks to effective term deposit interest rate management while CASA volume doubled in 2023.

To achieve these positive results, many funding acquisition solutions and products were developed according to the needs of each strategic segment including affluent segment, mass affluent segment, and household business segment, etc. thereby enhancing competitiveness, optimising profits and increasing convenience for customers.

- CASA growth became a highlight of the year thanks to payment solutions that served both individual transaction needs and business needs of customers, such as QRShop revenue management feature, POS... and cash flow management tools for both individual customers and customer family groups.
- The new product **Flexible Prosperity Savings** was a trend setter as it allowed customers to flexibly choose a maturity date instead of a full term like other traditional products.
- VPBank is also the first and only bank in the market today to offer **the unemployment insurance** to customers who are employees of enterprises that have registered to use VPBank's Payroll payroll service. This product shows VPBank's efforts in helping enterprises fulfill their responsibilities to employees, keeping company with enterprises on their journey to prosperity, and helping workers feel secure in their work and enterprises have stable resources. After two months of launching the product, nearly 2,000 customers registered for unemployment insurance.

Stable lending

For secured lending, disbursements focused on profitable product portfolios that satisfied the risk appetite and the Bank's credit orientation in the first half of the year thanks to the Bank's pricing policy and loan volume control. Along with that, interest rates were adjusted in the second half of the year to promote credit growth as soon as the Government made regulatory changes.

- Large credit product groups were developed into specialised sub-products to serve the diverse needs of customer segments such as titled home loan, strategic project financing, used car loans, fixed asset investment loans, standalone and limit-based working capital loans, etc.
- Promoted **quick credit processing solutions** by partially **automating** asset valuation, expanding the automatic in-principle credit approval list. In particular, the kick-start of **product - business product digitalisation** enabled secured credit products to grow in volume and efficiency.

For unsecured loans and cards, VPBank continued to carefully adjust unsecured product policies to ensure portfolio quality and identify appropriate customer groups to optimise sales opportunities.

- Launched the **Upper HHB UPL** product for upper household businesses with a loan limit of up to VND1 billion, along with flexible payment schedules and attractive, competitive interest rates.
- The first bank in the market to launch the flexible unsecured product **Flexipay**, allowing customers to flexibly divide the disbursement amount into instalments, with interest rates flexibly increasing - decreasing based on the repayment behaviour of customers and instalment payments being flexible.
- Successfully launched the payment cum financing product **Buy Now Pay Later (BNPL)** with the largest strategic Ecom partner in the market, Shopee. The entire process from registration, approval to activation takes under two minutes, ensuring a seamless online shopping experience for customers.
- The first bank to have the most comprehensive set of payment wallet solutions on the market; led the trend of digital, cashless payment with a **full set of Tap & Pay solutions** - touchless payment wallets including VP Pay, Apple Pay, Samsung Pay, Google Pay and Garmin Pay useable with both Mastercard and Visa card cards.
- Launched new products: **Z card** for GenZ customers, **Shopee IDC** for customers not eligible for credit extension;
- **Personalised card design:** Step Up, Lady, Prime & World..., providing more choices for customers based on personal preferences.
- Launched a new **overdraft** product for customers whose income from business activities was verified by a third party.

Bancassurance

For life insurance, VPBank and the partner AIA quickly implemented the Sustainable Growth Project for non-lending customers. The project researched and developed appropriate product lines and customer experience journeys to enhance customer engagement with AIA and VPBank. The two parties collaborated to launch the Vitality product with a new concept accompanied by the message Live healthy with AIA Vitality. For lending customers, the two parties successfully launched the first and only 3P product package on the market with outstanding advantages (one-time payment, 3-year protection), helping customers feel secure against terminal diseases when borrowing from the bank.

For non-life insurance, VPBank cooperated with OPES to successfully develop and launch co-insurance products with MIC and PJICO, generating buzz as it was launched quickly and generated outstanding sales growth. The Medicare product, tailored specifically for the branch channel, achieved outstanding initial results in the first month of launch in the fourth quarter of last year, helping to fulfill the fee target of retail banking segment.

VPBank NEO

In 2023, VPBank NEO continued to launch more than 120 new products and services, bringing the total number of features and products to 250 while linking with more than 20 partners in the ecosystem. The outstanding features included CardZone, Loan On Card, QR Shop, Tap & Pay, Apple Pay, eKYC on the ecosystem, bond/fund certificate selling/buying... allowing customers to easily manage and execute your financial transactions on a single application.

8.7 million
registered accounts

402 million
transactions

Outstanding awards in 2023

From Mastercard



Leadership in
Credit Volume



Leadership in
Debit Volume



Leadership in
Cross Border Volume



Leadership in
E-commerce



First in
the Market for Apple Pay



Leadership in
Merchant Sales Volume

From Visa



Leadership in
Exceptional Payment
Volume Growth 2023



Pioneer in
Cross-border Active Cards
Growth 2023



Best Product
Excellence



Leadership in
Merchant Sales
Volume 2023



Leadership in
Co-brand Card Payment
Volume Growth 2023

From Shopee

Small and Medium Enterprises (SMEs) Banking

“Accompanying and supporting SMEs to prosper” is the guiding principle in VPBank’s action programmes to promote business and operations.

The path of “accompanying”

As the economy went through hard times, the resilience of many SMEs reached a critical level, and the ability to take loans was still weak in the market, VPBank took the initiative to come up with an approach of “accompanying and supporting SMEs to prosper”.

This was the guideline for various action programmes to promote the bank’s business and operations. Accordingly, by making customers, especially SMEs, the focus, VPBank continuously improved and digitised the system to offer optimal financial solutions for the business community.

In 2023, VPBank focused on four core pillars, including:

Strengthened digital solutions

In 2023, VPBank made it a priority to invest in technology development and dedicated resources to product improvement, the shortening of processes, and paperwork simplification to help enterprises save time and costs. Specifically, NEOBiz app added many outstanding features to help enterprises manage cash flow effectively such as online guarantee issuance, international money transfer, foreign currency trading at agreed exchange rates, virtual account, comprehensive payroll service.... In parallel, a series of online credit products such as online overdraft, online re-issuance, Auto Race App, Micro Plus Online, and Grow500 on the SMEConnect platform created a “digital transformation” breakthrough as the systems processed online, delivered approval results quickly and disbursed online within 2 hours. The product series is expected to achieve an online conversion rate of 89% in 2024, helping to improve the experience journey and increase customer satisfaction.

In addition, to adapt to the market context and the “rise” of e-commerce, the payment solution Ecompay helped enterprises sell online anytime and anywhere on a variety of platforms (Tiktok, Facebook, website, Instagram...), thereby optimising revenue across many sales channels. In particular, for enterprises with retail models, the payment products POS, Tap To Phone, and QR code helped manage transactions closely thanks to professional reconciliation tools, thereby optimising operating, human resources, premises, warehouses, etc. costs. Enterprises could thereby manage risks according to their own preferences and process many orders at the same time, promptly and accurately, thus improving business performance.

Promoted cooperation and made use of low-interest funding sources

In 2023, the bank increased cooperation with reputable international credit institutions such as ADB, Care Inigte and IFC to improve enterprises’ access to capital at preferential interest rates. VPBank reduced interest rates by up to 2% a year and offered short-term lending rates of 5.5 - 8.0% depending on credit history and specific customers to maximise customers’ loans for investment, production and business needs, thereby contributing to economic recovery.

Packaged solutions

In an effort to support SMEs, the bank proactively designed and packaged solutions based on business situation and characteristics. These included cash flow management and commercial payment solution packages such as VPBasic, VPSmartPay, VPDelux, VPSMEVIP, etc. Accordingly, customers got fee waiver when transacting on NEOBiz and received many fee-related special offers for other services such as lucky number account, payroll account, international payment, etc.

Comprehensive ecosystem

VPBank continued to link up with major providers of diverse financial solutions and implement comprehensive free enterprise support programmes. For example, the bank supported customers in using electronic invoices, CRM software, timekeeping software and CEO training courses and e-commerce knowledge.

Outstanding numbers

Credit volume reached

VND 53,024
billion

an increase of **7.3%** y-o-y

Funding volume reached

VND 29,643
billion

an increase of **44%** y-o-y, of which term deposits reached VND21,300 billion, an increase of **50%** y-o-y

The number of active customers reached

76,164
customers

an increase of nearly **33%** y-o-y

The number of newly opened cards reached

14,000
cards

in 2023

Outstanding awards in 2023

From Mastercard

**Leadership in
Commercial
Business**

**First in Control
Commercial
Payment**

From Global Banking &
Finance Review magazine

**Best Mobile Banking
app for Micro and SME
Vietnam 2023**

Corporate & Investment Banking and Commercial Banking (CIB + CMB)

Comprehending and accompanying

In 2023, comprehending the difficult situation of the market and businesses, especially large ones, VPBank's CMB and CIB divisions strived to stand by corporate customers to support their expansion

Many enterprises, being almost shattered from the Covid-19 epidemic, continued to run into additional market and cash flow risks in 2023. And things even got more complicated when the level of interest rate soared prompting business expenses to add up and the weak consumer demand resulted in lower borrowing needs for investment and expansion among businesses.

Understanding the difficulties in the market and the business community, VPBank took the initiative to stand by its corporate customers to meet their capital needs in a timely manner, while being able to completing its own business targets.

During the year, VPBank closely worked with businesses to find solutions to deal with the cash flow hitches in the market, and the restructuring and collecting of overdue debts.

Risk management, controlling NPLs and risky loans, underwriting, post-disbursement risk management and control were therefore the focus of the bank's action programmes in 2023.

The NPL ratio of corporate customers, accordingly, was kept under the target ratio. Along with that, the loan portfolio was closely managed for risk, thanks to the prudence, experience, knowledge, and market sensitivity of the bank's staff.

Staying close to and understanding customers were also an important factor for VPBank to take the next step – provide “tailor-made” products and service solutions most suitable for each group and customer profile.

Along with the professional consulting skills of the staff, the application of appropriate solutions and products, creativity and flexibility, and quick implementation time brought real benefits to customers, including the cash flow and satisfaction with good customer service.

Another important factor that helped VPBank continue to expand its business in the corporate segment last year was taking advantage of the bank's multi-layered ecosystem and customers' open ecosystems. The bank, accordingly, successfully made the best of enterprises in customers' ecosystem, including suppliers, buyers, subsidiaries, affiliated companies, and groups of related companies.

Financial Markets and Transaction Banking (FMTB)

The Financial Markets and Transaction Banking Division was officially established in 2023. This was an important step for VPBank to strengthen the system and leverage synergy.

Strengthened the system, leveraged the synergy

By merging financial institution, transaction banking and financial market functions, in 2023, VPBank officially launched the Financial Markets and Transaction Banking Division (FMTB) Division. This move helped the bank streamline the organisational structure and draw on the combined strength of transaction banking-related functions in an effort to bring unified and comprehensive solution packages to meet enterprises' transaction and working capital needs.

Tapped into sustainable funding sources

Considering VPBank's vision of sustainable development in the 2022-2026 period, FMTB has the mission of finding and acquiring medium- and long-term funds to create growth momentum and support sustainable development activities of the Bank.

FMTB's special highlight in 2023 was its successful mobilisation of various sustainable funds from international sources for VPBank. Accordingly, the bank completed the syndicated loan transaction worth USD300 million from IFC and European development financial institutions (DFIs), including DEG, FMO, CDP, Swedfund and Norfund.

In addition, the bank succeeded in signing a commitment with the U.S. International Development Finance Corporation (DFC) for a bilateral, seven-year loan worth USD300 million. This was the largest loan ever that DFC had given to the Vietnam's private sector to help improve access to finance for SMEs, especially women-owned/led SMEs, and support green and sustainable projects.

In addition, FMTB Division also played a strategic consulting role on Environment - Society - Governance (ESG) for other divisions and functions of VPBank, towards the overarching goal of sustainable development across the entire bank

Tapped into sustainable funding sources

Following the achievements in 2023, VPBank will continue to beef up the acquisition of sustainable funds from DFIs according to the Bank's ESG Strategy.

Such funds will be directed to green finance and social finance, helping to fulfill the Vietnamese Government's commitment to reducing greenhouse gases, and bring the United Nations' sustainable development goals closer to reality.

At the same time, VPBank will continue to scale up specialised financial structures such as export credit, project finance, and trade finance to diversify funding sources for corporate customers.



For the 5th consecutive time, on VNSI list - among 20 enterprises with the highest VNSI Sustainability Index of HOSE



Top 10 enterprises on VNSI list – 20 enterprises with the highest Sustainability Index on the stock market

Active market maker

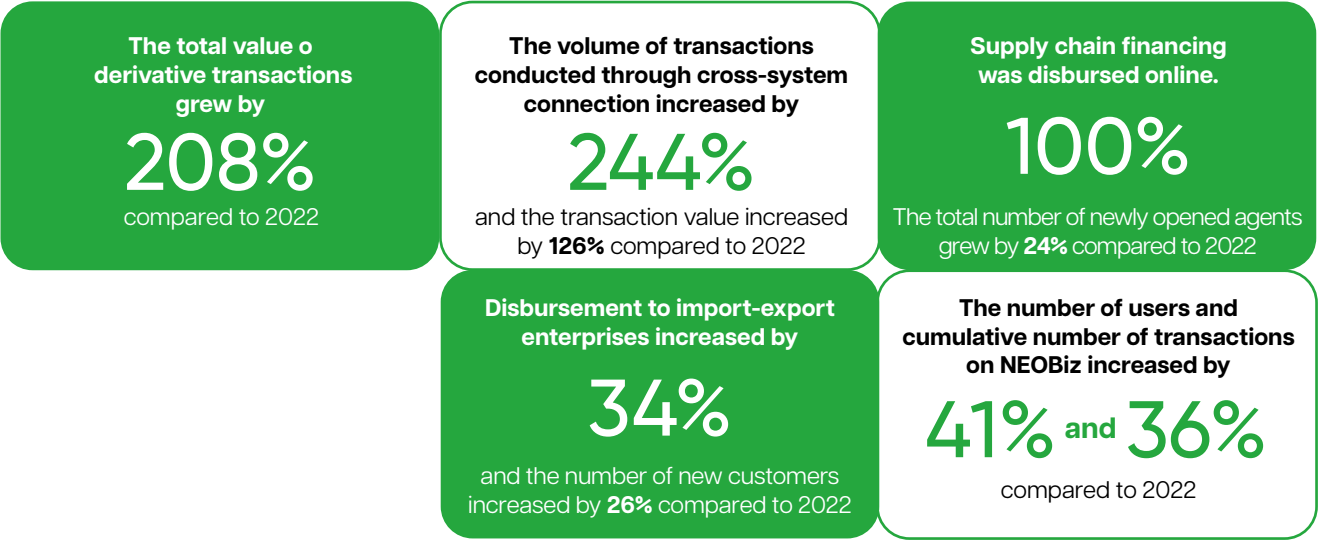
For many years, VPBank has always maintained an active market-maker role in both primary and secondary markets for Government bonds. The bank is currently one of 12 market makers for 2024. In addition, VPBank is also an active member of the Vietnam Bond Market Association (VBMA), playing an important role in developing the standard yield curve for the market.

During the 2022-2026 period, VPBank will continue to promote business activities that create sustainable profits for the bank, maintain its position as a market maker and fulfill bidding obligations with the State Treasury in order to strengthen VPBank’s image in the market.

Robust transaction banking

The Transaction Banking Centre under FTMB was established last year with a commitment to strongly promote transaction banking products with 5 key focuses:

- **Foreign exchange:** VPBank quickly and flexibly grasps the market situation and actively provides forward derivative solutions and cross-currency interest rate swaps to help customers fix forward exchange at lower rates than the spot exchange, convert high-interest loans to VND at lower rates, saving financial costs and protecting customers from exchange rate and interest rate risks. The transaction management systems Kondor and FX Online completed in 2023 help VPBank optimise the performance of foreign exchange business.
- **Payment solutions:** Continue to strongly implement cross-system connectivity, liquidity management, automatic receivables and payables reconciliation, and collection and payment solutions.
- **Trade finance and supply chain:** VPBank focuses on upgrading and developing features, stepping up digitalisation, trade finance, working capital for import-export companies, etc. to help to save time and costs and increase operational efficiency.
- **Securities depository and custodian banking services “VSS”:** In 2023, VPBank improved the securities depository and custodian banking services and completed the implementation of the fund and custodian banking service system. Despite being a new player on the market, the Bank set a foothold with total assets under management of more than VND25 trillion as of December 31, 2023.
- **Strong digital capabilities:** VPBank has completed features for the online account opening system, eKYC, supply chain financing and foreign exchange transaction system. The upgraded version of NEOBiz - NEOBiz plus - was launched with many outstanding features, especially the ability to personalise according to the needs of enterprise customers.



Foreign Direct Investment Centre (FDIC)

Vietnam is becoming the notable destination of global investment flows. To seize opportunities from foreign capital flows, VPBank established the Foreign Direct Investment Centre - FDIC. This is the 5th important link of the bank.

FDIC – the 5th link

FDIC was established and operationalised in April 2023, after VPBank signed an agreement to sell 15% stake to Sumitomo Mitsui Banking Corporation (SMBC) of Japan. At that time, the bank determined that in addition to the two traditional strategic segments of retail banking and SME, the new focus in 2023 was corporate customers and FDI companies.

This group of customers is full of potential and has high growth prospects as Vietnam continues to be a potential destination for many large global corporations and investors. FDI flows into Vietnam have continuously increased in recent years and are forecast to increase sharply in the near future, when the change in investment flows shifts to higher gear.

Establishing FDIC is a way for VPBank to seize opportunities, not only from existing FDI companies but also from future investors. Furthermore, the partnership with SMBC helps VPBank not only have the opportunity to access the Japanese partner's large customer base but also get advanced financial technologies and professional knowledge to meet the increasingly demanding and sophisticated requirements of customers, including FDI ones.

Strategy and achievements

To optimise operational efficiency, FDIC develops two main strategies, i.e. strengthening cooperation with SMBC and developing the ecosystem.

The first strategy is very reasonable when viewed from two perspectives: rapid growth in customer portfolio and growth in service quality and value-added products. SMBC already has an abundant pool of FDI customers at home and abroad, VPBank can take advantage of this to effectively expand its FDI portfolio. This cooperation actually benefits both sides because many SMBC customers also require services provided by domestic banks. Thanks to this, both SMBC and VPBank can bring higher satisfaction to customers.

This cooperation strategy helped VPBank attract more than 250 FDI customers by the end of 2023.

Meanwhile, the second strategy becomes a key factor for VPBank to provide practical value-added services to FDI customers. VPBank has many advantages in providing banking services, such as having a strong customer network in many strategic segments, including retail and SME,

and an ecosystem of subsidiaries and partner companies spanning from banking, securities, insurance to technology. This is a factor that helps create more strength in the business promotion activities jointly carried out with SMBC because it can help attract more FDI customers and bring comprehensive services to these customers.

One of the outstanding banking products typical of the VPBank ecosystem is the Supply Chain Finance product which finances both suppliers and distributors in a supply chain. In 2023, VPBank successfully implemented a financing programme for 3 new distributors of international anchors, providing working capital for the domestic distributors to purchase goods from the anchors at reasonable interest rates. The programme was built with the participation of anchors to meet the needs of supporting distributors, stimulating sales and mitigating risks. The programme involved many divisions such as FMTB, SME and FDIC to provide products tailor-made to the actual needs of customers.

Operations Division (OPS)

Strengthened the foundation, increased prosperity

2023 came to a close with fundamental changes as VPBank gradually created a customer-centric operating value chain, aiming to increase prosperity and enhance customer satisfaction.

Optimised operations

Handled

20.3 million
complex transactions/year

▲ 35% compared to 2022

To pioneer in the implementation of end-to-end solutions for each customer segment, VPBank has centralised its service model, shifting non-sale supporting activities back to OPS, and at the same time setting up the Corporate Service Model for the SME segment, along with the Housing Team and Auto Team models to particularly serve the RB's core products.

This shift helped create differentiated experience for customers, increasing the competitiveness of VPBank's products and services in the market.

Labour productivity increased by

28%

the processing capacity of the Operations Division increased by

131%

compared to 2022

Detected, warned and remedied nearly

9,200 transactions

identified more than

270 systemic issues

early and prevented more than **13 million** potential customer complaints

Ensured quality experience for nearly

12 million

customers

with Customer Satisfaction level (CSAT) reaching **4.8/5**



Promoted digitalisation/automation

Implemented

315 initiatives

Helping to save

102

FTEs and VND59 billion
in costs/year

The process of digitalisation/automation of business processes taking place throughout the year helped optimise and improve the overall operational efficiency of the entire bank. The bank implemented **315 initiatives**, helping to save **102 FTEs** and **VND59 billion** in costs/year.

Some achievements:

- ECM (enterprise content management) project created a breakthrough in digitising the online approval, underwriting and disbursement process for the SME segment, with an average number of disbursements of **74,355 /year**.
- The automatic disbursement rate reached **90%** in Retail Banking Division's unsecured segment.
- RPA (Robotic Process Automation) deployed for 67 new processes in 2023, increasing the total volume of transactions processed by robots to **5.5 million/year**. Optimised ~300 working hours, 20 working hours/day
- Under POS campaigns, **9,510** machines were opened, an **increase of 256.5%** compared to 2022.
- Taking the lead in Risk-based Approach and an architecture based on AWS Cloud model, the OPS-led document management planning project helped streamline the document system, increase data security for the entire bank, and contributed to the control of system information risks.

Enhanced customer experience

With the mission of **creating prosperity for customers**, in 2023, VPBank shifted its service model from "processing" to "servicing" to bring outstanding values in the customer experience journey.

- Customers were listened to and gave feedback on all touch points thanks to the adoption of AI and Machine Learning technologies. OPS could collect and automatically analyse more than 20,000 customer comments daily, many of which were appreciated and translated into actions such as password recall feature or a feature on VPBank NEO app to look up card issuance status.
- Customers experienced fast, high-quality service thanks to specialised service models designed specifically for each product. For example, home or auto loan customers were served by a dedicated function throughout the loan journey, experienced a newly designed, modern, professional transaction space with fast disbursement time within **30 minutes**.
- Experienced in-depth, modern, and 24/7 customer care and support services personalised to each customer segment. In particular, enterprise customers were served by OPS's a dedicated call centre at **1900234568**, which had knowledgeable agents, voice recognition technology, callbot, chatbot, could serve customers anytime and anywhere on all interactive platforms, and assign agents in just a **few seconds**.
- Experienced new digital features that were distinctive and unique on the market such as online money transfer for overseas education, online disbursement to SMEs, online issuance of L/C and guarantees, online issuance of travel documents to auto loan customers...

Enterprise Data and Analytics Division (EDA)



When data is the master key

Recognising data as the master key to enhancing competitive advantage in the digital age, VPBank has decided to establish the Enterprise Data & Analytics Division (EDA) in June, 2023.

The key to insights

Enterprise Data & Analytics Division (EDA) was established through the merge of the Business Intelligence Center (BIC), the Data Warehouse (DWH) system management departments, the reporting compliance system and data architecture of the Information Technology Division as well as the creation of the Artificial Intelligence center (AIC), Ecosystem center (EC) and Data strategy & innovation department (DSI).

This major change will help improve the bank's business performance and management efficiency, to be enabled by cloud computing and state of the art data platforms. This will set up VPBank as one of the leading banks in data management and analytics, enhancing its competitiveness in this digital age.

As the data strategy matures, attaining the level of "Data everywhere - Data everything - Data every time", understanding and innovating customer engagement and experience journey will be made more seamless throughout the bank, and more broadly, across VPBank ecosystem.

EDA succeeded in laying the foundation for key functional areas, including:

Data Governance:

Strengthened the data governance framework and policies, and completed the data dictionary for database layers. Initiated development of governance framework for analytical and predictive models, as well as data governance mechanism on a group scale.

Data Infrastructure:

Successfully unified the data architecture across the bank and ensured consistency in the development of the database system. The DWH system SLA has been significantly improved in terms of data availability, reaching an average of 95% in December 2023. The “on Cloud” Next-Generation Data and Analytics Platform project has completed the feasibility study and secured approval by the leadership.

BI Product Application:

BIC continues uplift analytics maturity from descriptive to diagnostic applications. New modern platforms such as Power BI and Superset have been widely applied to develop a series of complex reports for units across the bank.

AIML Product Application:

The AI Center (AIC) continuously researches and develops analytical, predictive and optimisation models, bringing positive impacts on business results and operations. 28 models were developed and applied across the bank in 2023.

Data Ecosystem Strategy:

The governance framework and initiation plan have been developed ahead of the official kick-off event in Q1/2024.



Information Technology Division (IT)



Digital transformation and the journey to “the cloud”

In 2023, VPBank moved a series of applications to the cloud to optimise operating costs, improve service quality and enhance customer experience.

“Landing on the cloud”

Digital transformation and digital banking development have been VPBank’s strategic direction for many years. In 2023, the highlight was the bank’s “landing” on the cloud - the next step in the digital transformation journey, aiming to optimise operating costs, improve service quality and enhance customer experience.

Launched as a result of the strategic cooperation between VPBank and Amazon Web Services (AWS) from early 2023, the Public Cloud project has brought fundamental changes to the bank, helping to improve technological capability, processes and operating costs while strengthening human resources within the organisation.

8 applications

accordingly, were moved to the Cloud

8 applications, accordingly, were moved to the Cloud, including CBMS, FXFO, SmartOTP, AML, BICC 2 user case, EKS Container Platform, and Phoenix. In addition, Landing Zone - the standardised architecture that helps organise and manage the corporate cloud environment – was successfully deployed, helping to integrate Instant Lending, electronic know your customer (eKYC), callbot, etc. to the Cloud, thereby improving service quality with fast response time, few errors, and transparency.

Reduced

VND3.5 billion

in cost of Cloud resources

Meanwhile, the Cloud Centre of Excellence (CCoE) operating model that supports cloud operations was also launched with tools, mechanisms and processes to control the costs of applications that are moved to the Cloud. Thanks to CCoE, the cost of Cloud resources was reduced by about VND3.5 billion. VPBank's cost optimisation (CO) score reached 46.6% - higher than the ASEAN average (40.7%) and far beyond the Vietnam average (32.9%).

In terms of human resources, through the Public Cloud programme, VPBank proactively strengthened in-house resources to carry out migration instead of using AWS's resources, saving VND19.1 billion in manpower costs for banks.

Saving

VND19.1 billion

in manpower costs for banks

Along with that, the Disaster Recovery (DR) infrastructure programme which began implementation in May 2023 and scheduled for completion in the first quarter of 2024, will help standardise the system architecture and operating model of the bank while ensuring scalability and development in the future. The combination of DR and Cloud, accordingly, will improve the availability of products and services for customers, ensuring customers' rights in case of incidents while complying with regulations of the State Bank of Vietnam.

VPBank was awarded by SWIFT

116,531.52
USD

VPBank was the only bank in Vietnam to successfully deploy new SWIFT services (SWIFT GPI, SWIFT Pre-Validation and SWIFT GO) in only 5 months - less than half of SWIFT's 12-month plan, bringing outstanding international payment service experience to customers. VPBank was awarded USD116,531.52 by SWIFT for its ability to quickly deploy.

Transferring

60% historical data
of Core Banking T24's

Successfully operationalised **T24 Data Lifecycle Management (DLM)** module, transferring 60% of Core Banking T24's historical data, helping to save storage infrastructure costs.

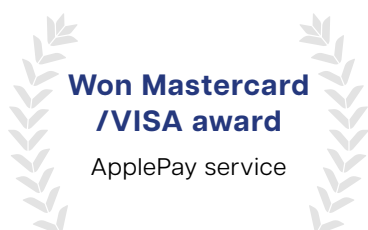
Project

DIH Data Intergration
Hub

Data Integration Hub (DIH) project developed new capabilities that support real-time and near-real-time data exchange, improve customer experience, accelerate digitalisation and build a data-driven organisation.

Some outstanding initiatives and achievements:

In 2023, VPBank implemented a total of 2,347 initiatives, an increase of 21% compared to 2022. These initiatives, in addition to the goal of promoting digital banking, supported business and operations effectively, and enhanced customer experience.



1. Mobile Tap & Pay by Cards

- VPBank was the first and only bank in Vietnam to support ApplePay for both VISA/Mastercard cards, GarminPay and Tap&Pay via digital banking app.
- Won Mastercard/VISA award for ApplePay service.

3. Collection

- Implement 9 main initiatives related to debt collection system.
- Improved debt collection system availability up to 99.94%.
- Added a system threshold to meet a 300% increase in the number of users - expanding coverage to 3,000 partners to support debt collection without incurring additional costs.

5. Neobiz Mobile App

- Build card service features on Neobiz Mobile App to help diversify products and services for enterprise customers to improve competitiveness.

7. ERP support for corporate management

- Digitised documents for the Assignment process: 3,000 cases/year. Saved processing time by 12,000 hours/year.
- Improved the brokerage commission payment process: saved industry working time: 1,100 hours/year. Saved working time of sales staff: 25,000 hours/year.
- VPBank group's consolidated report: centrally managed information, stored, retrieved, searched, and made user of reports faster and more easily, thereby increasing user experience and improving work efficiency.

9. Improvement of corporate customer contract processes

- The process on deposit contracts of corporate customers was improved by perfecting the digital flow for end-to-end deposit products for corporate-TBO customers, helping to save time and reduce error rates.

2. Instant Lending

- Implement new loan approval system for instant approval.
- Applied first to credit card loan products, time from approval to card opening is only 1-1.5 minutes.

4. RB EKYC Casa Onboarding

- Improved system capacity, serving an average of 28,000 customers per day.
- Expand the capability to integrate with partners and ecosystems (Momo, Finviet, and VPBankS) through application programming interface (API) capabilities.

6. Branch Model

- Help Kiosk SSM (Kiosk Neo Express) grow by **80%** compared to 2022.
- Tablet Digital Zone service at the counter grew by **44%** compared to 2022.

8. SME GrowOnline

- The processing time of the credit limit/unsecured card issuance flow on the GrowOnline data channel for SME customers was shortened from 15-20 days to just 2-3 days.
- The process of in-principle approval, official approval and automatic limit issuance was digitised, helping to minimise risks related to human errors.



14 initiatives
were successfully implemented

Achieved certification
PCI DSS
in May 2023

In terms of security, the bank did not record unexpected events/incidents while increasing support for affiliates to strengthen their security capability. 14 initiatives were successfully implemented, bringing positive results to the bank, including:

- Successfully implemented the Database Firewall project for the bank's important systems (W4, DWH, and EbankUtil), helping to protect important data of the bank and customers from potential illegal intrusion or leaks that cause losses to customers and the bank.
- Completed the implementation of the DDOS Attack Prevention project, helping to protect the bank's applications and websites from the risk of denial of service attacks, helping to ensure that customers' experience with VPBank's services is uninterrupted.
- VPBank achieved PCI DSS certification in May 2023, proving the bank's ability to secure payment card data, helping protect customer data, prevent intrusion and unauthorised use of data.

Risk Management Division

Vietnam's economy in 2023 was subject to dual impacts from adverse external factors such as global economic and political instability and internal factors as the domestic market did not yet fully recovered from the lingering effects of the Covid-19 pandemic. Faced with these challenges, VPBank devoted a lot of effort in risk management to both respond to difficulties and create conditions for business growth.

In addition to the implementation of a series of initiatives based on international best practices to improve risk management capacity, the bank flexibly amended internal regulations and supplemented prudent risk management processes in response to recommendations as a result of independent assessments conducted by internal and external auditors. The ultimate goal is to ensure the comprehensiveness and effectiveness of material risk management framework, creating a solid foundation to promote sustainable growth, in accordance with the bank's 5-year business strategy.

Built a solid foundation

By the end of 2023, the standalone individual and consolidated CAR reached **15.9% and 17.1%, respectively, among the highest in the industry**. The bank recorded an outstanding CAR as it completed a private placement agreement to issue 15% shares of stock to the strategic shareholder SMBC in the year. A strong capital allowed VPBank to meet the diverse needs of customers in strategic segments such as retail and SME while aiming to expand the corporate customer base, creating an important foundation for future breakthroughs.

Strengthened the risk management framework

VPBank aimed to spearhead the adoption of the most advanced international practices in Vietnam by continuous strengthening and improving the risk management framework. After completing all three Basel 2 pillars earlier than SBV's deadlines, the bank moved on to upgrade the risk management system based on a roadmap for implementation of advanced Basel standards (Internal Ratings-Based Approach under Basel 2 and Basel 3). This strategic initiative is implemented with the aim of maintaining strong capital, effectively managing potential risks in the bank's business and investment activities and strengthening the bank's position in the domestic and international markets. Proactive application of international standards demonstrated VPBank's commitment to achieving healthy and sustainable development.

Proactively applied standards

Basel 3

on liquidity risk management

VPBank has proactively applied Basel 3 standards on liquidity risk management since 2021 and been independently evaluated by one of the leading independent audit companies in Vietnam. The liquidity risk management standards applied at the bank, accordingly, are currently on par with the recommendations of Basel Standards. By the end of 2023, not only did VPBank successfully implement the foundation internal ratings-based (FIRB) approach for Credit Risk (Basel 2) and was ready to participate in the pilot according to the State Bank of Vietnam's roadmap in 2025. VPBank has researched the adoption of advanced Basel for other risk components such as Basel 3 for Counterparty Credit Risk, Market Risk and Interest Rate Risk on the Banking Book (IRRBB), thereby creating the market-leader advantage in terms of risk management. At the same time, the bank is continuing to research other appropriate standards and practices that can be applied in Vietnam.

Applied

IFRS 9

for the bank's operations

Regarding the roadmap for implementing International Financial Reporting Standards (IFRS) 9, after successfully building methodology and calculation tools, VPBank has applied IFRS 9 to day-to-day business, such as the underwriting process and KPI setting with the goal of adopting advanced standards for the bank's operations. The official adoption of IFRS standards at VPBank will strictly comply with the roadmap and instructions of the State Bank of Vietnam, the Ministry of Finance and the State Securities Commission.



Digitalised risk management

VPBank is one of the leading Vietnamese banks in digitalisation and ecosystem development with strict information security standards, especially in risk management.

In 2023, according to the bank-wide digital strategy, risk management systems were moved to the cloud, thereby allowing for more flexible analysis. Along with that, the bank also actively implemented a series of in-depth training programmes to equip all specialised staff with appropriate knowledge and skills to work effectively on the cloud.

The bank made many achievements in digitising risk management. Specifically:

- Developed an integrated calculation system for Basel Standards and continuously strengthened, expanded and optimised the system for various risk management purposes;
- Applied electronic footprint data in risk analysis;
- Built and upgraded a credit risk scoring system to support credit decisions, detect fraud and increase collection efficiency.

VPBank believes that information security plays a key role when it comes to applying technology to banking operations. Therefore, the bank focuses on building and maintaining an information security management system that complies with international standards and is annually certified by DAS UK as compliant with ISO/IEC 27001:2013 standards (leading standard on information security management system).

Recognising the important role of technology in improving collection performance and that changing from traditional collection methods to modern ones helps increase productivity and customer experience, VPBank has implemented a debt collection strategy based on customer feedback and optimised litigation processes through automated systems such as virtual call agent on AI platform, voice to text tool, automatic debt reminders on many platforms... to reduce operating costs, improve collection efficiency as well as customer experience.

2. Investment, implementation of projects and subsidiaries

Strengthened the infrastructure and information security, enhanced digital transformation of management and operation activities

VPBank strengthened processes, technology and people for the bank's digital transformation journey based on cloud solutions in 2023. The Bank also migrated nearly 20 applications to the cloud in 2023 and signed a strategic agreement with Amazon Web Services (AWS), a technology company belonging to the global group Amazon.com. The cooperation between VPBank and AWS will help increase the speed of banking and financial software development, enhance automation capacity, improve the processing speed of banking tasks, and accelerate the release of digital banking features, thereby bringing customers more and more diverse digital banking products with increasingly better quality.

In addition, VPBank implemented 7 more security projects in 2023, including PCIDSS (The Payment Card Industry Data Security Standard) Certificate, and upgraded the system for managing privilege accounts and solutions for patch management and prevention of attacks via the Internet and online applications.

Regarding operations management, more than 100 processes continued to be digitised, helping to improve the processing time for account opening, loan disbursement, online trade finance, etc. by 10-30%. In terms of data management, the Data Integration Hub project with the goal of improving data integration capacity was successfully implemented and helped the provision of big data in a timely manner, meeting business needs and increasing customer experience on transaction platforms such as VPBank NEO BIZ, the customer service channel cskhs.vpbank.com.vn, and LynkID.

Also in 2023, VPBank officially established Enterprise Data and Analytics Division (EDA) by merging Business Intelligence Centre with the functions in charge of Data Warehouse (DWH) management, compliance reporting and data architecture under Information Technology Division. In addition to stably operating the data platform, VPBank will increasingly adopt data science (AI) and machine learning (ML) technology while accelerating data migration to the cloud, aiming to become one of the leading banks in data management and application and improve competitiveness in the digital era.

Developed and deployed online transaction solutions for customers

The e-KYC solution was introduced to the market in 2022 and was continuously upgraded in terms of features and service experience in 2023, helping VPBank increase the customer base and the performance of CASA, credit card, and unsecured loan products.

For SME and corporate customers, VPBank also made greater investment to optimise digital customer journeys. The products developed by VPBank for corporate customers included eKYC feature, electronic payment EcomPay – Simplify, Cybersource, online overdraft service and online disbursement, and Blockchain LC.

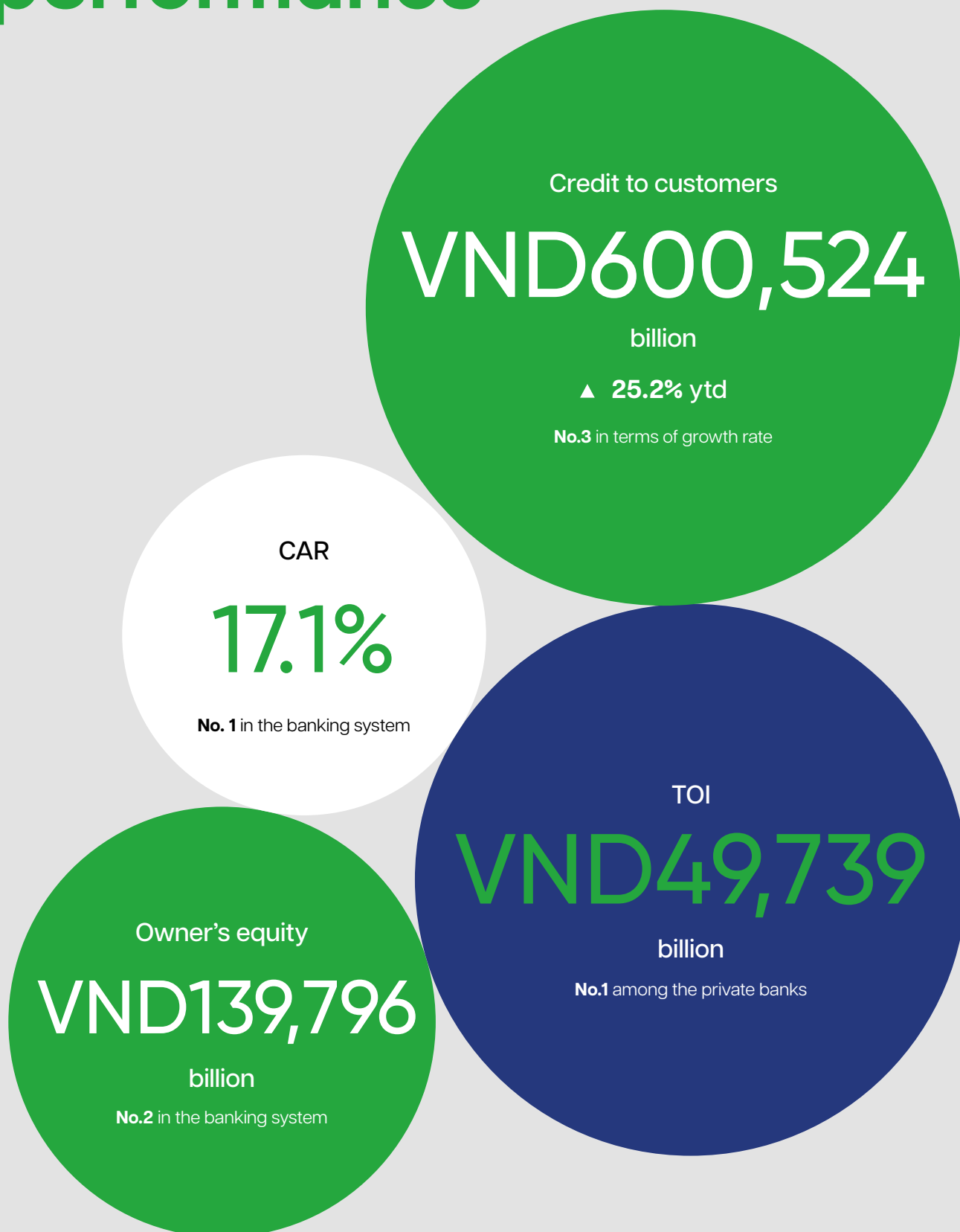


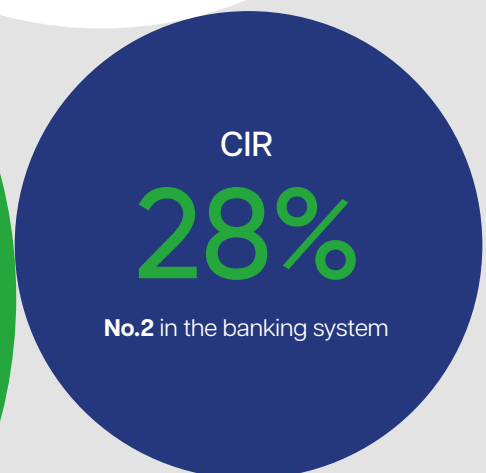
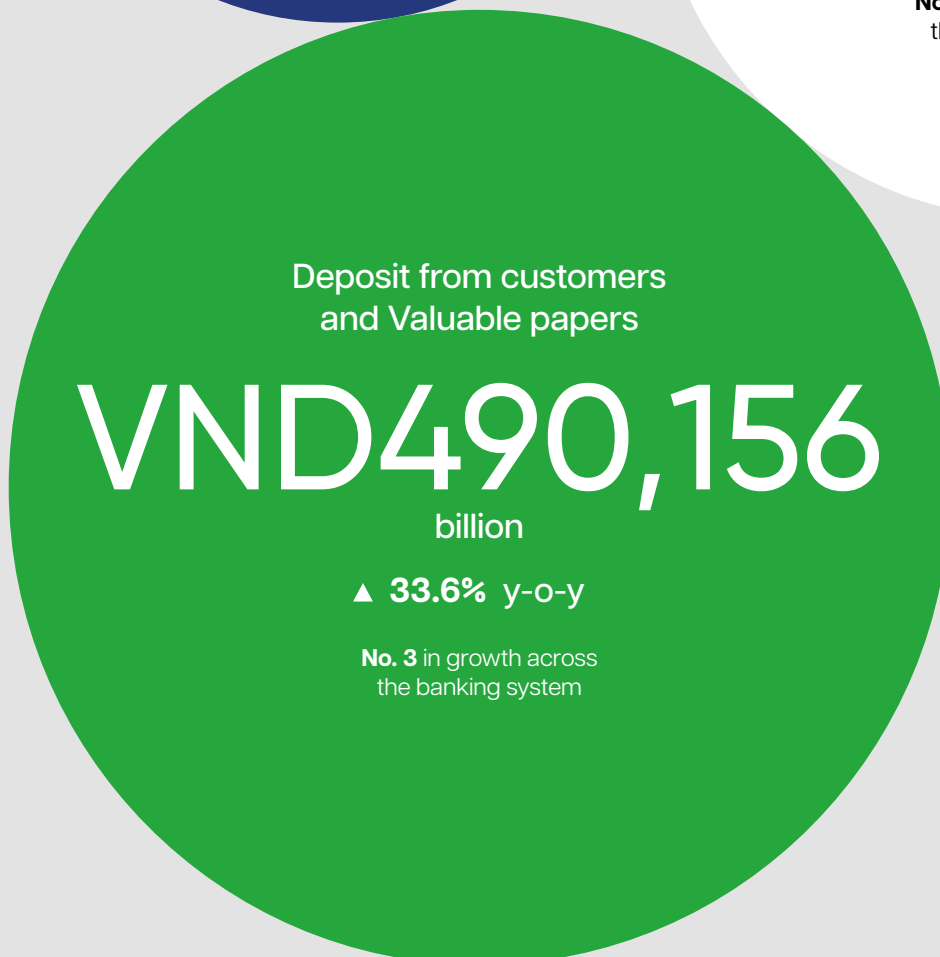
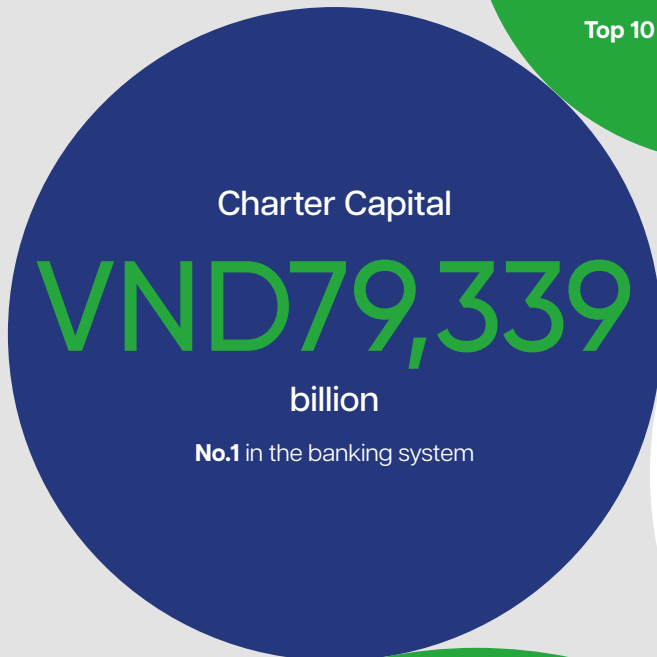
Especially in 2023, VPBank launched custodian and supervisory bank products and services for foreign investors, including SMBC and customers referred by SMBC. It is expected that this group of customers will grow strongly in the coming years, thereby opening up more opportunities to jointly serve and provide them with comprehensive enterprise financial products and services at VPBank.

Implemented the group operating model

Aiming to expand the ecosystem to diversify the financial business lines to provide comprehensive products and services to customers, VPBank has determined that strengthening the system and improving management capacity is a key factor to ensure the optimal and efficient operations. Accordingly, VPBank has implemented the group operating model since 2023 towards the goal of building a leading financial institution in Vietnam, thereby opening up many development opportunities in the ecosystem.

3. Financial performance





4. Shareholder structure, change in owner's investment capital

Charter capital

VPBank's charter capital at the beginning of 2023 was VND67.4 trillion, equivalent to 6,743,423,601 shares. In October 2023, the bank completed a private placement of 1.19 billion shares, equivalent to 15% of the stock, with the strategic shareholder SMBC. Thanks to that, VPBank's total equity was raised from VND103 trillion to nearly VND140 trillion, becoming one of the largest capitalised banks in Vietnam. In addition, VPBank's charter capital also officially increased to VND79.3 trillion, equivalent to 7,933,923,601 shares, maintaining its leading position in the market. This capital increase plan had been implemented since 2022 to strengthen long-term financial capacity and help the bank achieve growth goals in the third 5-year development strategy (2022 - 2026).

Treasury share transaction

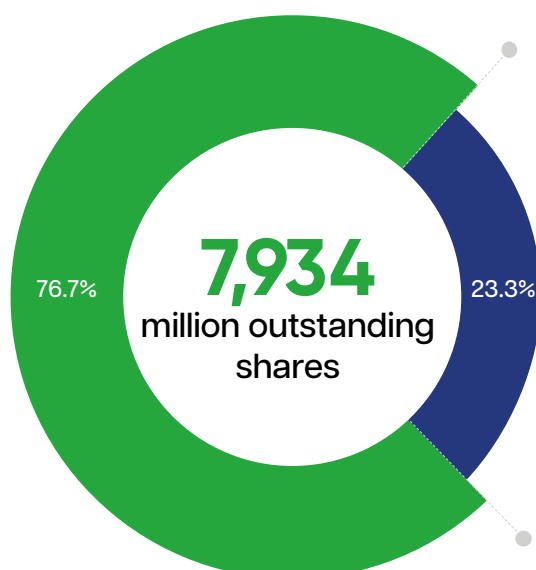
The bank offered to sell 30 million treasury shares under the employee stock option programme (ESOP) at the par value of VND10,000/share according to the Board of Directors' Resolution No. 199/2023/NQ-HĐQT dated October 3, 2023 and Official Dispatch No. 6755/UBCK-QLCB dated October 9, 2023 of the State Securities Commission.

Equity	Standalone (million VND)		Consolidated (million VND)	
	31/12/2022	31/12/2023	31/12/2022	31/12/2023
Charter capital	67,434,236	79,339,236	67,434,236	79,339,236
Share premium	-	23,992,546	-	23,992,546
Reserve funds	9,056,043	9,796,774	13,535,084	12,233,282
Treasury shares	(883,466)	-	(883,466)	-
Undistributed profit	19,940,792	21,024,428	16,751,804	19,065,969
Minority interest	-	-	6,664,262	5,164,494
TOTAL EQUITY	95,547,605	134,152,984	103,501,920	139,795,527

Shareholder structure

Share structure
as at December 31,
2023

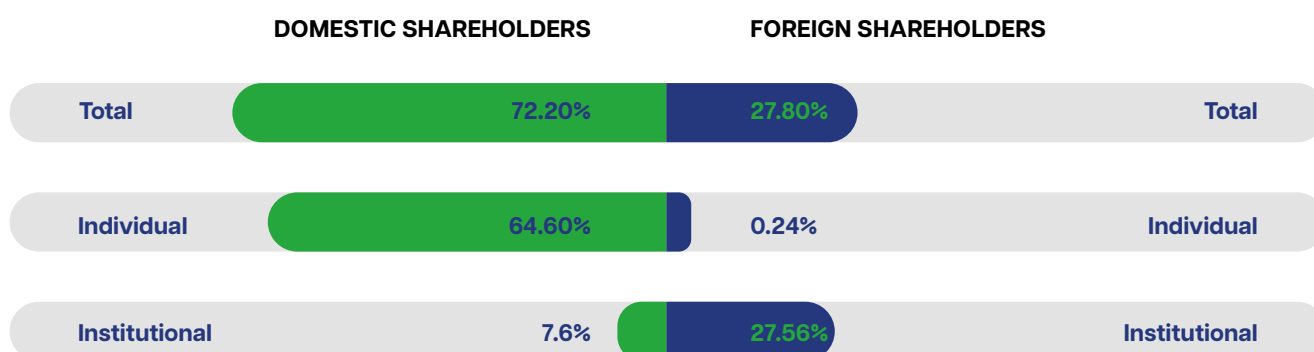
6,088
million
unrestricted shares



As of December 31, 2023,
VPBank had no
treasury shares

1,846
million
restricted shares

Shareholding structure as
at December 31, 2023



As of December 31, 2023, VPBank had 01 major shareholder (owning above 5% of voting shares).

No	Individual/organisation	Position at the company (if any)	End-of-period number of shares owned	End-of-reporting- period share ownership ratio
1	Sumitomo Mitsui Banking Corporation	Major shareholder	1,190,500,000	15.005%

Internal shareholders consist of the members of the Board of Directors, the Supervisory Board, and the Board of Management of the bank. These shareholders currently own 7.78% of the stock.

No	Insider	Position at the company (if any)	End-of-period number of shares owned	End-of-reporting- period share ownership ratio
1	Mr. Ngo Chi Dzung	Chairman of the BOD	328,553,899	4.141%
2	Mr. Bui Hai Quan	Vice Chairman of the BOD	156,329,202	1.970%
3	Mr. Lo Bang Giang	Vice Chairman of the BOD	8,249,316	0.104%
4	Mr. Nguyen Duc Vinh	CEO cum member of the BOD	104,905,020	1.322%
5	Ms. Kim Ly Huyen	Head of the Supervisory Board	269,997	0.003%
6	Ms. Trinh Thi Thanh Hang	Member of the Supervisory Board	164,355	0.002%
7	Mr. Vu Hong Cao	Member of the Supervisory Board	378,855	0.005%
8	Ms. Luu Thi Thao	Deputy CEO	9,898,869	0.125%
9	Ms. Duong Thi Thu Thuy	Deputy CEO	2,179,077	0.027%
10	Mr. Nguyen Thanh Long	Deputy CEO	436,541	0.006%
11	Mr. Nguyen Thanh Binh	Deputy CEO	955,964	0.012%
12	Mr. Dinh Van Nho	Deputy CEO	1,628,107	0.021%
13	Mr. Phung Duy Khuong	Deputy CEO	1,282,486	0.016%
14	Ms. Pham Thi Nhung	Deputy CEO	1,065,995	0.013%
15	Ms. Le Hoang Khanh An	Chief Financial Officer	357,892	0.005%
16	Ms. Nguyen Thi Thu Hang	Chief Accountant	188,440	0.002%
17	Ms. Le Lan Kim	Corporate governance coordinator/ corporate secretary	647,242	0.008%

Share transactions of internal shareholders and related parties

Share transactions of internal shareholders

Transaction	Number	Share volume
Buy	11	727,700
Sell	13	283,100
Total	24	1,010,800

Share transactions of related parties

Transaction	Number	Share volume
Buy	2	70,000,000
Sell	5	390,770
Total	7	70,390,770

5. Report on social and environment impacts

Please refer to Chapter VIII. Sustainable development report





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1.

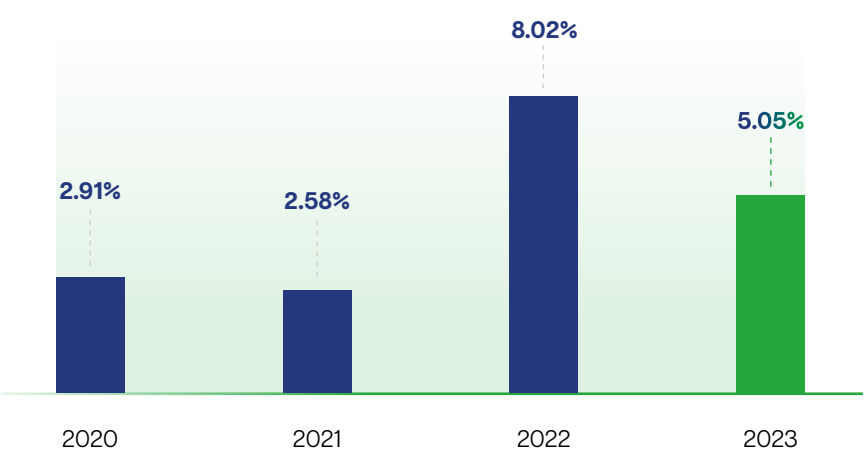
Review
of business
performance

Macro
environment
and banking
industry in 2023

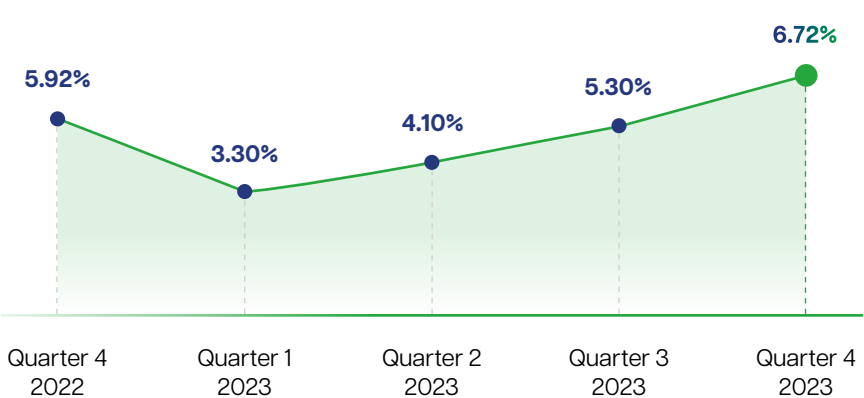
Macro environment
in 2023

Contrary to the expectation that the economy would recover in 2023 after the pandemic, difficulties continued to creep into every corner of the global economy. As a result, investment and trade also declined. As a highly open economy, Vietnam could not avoid external influences.

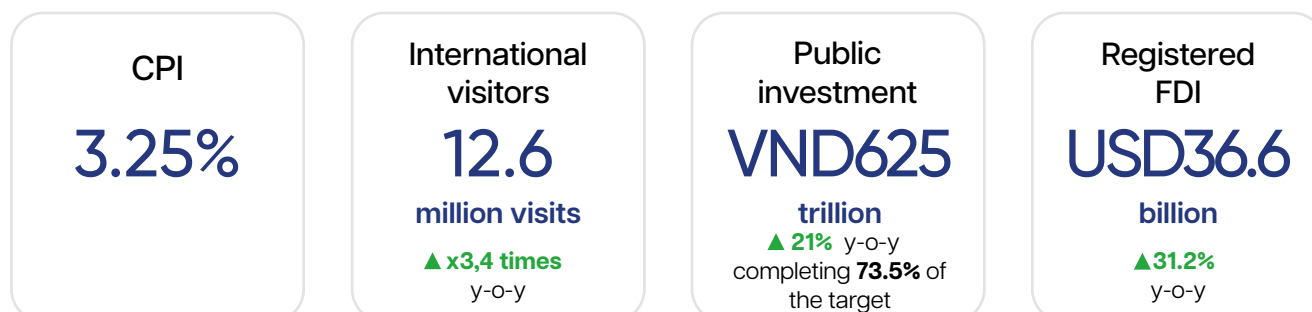
GDP growth over the years



GDP growth over the quarters



Vietnam's gross domestic product (GDP) grew by 5.05% in 2023, only higher than the growth rates in the two years of the Covid-19 pandemic (2020 - 2021). However, GDP growth gradually improved in the second half of the year. GDP in the fourth quarter of 2023 increased by 6.72% over the same period last year and was the highest among the quarters. Meanwhile, inflation was kept under good control at 3.25%, fulfilling the Government's target.



The main growth driver of the economy in 2023 was the service sector thanks to a recovery of the tourism sector. During the year, there were 12.6 million international visitors to Vietnam, 3.4 times more than in 2022. Besides, there were many highlights regarding public investment and FDI. Public investment disbursement in 2023 reached over VND625 trillion, up 21% year over year and equivalent to 73.5% of the plan, the highest level ever. Meanwhile, registered FDI capital reached USD36.6 billion, up 32.1% year over year. In the context of decelerating global economic growth and slowing-down investment flows, the number showed foreign investors' confidence in Vietnam's investment and business environment and economic prospects.

On the contrary, the decrease in orders from main export markets (such as the US and EU) due to declining demand has had a strong impact on Vietnam's production and export activities. The added value of the entire industry in 2023 only reach 3.02% compared to the previous year. This is the lowest annual increase in the 2011-2023 period. Import-export activities, accordingly, suffered a lot of damages with export and import turnover decreasing by 4.4% and 8.9% respectively compared to the previous year.

However, with efforts to support and remove bottlenecks from the Government and the State Bank, Vietnam's economy recorded better performance in the second half of the year, with a more positive recovery expected in 2024

Banking sector in 2023

Finance and banking sector, with its role in leading the economy capital, cannot avoid the impacts of the global economic recession. Vietnam's credit growth in the first 9 months of the year was lower than expected, due to unfavourable macroeconomic conditions holding back credit demand from enterprises and individuals. By the end of 2023, credit growth across the economy reach 13.7%, lower than the target of 14%.

Meanwhile, bad debt tended to increase rapidly when cash flow slowed down. Data from the National Financial Supervisory Commission showed that the banking sector's on-balance sheet non-performing loans ratio escalated to 4.97% at the end of 2023, higher than the Government's target of 3% and increased sharply compared to the end

of 2022 (1.92%).

To support the economic recovery, in the past year, the State Bank of Vietnam implemented a proactive and flexible operating policy, and at the same time, introduced a number of measures to overcome and remove difficulties for enterprises. These included four cuts in policy interest rates in 1H2023, issuances of T-bills to absorb excess liquidity in the market in an effort to stabilise exchange rates, and Circular 02/2023/ TT-NHNN allowing credit institutions to restructure and reschedule debt for customers in difficulty, etc...

After taking effect, the State Bank's policies have initially shown effectiveness in the final months of 2023, creating momentum for the economy to recover in 2024.

2. Financial results

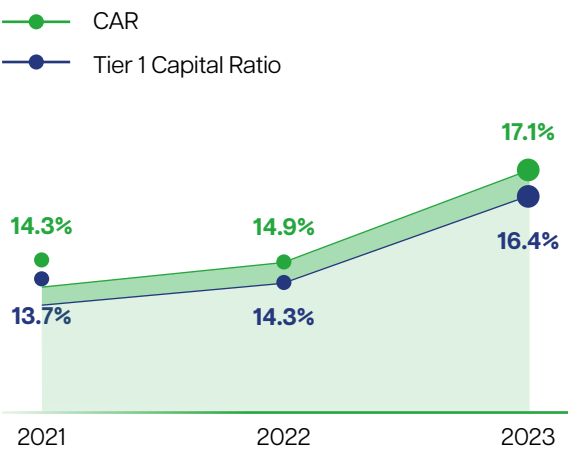
Reinforce solid capital

After the successful private placement to strategic investor SMBC, VPBank became the 2nd biggest bank in terms of equity in the industry. The capital adequacy ratio (CAR) according to Basel II increased to the leading position of the banking sector.

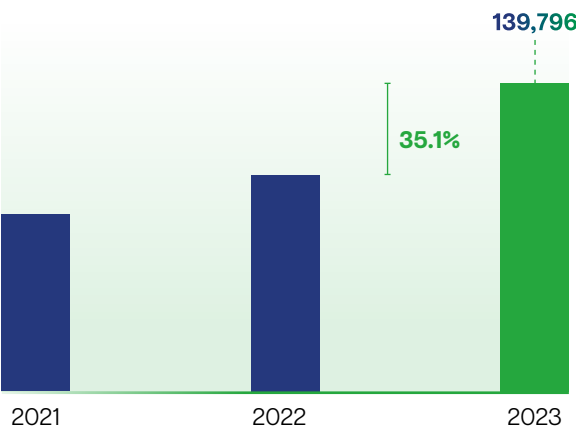
Solid capital helped improve VPBank’s financial strength in its efforts to expand and meet the diverse needs of customer segments. Along with that, the bank built the financial capacity needed to serve big corporate customers. In particular, with support from SMBC, VPBank promoted FDI - a new segment in 2023 to take advantage of market opportunities and maximise income and profits to support existing segments.

Apart from that, by cooperating with SMBC, VPBank expects to receive support to access international funding sources at reasonable costs and learn from the expertise and experience which this group has accumulated over the years in many Asian markets, thereby helping VPBank continue to develop and expand not only within Vietnam but also in the region.

CAR in accordance with Circular 41 (Basel II, %)



Owner’s equity (billion VND)



Outstanding liquidity

Setting the credit growth target above the industry benchmark in 2023, VPBank proactively promoted funding from sustainable sources right from the beginning of the year to strengthen the balance sheet and ensure liquidity for lending activities.

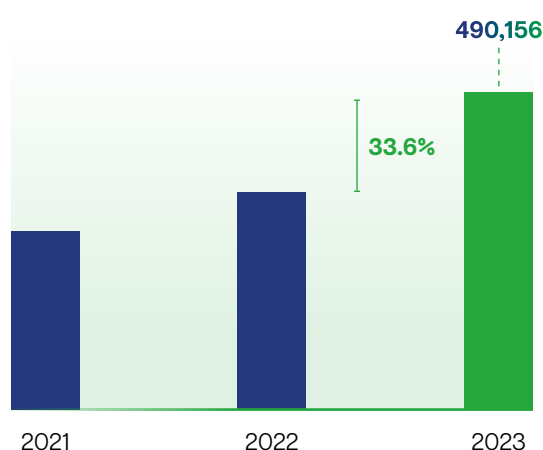
Consolidated customer deposits and valuable papers at the end of 2023 reached more than VND490 trillion, up 33.6% year over year. The parent bank grew 37.1%, leading the industry and outperforming the industry average of 13.2%. The retail banking segment drove deposit growth with more than VND291 trillion, accounting for more than 62% of the bank’s total funding.

Became the highlight of VPBank's funding efforts, CASA grew to 17.6%, up by 33% vs the end of 2022. This was a result of CASA development solutions and activities which created the momentum to continue attracting low-cost funds under sound segment strategies, pioneer payment solutions, outstanding account services with diverse products and features, thus flexibly and proactively satisfying customer needs.

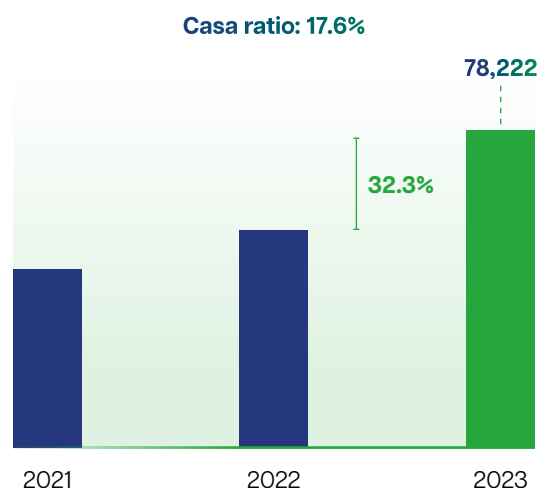
During the year, VPBank deployed the one-touch payment feature (Tap & Pay) for both VISA and MasterCard cards. At the same time, the bank continuously beefed up customer acquisition activities, such as Lucky Account Numbers, Apple Pay, Garmin Pay, Shop QR..., introduced product packages tailored to each customer persona, and expanded the POS strategy across customer segments

In an effort to lower the funding cost in the medium and long-term future, VPBank has constantly made use of long-term, reasonable-cost foreign funding sources to facilitate lending for production and business purposes, especially green and women-owned projects. Following the strategic cooperation agreement between VPBank and SMBC, with strong financial capacity, SMBC arranged and supported VPBank to successfully mobilise USD400 million in medium- and long-term syndicated loans with large financial institutions in 2023, bringing the total number of international loans supported by SMBC to nearly USD1.7 billion in the past three years. In 2023, VPBank successfully signed a bilateral loan of USD300 million with DFC which once again affirmed VPBank's reputation in the international market while helping the bank strengthen compliance with the SBV's liquidity ratios such as LDR (79.6%) and the ratio of short-term funding for medium- and long-term loans (25.3%), all of which exceeded the SBV's requirements.

Deposit from customers and valuable paper issuance (billion VND)



CASA volume (billion VND)



Strong credit growth, diverse customer segments

With strong capital and abundant liquidity, VPBank was in a position to set outstanding growth targets. Accordingly, at the end of 2023, the consolidated credit to customers reached more than VND600 trillion, up 25.2% compared to the beginning of the year, among the highest in the entire industry. In particular, the parent bank's credit growth reached 31.8%, evenly distributed into the production, business, and consumption, with the strategic segments retail and SME accounting for 57% of the total standalone loan balance.

The credit balance of the retail banking segment reached more than VND245 trillion, up 26% year over year, with a prominent growth in business loan and credit card products. To achieve this outstanding growth, VPBank implemented promotional and stimulus programmes and increased cooperation with partners as well as major brands. Meanwhile, understanding that 2023 continued to be a difficult year for the real estate market, especially the project housing segment, VPBank diversified its mortgage portfolio, gradually shifting to street house segment.

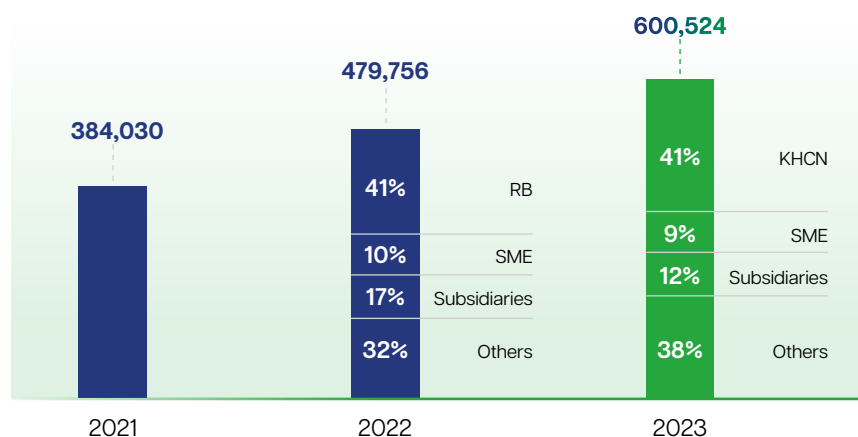
Together with the action programmes to promote credit growth, in response to the SBV's call, VPBank implemented many preferential loan programmes with interest rates from only 5%/year, totalling up to VND13 trillion, for retail customers with car, business, home, and consumer loan demands. The preferential loan programmes were one of the bank's efforts to stimulate credit demand on a large scale, contributing to economic recovery and supporting individuals and enterprises to access loans at reasonable costs for consumption, investment and business purposes.

Besides, VPBankS' margin lending also achieved many positive milestones. Loan growth at VPBankS more than doubled in 2023, with market share increasing by 142% compared to the end of 2022.



The Covid-19 pandemic and the slowdown in economic growth in 2023 severely impacted the financial capacity and the savings of mass customers – the main segment of FE CREDIT, affecting the consumer finance business. VPBank and the strategic partner SMBC conducted a comprehensive review, extensively restructured and overhauled the company's business model to adapt to market fluctuations. This process delivered positive results when FE CREDIT's disbursement volume gained back its growth trajectory in the last two quarters of the year.

Credit to customers (billion VND, %)



Asset quality control, flexible use of debt handling measures

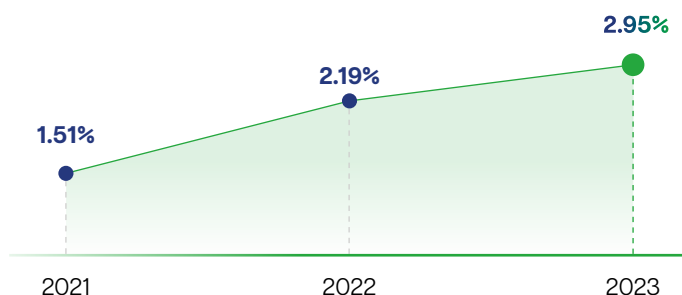
Given a retail-focus model, when many sectors in the economy ran into difficulties, thus unavoidably putting pressure on VPBank's asset quality and increasing provision expenses. Therefore, the bank proactively adjusted risk policies towards selective lending, the focus on low-risk segments and the scaling-down of unsecured lending.

Along with that, VPBank drastically implemented debt restructuring solutions in a timely manner, resolved difficulties and supported customers in an effort to control NPLs. Specifically, VPBank restructured loans for the customers facing difficulties according to Circular 02/2023/TT-NHNN. The Bank implemented careful, thorough appraisal and approval processes for restructured loans to support customers in difficulty. By the end of 2023, VPBank's restructured loan balance decreased sharply by 61% in the fourth quarter and only accounted for about 1% of the total consolidated loan portfolio.

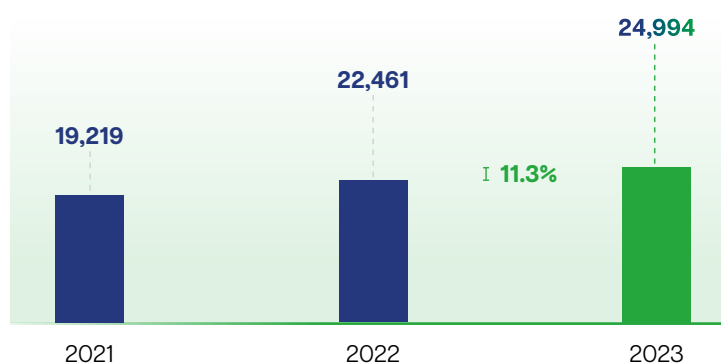
In addition, VPBank also flexibly used debt handling measures to control NPLs, including boosting debt collection and sales, at the same time collaborating with debt sale companies. By the end of 2023, the bank kept the NPL ratio below the threshold of 3%, fulfilling the commitment at AGM 2023. At the same time, the consolidated NPL ratio according to Circular 11 also decreased to 4.48% at the end of 2023, from 4.73% at the end of 2022.

In the context of challenging market conditions, VPBank proactively increased provisions to strengthen its reserve buffer and ensure operational safety. Provision expenses accordingly, reached nearly VND25 trillion, increased by 11.3% year over year.

Standalone NPL (%)



Consolidated provision expenses (billion VND)



Stable fee income growth and revenue maintained at top position

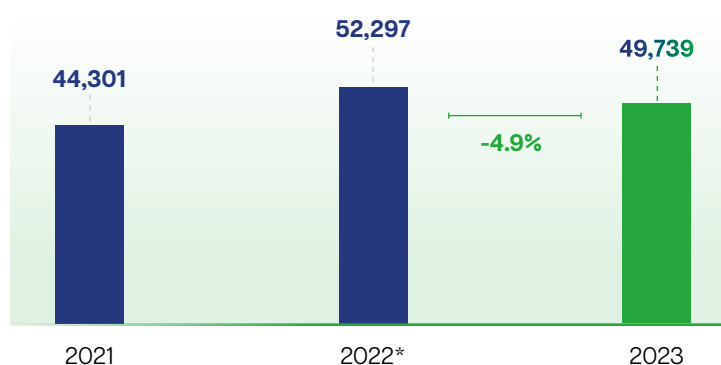
Well aware of all the difficulties in an unfavourable environment, VPBank continued to diversify its sources of income in 2023. This strategy was proven effective as fee income, and net fee income (NFI) from services continued their positive growth momentum, at beyond VND12 trillion (up 17.7% y-o-y) and more than VND7 trillion (up 12% y-o-y) respectively year on year. This remained one of the revenue drivers, helping VPBank to stay as one of the two private banks with the highest net fee income in the market.

Insurance regulatory update took its toll on the bank's banca performance. However, the gap in fee income was compensated by the strong performance of card and payment business. Income from payment & acquiring activities increased by 40.2% in 2023. Accordingly, VPBank strengthened the diversification of payment solutions such as Ecompay, Simplify, CyberSource, and POS to promote payment business and boost up the bank's non-interest income. Besides, income from cards increased by 11.4% with the number of issued cards increasing by 24.2% over the previous year, reaching more than 9 million by the end of 2023.

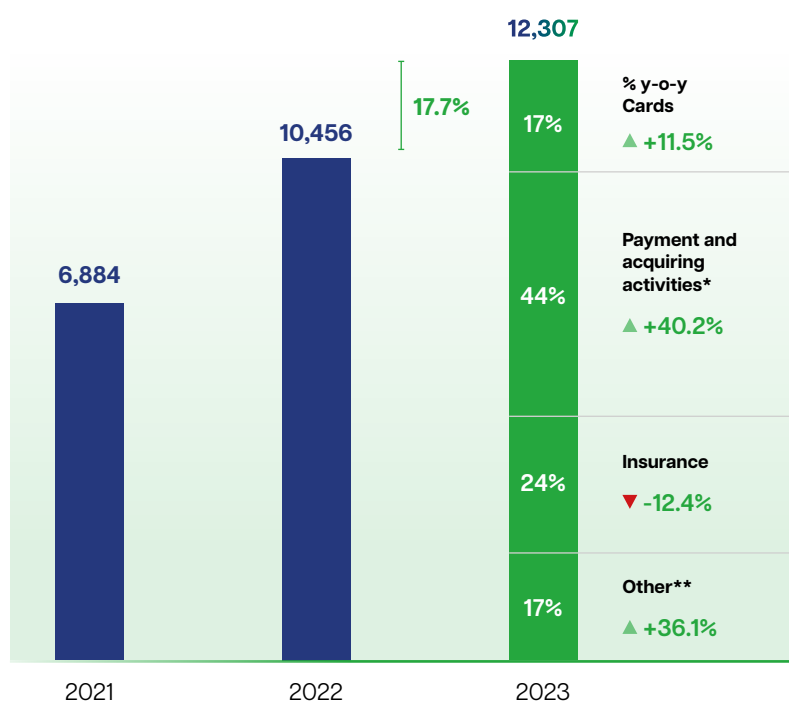
The consolidated net interest income exceeded VND38 trillion, down 7% compared to 2022, whereas, the standalone bank's net interest income grew 3.1% year-over-year, reaching VND26.3 trillion. The reduction in the consolidated result can be explained by the lasting impact of macro factors on consumer finance. It is worth noting that the 2022 liquidity crisis had the bank's cost of funds climb the charts while pressure of suspended interest also intensified under the impact of deteriorated asset quality, reducing net interest margin (NIM). Nevertheless, these indicators showed improvement in the last quarters of the year.

Thanks to the improvement of standalone interest income toward the year-end, the total operational income of the parent bank hit over VND35 trillion at the end of 2023, remaining stable year on year excluding one-off income in 2022. The consolidated total operating income reached nearly VND50 trillion, reducing by 4.9% compared to last year due to the struggle of FE CREDIT before a very adverse macro environment. However, VPBank continued to maintain its top position among private banks in terms of revenue for more than 30 consecutive quarters.

TOI (billion VND)



* TOI 2022 excluding one-off income

Gross fee income
(billion VND)

* Payment and acquiring activities include LC, LG payment, international and domestic payment & POS

** Other fee income: account fee and arrangement fee

Resilience on digital
transformation and
operation excellence

Best Digital Bank
Vietnam 2023

VPBank is always proud to be one of the market-leading banks in terms of well-thought-out and comprehensive digitalisation strategy. Digital transformation has always been one of the bank's focuses and strategic directions for many years.

VPBank NEO – the multifunctional platform continued to be invested and updated with new features. Significantly, VPBank, in 2023, was the pioneer to introduce the Shop QR feature on this platform – a solution to help stores or household businesses by simplifying income management and tracking using solely VPBank NEO without the help of any other apps. Thanks to the continuous upgrade and improvement of customer experience, VPBank NEO attracted more than 3.5 million new registered accounts in 2023, adding up to a total of 8.7 million registered accounts, and executed more than 400 million transactions in the same year. VPBank NEO was proudly awarded “Best Digital Bank Vietnam 2023” by The Asian Banker two years in a row. This is the affirmation of the pioneering advance in digitalisation and evidence for a well-planned investment in a banking app which is very well-received by the market.

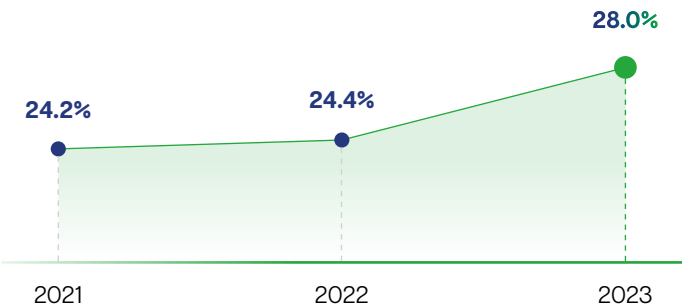


Resilience on digital transformation and operation excellence

In addition, Cake by VPBank Digital Bank targeted young customers who are passionate about technology, providing complete and comprehensive financial services. With the mission of “Better customer insight and services”, after 3 years of operation, Cake attracted more than 4.1 million users. Furthermore, with the strategy of attracting and retaining customers on the digital platform, Cake invested heavily in technology to provide the most convenient customer experience. Thanks to that, in the past year, Cake received the “Best Digital Bank Vietnam 2023” award, given by Global Banking and Finance Review magazine, demonstrating the technological and creative capacity of this Digital Bank.

Digital activities were enhanced and mothballing projects during the COVID-19 pandemic were reactivated while the bank’s total operating income slightly decreased. This approach drove up the cost-to-income ratio (CIR) to 28% by the end of 2023. Nevertheless, VPBank remained among the banks with the lowest CIR. On the other hand, all these digital transformation activities are expected to pay off in the medium and long term, facilitating the optimisation of resources and increasing the bank’s productivity.

CIR





The synergy of the ecosystem

VPBankS and OPES, after one year of joining VPBank's 'big family', have made a positive contribution, at nearly VND1.4 trillion of profit before tax, to the consolidated banking result. Together with the parent bank, the consolidated number reached beyond VND14 trillion on the group level.

The consumer finance company in the ecosystem, on the other hand, hasn't regained its footing yet. Facing the widespread and lasting impact of the COVID-19 pandemic, FE CREDIT encountered one difficulty after another as their main customer portfolio who faced job and pay cuts found it difficult to fulfill their payment obligation and no longer had borrowing demand. In that context, VPBank proactively restructured FE CREDIT comprehensively to get the company back on its feet.

The comprehensive restructuring has shown initial progress as the governance model and lending strategy have become more prudent, as well as the risk management and collection system. However, as these challenges show no sign of subsiding in the immediate future, it still requires resilience and perseverance in the direction and business operation of not only FE CREDIT but also the parent bank.

VPBank's consolidated profit before tax in 2023 reached nearly VND11 trillion, down 31.3% y-o-y if excluding the one-off income in 2022. Business performance was short of expectations due to adverse factors but VPBank considers 2023 as the year of stress test, a chance to solidify the system for a steadier pace in 2024 and onwards.

3. Improvements in organisational structure, policies and management

Total number of employees and average income of employees (according to consolidated financial statements)

- As of December 31, 2023, VPBank has 24,973 employees.
- The average income of employees in 2023 was nearly VND25 million/month.

Summary on changes in staff policies 2023

- Applying the 2023 salary framework based on the 2023 salary survey (by Mercer) based on market reality, consistent with the actual salary and bonus payment ratio (pay mix) for each employee segment in the Front/Mid/Back segments. This is the basis for determining the salary for newly recruited/promoted and appointed employees.
- Adjust the Hot Job 2023 list (jobs which are difficult to attract and retain personnel) based on the bank's priority in functional/professional areas and based on actual assessment of the hot job list on the market in 2023 (Mercer). This is the basis for applying more competitive income positioning for employees undertaking jobs which are difficult to attract and retain personnel.
- Implement a bonus programme based on individual performance and revenue/profit results of business units, ensuring internal balance based on pay mix orientation, front/mid/back position of the employees, closer to target market positioning (local banks). The change/ first-time applied bonus policy is the bonus scheme to units which exceed profit plan, encouraging and linking more closely between bonuses and unit/individual achievements.

Existing welfare programmes (periodical health check-ups, VPBank Care health and accident insurance...) are maintained with better quality within the same or lower budget. Implement a new programme (resort voucher gifts for employees and relatives). This is a fairly prominent welfare regime in the labour market



Improvements in organisational structure, policies and human resource management 2023

- Review the job system, re-assess the value of job positions in accordance with the current development of VPBank and the market, to ensure correlation, ensuring the principle of “position-based payment”.
- Review and refine the performance management according to “performance-based bonus” principle. Review the process of assigning KPIs, evaluating/ranking employees to ensure that employee rating results accurately represent work efficiency. Thus, the performance-based bonus policy shows its effectiveness in motivating employees’ effective working.
- Institutionalise behavioural standards in evaluating employee performance through adjusting the behaviour scoring according to the five new core values.
- Change the mid-year performance review method from score 1 (lowest) to 5 (highest) to the “On track or Off track” method, aiming to focus on tracking the progress of KPIs. This method is suitable for world practice
- **Digitise and automate human resource processes:** In line with the bank’s digitalisation strategy and continuing to implement the HR digitalisation roadmap, Human Resources Management Division is constantly looking for opportunities to promote automation and digitisation of human resources tasks to ensure compliance, increasing efficiency and enhancing employee experience. The Division implemented 37 system improvements and change requests (CRs) in 2023. Typical improvements include:
 - Compliance: Adjust the approval line; enhancing security for E-learning, add urgent contact information in PA.
 - Digitalisation/function improvement (4CRs): completed HR document digitalisation including the following processes: onboarding, appointment, rotating, secondment, salary adjustment, carrying out the digitalisation processes of exit and working with IT on the processes of labour agreement, etc.
 - Automating HR processes (2CRs): create probation process on SAP, automating contract extension, health insurance package for relatives, etc.

4. Business orientation in 2024

Macro outlook in 2024

Despite the future challenges and difficulties may remained high, the 2024 global economic outlook is optimistic. Many reputable organisations and financial economic experts have considered that the worst time may have been passed in 2023 and positive developments and results are expected to come in 2024. In particular, at the final meeting in 2023, the US Federal Reserve signalled 3 rate cuts in 2024, ending the cycle of high interest, opening up positive growth opportunities for the global economy.

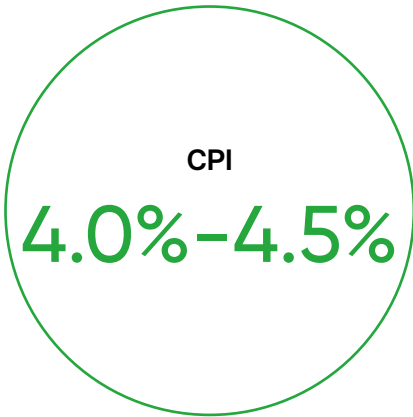
In such a global context, Vietnam's economy is expected to accelerate in 2024 and become one of the spot light in the region. In specific, GDP growth target is 6.0 - 6.5% and CPI is between 4.0 - 4.5% by the following drivers:

Key growth drivers of Vietnam's economy coming from:

- Recovery of production and export as global demand recovers;
- Increasing domestic consumption thanks to stimulation policies as well as the recovery of the tourism and service sectors;
- Vietnam remains an attractive FDI destination;
- Public investment is further promoted by the Government to fuel economic growth.

In addition to the above positive outlooks, the Government will also need further efforts to handle outstanding difficulties in the real estates, corporate bond and insurance sectors. Vietnam's economy will also face rising inflation risks as escalating geopolitical tensions may disrupt supply chains.

In that context, the banking sector is expected to recovers more positively in 2024, thanks to increasing credit demand coupled with economic recovery. The State Bank of Vietnam targets a 15% credit growth in 2024 and it will also continue to operate monetary policy proactively, flexibly in line with the market developments. In addition, maintaining a low interest rate environment will help banks optimise their capital costs, creating opportunities to promote credit to the economy. On the other side, the increased NPL in 2023 is another challenge which needs to be handled in 2024 to ensure the dual goal of economic growth while keeping the banking system healthy.



VPBank’s business orientations in 2024

On a brighter macro environment, VPBank analysed and evaluated growth scenarios, and at the same time, identified key areas of operations in the coming year.

Accordingly, VPBank will continue to maintain a flexible regulatory policy, with the goal of maintaining effective growth, quickly responding to market developments, and seizing new development opportunities.

VPBank's key targets in 2024 are as follows:

Quality growth in scale across all segments

1

- Strategic segments (RB and SME) are prime targets for credit expansion
- Explore growth opportunities in FDI segment
- Ensure strong liquidity and diversify funding sources to optimise cost of fund

2

Comprehensive asset quality management

- Deploy risk management expertise to support customers
- Pursue effective debt collection strategy

3

Enhance sustainable practices

- Accelerate green financing disbursement
- Expand the green loan portfolio

4

Strengthen the enablement infrastructure

- Accelerate execution of digital initiatives
- Embrace cloud computing to increase stability and flexibility
- Leverage in-depth data analytics and machine learning capabilities to meet customer needs

5

Promote ecosystem activities

- Deepen customer engagement via further integration of VPBank's digital ecosystem
- Capture new growth opportunities and seek new growth drivers within the ecosystem


5. The explanation of the BOM over auditing recommendations

Auditing company EY has no opinion of disapproval of VPBank's Financial Statements.

6. Report on ESG responsibility

More details in Chapter VIII. Sustainable development report.





The BOD's assessment on VPBank's operations

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1. The BOD's assessment on VPBank's operations



Assessment of the BOD on the bank's operations in 2023

in the context of a dismal world economy, many economies face the risk of recession, Vietnam's economy was strongly impacted. Additionally, the banking sector in Vietnam bear greater pressure from the crises of liquidity, corporate bond market and real estate market lasting from 2022. Business results of banking sector in general and VPBank in particular all declined accordingly. However, in face of an unfavourable environment, VPBank was still decisive, timely and flexible in management and operations, accompanying the Government and the State Bank in implementing policies to remove difficulties for customers; at the same time, being proactive in supporting its subsidiary FE CREDIT to comprehensively restructure to gradually overcome difficulties and find opportunities to recover.

Some achievements in 2023:

Owner's equity increased

35.1%

vs. 2022

**the 2nd highest
in the banking sector**

CAR reached

17.1%

**the highest among banks in
Vietnam**

- VPBank still maintained high growth momentum (parent bank's credit growth increased by 31.8%) with the growth of 46% of the bank's consolidated market 1 funding, mainly contributed by RB Division;
- Completed the private placement with SMBC, strengthening financial capability and operational safety as the equity increased by 35.1% y-o-y, the 2nd highest in the entire banking sector and CAR reached 17.1%, the highest among banks in Vietnam;
- Expanded the customer base with increased number of new customers through online channels and entities in the ecosystem.
- Operating costs were kept under control with the cost growth rate being lower than the income growth rate due to drastic solutions to increase productivity, digitise/automate processes, and prioritise investment in salespeople and important platforms;
- Continued to continuously transform and strengthen digital technologies on core systems and data management to enhance product and service capacity, ensure information security, optimise operational efficiency and increase internal and external customer experience.
- Enhanced corporate governance by starting to develop and implement Group operating model to optimise resources and create synergy between the parent bank and its subsidiaries.
- Announced and implemented activities based on five new core values under the Corporate Culture project, applicable to the next phase of strategic development towards the Bank's sustainable development goals.

However, in 2023 VPBank faced major difficulties as reflected in the business performance: deteriorated loan quality, requiring comprehensive solutions to keep loan quality under control. Loan Group 2 debts increased markedly, suspended interest continued to grow substantially compared to the end of 2022, greatly affecting interest income and provision expenses. Income and profits in 2023 were strongly affected by credit quality, high cost of fund resulting from 2022 and the decline in other income sources partly comes from interest rate reduction programmes, loan restructuring to support customers and fee income from payment and insurance services. The plans and expectations presented to the AGM's resolutions were regularly discussed and revised by the BOD in the periodic BOD's meetings. In the September 2023 meeting, the BOM's targets were adjusted to the more reasonable and feasible ones after considering macro-economy and the actual situation. However, the Bank's standalone profit at the end of the year only reached 80% of the adjusted plan. The consolidated profit was heavily affected by the business results of the subsidiary FE CREDIT.

Regarding environmental and social responsibilities, VPBank also transformed strongly on the path to becoming the leading green bank in Vietnam, comprehensively contributing to economic - social - environmental goals and creating a sustainable development future. VPBank pioneered the development of an ESG risk management framework and applied it across the entire bank, developed a clear strategy and effective governance system, and earned the ESG score of 2/5 from Moody's – on par with leading credit institutions in the region. VPBank received the Best Achievement vs. Climate Targets award 2022 for the East Asia and the Pacific region given by IFC and "Climate Risk Manager of the Year" awarded by Asia Risk.

VÌ MỘT
VIỆT NAM

THỊNH
VƯƠNG



 VPBank

VPBank

VPBank

2.

The BOD reviews the BOM's activities

Evaluating the performance of the Board of Management (BOM)

The performance review of each BOD member based on 2 main factors: KPI score and Behaviour score.

- After the BOD assigns the first set of KPIs to the CEO, specific targets will be allocated to each member of the BOD based on the business orientation, strategic goals of the bank, and the business/operational plan of the units. The assigned KPIs include components related to business, operations, system development, and human development with different proportions depending on each position and the requirements of the BOD each year.
- VPBank requires employees to demonstrate standard behaviours according to Core Values in daily work. Standard behaviour description is regulated and guided in VPBank's internal documents from time to time. Each member of the BOM, in addition to performing standard behaviours according to Core Values, must also ensure the role model for employees in their own and other units as well.
- In addition, the BOD also evaluates each member based on the efforts, proactivity, and initiative of each BOD's member for the additional assigned tasks.

The unit's KPIs will be evaluated twice per year, however, individual performance review is conducted once per year. Each member of the BOM will have a separate performance presentation to the BOD, difficulties, and proposals for the Board of Directors. The Board of Directors will make the final decision on each member's performance result based on KPI scores, behavioural scores, individual efforts and also recognise the impact of the market.

In 2023, the BOD discussed, evaluated and concluded: although the targets of revenue and profit were not fulfilled, the CEO and the BOM made great efforts in implementing the assigned tasks in the context of market difficulties and the Bank's own challenges. The BOM was very proactive, creative and responsive in terms of management while still complying strictly with the legal regulations and the Bank's Charter. Each member cooperated effectively in joint activities while overseeing his/her own division/function, thus contributing to the safe and stable operation of the bank, creating a civilised, happy and effective working environment for employees, promoting and protect the Bank's brand and reputation in the mind of customers, investors and the society. In addition, many BOM members showed their willingness to take additional tasks and proactively and enthusiastically support subsidiaries' restructuring to build a stable and collaborative VPBank ecosystem for sustainable and effective growth.

3. Plans and orientations of the BOD



Orientation on key business activities in 2024

Key financial targets for 2024

Stick to the financial targets in the 5-year plan as a basis for building financial targets for 2024:

- Bankwide on-balance sheet credit growth in 2024 is expected to increase by 25.2% compared to the end of 2023. Actual growth will be adjusted according to the limit granted by the State Bank and market conditions.
- CASA growth continues to be the focus in 2024.
- The bank's operating costs will be controlled and increased appropriately to ensure the competitiveness of cost/revenue ratio.
- Ensure good monitor of credit quality and debt collection to control provision more effectively.
- Standalone PBT is expected to reach more than VND20,709 billion and consolidated PBT is expected to reach more than VND23,165 billion by the end of 2024.

	2024's plan (billion VND)	2023 (billion VND)	Planned 2024 vs. 2023
Total assets	974,270	817,567	19%
Customer deposits and Valuable papers	598,864	490,156	22%
Total outstanding credit	752,104	600,524	25%
NPL (in accordance with Circular 11)	<3%	2.95%	
Consolidated Profit before tax (PBT)	23,165	10,804	114%
• Parent bank's PBT	20,709	13,468	54%
• FE CREDIT's PBT	1,200	(3,699)	
• VPBankS's PBT	1,902	1,255	52%
• OPES's PBT	873	156	459%

Orientation on non-financial targets

- Regarding products and services: Promote the scale and growth rate of retail banking from basic customer segments, proactively expand the market to seek new initiatives in new segments; Develop transaction banking and payment services, build industry-specific solutions to enhance the ability to penetrate deeply into new/potential industry groups for the mid- and large-scale corporate customer segment.
- Accelerate digital transformation and technology application across segments and products through optimising process systems, speeding up the introduction of products and services to the digital platform system, ensuring maintaining a pioneering position and readiness for integration in the digital era.
- Continue to strengthen the platform system with superior transformations which help increase performance and improve operational quality and customers' engagement.
- Continue to promote and complete Group operating model, develop cooperation with enterprises which have related/mutual products and services for the bank's operations to create a complete ecosystem to attract customers and increase revenue.
- Continue to promote the consolidation and strong implementation of 5 core values with the goal of promoting the effectiveness of corporate cultural values





The Bank's corporate governance

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Members of the Board of Directors



Mr
NGO CHI DZUNG

Chairman of the BOD

- From April 2010 until now: Chairman of the Board of Directors of VPBank
- From 2006 to April 2010: Vice Chairman of the Board of Directors of Vietnam Technology and Commercial Joint Stock Bank (Techcombank)
- From 1996 to 2004: Founding shareholder and member of the Board of Directors of Vietnam International Commercial Joint Stock Bank (VIB)
- Doctor of Economics, Institute of Social Political Research under Russian Academy of Sciences; Geology Engineer, Moscow Geological Prospecting Institute, Russian Federation.

Mr

BUI HAI QUAN

Vice Chairman of the BOD

- From December 2008 to present: Vice Chairman of the Board of Directors of VPBank
- From April 2006 to December 2008: Member of VPBank's Board of Directors
- From 2020 to present: Chairman of OPES Insurance Joint Stock Company
- From 2017 to present: Member of the Board of Directors of Bison Advance Technology Panel Joint Stock Company
- From 2010 to present: Chairman of the Board of Directors of Viet Hai Investment Joint Stock Company
- Bachelor of Economics, Kiev National Economic University, Ukraine



Mr

LO BANG GIANG

Vice Chairman of the BOD

- From March 2010 to present: Member of the Board of Directors, Vice Chairman of the Board of Directors of VPBank
- From 2014 to present: Chairman of the Members Council of VPB SMBC FC
- From 2012 to 2015: Member of the Members Council of VPBank Securities Company Limited
- From 2009 to 2012: Head of the Supervisory Board of Delta Bank, Ukraine
- From 2008 to 2017: Member of the Board of Directors of Hung Vuong Seafood Joint Stock Company
- From 2008 to 2013: Member of the Board of Directors of Delta - Valley Binh Thuận Company Limited
- Master of Economics, Kyiv National Aviation University, Ukraine; Bachelor in Finance and Banking, Moscow State University of Economics, Statistics and Informatics, The Russian Federation





Mr

NGUYEN VAN PHUC

**Independent member of
the Board of Directors**

- From May 2020 to present: Independent member of VPBank's Board of Directors
- From 2016 to present: Independent expert for economic projects of the state authorities
- From 1989 to 2016: held the positions of Deputy Director General of Department of Law, Director General of Department of Economics and Budget, National Deputy Director General of Project of National Assembly's Economic and Budget Committee and the State Audit - Department of Economics and Budget of the Office of the National Assembly
- Bachelor of Laws, major in Economic Law, Azerbaijan National University, Soviet Union; Master of Laws, major in Law and Development, SOAS University of London, UK; Bachelor of Economics, major in Management Science, National Economics University

Mr

NGUYEN DUC VINH

**member of the Board of Directors,
Chief Executive Officer**

- From July 2012 to present: Chief Executive Officer of VPBank and became a member of the Board of Directors since April 2013
- From August 2014 to present: Member of the Members Council of VPBank Finance Company Limited
- From 1999-2012: Chief Executive Officer of Techcombank
- From 1984-1999: Vietnam Airlines Corporation
- Bachelor of Hanoi Foreign Trade University; Master of Business Administration HEC Paris, France (in the Student Exchange Programme with the University of Michigan, USA)



Member of the Supervisory Board



Ms. KIM LY HUYEN

Head of the Supervisory Board

- From December 2022: Head of VPBank's Supervisory Board
- From 1999 to December 2022: held the positions of Chief Internal Auditor and full-time member of the Supervisory Board at VPBank
- Master in Banking and Finance, ESCP Europe and Paris Dauphine University, France; Bachelor of Law, major in Economic Law, Hanoi Law University.



Ms. TRINH THI THANH HANG

Head of the Supervisory Board

- From April 2017: Full-time member of VPBank Supervisory Board
- From 2015 to 2017: Full-time controller of VPBank Asset Management Company Limited (VPBank AMC)
- From 2010 to 2015: Member of the Supervisory Board cum senior expert of VPBank's Internal Audit Division; Controller of VPBank AMC
- From 1999 to 2010: held many different positions at MBBank including Data Specialist for Financial Analysis Report, Finance and Accounting Division; Leader of Information Technology (IT) Function, IT Division
- Master of Banking and Finance, Banking Academy of Vietnam; Bachelor of Science in Information Technology, Vietnam National University; Bachelor of Economics - Banking and Finance, National Economics University



Mr. VU HONG CAO

Member of the Supervisory Board

- From April 2019 to present: Member of VPBank's Supervisory Board
- From 1998 to 2018: held positions of Deputy Chief Internal Auditor at VPBank; Deputy Chief Internal Auditor at Techcombank; Deputy Head of Internal Audit Division at MBBank
- Bachelor of Banking and Finance, National Economics University and Banking Academy

Members of the Board of Management



Mr. NGUYEN DUC VINH

member of the Board of Directors, Chief Executive Officer

- From July 2012 to present: Chief Executive Officer of VPBank and became a member of the Board of Directors since April 2013
- From August 2014 to present: Member of the Members Council of VPBank Finance Company Limited
- From 1999-2012: Chief Executive Officer of Techcombank
- From 1984-1999: Vietnam Airlines Corporation
- Bachelor of Hanoi Foreign Trade University; Master of Business Administration HEC Paris, France (in the Student Exchange Programme with the University of Michigan, USA)



Ms. LUU THI THAO

Standing Deputy CEO and Senior Executive Managing Director

- From 2011 to present: Deputy CEO and became Standing Deputy CEO and Senior Executive Managing Director of VPBank from 2021
- From 2009 to August 2011: Chief Financial Officer, ANZ Bank (Vietnam) Ltd.
- From 2002 to 2008: Head of Finance and Accounting Department, Acting COO, ANZ Bank (Vietnam)
- From 1998 to 2001: Head of Internal Audit and Compliance Department, ABN AMRO Bank branch in Vietnam
- Bachelor of Banking Academy; Member of the The Association of Chartered Certified Accountants (ACCA) and the Association of Certified Practising Accountant Australia (CPA Australia)



Ms. PHAM THI NHUNG

Standing Deputy CEO; Head of Partnership Management and External Relations Division

- From 2023 to present: Standing Deputy CEO cum Head of Partnership Management and External Relations Division of VPBank
- From 2016 to 2022: held positions at VPBank: Network Development
- Transaction Manager and Collateral; Director of Partnership Centre; and became Deputy CEO from 2021
- Bachelor, Dong Do University

Mr. PHUNG DUY KHUONG

Standing Deputy CEO in charge of the South; Head of RB Division



- From 2019 to present: Deputy CEO cum Head of RB Division, and became Standing Deputy CEO from 2022 - In charge of the Southern area cum Head of Retail Banking Division
- From 2014 to 2018: Head of Retail Banking Division and Deputy CEO, Vietinbank
- From 2010 to 2014: Head of Retail Banking Division, Vietnam Maritime Commercial Joint Stock Bank (MSB)
- From 2008 to 2010: Deputy CEO in charge of Retail Banking, Dong A Joint Stock Commercial Bank (DongA Bank)
- From 2006 to 2008: Vice President of Finance, GE Money South East Asia and Business Development Manager, GE Money Vietnam
- Master of Accounting, Monash University, Australia

Mr. NGUYEN THANH BINH

Deputy CEO; Head of Credit Division



- From 2002 to present: Deputy CEO and became Deputy CEO and Head of VPBank's Credit Division since 2012
- From 1994 to 2002: held the positions of Credit Officer, manager of Credit Department, Manager of Research and Development Department/ Head of General Department and branch management at VPBank
- From 2012 to present: Head of the Supervisory Board, Representative of VPBank's capital contribution at Vietnam Credit Information Joint Stock Company (PCB)
- From 2009 to present: Chairman of the Members Council of VPBank AMC
- Bachelor, National Economics University

Mr. NGUYEN THANH LONG

Deputy CEO; Head of Legal and Compliance Division



- From 2014 to present: Deputy CEO cum Head of VPBank's Legal and Compliance Division
- From 2013 to 2014: Deputy CEO cum Head of TPBank's Legal, Supervision and Debt Handling, Tien Phong Commercial Joint Stock Bank (TPBank)
- From 2007 to 2013: Deputy CEO, Head of Legal Division, Techcombank
- From 1990 to 2007: Deputy Director General, Department of Legal Affairs, State Bank of Vietnam
- Master of Laws, Hanoi Law University

Members of the Board of Management



Ms. DUONG THI THU THUY

Deputy CEO; Head of CIB Division

- From 2009 to present: Deputy CEO, Head of VPBank's CIB Division
- From 2002 to 2008: held the positions of Manager of Corporate Service Department and Head of Hanoi Branch at VPBank
- Bachelor of Banking Academy; Bachelor of National Economics University; Master of Business Administration, National Economics University



Mr. DINH VAN NHO

Deputy CEO; Head of CMB Division

- From 2017 to present: Head of CMB Division and became Deputy CEO cum Head of CMB Division since 2018
- From 2014 to 2017: Head of Northern Corporate Customer Centre
- From 2003 to 2013: held the positions of Branch Head/Deputy Head, Regional Head, Area Head, Regional Director, Head of Corporate Customer Middle Market MB, Techcombank
- Bachelor of Foreign Trade University; Master of Business Administration, Benedictine University, USA



Mr. NGUYEN HUY PHACH

Head of SME Division

- From 2020 to present: Head of VPBank's SME Division
- From 2005 to 2020: held the positions of Head of Corporate Customer Department - Thang Long Branch, Head of Thang Long Branch, Director of South Hanoi Region, Head of Region 2 of RB Division, Deputy Head of Credit Division at VPBank
- Bachelor of Banking Academy



Ms. NGUYEN THI MINH NGUYET

Head of Operation Division

- From 2019 to present: VPBank's COO
- From 2014 to 2018: held the positions of Manager of Business Process Management Department, Head of Business Process and Project Management Centre, Head of Business Process Management and Risk Control and Deputy COO at VPBank
- From 1997 to 2014: held the positions of Deputy Manager of Internal Audit and Compliance Control Department, Head of Project Management Department, Head of Finance and Administration Department, Head of Operational Excellence, and Head of Operational Risk and BCP at ANZ Vietnam
- Bachelor of Foreign Trade University



Ms. LE HOANG KHANH AN

Head of Finance Division

- From 2019 to present: Chief Financial Officer of VPBank
- From 2014 to 2018: Manager of RB Finance Department
- From 2008 to 2014: Head of Audit Department, Ernst & Young Vietnam Ltd
- Bachelor of Banking University of Ho Chi Minh City; ACCA certificate issued by the Association of Chartered Certified Accountants UK



Ms. TRAN THI DIEP ANH

Head of Human Resources Management Division

- From 2018 to present: Head of VPBank Human Resource Division
- From 2014 to 2018: Human Resources Director, Carlsberg Vietnam Company
- From 2011 to 2014: held the positions of Deputy Head and Head of Human Resource Division at Techcombank
- From 1997 to 2011: held positions of Human Resources Manager, Human Resources Director at Cargill Vietnam Company
- Bachelor of University of Transport and Communications and Bachelor of Foreign Language University

Members of the Board of Management



Mr. WONG KOK SENG AUGUSTINE

Head of Information Technology Division

- From 2019 to present: CIO at VPBank
- From 2014 to 2019: Vice President in charge of Infrastructure and Information Technology for business areas, DFS Group Limited
- From 2010 to 2014: Head of IT and Infrastructure Services, Head of Global Data Centre & IT Services, Standard Charter Bank
- From 2007 to 2010: Vice President in charge of Technology Refresh programme, Vice President in charge of Cost optimisation and Head of IT infrastructure at DBS Bank Singapore.
- Bachelor of Science, Information and Quantitative Analysis and Econometrics, Portland State University, USA



Ms. VO HANG PHUONG

Head of Financial Markets and Transaction Banking Division

- From April 2023 to present: Head of Financial Markets and Transaction Banking Division of VPBank
- From 2014 to April 2023: held the positions of Head of Financial Institutions and Transaction Banking Centre and Head of International Institution Banking Services Division
- From 2011 to 2014: Head of Northern Corporate Customer Center, ANZ Vietnam
- From 2007 to 2011: held positions of Credit Risk Management and Approval Specialist for Corporate Customers, Corporate Customer Relationship Manager at HSBC Vietnam.
- From 2003 to 2007: held the positions of FX and Derivatives Sales Officer, Wholesale Corporate Customer Management Officer at Standard Chartered Bank Vietnam
- From 1994 to 2000: held the positions of Financial Institution Relations Manager, Project Financing Credit Officer at Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)
- Bachelor of Hanoi University; Bachelor of Hanoi Foreign Trade University; Master of Economics, New York University, USA

Mr. DMYTRO KOLECHKO

Head of Risk Management Division



- From 2015 to present: Chief Risk Officer at VPBank
- From 2012 to 2014: Country Chief Risk Officer at Hyppo-Alpe-Adria Bank (Addiko Bank) in Bosnia & Herzegovina
- From 2009 to 2012: Standing Deputy to the Chief Risk Officer cum Manager of Retail, Market and Operational Risk Department at Raiffeisen Bank Aval, Ukraine
- From 2006 to 2009: Chief Risk Officer at Alfa Bank, Ukraine
- From 2003 to 2006: held positions of Risk Management Expert, Chief Risk Officer, Raiffeisen Bank Ukraine (currently OTP Ukraine)
- From 1999 to 2003: Onsite Supervision Inspector, National Bank of Ukraine
- Doctor of Philosophy - International Business, Kyiv National Economics University and MCBA, Kyiv National Economics University, Ukraine

Mr. POH WEI LI JOHNSON

Head of Enterprise Data and Analytics Division



- From 2023 to present: Head of Enterprise Data and Analytics Division, VPBank
- From 2019 to 2022: Head of Artificial Intelligence, UOB Group
- From 2017 to 2019: Senior Vice President, Head of Data Science & Big Data Analytics, DBS Bank
- From 2016 to 2017: Chief Data Scientist, ASEAN region, Booz Allen Hamilton, Singapore
- From 2014 to 2016: Head of Data Science Department, Ministry of Defence, Singapore
- From 2008 to 2014: Senior Scientist, DSO National Laboratory, Singapore
- Bachelor of Mathematics, Statistics & Economics, University of California, Berkeley, USA; Master of Applied Mathematics and Statistics, Yale University, USA.

Members of the Board of Management



Mr. MOCHIZUKI MASASHI

Head of FDI Centre

- From 2023 to present: Head of VPBank's FDI Centre
- From 2015 to 2022: held the positions of Deputy CEO cum Head of Alliance Department and Senior Director cum Head of Foreign Direct Investment Department at Vietnam Export-Import Commercial Joint Stock Bank (Eximbank)
- From 2011 to 2015: Senior Vice President of the Global Advisory Board, SMBC Group, Japan
- From 2006 to 2011: Head of Corporate Customer Department, SMBC HoChiMinh City Branch.
- From 1994 to 2005: Worked at SMBC Group
- Bachelor of Law, Kanazawa University, Japan



Ms. NGUYEN THUY DUONG

Head of Marketing and Communication Centre

- From 2021 to present: Head of VPBank's Marketing and Communication Centre
- From 2020 to 2021: Communication Head, TPBank
- From 2011 to 2019: Head of Brand Communication, Ecopark Group
- From 2010 to 2011: Communications Manager, Vin Group
- From 2008 to 2010: Communications Manager, Bitexco Group
- From 2005 to 2007: Reporter, The World and Vietnam Report (Ministry of Foreign Affairs)
- Bachelor, University of Social Sciences and Humanities



Mr. VU MINH TRUONG

Head of Assets and Liabilities Management (ALM) Centre

- From 2023 until now: Head of VPBank's ALM Center
- From 2017 to 2023: Head of Treasury and Financial Market Division, Techcombank
- From 2015 to 2016: The first Deputy General Director, Head of Wholesale Banking Division, TPBank
- From 2011 to 2015: Deputy CEO, Head of Financial Market Division, VPBank
- From 2006 to 2011: Head of Global Markets and Head of Institutional Banking, extension Mekong, ANZ Vietnam
- From 2002 to 2006: Chief Dealer, Global Markets, Standard Chartered Bank Vietnam
- From 1997 to 2002: Chief Dealer, ABN AMRO Bank Vietnam
- Diploma in Business Administration and Management, Technical University of Berlin, German.

The change of the members of the Board of Management in 2023



Ms.
PHAM THI NHUNG

was appointed as **the Standing Deputy CEO; Head of Partnership Management and External Relations** from October 20, 2023



Mr.
VO HANG PHUONG

was appointed as **Head of Financial Market and Transaction Banking** from April 1, 2023



Mr.
MOCHIZUKI MASASHI

was appointed as **Head of Foreign Direct Investment Center** from April 1, 2023



Mr.
VU MINH TRUONG

was appointed as **the Head of Assets and Liabilities Management Centre** from July 3, 2023



Mr.
POH WEI LI JOHNSON

was appointed as **Head of Enterprise Data and Analytics Division** from June 1, 2023.



Report on the Bank's corporate governance

Given the important role of corporate governance in business continuity and sustainable development and, especially, the goals of a prosperous and sustainable future society, VPBank has always been Committed, Pioneering and Consistent with the policies and guidelines to build a governance environment that goes beyond compliance, always focusing on improving professionalism and increasing information transparency in corporate governance activities

1. The Board of Directors

VPBank's Board of Directors (BOD) consists of 05 members, including 01 independent member, 01 executive member (concurrently holding the title of Chief Executive Officer). The term of the Board of Directors is 5 years (2020-2025). All members were appointed on May 29, 2020

With the functions and tasks clearly stipulated in the Bank's Charter, VPBank's Corporate Governance Regulations, Regulations on Organisation and Operations of the Board of Directors and related governance documents, VPBank's Board of Directors always complies with the regulations principles: have aspiration and vision, direction and responsibility for all actions, make decisions based on prudence, integrity, efficiency, for the highest and long-term interests of the all shareholders, ensuring harmony with the interests of the bank's stakeholders and society.

Held periodic meetings of the Board of Directors

According to the Bank's Charter and the Regulations on Organisation and Operations of the Board of Directors, in 2023, VPBank's Board of Directors held 04 regular meetings (quarterly) with the full attendance of members.

No	The BOD's member	Number of attended meetings	Attendance rate
1	Ngo Chi Dzung	4	100%
2	Bui Hai Quan	4	100%
3	Lo Bang Giang	4	100%
4	Nguyen Duc Vinh	4	100%
5	Nguyen Van Phuc	4	100%

Performed the role of strategic direction and tasks assigned by shareholders and decided on important contents in the bank's operations.

- Implement resolutions of the Annual General Meeting (plans on increasing charter capital - offering to foreign strategic shareholders, issuing shares according to the Employee Stock Ownership Plan (ESOP), dividend payment to shareholders, etc.);
- Approve strategies, review, supervise and monitor the implementation of the bank's strategies; Approve policies and risk appetite as proposed and advised by the Risk Management Committee; policies/strategies for sustainable development and social environment;

- Approve and supervise the implementation of the annual business plan implemented by the Board of Management. Regularly update and provide directions to suit the actual situation and the bank's requirements;
- Approve investment proposals, high-value credits, foreign loans of subsidiaries (through representatives of capital contributions) and banks according to proposals from the Board of Management;
- Approve recruitment, termination of labour contracts, salary, bonus and welfare schemes for high-level personnel according to proposals/advices from the Human Resources Committee for subjects under the Bod's approval authority according to legal and VPBank's internal regulations;
- Decide on the expansion/adjustment of the bank's branch network system to promote and optimise business conditions in each period.

Performed the role of creating a strong control environment and closely supervised the Chief Executive Officer (CEO) and the Board of Management (BOM):

For the task of supervising risk management according to legal regulations and the Bank's Charter, the Board of Directors approved amendments and completed policies under the authority of the Board of Directors on the material risk management based on the recommendations of the Board of Supervisors/Internal Audit to ensure compliance with the orientation and directions of the Government, the State Bank of Vietnam and the actual situation of the bank. Thus, with the internal control system following the 3-line-of-defense model and strict policies, processes, and regulations on risk management, the Board of Directors fully reviewed key control points and regularly direct and strengthen the implementation of comprehensive and prudent risk management measures, ensuring compliance with applicable legal regulations and meeting leading international standards, aiming at continuously improving the ability to prevent material risks, improving quality and operational efficiency.

The BOD in general and each member of the BOD paid great attention to the supervision of the CEO, committee directly under the management of the CEO, BOM-level councils, and other functions related to Internal Control, Risk Management, Assessment of Capital Adequacy, implementation of business plans/business strategies and activities assessed by the BOD as posing material risks for the Bank in compliance, credit, investment, human resources, reputation, etc.

The BOD and members of the BOD proactively carried out supervisory responsibilities directly and indirectly, exercise pre-, during- and post-supervision of the contents which need to be monitored. Accordingly, in 2023 the BOD/BOD members:

- Participated in the BOM's monthly meetings (12 monthly meetings in 2023) and thematic meetings for areas that need monitoring;
- Participated by asking questions, giving directions, discussing and giving comments at meetings;
- Directed the development, approval and promulgation of risk management policies at VPBank;
- Supervised through the daily, weekly, monthly, quarterly business reports and other reports/proposals from the BOM; Reviewed and processed information from reports of the Supervisory Board (SB) and Internal Audit on the Bank's functions
- In addition, the BOD also used specialised subordinate committees such as the RMC, HRC, etc. in the process of organising and implementing supervisory responsibilities

Establishment of supporting committees in a number of important area

The establishment of supporting committees aims to support the Board of Directors in capturing information, gaining a close understanding of reality and making appropriate decisions in certain professional areas, performing well the orientation and supervision tasks of the Board of Directors.

Human Resources Committee

The Human Resources Committee (HRC) consisted of 03 members, who were members of the BOD, including:

No	Full name	Professional position	Position at HRC
1	Ngo Chi Dzung	Chairman of the BOD	Chairman
2	Bui Hai Quan	Vice Chairman of the BOD	Member
3	Lo Bang Giang	Vice Chairman of the BOD	Member

Through regular in-person meetings (quarterly or monthly) or reports received from The Human Resources Division and the BOM on organisational structure, promotions, salary, bonus, and performance review of the Bank's and its member companies' staff, the HRC made assessments, analyses, and advice for the BOD to decide on relevant issues

Specifically, the activities of the HRC in 2023 included:

- Reviewed and provided timely directions every month on human resource indicators and monthly activities of the Human Resource Management Division and member companies;
- Advised the BOD in recruiting, promoting, and approving resignations for senior managers under the approval authority of the BOD;
- Advised the Board of Directors on periodic activities such as Performance bonus distribution plan for 2022, Approval of staffing and staff costs for 2023. Approval of human resources action programme and focuses for 2023;
- Advised the BOD to decide on the objectives and scope of the Corporate Culture project at VPBank, the project to review the job system of the entire bank
- The HRC also advised the BOD on restructuring the organisation and adjusting/improving the functions and tasks of a number of units such as the Collection Centre, Financial Market and Transaction Banking Division, FDI Centre, CIB, MARCOM, and restructuring the entire organisational structure of the company.

Risk Management Committee (RMC)

Risk Management Committee included the following 7 people:

No	Full name	Professional position	Position at HRC
1	Bui Hai Quan	Vice Chairman of the BOD	Chairman
2	Ngo Chi Dzung	Chairman of the BOD	Member
3	Lo Bang Giang	Vice Chairman of the BOD	Member
4	Nguyen Van Phuc	Independent member of the BOD	Member
5	Nguyen Duc Vinh	Member of the BOD, CEO	Member
6	Luu Thi Thao	Standing Deputy CEO and Senior Executive Managing Director	Member
7	Dmytro Kolehko	Chief Risk Officer	Member

To given

Climate Risk Manager of the Year Award

as part of Energy Risk Asia Awards 2023

12/2023

completed the study of applying

Basel 2 FIRB

In 2023, the RMC, which composed of members of the BOD and senior leaders of the BOM, completed its objectives, proactively deployed comprehensive and prudent risk management measures, making an important contribution to maintaining VPBank's outstanding performance. In 2023, the RMC advised and gave opinions for the BOD to decide on the following:

- Monitored compliance with risk indicators outlined in the 2023-2025 Risk Appetite Statement and the 2023 strategic indicators for top-down approach in risk management through periodic reports together with corrective action plans for potential limit violations. In the second half of 2023, the RMC advised the BOD to promptly adjust the risk appetite and top-down to suit the actual macroeconomic situation and the Bank's business plan.
- Gave directions for integrating Environmental, Social and Governance (ESG) risk management activities into VPBank's risk culture. The Bank took the first steps by developing and implementing climate risk management in line with global sustainability trends and leading the domestic market in publishing reports as recommended by Task Force on Climate-Related

Financial Disclosures (TCFD) for two consecutive years. These pioneering efforts were recognised as VPBank became the first Vietnamese entity to given the "Climate Risk Manager of the Year" award as part of Energy Risk Asia Awards 2023 – the prestigious awards to recognise efforts in developing and implementing climate risk management.

- Received reports on key results from semi-annual ICAAP and ILAAP tests, in which changes to stress test scenarios were recommended by the RMC to suit the economic environment in 2023, reflecting the impact of (i) the prolonged Russia-Ukraine war, (ii) global interest rates remaining high and not expected to increase further until the end of 2023, (iii) slower GDP growth due to decline in global demand, and (iv) changes in the Bank's business strategy. Thereby, the Bank was able to more

accurately estimate possible impacts on capital and liquidity and provide appropriate provision plans.

- Gave directions for Risk Management Framework development with the goal of constantly strengthening and improving to stay ahead of new trends in the market and pioneering in the adoption of the most advanced management standards. Under the supervision of the RMC, after completing all three pillars of Basel II ahead of the SBV's deadline, VPBank focused on promoting research and upgrading the risk management system according to the roadmap for implementing advanced Basel. As of December 2023, with specific directions from RMC, VPBank completed the study of applying Basel 2 FIRB (Foundation Internal Ratings-based) for credit risk, Basel 3 IMM (Internal model-based method) for counterparty risk and Basel 3 for market risk, liquidity risk and interest rate risk on the banking book although there was no official request from the State Bank. At the same time, VPBank continued to conduct research on other capital regulations according to Basel 3

standards according to the direction of the State Bank.

- Actively advised and supervised the implementation of business continuity strategy across the bank to maintain a stable operating status, ensuring the Bank's business development goals throughout 2023 when there were more uncertainties and difficulties than advantages for the banking industry.
- Advised the BOD to approve and issue (i) the cost of fund applicable in 2024; (ii) Risk Appetite Statement for 2024-2026 and (iii) List of Material Activities & Material Risks, etc. to ensure consistency between risk appetite and annual goals, and effectively implement the bankwide business strategy and comply with the requirements of the SBV.

Activities of independent member of the Board of Directors

VPBank had 01 independent member of the Board of Directors (BOD) who was appointed in 2020. In 2023, the independent member of the BOD participated in 04 quarterly meetings of the BOD; Provide objective and independent opinions on reports and proposals at meetings and issues submitted to the Board of Directors in writing. Participate in approving transactions with related parties and supervise the activities of the Board of Management (BOM) through reports of the Board of Supervisors, internal audit, financial reports and other reports and documents compiled by the BOM.

Training on corporate governance

In 2023, VPBank regularly sends high-level leaders and managers related to corporate governance to participate in courses, seminars, and conferences organised by domestic, international, and regional partners under direct and online forms to update and improve corporate governance capacity. Specifically:

- Workshop on Stock Market Development Strategy for the 2021-2030 period organised by the State Securities Commission (SSC);
- Training programme on "Greenhouse gas emissions reporting" organised by the SSC in coordination with IFC;
- "Who or AI in the Board of Directors" workshop; Company Secretary Workshop - The profession of creating a corporate governance ecosystem... organised by the Vietnam Institute of Directors (VIOD).

2. Supervisory Board

VPBank’s Supervisory Board (SB) consists of 03 members, including 02 full-time members. The term of the Supervisory Board and the term of the Board of Directors are five years (2020-2025). VPBank’s Supervisory Board performs the roles, responsibilities and obligations prescribed in the Law on Credit Institutions, the Bank’s Charter and other relevant legal regulations. The Supervisory Board has an assistant function being the Internal Audit Division with the main task is to evaluate the internal control system, internal audit practices according to risk-oriented principles and the internal audit plan approved by the Supervisory Board, in order to make recommendations to help the Bank’s Board of Directors have a plan to promptly handle problems and shortcomings.

Implement action plans of the Supervisory Board and Internal Audit

In 2023, the Supervisory Board held 08 meetings to implement work according to the functions and tasks of the Supervisory Board. At the meetings, the Supervisory Board discussed the implementation of key quarterly tasks and provided directions for the Internal Audit on related tasks. Specifically:

- | | |
|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| • Summarised the activities of the Supervisory Board in 2022 and reported to the Annual General Meeting; | appraisal results of 2023 semi-annual Financial Report by the Internal Audit; |
| • Developed key tasks for 2023 and action plans for each quarter; | • Conducted periodical review, update and adjustments to 2023 audit plans to suit the needs and actual situation of the bank; |
| • Approved the appraisal results of 2022 Financial Statements and the | • Approved the principles for 2024 audit plan and 2024 audit plan. |

The Supervisory Board also carried out high-level supervision and management for Internal Audit, such as:

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| • Oriented and directed Internal Audit to conduct annual audit plan; | and updated legal regulations and competent authorities, if any; |
| • Requested Internal Audit to update risks and come up with appropriate adjustments to the audit approach in line with the bank’s actual situation | • Fully implemented periodic and extraordinary reporting as required by the State Bank of Vietnam. |

In addition, the Supervisory Board paid great attention on training, recruitment, and human resource management, including: organising training sessions to improve the quality of Internal Audit personnel to meet auditing requirements; came up with solutions to retain important Internal Audit personnel through development and training of expertise, operations, soft skills and implementation of the bank’s general training policies, etc.

Perform supervision responsibilities for the Board of Directors and the Board of Management

The Supervisory Board's supervision focused mainly on VPBank's executive management; The implementation of the Board of Directors and Board of Management towards VPBank's business orientations, goals and business targets approved by the Annual General Meeting.

Through high-level management and supervision and internal audit results, basically:

- The bank established an Internal Control System including three independent defence lines which basically meet the requirements of Circular 13. The Internal Control System is implemented and operated through (i) Decentralised mechanisms, authorising organisational structures, operating mechanisms, regulations and processes; (ii) Risk identification and control functions at business and direct support units; (iii) Develop internal policies/regulations on risk management, measurement, monitoring of risks and compliance with legal regulations; (iv) Establish a number of cross-inspection/control units in some high-risk business areas or having support systems.
- The system of regulatory documents and procedures on internal control and risk management basically meets the legal requirements, with the design of main control points, and in term of operations, all units complied with the Bank's internal regulations. Recommendations for the shortcomings and limitations discovered by the Internal Audit were made by the Supervisory Board /Internal Audit to the Board of Directors and Board of Management on measures to strengthen internal control, risk management, complete internal regulations, and boost compliance culture in some units, etc., to limit and minimise risks, improve quality and operational efficiency.

The Supervisory Board developed and implemented a coordination mechanism for the Board of Directors and the Board of Management to ensure that the Supervisory Board carries out supervision, inspection and control in accordance with the legal regulation, the Charter and regulations on organisation and operations of the Supervisory Board. The opinions and recommendations of the Supervisory Board/Internal Audit were acknowledged by the Board of Management and relevant corrective solutions have been implemented.



3. Transaction and remuneration

Remuneration, salary and bonus of the BOD, Supervisory Board and Board of Management

The AGM-approved maximum remuneration and operating budget of VPBank's BOD and SB in 2023 was equivalent to 0.5% of the consolidated profit before tax, or approximately VND54 billion. However, the BOD and SB's actual remuneration in 2023 was about VND16 billion and other operating expenses about VND12 billion. Remunerations for the BOD and SB were considered and proposed by the HRC and approved by the BOD in consideration of the roles, tasks, responsibilities, and contributions of each individual to the Bank. The BOD member cum CEO received the salary and bonus for the CEO position and did not receive the BOD member's remuneration. Details of the BOD's remuneration are presented in a separate section on the Bank's audited financial statements 2023.

The salary and bonus of each member of the Board of Directors will be proposed by HR Committee and approved by the Board of Directors based on the role, position, tasks, and performance results of each individual, as agreed between the bank and each individual about the corresponding levels/rate suitable for each personnel, the bank's policy, and the bank's operation during the year. Payments to Board of Management members is competitive, creating motivation for the Board of Management to make efforts to implement the bank's business plans to reach both short-term and long-term goals. The members of the Board of Management are a high-level workforce and are very critical personnel of the bank, especially the positions of Chief Executive Officer and Deputy Chief Executive Officer, who are recruited with different remuneration properly negotiated for each individual based on different selection criteria.

In addition, in a highly competitive environment of human resources, along with the need to keep each individual's remuneration policy and income confidential, VPBank presents the total costs including salaries and allowances for the Chief Executive Officer and members of the Board of Management into an item in the bank's annual audited financial statements.

In addition to the benefits mentioned above, members of the BOD and SB also participated in the Health & Accident Insurance Programme according to the Company's General Insurance policy. The SB was also entitled to the purchase of preferential shares under the Bank's ESOP programmes.

Investor and Stakeholder Relations

Focused on information transparency responsibilities, ensuring rights and equal treatment of shareholders and stakeholders

Actively researched and applied

ASEAN Corporate Governance Scorecard

developed by the State Securities Commission and IFC

As a large public company and part of VN30, VPBank always emphasises transparency, accuracy and timeliness in information disclosure activities. The Bank always strictly complies with legal provisions on corporate governance for large public companies and listed enterprises such as the Law on Enterprises, the Law on Credit Institutions, the Law on Securities, and Circular 116/2020/TT-BTC guiding a number of articles on corporate governance applicable to public companies, Circular 96/2020/TT-BTC guiding information disclosure on the stock market, regulations of the State Securities Commission, Ho Chi Minh City Stock Exchange and Vietnam Securities Depository and Clearing Corporation. The Bank developed the Governance Statute which was approved by the AGM, and at the same time, always ensured full compliance with information disclosure content and deadline according to current regulations. Information related to the corporate governance, business operations, and periodic and ad hoc information was all published by VPBank on time, ensuring transparency with shareholders and investors.

VPBank always values and treats shareholders and stakeholders equally, including minority shareholders, foreign shareholders, lending and deposit partners, credit rating agencies, etc. by publishing accurate, transparent and timely information on VPBank Investor Relations website - <https://www.vpbank.com.vn/quan-he-nha-dau-tu>, in both Vietnamese and English, on information portals of Stock Exchanges, information disclosure systems of the State Securities Commission, and mass media... In particular, strategic information that greatly impacts the interests of investors and shareholders has always been VPBank's intense communication focus: information

before, during and after the AGM such as dividend payment, charter capital increase, business results, and business outlook, strategic orientation, cooperation signing events, capital adequacy ratio (CAR), credit ratings from reputable organisations (such as Moody's) and awards,... while actively supporting and answering investors' questions and requests for information through communication channels such as email, phone and Investor Relations website, thereby affirming VPBank's capacity and reputation.

In addition, in 2023, VPBank also continued to improve, issuing the regulation on information disclosure on the stock market to ensure completeness, strictness, and compliance with the provisions under Circular 96/2020/TT-BTC of the Ministry of Finance on information disclosure on the stock market as well as relevant legal provisions on information disclosure to ensure compliance and protect the rights and enhance value for shareholders. Together with strictly complying with legal provisions on corporate governance in Vietnam in general and those applicable to listed companies in particular, VPBank also actively researched and applied the ASEAN Corporate Governance Scorecard, the corporate governance principles according to best practices for public companies in Vietnam jointly developed by the State Securities Commission and IFC. VPBank determined that this was both an internal requirement for corporate governance at the bank and a wish of shareholders and investors to suit the development of all aspects of the bank, enhance transparency in operations, achieve corporate governance standards similar to businesses in ASEAN and the world, and maintain long-term competitiveness.

Promoting the communication and meeting with the investor community

Top 1
the bank’s market capitalisation
for 2 consecutive years

In recent years, VPBank has continued to promote investor relations activities and enhance the quality and professionalism of communication channels, which are highly appreciated by investors themselves, to improve the accessibility of investors to the bank’s information. The Investor Relations (IR) department has made progress in attracting the attention of both domestic and international investors. In 2023, VPBank continued to enhance the frequency, formats, and quality of disclosed information by implementing 8 conferences to announce the bank’s business performance every quarter (with analysts and individual investors.) During these meetings, the bank’s leadership, domestic and international investors and analysts discuss the performance and prospects of VPBank and its subsidiaries in the ecosystem. Moreover, quarterly IR News updates VPBank’s highlighted activities on a regular basis.

The quality and scale aligning with investors’ interests; VPBank organised more than 90 online and offline meetings in 2023 with over 200 domestic and international investors, and analysts, and joined 10 investment conferences hosted by a range of fund and securities companies, namely VCSC, SSI, HSC, Dragon Capital, EFG Hermes, Maybank KimEng, JP. Morgan, etc. Within these meetings, VPBank asserts its professionalism and transparency in publicising information to investors and the market.

Besides the investor relations website, on which event schedules, meeting records and quarterly performances are updated, IR also runs another website dedicated for investors at: <https://irevents.vpbank.com.vn>. Moreover, all bilingual investor documents are updated on the bank’s website for the investors’ reference.

Top 15
Largest Enterprises in Market Cap
as part of “IR Award 2023”



All the above-mentioned activities have demonstrated VPBank's professionalism and transparency in information disclosure at VPBank, helped investors and stakeholders fully access and keep themselves up-to-date on the bank's operations, performance, and strategic direction of the bank, thus boosting the investors' confidence and promoting the bank's brand in the market.

In addition to the positive performance and effective IR activities, VPBank also recorded:

- VPBank stock continued to be firmly included in key indexes such as VN30 – the bank's market capitalisation reached VND150 trillion by the end of 2023 – the number 1 among private banks.
- VPBank was one of the 20 companies with stocks in the Vietnam Sustainability Index (VNSI) of Ho Chi Minh City Stock Exchange for the 5th consecutive time. This is a recognition of VPBank's efforts in developing and strengthening a sustainable and comprehensive development ecosystem encompassing environmental and social policies, management practices, performance indicators, and corporate governance.
- VPBank surpassed more than 700 other enterprises for official inclusion on the top 15 Largest Enterprises in Market Cap as part of "IR Award 2023" organised by Vietstock to honour enterprises with best investor relations in Vietnam.
- In 2023, VPBank was also honoured to be one of 12 enterprises praised by VIOD as "BODs committed to Good Corporate Governance Practices". The certificate under the title "Board of the Year" awarded as an independent and objective assessment by a reputable agency promoting a professional corporate governance environment for VPBank in protecting shareholder interests and contributing to sustainable development, converging three values: Commitment, Pioneering and Determination for a sustainable and prosperous future society.

Top 20

companies with stocks in
the Vietnam Sustainability
Index

Investor relations orientation

In 2024, apart from regular activities, VPBank continues to improve quality of the information and communication, the interaction level with investors and stakeholders with the goal of gradually bringing VPBank's IR activities closer to international practices and standards, improving operational efficiency and meeting the expectations of shareholders and investors. At the same time, VPBank continues to improve regulations in IR activities to ensure compliance with legal regulations and consistent application not only at the parent company, but also at all member in the ecosystem. Thus enhancing VPBank's position and reputation with regulatory agencies and partners, aiming at increasing shareholder trust and the bank's reputation.

In addition, in 2023, VPBank officially welcomed SMBC as a strategic investor. The bank's leadership expects that the deal with SMBC will not only lay a solid foundation via a large capital base for VPBank, but this group will also contribute to VPBank's growth by sharing its experiences accumulated in many years in Asian market. And SMBC will support VPBank in improving the quality of corporate governance activities and investor relations to approach the standards of international and developed countries in the region.

ASEAN Corporate Governance Scorecard

VPBank is committed to implementing corporate governance in strict compliance with legal regulations on corporate governance in general and regulations applicable to listed companies in particular and gradually improving according to the current corporate governance best practices in the region including the ASEAN Corporate Governance Scorecard and the Vietnam Corporate Governance Code of Best Practices jointly developed by the State Securities Commission and IFC.

VPBank periodically evaluates the effectiveness of the bank's governance system according to the ASEAN

Corporate Governance Scorecard to continuously improve its corporate governance activities to meet regional leading practices, towards the objectives of:

- (1) protecting the rights of shareholders and other stakeholders,
- (2) developing a framework to effectively protect and facilitate the exercise of shareholders' rights,
- (3) enhancing the openness and transparency of the bank's activities,
- (4) effectively operating the corporate governance system for risk mitigation

and sustainable development of the bank,

(5) ensuring effective and independent leadership of the Board of Directors. Accordingly, to strengthen the implementation of international practices, VPBank has identified several areas requiring further improvements in the medium and long terms such as (1) researching, developing a roadmap to gradually meet requirements on the proportion of independent members on the Board or the Board diversity, (2) increasing the participation of independent members in the Committees under the Board of Directors to improve the efficiency and independence of these Committees.

✓ : Compliant ✓ : Area for improvement

No	Criteria	Compliance status	Rationale/Proof
A. RIGHTS AND EQUITABLE TREATMENT OF SHAREHOLDERS			
A.1 Basic Shareholder Rights			
A.1.1	Does the company pay (interim and final/annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being (i) declared for interim dividends and (ii) approved by shareholders at general meetings for final dividends? In case the company has offered Scrip dividend, did the company paid the dividend within 60 days.	✓	VPBank always complies with regulations on dividend payments to shareholders according to the law. In 2023, VPBank paid cash dividends at a rate of 10% within 60 days since the disclosure of the Board of Directors' Resolution No. 215/2023/NQ-HDQT on October 16, 2023.
A.2 Right to participate effectively in and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general shareholder meetings			
A.2.1	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors/commissioners?	✓	The remuneration, salaries, bonuses and other benefits of the Board of Directors and the Supervisory Board on an annual basis are reported and approved on the agenda of the Annual General Meeting (AGM).

No	Criteria	Compliance status	Rationale/Proof
A.2.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?	✓	According to VPBank's Charter, VPBank allows non-controlling shareholders to nominate candidates to the Board of Directors if the shareholder or group of shareholders holding 10% or more of the total common shares.
A.2.3	Does the company allow shareholders to elect directors/commissioners individually?	✓	VPBank does allow shareholders to elect directors individually.
A.2.4	Does the company disclose the voting procedures used before the start of meeting?	✓	Voting procedures prescribed specifically in the Regulation on organisation of the AGM published on the bank's website before holding the AGM.
A.2.5	Do the minutes of the most recent AGM record that the shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?	✓	Questions and answers are clearly recorded in the Discussion Summary section of the AGM Minutes published on the bank's website.
A.2.6	Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the most recent AGM?	✓	Voting results for each item are disclosed in the Ballot counting minutes.
A.2.7	Does the company disclose the list of board members who attended the most recent AGM?	✓	Shown in the AGM Minutes.
A.2.8	Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?	✓	Attendees of 2023 AGM include Board of Directors, Supervisory Board, Chief Executive Officer are clearly recorded in the AGM Minutes.
A.2.9	Does the company allow voting in absentia?	✓	Absent shareholders can authorise others to attend the meeting and vote on issues at the AGM according to the provisions of VPBank's Charter, published on the bank's website.
A.2.10	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	✓	The Company conducts voting by ballout with shareholders applicable to all resolutions at the AGM, as shown in the Regulation on organisation of AGM.
A.2.11	Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?	✓	Pursuant to the Law on Enterprises (Clause 2, Article 146) and VPBank's Charter (Clause 1e, Article 44), the regulation on the organisation of the Annual General Meeting 2023 stipulated that the Ballot Counting Board consists of 3 members, including 01 Chairperson and 02 members nominated by the AGM Chairperson (through the Board of Organisers) and are elected by the AGM. This regulation of VPBank aims to ensure the transparency of the Ballot Counting Board while still ensuring information security for the AGM.
A.2.12	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM/EGM for all resolutions?	✓	The decisions of the 2023 AGM was publicly disclosed within 24 hours on the bank's website after the issuance of the Minutes and Resolutions of the AGM.
A.2.13	Does the company provide at least 21 days notice for all AGMs and EGMs?	✓	According to the provisions of VPBank's Charter, the meeting invitations and documents for the AGM 2023 were published on the bank's website at least 21 days prior to the opening day of the meeting.
A.2.14	Does the company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/ circulars and/or the accompanying statement?	✓	Shown in the AGM documents published on the bank's website and sent to each eligible shareholder attending the meeting.

No	Criteria	Compliance status	Rationale/Proof
A.2.15	Does the company give the opportunity for shareholders to place item/s on the agenda of general meetings and/or to request for general meetings subject to a certain percentage?	✓	According to the provisions of VPBank's Charter, the bank ensures the right of shareholders to speak and raise opinions at the AGM as shown in the AGM Minutes. In addition, (groups of) shareholders holding 5% or more of the total common shares have the right to convene an extraordinary general meeting and/or make written recommendations on item(s) to be included on the AGM agenda. For other shareholders (groups of shareholders), opinions are collected and received by Investor Relation Department.
A.3	Markets for corporate control should be allowed to function in an efficient and transparent manner		
A.3.1	In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, does the board of directors/commissioners of the company appoint an independent party to evaluate the fairness of the transaction price?	✓	VPBank complies with legal regulations to ensure openness, transparency, and reasonableness of merger and acquisition transaction prices, acting in the best interests of VPBank and its shareholders.
A.4	The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated		
A.4.1	Does the company disclose its practices to encourage shareholders to engage with the company beyond general meetings??	✓	Shown in the Sustainable Development Report (integrated in the Annual Report) – Promote Engagement with Key Stakeholders section (Shareholders/ Investors).
A.5	Shares and voting rights		
A.5.1	Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	✓	According to VPBank's Charter, all shares of VPBank are common shares.
A.6	Notice of AGM		
A.6.1	Does each of the resolutions tabled at the most recent annual general meeting deal with only one item, i.e., there is no bundling of several items into the same resolution?	✓	Each resolution in the most recent AGM only discussed on one specific item.
A.6.2	Are the company's notice of the most recent AGM/ circulars fully translated into English and published on the same date as the local-language version?	✓	VPBank publishes the notice and documents of the AGM in English and Vietnamese on the Bank's website on the same day.
Does the notice of AGM/circulars have the following details:			
A.6.3	Are the profiles of directors/commissioners (at least age, academic qualification, date of first appointment, experience, and directorships in other listed companies) in seeking election/re-election included?	✓	VPBank publishes full biographies of the candidates who will be elected/re-elected on the Bank's website. Shown in the AGM documents of the most recent election in 2020 for the 2020 - 2025 term.
A.6.4	Are the auditors seeking appointment/re-appointment clearly identified?	✓	The AGM approves the list of independent audit firms and authorises the Board of Directors to select an audit firm on the approved list, ensuring compliance with legal regulations and financial efficiency.
A.6.5	Were the proxy documents made easily available?	✓	Proxy form to attend AGM is published on the bank's website.

No	Criteria	Compliance status	Rationale/Proof
A.7 Insider trading and abusive self-dealing should be prohibited.			
A.7.1	Are the directors / commissioners required to report their dealings in company shares within 3 business days?	✓	Members of Board of Directors disclose information at least 3 working days prior to implementing their share transactions in accordance with the law.
A.8 Related party transactions by directors and key executives.			
A.8.1	Does the company have a policy requiring a committee of independent directors/commissioners to review material RPTs to determine whether they are in the best interests of the company and shareholders?	✓	The Board of Directors, including independent directors, must directly approve material related party transactions according to the approval authority prescribed in VPBank's Charter (Article 34, Article 51).
A.8.2	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	✓	Board members with interests related to the parties in the transactions are not having voting rights on those transactions according to the provisions of the Law on Enterprises and VPBank's Charter (Clause 1c, Article 53).
A.8.3	Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates?	✓	Members of the Board of Directors, Supervisory Board, the Chief Executive Officer, Deputy Chief Executive Officers and equivalent positions are prohibited from granting credit according to the provisions of VPBank's lending regulations, ensuring compliance with the Law on Credit Institutions.
A.9 Protecting minority shareholders from abusive actions			
A.9.1	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	✓	Related party transactions are conducted and disclosed transparently to ensure compliance with legal regulations.
A.9.2	In case of related party transactions requiring shareholders' approval, is the decision made by disinterested shareholders?	✓	Shareholders with interests related to the parties in the transactions are not having voting rights on those transactions according to the provisions of VPBank's Charter (Clause 2, Article 34).
C. SUSTAINABILITY AND RESILIENCE			
C.1 Sustainability-related disclosure should be consistent, comparable and reliable, and include retrospective and forward-looking material information that a reasonable investor would consider important in making an investment or voting decision			
Material Sustainability-related information should be specified			
C.1.1	"Does the company identify/report ESG topics that are material to the organisation's strategy?"	✓	Shown in the Sustainable Development Report (integrated into the Annual Report) – A clear determination of material areas.
C.1.2	Does the company identify climate change as an issue?	✓	Shown in the Sustainable Development Report (integrated into the Annual Report) – A clear determination of material areas. VPBank also annually develops Task force on climate-related financial disclosures to provide an overview on the Bank's actions to manage climate risks and opportunities for the economy as a whole and the Bank's business activities.
C.1.3	Does the company adopt an internationally recognised reporting framework or standard for sustainability (i.e. GRI, Integrated Reporting, SASB, IFRS Sustainability Disclosure Standards)?	✓	Shown in the Sustainable Development Report (integrated into the Annual Report) – Overview of reporting practices section. VPBank also annually develops Task force on climate-related financial disclosures according to TCFD recommendations.

No	Criteria	Compliance status	Rationale/Proof
If a company publicly sets a sustainability-related goal or target, the disclosure framework should provide that reliable metrics are regularly disclosed in an easily accessible form			
C.1.4	Does the company disclose quantitative sustainability target?	✓	Shown in Task force on climate-related financial disclosure on the bank's website - Chapter 5 Metrics and Targets.
C.1.5	Does the company disclose sustainability-related performance progress in relation to its previously set targets?	✓	Shown in Task force on climate-related financial disclosure on the bank's website - Chapter 5 Metrics and Targets.
C.1.6	Does the company confirm that its Sustainability Report/Reporting is reviewed and /or approved by the Board or Board Committee?	✓	The Chief Executive Officer, members of Board of Directors, directly review and approve the content of the Sustainable Development Report integrated in the bank's Annual Report.
C.2	Corporate governance frameworks should allow for dialogue between a company, its shareholders and stakeholders to exchange views on sustainability matters		
C.2.1	Does the company engage internal stakeholders to exchange views and gather feedback on sustainability matters that are material to the business of the company?	✓	Shown in the Sustainable Development Report (integrated into the Annual Report) - A clear determination of material areas section
C.2.2	Does the company engage external stakeholders to exchange views and gather feedback on sustainability matters that are material to the business of the company?	✓	Shown in the Sustainable Development Report (integrated into the Annual Report) - Promote engagement with key stakeholders section.
C.3	The corporate governance framework should ensure that boards adequately consider material sustainability risks and opportunities when fulfilling their key functions in reviewing, monitoring and guiding governance practices, disclosure, strategy, risk management and internal control systems, including with respect to climate-related physical and transition risks		
Boards should assess whether the company’s capital structure is compatible with its strategic goals and its associated risk appetite to ensure it is resilient to different scenarios			
C.3.1	Does the company disclose that the board reviews on an annual basis that the company's capital and debt structure is compatible with its strategic goals and its associated risk appetite?	✓	Shown in the Corporate Governance Report (in the Annual Report) - Risk Management Committee section.
C.4	The corporate governance framework should recognise the rights of stakeholders established by law or through mutual agreements and encourage active co- operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.		
Does the company disclose a policy and practices that address :			
C.4.1	The existence and scope of the company's efforts to address customers' welfare?	✓	Shown in the contents of the Sustainable Development Report (in the Annual Report), including: Promote Engagement with Key Stakeholders (Customer), Upholding human rights (Scope - In providing products and services to customers).
C.4.2	Supplier/contractor selection procedures?	✓	Shown in the Sustainable Development Report (in the Annual Report) - Promote Engagement with Key Stakeholders section (Scope - Procurement and supply chain operations).
C.4.3	The company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?	✓	Shown in the Sustainable Development Report (in the Annual Report), including: Strengthening connections in the supply chain to promote the implementation of sustainable development goals, Upholding human rights (Scope - Procurement and supply chain operations).

No	Criteria	Compliance status	Rationale/Proof
C.4.4	The company's efforts to interact with the communities in which they operate?	✓	Shown in the contents of the Sustainable Development Report (in the Annual Report), including: Promote Engagement with Key Stakeholders (Local community), CSR
C.4.5	The company's anti-corruption programmes and procedures?	✓	Shown in the Sustainable Development Report (in the Annual Report) - Anti-corruption section. In addition, VPBank's anti-corruption policy is also transparently published on the Bank's website.
C.4.6	How creditors' rights are safeguarded?	✓	Shown in the Sustainable Development Report (in the Annual Report) - section Promote Engagement with Key Stakeholders (Other partners: Lenders/ Independent rating agencies). VPBank commits to fully comply with legal regulations and commitments with lenders, including requirements on risk management, periodic/ad-hoc reporting and disclosure.
C.4.7	Does the company have a separate report/section that discusses its efforts on environment/economy and social issues?	✓	Shown in the Sustainable Development Report (in the Annual Report).
C.5	Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.		
C.5.1	Does the company provide contact details via the company's website or Annual Report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights?	✓	Contact information (hotline and email) is widely published in the media including the Bank's website and Annual Report. In addition, VPBank has established and published on the Bank's website the Conflict of Interest Management Policy, with risk management principles for VPBank and/or its employees when handling conflicts and to ensure conflicts of interest do not have a negative impact on the interests of VPBank, customers and other stakeholders.
C.6	Mechanisms for employee participation should be permitted to develop.		
C.6.1	Does the company explicitly disclose the policies and practices on health, safety and welfare for its employees?	✓	Shown in the contents of the Sustainable Development Report (in the Annual Report), including: Upholding human rights (Scope – In labour relations), Ensure workplace safety and health, Ensure employees' financial benefits.
C.6.2	Does the company explicitly disclose the policies and practices on training and development programmes for its employees?	✓	Shown in the Human resource development section in the Annual Report.
C.6.3	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?	✓	Shown in the Sustainable Development Report (in the Annual Report) - Ensure employees' financial benefits.

No	Criteria	Compliance status	Rationale/Proof
C.7	Stakeholders including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.		
C.7.1	Does the company have a whistle blowing policy which includes procedures for complaints by employees and other stakeholders concerning alleged illegal and unethical behaviour and provide contact details via the company's website or annual report	✓	Shown in the Sustainable Development Report (in the Annual Report) - Internal complaint mechanism section.
C.7.2	Does the company have a policy or procedures to protect an employee/person who reveals alleged illegal/unethical behaviour from retaliation?	✓	Shown in the Sustainable Development Report (in the Annual Report) - Upholding human rights section (Scope - In labour relations).
D. DISCLOSURE AND TRANSPARENCY			
D.1	Transparent ownership structure		
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	✓	VPBank has disclosed information about majority shareholders (holding 5% or more of total common shares) in the Financial Statement (in Annual Report) - Note 43. Related party transactions
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	✓	Shown in the Corporate Governance Report (in the Annual Report) - Shareholder Structure section and Corporate Governance Report published on the bank's website - Investor Relations section.
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?	✓	Shown in the Corporate Governance Report (in the Annual Report) - Shareholder Structure section and Corporate Governance Report published on the bank's website - Investor Relations section.
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?	✓	Shown in the Corporate Governance Report (in the Annual Report) - Shareholder Structure section and Corporate Governance Report published on the bank's website - Investor Relations section.
D.1.5	Does the company disclose details of the parent/ holding company, subsidiaries, associates, joint ventures and special purpose enterprises/vehicles (SPEs)/(SPVs)?	✓	Shown in the Financial Statement (in Annual Report) - General Information (Subsidiaries) and Corporate Governance Report published on the bank's website - Investor Relations section.
D.2	Quality of Annual Report		
Does the company's annual report disclose the following items:			
D.2.1	Corporate objectives	✓	Details are shown in the Annual Report - About VPBank section.
D.2.2	Financial performance indicators	✓	Details are shown in the Annual Report - About VPBank and 2023 Business Performance sections.
D.2.3	Non-financial performance indicators	✓	Details are shown in the Annual Report - 2023 Business Performance section.
D.2.4	Dividend policy	✓	Details are shown in the Annual Report - Corporate Governance Report section.
D.2.5	Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of all directors/commissioners	✓	Shown in Annual Report - Members of the Board of Directors, Supervisory Board and Board of Management section

No	Criteria	Compliance status	Rationale/Proof
Corporate Governance Confirmation Statement			
D.2.6	Does the Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue?	✓	Shown in Corporate Governance Report (in Annual Report).
D.3. Remuneration of Members of the Board and Key Executives			
D.3.1	Is there disclosure of the fee structure for non-executive directors/commissioners?	✓	Remuneration information of non-executive directors is published in the Financial Statements (in the Annual Report) - note 43. Related party transactions.
D.3.2	Does the company publicly disclose [i.e. annual report or other publicly disclosed documents] details of remuneration of each non-executive director/commissioner?	✓	Remuneration information of non-executive directors is published in the Financial Statements (in the Annual Report) - note 43. Related party transactions.
D.3.3	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?	✓	Policy on remuneration, salaries and other benefits of executive directors and the CEO is prescribed and published in VPBank's Charter (Article 35).
D.3.4	Does the company publicly disclose [i.e. annual report or other publicly disclosed documents] the details of remuneration of each of the executive directors and CEO [if he/she is not a member of the Board]?	✓	Remuneration information of the CEO, the only executive directors, is published in the Financial Statements (in the Annual Report) - note 43. Related party transactions.
D.4. Disclosure of related party transactions (RPT)			
D.4.1	Does the company disclose its policy covering the review and approval of material RPTs?	✓	Policy on reviewing and approving material RPTs is prescribed in VPBank's Charter (Articles 37, 51).
D.4.2	Does the company disclose the name, relationship, nature and value for each material RPTs?	✓	Shown in disclosures on related party transactions and summarised in the Corporate Governance Report published on the bank's website - Investor Relations section.
D.5 Directors and commissioners dealing in shares of the company			
D.5.1	Does the company disclose trading in the company's shares by insiders?	✓	Shown in information disclosures on insiders trading and summarised in the Corporate Governance Report published on the bank's website - Investor Relations section.
D.6 External auditor and Auditor Report			
Where the same audit firm is engaged for both audit and non-audit services			
D.6.1	Are the audit and non-audit fees disclosed?	✓	VPBank publishes information about signing contracts with audit firms but has not disclosed the fee.
D.6.2	Does the non-audit fee exceed the audit fees?	✓	VPBank publishes information about signing contracts with audit firms but has not disclosed the fee.

No	Criteria	Compliance status	Rationale/Proof
D.7 Medium of communications			
Does the company use the following modes of communication			
D.7.1	Quarterly reporting	✓	VPBank quarterly updates business and operational performance documents in both Vietnamese - English, published on the Bank's website. Documents include Financial Statements, Performance Reports, IR Newsletter and video discussions with investors, Capital Adequacy Ratio Report and other disclosures.
D.7.2	Company website	✓	VPBank regularly updates information about the bank's operations and business in both Vietnamese - English on the Bank's website.
D.7.3	Analyst's briefing	✓	VPBank proactively holds discussions with domestic and foreign analysts on business results and prospects of VPBank and its subsidiaries.
D.7.4	Media briefings /press conferences	✓	VPBank proactively provides the bank's information to the press and media as well as engages its experts to participate in the in-depth interviews/ dialogues on television to answer questions and address concern from the press.
D.8 Timely filing/release of annual/financial reports			
D.8.1	Are the audited annual financial report/statement released within 120 days from the financial year end?	✓	Fully disclosed on the bank's website - Investor Relations section in accordance with regulations.
D.8.2	Is the annual report released within 120 days from the financial year end?	✓	Fully disclosed on the bank's website - Investor Relations section in accordance with regulations.
D.8.3	Is the true and fairness/fair representation of the annual financial statement/reports affirmed by the board of directors/commissioners and/or the relevant officers of the company?	✓	VPBank ensures compliance. The annual financial statements are independently audited and approved by the AGM, shown in the AGM Resolution published on the bank's website.
D.9 Company website			
Does the company have a website disclosing up-to-date information on the following:			
D.9.1	Financial statements/reports (latest quarterly)	✓	Fully disclosed on the bank's website - Investor Relations section.
D.9.2	Materials provided in briefings to analysts and media	✓	Some analytical documents of reputable security companies and credit rating opinions are regularly updated on the bank's website - Investor Relations section.
D.9.3	Downloadable annual report	✓	Fully disclosed on the bank's website - Investor Relations section.
D.9.4	Notice of AGM and/or EGM	✓	Fully disclosed on the bank's website - Investor Relations section.
D.9.5	Minutes of AGM and/or EGM	✓	Fully disclosed on the bank's website - Investor Relations section.

No	Criteria	Compliance status	Rationale/Proof
D.9.6	Company's constitution (company's by-laws, memorandum and articles of association)	✓	Fully disclosed on the bank's website - Investor Relations section.
D.10	Investor relations		
D.10.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer office responsible for investor relations?	✓	Fully disclosed in the Annual Report as well as on the bank's website - Investor Relations section.
E. RESPONSIBILITIES OF THE BOARD			
E.1	Board Duties and Responsibilities		
Clearly defined board responsibilities and corporate governance policy			
E.1.1	Does the company disclose its corporate governance policy/board charter?	✓	The regulations on corporate governance and the organisation and operation of the Board of Directors are fully published on the bank's website - Investor Relations section.
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed ?	✓	Fully disclosed on the bank's website - Investor Relations section.
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated ?	✓	The roles and responsibilities of directors are clearly stipulated in VPBank's Charter, the regulation on organisation and operation of the Board of Directors, and Corporate governance report (in the Annual Report). These documents are fully published on the bank's website - Investor Relations section.
Corporate Vision/Mission			
E.1.4	Does the company have an updated vision and mission statement?	✓	VPBank's vision and mission are updated promptly if there is any change, published on the Annual Report and the bank's website (About VPBank section).
E.1.5	Does the board of directors play a leading role in the process of developing and reviewing the company's strategy at least annually?	✓	Shown in the Corporate Governance Report as well as the Board of Directors' Report included in the AGM documents, published on the bank's website.
E.1.6	Does the board of directors have a process to review, monitor and oversee the implementation of the corporate strategy?	✓	Shown in the Corporate Governance Report as well as the Board of Directors' Report included in the AGM documents, published on the bank's website.
E.2	Board structure		
Code of Ethics or Conduct			
E.2.1	Are the details of the code of ethics or conduct disclosed?	✓	Shown in VPBank's Code of Conduct and and Professional Ethics published on the bank's website - About VPBank section.
E.2.2	Are all directors/commissioners, senior management and employees required to comply with the code/s?	✓	Shown in VPBank's Code of Conduct and and Professional Ethics published on the bank's website - About VPBank section.
E.2.3	Does the company have a process to implement and monitor compliance with the code/s of ethics or conduct?	✓	Shown in VPBank's Code of Conduct and and Professional Ethics published on the bank's website - About VPBank section.
Board Structure & Composition			
E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	✗	VPBank currently has 1 independent director (accounting for 20%).

The Bank's corporate governance

No	Criteria	Compliance status	Rationale/Proof
E.2.5	Does the company have a term limit of nine years or less or 2 terms of five years ¹ each for its independent directors/ commissioners? <i>(*) The five years term must be required by legislation which pre-existed the introduction of the ASEAN Corporate Governance Scorecard in 2011</i>	✓	The term of independent directors is stipulated in VPBank's Charter (Clause 4, Article 49), complying with the law.
E.2.6	Has the company set a limit of five board seats that an individual independent/non-executive director/ commissioner may hold simultaneously?	✓	Shown in VPBank's Charter (Clause 1c, Article 27), published on the bank's website.
E.2.7	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?	✓	Not incurred at VPBank.
Nominating Committee			
E.2.8	Does the company have a Nominating Committee?	✓	VPBank has established a Human Resources Committee, with the function of consulting and advising the Board of Directors in making decisions related to human resource management (including organisational structure, nominating personnel for the Board of Directors, Supervisory Board, Councils, Committees as well as recruiting and appointing senior management positions of the bank).
E.2.9	Is the Nominating Committee comprised of a majority of independent directors/commissioners?	✗	The independent director is not a member of VPBank's Human Resources Committee.
E.2.10	Is the chairman of the Nominating Committee an independent director/commissioner?	✗	The Chairman of VPBank's Human Resources Committee is not an independent director.
E.2.11	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	✓	Shown in the Corporate Governance Report (in the Annual Report) – Human Resources Committee section.
E.2.12	Is the meeting attendance of the Nominating Committee disclosed and if so, did the Nominating Committee meet at least twice during the year?	✓	Shown in the Corporate Governance Report (in the Annual Report) - Human Resources Committee section. During the year, the Human Resources Committee held 12 monthly meetings.
Remuneration Committee / Compensation Committee			
E.2.13	Does the company have a Remuneration Committee?	✓	VPBank has established a Human Resources Committee, with the function of consulting and advising the Board of Directors in making decisions related to human resource management and development as well as performance evaluation (including bonuses and remuneration).
E.2.14	Is the Remuneration Committee comprised entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?	✗	The independent director is not a member of VPBank's Human Resources Committee.
E.2.15	Is the chairman of the Remuneration Committee an independent director/commissioner?	✗	The Chairman of VPBank's Human Resources Committee is not an independent director.
E.2.16	Does the company disclose the terms of reference/ governance structure/charter of the Remuneration Committee?	✓	VPBank's Human Resources Committee has the function of consulting and advising the Board of Directors on issues related to human resource management (including bonuses and remuneration). The Committee's organisational structure and operations are shown in the Corporate Governance Report (in the Annual Report) – Human Resources Committee section.

No	Criteria	Compliance status	Rationale/Proof
E.2.17	Is the meeting attendance of the Remuneration Committee disclosed and, if so, did the Remuneration Committee meet at least twice during the year?	✓	VPBank's Human Resources Committee has the function of consulting and advising the Board of Directors on issues related to human resource management (including bonuses and remuneration). The Committee's organisational structure and operations are shown in the Corporate Governance Report (in the Annual Report) – Human Resources Committee section. During the year, the Human Resources Committee held 12 monthly meetings.
Audit Committee			
E.2.18	Does the company have an Audit Committee?	✓	VPBank established the Supervisory Board under the AGM. The Supervisory Board operates independently, performs internal audit, oversees and supervises the Board of Directors' compliance with the provisions of law and the Charter in terms of the governance and operation of VPBank.
E.2.19	Is the Audit Committee comprised entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?	✓	All members of the Supervisory Board are not directors.
E.2.20	Is the chairman of the Audit Committee an independent director/commissioner?	✓	The Head of the Supervisory Board operates independently from the Board of Directors.
E.2.21	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?	✓	Shown in the Corporate Governance Report (in the Annual Report) - Supervisory Board section. In addition, principles on the roles, responsibilities, and membership structure of the Supervisory Board are stipulated in VPBank's Corporate Governance Regulation (Chapter IV).
E.2.22	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	✓	Members of the Supervisory Board are guaranteed to have professional experience in auditing, as shown in the Supervisory Board part of the Corporate Governance report (in Annual Report).
E.2.23	Is the meeting attendance of the Audit Committee disclosed and, if so, did the Audit Committee meet at least four times during the year?	✓	Shown in the Corporate Governance Report (in the Annual Report) - Supervisory Board section. In 2023, the Supervisory Board held 8 meetings.
E.2.24	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	✓	Stipulated in the VPBank's Charter (Clause 5, Article 59), published on the bank's website.
E.3 Board Processes			
Board meetings and attendance			
E.3.1	Are the board of directors meeting scheduled before the start of financial year?	✓	Board meetings are scheduled before the start of the financial year.
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	✗	According to the 2023 Corporate Governance Report, VPBank's Board of Directors held 4 meetings.
E.3.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	✓	Directors attended 100% of Board of Directors meetings, as shown in the Corporate Governance Report (in the Annual Report) - Board of Directors section.
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	✓	Stipulated in the VPBank's Charter (Article 55), published on the bank's website.
E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	✗	VPBank is researching to implement.

No	Criteria	Compliance status	Rationale/Proof
Access to information			
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	✓	The Board of Directors appoints the person in charge of corporate governance, performing the duties of Company Secretary to ensure the effectiveness of VPBank governance activities, as stipulated in the VPBank's Charter (Article 57) and VPBank's Corporate Governance Regulation (Article 16).
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?	✓	VPBank meets the requirement.
Board Appointments and Re-Election			
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	✓	Stipulated in the VPBank's Charter (Articles 26, 27, 50) and Regulation on organisation and operation of the Board of Directors (Articles 14, 15 and 16).
E.3.10	Did the company describe the process followed in appointing new directors/commissioners?	✓	Stipulated in the VPBank's Charter (Article 31) and VPBank's Corporate Governance Regulation (Article 11).
E.3.11	Are all directors/commissioners subject to re-election every 3 years; or 5 years for listed companies in countries whose legislation prescribes a term of 5 years (*) each? (*) <i>The five years term must be required by legislation which pre-existed the introduction of the ASEAN Corporate Governance Scorecard in 2011</i>	✓	The term of VPBank's Board of Directors is 5 years, as stipulated in the VPBank's Charter (Clause 4, Article 49) and VPBank's Corporate Governance Regulation (Clause 1, Article 11).
Remuneration Matters			
E.3.12	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	✓	Shown in the AGM Resolution and stipulated in VPBank's Charter (Clause 1, Article 35).
E.3.13	Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interests of the company, such as claw back provision and deferred bonuses?	✓	Performance evaluation policy and standards are stipulated in VPBank's corporate governance regulation (Articles 35, 36, 37). The remuneration level is approved by the AGM based on the evaluation on business performance, shown in the AGM Resolution.
Internal Audit			
E.3.14	Does the company have a separate internal audit function?	✓	VPBank has established the Internal Audit Division under the Supervisory Board.
E.3.15	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	✓	Shown in the Sustainable Development Report (in the Annual Report) - ESG experience of senior management section.
E.3.16	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	✓	The appointment and dismissal of internal auditors is under the Supervisory Board's authority, as stipulated in VPBank's Charter (Clause 5, Article 59).
Risk Oversight			
E.3.17	Does the company establish a sound internal control procedures/risk management framework and periodically review the effectiveness of that framework?	✓	Shown in Annual Report - Comprehensive identification and management of material risks, Risk Management Division sections.
E.3.18	Does the Annual Report/Annual CG Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	✓	Shown in the Corporate Governance Report (in the Annual Report) - Board of Directors section.

No	Criteria	Compliance status	Rationale/Proof
E.3.19	Does the company disclose the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic)?	✓	Shown in Annual Report - Comprehensive identification and management of material risks, Risk Management Division sections.
E.3.20	Does the Annual Report/Annual CG Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	✓	Shown in the Corporate Governance Report (in the Annual Report) - Supervisory Board section
E.4	People on the Board		
	Board Chairman		
E.4.1	Do different persons assume the roles of chairman and CEO?	✓	The Chairman of the Board of Directors of VPBank is not concurrently the CEO.
E.4.2	Is the chairman an independent director/commissioner?	✗	The Chairman of the Board of Directors of VPBank is not an independent director.
E.4.3	Is any of the directors a former CEO of the company in the past 2 years?	✓	Mr. Nguyen Duc Vinh is a member of Board of Directors and currently the Chief Executive Officer of VPBank.
E.4.4	Are the roles and responsibilities of the chairman disclosed?	✓	Stipulated in the VPBank's Charter (Article 52) and the Regulation on organisation and operation of the Board of Directors (Article 9).
	Lead Independent Director		
E.4.5	If the Chairman is not independent, has the Board appointed a Lead/Senior Independent Director and has his/her role been defined?	✓	VPBank has 01 independent director.
	Skills and Competencies		
E.4.6	Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?	✓	All of the directors have experience in the banking and finance sector, as shown in the Sustainable Development Report (in the Annual Report) - ESG experience of senior management section.
E.5	Board Performance		
	Directors Development		
E.5.1	Does the company have orientation programmes for new directors/commissioners?	✓	VPBank has orientation programs for new directors.
E.5.2	Does the company have a policy and actual practice and programs that encourages directors/commissioners to attend on-going or continuous professional education programmes?	✓	VPBank encourages members of the Board of Directors, the Supervisory Board, the Chief Executive Officer, Board of Management and Company Secretary to participate in training programs on corporate governance, as shown in the Corporate Governance Report, published on the Bank's website - Investor Relations section.
	CEO/Executive Management Appointments and Performance		
E.5.3	Does the company disclose the process on how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	✓	VPBank has a program for the succession of key management positions.
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	✓	Shown in the Corporate Governance Report (in the Annual Report) - Board of Management section.
	Board Appraisal		
E.5.5	Did the company conduct an annual performance assessment of the board of directors/commissioners and disclose the criteria and process followed for the assessment?	✓	Shown in the Corporate Governance Report (in the Annual Report) - Board of Directors section, and AGM documents based on the evaluation criteria stipulated in the VPBank's Corporate Governance Regulation (Article 35).

No	Criteria	Compliance status	Rationale/Proof
Director Appraisal			
E.5.6	Did the company conduct an annual performance assessment of the individual directors/ commissioners and disclose the criteria and process followed for the assessment?	✓	Shown in the Corporate Governance Report (in the Annual Report) - Board of Directors section, and AGM documents based on the evaluation criteria stipulated in the VPBank's Corporate Governance Regulation (Article 35).
Committee Appraisal			
E.5.7	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	✓	Shown in the Corporate Governance Report (in the Annual Report) - Board of Directors and Corporate Governance Report sections, published on the bank's website.

BONUS ITEMS

(B)A. Rights of shareholders

(B) A.1.1	Does the company practice real time secure electronic voting in absentia at general meetings of shareholders?	✓	Provisions on adoption of information technology to conduct online AGM and electrical ballot voting is stipulated in the VPBank's Charter (Articles 44, 46) and has been approved by the AGM.
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(B)B. Equitable treatment of shareholders

(B) B.1.1	Does the company release its notice of AGM (with detailed agendas and explanatory circulars), as announced to the Exchange, at least 28 days before the date of the meeting?	✓	VPBank complies with the law and releases its notice of the AGM 21 days prior to the official meeting date.
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(B)C. Sustainability and Resilience

(B) C.1.1	Does the company disclose how it manages climate-related risks and opportunities?	✓	Shown in Task force on climate-related financial disclosure - Chapter 3. Strategy, published on the Bank's website.
(B)C.1.3	Does the company disclose the engagement channel with stakeholder groups and how the company responds to stakeholders' ESG concerns?	✓	Shown in the Sustainable Development Report (in the Annual Report) - Promote Engagement with Key Stakeholders section
(B)C.1.4	Does the company have a unit/division/committee who is specifically responsible to manage the sustainability matters?	✓	Shown in the Sustainable Development Report (in the Annual Report) - Governance structure towards sustainable development section
(B)C.1.5	Does the company disclose board of directors/ commissioners' oversight of sustainability-related risks and opportunities?	✓	Shown in Task force on climate-related financial disclosure - Board oversight of climate risks and opportunities section, published on the bank's website.

(B)D. Disclosure and transparency

(B) D.1.1	Are the audited annual financial report/statement released within 60 days from the financial year end?	✗	The audited financial statements 2023 are released within 90 days from the financial year-end.
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(B)E. Responsibilities of the Board

(B) E.2.2	Does the Nominating Committee undertake the process of identifying the quality of directors aligned with the company's strategic directions?	✓	VPBank's Human Resources Committee emphasises the development of standards and criteria applicable to directors, ensure alignment with the bank's strategic direction.
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BONUS ITEMS

(B)E.5.1	Does the company disclose that its Board identified key risk in relation to information technology including disruption, cyber security, and disaster recovery, to ensure that such risks are managed and integrated into the overall risk management framework?	✓	Shown in Annual Report - Comprehensive identification and management of material risks, Risk Management Division sections.
(B)E.6.1	Does the company have a separate board level Risk Committee?	✓	VPBank has established a Risk Management Committee.

PENALTY

(P)A. Rights of shareholders

(P) A.1.1	Did the company fail or neglect to offer equal treatment for share repurchases to all shareholders?	✓	Not incurred at VPBank.
(P)A.2.1	Is there evidence of barriers that prevent shareholders from communicating or consulting with other shareholders?	✓	No record regarding barriers that prevent communication between shareholders.
Do shareholders have the right to participate in:			
(P) A.2.2	Amendments to the company's constitution?	✓	Stipulated in the VPBank's Charter (Article 37).
(P) A.2.3	The authorisation of additional shares?	✓	Stipulated in the VPBank's Charter (Article 37).
(P) A.2.4	The transfer of all or substantially all assets, which in effect results in the sale of the company?	✓	Stipulated in the VPBank's Charter (Article 37).
(P)A.3.1	Did the company include any additional and unannounced agenda item into the notice of AGM/ EGM?	✓	Not incurred at VPBank.
(P) A.3.2	Was the Chairman of the Board and the Chairmen of all Board Committees and the CEO absent from the most recent General Meeting?	✓	Full attendance.
Did the company fail to disclose the existence of:			
(P)A.4.1	Shareholders agreement?	✓	Not incurred at VPBank.
(P) A.4.2	Voting cap?	✓	Not incurred at VPBank.
(P) A.4.3	Multiple voting rights?	✓	Not incurred at VPBank.
(P)A.5.1	Is a pyramid ownership structure and/or cross holding structure apparent?	✓	Not incurred at VPBank.
(P)B. Equitable treatment of shareholders			
(P) B.1.1	Has there been any conviction of insider trading involving directors/commissioners, management and employees in the past three years?	✓	Not incurred at VPBank.
(P)B.1.2	Does the company's ordinary or common shares have one vote for one share?	✓	Correct. Stipulated in the VPBank's Charter (Articles 11, 14), published on the bank's website.

PENALTY		
(P)B.2.1	Has there been any cases of non compliance with the laws, rules and regulations pertaining to material related party transactions in the past three years?	✓ Not incurred at VPBank.
(P) B.2.2	Were there any RPTs that can be classified as financial assistance (i.e not conducted at arms length) to entities other than wholly-owned subsidiary companies?	✓ Not incurred at VPBank.
(P)B.3.1	Does the company have policies and/or rules prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market?	✓ Stipulated in the VPBank's Charter (Clause 2c, Article 33) and VPBank's Corporate Governance Regulation (Article 32), published on the bank's website.
(P)B.4.1	Does the company have a policy requiring directors /commissioners to disclose their interest in transactions and any other conflicts of interest?	✓ Stipulated in the VPBank's Charter (Article 32) and VPBank's Corporate Governance Regulation (Articles 32, 33, 34), published on the bank's website.
(P)C. Role of stakeholders		
(P) C.1.1	Have there been any violations of any laws pertaining to labour/employment/consumer/ insolvency/commercial/competition or environmental issues?	✓ Not incurred at VPBank.
(P)C.2.1	Has the company faced any sanctions by regulators for failure to make announcements within the requisite time period for material events?	✓ Not incurred at VPBank.
(P) C.2.2	Is there any evidence that the company is engaging in greenwashing activities?	✓ VPBank has developed a policy on green loan framework with IFC's consultancy to provide specific principles and instructions on the use and management of sustainable loans mobilised from international partners to finance green projects. The framework has been verified by Sustainalytics to be aligned with the 2020 Green Loan Principles issued by the Loan Market Association (LMA) and contributing to the United Nations Sustainable Development Goals.
(P)D. Disclosure and transparency		
(P) D.1.1	Did the company receive a "qualified opinion" in its external audit report?	✓ Expressed an unqualified conclusion
(P)D.1.2	Did the company receive an "adverse opinion" in its external audit report?	✓ Expressed an unqualified conclusion
(P)D.1.3	Did the company receive a "disclaimer opinion" in its external audit report?	✓ Expressed an unqualified conclusion
(P)D.1.4	Has the company in the past year revised its financial statements for reasons other than changes in accounting policies?	✓ Not incurred at VPBank.
(P) D.2.6	Attendance details of each director/commissioner in all directors/commissioners meetings held during the year	✓ Shown in the Corporate Governance Report (in the Annual Report) - Board of Directors section.

PENALTY

(P)E. Responsibilities of the Board

(P) E.1.1	Is there any evidence that the company has not complied with any listing rules and regulations apart from disclosure rules over the past year?	✓	VPBank fully complies with listing rules and regulations.
(P) E.1.2	Have there been any instances where non-executive directors/commissioner have resigned and raised any issues of governance-related concerns?	✓	Not incurred at VPBank.
(P) E.2.1	Does the Company have any independent directors/ commissioners who have served for more than nine years or two terms of five years each (which ever is higher) in the same capacity? <i>(*) The five years term must be required by legislation which pre-existed before the introduction of the ASEAN Corporate Governance Scorecard in 2011</i>	✓	Not incurred at VPBank.
(P) E.2.2	Did the company fail to correctly identify the description of all their directors as independent, non-executive, and executive?	✓	VPBank clearly indentifies independent directors.
(P) E.2.3	Does the company have any independent directors/ non- executive/commissioners who serve on a total of more than five boards of publicly-listed companies?	✓	Not incurred at VPBank.
(P) E.3.1	Is any of the directors or senior management a former employee or partner of the current external auditor (in the past 2 years)?	✓	Not incurred at VPBank.
(P) E.4.1	Has the chairman been the company CEO in the last three years?	✓	The Chairman of the Board of Directors of VPBank is not concurrently the CEO.
(P)E.4.2	Do non-executive directors/commissioners receive options, performance shares or bonuses?	✓	Not incurred at VPBank.



• Outstanding awards and events, social responsibility activities 2023

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1. Awards

**2023 ASEAN
Enterprise
Innovation Award**

2023 AIBP Enterprise Innovation

**Top Publisher
Awards in the
Top Finance Apps
category in Vietnam**

for VPBank NEO application -
Market data information provider on
the global mobile platform Data. AI

**Climate Risk
Manager of the year**

Asia Risk Award

2. Noteworthy events

VPBank reached an agreement to sell

15% equity stake

to Japan's second largest bank
SMBC, officially making SMBC a
strategic investor of the bank

March

April

June and July

VPBank sponsored "The Little Prince" musical to celebrate 50 years of diplomatic relations between France and Vietnam and the "Eternal sound" music concert for high-end customers at VPBank

- VPBank Bac Giang Marathon was organised to promote fitness and sports, spread physical prosperity and foster community prosperity value by selling BIBs to raise a social charity fund.
- VPBank signed a strategic cooperation agreement with Amazon Web Services (AWS), a technology company of the Amazon Group, to provide customers with superior digital banking experience and the most advanced financial technologies.
- International credit rating agency Moody's Investors Service maintained the Ba3 credit rating and stable outlook for VPBank in the April assessment period.





Top 4

brands with the largest growth in value in Vietnam

Brand Finance



Model Risk Manager

research and advisory firm for global financial services industry Celent chose VPBank to give the award for the successful implementation of the digital transformation model on Kondor Treasury trading system



Top 2

banking brands with the highest brand strength rankings in Vietnam

Brand Finance

Up 32 places in Brand Finance's ranking of the 500 most valuable global banking brands, VPBank brand value reached nearly

USD1.3 billion



August

The VPIM annual race was successfully organised, attracting

10,625 athletes

from 38 countries and territories.



October

September



The signing ceremony of commitment letter between DFC and VPBank was formally held at VPBank's headquarters in Hanoi on the morning of September 10, 2023, witnessed by the U.S. Ambassador to Vietnam - Mr. Marc Knapper, US Presidential Special Envoy for Climate - Mr. John Kerry, CEO of DFC - Mr. Scott Nathan, and Chairman of the BOD of VPBank - Mr. Ngo Chi Dzong, along with many senior leaders of the two organisations.

November



The Westlife concert was sponsored by the bank, attracting a large number of fans of this famous international band in Vietnam, helping the bank achieve outstanding branding impacts

3. Corporate social responsibility (CSR)

CSR - Spread a humane brand

CSR activities have been highlighted VPBank as a bank with humane brand and be responsible with society and community.

Building on the success of CSR in previous years, in 2023 VPBank focused on sponsoring the construction of schools in many difficult areas and supporting the poor in many provinces and cities across the country. The Bank's total CSR budget amounted to more than VND148 billion, mainly focusing on education, health and social security projects initiated by VPBank or in conjunction with reputable media agencies.

Over many months, VPBank worked with A Pair of Loving Leaves, a VTV programme, to support 30 schools in difficulties in the provinces of Ha Giang, Phu Tho, Ha Tinh, Nghe An and Long An – the places under great difficulties in terms of electricity, road, school and medical facility infrastructure and local economic development.





The highlights of VPBank's school construction efforts included the opening of the high-quality high school Nguyen Trung Truc - Ben Luc commune in Long An province. The construction of the school was fully funded by VPBank, serving more than 1,800 students and teachers in the province.

In addition, the bank continued to devote considerable resources to constructing the high-quality High School Vo Van Tan - also in Long An province, thus improving the province's educational infrastructure and paving the way for high quality human resources supply and promoting economic development in the Mekong Delta region.

CSR activities helped spread a positive and humane image of VPBank in the community and society. In particular, the broadcast series jointly produced with VTV about the Bank's support for schools caught the community's attention with more than 270 million views and interactions on television and social network. The programme achieved an average rating of 5.5 and was ranked the top 2 most watched TV programme on VTV1.

Through the programmes of building schools, kitchens, and houses to spread love and warmth to children or the poor in remote areas, the bond between VPBankers with the local communities where the bank operates was strengthened. Apart from the bond with external entities, VPBankers really come closer together through charity trips across many regions of the country.

Besides volunteer activities such as the construction of charity houses and donation of practical medical equipment, VPBank's journey of constructing schools will continue to be extended into 2024, with at least 30 schools planned to be built.

The CSR activities reinforced the VPBank brand as humane, socially responsible, towards the mission of "Prospering Vietnam" and sustainable development in the long term.



Sustainable development report

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1. Message from the leadership



The world economy has experienced a volatile and challenging year in 2023. Tightening monetary policies to control inflation and global supply chain disruptions due to geopolitical tensions prolong the impacts on many economic sectors. Besides the global economic uncertainties, 2023 was also the all-time hottest year in many countries and territories on record, according to the World Meteorological Organization (WMO). Under the impact of global warming, extreme weather patterns such as floods, heat waves, droughts and forest fires are raging in many regions of the world, exacerbating economic challenges and socio-economic issues such as energy security, food security, migration, and reduced access to basic social services.

It is forecasted that 2024 shall continue to reach a new record in global warming due to the increasing El Nino trend. Climate records are constantly being broken, signaling the need for countries to act more consistently, decisively and realistically to limit climate risks both in the medium and long terms. As one of the most heavily affected countries, Vietnam is estimated to suffer an average annual GDP loss of around 12-14.5% by 2050 due to climate change impacts if without proper adaptation and mitigation measures. For that reason, climate change activities and other sustainable initiatives always play an essential role in VPBank's development strategy.

Playing a central role in navigating capital flows in the economy to promote initiatives to reduce greenhouse gas emissions and adapt to climate change, the banking system in general and VPBank in particular shall take their actions following a consistent sustainable development strategy. The bank's brand manifesto "For a prospering Vietnam" clearly demonstrates the desire to create common national prosperity, marking a vision for a new stage of development in alignment with the current social context. VPBank is committed to joining hands in building a society and community where today's generation shall not only create and enjoy, but also hand sustainable values of prosperity to future generations.

VPBank, accordingly, is committed to using financial resources responsibly to ensure financial fairness, promote the transition to a low-carbon economy, promote digital transformation and improve customer experience together with social security activities. VPBank believes that investing in community health through solving environmental and social issues will bring long-term benefits to the bank and create multi-dimensional values for the economy and the whole society.

In addition, to identify challenges and opportunities of different customer groups, VPBank focuses on building, honoring and spreading diverse cultural values associated with gender equality in the workplace. This approach helps the bank to enhance its competitiveness to attract and retain talent. Notably, in 2023, VPBank has completed a comprehensive Environmental, Social and Governance (ESG) strategy approved by the Board of Directors to identify the responsibilities to implement sustainable development initiatives and solutions of each unit in the bank, ensuring adherence to the policies and directions of the Board of Directors.

VPBank's consistent efforts in the sustainable development journey have been highly appreciated by prestigious domestic and foreign organisations. VPBank is the only Vietnamese representative to be honored in the Energy Risk Asia Awards 2023 in the category "Climate risk manager of the year". VPBank has been one of the top 20 Vietnamese enterprises with the highest Sustainability Index of HOSE (VNSI) for the fifth consecutive year as well as continues to maintain ESG risk scores at a neutral-to-low level, according to Moody's assessment. This shows that environmental and social risks continue to be effectively managed to limit their impact on the bank's operations.

In the 5-year development strategy of 2022-2026 period, VPBank is persistent in its strategy of becoming the leading green and sustainable local bank. The companionship of SMBC as a strategic shareholder who owns strong financial capabilities and centennial experience is expected to aid VPBank on its journey to realising sustainable development goals. Earning a growing reputation in the international arena, VPBank is constantly looking for cooperation opportunities to provide outstanding financial products and services to support Vietnamese businesses in developing towards a green and sustainable economy, reduce carbon footprint and meet strict international criteria, thereby enhancing the competitiveness of the domestic businesses.

Below is an overview to help stakeholders better understand VPBank's approach to ESG. VPBank encourages the participation of stakeholders to create mutual understanding on our efforts to contribute to Vietnam's sustainable transformation process, because a sustainable future can only be achieved with close partnerships between different economic actors.

¹ World Bank: Country Climate and Development Report for Vietnam
<https://www.worldbank.org/en/country/vietnam/brief/key-highlights-country-climate-and-development-report-for-vietnam>

2. Sustainable development strategy

Vision

- Becoming the top 3 largest banks in Vietnam and top 100 largest banks in Asia, contributing to promoting the sustainable development and prosperity of the country and community.
- VPBank transforms robustly to becoming the leading green bank in Vietnam, comprehensively contributing to economic-social-environmental goals and creating a future of sustainable development.



Mission

- Pioneering innovation, improving the quality of outstanding financial solutions for customers and partners through expanding a multi-layered ecosystem along with accelerating digital transformation and technology application across all segments and products;
- Creating “More value - Less negative impact” through responsible lending principles, ensuring fair and equitable financing for sustainable development activities;
- Maximise long-term benefits and added value for all stakeholders;
- Create the best conditions for all employees to exploit their potential and develop comprehensively

Actions

Economic efficiency

Our success benefits our stakeholders

Objective:
Credit growth while accelerating digitalisation



Sustainable Finance

We develop green and social finance solutions to assist the transition to a carbon neutral and circular economy, ensuring fair finance

Objective:
Sustainable finance growth



Bring sustainable value to our stakeholders

Our business activities follow responsible lending principles

Objective:
Ensuring fairness, responsibility and transparency in products and services



More
Value

Less
Adverse impacts

Environmental and social risks management

We manage environmental and social risks in credit granting activities

Objective:
Preventing projects having potential irreversible impacts



Resources efficiency

We manage waste and use resources and energy efficiently

Objective: Minimising energy consumption



Health – Safety

We build a safe, sound and efficient workplace

Objective: No occupational accidents occur, in contribution to improving physical and mental health



3. Outstanding Achievements in 2023



Top 2 banks of highest growth in brand strength index in Vietnam

By Brand Finance



Top 4 brands of highest growth in value in Vietnam

By Brand Finance



Top 5 leading financial brands in Vietnam

By Forbes Vietnam



Top 10 sustainable and green enterprises 2023

By Vietnam Environmental Industry Association



Climate risk manager of the year 2023

By Asia Risk Magazine



Top 20 enterprises with the highest Sustainability Index

By the Ho Chi Minh City Stock Exchange



ASEAN Enterprise Innovation 2023 (Vietnam)

By the Asian Internet of Things Business Platform (AIBP)



Vietnam's leading financial application

for digital banking platform VPBank NEO by Data.AI



Leading bank in cashless payment solutions

10 prestigious awards by Mastercard and VISA

4.

Overview of reporting practices

Reporting standards and principles

VPBank's Sustainable Development Report is integrated as a part of the VPBank's 2023 Annual Report. The report fully meets the requirements of Ministry of Finance stipulated in Circular 96/2020/TT-BTC providing guidelines on disclosure of information on the securities market as well as based on the standards for sustainable development reporting of the Global Reporting Initiative (GRI) and the Sustainable Development Goals (SDGs) of United Nations. VPBank always strives to be open and transparent in disclosure according to global standards to help stakeholders better understand the environmental, economic and social impacts of its activities as well as facilitating information needs for shareholders and investors.

VPBank selects disclosure contents based on GRI principles, including (i) Ensuring stakeholders participation; (ii) Sustainable development context, (iii) Materiality and iv) Completeness. The published content is also referred to relevant SDGs to demonstrate VPBank's contribution to implementing these goals.

Reporting content and scope

Topics selected in this Sustainable Development Report are reviewed and updated annually through materiality analysis in relation to the bank's operation and sustainable development strategy, national and global sustainable development context. The CEO, who is also a BOD member, is the person who directly reviews and approves the Sustainable Development Report and ensures that all key topics are fully covered.

VPBank also strives to improve this 2023 report quality through the expansion of the categories and subject boundaries compared to the 2022's to fully meet the criteria under the "Core" pillar of the GRI and aims to apply the criteria under the "Comprehensive" option. VPBank ensures widespread, detailed and transparent disclosure of its contributions to sustainable development goals and addressing urgent issues related to social, environmental and climate topics.

An overview of disclosure according to GRI standard is presented in the Appendix to this report.

5. Promote engagement with key stakeholders

VPBank defines and follows the business principles that ensure a close connection between business goals and social responsibility. During 2023, VPBank strengthened connections and actively discuss with stakeholders about ESG and climate change topics; thereby, continuing to expand and strengthen the close cooperative relationships. Notably, VPBank has established channels to receive comments directly through the dedicated Environment and Social department under the Legal & Compliance Division and indirectly through the hotline to help VPBank proactively receive comments, identify and resolve issues as they arise. This is an important foundation to promptly review and update the development cooperation orientation to ensure harmony of interests between the parties.

Stakeholders	Communication channel	Frequency	Topics of common interest	VPBank's actions
Employees	Internal communications (VPToday newsletter, EOffice, VP Radio, MyVPBank application)	Regular	<ul style="list-style-type: none"> Professional and safe working environment; Performance-based benefits and incentives scheme; 	<ul style="list-style-type: none"> Communication fully updates employees on the bank information: activities, events, business results and outstanding achievements as well as internal policies and regulations; Ensuring transparency and full implementation of compensation and benefits for employees; digitisation and automation to enhance the quality of human resource processes and services towards employee satisfaction;
	Periodic internal events (sports and cultural exchange programs, corporate culture competitions)	Quarterly/annually	<ul style="list-style-type: none"> Transparent and fair career pathway; Training and capacity development programs; 	
	Internal training (VPBank Learning Academy)	Regular	<ul style="list-style-type: none"> Corporate culture and core values aim to create long-term values for the society. 	
	Organisation of trade unions and youth unions	Regular		

Stakeholders	Communication channel	Frequency	Topics of common interest	VPBank's actions
	Other communication channels (website, forum, social network, complaint receiving channel)	Regular		<ul style="list-style-type: none"> • Training and strengthening corporate culture programs are designed specifically for each level so that employees can comprehensively develop both professional qualifications and soft skills; which includes training on social environmental risk management in credit activities and human rights; • Build a professional and healthy working environment with a complaint and denunciation mechanism to protect the rights of employees.
Customers	Branches, Transaction Offices	Daily	<ul style="list-style-type: none"> • Demand for financial products and services; • Reflects the quality of products and services; • Customer information security. 	<ul style="list-style-type: none"> • Quickly and fully update information on: <ul style="list-style-type: none"> • Events, products, services, and incentive programs (including the Sustainable Finance Program) that ensure transparency and ease of understanding of related costs; as well as business results and outstanding achievements of the bank; • Changes in regulations of regulators which might affect customers' interests; • Warning of fraudulent tricks and other information to ensure the rights and information security of customers; • Enhance customer experience through the application of modern technology, ensuring the confidentiality and security of customer information; • Ensure regular interaction and receipt of comments to improve product/service quality to meet the unique needs of each customer group.
	Customer service portal, 24/7 customer service	Regular		
	Official website, social networks, bank applications	Regular		
	Information from mass media	Regular		
	Other communication channels (email, text message)	Regular		
Shareholders/ Investors	Annual General Meeting (AGM)	Annual or extraordinary meeting(s)	<ul style="list-style-type: none"> • Business performance and ensuring benefits for shareholders and investors; 	<ul style="list-style-type: none"> • Maintain sustainable growth momentum, maintain shares value in the long term to ensure the benefits of shareholders and investors and pay cash dividends at a ratio of 10% in 2023;
	Earnings call and Broker meeting	Quarterly		

Stakeholders	Communication channel	Frequency	Topics of common interest	VPBank's actions
Shareholders/ Investors	IR Newsletter	Quarterly	<ul style="list-style-type: none"> Effective corporate governance with strict supervision of financial issues, risk management and credit policies; Disclose information transparently and promptly; Respect and fully implement committed responsibilities and obligations. 	<ul style="list-style-type: none"> Organise investor relations activities to periodically update and answer questions from shareholders and investors about business performance, development outlook, and the impact of the market volatility on the bank's performance;
	Workshops and seminars organised by domestic and foreign security companies and investment funds	Regular		<ul style="list-style-type: none"> Adequately fulfill information disclosure obligations according to regulations;
	Other communication channels (website, social network, email, phone)	Regular		<ul style="list-style-type: none"> Proactively discuss so that shareholders and investors understand the bank's ESG management policies, practices, and sustainable financial products.
Other partners (Lenders/ Independent rating agencies)	Direct meeting with representatives of the senior management	Several times/ year at the request of the partners	<ul style="list-style-type: none"> Responsibilities and obligations agreed upon and committed by both parties include commitment to risk management, social and environmental matters; Transparency to improve partners' understanding of policies, corporate governance practices, and management of the bank's impact on environmental and social issues. 	<ul style="list-style-type: none"> Respect and fully implement VPBank's committed responsibilities and obligations; Promote exchange and contribute ideas on leading international initiatives, standards and practices related to ESG risk management and sustainable finance;
	Other communication channels (email, phone)	Regular		<ul style="list-style-type: none"> Conduct an assessment of the bank's compliance with international standards and practices on ESG management practices as required by partners; In 2023, VPBank actively participated in 09 meetings and seminars on ESG topics organised by international financial institutions, 01 evaluation program on ESG management performance by independent rating agency. VPBank is an opal sponsor of the Green Economy Forum 2023 organised by the EuroCham Vietnam. The event was attended by leading industry leaders, policymakers, and the business communities in Europe and Vietnam.
Service providers	Direct meeting	Several times/ year	<ul style="list-style-type: none"> Quality of products and services; Responsibilities and obligations agreed and committed by both parties. 	<ul style="list-style-type: none"> Evaluate partners' capacity to provide products and services that meet the bank's needs to select, work and deal with suppliers according to the bank's transparent policies and processes to ensure compliance with provisions of law;

Stakeholders	Communication channel	Frequency	Topics of common interest	VPBank's actions
Service providers	Other communication channels (email, phone)	Regular	<ul style="list-style-type: none"> Responsibilities and obligations agreed and committed by both parties. 	<ul style="list-style-type: none"> Fair treatment, respect and full implementation of VPBank's committed responsibilities and obligations; Raise service providers' awareness on corporate governance practices and enforce social and environmental compliance requirements to eliminate negative impacts in the supply chain.
Government/ State management agencies (SMAs)	Official dispatches, proposals and reports to the SMAs according to regulations	Periodically according to the regulations of the SMAs	<ul style="list-style-type: none"> Law provisions; Risk management, contributing to economic stability, controlling inflation, creating motivations for sustainable economic development; 	<ul style="list-style-type: none"> Fully comply with legal regulations related to the bank's business activities; Periodically report according to regulations and coordinate with SMAs when required;
	Direct meeting	Several times/ year as requested by SMAs	<ul style="list-style-type: none"> Managing the impacts of financial activities on the environment and society. 	<ul style="list-style-type: none"> Contribute opinions to legal documents including 03 documents on environmental risk management in credit granting and sustainable finance activities. Participate in 07 ESG-related meetings organised by SMAs;
	Other communication channels (email, phone)	Regular		<ul style="list-style-type: none"> Follow the economic policies of the SMAs, including policies on green credit, circular economy development, to actively contribute to the sustainable development of the country.
Communication agencies	Press releases, newsletter/TV shows	Regular	<ul style="list-style-type: none"> Periodic business performance and development strategies of the bank; Information, important events, and outstanding achievement of the bank; Brand image. 	<ul style="list-style-type: none"> Coordinate closely with media agencies to provide transparent and timely information to the public; Important events, products and services of the bank (including the Sustainable Finance Program) as well as business performance and outstanding achievements of the bank; Other contents of public interest. Send experts to participate in in-depth interviews/dialogue meetings on television to answer questions and concerns from the press on related topics
	Other communication channels (website, email, phone)	Regular		

Stakeholders	Communication channel	Frequency	Topics of common interest	VPBank's actions
Local community	Channel to receive comments on environmental and social issues	Regular	<ul style="list-style-type: none">Financial fairness for individuals and businesses;Job opportunities for local people;Local economic and community development program;Social security activities.	<ul style="list-style-type: none">Receive and respond to environmental and social comments from the community through communication channels of VPBank;
	Communicate and coordinate with local authorities	Regular		<ul style="list-style-type: none">Actively contribute to promoting sustainable economy and creating jobs for the community;
	Official website	Regular		<ul style="list-style-type: none">Maintain and promote social security and charity activities (such as establishing support funds and charity schools) that VPBank proactively or in coordination with other units and widely communicate information after each event.
	Information in mass media	Regularly after each event		

6. A clear determination of material areas

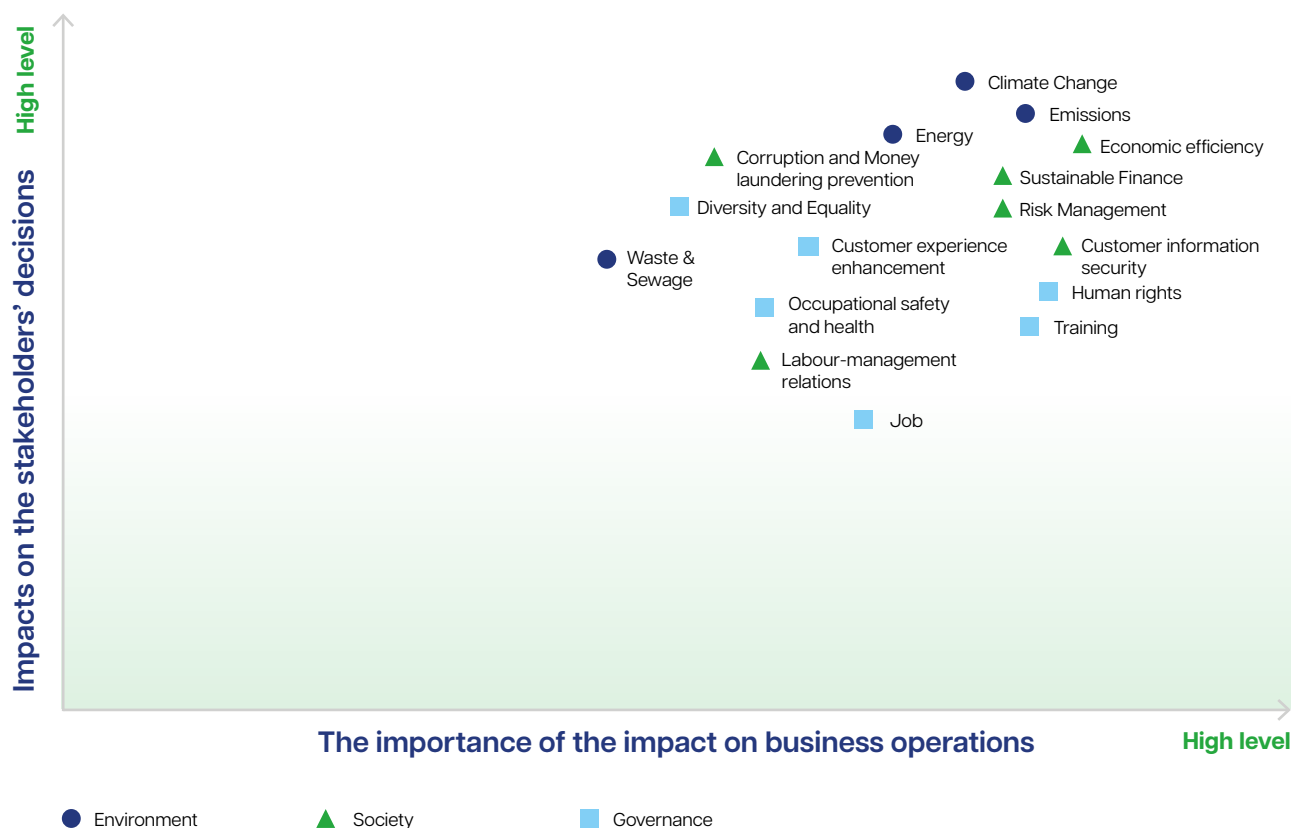
Specialised units in ESG management responsibilities have analysed and evaluated the level of concern of stakeholders and the importance of the bank's operations in relation to the sustainable development goals and principles of VPBank to identify material areas, as a basis for selecting and developing sustainable development report contents. Details of the process is as follows:

1. Monitor closely the domestic and foreign economic context to promptly record issues related to sustainable development of the country and of the world. Analyse key opinions raised in the discussions with shareholders, investors, seminars, workshop with direct participations of experts from lenders, regulators, press and media agencies, independent rating agencies with feedback from internal and external stakeholders that VPBank collects from other interactive channels to compile a list of issues related to sustainable development;

2. Record the level of concern and assessment of identified key stakeholders on the impact of these issues related to sustainable development to identify material issues that receive a wide range of attention;
3. Identify material issues for VPBank based on analysis of the relationship between the impact on the Bank's business activities and the influence level on the decisions of relevant parties;
4. Consult with senior management based on further assessment of the relationship of proposed material issues with 17 SDGs of United Nation as well as VPBank's sustainable development strategies, goals and principles;
5. Agree on the selection of material issues to focus on analysis in the report.

Based on this analysis, there are 16 material ESG areas that VPBank focuses on managing around 3 pillars: economy, environment, society. Notably, protecting the environment and raising awareness on environmental issues, especially taking actions to combat climate change, is not only receiving a lot of interest from many stakeholders but also increasingly affecting VPBank's business activities through climate risks (physical and transition risks) or new business opportunities emerging from the transition to a low-emission economy. This analysis helps VPBank identify priority issues to ensure business efficiency in parallel with sustainable development.

The list of material areas and corresponding influence will be reviewed and updated by VPBank annually, in accordance with changes in the concerns of stakeholders as well as VPBank's business activities.



7. Governance structure towards sustainable development

To ensure that VPBank shall effectively implement and gradually realise the sustainable development plan as approved by the BOD, VPBank applies a governance structure following three lines of defense model with clearly assigned functions and responsibilities, separating the monitoring function from the executive function. This governance structure and comprehensive risk management process, built on best international practices, help VPBank to proactively manage ESG issues, ensuring the bank operates effectively and safely within its risk appetite.



In general, the BOD provides strategic development direction to increase sustainable values for stakeholders and supervises the implementation of the approved strategy. The CEO is responsible for the implementation and promotion of the sustainable development roadmap in accordance with BOD's direction. The BOM and its risk management councils shall actively support the CEO in the implementation process with specifically assigned roles and responsibilities. VPBank also identified three specialised units in charge of promoting initiatives to strengthen ESG governance capacity. In particular, the Risk Management Division integrates ESG risk management into the overall risk management framework. The Legal and Compliance Division builds systems and policies for managing ESG risks in credit granting activities. The Financial Market and Transaction Banking Division mobilises international funding and coordinates with other business units to promote green and sustainable finance.

The role of management levels in the governance structure of ESG risk management

The Board of Directors and its committee

Board of Directors	<ul style="list-style-type: none"> • The highest body for supervising the BOM in executing and operating the ESG Risk Management Framework; • Set ESG strategic direction and risk appetite; • Oversee the bank's approach to ensure compliance with its ESG risk management strategies, ESG risk appetite and objectives, compliance with the ESG governance requirements of external stakeholders.
Risk Management Committee	<ul style="list-style-type: none"> • Advise the BOD on issues related to ESG risk management; • Review and evaluate the effectiveness and take actions to handle shortcomings and limitations of ESG risk management policies and processes, including identification, measurement, monitoring and control ESG risks; • Supervise the BOM in implementing ESG risk management policies, strategies and ESG risk appetite.

The Board of Management and its risk management councils

Board of Management	<ul style="list-style-type: none"> • Responsible to the BOD for ensuring a prudent and effective ESG risk management, complying with approved risk management policies, risk management strategies and risk appetite; • Develop and submit to the BOD regarding goals and action plans to strengthen ESG risk management capacity according to the approved strategy.
Risk management councils at BOM level	<ul style="list-style-type: none"> • Advise and consult the CEO in monitoring the bank's ESG risks, which are materialised through the bank's material risks.

ESG experience of senior management

Members of the Board of Directors and Board of Management at VPBank are experienced and have adequate knowledge and expertise on a variety of sustainability topics; hence, proactively provide high-level directions on managing ESG issues including climate change.

Full name	Year of appointment	Corporate governance	Risk management/ Auditing/ Law
BOARD OF DIRECTORS			
Mr. Ngo Chi Dzung (BOD Chairman)	2010	✓	✓
Mr. Bui Hai Quan (BOD Vice Chairman)	2006	✓	✓
Mr. Lo Bang Giang (BOD Vice Chairman)	2010	✓	✓
Mr. Nguyen Duc Vinh (BOD Member and CEO)	2012	✓	✓
Mr. Nguyen Van Phuc (BOD independent member)	2020	✓	✓
BOARD OF MANAGEMENT			
Mr. Nguyen Duc Vinh (BOD Member and CEO)	2012	✓	✓
Ms. Luu Thi Thao (Standing Deputy CEO – Senior Executive Managing Director)	2011	✓	✓
Mr. Phung Duy Khuong (Standing Deputy CEO and Head of Retail Banking Division)	2019	✓	✓
Ms. Pham Thi Nhung (Standing Deputy CEO and Head of Partnership Management Division)	2019	✓	✓
Mr. Nguyen Thanh Binh (Deputy CEO - Head of Credit Division)	2002	✓	✓

Economy/Finance and Banking/Credit	Human Resources/ Operations/ Information Technology	Environment/ Society/ Climate	Social responsibility/ Communication/Marketing
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓

ESG experience of senior management

Full name	Year of appointment	Corporate governance	Risk management/ Auditing/ Law
Ms. Duong Thi Thu Thuy (Deputy CEO and Head of Corporate and Investment Banking Division)	2012	✓	✓
Mr. Nguyen Thanh Long (Deputy CEO – Head of Legal & Compliance)	2014	✓	✓
Mr. Dinh Van Nho (Deputy CEO – Head of Commercial Banking Division)	2018	✓	✓
Mr. Wong Kok Seng Augustine (Head of Information Technology Division)	2019	✓	✓
Ms. Tran Thi Diep Anh (Head of Human Resource Division)	2018	✓	✓
Ms. Nguyen Thi Minh Nguyet (Head of Operation Division)	2019	✓	✓
Mr. Dmytro Kolechko (Head of Risk Management Division)	2015	✓	✓
Mr. Nguyen Huy Phach (Head of SME Division)	2020	✓	✓
Ms. Le Hoang Khanh An (Head of Finance Division)	2019	✓	✓
Ms. Vo Hang Phuong (Head of Financial Market and Transaction Banking Division)	2014	✓	✓
Mr. Poh Wei Li Johnson (Head of Enterprise Data and Analytics Division)	2023	✓	✓

Economy/Finance and Banking/Credit	Human Resources/ Operations/ Information Technology	Environment/ Society/ Climate	Social responsibility/ Communication/Marketing
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓

ESG experience
of senior
management

Full name	Year of appointment	Corporate governance	Risk management/ Auditing/ Law
Ms. Nguyen Thuy Duong (Head of Marketing and Communications Center)	2021	✓	✓
Mr. Mochizuki Masashi (Head of Foreign Direct Investment Center)	2023	✓	✓
Mr. Vu Minh Truong (Head of Asset & Liability Management Center)	2023	✓	✓
INTERNAL AUDIT			
Ms. Tran Thi Hue (Acting Head of Internal Audit Division)	2014	✓	✓

Note

- ✓
- Having experiences in charge of the mentioned area, graduated from a related major or managing tasks related to the mentioned areas for 5 years or more;

8. Promote sustainable economic development



Economy/Finance and Banking/Credit	Human Resources/ Operations/ Information Technology	Environment/ Society/ Climate	Social responsibility/ Communication/Marketing
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓

✓ Having adequate relevant knowledge/ experience in the mentioned area.



Creating a green economy, building a value chain for a sustainable community

Sustainable finance

a. Enriching sustainable funding from international sources

As one of the leading financial institutions in Vietnam, VPBank has developed an ESG strategy including specific action plans for each stage towards the goal of net zero emissions by 2050. Of which, the long-term international funding mobilisation strategy in 2023 focuses on cooperation with financial institutions for sustainable goals.

During the year, VPBank completed a syndicated loan worth of USD300 million from IFC and European Development Finance Institutions (DFIs), including DEG, FMO, CDP, Swedfund, Norfund, to enhance funding to support green finance and social finance, create growth momentum and support sustainable activities of the bank.

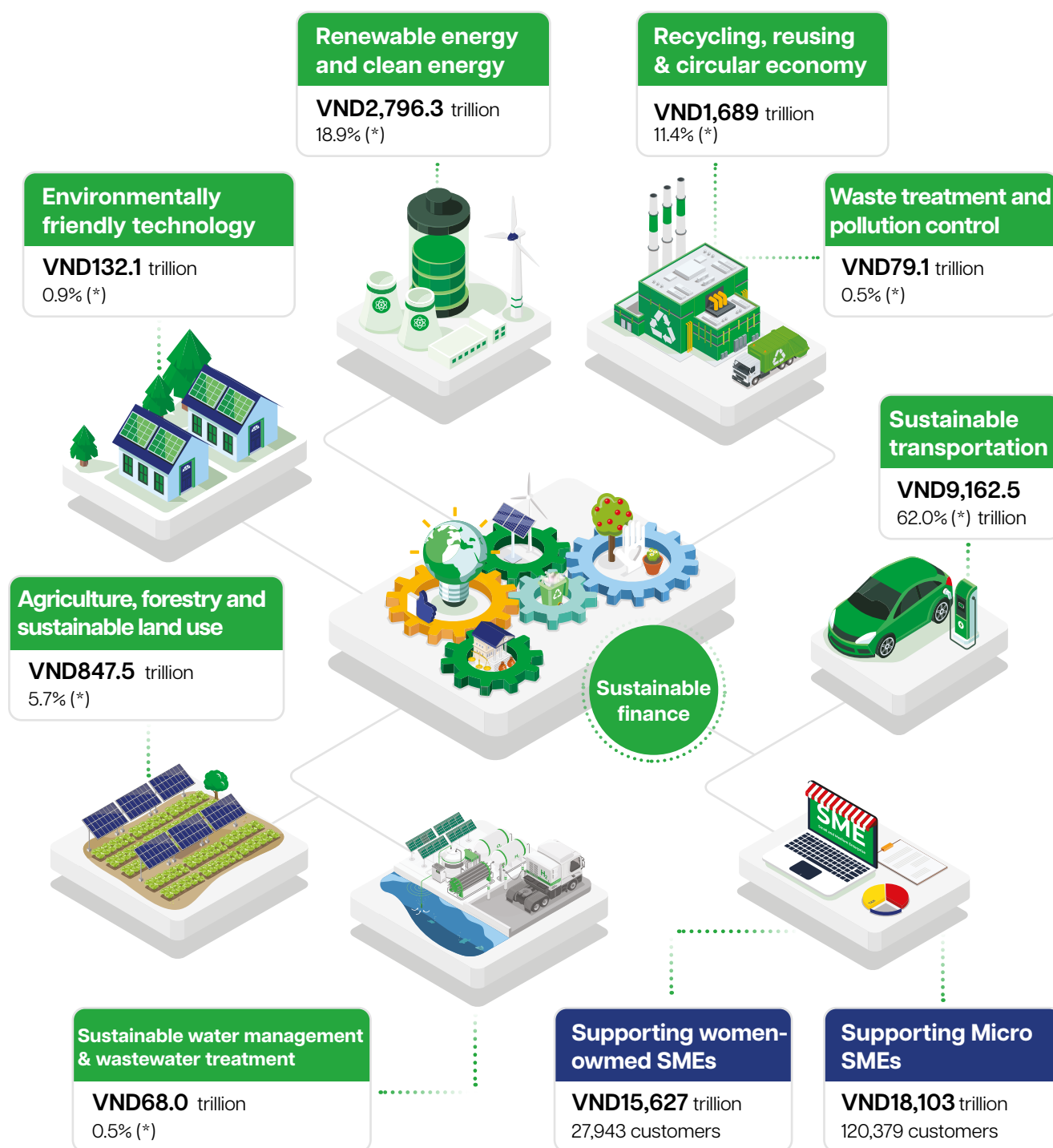
Especially, in September 2023, VPBank signed a commitment with the US International Development Finance Corporation (DFC), an organisation under US Government, for a 7-year bilateral loan worth of USD300 million. This is DFC's largest loan ever to the Vietnamese private sector, to support improving access to finance for SMEs, especially the women-led or women-owned SMEs (WSMEs) and support green and sustainable projects. The signing ceremony took place on the occasion of the US President Joe Biden's official visit to Vietnam celebrating the 10th anniversary of the establishment of the Vietnam – US comprehensive partnership.

Besides abovementioned successes, VPBank will continue to promote the mobilisation of sustainable fundings from DFIs according to the bank's ESG

strategy, to contribute to concretising the Government of Vietnam's commitment to reduce GHG emission and contribute to the implementation and achievement of the United Nation's SDGs through addressing issues on poverty, public health, social welfare and quality of education, gender equality, environment - climate, clean water and infrastructure. In parallel, VPBank will continue to expand the deployment of specialised financial structures, such as export credit, project finance, and trade finance to diversify funding sources to support corporate customers..

b. Sustainable financial flows at VPBank

VPBank emphasises the importance of sustainable growth, especially when requirements for climate change response and ensuring financial inclusion for different customer groups are increasing. VPBank always strives to enhance comprehensive and effective financial support, adhering to other responsible investment principles by ensuring environmental and social sustainability in credit granting activities. Specifically, VPBank provides comprehensive solution packages that bring financial and non-financial values to many SMEs, including WSMEs. VPBank also focuses on financing customers operating in renewable energy sector and business activities with low-carbon emissions, adaptation to climate change, thereby contributing to transforming the economy towards green growth, environmental protection, preventing climate change, improving the efficiency of resource and energy use.



(*) Percentage compared to total outstanding of green credit portfolio

Positive contribution to environment and climate Green Finance Framework

- Climate change mitigation and adaptation
- Natural resource management and Biodiversity conservation
- Pollution Control & Prevention

Positive contributions to economy & society Social Finance Framework













- Essential financial services for SMEs and women-owned SMEs
- Health, education and social housing
- Basic infrastructure at affordable prices

Green finance

Green finance is widely recognised in financial market and policy circles as a key tool to address the climate change challenges facing the planet. With the orientation to participate in a sustainable global economy as per the established ESG strategy, VPBank focuses on increasing the scale of financial investments in green fields to support customers' efforts to reduce carbon footprints, bringing long-term benefits to the environment and climate.

With medium and long-term fund and in-depth advice on green financial development from international financial institutions, green credit at VPBank continues to grow strongly in both scale and diversity in sectors and customer segments. In 2023, green credit outstanding balance was VND14,774 billion, a 70% up from 2022. In total, 602 customers in all business segments of VPBank have been funded with green finance, an increase of 41% yoy.

VPBank's green finance portfolio focuses on areas that mitigate climate change and thus contribute to environmental goals according to the International Capital Markets Association (ICMA) principles, thereby contribute to 8 SDGs of United Nations.

Green categories	Contribution to SDGs
Renewable energy	 
Sustainable transportation	 
Agriculture, forestry and sustainable land use	  
Sustainable water management and wastewater treatment	 
Waste management, recycling and circular economy	  

Supporting WSME development

According to the white book on women-owned SMEs in Vietnam jointly published by the Ministry of Planning and Investment and the Asian Development Bank (ADB), Vietnam has 105,876 WSMEs - only about 20% of the total active SMEs. The number is not commensurate with the WSMEs development potential and their contributions to the economy.

WSMEs believe that limited financial access is a major barrier to business growth. Financial barriers (including limited collateral and financial capacity or high-cost credit) and non - financial barriers, such as gender stereotypes in social and cultural norms are the reasons that explain WSMEs tend to be smaller in scale, with less access to business network opportunities therefore prevent them from access to low-cost funding sources. Non-financial barriers include limited capacity in human resource management, marketing, accounting, and business administration (such as strategic planning, cash flow management) or limited access to technology, mainly due to lack of training opportunities. However, during the Covid-19 pandemic, many of them have quickly adapted to digital business models, especially in marketing and sales through the development of e-commerce websites.

Understanding all of such challenges faced by WSEMs, from 2017 to present, VPBank has always maintained its position as one of the pioneering banks in providing comprehensive financial solutions, and becoming a reliable partner of WSEMs.

In 2023, VPBank was one of the five banks that successfully implemented the grant project “ Covid-19 impact relief for women-led small and medium-sized enterprises” worth of USD5 million from the Women Entrepreneurs Finance Initiative (We-Fi) entrusted and managed by ADB, to provide preferential interest rates and service fee exemptions to support WSEMs to access loans at reasonable costs. At the same time, VPBank has achieved positive results and great progress in the first research program in Vietnam on comprehensive financial solutions for WSEMs sponsored by the We-Fi worth of USD750,000.

The program
has attracted nearly

1,000

WSEMs

600

sales staff

The study “Improving financial access for WSEMs”, implemented by VPBank and ADB with a budget of USD750,000 and sponsored by the We-Fi, is the first in-depth research program using randomised controlled trial approach conducted at a local bank to define comprehensive financial solutions for WSEMs. The program will be implemented in 3 years from 2023-2025. After one year of implementation, the program has attracted nearly 1,000 WSEMs and more than 600 bank’s sales staff to test support solutions for target customers, such as preferential interest rates, expanding business network, customer support, and capacity building.



VPBank also actively supports other sustainable initiatives to support businesses. Given that VPBank’s fundings from DFIs meeting the criteria of the “2X Challenge: Financing for Women” Program, VPBank has committed to ensuring that at least 30% of the loan value will be used to fund WSEMs.



Global initiative “2X Challenge” was launched at the 2018 G7 Summit to accelerate women’s economic empowerment in developing countries. Participating DFIs are committed to jointly mobilise USD3 billion to invest in the private sector in developing markets in 3 years. The investments aim to provide women with better access to leadership opportunities, high-quality jobs, expanded partnerships, products and services that promote women’s full participation in economic activities. VPBank and other peers in different countries have joined the program at the call of 20 leading DFIs such as IFC, DFC, ADB, JICA, thus the total investment sum has reached USD27.7 billion since 2018.

The financial and non-financial values VPBank brings to WSMEs

Total outstanding balance of lending to WSMEs

VND15,627 trillion

▲ 25% y-o-y
WSMEs account for 25.4% of the bank’s SME portfolio



Implement preferential loan package with interest rate reductions of

1%

for women-owned micro SMEs for the first-time disbursement

Provide comprehensive online CEO training courses for WSME customers

Implement skills training courses and sale competitions to expand connections with WSMEs with the participation of

~1,000

sale staffs



Establish a comprehensive and effective ESG risk management process

VPBank developed and conducted an independent review of a comprehensive ESG risk management framework and was confirmed by EY Consulting Vietnam that key components in the framework met international standards and practices on ESG risk management including the guidelines of the Monetary Authority of Singapore (MAS), the European Central Bank (ECB), the Bank for International Settlements (BIS), the International Finance Corporation (IFC) as well as the State Bank of Vietnam's regulation on environmental risk management in credit granting activities. The framework ensures that key ESG-related risks including climate risks are identified, measured, assessed, monitored, reported, managed and mitigated in a timely manner, minimising their impacts on the bank's sustainable development in the short, medium and long terms.

The framework begins with (i) a risk governance structure that clearly defines the roles and responsibilities of each unit and (ii) a comprehensive process established to identify and measure risks in continuous and effective manner. The climate risk management process is organised in the three lines of defense approach to ensure the independence and effectiveness of the monitoring and management mechanism. Databases and tools are also being developed to support scenario analysis and climate risk stress testing. To achieve the net zero emissions target, VPBank conducts internal communications to raise awareness on the identified and assessed climate risks, gradually

integrating climate risk aspects into its culture effectively. The BOD's approval to integrate climate risk aspects into the risk appetite statement allows VPBank to promote the integration of climate change impact assessments into relevant processes of the risk management framework. The ultimate goal is to make actions/decisions that integrate climate risks in a prudent manner and contribute to supporting the bank in implementing climate goals in a safe and sustainable manner. VPBank is fully aware of two types of climate risks, including physical risk (acute and chronic changes in climate or weather patterns) and transition risk (changes driven by the transition to a low-carbon economy), will impact other material risks of VPBank. VPBank's process and principles for identifying, measuring, monitoring and reporting on climate risks are presented in detail in the Task force on Climate-related financial disclosure where VPBank presents, among others, examples of risks derived from climate change as well as opportunities coming from the transition to a low-carbon economy that the Bank has identified, along with analysis of the financial impacts of these climate risks and opportunities.

Based on the identification that climate changes might produce material impact on VPBank through its lending and investment activities, the bank has focused on integrating climate risk into the credit risk management process through the environmental and social risk management system in credit granting activities and integrated risk limits.

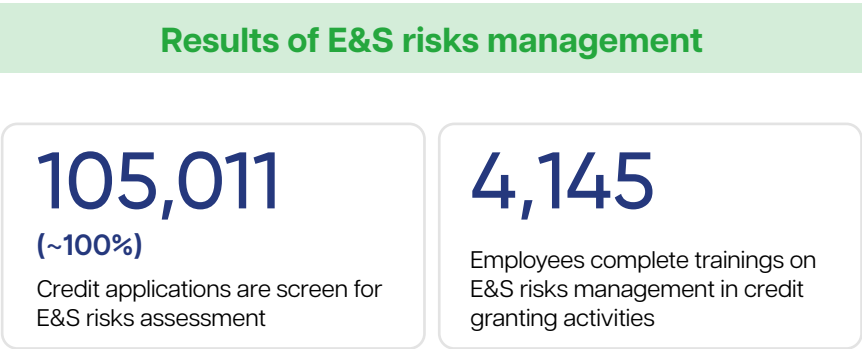
Managing environmental and social risks in credit granting activities

Having a broad range of customers in many industries with diversified products, VPBank applies a balanced approach when integrating environmental and social risks management into credit granting activities. The Environmental and Social Management System (ESMS) has been built and issued by VPBank since 2016 to ensure compliance with national law and IFC Performance Standards on Environmental and Social Sustainability. This system has become an indispensable part of VPBank's credit risk management activities. ESMS stipulates responsibilities for all units and individuals working at VPBank involved in credit activities and applies to all enterprises and business household customers. ESMS compliance is applied as one of the performance evaluation criteria for relevant employees, helping VPBank closely monitor to ensure the system operates effectively.

²<https://www.vpbank.com.vn/-/media/vpbank-latest/8aboutvpbank/phant-trien-ben-vung/2023/cong-bo-thong-tin-tai-chinh-lien-quan-den-khi-hau-nam-2022.pdf>

VPBank screens and classifies the severity of environmental and social risks, thereby determining risk management measures appropriate to the identified risk and may decline to grant credit to projects in the Environmental & Social (E&S) Exclusion List. VPBank requires customers to develop and commit to implementing a E&S action plan if the customer has not met VPBank's E&S policy and recorded it in the credit covenant or cooperation agreement as a binding covenant for maintaining the credit relation. Most importantly, VPBank monitors to ensure customers comply with E&S conditions during the lending period to ensure that the community and the environment are protected from potential negative impacts.

The dedicated E&S team under the Legal and Compliance Division regularly assesses impacts and updates E&S regulations, thereby making appropriate amendments and modifications to both internal regulations and ESMS processes, as well communicate to relevant units through periodic communication bulletins.



Strengthening connections in the supply chain to promote the implementation of sustainable development goals

Operating in the financial and banking sector, the main service suppliers in VPBank's supply chain are audit and consulting firms; office rental firms, building maintenance and security service providers; software, information technology solutions, and system maintenance service providers; office supplies supplier.

Regarding procurement and outsourcing, vendors are required to comply with applicable regulations, in particular the Labor Code, as well as national and international standards on environmental protection, ensuring social security, health and labor safety, and human rights. VPBank also applies E&S compliance requirements to suppliers and outsourcing activities to eliminate negative impacts in the supply chain.

Prevent corruption and money laundering to protect national interests

In the spirit of upholding the law, VPBank always proactively grasps changes and updates in the new regulations and legal procedures as well as proactively dialogues on legal issues with partners, investors, customers and related parties to ensure transparency, timeliness, control and minimise the risk of possible violations.

Anti-corruption

VPBank has fully established specialised departments to monitor, synthesise and carry out assessments of material risks related to corruption for all of its activities. VPBank has issued anti-corruption policies, carried out clear and transparent communication to customers and partners, issued forms and required all customers and partners to sign the commitment on transparency, commitment to comply with regulations on anti-corruption when establishing relationships and transactions with VPBank.

VPBank focuses on assessing high-risk activities, including civil engineering, procurement of goods and services, credit granting and investment activities where risks may arise when partners and customers establish the transaction or during the ongoing. VPBank promptly detected all cases of anti-corruption violations to prevent consequences and strictly handle related individuals according to the bank's regulations. Results are widely communicated across the bank so that employees can learn lessons and improve their professional ethics.

Training and internal communication activities on anti-corruption and professional ethics are regularly organised by VPBank for management levels, current employees and new hires. 100% of management levels and employees fully participate in anti-corruption training content.

Anti-money laundering (AML)

The year 2023 marks significant AML legal changes, in which the Anti-Money Laundering Law 2022 officially takes effect from March 2023. VPBank quickly reviewed internal regulations on AML, anti-terrorist financing and anti-proliferation of weapons of mass destruction to fully update new legal regulations and apply effective measures to improve communication efficiency, thereby promptly implement compliance requirements.

In terms of system, based on the smooth operation of AML system (OFSAA FCCM system by Oracle) since 2021, VPBank in 2023 has been more proactive in assessing the AML system performance in order to continuously refine, improve, and enhance the quality of system parameter settings, ensuring compliance with VPBank's operational practices. Taking full advantage of the system's automation supports, VPBank promotes handling of warnings arising on the system.

Regarding training, along with annual trainings for all employees, VPBank enhances in-depth trainings for technical staff from different departments, both front to back functions, through both offline and online training format, to meet the urgent needs in understanding and implementing AML at units. Communication newsletters, emails and risk assessment reports are also continuously issued to promptly alert on AML and sanctions risks that arise in VPBank's business activities, as well as an effort to raise awareness and create a culture of compliance across the bank.

Thanks to the synchronous implementation of the above measures, the effectiveness of VPBank's implementation of AML measures is increasingly improved. In particular, with transaction monitoring alone, the number of suspicious transactions detected and reported by VPBank in 2023 has doubled compared to that of 2022. Thereby, VPBank increasingly affirms its reliability in AML compliance, bringing real benefits to both customers, partners and investors.

9.

Contribute to promoting the sustainable development trend

VPBank actively and proactively participates in contributing its ideas to improve the quality and applicability of legal documents of state management agencies, closely following the actual needs of society. As a trusted partner of leading international financial institutions, VPBank proactively maintains constructive dialogues and information exchanges to strengthen its pioneering position in implementing sustainable development initiatives.

Membership in associations

VPBank is an active member of the Vietnam Banking Association (VNBA) and the Vietnam Bond Market Association (VBMA), and have its representatives participating in the Standing Committee and Head of the Credit Rating Committee and Head of the Training and Events Committee of the association. In 2023, VPBank participated in consulting on the content of the workshop on Corporate bond market, Liquidity management in a volatile environment and market outlook; and the seminar on Green, Social bonds, and Sustainable bonds in Vietnam, as well as contributing comments to the proposals of associations submitted to the relevant regulators. VPBank also serves as a silver sponsor of the Interbank Offsite 2023 event which attracted the participations of more than 700 representatives from domestic and international financial institutions.

VPBank is a platinum member of the Vietnam Institute of Directors (VIOD). In 2023, VPBank was honored by VIOD as one of top 12 “Boards of Directors committed to corporate governance best practices”. This achievement under the “Board of Directors of the Year” category to honor Boards of Directors with outstanding achievements in supervising and protecting shareholder interests, creating long-term value for stakeholders and pioneering in applying standards on effective corporate governance, contributing to sustainable development and climate change.

10. Contribute to creating sustainable value for the community and society

Upholding human rights

As one of the leading institutions in Vietnam, VPBank is not only committed to complying with laws and international standards applicable to business activities of credit institutions but also promotes the upholding and protecting fundamental human rights in accordance to international practices and current legal regulations of Vietnam.

At VPBank, fundamental human rights are protected via the implementation of policies and regulations for employees, the provision of products and services to customers and the use of products, services by its partners. Training on human rights are included in the mandatory training program to raise awareness in this area across the bank. The results show that 100% of VPBank employees (including security staff) have fully participate in these trainings.

VPBank's approach to human rights is divided into areas where the bank's activities may have an impact, and each area includes unique requirements.

Scope	VPBank's actions	Results
In labour relations	<p>The direct and significant influence on human rights issues is in the labour relation.</p> <ul style="list-style-type: none"> VPBank focuses on aspects including building a healthy working environment, providing equal opportunities, establishing mechanism for monitoring and protection against discrimination, stigma, and harassment in the workplace, threatening to offend honor, dignity, health, property, legal rights and interests of employees, preventing the use of child labor and forced labor as well as ensuring the right to join the Trade Union and respect the Collective Labor Agreement. VPBank has established and regularly reviewed policies, implemented communication, training, and compliance monitoring measures to ensure gender equality in recruitment, employment, training, and working conditions, opportunities for reward, promotion and salary, bonus, as well as material and spiritual welfare of employees. In addition, VPBank always consults with female employees and their representatives when deciding on issues related to women's rights, obligations and interests. Based on the Code of Conduct and Professional Ethics, VPBank built a transparent internal complaint mechanism and established a Trade Union to represent and protect the rights of employees, as well as assign responsibilities to the security department to receive feedback and promptly protect workers against human rights violations. 	<ul style="list-style-type: none"> No violations related to discrimination were recorded in 2023; 100% of employees have signed labor contracts in accordance with the law, clearly stating working regimes, salaries, bonuses, holidays and other legal rights and benefits of employees. All decisions related to the rights and interests of employees are only made after agreement and negotiation with employees.
In providing products and services to customers	<ul style="list-style-type: none"> VPBank understands that, through providing financial products and services to customers, it can also lead to indirect negative impacts on human rights. This may be the case if the customer does not comply with legal regulations on employment, ensuring health safety for employees, or the customer's project affects the livelihoods of local communities or threatens to infringe on indigenous peoples' rights to access cultural heritage or sacred sites. Therefore, through the ESMS in credit granting activities, VPBank may decline to grant credit for inappropriate uses of capital and activities that violate relevant laws on human rights, including but not limited to forced labor, human trafficking and child labor, activities that have irreversible negative impacts on indigenous communities and livelihoods, corruption, money laundering and terrorist financing. 	<ul style="list-style-type: none"> Through the ESMS, VPBank contributes to effectively eliminating the use of child labor and other forms of forced labor; No related public legal lawsuits recorded in which VPBank or VPBank employees were accused of corruption in 2023;

Scope	VPBank's actions	Results
	<ul style="list-style-type: none"> VPBank is committed to protecting and respecting customer privacy and not discriminating against customers when providing products and services. VPBank strictly prohibits acts of harassing, demanding, or suggesting that customers bribe, send gifts or provide privileges to themselves or related people in exchange for meeting customer needs; VPBank develops and closely monitors the implementation of strict policies and regulations on customer information security and applies innovative initiatives in customer information security, as well as promoting communication to raise customer's awareness on personal information protection. 	<ul style="list-style-type: none"> VPBank's information security management system has achieved ISO/EC 27001 (2023-2026), an international standard for information security as well as passed the Customer Security Control assessment framework CSP-SWIFT.
Procurement and supply chain operations	<ul style="list-style-type: none"> VPBank respects human rights when working with suppliers, procurement and outsourcing activities. VPBank sets strict criteria in selecting qualified service suppliers and requires suppliers to comply with legal regulations, including environmental and social laws, protecting information security and especially do not condone the use of child labor and forced labor. Similar to relations with customers, VPBank strictly prohibits acts of harassment, demanding, and bribery when working with suppliers 	<ul style="list-style-type: none"> Through a strict supplier evaluation and selection process, VPBank has not identified any entities at risk of using child labor or forced labor.

Spreading corporate cultural values and professional ethics

During its 30-year journey, VPBank always identifies corporate culture as the key for the bank to pursue ambitious goals, create distinct values, and serving as the foundation to realise strategy, vision, mission and desire to serve and contribute to the community and the nation. Culture is the cross-cutting factor that guides and binds VPBankers together, sharing the same direction and ambition to success.

In 2023, VPBank officially announced 5 new core values: Aspiration - Integrity - Efficiency & Effectiveness - Discipline - Innovation on the occasion of its 30th anniversary and arranged adequate investment resources to ensure that these values come to life and becomes the typical behavioral culture of each and every VPBanker.

The new core values are developed based on the inheritance of those that have formed VPBank's identity over the years, while adding new spirits and values to sustain sustainable growth in the future. VPBank has revised the VPBank Code of Conduct and Professional Ethics, including 20 rules clearly defining responsibilities for: (i) VPBank; (ii) Colleagues; (iii) Customers, partners, suppliers, and other stakeholders; (iv) State management agencies and the law and (v) Community based on 5 new core values to continue guiding the decisions and actions of all VPBank employees. The key contents have been screened, selected and summarised in the Cultural Handbook - a guideline for each employee to self-reflect and develop

themselves to become prospering, aspirational, innovative individuals while remained disciplined in thought and action. Compliance with the Code of Conduct is the responsibility of senior leaders, managers and each VPBank employee in order to contribute to protecting the bank’s reputation and prestige.

The basic principle of professional conduct and ethics that all VPBank employees must commit to comply: No one is allowed to trade-off the reputation and prestige of VPBank for a personal or even the bank’s benefit. Right from onboarding, each employee is informed and required to commit to complying with the Code of Conduct along with other internal regulations and rules of VPBank. The Bank conducts periodic internal training to help each individual clearly understand and strictly comply with the Code. VPBank strictly handles any behavior that goes against the standards set forth in this Code of Conduct.

To realise the goal of becoming one of the 3 largest banks in Vietnam and the 100 largest banks in Asia, contributing to promoting the sustainable development and prosperity of the country, VPBank needs to have a strong organisation health index and viable corporate culture as a solid foundation and support for business development. The Board of Directors always creates opportunities for employees to share their opinions, thereby contributing to the joint development and spread of VPBank’s corporate culture.

Promote the sustainable human resources development

Ensure workplace safety and health

Commitment	Human capital is an important factor in creating VPBank’s success. VPBank is committed to providing a healthy and safe working environment.
Targets	<ul style="list-style-type: none">• No occupational accidents occur;• No fire, explosion or labor safety incidents occur;• Improve both physical and mental health of employees
Policies	Regulations and guidelines on ensuring labor safety and hygiene are issued along with the bank’s labor rules.

Actions

- Set up a health care area for employees at workplace;
- Buy medical insurance, accident insurance and health care insurance for employees, support medical treatment costs for employees when they are sick or having an accident on the way to work;
- Annual health checks for employees at large and reputable hospitals/medical facilities, organise examinations to detect occupational diseases at specific job positions according to legal regulations;
- Make plans and measures for labor safety and hygiene, improve working conditions, fully equip personal protective equipment, warning signs, and implement other safety regimes, labor hygiene and environmental protection. Notably, VPBank has issued the 5S standards (Sort (seiri), Set in order (seiton), Shine (seiso), Standardise (seiketsu), and Sustain (shitsuke) which shall be applied across the bank;
- Develop a Human stress management framework applicable to groups of employees in charge of specific positions with moderate to high stress levels, with tools for early identification, measurement and analysis of stress levels to apply appropriate stress relief measures as well as psychological and emotional management to take care of the mental health of each employee. In addition, seminars to share knowledge and experience on topics of improving physical and mental health are held regularly and receive enthusiastic responses from employees;
- Record and store data on safety and health of employees in the system-wide human resources information management software;
- Establish adequate policies, procedures, arrange appropriate personnel and equipment to ensure adequate resources are always available for prompt response to emergency incidents, ensuring safety and security for employees, customers and shareholders, as well as maintaining continuous business operations for the bank. VPBank annually conducts fire prevention and fighting drills, emergency evacuations, and guides on responding to storms and floods, contributing to improving proactiveness in handling emergencies that may occur, enhancing synchronous coordination between leaders, employees and the regional Fire Prevention, Fighting and Rescue Police force.

Results

Type of injury, injury rate (IR), occupational disease rate (ODR)

Bank-wide LDR ratio (unpaid days off/total working days)

AR rate (absence)

0%

2.13%

5.49%

Ensure employees' financial benefits

Manager appointment and performance review

Based on legal regulations and leading international corporate governance practices, VPBank develops a process for appointing and selecting senior managers in accordance with the regulations of the State Bank of Vietnam, ensuring the diversity and independence. Diversity in gender, age, nationality, religion, and region of managers who own high professional qualifications, formal training as well as extensive experience related to economic, environment and society topics have been helping VPBank to promote creative thinking in solving business challenges, balancing the unique needs of stakeholders for sustainable growth.

Their performance is evaluated semi-annually through a process of self-assessment and appraisal by line managers before being approved by the Human Resource Committee or Board of Directors to ensure independence. Those who do not achieve the required performance will have to develop and execute an improvement plan

Performance-based remuneration and incentive

VPBank applies a competitive remuneration policy based on the nature of work, job grade and performance and capacity of employees. VPBank complies with legal regulations on the minimum wage of each geographical region as stipulated by the Government based on the CPI in each period. Every year, VPBank purchases a market remuneration survey to capture information and propose changes on remuneration and benefits to the Human Resource Committee. The annual average income of VPBank employees in 2023 was VND296 million, increased by 4.3% compared to 2022.

The policies on remuneration, incentive and promotion of the employees are linked to their performance and contribution level in relation to the bank's performance, ensuring equal and fair opportunities regardless of gender or geographical region. Using a performance-based evaluation method, VPBank ensures to attract and retain talented employees and improve work efficiency through implementing transparency and fairness when paying salaries commensurate with capacities and contribute level to the overall development of the bank.

Other prescribed benefits:

In addition to the competitive packages, VPBank also has other following benefits for employees:

- Social insurance, medical insurance, unemployment insurance, union fees according to existing regulations;
- Health care insurance, accident insurance;
- Other benefits: Bonuses for national holidays and bank birthdays during the year, employee birthdays, congratulatory gifts on marriage, lunch allowances, telephone, per diems, travel expenses, etc.

- Maternity benefit:
 - According to VPBank's policy, maternity leave is applied to all employees, including men and women, in compliance with the Labor Code. At the same time, employees also enjoy the VPBank Care health insurance program with many benefits specifically for female employees during pregnancy and maternity leave. In addition, during and after maternity leave, employees are still entitled to benefits according to bank regulations, and are still evaluated and ranked their work performance annually based on actual working time.
 - 100% of staff are retained and return to work after maternity leave ends. VPBank always accompanies and supports employees on maternity leave and returning to work, how to integrate and get back into the initial rhythm of work as well as ensure the same position.
 - Number of employees on maternity leave by gender in 2023



Human resource development

Talent is the most valuable and core asset that helps create differences and sustainable development at VPBank. Therefore, VPBank always encourages and creates the best conditions for all employees to comprehensively develop both professional qualifications and soft skills that are appropriate to their working positions and job grades through a series of training activities. The training program is highly applicable, aiming to continuously develop the quality of human resources. The list of annual training topics is always reviewed by the VPBank training academy to make necessary adjustments to meet the employees' needs. The goal is to help employees become professionally strong, understand and apply management skills well, develop a long-term vision to make progress and achievements in their careers and continue to have a long-term association with the development of the bank.

Annually, VPBank organises two formal and one supplementary compulsory training programs to ensure that all employees fully participate. The VPBank Leadership Program (iLEAD) continues to be implemented with the participation of 94 students to develop key talents with specifically designed training content suitable for managerial trainees. Notably in 2023, VPBank successfully organised a series of 23 cloud computing trainings under the Public Cloud project, attracting a total of 1,500 attendees to develop a core team to serve the transformation process, contributing to elevating VPBank to a new position in technology application.

Digitising the training process is promoted with important improvements to enhance the training experience. Trainings are implemented in different forms, including: E-learning, either on internal or external platforms, offline classrooms, virtual learning via platforms such as MS Teams, Webex, Zoom... to create the convenience and flexibility in time and place of learning. In 2023, many core competency development training courses have been deployed on the E-learning platforms to promote self-learning culture. In addition, the training management process is integrated into the SAP human resource management, creating conditions for employees to easily participate and monitor the learning process at VPBank. This will also help save operating time and increase training management efficiency.

Impressive numbers of training activities in 2023

3,324

▲ 38.1% vs 2022

Number of training programs implemented in 2023

1,576,406

▲ 78.8% vs 2022

Total training hours of all forms in the bank (including centralised training, virtual classroom and e-learning)

113.7

▲ 60.4% vs 2022

Average training hours/ employee

4.8/5.0

Post-training average satisfaction score

Average number of training hours per employee by gender

Male: 95.4 hours/employee

Female: 120.3 hours/employee

Average number of training hours per employee by job grade

Management: 111.3 hours/employee

Non-Management: 109.5 hours/employee

Respect equality and diversity

VPBank complies with policies and regulations on gender equality in human resources activities, constantly improving diversity among its workforce.

a) Labor structure

Diversity in gender and age

Percentage of female leaders in the Board of management



42.1%



57.9%

Percentage of female employees in the workforce



60.1%



39.9%

Managerial staff breakdown
by gender and age

	Under 30 years old	30-50 years old	Over 50 years old
Male	5.2%	91.1%	3.7 %
Female	6.8%	89.1 %	4.1 %

Employees breakdown
by gender and age

	Under 30 years old	30-50 years old	Over 50 years old
Male	46.4 %	46.4 %	0.8%
Female	53.9 %	53.9 %	0.2%

Other workforce diversity information

Total number of employees working in VPBank standalone: 13,599 employees (as of 31/12/2023).

Total number of employees breakdown by contract type and region

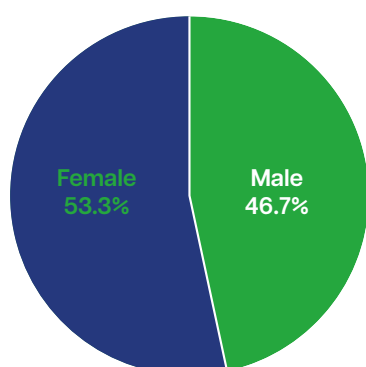
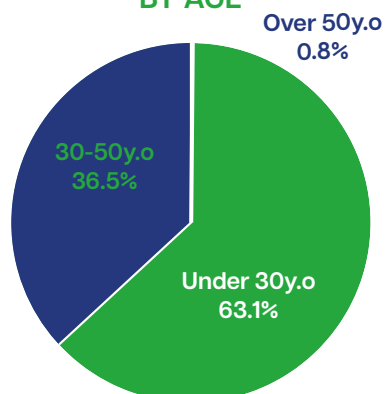
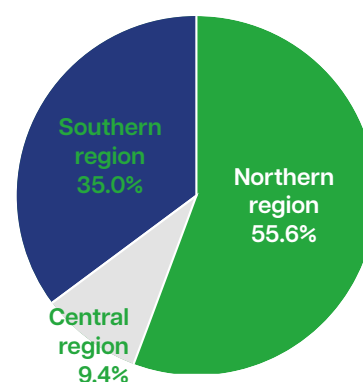
	Northern region	Central region	Southern region
Probation	402	76	281
Fixed-term contract	4,435	582	2,281
Permanent contract	3,437	577	1,528

Total number of employees breakdown by contract type and by gender

	Male	Female
Probation	390	369
Fixed-term contract	2,966	4,332
Permanent contract	2,181	3,361

b) New recruitment structure in the reporting period

New recruitment in 2023: **34%**

BY GENDER**BY AGE****BY REGION**

Internal complaint mechanism

VPBank has issued full regulations, processes, and mechanisms on receiving and resolving complaints and denunciations and ensuring the effectiveness and transparency of both policies and implementation. The interests of employees are respected and protected through the right to autonomously participate in the process of resolving issues related to and affecting them, including labor issues, racism, religion, gender, inequality, issues of harm to health, honor and dignity. Workers are encouraged to submit recommendations and reports if serious problems are detected such as violations of sexual harassment, discrimination, child labor, violations of professional ethics rules, violations of anti-corruption policies or any issue that employees believe is inconsistent with general rules and standards according to VPBank’s regulations or applicable laws.

Channels for receiving complaints and denunciations		
Documents and direct handling	Reception via email	Hotline
<p>Litigation, Complaint, Denouncement Handling & Anti Corruption Department</p> <p>Legal and Compliance Division Address: 16th Floor, VPBank Tower - 89 Lang Ha, Lang Ha Ward, Dong Da District, Hanoi.</p>	<p>kiemsoatuanthu@vpbank.com.vn or xulykhieunai@vpbank.com.vn</p>	<p>Hotline: 02473059129 (calls are automatically recorded)</p>

11.

Contribute to environmental protection

Waste management

VPBank complies with legal regulations on waste management, following the principles of integrated management to prioritise economical and circular solutions to minimise the amount of waste generated.

Waste management activities at VPBank



Waste is sorted at source



Waste treatment contractors have full capacity according to regulations



Ensure compliance with relevant environmental regulations and laws



No environmental incidents recorded



No complaints on environment from the surrounding community recorded

Type of waste	Generated volume	Management measures applied (in priority order from left to right)		
		Reduce	Recycle/Reuse	Disposal and treatment
Regular solid waste	1,011 tons/year (Estimated based on the coefficient for each province announced by the Ministry of Natural Resources and Environment in 2019 times average 8 working hours per employee per day at VPBank)	<ul style="list-style-type: none"> Save paper, encourage work exchange via email, digitalise internal communication processes to reduce paper use; Quota on stationery; printing paper produced from materials certified for sustainable forest management (FSC certified); Limit the use of single-use plastic items and bags 	<ul style="list-style-type: none"> Large assets such as tables, chairs, cabinets, computers, when damaged, are disposed in separation from other kinds of waste according to processing instruction; Print on 2-sided paper; Reuse packaging and containers. 	<ul style="list-style-type: none"> Disposed solid waste is classified at source, collected daily; Collected waste is transferred to a qualified outsourcing unit for treatment according to legal regulations.
Wastewater	148,088 m³ /year (based on the average emission coefficient of 100 liters/person/day times average 8 working hours per employee per day at VPBank)	<ul style="list-style-type: none"> Call for saving water in restrooms (via internal communications). 	<ul style="list-style-type: none"> There is a circulating of waste water for use in the restroom. 	<ul style="list-style-type: none"> There is a wastewater collection and treatment system that ensures environmental standards.
Emissions	VPBank's greenhouse gas emissions data is presented in details in the Task force on Climate-related financial disclosure (page 41).	<ul style="list-style-type: none"> Apply fuel consumption limits for vehicles. Use vehicles that meet emission standards; Only use the electricity generator in case of emergency or necessity; Air conditioning system with modern, energy-saving technology. The air conditioning system is turned-off after working hours and maintained only in necessary areas. 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Periodically maintain, repair, and replace vehicles and equipments to optimise performance; Apply exhaust gas filtration technology that meets environmental standards for electricity generators.
Hazardous waste	465 kg (*) Hazardous waste transferred to a unit with appropriate environmental license for collection and treatment. (*) statistics for the headquarter building.	<ul style="list-style-type: none"> Replace fluorescent lights with energy-efficient and environmentally friendly LED. 	<ul style="list-style-type: none"> Encourage refilling cartridges of printers and photocopiers instead of replacing new ones to limit emissions into the environment. 	<ul style="list-style-type: none"> Classify at source, collect and store according to regulations; Arrange safe containers to separately collect waste batteries from office activities; Hazardous waste after collection is transferred to a qualified outsourcing unit for treatment according to legal regulations.

³<https://www.vpbank.com.vn/-/media/vpbank-latest/8aboutvpbank/phat-trien-ben-vung/2023/cong-bo-thong-tin-tai-chinh-lien-quan-den-khi-hau-nam-2022.pdf>

Energy management

Regulations and guidelines for energy saving practices are widely communicated to all employees combined with periodic supervision and inspection, based on which appropriate rewards and penalties are applied. In addition, campaigns to promote energy efficiency and greening the office also received enthusiastic responses from all employees. On that basis, each VPBank employee has an increasing awareness of responsible energy consumption.

Electricity

The average electricity consumption in 2023 per each employee at VPBank was 1,728 kWh/employee, equivalent to 2022 and decreased by 5.5% compared to 2021.

Water

The average cost of water consumption in 2023 per each employee at VPBank is VND164,630/person, equivalent to 2022 and decreased by 9.5% compared to 2021.

In 2023, VPBank continued its network expansion, making the total number of transaction offices and branches increased by 15% compared to 2022. The entire system has fully resumed offline working mode instead of hybrid mode in 2022. In addition, the water price in the Hanoi area has increased by 22% since July 2023. However, the average electricity consumption and cost of water consumption per employee in 2023 remain same as 2022. This shows a significant improvement in energy efficiency at VPBank.

Management of greenhouse gas (GHG) emissions

VPBank has established and ensured that its climate goals are consistent with Vietnam's commitments in the Conference of the Parties (COP) to the United Nations framework convention on climate change and gradually built a comprehensive and practical transition plan with specific milestones and actions, aiming to increasingly contribute to the national transition journey to realise net zero emission by 2050.

The GHG emissions and reduction targets are presented as below and detailedly discussed in the annual Task force on Climate-related financial disclosure according to TCFD standards and disclosed in VPBank's website.

The estimated results of Scope 1&2 GHG emissions in 2022 continue to decrease y.o.y; specifically, reduced 24.5% compared to the 2018 baseline although the scale of banking operation scope has expanded. This shows the effectiveness of implemented energy-efficient solutions. VPBank also recognises the importance of studying and implementing other technical solutions such as the feasibility assessment of installing solar power systems and/or other renewable energy forms for its headquarters, branches and/or transaction offices, according to the Government's orientation in Directive No. 20/CT-TTg on enhancing electricity saving in the 2023 – 2025 period and the following years.

⁴<https://www.vpbank.com.vn/-/media/vpbank-latest/8aboutvpbank/phat-trien-ben-vung/2023/cong-bo-thong-tin-tai-chinh-lien-quan-den-khi-hau-nam-2022.pdf>

Metric	2018	2019	2020	2021	2022	Target
GHG emissions from bank operations (stand-alone) ⁵	28,406 Mt CO ₂ e	25,384 Mt CO ₂ e	23,358 Mt CO ₂ e	22,119 Mt CO ₂ e	21,428 Mt CO ₂ e	Net zero by 2027
GHG emissions of sectors are given credit by banks	-	-	-	-	-	Net zero by 2050
Outstanding credit balance for coal-related activities	0.40 %	0.23%	0.25%	0.20%	0.18%	Completely excluded by 2050

Regarding Scope 3, VPBank clearly understands that the majority of the Bank's emission scale indirectly come from its financing activities to funding customers' production and business and other emission sources in their value chain, collectively referred to as "financed emissions". During the current period when Vietnam is lacking GHG data at both national and individual enterprise levels, but with support from leading financial and non-financial organisations, VPBank has used the model-based approach to preliminarily estimate the GHG emissions of VPBank's lending portfolio. The pilot is in line with PCAF's Global GHG Accounting and Reporting Standard for the financial industry. Due to the inherent limitations of the model-based approach, VPBank decided to take a prudent approach to initially monitor the assessment result and gradually enhance the knowledge and capability to obtain a detailed understanding of our GHG emissions before disclosing the targets and tracking of progress.

The pilot results enable the bank to gain insights into the emission scale and the main drivers, helping the bank proactively make decisions to re-shape its credit portfolio to gradually shift from carbon-intensive segments to lower emitting segments. Initially, VPBank has banned coal mining or services and infrastructure dedicated to coal mining activities and tightened credit policies for the coal thermal power industry. VPBank only considers granting credit in the case of: (i) funding to invest in equipment and technology to mitigate environmental impacts, reduce GHG emissions, adapt to climate change and/ or comply with fire prevention and control; or (ii) providing working capital for existing coal thermal power plant if there is no extension of the project life or capacity expand, and at the same time have a roadmap to apply GHG emissions reduction technology and must comply with applicable internal limits in each period.

⁵ The data has integrated the adjustment factor for greenhouse gas emissions from wastewater to reasonably reflect the working time of employees (8 hours/day) according to British Standards Institute guidelines. (BSI) because VPBank applies estimation method based on emission factors according to the Guidelines on National Greenhouse Gas Inventories of the Intergovernmental Panel on Climate Change (IPCC).





Financial statements

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General information

The bank

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

The Bank was established pursuant to Banking License No. 0042/NH-GP dated 12 August 1993 issued by the State Bank of Vietnam (“the SBV”) and Business Registration Certificate No. 0100233583 dated 8 September 1993 issued by Hanoi Department of Planning and Investment which was amended for the 45th time on 27 November 2023. The Bank started operation on 12 August 1993 with an operation period of 99 years.

The Bank’s principal activities are to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans and advances to organizations and individuals; 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 form of rediscounting negotiable instruments and other valuable papers and other banking services as allowed by the SBV.

Charter capital

As at 31 December 2023, the charter capital of the Bank is VND79,339,326 million (31 December 2022: VND67,434,236 million).

Operational network

The Bank’s Head Office is located at No. 89 Lang Ha, Lang Ha Ward, Dong Da District, Hanoi, Vietnam. As at 31 December 2023, the Bank has one (1) Head Office, seventy-six (76) branches, one hundred and eighty-seven (187) transaction offices nationwide and four (4) subsidiaries.

The Board of Directors

The members of the Board of Directors of the Bank during the year and at the date of the consolidated financial statements are as follows:

Name	Position
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

The Board of Supervision

Members of the Board of Supervision of the Bank during the year and at the date of the consolidated financial statements are as follows:

Name	Position
Ms. Kim Ly Huyen	Head of Board of Supervision
Ms. Trinh Thi Thanh Hang	Full-time member
Mr. Vu Hong Cao	Member

Management

Members of the Management of the Bank during the year and as at the date of the consolidated financial statements are as follows:

Name	Position
Mr. Nguyen Duc Vinh	Chief Executive Officer
Ms. Luu Thi Thao	Standing Deputy Chief Executive Officer
Ms. Pham Thi Nhung	Standing Deputy Chief Executive Officer (Since 20 October 2023) Deputy Chief Executive Officer (Until 19 October 2023)
Mr. Phung Duy Khuong	Standing Deputy Chief Executive Officer in charge of Southern region
Mr. Nguyen Thanh Binh	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 (Until 31 March 2023)
Mr. Dinh Van Nho	Deputy Chief Executive Officer

Legal representative

The legal representative of the Bank during the year ended 31 December 2023 and at the date of consolidated financial statements is Mr. Ngo Chi Dzung – The Chairman.

Mr. Nguyen Duc Vinh – Chief Executive Officer was authorized by Mr. Ngo Chi Dzung to sign off the accompanying consolidated financial statements for the year ended 31 December 2023 according to Authorization Document No. 09/2012/UQ-CT dated 05 July 2012.

Auditors

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

Report of management

Management of Vietnam Prosperity Joint Stock Commercial Bank ("the Bank") is pleased to present this report and the consolidated financial statements of the Bank and its subsidiaries as at 31 December 2023 and for the year then ended.

Management's responsibility in respect of the consolidated financial statements

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

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

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

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

Statement by management

Management of the Bank does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2023, the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and other statutory requirements relevant to preparation and presentation of the consolidated financial statements.

For and on behalf of Management:



Mr. Nguyen Duc Vinh
Chief Executive Officer

Hanoi, Vietnam

29-03-2024

Independent auditors' report

**To: The Shareholders of
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 as prepared on 29 March 2024 and set out on page 6 to 101 which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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



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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2023, and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and other statutory requirements relevant to preparation and presentation of the consolidated financial statements.

Ernst & Young Vietnam Limited – Hanoi Branch

Dang Phuong Ha
Deputy General Director
Audit Practising Registration
Certificate No. 2400-2023-004-1



Tran Thi Thu Hien
Auditor
Audit Practising Registration
Certificate No. 2487-2023-004-1

Consolidated statement of financial position

as at 31 December 2023

	Notes	31 December 2023 VND million	31 December 2022 VND million
ASSETS			
Cash, gold and gemstones	5	2,284,990	2,658,493
Balances with the State Bank of Vietnam ("SBV")	6	8,422,511	9,935,379
Placements with and credit granting to other credit institutions		94,093,778	47,965,493
• Placements with other credit institutions	7.1	81,299,073	40,771,879
• Credit granting to other credit institutions	7.2	12,794,705	7,193,614
Securities held for trading	8	12,325,809	7,793,447
• Securities held for trading	8.1	12,406,274	7,850,639
• Provision for securities held for trading	8.2	(80,465)	(57,192)
Loans to customers		551,472,066	424,662,382
• Loans to customers	10	566,271,290	438,338,047
• Provision for credit losses of loans to customers	11	(14,799,224)	(13,675,665)
Debts purchased	12	821,761	893,186
• Debts purchased		827,971	899,936
• Provision for debts purchased		(6,210)	(6,750)
Investment securities		94,587,476	83,075,897
• Available-for-sale securities	13.1	88,050,457	82,718,218
• Held-to-maturity securities	13.2	6,755,260	610,279
• Provision for investment securities	13.3	(218,241)	(252,600)
Long-term investments		189,210	189,210
• Other long-term investments	14.1	189,210	189,210
Fixed assets		1,923,801	1,858,126
• Tangible fixed assets	15.1	1,298,099	1,219,108
* Cost		2,994,200	2,733,537
* Accumulated depreciation		(1,696,101)	(1,514,429)
• Intangible fixed assets	15.2	625,702	639,018
* Cost		1,908,548	1,709,523
* Accumulated amortization		(1,282,846)	(1,070,505)
Other assets		51,445,520	51,981,273
• Receivables	16.1	33,969,441	39,409,465
• Interest and fees receivable	16.2	8,976,228	7,879,131
• Deferred tax assets	24.2	1,297,724	566,968
• Other assets	16.3	7,354,383	4,205,385
* In which: Goodwill	17	118,507	195,492
• Provision for other assets	16.4	(152,256)	(79,676)
TOTAL ASSETS		817,566,922	631,012,886

Consolidated statement of financial position (continued)

as at 31 December 2023

	Notes	31 December 2023 VND million	31 December 2022 VND million
LIABILITIES			
Amounts due to the Government and the State Bank of Vietnam	18	4,118,311	1,929,233
• Deposits and borrowings from the Government and the State Bank of Vietnam		4,118,311	1,929,233
Deposits and borrowings from financial institutions and other credit institutions		156,356,651	140,249,116
• Deposits from other credit institutions	19.1	83,234,756	51,325,927
• Borrowings from financial institutions and other credit institutions	19.2	73,121,895	88,923,189
Customer deposits	20	442,368,381	303,151,417
Derivatives and other financial liabilities	9	392	15,369
Other borrowed and entrusted funds	21	22,045	47,050
Valuable papers issued	22	47,787,312	63,699,974
Other liabilities		27,118,303	18,418,807
• Interest and fees payable	23.1	13,812,285	8,596,581
• Deferred tax liabilities	24.2	65,310	8,844
• Other liabilities	23.2	13,240,708	9,813,382
TOTAL LIABILITIES		677,771,395	527,510,966
OWNERS' EQUITY			
• Equity		103,331,782	66,550,770
* Charter capital		79,339,236	67,434,236
* Share premium		23,992,546	-
* Treasury shares		-	(883,466)
• Reserves		12,233,282	13,535,084
• Retained earnings		19,065,969	16,751,804
• Non-controlling interests		5,164,494	6,664,262
TOTAL OWNERS' EQUITY	25	139,795,527	103,501,920
TOTAL LIABILITIES AND OWNERS' EQUITY		817,566,922	631,012,886

Consolidated statement of financial position (continued)

as at 31 December 2023

OFF-BALANCE SHEET ITEMS

	Notes	31 December 2023 VND million	31 December 2022 (Restated) VND million
Contingent liabilities and commitments	40	641,955,933	550,597,539
Credit guarantees		1,754,978	2,468,421
Foreign exchange commitments		296,858,798	162,851,173
• Foreign exchange commitments - buy		264,965	1,158,171
• Foreign exchange commitments - sell		992,663	786,489
• Swap transaction commitments - receive		147,839,284	80,349,191
• Swap transaction commitments - pay		147,761,886	80,557,322
Letters of credit		38,680,116	46,948,724
Other guarantees		19,546,205	22,209,420
Other commitments		285,115,836	316,119,801
• In which: Unused revocable credit limits		205,810,854	206,575,687
Other off-balance sheet items	41	150,407,789	164,391,718
Uncollected interests and fee receivables	41.1	8,211,807	8,238,825
Bad debts written off	41.2	51,100,127	67,869,591
Other assets and documents	41.3	91,095,854	88,283,302

Prepared by:



Ms. Pham Minh Thu
Head of General
Accounting &
Accounting Policy
Department

Reviewed by:



Ms. Nguyen Thi Thu Hang
Chief Accountant

Ms. Le Hoang Khanh An
Chief Financial Officer

Approved by:



Mr. Nguyen Duc Vinh
Chief Executive Officer

Hanoi, Vietnam

29-03-2024

Consolidated statement of profit or loss

for the year ended 31 December 2023

	Notes	2023 VND million	2022 VND million
• Interest and similar income	27	76,557,377	62,200,250
• Interest and similar expenses	28	(38,382,701)	(21,179,192)
Net interest and similar income		38,174,676	41,021,058
• Fee and commission income		12,307,787	10,455,695
• Fee and commission expenses		(5,095,905)	(4,017,943)
Net fee and commission income	29	7,211,882	6,437,752
Net loss from trading of foreign currencies	30	(805,973)	(618,050)
Net gain/(loss) from held for trading securities	31	380,173	(149,194)
Net gain from investment securities	32	250,032	508,755
• Other operating income		7,774,012	13,017,039
• Other operating expenses		(3,248,461)	(2,433,072)
Net gain from other operating activities	33	4,525,551	10,583,967
Income from investments in other entities	34	3,147	12,801
TOTAL OPERATING INCOME		49,739,488	57,797,089
TOTAL OPERATING EXPENSES	35	(13,941,218)	(14,115,731)
Net profit before provision for credit losses		35,798,270	43,681,358
• Provision expenses for credit losses	36	(24,994,374)	(22,461,226)
PROFIT BEFORE TAX		10,803,896	21,220,132
• Current corporate income tax expense	24.1	(2,984,015)	(4,859,848)
• Deferred corporate income tax income		674,290	548,523
Corporate income tax expense	24	(2,309,725)	(4,311,325)
PROFIT AFTER TAX		8,494,171	16,908,807
Non-controlling interests		(1,479,768)	(1,259,161)
Net profit of the Bank's shareholders		9,973,939	18,167,968
Basic earnings per share (VND/share)	26	1,433	2,718

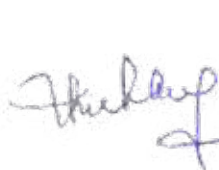
Prepared by:

Reviewed by:

Approved by:



Ms. Pham Minh Thu
Head of General
Accounting &
Accounting Policy
Department



Ms. Nguyen Thi Thu Hang
Chief Accountant



Ms. Le Hoang Khanh An
Chief Financial Officer




Mr. Nguyen Duc Vinh
Chief Executive Officer

Hanoi, Vietnam

29-03-2024
 VPBank

Consolidated cash flow statement

for the year ended 31 December 2023

	Notes	2023 VND million	2022 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		75,607,344	60,431,597
Interest and similar payments		(33,563,210)	(18,788,241)
Net fee and commission receipts		6,769,431	6,183,410
Net receipts/(payments) from trading of foreign currencies, gold and securities trading activities		504,746	(519,558)
Other income		2,065,153	6,808,756
Recoveries from bad debts previously written-off		2,495,093	3,746,268
Payments for employees and other operating activities		(13,563,177)	(13,872,589)
Corporate income tax paid in the year	24	(4,082,839)	(6,445,272)
Net cash flows from operating activities before changes in operating assets and liabilities		36,232,541	37,544,371
Changes in operating assets			
• (Increase)/Decrease in placements with and credit granting to other credit institutions		(5,581,091)	9,644,430
• Increase in investment securities		(15,071,380)	(7,099,610)
• Decrease in derivatives and other financial assets		-	103,299
• Increase in loans to customers and debt purchased		(132,240,812)	(83,012,963)
• Decrease in provision to write off loans to customers, securities and long-term investments		(19,444,959)	(18,737,489)
• Decrease/(Increase) in other operating assets		1,051,359	(2,608,156)
Changes in operating liabilities			
Increase/(Decrease) in amounts due to the Government and the SBV		2,189,078	(6,525,142)
Increase in deposits and borrowings from financial institutions and other credit institutions		16,107,535	25,630,010
Increase in customer deposits		139,216,964	61,314,389
Decrease in valuable papers issued (except for valuable papers issued for financing activities)		(15,912,662)	(17,595,659)
Decrease in other borrowed and entrusted funds		(25,005)	(56,880)
(Decrease)/Increase in derivatives and other financial liabilities		(14,977)	15,369
Increase in other operating liabilities		4,952,988	2,076,568
Net cash flows from operating activities		11,459,579	692,537

Consolidated cash flow statement

for the year ended 31 December 2023

	Notes	2023 VND million	2022 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets		(107,210)	(105,899)
Proceeds from disposal of fixed assets		965	3,242
Payments for investment in other entities		-	(635,438)
Cash dividend and profit appropriation from long-term investments		3,147	12,801
Net cash flows (used in) investing activities		(103,098)	(725,294)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in share capital from capital contribution and/or share issuance		35,897,546	-
Dividends paid to shareholders, profits distributed		(7,933,924)	-
Proceeds from sale of treasury shares		302,196	300,000
Net cash flows from financing activities		28,265,818	300,000
Net cash flows during the year		39,622,299	267,243
Cash and cash equivalents at the beginning of the year		54,045,171	53,777,928
Cash and cash equivalents at the end of the year	37	93,667,470	54,045,171
SIGNIFICANT NON-CASH TRANSACTIONS IN THE YEAR			
Increase in chapter capital due share issuance for dividend paying and share issuance for increasing capital from retained earnings and reserves		-	22,377,306
Decrease in share premium due to issuance of treasury shares for ESOP		(581,270)	(577,046)

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Chief Financial Officer

Mr. Nguyen Duc Vinh
Chief Executive Officer



Hanoi, Vietnam

29-03-2024

Notes to the consolidated financial statements

as at 31 December 2023 and for the year then ended

1. General information

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

The Bank was established pursuant to Banking License No. 0042/NH-GP dated 12 August 1993 issued by the State Bank of Vietnam (the “SBV”) and Business Registration Certificate No. 0100233583 dated 08 September 1993 issued by Hanoi Department of Planning and Investment which was amended for the 45th time on 27 November 2023. The Bank started operation on 12 August 1993 with an operation period of 99 years.

The Bank’s principal activities are to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans and advances to organizations and individuals; 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 form of rediscounting negotiable instruments and other valuable papers and other banking services as allowed by the SBV.

Charter capital

As at 31 December 2023, the charter capital of the Bank is VND79,339,326 million (31 December 2022: VND67,434,236 million).

Operational network

The Bank’s Head Office is located at No. 89 Lang Ha, Lang Ha Ward, Dong Da District, Hanoi, Vietnam. As at 31 December 2023, the Bank has one (01) Head Office, seventy-five (76) branches, one hundred and eighty-seven (187) transaction offices nationwide and four (04) subsidiaries.

Subsidiaries

As at 31 December 2023, the Bank has four (04) directly owned subsidiaries as follows:

Subsidiaries	Operating license	Nature of business	Share capital	Ownership
VPBank Asset Management Company Limited (“VPB AMC”)	Business Registration Certificate No. 0105837483 issued by Hanoi Department of Planning and Investment which was last amended on 12 May 2023	Asset and liabilities 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 14 February 2022	Other finance activities	VND10,928 billion	50%
VPBank Securities Joint Stock Company (“VPBankS”)	Security business license No. 106/UBCK-GP issued by the State Securities Commission on 8 April 2009 and the latest Adjustment License on 14 August 2023	Securities activities	VND15,000 billion	99.9537%
OPES Insurance Joint Stock Company (“OPES”)	Establishment and operation license No. 79/GP/KDBH issued by the Ministry of Finance on 20 March 2018 and the latest Adjustment License on 16 December 2021	Non-life insurance business	VND550 billion	98%

Employees

As at 31 December 2023, total number of employees of the Bank and its subsidiaries is 24,973 persons (31 December 2022: 29,111 persons).

2. Accounting period and accounting currency

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

2.1 Fiscal year

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

2.2 Accounting currency

Currency used in preparing the consolidated financial statements of the Bank is Vietnam dong ("VND") and rounded to the nearest million ("VND million").

3. Applied accounting standards and system

3.1 Statement of compliance

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

3.2 Accounting standards and system

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

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

3. Applied accounting standards and system (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

3.2 Accounting standards and system (continued)

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

Items or balances required by Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the SBV stipulating the financial statements reporting mechanism for credit institutions that are not shown in these consolidated financial statements indicate nil balance.

3.3 Assumptions and uses of estimates

The presentation of the consolidated financial statements requires the Board of Management of the Bank to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income, expenses and the resultant provision. These estimates are based on assumptions for some factors with different levels of objectivity and uncertainty. The actual results may differ from such estimates and assumptions and lead to adjustments in relevant accounts afterwards.

3.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the year ended 31 December 2023.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control and are continued to consolidate until the date on which the Bank ends its control over the subsidiaries.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Bank and using consistent accounting policies.

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

Non-controlling interests represent the portion of the profit or loss and net assets not held by the Bank and are presented separately in the consolidated statement of profit or loss and within owners' equity in the consolidated statement of financial position.

4. Summary of significant accounting policies

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.1 Changes in accounting policies and disclosures

The accounting policies adopted by the Bank in preparation of the consolidated financial statements are consistent with those followed in the preparation of the Bank's consolidated financial statements for the year ended 31 December 2022, except for the following changes:

Circular No. 18/2022/TT-NHNN prescribing debts trading of credit institutions, foreign bank branches.

On 26 December 2022, State Bank of Vietnam promulgated Circular No. 18/2022/TT-NHNN ("Circular 18") amending and supplementing a number of articles to Circular No. 09/2015/TT-NHNN prescribing debts trading of credit institutions and foreign bank branches. Changes in Circular 18 related to the accounting policies are as followings:

- Supplementing definition of Book value of a traded debt on Statement of financial position;
- Supplementing regulations on settlement terms of debts purchased balance to the supplier;
- Supplementing regulations on collaterals against the unsettled balance to the supplier according to the debt trading contract;
- Supplementing regulations relating to debt monitoring, debt classification, provisioning and provision utilization to write off the unsold part of a debt in case of selling part of a debt to a counterparty or selling a debt to multiple parties; and
- Supplementing detailed regulations for settlement of financial issues, accounting treatments against debts traded.

Circular 18 takes effect from 09 February 2023 with transition conditions: Debt trading contracts which have been concluded before the effective date of Circular 18, debt purchasers, debt sellers and all related parties are allowed to continue the concluded contracts under the prevailing regulations of Circular 09. In case counterparties have negotiation to amend terms of the debts trading contract, these amendments must be in compliance with the provisions of Circular 18.

Circular No. 02/2023/TT-NHNN providing instructions for credit institutions and foreign bank branches on loan restructuring and retention of loan group to assist borrowers in difficulties.

On 23 April 2023, State Bank of Vietnam promulgated Circular No. 02/2023/TT-NHNN ("Circular 02"), provides instructions for credit institutions and foreign bank branches on loan restructuring and retention of loan group to assist borrowers in difficulties.

Main provisions of Circular 02 include:

- Scope and conditions for debt with rescheduled repayment term; and
- Principles of loan group retention and classifying debts, accounting for accrued interest and making provision for debts whose principal and/or interest balances are rescheduled for repayment.

Circular 02 takes effect from 24 April 2023.

4. Summary of significant accounting policies (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, gold, balance with the SBV, demand deposits and placements with other credit institutions with an original maturity of three months or less from the transaction date, securities with recovery or maturity of three months or less from date of purchase which are convertible into a known amount of cash and do not bear liquidity risk as at the reporting date.

4.3 Placements with and credit granting to other credit institutions

Placements with and credit granting to other credit institutions are presented at the principal amounts outstanding at the end of the year.

The credit risk classification of placements with and credit granting to other credit institutions and provision for credit risks thereof are provided in accordance with Circular No. 11/2021/TT-NHNN dated 30 July 2021 on classification of assets, levels and method of making risk provision, and use of provision against credit risks in operation of credit institutions, foreign bank's branches ("Circular 11").

Accordingly, the Bank makes a specific provision for placements with (except for current accounts at other credit institutions, current accounts at social policy banks as regulated by the SBV) other credit institutions, foreign bank's branches as regulated by laws and credit granting to other credit institutions according to method as described in Note 4.5.

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

4.4 Loans to customers

Loans to customers are presented at the principal amounts outstanding at year end, provision for credit losses of loans to customers.

Provision for credit losses of loans to customers is accounted and presented as a separate line in the consolidated statement of financial position.

Short-term loans have maturity of less than or equal to 01 year from disbursement date. Medium-term loans have maturity from over 01 year to 05 years from disbursement date. Long-term loans have maturity of more than five years from disbursement date.

Loan classification and provision for credit losses are made according to Circular 11 as presented in Note 4.5.

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.5 Loan classification and provision for credit losses applied to placements with and credit granting to other credit institutions; unlisted corporate bonds purchased and trusted for purchase by the Bank; loans to customers; entrusted for credit granting by the Bank; buying 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 and other credit risk bearing assets

The Bank applies the quantitative method prescribed in Article 10 of Circular 11 in classifying debts for the following assets: placements with and credit granting to financial institutions and other credit institutions; purchases and trusted purchases of corporate bonds (including bonds issued by other credit institutions) which have not yet been listed on stock exchanges; loans to customers; entrusted for credit granting by the Bank; buying 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 (hereinafter referred to as “debts”).

According to Circular 11, the general provision amount made by the Bank as at 31 December shall account for 0.75% of total outstanding debt balances excluding deposits made at credit institutions, foreign bank branches in accordance with law at overseas credit institutions; lending, termed purchases of valuable papers among credit institutions and foreign bank branches in Vietnam and; purchases of promissory notes, treasury bills, certificates of deposit or bonds issued by credit institutions and foreign bank branches onshore; repos of government bonds; debts classified into the loss group (group 5).

The specific provision for debts as at 31 December 2023 is made based on the principal balance less discounted value of collateral, then multiplied by provision rates which are determined based on the debt classifications as at 31 December 2023. The basis for determination of deductible value of security property or collateral is prescribed in Circular 11.

Loan classification and the specific provision rates for each group are presented as follows:

Group	Description	Provision rate
1 Current	a. Current debts are assessed as fully and timely recoverable for both principals and interests; or b. Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	0%
2 Special mention	a. Debts are overdue for a period of between 10 days and 90 days; except those prescribed in point (b) of group 1; or b. Debts with first-time restructured repayment terms which are undue.	5%
3 Sub-standard	a. Debts are overdue for a period of between 91 days and 180 days; or b. Debts with first-time extended repayment terms which undue; or c. Debts which interests are exempted or reduced because customers do not have sufficient capability to repay all interests under credit contracts; or d. Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: <ul style="list-style-type: none"> • Debts made incompliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or • Debts made incompliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or • Debts made incompliance with Clause 1, 2 and 5 under Article 128 of Law on Credit Institutions. e. Debts are required to be recovered according to regulatory inspection conclusions; 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; or g. At the request of the State Bank based on the results of inspection, supervision and relevant credit information.	20%

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.5 Loan classification and provision for credit losses applied to placements with and credit granting to other credit institutions; unlisted corporate bonds purchased and trusted for purchase by the Bank; loans to customers; entrusted for credit granting by the Bank; buying 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 and other credit risk bearing assets (continued)

Group	Description	Provision rate
4 Doubtful	a. Debts are overdue for a period of between 181 days and 360 days; or b. Debts which the repayment terms are restructured for the first time but still overdue for a period up to 90 days under that restructured repayment term; or c. Debts which the repayment terms are restructured for the second time; or d. Debts are specified in point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or e. Debts are required to be recovered according to regulatory inspection, examination conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection, 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 in between 30 and 60 days from the effective dates of recovery decisions; or g. At the request of the State Bank based on the results of inspection, supervision and relevant credit information.	50%
5 Loss	a. Debts are overdue for a period of more than 360 days; or b. Debts which the repayment terms are restructured for the first time but still overdue for a period from 91 days or more under that first restructured repayment term; or c. Debts which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or d. Debts which the repayment terms are restructured for the third time or more, regardless of being overdue or not; or e. Debts are specified in point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or f. Debts are required to be recovered under regulatory inspection, examination conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection, examination conclusions; 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, but are not yet recovered in more than 60 days from the effective dates of recovery decisions; or h. Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches which capital and assets are blocked; or i. At the request of the State Bank based on the results of inspection, supervision and relevant credit information.	100%

Payments on behalf arising from off balance sheet commitments are classified based on the number of overdue days, starting from the date when the Bank 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.

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.5 Loan classification and provision for credit losses applied to placements with and credit granting to other credit institutions; unlisted corporate bonds purchased and trusted for purchase by the Bank; loans to customers; entrusted for credit granting by the Bank; buying 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 and other credit risk bearing assets (continued)

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

When the Bank and its subsidiaries participate in a syndicated loan as a participant, it must classify loans (including syndicated loans) of the customer into the group of higher risk between the assessment of the leading bank and the Bank.

The Bank 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, the Bank shall adjust its classification of loans and off-balance sheet commitments following the loan groups provided by CIC.

From 13 March 2020, the Bank adopted Circular 01/2020/TT-NHNN ("Circular 01") dated 13 March 2020 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 borrowers whose the principal and/or interest arises during the period from 23 January 2020 to the day after 3 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 lease agreement due to decrease in revenue or income caused by Covid-19 pandemic, the Bank may restructure loan repayment term and retain the categories of those debts at the nearest time before 23 January 2020.

From 17 May 2021, the Bank adopted Circular No. 03/2021/TT-NHNN ("Circular 03") dated 2 April 2021 issued by the SBV on amending and supplementing some articles of Circular 01. Accordingly, for borrowers whose debt is a loan or finance lease granted before 10 June 2020, and the principal and/or interest are incurred 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/finance lease agreement due to decrease in revenue or income caused by Covid-19 pandemic, the Bank may restructure loan repayment term, decide reduction and exemption of interest and/or fees, and retain the debt categories.

From 7 September 2021, the Bank adopted Circular 14/2021/TT-NHNN ("Circular 14") issued by the SBV on amending and supplementing some articles of Circular 01, providing instructions for credit institutions and foreign bank branches (FBB) on debt rescheduling, exemption or reduction of interest and fees, retention of debt category to assist borrowers affected by Covid-19 pandemic.

Once debts, whose repayment terms were restructured, interest and/or fees were exempted or reduced and debt classifications were retained, are not continued to be restructured under current regulations, the Bank classifies debt and make provision in accordance with Circular 11.

The Bank makes specific provision for customers whose debt repayment term is restructured, interest is exempted or reduced under Circular 03 based on the following debt classifications: (1) debt classifications if debt rescheduling, exemption or reduction of interests and fees are made while debt classification is retained; (2) debts classifications debt classifications were not retained according to the SBV's current regulations. In case the difference between the amount of provision required for (2) and (1) is positive, additional specific provision is made as follows:

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

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.5 Loan classification and provision for credit losses applied to placements with and credit granting to other credit institutions; unlisted corporate bonds purchased and trusted for purchase by the Bank; loans to customers; entrusted for credit granting by the Bank; buying 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 and other credit risk bearing assets (continued)

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

From 24 April 2023, the Bank adopted Circular 02/2023/TT-NHNN dated 23 April 2023 ("Circular 02") issued by the SBV on providing instructions for credit institutions and foreign bank branches on debt rescheduling and retention of debt category to assist borrowers of business loans and consumer loans. Accordingly, the debt meets the following regulations: the outstanding debt is principal of a loan granted before 24 April 2023 from lending and finance lease and the principal and/or interest have to be paid within the period from 24 April 2023 to 30 June 2024; the outstanding debt to be rescheduled is undue or up to 10 (ten) days overdue according to the loan/finance lease agreement; the credit institution assesses the borrower is unable to repay the principal and/or interest on schedule under the signed agreement due to decrease in revenue or income compared to that specified in the principal and/or interest repayment plan under the signed agreement; the borrower is able to fully repay the principal and/or interest after the debt is rescheduled, the Bank is allowed to restructure debt repayment term not exceeding 12 months from the due date of the outstanding debt to be rescheduled and retained the debt categories at the nearest time prior to the debt rescheduling according to regulation of this Circular.

Circular 02 requires the Bank make specific provision for customers whose debt repayment term is restructured based on the following debt classifications: (1) debt classifications if debt rescheduling, exemption or reduction of interests and fees are made while debt classification is retained; (2) debts classifications debt classifications were not retained according to the SBV's current regulations. In case the difference between the amount of provision required for (2) and (1) is positive, additional specific provision is made as follows:

Additional provision	Deadline
At least 50% of the additional specific provision	By 31 December 2023
100% of the additional specific provision	By 31 December 2024

The basis for determination of value and discounted value for each type of collateral is specified in Circular 11.

Provision policy for margin activities and advance loans to customers of VPBank Securities Joint Stock Company ("VPBankS").

Provisions for margin activities and advances to customers of VPBankS is disclosed in Note 4.14.2 in accordance with Circular No. 48/2019/TT-BTC ("Circular 48"), in order to review the specific nature of these receivables and ensure consistency with VPBankS's report. An increase or decrease in the provisioning account balance is recorded in the "Provision for credit losses" section of the consolidated statement of profit or loss.

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.6 Securities held for trading

4.6.1 Classification and recognition

Securities held for trading include debt securities acquired and held for resale. Securities held for trading are initially recognized at cost.

4.6.2 Measurement

Listed debt securities held for trading are recognized at cost less risk provision and provision for diminution in value of securities. In which, the price of listed, registered-for-trading corporate bonds determined for the purpose of provisioning is the latest transaction price on the Stock Exchange within 10 days up to the date of financial statements. If there is no transaction within 10 days as of the date of preparation of annual financial statement up to the date of financial statements, the Bank shall not make provision for this investment. According to Circular 24/2022/TT-BTC dated 7 April 2022, Government bonds, Government-guaranteed bonds and Municipal bonds are exempted from provisioning for diminution in value requirement.

Provision for credit losses on corporate bonds (including bonds issued by other credit institutions) which are not listed on the stock market or not registered on the unlisted public companies' market and promissory notes, treasury bills, certificates of deposit issued by other credit institutions are made in accordance with Circular 11 as described in Note 4.5.

Provision for securities held for trading which is mentioned above is reversed when the recoverable value of securities held for trading increases after making provision as a result of an objective event. Provision is reversed up to the gross value of these securities before provision.

Gains or losses from sales of securities held for trading are recognized in the consolidated statement of profit or loss.

Interest derived from holding securities held for trading are recognized on a cash basis in the consolidated statement of profit or loss.

4.6.3 De-recognition

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

4.7 Available-for-sale securities

Available-for-sale securities include debt and equity securities acquired by the Bank for the investment and available-for-sale purposes, not regularly traded but can be sold when there is a benefit. For equity securities, the Bank is neither the founding shareholder nor the strategic partner, nor has the ability to make certain influence in planning and making decision in the financial and operating policies of the investees derived from written agreement to appoint personnel to the Board of Directors/ Management.

Available-for-sale equity securities are initially recognized at cost at the purchase date and continuously presented at cost in subsequent periods.

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

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.7 Available-for-sale securities (continued)

In subsequent periods, these securities are continuously recorded at par value, and the discount/premium (if any) is amortized to the consolidated statement of profit or loss on a straight-line basis over the remaining term of securities. Interest received in arrears is recorded as follows: Cumulative interest incurred before the purchasing date is recorded as a decrease in the accrued interest; cumulative interest incurred after the purchasing date is recognized as income based on the accumulated method. Interest received in advance is amortized into the interest income from investment securities on a straight-line basis over the term of securities investment.

Available-for-sale securities are subject to diminution review on a periodical basis.

Provision for diminution in value of securities (excluding unlisted corporate bonds) is made when the carrying value is higher than the market value in compliance with Circular No. 48/2019/TT-BTC issued by Ministry of Finance on 08 August 2019 and Circular No. 24/2022/TT-BTC issued on 07 April 2022 (with effective date of 25 May 2022). In case market prices of securities are not available or cannot be determined reliably, no provision is made. Government bonds, Government-guaranteed bonds and Municipal bonds are exempted from provisioning for diminution in value requirement. Diminution provision is recognized in “*Net gain/(loss) from investment securities*” in the consolidated statement of profit or loss.

Provision for credit losses on corporate bonds (including bonds issued by other credit institutions) which are not listed on the stock market or not registered on the unlisted public companies’ market and promissory notes, treasury bills, certificates of deposit issued by other credit institutions are made in accordance with Circular 11 as described in Note 4.5.

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

Gain/(Loss) from trading available-for-sale securities is recognized in the consolidated statement of profit or loss.

4.8 Held-to-maturity investment securities

Held-to-maturity investment securities include special bonds issued by Vietnam Asset Management Company (“VAMC”) and other investment securities held to maturity.

Special bonds issued by Vietnam Asset Management Company (“VAMC”)

Special bonds issued by VAMC are valuable papers with a term issued by VAMC to purchase bad debts of the Bank. Special bonds are initially recognized at cost at the purchase date and continuously presented at cost in subsequent periods. The par value of the special bond issued corresponds to the bad debt being sold and is the outstanding principal balance of the customer minus the specific provision amount that has been made but has not been used for that bad debt.

During the period of holding special bonds, periodically, the Bank calculates and makes annual specific risk provisions according to the instructions in Circular No. 14/2015/TT-NHNN dated August 28, 2015 of the SBV amends and supplements a number of articles of Circular No. 19/2013/TT-NHNN regulating the purchase, sale and handling of bad debts of VAMC.

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.8 Held-to-maturity investment securities (continued)

According to Circular No. 14/2015/TT-NHNN, annually, within 5 working days immediately preceding the date corresponding to the maturity date of the special bonds, the Bank must fully set aside a specific provision amount. The minimum amount of the year of appropriation for each special bond is calculated according to the following formula:

$$X_{(m)} = \frac{Y}{n} \times m - (Z_m + X_{m-1})$$

In which:

- $X_{(m)}$ is the minimum amount of specific provision that must be made for special bonds in year m ;
- X_{m-1} is the accumulated specific provision amount made for special bonds until the end of year $m-1$;
- Y is the par value of the special bond;
- n is the term of the special bond (in years);
- m is the number of years from the time of special bond issuance to the time of making provision;
- Z_m is the debt recovery amount of accumulated bad debt up to the time of making provision (year m). The debt selling credit institution coordinates with the Asset Management company to determine this recovery amount.

In case $(Z_m + X_{m-1}) \geq (Y/n \times m)$, the specific provision amount ($X_{(m)}$) is calculated as zero (0).

Specific provision for special bonds is recognized in the separate statement of profit or loss in the item "Credit risk provision expenses". This special bond does not require general provisioning.

On the day the special bond is settled, the interest arising from the credit institution's recovery from the debt is recorded in "Other operating income".

Other Held-to-maturity investment securities

Other held-to-maturity securities are debt securities purchased by the Bank for the investment purpose of earning dividend and the Bank has the intention and capability to hold these investments until maturity. Held-to-maturity securities have determinable value and maturity date. In case the securities are sold before the maturity date, the remaining of that portfolio will be reclassified to securities held for trading or available-for-sale securities.

Held-to-maturity securities are recorded and measured identical to debt securities available-for sale and presented at Note 4.7.

4.9 Re-purchase and reverse re-purchase contracts

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

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

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.10 Other long-term investments

Other long-term investments represent investments in other entities in which the Bank holds less than or equal to 11% of voting rights. These investments are initially recorded at cost at the investment date.

At the reporting date, if investments in other entities have been impaired in comparison with the initial value, the Bank makes provision for these investments according to Clause 2 Article 5 of Circular No. 48/2019/TT-BTC.

Base on the separate financial statements provided by the invested entities at the reporting date, provision for these investments is calculated using the following formula:

$$\text{Level of provision for investment} = \text{Actual rate of charter capital (\%) of the enterprise at an business organization at the time of making the provision} \times \text{Parties' actual investment capital at the business organization receiving capital contribution at the time of making the provision} - \text{Actual equity capital of business organization at the time of making the provision}$$

In case the invested entities do not prepare the separate financial statements at the reporting date, the Bank does not make provision for these investments.

Provision is reversed when the recoverable amount of the investment increases after the provision is made. Provision is reversed up to the gross value of the investment before the provision is made in assumption of no provision made in assumption of no provision made.

4.11 Fixed assets

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

The cost of a fixed asset comprises its purchase price plus any costs of bringing the asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the consolidated statement of profit or loss.

When assets are sold or liquidated, their cost and accumulated depreciation are deducted from the consolidated statement of financial position item and any gains or losses resulting from their disposal are recorded to the consolidated statement of profit or loss.

4.12 Depreciation and amortization

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

Buildings and architectonic models	5 – 40 years
Transportation	6 – 10 years
Machines and equipment	3 – 7 years
Computer software	2 – 14 years
Other fixed assets	2 – 5 years
Office equipment	3 – 5 years

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.13 Operating lease

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

4.14 Receivables

4.14.1 Receivables classified as credit-risk bearing assets

Receivables classified as credit-risk assets are recognized at cost. Receivables classified as credit-risk assets are classified and provided for provision by the Bank in accordance with the regulations on recognition and use of provision to resolve the credit risk as presented in Note 4.5.

4.14.2 Other receivables

Receivables other than receivables classified as credit-risk bearing assets are recognized at cost.

Provision for receivables is determined based on the overdue status of debts or expected loss of current debts in case the debts are not due for payment yet but the corporate debtors have fallen into bankruptcy or are in the process of dissolution, or of individual debtors who are missing, escaped, prosecuted, on trial or deceased. Provision expense incurred is recorded in “*Total operating expenses*” of the consolidated statement of profit or loss.

Provision for overdue debts is made in accordance with Circular No. 48/2019/TT-BTC as follows:

Overdue status	Allowance rate
From six (6) months to under one (1) year	30%
From one (1) to under two (2) years	50%
From two (2) to under three (3) years	70%
From three (3) years and above	100%

4.15 Prepaid expenses, expenses awaiting allocation and deposits

Prepaid expenses and expenses awaiting allocation

Prepaid expenses are reported as short-term and long-term prepaid expenses on the consolidated statement of financial position and amortized over the year for which the amount is paid or the year in which economic benefit is generated in relation to these expenses.

Statutory deposit of OPES Insurance Joint stock Company

In accordance with Decree No. 46 and the Insurance Business Law issued on 16 June 2022 which is effective from 01 January 2023, the Company has to maintain compulsory margin deposits equivalent to 2% of its legal capital at a commercial bank in Vietnam. The compulsory margin deposit earns interest as agreed with the bank and is permitted to withdraw only upon cessation of business operation. The margin deposit is used to fulfill its obligations with the insurance beneficiaries only when the Company's liquidity is inadequate and this must be approved by the Ministry of Finance.

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.16 Technical reserves of insurance

Technical reserves of insurance are made in accordance with regulations and guidance under Circular 67/2023/TT-BTC dated 2 November 2023 ("Circular 67") issued by the Ministry of Finance on guidelines for the Law of insurance and Government's Decree no. 46/2023/ND-CP dated 1 July 2023 ("Decree 46") on details of the implementation of the Law on insurance business, the Law on amendments to certain articles of the Law on insurance business of the Ministry of Finance on approving insurance reserve-making method. Details of the methodologies are presented as follows:

4.16.1 Unearned premium reserve for non-life insurance and health insurance with policy term not greater than one (01) year

Unearned premium reserve is reserve for insurance premium corresponding to the Bank's exposure of risk after the reporting date. Unearned premium reserve is made using policy period-based method and is calculated by daily method as regulated in Circular 50. Accordingly, unearned premium reserve for insurance and re-insurance contract is calculated as below:

$$\text{Unearned premium reserve} = \frac{\text{Insurance premium} * \text{Number of unexpired days of insurance or reinsurance contract}}{\text{Total number of days of insurance or reinsurance contract}}$$

Unearned premium reserve of insurance and reinsurance business is a liability. Unearned premium reserve for ceding reinsurance business is an asset in the consolidated statement of financial position.

4.16.2 Claim reserve for non-life insurance

Claim reserve includes reserve for claims outstanding at the end of the year but not yet resolved and for claims incurred which the insurer is liable but not yet claimed:

- Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year; and
- Claims incurred but not reported for which the insurer is liable (IBNR) are claims incurred in current or previous periods but not yet reported to insurance or reinsurance company as at the end of the fiscal year. Claim reserve for incurred but not reported (IBNR) losses is established reserves a rate of 3% of the insurance premium for each insurance types.

Claim reserve of insurance and reinsurance business is a liability; claim reserve of ceding reinsurance is an asset in the consolidated statement of financial position.

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.16 Technical reserves of insurance (continued)

4.16.3 Catastrophe reserve for non-life insurance

Catastrophe reserve is made annually at 1% of the retained insurance premium for each insurance operation. Catastrophe reserve will be made until it reaches 100% retained insurance premium of the current fiscal year. Catastrophe reserve is a liability in the consolidated statement of financial position.

4.16.4 Mathematical reserve for health insurance with policy term greater than one (01) year

For health insurance contracts with term of more than one (01) year (except for deployed health insurance contracts, which only cover death or total permanent disability), mathematical reserve is made using the daily method (on the basis of gross premium). In all cases, the Bank ensured that the mathematical reserve would not be lower than that made under 1/8th method.

For health insurance contracts with term of more than one (01) year and only cover death, total permanent disability, mathematical reserve is made using net premium method.

Mathematical reserve is recorded in the unearned premium reserve in the consolidated statement of financial position.

4.16.5 Claim reserve for health insurance

Claim reserve includes reserve for claims outstanding at the end of the year but not yet resolved and for claims incurred which the insurer is liable but not yet.

Claim reserve is established for each insurance type based on the estimated claim amount for each loss that has been reported but has not been settled by the end of the fiscal year, after deducting the recovery from retrocession; and claim reserve for incurred but not reported losses is establish according to the following formula for each insurance type:

Claims reserve for covered losses that have occurred but have not been reported or claimed of the current fiscal year

=

Total indemnities for losses that have occurred but have not been reported or claimed of last three consecutive fiscal years

×

Indemnity of current fiscal year

×

Net revenue earned from insurance business of current fiscal year

×

Average de-ferred time of claims of current fiscal year

Total indemnities of last three consecutive fiscal years

×

Net revenue earned from insurance business of last fiscal year

×

Average de-ferred time of claims of last fiscal year

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.16 Technical reserves of insurance (continued)

4.16.5 Claim reserve for health insurance (continued)

Claim reserve of insurance and reinsurance business is a liability; claim reserve of ceding reinsurance is an asset in the statement of financial position.

4.16.6 Equalization reserve for health insurance

The annual reserve is set at 1% retained insurance premium for each insurance operations and is recorded in the unearned premium reserve in the consolidated statement of financial position.

4.17 Share capital

4.17.1 Ordinary shares

Ordinary shares are classified as owners' equity.

4.17.2 Share premium

Share premium reflects the difference (increase or decrease) between the issuance price and the par value of the shares (including cases of treasury reissuance), as well as direct expenses related to share issuance or treasury share sale.

4.17.3 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 recognized in respect of repurchased shares which are aggregated fractions of share arising when the company issues share 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.

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.17 Share capital (continued)

4.17.4 Statutory reserves

Reserves of Vietnam Prosperity Joint Stock Commercial Bank

The Bank appropriates the following statutory reserves in compliance with Law on Credit Institutions No. 47/2010/QH12, Decree No. 93/2017/ND-CP and its Charter as follow:

	Basic for calculation	Maximum balance
Capital supplementary reserve	5% from profit after tax	100% of charter capital
Financial reserve	10% from profit after tax	Not regulated

Financial reserve is used to cover financial losses incurred during the normal course of business. Financial reserve and charter capital supplementary reserve are non-distributable and classified as equity.

Other funds are appropriated from profit after tax. Appropriation from profit after tax and utilization of other funds must be approved by the General Meeting of Shareholders. These funds are not regulated by law and are allowed to be fully distributed.

These reserves are created annually based on the separate operating results at year-end.

Reserves of VPBank Asset Management Company Limited

According to Circular No. 27/2002/TT-BTC issued by the Ministry of Finance dated 22 March 2002, VPB AMC is required to make appropriation of profit to reserves in a similar way to the Bank.

According to Circular No. 200/2014/TT-BTC, for the financial year starting on or after 01 January 2015, VPB AMC has stopped making provision for financial reserve.

Reserves of VPBank SMBC Finance Company Limited

According to Decree No. 93/2017/ND-CP dated 7 August 2017 issued by the Government of Vietnam which replaces Decree No. 57/2012/ND-CP dated 20 July 2012, VPB SMBC FC is required to make appropriation of profit to reserves in a similar way to the Bank.

Reserves of VPBank Securities Corporation

Before 1 February 2022

According to Circular No. 146/2014/TT-BTC issued by the Ministry of Finance dated on 6 October 2014 guiding the financial regime for securities and fund management companies, after compensating the prior year's loss in accordance with corporate income tax law and corporate income tax payments, realized profit of the Company shall be distributed as follows:

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.17 Share capital (continued)

	Basic for calculation	Maximum balance
Capital supplementary reserve	5% from profit after tax	10% of charter capital
Financial reserve	5% from profit after tax	10% of charter capital

Financial reserve is used to compensate for losses incurred in the course of business. These statutory reserves are made at year-end, non-distributable and considered as equity of the Bank.

From 01 February 2022

Circular No. 114/2021/TT-BTC issued by the Ministry of Finance dated on 17 December 2021 avoid Circular No. 146/2014/TT-BTC dated on 6 October 2014 guiding the financial regime for securities companies, fund management companies. VPBank Securities Company organizes operations and financial management under the provisions of the Law on Securities in 2019, Decree No. 155/2020/ND-CP dated 31 December 2020, of the Government detailing the implementation of several articles of the Law on Securities, Circular No. 121/2020/TT-BTC dated 31 December 2020 of the Minister of Finance regulating the operation of securities companies, Circular No. 99/2020/TT-BTC 16 November 2020 of the Minister Finance guiding the operation of securities investment fund management companies, Circular No. 91/2020/TT-BTC dated 13 January 2020 of the Minister of Finance stipulating financial safety indicators and handling measures for securities trading organizations that do not meet financial safety criterion, Circular No. 48/2019/TT-BTC dated 8 August 2019 of the Minister of Finance guiding the setting up and handling measures provisions for loss of investments, bad debts and warranties for products, goods, services, construction works at the enterprise and documents on amendments supplements and replacement document (if any).

The capital supplementary reserve fund charged in before, the Securities Company supplements its charter capital under the provisions of the Law on Securities No. 54/2019/QH14, guiding documents, and the Charter of organization and operation enterprise action.

The financial reserve fund charged in before, the Securities Company supplements or uses it according to the decision of the General Meeting of Shareholders, the Board of members, or the President of the company under regulations. 54/2019/QH14, guiding documents and the charter of the organization and operation of the enterprise, ensuring to meet the financial safety criteria under the provisions of the Law on Securities.

Reserve of OPES Insurance Joint Stock Company

Statutory reserve is made for the purpose of supplementing charter capital and ensuring the solvency of the Company. Statutory reserve is set at five percent (5%) profit after tax and maximum of the reserve is ten percent (10%) OPES's charter capital according to Decree 46/2023/ND-CP dated 01 July 2023.

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.18 Recognition of income and expenses

Income and expense from banking services

Interest income and expenses are recognized in the consolidated statement of profit or loss on accrual basis using the nominal interest rate. The accrued interest of debts which are classified in groups 2 to 5 in compliance with Circular 11 and debts classified in Group 1 but specific allowance provided is not recognized in the consolidated statement of profit or loss. This accrued interest is reversed and monitored off-balance sheet and recognized in the consolidated statement of profit or loss actual receipt.

For the interest receivable from loans which were restructured, interest and/or fees were exempted or reduced and debt classifications were retained as Current (Group 1) according to Circular 01, Circular 03 and Circular 14 from the restructuring date, instead of recording interest income (accrued interest), are exposed to off-balance sheet those interest income (accrued interest) to encourage re-payments, recorded back to interest income when collected as prescribe by laws.

Fees and commissions are recognized on an accrual basis.

Income from cash dividend is recognized in the consolidated statement of profit or loss when the Bank's right to receive cash dividend is established.

According to Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance, dividends which are received in the form of shares, bonus shares and stock options for existing shareholders, shares distributed from undistributed profit is not recognized as an increase in the value of investments and income is not recognized in the consolidated statement of profit or loss. Instead, only changes in the number of shares held by the Bank will be updated and presented.

Insurance income and expense

• Insurance premium income

Insurance premium income is recognized according to Circular No. 67 guiding financial regime for insurance enterprise, reinsurance enterprise, insurance brokerage enterprises, and branches of foreign non-life insurance enterprises..

Accordingly, direct insurance premium income is recognized when there is an insurance liability towards the policyholder, in particular, when the following conditions are met: (1) there is a contractual agreement or evidence of insurance agreement between the insurer and the insured; (2) Starting insurance term according to the agreement; (3) The insured has paid the premiums fully or there is an agreement between the insurer and the insured for payment term of the insurance premium. In case of a one-time payment of insurance premium, the Company records insurance premium income at the beginning of the insurance term. In case of periodical payment of the insurance premiums, the Company records insurance premium income corresponding to the periods of insurance premiums incurred instead of the insurance premium income that the insured has not been paid.

Refunds or reductions insurance premium income are tracked separately and transferred to the insurance premium income account to calculate net income at the end of the year.

Insurance contracts concluded before the effective date of the 2022 Law of Insurance Business and still within the contract period continue to be executed according to the legal provisions at the time of contract conclusion. This is unless the parties to the insurance contract agree to amend or supplement the contract to comply with the 2022 Law of Insurance Business its regulations.

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.18 Ghi nhận thu nhập và chi phí (tiếp theo)

• Claim expense, commission, insurance-agent-support expense and other insurance expenses

Claim expense is recognized when the claim file is completed and approved by authorized person. In case that the claim amount has not yet been finalized but it is certain that there is a loss liability under insurance policy and a part of the claim amount has been paid to the policy holders according to their claim then this claim payment is recorded as claim expense. Unapproved claims as at the end of the accounting period are considered as unresolved and are accounted for when making claim reserve.

Commission expenses of each insurance products are calculated as a certain rate of the original insurance premium according to agency contracts, brokerage agreements in line with rate regulated in Circular 50 and only commission expense which is allocated in the period corresponding with income from insurance premium earned is recognized as insurance expense. The unallocated commission expense is recognized as a prepaid expense and will be allocated in insurance expense for subsequent periods. For health insurance operation, expense related to rewarding and supporting agents could not exceed 100% commissions of insurance policies that have been exercised during the period according to current regulations.

Insurance-agent-support expense and other insurance expense are direct expenses incurred of insurance policies and are allocated under unearned premium reserve method. The balance of these expenses as at the reporting date reflects expenses corresponding to the unearned insurance premium. For non-life insurance business, rewarding and agent-support expense could not exceed 50% commissions of insurance policies that have been exercised during fiscal year. Especially for health insurance operation, expense related to rewarding and supporting agents could not exceed 100% commissions of insurance policies that have been exercised during the fiscal year in accordance with Circular 89/2022/TT-BTC ("Circular 89") dated 11 November 2022.

• Concession of reinsurance

Reinsurance ceding fees, reinsurance ceding commissions and other income arising from reinsurance ceding activities are recognized in the same period as in the accounting period in which income from corresponding insurance premiums or similar reinsurance fee are recognized.

At the end of the financial year, the balance of reinsurance ceding commissions that have not been included in this year's income corresponding to the unearned reinsurance premium income must be determined to be allocated in the following accounting periods according to unearned premium reserve method.

4.19 Debts trading operation

The accounting treatment for debts purchased and sold are in accordance with Circular No. 09/2015/TT-NHNN issued by the SBV Circular 18/2022/TT-NHNN ("Circular18") amending and supplementing some articles of Circular 09 prescribing the purchase and sale of debts by credit institutions and foreign bank branches.

Purchase debts

Debts purchased are initially recorded at purchase price and subsequently presented at cost less provision for credit losses. Price of debts purchased is the settlement amount which the seller received under the debt purchase contract.

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.19 Debts trading operation (continued)

According to Circular 09 and Circular 18, the Bank implements financial settlement and accounting record the purchased debts as follows:

- If the purchasing price is less than or equal to the outstanding principal of purchased debt: The principal amount collected under the credit agreement of the purchased debt shall be collected the purchased debt. In case the purchase price has been made up in full, the remaining principal amount (which is the difference between the outstanding principal of the purchased debt and the purchase price) and interest collected under credit agreements are recorded in the Bank's income during the period;
- If the purchase price is greater than the outstanding principal of the purchased debt: The principal and/or interest amount collected under the credit agreement of the purchased debt shall be collected the purchased debt. When the remaining purchase price is smaller than or equal to the outstanding principal amount of the purchased debt, the principal and/or interest amount collected under the credit agreement of the purchased debt shall be treated according in case the purchasing price is less than or equal to the outstanding principal of purchased debt as above.

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 monitored, classified and provided for credit losses similar to normal loans to customers in accordance with Circular 11.

Sale of debts

According to Circular 09 and Circular 18, the Bank financial handle and accounting record the sale debts as follows:

- **Regarding a debt whose principal is recorded in the statement of financial position:**
 - Collection of debts follows the rule: principal is collected first, then comes interests.
 - If the selling price is greater than or equal to the book value of the debt as recorded in the statement of financial position, after principal and interest of the debt sold are collected, the difference (if any) will be recorded as income of the Bank in the period.
 - If the selling price is less than the book value of the debt as recorded in the statement of financial position, the Bank uses the compensation (in case the loss of assets is due to subjective reasons and compensation must be paid in accordance with regulations on financial policies), and the insurance payout. The remaining balance (if any) shall be treated as follows:
 - * For uncollected principal: use provision made, if provision made is not adequate, the financial reserve will be used to cover the remaining balance. If all balance of financial reserve is used but not enough, the remaining will be recorded as other expense during the period. After completing all the above-mentioned financial processing, the uncollectible principal amount shall be removed from the statement of financial position.
 - * For uncollected interest: if balance of interests recorded in the statement of financial position has been recorded as income, the Bank recognizes a decrease in income or an increase in expense. If the outstanding interest is recorded on off-balance sheet, it shall be removed from off-balance sheet.
- Regarding debts recorded as off-balance sheet items, debts removed from off-balance sheet, the proceeds from sale of debts shall be recognized as income of the Bank.

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.19 Debts trading operation (continued)

If proceeds from selling a loan (except for those with provisions that have been used to write off bad debts) have not yet been fully collected, the Bank classifies that amount as an unsold loan in accordance with Circular 11.

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

The selling price is the sum of consideration which seller received from debt buyer under a debt sale contract.

4.20 Foreign currency transactions

All transactions are recorded in original currencies. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the consolidated statement of financial position date (Note 50). Income and expenses in foreign currencies are converted into VND at rates ruling at the transaction dates.

Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized and followed in the "Foreign exchange differences" under "Owners' equity" in the consolidated statement of financial position and will be transferred to the consolidated statement of profit or loss at the end of the accounting period.

4.21 Payables and accruals

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

4.22 Borrowings from the Government and the SBV

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

4.23 Deposits from other credit institutions, customer deposits and valuable papers issued

Deposits from other credit institutions, customer deposits and valuable papers issued are disclosed at the principal amounts outstanding at the date of consolidated financial statements.

At the time of initial recognition, bond issuance costs are recorded as a decrease in the principal balance of the bonds. The Bank allocates these costs to "Interest and similar expenses" on a straight-line basis in accordance with the maturity of the valuable papers.

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.24 Corporate income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to recover from or to be paid to the taxation authorities. The tax rates and tax laws are applied and enacted at the consolidated statement of financial position date.

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

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

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

Deferred tax

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

Deferred tax payable is recognized for all temporary taxable differences.

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

4.25 Fiduciary assets

Assets held in a fiduciary capacity are not considered as the Bank's assets. Fiduciary assets are recorded in "Other assets and documents" on the Off-balance sheet items of the consolidated statement of financial position.

4.26 Classification for off-balance sheet commitments

According to Circular 11, credit institutions classify guarantees, payment acceptances and irrevocable loan commitments with specific effective date and other commitments with credit risk (generally called "off-balance sheet commitments") in compliance with Article 10, Circular 11 for management and monitoring of credit quality. Accordingly, off-balance sheet commitments are classified into groups such as *Current*, *Special Mention*, *Substandard*, *Doubtful* and *Loss* based on the overdue status and other qualitative factors.

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.27 Offsetting

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

4.28 Derivatives

The Bank involves in currency forward contracts, swap contracts and future contract to facilitate customers to transfer, modify or minimize foreign exchange risk or other market risks, and also for the business purpose of the Bank and its subsidiaries.

Currency forward contracts

The currency forward contracts are commitments to settle in cash in pre-determined currency on pre-determined future date based on pre-determined exchange rates. The currency forward contracts are recognized at nominal value at the transaction date and are revalued for the reporting purpose at the exchange rate at the reporting date. Gains or losses are recognized in the “*Foreign exchange differences*” under “*Owners’ equity*” in the consolidated statement of financial position and will be transferred to the consolidated statement of profit or loss at the end of the period.

Swap contracts

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

Differences in interest rate swaps are recognized in the consolidated statement of profit or loss on an accrual basis.

Government bond futures contract

Government bond futures contract are commitments to buy or sell a certain number of underlying assets, namely government bonds or hypothetical bonds, that have similar characteristics as a government bond issued by the State Treasury (or otherwise prescribed by law) at a predetermined price on a predetermined future date.

During the holding period, on daily basis, based on the results of the evaluation of profit/loss position for each bond futures contract code, the Bank recognized in “*Income from other activities*” or “*Expenses from other activities*” under the consolidated statement of profit or loss.

4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4.29 Employee benefits

4.29.1 Post-employment benefits

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

4.29.2 Voluntary resignation benefits

The Bank has the obligation, under the Vietnam Labor Code to pay allowance arising from 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). The average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date.

4.29.3 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, the Bank is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance.

4.30 Business combinations and goodwill

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

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Bank's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of profit or loss. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over three (3) years on a straight-line basis.

5. Cash, gold and gemstones

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

	31 December 2023 VND million	31 December 2022 VND million
Cash on hand in VND	2,076,239	2,315,511
Cash on hand in foreign currencies	208,662	342,564
Gold on hand	89	418
	2,284,990	2,658,493

6. Balances with the State Bank of Vietnam (“SBV”)

	31 December 2023 VND million	31 December 2022 VND million
Demand deposits at the SBV		
• In VND	8,090,914	8,959,095
• In foreign currencies	331,597	976,284
	8,422,511	9,935,379

Deposits at the SBV include payment deposits and required reserves at the SBV. As at 31 December 2023, the required reserve deposits in VND and payment deposits in foreign currencies are entitled to interest rates of 0.50% per annum and 0.00% per annum respectively (31 December 2022: 0.50% per annum and 0.00% per annum).

The cash reserve ratio (“CRR”) as at the end of the year are as below:

	CRR (%)	
	31 December 2023	31 December 2022
Preceding month average balances of:		
Deposit of foreign credit institutions in foreign currencies	1.00	1.00
Deposit with term of less than 12 months in foreign currencies	8.00	8.00
Deposit with term of and more than 12 months in foreign currencies	6.00	6.00
Deposit with term of less than 12 months in VND	3.00	3.00
Deposit with term of and more than 12 months in VND	1.00	1.00

7. Placements with and credit granting to other credit institutions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

7.1 Placements with other credit institutions

	31 December 2023 VND million	31 December 2022 VND million
Demand deposits	9,627,143	13,919,103
In VND	7,948,388	12,276,429
In foreign currencies	1,678,755	1,642,674
Term deposits	71,671,930	26,852,776
In VND	63,720,000	20,280,000
In foreign currencies	7,951,930	6,572,776
	81,299,073	40,771,879

7.2 Credit granting to other credit institutions

	31 December 2023 VND million	31 December 2022 VND million
In VND	12,794,705	7,193,614

Interest rates of placements with and credit granting to other credit institutions as at the reporting date are as follows:

	31 December 2023 % per annum	31 December 2022 % per annum
Term deposits in VND	1.00 - 4.50	4.00 – 10.75
Term deposits in foreign currencies	0.50 - 5.20	0.01 – 4.25
Credit granting in VND	1.70 - 9.30	4.00 – 10.34
Credit granting in foreign currencies	Not applicable	Not applicable

Analysis of outstanding term deposits with and credit granting other credit institutions by quality as at the end of the year are as follows:

	31 December 2023 VND million	31 December 2022 VND million
Current	84,466,635	34,046,390
Special mention	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
	84,466,635	34,046,390

7. Placements with and credit granting to other credit institutions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

7.3 Provision for loans to other credit institutions

	2023 VND million	2022 VND million
Opening balance	-	83,146
Utilization of provision during the year	-	(83,146)
Closing balance	-	-

8. Securities held for trading

8.1 Securities held for trading

	31 December 2023 VND million	31 December 2022 VND million
Government and municipal securities	581,548	-
Debt securities issued by other credit institutions	1,565,554	225,000
Debt securities issued by economic entities	8,749,317	7,625,639
Equity securities issued by economic entities	1,509,855	-
	12,406,274	7,850,639
Provision for securities held for trading	(80,465)	(57,192)
Specific provision	(14,845)	-
General provision	(65,620)	(57,192)
	12,325,809	7,793,447

Face value of valuable papers pledged for capital mobilization contracts and repos at other credit institutions and set limit at the SBV as at 31 December 2023 amounted to VND1,550,000 million (31 December 2022: VND425,000 million).

8.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

8.1 Securities held for trading (continued)

Changes in provision for securities held for trading in 2023 are as follows:

	General provision VND million	Specific provision VND million	Diminution provision VND million	Total VND million
Opening balance	57,192	-	-	57,192
Charge of provision in the year (Note 31)	8,428	14,845	-	23,273
Closing balance	65,620	14,845	-	80,465

Changes in provision for securities held for trading in 2022 are as follows:

	General provision VND million	Specific provision VND million	Diminution provision VND million	Total VND million
Opening balance	-	-	34,120	34,120
Charge/(Reversal) of provision in the year (Note 31)	57,192	-	(34,120)	23,072
Closing balance	57,192	-	-	57,192

8.2 Analysis of securities held for trading by listing status

	31 December 2023 VND million	31 December 2022 VND million
Debt securities		
Listed bond	581,548	-
Non-listed bond (Note 8.3)	8,749,317	7,625,639
Equity securities		
Listed shares	25,771	-
Unlisted shares	1,484,084	-
Other securities		
Other non-listed valuable paper issued (Note 8.3)	1,565,554	225,000
	12,406,274	7,850,639

8.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

8.3 Analysis of securities held for trading by quality

Analysis of securities held for trading classified as credit-risk assets by quality at reporting date is as follows:

	31 December 2023 VND million	31 December 2022 VND million
Current	10,240,644	7,850,639
Special mention	-	-
Substandard	74,227	-
Doubtful	-	-
Loss	-	-
	10,314,871	7,850,639

9. Derivatives and other financial liabilities

	Total contract nominal value (at contractual exchange rate) VND million	Total carrying value (at exchange rate as at re- porting date)		Net value VND million
		Cash in-flow VND million	Cash out-flow VND million	
As at 31 December 2023				
Derivative financial instruments	203,295,596	190,677,043	(190,424,992)	252,051
Currency forward contracts	69,085,137	69,360,046	(69,238,263)	121,783
Currency swap contracts	134,210,459	121,316,997	(121,186,729)	130,268
Other derivative financial instruments	48,616,991	32,589,355	(32,841,798)	(252,443)
	251,912,587	223,266,398	(223,266,790)	(392)
As at 31 December 2022				
Derivative financial instruments	107,266,787	105,648,534	(105,642,631)	5,903
Currency forward contracts	27,580,241	27,692,826	(27,472,003)	220,823
Currency swap contracts	79,686,546	77,955,708	(78,170,628)	(214,920)
Other derivative financial instruments	74,334,962	44,718,498	(44,739,770)	(21,272)
	181,601,749	150,367,032	(150,382,401)	(15,369)

10. Loans to customers

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

	31 December 2023 VND million	%	31 December 2022 (Restated) VND million	%
Loans to domestic economic entities and individuals	507,160,706	89.56	399,183,017	91.07
Discounted bills and valuable papers	195,586	0.03	191,133	0.04
Payments on behalf of customers	146,281	0.03	64,862	0.01
Loans financed by borrowed and entrusted funds	36,757	0.01	99,305	0.02
Other credit granting to customers	51,564,355	9.10	35,518,813	8.11
Margin activities and advances to customers	7,167,605	1.27	3,280,917	0.75
	566,271,290	100	438,338,047	100

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

	31 December 2023 % per annum	31 December 2022 % per annum
Loans in VND	3.00 – 14.10	3.90 – 16.40
Loans in foreign currency	4.30 – 8.50	3.00 – 7.10
Consumer loans in VND	41.59	39.13

10.1 Analysis of loan portfolio by quality

	31 December 2023 VND million	31 December 2022 (Restated) VND million
Current	491,716,829	386,129,398
Special mention	38,959,002	23,790,598
Substandard	12,074,224	7,945,484
Doubtful	11,990,997	10,031,492
Loss	4,362,633	7,160,158
Margin activities and advances to customers	7,167,605	3,280,917
	566,271,290	438,338,047

10. Loans to customers

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

10.2 Analysis of loan portfolio by original maturity

	31 December 2023 VND million	31 December 2022 (Restated) VND million
Short term	199,935,076	143,626,003
Medium term	221,800,751	179,453,811
Long term	137,367,858	111,977,316
Margin activities and advances to customers	7,167,605	3,280,917
	566,271,290	438,338,047

10.3 Analysis of loan portfolio by ownership and type of customers

	31 December 2023 VND million	%	31 December 2022 (Restated) VND million	%
State-owned companies	168,557	0.03	906,593	0.21
One-member limited liability companies with 100% State ownership	24,285	0.00	43,668	0.01
Two or more-member limited liability companies with over 50% State ownership or being controlled by the State	13,071	0.00	8,742	0.00
Other limited liability companies	119,502,110	21.10	79,873,098	18.22
Joint stock companies with over 50% State ownership or being controlled by the State	91,318	0.02	81,251	0.02
Other joint stock companies	146,002,988	25.78	99,493,286	22.70
Partnership companies	946	0.00	1,064	0.00
Private enterprises	55,690	0.01	73,521	0.02
Foreign invested enterprises	221,562	0.04	73,039	0.02
Co-operatives and unions of co-operative	57,718	0.01	81,571	0.02
Household business and individuals	292,960,355	51.74	254,415,952	58.03
Operation administration entity, the Party, unions and associations	4,963	0.00	4,924	0.00
Others	122	0.00	421	0.00
Margin activities and advances to customers	7,167,605	1.27	3,280,917	0.75
	566,271,290	100	438,338,047	100

10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

10.4 Analysis of loan portfolio by sectors

	31 Decem- ber 2023 VND million	%	31 December 2022 (Restated) VND million	%
Agricultural, forestry and aquaculture	3,041,136	0.54	3,678,961	0.84
Mining	1,502,568	0.27	1,327,520	0.30
Processing, manufacturing	26,526,255	4.68	21,391,907	4.88
Electricity, petroleum and steam	1,408,650	0.25	2,302,444	0.53
Water supply and waste treatment	692,813	0.12	618,115	0.14
Construction	28,271,295	4.99	24,118,023	5.50
Wholesale and retail trade, repair of motor vehicles, motorcycles and personal goods	53,438,420	9.44	44,228,974	10.09
Transportation and logistics	9,817,781	1.73	11,131,595	2.54
Hospitality and restaurants	13,296,812	2.35	9,999,309	2.28
Information and media	911,727	0.16	310,635	0.07
Finance, banking and insurance services	21,236,503	3.75	3,930,818	0.90
Real estates	114,894,070	20.29	67,593,114	15.42
Scientific research and technology	1,634,569	0.29	2,533,769	0.58
Administrative activities and support services	1,495,928	0.26	1,392,211	0.32
Activities of the Communist Party, political - social organizations, state management, security and defense	4,870	0.00	4,411	0.00
Education and vocational training	2,645,282	0.47	214,772	0.05
Healthcare and community development	1,219,198	0.22	458,645	0.10
Recreational, cultural, sporting activities	3,891,018	0.69	1,820,380	0.42
Other services	2,012,512	0.36	1,174,612	0.27
Household services, production of material products and services used by households	185,376,652	32.72	153,904,425	35.10
Loans to individual customers for accommodation purpose and obtain land use rights	85,785,626	15.15	82,922,490	18.92
Margin activities and advances to customers	7,167,605	1.27	3,280,917	0.75
	566,271,290	100	438,338,047	100

11. Provision for credit losses of loans to customers

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

Provision for credit losses of loans to customers presented in the consolidated statement of profit or loss is as follows:

	31 December 2023 VND million	31 December 2022 VND million
General provision	4,152,736	3,233,834
Specific provision	10,595,049	10,441,831
Provision for margin activities and advances to customers	51,439	-
	14,799,224	13,675,665

Changes in provision for credit losses in 2023 are as follows:

	General provision VND million	Specific provision VND million	Provision for margin activities and advances to customers VND million	Total VND million
As at 1 January 2023	3,233,834	10,441,831	-	13,675,665
Provision charged in the year (Note 36)	935,297	23,961,316	51,439	24,948,052
Utilization of provision used to write-off bad debts and selling debts	(16,395)	(23,808,098)	-	(23,824,493)
As at 31 December 2023	4,152,736	10,595,049	51,439	14,799,224

Changes in provision for credit losses in 2022 are as follows:

	General provision VND million	Specific provision VND million	Provision for margin activities and advances to customers VND million	Total VND million
As at 1 January 2022	2,656,662	7,234,275	-	9,890,937
Provision charged in the year (Note 36)	577,172	21,884,012	-	22,461,184
Utilization of provision used to write-off bad debts and selling debts	-	(18,676,456)	-	(18,676,456)
As at 31 December 2022	3,233,834	10,441,831	-	13,675,665

12. Debt purchased

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

	31 December 2023 VND million	31 December 2022 VND million
Debt purchased in VND	827,971	899,936
Provision for debt purchased	(6,210)	(6,750)
	821,761	893,186

Details of outstanding principal and interest of debts purchased were as follows:

	31 December 2023 VND million	31 December 2022 VND million
Principal	827,971	899,936
	827,971	899,936

Analysis by quality of debts purchased at the reporting date was follows:

	31 December 2023 VND million	31 December 2022 VND million
Current	827,971	899,936
Special mention	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
	827,971	899,936

Changes in provision for debt purchased for the year are as follows:

	31 December 2023 VND million	31 December 2022 VND million
Opening balance	6,750	7,245
Provision reversed in the year (Note 36)	(540)	(495)
Closing balance	6,210	6,750

13. Investment securities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

13.1 Available-for-sale securities

	31 December 2023 VND million	31 December 2022 VND million
Debt securities	88,035,100	82,702,861
Government and municipal securities	37,771,313	29,029,461
Debt securities issued by other domestic credit institutions	26,658,071	20,781,501
In which: Bonds guaranteed by the Government	359,442	2,293,454
Debt securities issued by domestic economic entities	23,605,716	32,891,899
Equity securities	15,357	15,357
Equity securities issued by domestic economic entities	15,357	15,357
	88,050,457	82,718,218
Provision for available-for-sale securities	(210,216)	(252,600)
General provision	(177,043)	(246,689)
Specific provision	(27,932)	-
Diminution provision	(5,241)	(5,911)
	87,840,241	82,465,618

Face value of bonds pledged for capital mobilization contracts at other credit institutions and set limit at SBV as at 31 December 2023 amounted to VND3,345,000 million (31 December 2022: VND11,305,000 million).

Bonds sold under agreement to repurchase as at 31 December 2023 amounted to VND5,000,000 million (31 December 2022: VND3,745,537 million).

Analysis of available-for-sale securities by listing status at reporting date is as follows:

	31 December 2023 VND million	31 December 2022 VND million
Listed bonds	38,130,755	31,322,915
Unlisted bonds (Note 13.5)	36,426,537	46,784,107
Other unlisted debt securities (Note 13.5)	13,477,808	4,595,839
Listed equity securities	15,357	15,357
	88,050,457	82,718,218

13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

13.2 Held-to-maturity securities

	31 December 2023 VND million	31 December 2022 VND million
Government bonds	1,054,790	498,679
Bonds issued by other domestic economic entities	1,070,000	-
Valuable papers issued by other domestic credit institutions	280,033	111,600
Special bonds issued by VAMC	4,350,437	-
	6,755,260	610,279
Provision for held-to-maturity securities	(8,025)	-
	6,747,235	610,279

As at 31 December 2023, the Bank and its subsidiaries do not have mortgage or pledge (31 December 2022: VND 0).

Analysis of held-to-maturity securities by listing status as at year end is as follows:

	31 December 2023 VND million	31 December 2022 VND million
Listed bonds	1,054,790	498,679
Unlisted bonds	1,070,000	-
Unlisted other valuable papers	280,033	111,600
	2,404,823	610,279

	31 December 2023		31 December 2022	
	Term	Interest rate % per annum	Term	Interest rate % per annum
Government bond	4 – 10 years	4.50 – 6.60	5 – 10 years	2.90 – 9.10
Bonds issued by other domestic economic entities	5 years	9.70	-	-
Valuable papers issued by other domestic credit institutions	6 – 12 months	7.00 – 11.30	6 – 12 months	7.00 – 7.50

13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

13.3 Provision for available-for-sale securities

Changes in provision for credit losses of available-for-sale securities in 2023 are as follows:

	General provision VND million	Specific provision VND million	Diminution provision VND million	Total VND million
Opening balance	246,689	-	5,911	252,600
Provision (reversed)/ charged in the year (Note 32)	(69,646)	27,932	(670)	(42,384)
Closing balance	177,043	27,932	5,241	210,216

Changes in provision for credit losses of available-for-sale securities in 2022 are as follows:

	General provision VND million	Specific provision VND million	Diminution provision VND million	Total VND million
Opening balance	208,122	-	29,902	238,024
Provision (reversed)/ charged in the year (Note 32)	38,567	-	(23,991)	14,576
Closing balance	246,689	-	5,911	252,600

13.4 Provision for held-to-maturity securities

	31 December 2023 VND million	31 December 2022 VND million
Opening balance	-	-
Provision charged in the year (Note 32)	8,025	-
• General provision	8,025	-
Closing balance	8,025	-

13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

13.5 Analysis of available-for-sale securities by quality

Analysis by quality of available-for-sale securities, which includes promissory notes, treasury bills, certificates of deposit or bonds 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 December 2023 VND million	31 December 2022 VND million
Current	37,827,345	51,379,946
Special mention	8,696,500	-
Substandard	1,880,500	-
Doubtful	1,000,000	-
Loss	500,000	-
	49,904,345	51,379,946

13.6 Analysis of held-to-maturity securities by quality

Analysis by quality of held-to-maturity securities classified as credit risk bearing assets at the end of the year is as follows:

	31 December 2023 VND million	31 December 2022 VND million
Current	1,350,033	111,600
Special mention	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
	1,350,333	111,600

14. Long-term investments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

14.1 Other long-term investments

	31 December 2023		31 December 2022	
	Cost VND million	% owned	Cost VND million	% owned
Investments in economic entities				
Vietnam Credit Information Join Stock Company (PCB)	3,934	3.28	3,934	3.28
Sai Gon Port Joint Stock Company	185,276	7.44	185,276	7.44
	189,210		189,210	

14.2 Provisions for long-term investments

Changes in provision for long-term investments in the year are as follows:

	2023 VND million	2022 VND million
Opening balance	-	21
Utilization of provision to write off long-term investments	-	(21)
Closing balance	-	-

15. Fixed assets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

15.1 Tangible fixed assets

Movements of tangible fixed assets in the year are as follows:

Cost	Buildings and architectonic models VND million	Machines and equipment VND million	Transportation VND million	Office equipment VND million	Other VND million	Total VND million
Opening balance	1,017,139	1,298,191	193,641	163,862	60,704	2,733,537
Purchases in the year	-	44,262	22,986	1,713	-	69,766
Other increase	-	216,078	-	17,216	-	232,489
Other decrease	-	(12,758)	-	-	-	(12,758)
Disposal	-	(17,627)	(3,954)	(3,623)	(3,630)	(28,834)
Closing balance	1,017,139	1,528,146	212,673	179,168	57,074	2,994,200
Accumulated depreciation						
Opening balance	146,088	1,043,071	127,382	138,124	59,764	1,514,429
Charge for the year	26,412	160,294	18,549	16,916	774	222,945
Other decrease	-	(12,758)	-	-	-	(12,758)
Disposal	-	(17,627)	(3,661)	(3,597)	(3,630)	(28,515)
Closing balance	172,500	1,172,980	142,270	151,443	56,908	1,696,101
Net book value						
As at beginning date	871,051	255,120	66,259	25,738	940	1,219,108
As at closing date	844,639	355,166	70,403	27,725	166	1,298,099

Cost of fully-depreciated tangible fixed assets which are still in active use as at 31 December 2023 is VND1,184,580 million (31 December 2022: VND1,015,623 million).

15. Fixed assets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

15.2 Intangible fixed assets

Movements of intangible fixed assets in the year are as follows:

	Land use rights VND million	Computer software VND million	Total VND million
Cost			
Opening balance	65,127	1,644,396	1,709,523
Purchases in year	-	38,249	38,249
Other increase	-	163,290	163,290
Other decrease	-	(2,514)	(2,514)
Closing balance	65,127	1,843,421	1,908,548
Accumulated amortization			
Opening balance	868	1,069,637	1,070,505
Charge for the year	-	214,855	214,855
Other decrease	-	(2,514)	(2,514)
Closing balance	868	1,281,978	1,282,846
Net book value			
At the beginning date	64,259	574,759	639,018
At the closing date	64,259	561,443	625,702

Cost of fully-depreciated intangible fixed assets which are still in active use as at 31 December 2023 is VND688,966 million (31 December 2022: VND535,647 million).

16. Other assets

16.1 Receivables

	31 December 2023 VND million	31 December 2022 VND million
Internal receivables	218,912	289,741
External receivables	33,611,235	38,996,111
• Receivables related to usance letters of credit	28,000,136	34,191,479
• Deposit receivables and receivables for Government bond futures contracts	3,503	1,740
• Deposits for economic contracts	1,404,973	1,712,935
• Credit risk bearing assets	84,567	151,549
• Receivable from settlement operation	1,928,290	971,281
• Advances to suppliers	393,098	325,548
• Reinsurance ceded provision	384,160	226,317
• Other external receivables	1,412,508	1,415,262
Purchase of fixed assets	134,526	109,566
Construction in progress	4,768	14,047
	33,969,441	39,409,465

16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

16.1 Receivables (continued)

Analysis of other assets classified as credit-risk assets by quality at reporting date is as follows:

	31 December 2023 VND million	31 December 2022 VND million
Current	-	71,549
Special mention	-	-
Substandard	29,148	-
Doubtful	28,567	-
Loss	26,853	80,000
	84,567	151,549

16.2 Interest and fee receivables

	31 December 2023 VND million	31 December 2022 VND million
Interest receivables from deposits	29,858	10,037
Interest receivables from investment securities	1,675,475	2,067,399
Interest receivables from credit activities	5,071,637	3,746,679
Interest receivables from derivative instruments	1,070,899	1,364,283
Interest receivables from debt trading	1,682	4,504
Other fee receivables	1,126,677	686,229
	8,976,228	7,879,131

16.3 Other assets

	31 December 2023 VND million	31 December 2022 VND million
Materials	15,566	17,898
Prepaid expenses	6,632,078	3,692,112
Assets in substitution for obligation performance of securers who has transferred the ownership to the Bank	588,232	299,883
• In which: Real estates	588,232	299,883
Goodwill (Note 17)	118,507	195,492
	7,354,383	4,205,385

16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

16.4 Provision for other assets

Provision for other assets include provision for impairment of other receivables and credit risk bearing assets. Changes of provision for other assets in the year are as follows:

	2023 VND million	2022 VND million
Opening balance	79,676	52,327
Provision charged in the year, in which:	72,580	27,332
• Charge of provision for other credit risk bearing assets (Note 36)	46,862	537
• Charge of provision for doubtful debts (Note 35)	25,718	26,795
Other increase	-	17
Closing balance	152,256	79,676

Details of provision for other assets are as follows:

	31 December 2023 VND million	31 December 2022 VND million
General provision for credit risks bearing assets	47,399	537
• General provision	433	537
• Specific provision	46,966	-
Provision for Other assets	104,857	79,139
	152,256	79,676

For the year ended 31 December 2023 and the year ended 31 December 2022, the Bank has no outstanding balance of uncollectible debts written off.

17. Goodwill

	2023 VND million	2022 VND million
Total value of goodwill	231,167	231,167
Amortized period (years)	3	3
Value of accumulated amortized goodwill at the beginning of the year	35,675	-
Value of unamortized goodwill at the beginning of the year	195,492	-
Increase in goodwill during the year	-	231,167
Goodwill arisen during the year	-	231,167
Decrease in goodwill during the year	76,985	35,675
Goodwill amortized during the year	76,985	35,675
Total value of unamortized goodwill at the end of the year (Note 16.3)	118,507	195,492

18. Amounts due to the government and the State Bank of Vietnam

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

	31 December 2023 VND million	31 December 2022 VND million
Borrowings from the State Bank of Vietnam	4,117,311	1,921,140
Discount of valuable papers	4,112,234	1,913,726
Other borrowings	5,077	7,414
Deposits of the State Treasury	1,000	8,093
Deposits of the State Treasury	1,000	8,093
	4,118,311	1,929,233

As at 31 December 2023, borrowings from the SBV with terms of 3 months to 1 year and bearing interest rate from 3.30% to 6.33% per annum (31 December 2022: borrowings from the SBV with terms from 3 months to 1 year and bearing interest rate from 3.30% to 6.33% per annum).

19. Deposits and borrowings from financial institutions and other credit institutions

19.1 Deposits from other credit institutions

	31 December 2023 VND million	31 December 2022 VND million
Demand deposits	6,917,556	11,040,926
In VND	6,917,543	11,040,899
In foreign currencies	13	27
Term deposits	76,317,200	40,285,001
In VND	72,450,000	27,412,000
In foreign currencies	3,867,200	12,873,001
	83,234,756	51,325,927

19. Deposits and borrowings from financial institutions and other credit institutions (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

19.2 Borrowings from financial institutions and other credit institutions

	31 December 2023 VND million	31 December 2022 VND million
Payables arising from usance letters of credit	25,371,494	31,795,948
Borrowings from financial institutions and other credit institutions	47,750,401	57,127,241
In VND	4,304,954	6,723,401
• In which: Mortgage loan	1,394,205	419,732
In foreign currencies	43,445,447	50,403,840
• In which: borrowings from International Financial Company ("IFC")	4,746,837	5,755,219
	73,121,895	88,923,189

Analysis of borrowings from financial institutions and other credit institutions by original maturity:

	31 December 2023 VND million	31 December 2022 VND million
Up to 6 months	5,032,482	5,096,405
From over 6 months to 12 months	8,497,107	12,456,417
From over 12 months to 5 years	34,201,079	39,541,529
Over 5 years	19,733	32,890
	47,750,401	57,127,241

Interest rates of deposits and borrowings from financial institutions and other credit institutions at year end are as follows:

	31 December 2023 % per annum	31 December 2022 % per annum
Term deposits from other credit institutions in VND	1.00 - 4.50	4.00 - 12.00
Term deposits from other credit institutions in foreign currencies	5.10 - 5.20	1.10 - 4.80
Borrowings from financial institutions and other credit institutions in VND	1.40 - 9.58	2.50 - 14.00
Borrowings from other financial institutions and credit institutions in foreign currencies	0.75 - 8.61	0.75 - 8.06

20. Customer deposits

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

	31 December 2023 VND million	31 December 2022 VND million
Demand deposits	75,333,245	50,149,266
• In VND	73,081,876	47,395,456
• In foreign currencies	2,251,369	2,753,810
Term deposits	365,220,955	249,386,270
• In VND	364,344,580	247,109,955
• In foreign currencies	876,375	2,276,315
Deposits for specific purposes	83,763	67,894
• In VND	55,778	10,696
• In foreign currencies	27,985	57,198
Margin deposits	1,730,418	3,547,987
• In VND	1,666,917	2,606,571
• In foreign currencies	63,501	941,416
	442,368,381	303,151,417

Analysis of customer deposits by type of customers and by type of entities is as follows:

	31 December 2023 VND million	%	31 December 2022 VND million	%
State-owned companies	631,891	0.14	2,588,867	0.85
One-member limited liability companies with 100% State ownership	1,799,529	0.41	919,889	0.30
Two or more-member limited liability companies with over 50% State ownership or controlled by the State	69,581	0.02	86,401	0.03
Other limited liability companies	38,222,990	8.64	28,194,131	9.30
Joint stock companies with over 50% State ownership or controlled by the State	2,088,042	0.47	1,769,711	0.58
Other joint-stock companies	103,374,399	23.37	96,917,697	31.97
Partnership companies	3,021	0.00	3,741	0.00
Private enterprises	42,028	0.01	42,039	0.01
Foreign invested enterprises	327,345	0.07	417,126	0.14
Co-operatives and unions of co-operative	57,201	0.01	31,408	0.01
Household business and individuals	292,614,183	66.15	168,798,744	55.70
Operation administration entity, the Party, unions and associations	2,405,140	0.54	2,981,847	0.98
Others	733,031	0.17	399,816	0.13
	442,368,381	100	303,151,417	100

20. Customer deposits (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

The customer's deposit interest rate at the end of the year is as follows:

	31 December 2023 % per annum	31 December 2022 % per annum
Demand deposit in VND	0.20	0.20
Demand deposit in foreign currency	0.00	0.00
Term deposit in VND	0.20 – 12.65	0.20 - 12.10
Term deposit in foreign currency	0.00 - 0.70	0.00 - 0.80

21. Other borrowed and entrusted funds

	31 December 2023 VND million	31 December 2022 VND million
Borrowed and entrusted funds in VND from Official Development Assistance (ODA)	22,045	47,050

Funds received from grants, investment trusts, loans to credit institutions at risk with terms from 4 years to 10 years earn interest rate of 4.896% per annum (31 December 2022: terms from 4 years to 10 years earn interest rate 4.332% per annum).

22. Valuable papers issued

Valuable papers issued by original term are as follows:

	31 December 2023 VND million	31 December 2022 VND million
Under 12 months	20,082,475	29,220,569
From 12 months up to 5 years	26,711,509	33,439,747
From 5 years and above	993,328	1,039,658
	47,787,312	63,699,974

Valuable papers include certificates of deposit and bonds, with interest rates ranging from 3.90% to 12.65% per annum (31 December 2022: from 3.00% to 15.00% per annum)

Types of valuable papers issued are as follows:

	31 December 2023 VND million	31 December 2022 VND million
Certificates of deposit to retail customers	4,799,409	48,579
Certificates of deposit to corporate customers	29,916,339	36,039,248
Bonds	13,071,564	27,612,147
	47,787,312	63,699,974

23. Other liabilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

23.1 Interest and fees payables

	31 December 2023 VND million	31 December 2022 VND million
Interest payables for customer term deposits	8,091,846	4,399,365
Interest payables for customer saving deposits	1,065,174	657,227
Interest payables for valuable papers issued	2,450,263	1,752,852
Interest payables for borrowings from financial institutions and other credit institutions	945,586	920,457
Interest payables for other borrowed and entrusted funds	21	40
Interest payables for other credit granting activities	-	3,458
Interest payables for derivative financial instruments	1,253,292	855,076
Fee payables	6,103	8,106
	13,812,285	8,596,581

23.2 Other liabilities

	31 December 2023 VND million	31 December 2022 VND million
Internal payables	98,556	261,019
Payables to employees	98,556	261,019
External payables	13,142,152	9,552,363
Advances from customers	1,315,509	652,547
Unearned revenue	400,613	246,740
Technical reserves	1,016,439	565,852
Transfer payment awaiting settlement	291,057	371,948
Taxes payable to the State Budget (Note 24)	2,302,966	3,157,923
Payables in settlement operation	4,222,815	2,518,300
Payables to suppliers	44,371	15,711
Payables to lending customers of VPBank Securities JSC	1,396,750	-
Other liabilities	2,151,632	2,023,342
	13,240,708	9,813,382

24. Taxes and other obligations to the state budget

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) as at 31 December 2023 and for the year then ended

	Opening balance VND million	Movements in the year		Closing balance VND million
		Payables VND million	Paid VND million	
Value added tax	97,460	771,747	(572,230)	296,977
Corporate income tax	2,960,226	2,984,015	(4,082,839)	1,861,402
Other taxes	100,237	1,366,566	(1,322,216)	144,587
	3,157,923	5,122,328	(5,977,285)	2,302,966

24.1 Current corporate income tax

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

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

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

Provision for current income tax expense is estimated as follows:

	2023 VND million	2022 VND million
Profit before tax	10,803,896	21,220,132
<i>Plus/(Minus)</i>		
• Losses from subsidiaries	3,698,695	3,126,138
• Non-taxable income	(3,147)	(12,801)
• Non-deductible expenses	65,201	20,142
• Other deduction	-	(6,408)
• Expenses arising from consolidation	330,262	174,198
Estimated taxable income	14,894,907	24,521,400
Estimated income tax expense using prevailing tax rate	2,978,981	4,904,280
Adjustment of tax expenses in previous years	5,034	(44,432)
Income tax expense for the year	2,984,015	4,859,848
Income tax payable at the beginning of the year	2,960,226	4,545,027
Income tax paid during the year	(4,082,839)	(6,445,272)
Adjustment of income tax expenses due to consolidation	-	623
Current income tax payable at year end	1,861,402	2,960,226

24. Taxes and other obligations to the state budget (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

24.2 Deferred income tax

The Bank's deferred tax assets are as follows:

	31 December 2023 VND million	31 December 2022 VND million
Deferred tax assets relating to unused taxable losses	1,300,221	566,968
Deferred corporate income tax asset related to deductible temporary differences	8,153	-
Reversal of deferred corporate income tax asset	(10,650)	-
Deferred corporate income tax asset	1,297,724	566,968

The Bank's deferred tax liabilities are as follows:

	31 December 2023 VND million	31 December 2022 VND million
Deferred tax liabilities arising from taxable temporary difference	74,154	8,844
Reversal of deferred corporate income tax liability	(8,844)	-
Deferred tax liabilities	65,310	8,844

25. Owners' equity and reserves

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

25.1 Statement of changes in equity

Statement of changes in equity of the Bank in 2022 as following:

	Charter capital VND million	Share premium VND million	Capital supplementary reserve VND million	Financial reserve VND million	Investment and development fund VND million	Treasury share VND million	Retained earnings VND million	Non-controlling interest VND million	Total VND million
As at 01 January 2022	45,056,930	77,202	2,219,420	7,111,749	3,227,663	(1,760,512)	22,439,214	7,906,481	86,278,147
Net profit/(loss) for the year	-	-	-	-	-	-	18,167,968	(1,259,161)	16,908,807
Issuing shares for paying dividends and issuing shares for increasing capital (ii)	22,377,306	-	(1,374,648)	-	-	-	(21,002,658)	-	-
Appropriation to reserves	-	-	961,649	1,917,845	-	-	(2,879,494)	-	-
Transfer from Investment and development fund to Share premium	-	499,844	-	-	(499,844)	-	-	-	-
Issuing shares under ESOP from treasury shares (i)	-	(577,046)	-	-	-	877,046	-	-	300,000
Transfer from the subsidiary's investment and development fund to the parent bank's undistributed profits	-	-	-	-	(28,750)	-	28,750	-	-
Impact due to new subsidiary acquisition during the year	-	-	-	-	-	-	-	17,236	17,236
Impact due to change in ownership rate in subsidiaries	-	-	-	-	-	-	294	(294)	-
Other decrease	-	-	-	-	-	-	(2,270)	-	(2,270)
As at 31 December 2022	67,434,236	-	1,806,421	9,029,594	2,699,069	(883,466)	16,751,804	6,664,262	103,501,920

25. Owners' equity and reserves

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

25.1 Statement of changes in equity (continued)

Statement of changes in equity of the Bank in 2023 as following:

	Charter capital VND million	Share premium VND million	Capital supple- mentary reserve VND million	Financial reserve VND million	Investment and development fund VND million	Treasury share VND million	Retained earning VND million	Non-controlling interest VND million	Total VND million
As at 01 January 2023	67,434,236	-	1,806,421	9,029,594	2,699,069	(883,466)	16,751,804	6,664,262	103,501,920
Net profit/(loss) for the year	-	-	-	-	-	-	9,973,939	(1,479,768)	8,494,171
Issuing shares for increasing capital (iv)	11,905,000	23,992,546	-	-	-	-	-	-	35,897,546
Appropriation to reserves	-	-	544,804	1,076,595	-	-	(1,621,399)	-	-
Use of reserves for the year	-	-	-	(292,890)	-	-	-	-	(292,890)
Transfer from Investment and develop- ment fund to Retained earning	-	-	-	-	(2,049,041)	-	2,049,041	-	-
Transfer from Investment and develop- ment fund to Share premium	-	581,270	-	-	(581,270)	-	-	-	-
Issuing shares under ESOP from treasury shares (iii)	-	(581,270)	-	-	-	883,466	-	-	302,196
Dividends to shareholders in 2022	-	-	-	-	-	-	(7,933,924)	-	(7,933,924)
Other decrease	-	-	-	-	-	-	(153,492)	(20,000)	(173,492)
As at 31 December 2023	79,339,236	23,992,546	2,351,225	9,813,299	68,758	-	19,065,969	5,164,494	139,795,527

25. Owners' equity and reserves (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

25.1 Statement of changes in equity (continued)

(i) According to the Resolution of the Board of Directors No.236/2022/NQ-HDQT dated 17 August 2022, the Bank completed issuance of 30,000,000 shares under the Employee Stock Ownership Plan ("ESOP"), with par value of VND10,000 per share. On 26 August 2022, State Securities Commission of Viet Nam issued Official Dispatch No. 5764/UBCK-QLCB on receiving report on results of ESOP issuance.

(ii) According to the Resolution of the Board of Directors No.240/2022/NQ-HDQT dated 29 August 2022 on the plan to issue shares to increase charter capital, the Bank successfully issued 2,237,730,614 shares on 11 October 2022 to increase charter capital from owners' capital. On 14 October 2022, State Securities Commission of Viet Nam issued Official Dispatch No.6876/UBCK-QLCB on receiving VPBank's report on the result of above-mentioned share issuance.

(iii) According to the Resolution of the Board of Directors No. 199/2023/NQ-HDQT dated 03 October 2023, the Bank completed issuance 30,219,600 shares under the Employee Stock Ownership Plan (ESOP), with par value of VND10,000 per share. On 09 October 2023, the State Securities Commission issued Official Dispatch No. 6755/UBCK-QLCB on receiving report on results of ESOP issuance.

(iv) According to the Resolution Board of Directors No. 223/2023/NQ-HDQT dated 20 October 2023, the Bank successfully issued 1,190,500,000 shares on 20 October 2023 to Sumitomo Mitsui Banking Corporation (SMBC) to increase share capital. On 24 October 2023, the State Securities Commission issued Official Dispatch No. 7178/UBCK-QLCB on receiving VPBank's report on the result of above-mentioned share issuance.

25.2 Equity

	31 December 2023		31 December 2022	
	Number Shares	Face value VND million	Number Shares	Face value VND million
Registered shares	7,933,923,601	79,339,236	6,743,423,601	67,434,236
Public issued shares	7,933,923,601	79,339,236	6,743,423,601	67,434,236
• Common shares	7,933,923,601	79,339,236	6,743,423,601	67,434,236
Treasury shares redeem	-	-	(30,219,600)	(302,196)
• Common shares	-	-	(30,219,600)	(302,196)
Outstanding shares	7,933,923,601	79,339,236	6,713,204,001	67,132,040
• Common shares	7,933,923,601	79,339,236	6,713,204,001	67,132,040

The face value of each share of the Bank is VND10,000.

26. Basic earnings per share

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

	2023	2022
Profit attributed to ordinary shareholders of the Bank (VND million)	9,973,939	18,167,968
Weighted average number of ordinary shares (Shares)	6,958,838,203	6,685,217,725
Basic earnings per share (VND/share)	1,433	2,718

Profit attributed to ordinary shareholders is equal to the profit after tax attributed to ordinary shareholders of the Bank minus (-) dividends on preference shares (if any).

At the end of the year, there are no events and situations to show diluted earnings per share for the year.

27. Interest and similar income

	2023 VND million	2022 VND million
Interest income from deposits	845,204	373,072
Interest income from loans to customers	67,655,529	53,704,418
Interest income from securities held for trading and investment securities	6,134,210	5,836,749
• Interest income from securities held-for-trading	694,160	141,437
• Interest income from investment securities	5,440,050	5,695,312
Income from guarantee activities	265,085	257,656
Interest income from debts purchased	120,037	103,867
Other income from credit activities	1,537,312	1,924,488
	76,557,377	62,200,250

28. Interest and similar expenses

	2023 VND million	2022 VND million
Interest expenses for deposits	26,071,508	13,336,596
Interest expenses for borrowings	5,513,344	2,914,952
Interest expenses for valuable papers issued	5,940,883	4,074,916
Other expenses for credit activities	856,966	852,728
	38,382,701	21,179,192

29. Net fee and commission income

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

	2023 VND million	2022 VND million
Fee and commission income	12,307,787	10,455,695
Settlement and treasury services	3,109,866	2,364,657
Advisory activities	93,493	81,520
Income from business and insurance services	2,937,498	3,353,881
Other services	6,166,930	4,655,637
Fee and commission expenses	(5,095,905)	(4,017,943)
Settlement services and treasury services	(385,847)	(285,365)
Advisory activities	(4,164)	(3,835)
Insurance services	(279,617)	(57,204)
Brokerage fees	(253,324)	(989,431)
Other expenses	(4,172,953)	(2,682,108)
Net fee and commission income	7,211,882	6,437,752

30. Net loss from trading of foreign currencies

	2023 VND million	2022 VND million
Income from trading of foreign currencies	4,351,790	1,995,482
Income from spot trading of foreign currencies	3,040,262	1,449,660
Income from gold trading	172	2,697
Income from trading of monetary derivatives	1,311,356	543,125
Expenses for trading of foreign currencies	(5,157,763)	(2,613,532)
Expenses for spot trading of foreign currencies	(1,108,687)	(797,163)
Expenses for foreign currencies and gold trading	(15,976)	(25,822)
Expenses for trading of monetary derivatives	(4,033,100)	(1,790,547)
Net loss from trading of foreign currencies	(805,973)	(618,050)

31. Net gain/(loss) from securities held for trading

	2023 VND million	2022 VND million
Income from trading of securities held for trading	535,368	239,784
Expenses for trading of securities held for trading	(131,922)	(365,906)
Provision charged for securities held for trading (Note 8.1)	(23,273)	(23,072)
	380,173	(149,194)

32. Net gain from investment securities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

	2023 VND million	2022 VND million
Income from trading of investment securities	328,218	1,019,730
Expenses for trading of investment securities	(112,545)	(496,399)
Provision reserved/(charged) for investment securities (Note 13.3)	34,359	(14,576)
	250,032	508,755

33. Net gain from other operating activities

	2023 VND million	2022 VND million
Other operating income	7,774,012	13,017,039
Income from other derivatives	3,641,446	2,838,951
Bad debt recoveries	2,495,093	3,746,268
Income from disposal of fixed assets	903	2,944
Income from disposal of other assets	15,586	82,643
Income from debts purchased activities	1,517,577	340,102
Income from contracts penalty receivables	1,629	814
Supporting income and other income	101,778	6,005,317
Other operating expenses	(3,248,461)	(2,433,072)
Expenses for other derivatives	(2,864,611)	(1,988,474)
Expenses for disposal of fixed assets	(257)	(163)
Expenses for disposal of other assets	(9,704)	(32,286)
Expenses for debt purchase	-	(21)
Other expenses	(373,889)	(412,128)
	4,525,551	10,583,967

34. Income from investments in other entities

	2023 VND million	2022 VND million
Dividend income from capital contribution, share purchases	3,147	12,801
	3,147	12,801

35. Operating expenses

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

	2023 VND million	2022 VND million
Tax, duties and fees	12,787	1,171
Personnel expenses	8,609,213	8,327,741
In which:		
Salary and allowances	7,837,017	7,616,701
Expenses related to salary	395,816	377,974
Subsidy	162,156	185,655
Other allowances	214,224	147,411
Fixed asset expenses	1,689,084	1,627,331
In which:		
Depreciation and amortization of fixed assets	437,800	366,377
Operating leases	812,756	807,641
Administrative expenses	1,262,910	1,571,486
In which:		
Expenses on per diem	34,862	29,439
Expenses on Union activities	220	20,897
Other provision expenses	25,718	26,795
Charge of provision for doubtful debts (Note 16.4)	25,718	26,795
Insurance fee for customer deposits	301,649	182,448
Other operating expenses	2,039,857	2,378,759
	13,941,218	14,115,731

36. Provision expense for credit losses

	2023 VND million	2022 VND million
Provision expense for loans to customers (Note 11)	24,896,613	22,461,184
Provision expense for margin activities and advances to customers (Note 11)	51,439	-
Provision reversal for debts purchase (Note 12)	(540)	(495)
Provision expense for other credit assets (Note 16.4)	46,862	537
	24,994,374	22,461,226

37. Cash and cash equivalents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

Cash and cash equivalents included in the consolidated cash flow statement comprise the following amounts on the consolidated statement of financial position:

	31 December 2023 VND million	31 December 2022 VND million
Cash, gold and gemstones	2,284,990	2,658,493
Balances with the SBV	8,422,511	9,935,379
Demand accounts at other credit institutions	9,627,143	13,919,103
Placements with other credit institutions with original term of three months or less	71,671,930	26,832,776
Securities with maturity date not exceeding 3 months from purchasing date	1,660,896	699,420
	93,667,470	54,045,171

38. Employees' remunerations

	2023 VND million	2022 VND million
I. Total average number of employees (persons) (only including official employees)	27,042	27,433
II. Employees' remuneration (VND million)		
1. Total salary fund	7,615,260	7,305,817
2. Other remuneration	387,378	479,620
3. Total remuneration (1+2)	8,002,638	7,785,437
4. Average monthly salary	23,47	22,19
5. Average monthly remuneration	24,66	23,65

39. Collateral and mortgages

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

39.1 Assets, valuable papers received for mortgage, pledge and discount, rediscount

Details of customers' collateral and mortgages at the Bank as at year end are as follows:

	Book value	
	31 December 2023 VND million	31 December 2022 VND million
Real estates	616,667,767	764,230,582
Mobile assets	82,757,721	78,159,112
Valuable papers	79,409,408	224,648,570
Others	872,798,273	485,374,522
	1,651,633,169	1,552,412,786

Assets, valuable papers pledged and discounted taken from other credit institutions as at year end are as follows:

	Book value	
	31 December 2023 VND million	31 December 2022 VND million
Valuable papers	-	192,069

39.2 Assets, valuable papers for mortgage, pledge and discount, rediscount

Details of assets, valuable papers for mortgage, pledge and discount, rediscount as at year end are as below:

	31 December 2023 VND million	31 December 2022 VND million
Valuable papers pledged or mortgaged (Note 13.1, 8.1)	4,895,000	11,305,000
Valuable papers sold under agreements to repurchase (Note 13.1, 8.1)	5,000,000	3,745,537
Other assets for mortgage, pledge and discount, rediscount	10,639,910	23,809,034
	20,534,910	38,859,571

40. Contingent liabilities and commitments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

Detail of contingent liabilities and commitments as at 31 December 2023 are as follows:

	31 December 2023 VND million	31 December 2022 (Restated) VND million
Credit guarantees	1,754,978	2,468,421
Foreign exchange commitments	296,858,798	162,851,173
Foreign exchange commitments - buy	264,965	1,158,171
Foreign exchange commitments - sell	992,663	786,489
Swap transaction commitments - receive	147,839,284	80,349,191
Swap transaction commitments - pay	147,761,886	80,557,322
Letters of credit	38,680,116	46,948,724
Letters of credit	38,826,301	47,999,900
Minus: Margin deposits	(146,185)	(1,051,176)
Other guarantees	19,546,205	22,209,420
Payment guarantees	6,796,559	7,891,410
Contract performance guarantees	4,410,630	6,479,337
Tender guarantees	371,974	420,894
Other guarantees	8,370,870	7,739,348
Minus: Margin deposits	(403,828)	(321,569)
Other commitments	285,115,835	316,119,801
Cross-currency interest rate swap commitments – receive	26,662,517	31,872,180
Cross-currency interest rate swap commitments – pay	27,153,623	31,916,502
Swap interest rates in one currency commitments	21,973,473	42,462,782
Buying and selling valuable papers commitments	3,366,684	2,120,425
Other commitments	205,959,538	207,747,912
In which: Unused revocable credit limits	205,810,854	206,575,687
Contingent liabilities and commitments	641,955,932	550,597,539

41. Other off-balance sheet items

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

41.1 Uncollected interests and fee receivables

	31 December 2023 VND million	31 December 2022 VND million
Uncollected loan interest	7,854,292	7,489,151
Uncollected security interest	40,252	-
Uncollected fee receivables	317,263	749,674
	8,211,807	8,238,825

41.2 Bad debts written off

	31 December 2023 VND million	31 December 2022 VND million
Principal of bad debts written off under monitoring	27,104,854	41,712,320
Interest of bad debts written off under monitoring	23,995,273	26,157,271
	51,100,127	67,869,591

41.3 Other assets and documents

	31 December 2023 VND million	31 December 2022 (Restated) VND million
Other assets kept nominally	36,177,136	16,066,099
Assets under operating lease (*)	-	-
Other valuable documents being kept	54,918,718	72,217,203
	91,095,854	88,283,302

(*) Due to insufficient information and lack of detailed guidance on value under Vietnamese Accounting Standards and Financial Reporting Regime for Credit Institutions, the Bank does not present these items.

42. Operating lease commitments

	31 December 2023 VND million	31 December 2022 VND million
Commitments under irrecoverable operating leases		
In which:		
• Due within 01 year	131,923	153,966
• Due from 01 – 05 years	302,887	305,300
• Due after 05 years	2,339	48,503
	437,149	507,768

43. Related party transactions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

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

- (a)** Directly, or indirectly through one or more intermediaries, the party:
 - Controls, or is controlled by, or is under common control with the Bank (including parents and subsidiaries);
 - Has an interest (owning 5% or more of the charter capital or voting share capital) in the Bank that gives it significant influence over the Bank;
 - Has joint control over the Bank.
- (b)** The party is a joint venture in which the Bank is a venture or an associate (owning over 11% of the charter capital or voting share capital, but is not a subsidiary of the Bank);
- (c)** The party is a member of the key management personnel of the Bank;
- (d)** The party is a close member of the family of any individual referred to in (a) or (c); or
- (e)** The party is a company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such company resides with, directly or indirectly, any individual referred to in (c) or (d).

Significant transactions of the Bank with its related parties in the year are as follows:

Related parties	Transactions	Amount	
		2023 VND million	2022 VND million
Sumitomo Mitsui Banking Corporation – Major shareholder (*)	Interest expenses on loans from SMBC	(145,607)	-
	Interest income from deposits at SMBC	3,657	-
	Income from derivative contracts with SMBC	226,184	-
	Expense from derivative contracts with SMBC	(239,022)	-
	Other expenses	(26,360)	-
	Deposits at SMBC	75,000	-
	Deposits withdrawal at SMBC	(75,000)	-
	Borrowings from SMBC	(4,229,750)	-
	Borrowings paid to SMBC	3,625,863	-
Members of the Board of Management, Board of Supervision and Board of Directors	Deposit interest expenses	(22,548)	(2,117)

43. Related party transactions (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

Receivables and payables with related parties as at 31 December 2023 and 31 December 2022 are as follows:

Related parties	Description	Receivables/Payables	
		31 December 2023 VND million	31 December 2022 VND million
Sumitomo Mitsui Banking Corporation – Major shareholder (*)	Accrued loan interest payables	(53,140)	-
	Accrued interest payables from derivative contracts	(241,710)	-
	Accrued interest receivable from derivative contracts	368,650	-
	Prepaid expense	148,867	-
	Deposits at SMBC	175,091	-
	Deposits from SMBC	(597)	-
	Borrowings from SMBC	(11,894,724)	-
Members of the Board of Management, Board of Supervision and Board of Directors	Deposits at the Bank	(194,907)	(189,229)

The value of derivative contracts and foreign currency trading of related parties are detailed as follows:

Related parties	31 December 2023 VND million	31 December 2022 VND million
Sumitomo Mitsui Banking Corporation – Major shareholder (*)	28,541,180	-

(*) The value/balance with SMBC and its branches presented are data from 20 October 2023 and as at 31 December 2023 after SMBC became a major shareholder owning 15.005% of charter capital of Bank.

43. Related party transactions (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

Remuneration for Members of Board of Directors, Board of Supervision and Management

Title		2023 VND million	2022 VND million
Members of the Board of Directors			
Remuneration			
Mr. Ngo Chi Dzung	Chairman	(3,360)	(3,360)
Mr. Bui Hai Quan	Vice Chairman	(3,120)	(3,120)
Mr. Lo Bang Giang	Vice Chairman	(3,120)	(3,120)
Mr. Nguyen Duc Vinh	Member	-	-
Mr. Nguyen Van Phuc	Independent Member	(1,200)	(1,200)
Members of the Board of Supervision			
Remuneration, salary and allowances	Board of Supervision	(6,010)	(7,928)
General Manager and members of the Board of Management			
Salary and allowances	Board of Management	(57,428)	(57,747)

Besides the transactions and balances presented above, the Bank does not have any other significant transactions, receivables and payables with its related parties as at 31 December 2023 and the year then ended.

44. Concentration of assets, liabilities and off-statement of financial position items by geographical regions

Concentration of counterparties of the Bank and its subsidiaries by geographical regions as at 31 December 2023 are as follows:

	Domestic VND million	Foreign VND million	Total VND million
Loans to customers and credit granting to other credit institutions	579,893,966	-	579,893,966
Total fund mobilization	604,279,643	46,373,057	650,652,700
Credit commitments and other guarantees	59,981,299	-	59,981,299
Derivative instruments	(111,039)	111,431	392
Securities held for trading and investment securities	107,211,991	-	107,211,991

45. Financial risk management policies

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

The Bank has exposure to the following risks from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The Board of Directors ("BOD") has overall responsibility for the establishment and oversight of risk management framework and is ultimately responsible for the quality and effectiveness of the Bank'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 authorized by the BOD and periodically reporting to the BOD on their activities. These committees include both voting and non-voting members.

The Bank's risk management framework is established to form key principles in managing and controlling significant risks arising from the Bank's activities. Based on this, specific policies and regulations for each type of risk are established to assist the Bank in analyzing and determining appropriate risk limits, controlling 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. The Bank, 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.

45.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

45.1 Credit risk

The Bank is subject to credit risk through its loans to customers, placements with and loans to other banks and 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 a customer, obligor or partner fails to perform or improperly performs or does not fulfill their obligations under the commitments and agreements entered into with the Bank. The Bank's primary exposure to credit risk arises through its loans and advances to corporates and retail customers and investments in corporate bonds. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the consolidated statement of financial position. In addition, the Bank is exposed to off statement of financial position credit risk through guarantees commitments, letters of credit and derivatives issued.

Credit risk management

Credit risk is the one that exerts the largest impact on the Bank's income and capital. The Bank has established a credit risk appetite on the basis of managing credit activities in a prudent manner and pre-determined credit limits including the credit concentration risk limits and adhering to the Bank's risk tolerance. In principle, the Bank identifies and manages credit risk in all activities and products with potential credit risk and ensures that the Bank provides new products only when sufficient regulations and procedures related to new products or operation in new markets are in place. To keep credit risks under control, the Bank's policy is to engage in transactions with reliable partners and request its partners to take guarantee measures as and when required.

The credit risk management system is operating 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 RCO to issue key credit decisions.

The Bank 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.

The Bank's overall approach to credit risk is a risk-based approach. Accordingly, credit approval or credit valuation decisions as well as the behavioral 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 the Bank 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.

45.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

45.1 Credit risk (continued)

The maximum exposure to credit risk before collateral held or other credit enhancements

The maximum exposures to credit risk relating to asset groups, which are equivalent to their carrying values in the consolidated statement of financial position, are listed below:

	Not past due VND million	Past due but not impaired VND million	Past due and individually impaired VND million	Total VND million
Placements with and credit granting to other credit institutions	94,093,778	-	-	94,093,778
• Placements with other credit institutions	81,299,073	-	-	81,299,073
• Credit granting to other credit institutions	12,794,705	-	-	12,794,705
Securities held for trading	12,406,274	-	-	12,406,274
Loans to customers and debts purchased	499,553,399	3,956,524	63,589,338	567,099,261
Investment securities	82,654,490	8,871,000	3,280,227	94,805,717
• Available-for-sale securities	75,899,230	8,871,000	3,280,227	88,050,457
• Held-to-maturity securities	6,755,260	-	-	6,755,260
Other assets	51,316,177	9,660	271,939	51,597,776
Total	740,024,118	12,837,184	67,141,504	820,002,806

The above table presents the worst scenario in which the Bank will incur the maximum credit exposures as at 31 December 2023, without considering of any collateral held or their credit enhancement.

The Bank's overdue financial assets are classified according to each partner with credit risk according to quantitative methods guided by Circular 11, Circular 01, Circular 03, Circular 14 and Circular 02.

The financial assets are past due but not impaired due to the Bank is currently holding the sufficient collateral assets to cover for credit losses in accordance with the current regulations of the SBV. The Bank is currently holding collateral in the form of real estates, mobile assets, valuable papers and other types for the above collateral. However, it has not been able to determine the fair value of such assets due to the inadequacy of specific guidance from the SBV and other authorities nor necessary market information.

45.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

45.2 Market risk

Market risk is risk of losses due to unexpected and adverse changes in market price factors (including interest rates, exchange rates, equity prices, commodity price, etc...) that will affect the Bank's income and capital.

Market risk management

Market risk management is implemented by the Market and FI Risk Department under the Risk Management Division. The Market and FI Risk Department is responsible for developing of market risk management policies and processes, designing measurement instruments, proposing independent market risks limits to high level of management for approval and monitoring market risks limit on daily/monthly basis according to the Bank's regulations. Matters related to market risk, liquidity risk, banking book interest risk are under monitoring and advisory function of Market Risk Sub-committee (MACO).

Related to internal Market risk management regulations, the Bank has issued Market risk management policies, which stipulates principles of risk management, roles and responsibilities of stakeholders in the market risk management process, standardizes measuring and monitoring method for market risk. Besides, policies related to segregation between Trading Book and Banking Book has also been issued in accordance with the SBV's regulations and Basel II standards, ensuring to manage the model by risk appetite. To manage by unit level, the Bank set up strategy for each Unit of Financial Markets Division, which is reviewed and updated annually. The strategy clearly regulated business strategy, analysis of potential risks and hedging strategy for each portfolio. Valuation methodology is also established in accordance with IFRS, which enables the Bank to determine fair value of financial instruments appropriately.

All types of market risk of the Bank (include currency risk, interest rate risk, price risk, option risk, volatility risk, credit spread risk and market liquidity risk) are subject to in-depth analysis, identification and quantification with internal limits system. Risk monitoring and controlling that includes regular (normally daily) risk reporting process and escalations process in case of any violations.

The system of limits relating to market risks is established based on 2 methods: top-down method which is based on the Bank's risk appetite, the SBV's regulations and agreements with strategic partners and bottom-up method which is based on specific needs of operation units and risk-profit analysis.

For risk management of partners, the Bank 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 counterparty risk factors, ensures all risk factors being considered in limit granting process.

45.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

45.2 Market risk (continued)

(a) Interest rate risk

Interest Rate Risk arises when there is a difference in repricing term of interest rate between assets and liabilities. All credit activities, funding mobilization activities, investment activities of the Bank create interest rate risk.

Assets, liabilities and off-balance sheet items are classified into the interest rate repricing time bucket based on the state of “*Interest rate sensitive*”.

The interest rate repricing term is calculated based on remaining time until contractual maturities if items have a fixed interest or based on remaining time until the nearest repricing date if the items have a floating interest rate.

The following assumptions and conditions are applied in constructing the “*Interest rate risk gap*” table:

- Cash and gold, long-term investments, fixed assets, other assets and other liabilities are classified as “Non-interest bearing”;
- The interest repricing term of held-for-trading securities and investment securities is calculated based on the remaining contractual payment/maturity date if those securities have a fixed interest rate or based on the nearest repricing date if these securities have a floating interest rate;
- The interest repricing term of placement at and loans to other FIs, derivatives and other financial assets/liabilities, loans to customers, debts purchased; balances with the Government and the SBV; placement and borrowings from other FIs, and deposits from customers are identified as follows:
 - Items with fixed interest rates: repricing term based on contractual maturity date since the reporting date of the separate financial statements;
 - Items with floating interest rates: repricing term based on the nearest repricing date since the reporting date of the separate financial statements;

The interest rate set by the Bank for loans to customers deposits by currencies are presented in *Note 10* and *Note 20* respectively.

45. Financial risk management policies (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

45.2 Market risks (continued)

(a) Interest rate risk (continued)

The below table shows an analysis of the interest re-pricing period of assets and liabilities of the Bank as at 31 December 2023.

	Overdue VND million	Non-interest bearing VND million	Interest re-pricing period						Total VND million
			Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	
Assets									
Cash, gold and gemstones	-	2,284,990	-	-	-	-	-	-	2,284,990
Balances with the SBV	-	-	8,422,511	-	-	-	-	-	8,422,511
Placements with and credit granting to other credit institutions – gross	-	-	82,980,332	6,885,597	2,894,475	1,333,374	-	-	94,093,778
Securities held for trading – gross	-	11,289,917	-	534,809	-	-	-	581,548	12,406,274
Loans to customers and debts purchased – gross	21,774,163	-	316,272,818	122,558,083	37,494,089	48,666,978	19,553,967	779,163	567,099,261
Investment securities – gross	317,000	4,365,794	6,486,606	16,951,017	12,118,014	7,176,324	20,659,122	26,731,840	94,805,717
Long-term investments – gross	-	189,210	-	-	-	-	-	-	189,210
Fixed assets	-	1,923,801	-	-	-	-	-	-	1,923,801
Other assets – gross	281,599	51,184,512	45,497	85,867	301	-	-	-	51,597,776
Total assets	22,372,762	71,238,224	414,207,764	147,015,373	52,506,879	57,176,676	40,213,089	28,092,551	832,823,318
Liabilities									
Amounts due to the Government and the SBV	-	-	4,113,277	2,181	2,665	188	-	-	4,118,311
Deposits and borrowings from other credit institutions	-	-	103,509,227	24,648,721	19,008,572	9,190,131	-	-	156,356,651
Customer deposits	-	-	176,411,376	92,059,330	131,063,088	37,015,687	5,817,671	-	442,368,381
Derivatives and other financial liabilities	-	-	4,131,583	10,018,770	(940,715)	(8,615,111)	(4,594,135)	1,229	392
Other borrowed and entrusted funds	-	-	-	22,045	-	-	-	-	22,045
Valuable papers issued	-	-	8,522,760	13,905,641	14,358,019	5,461,428	5,539,464	-	47,787,312
Other liabilities	-	25,729,120	458,303	685,837	113,575	131,468	-	-	27,118,303
Total liabilities	-	25,729,120	297,146,526	141,342,525	163,605,204	43,183,791	6,763,000	1,229	677,771,395
Interest sensitivity gap (statement of financial position)	22,372,762	45,509,104	117,061,238	5,672,848	(111,098,325)	13,992,885	33,450,089	28,091,322	155,051,923
Interest sensitivity gap (off-balance sheet)	-	-	(8,087)	9,391,356	(736,077)	(7,721,103)	(1,215,660)	-	(289,571)
Interest sensitivity gap (on, off- statement of financial position)	22,372,762	45,509,104	117,053,151	15,064,204	(111,834,402)	6,271,782	32,234,429	28,091,322	154,762,352

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

45.2 Market risk (continued)

(a) Interest rate risk (continued)

Interest rate sensitivity

Assuming that all other variables remain constant, the effects of fluctuation in interest rates of interest-bearing assets and liabilities (including fixed-rate assets and liabilities) have an effect on profitability, profit before tax; profit after tax and equity of the Bank are as follows:

		Impact on		
		Increase in interest rate	Profit before tax VND million	Profit after tax and equity VND million
As at 31 December 2023	USD	1.50%	(65,352)	(52,282)
	VND	3.00%	2,789,528	2,231,622
As at 31 December 2022	USD	1.50%	(124,846)	(99,877)
	VND	3.00%	1,814,806	1,451,845

(b) Currency risk

Currency risk (commonly referred to as exchange-rate risk) is the risk of losses due to negative changes in the fair value of positions measured in local currency due to exchange rate fluctuations. Foreign currency positions as well as positions in gold and other precious metals bear exchange rate risk. Exchange rate risk arises in case the portfolio or specific position contains spot or future cash flows denominated or indexed to currency other than local currency. Exchange rate risk originates both in Trading Book and Banking Book. Exchange rate risk directly affects the consolidated statement of financial position and consolidated statement of profit or loss since assets, liabilities and earnings in foreign currency need to be converted into the reference currency.

Currency risk management

Exchange rate risk is managed by the means of limits on open FX position in every currency as well as total open FX position. The Bank's management has set limits on position for each currency in accordance with the Bank's business strategy and the SBV's regulations. VND is the major currency of transactions within the Bank; USD is transacted by loans, deposits and derivatives; other currencies are very tiny proportion of the Bank's assets and liabilities. Open currency positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

Exchange rates of major currencies as at the reporting date are presented in Note 50.

Exchange rate sensitivity

Assuming that all other variables are unchanged, the table below shows the impact on profit before tax and equity of the Bank and its subsidiaries due to the changes that may occur by exchange rate. Risks due to the changes of exchange rates to other currencies of the Bank and its subsidiaries are not significant. Level of increase represents the USD has strengthened against VND.

	Assumed level of increase	Impact on profit after tax and equity VND million
As at 31 December 2023		
USD	2.00%	32,130
As at 31 December 2022		
USD	2.00%	(6,998)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

45. Financial risk management policies (continued)

45.2 Market risks (continued)

(b) Currency risk (continued)

The following table presents assets and liabilities in foreign currencies translated into VND as at 31 December 2023.

Assets	EUR equivalent VND million	USD equivalent VND million	Gold equivalent VND million	Other currencies equivalent		Total VND million
Cash, gold and gemstones	55,868	111,657	89	41,137		208,751
Balances with the SBV	765	330,832	-	-		331,597
Placements with and credit granting to other credit institutions - gross	152,170	9,204,944	-	273,571		9,630,685
Loans to customers and debts purchased- gross	1,138	7,674,004	-	-		7,675,142
Other assets – gross	242,284	7,458,527	-	4,750		7,705,561
Total assets	452,225	24,779,964	89	319,458		25,551,736
Liabilities						
Deposits and borrowings from the Government and the SBV, financial institutions and other credit institutions	226,100	49,056,793	-	3,439,528		52,722,421
Customer deposits	111,270	2,959,378	-	148,582		3,219,230
Derivatives and other financial liabilities	93,445	(30,449,604)	-	(3,391,389)		(33,747,548)
Other liabilities	17,545	1,205,254	-	18,644		1,241,443
Total liabilities and equity	448,360	22,771,821	-	215,365		23,435,546
FX position on statement of financial position	3,865	2,008,143	89	104,093		2,116,190
FX position off-balance sheet	8,010	(653,491)	-	(82,216)		(727,697)
Net on, off-balance sheet FX position	11,875	1,354,652	89	21,877		1,388,493

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

45.2 Market risks (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Bank will not be able to meet its financial obligations as they fall due, or the risk that the Bank might have to face unacceptable material losses in order to meet those obligations. Liquidity risk may lead to negative effect on the Bank's profit, reputation, equity, even causes the Bank's bankruptcy.

Liquidity risk management

The Bank 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 the Bank 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 the Bank's risk appetite, risk criteria, risk management strategies and policies which are developed by Risk Management Division.

The Bank maintains a specific portfolio and volume of high-liquidation assets, which may include but not limited to cash, gold, interbank deposits, Government bonds and other high-liquidation assets in order to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. The Bank will establish specific liquidity gap and follow strictly on each period based on Assets and Liabilities structure.

The Bank understands the interrelation of credit risk and market risk and how they may have impacts on the Bank's liquidity. The Bank also realizes that liquidity risks come from two sides of its consolidated statement of financial position. Therefore, the Bank's approach to managing liquidity is to constantly focus on diversification of investment and credit activities and increases of accessibility to capital markets by various fund-raising tools and products.

The Bank adopts both of the common approaches to managing liquidity, namely Stock Approach and Flow Approach. Accordingly, the Bank monitors on a daily basis the compliance with adequate liquidity ratios and forecasts movements of cash flows which may have impact on the Bank's liquidity position in the future to ensure compliance at any time with all regulations of the SBV as well as its internal regulations.

Liquidity risk limits are established based on results of the Bank'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, the Bank also issues specific regulations on a Liquidity Contingency Plan ("LCP") which clearly specifies 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 maturity term of assets and liabilities represents the remaining tenor from the report date of the separate financial statements to the contractual maturity date of assets and liabilities.

45.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

45.2 Market risks (continued)

(c) Liquidity risk (continued)

Liquidity risk management (continued)

The following assumptions and conditions are applied in maturity analysis of assets and liabilities of the Bank.

- Balances with the SBV are classified as demand deposits with remaining maturity of up to one month which include SBV reserve. The balance of SBV reserve depends on the proportion and terms of the Bank's deposits from customers;
- The remaining maturity of held-for-trading securities is considered into up to one month bucket as these securities are held in the short term with trading purpose;
- The remaining term of investment securities is calculated based on maturity date of these securities. In particular, government and government – guaranteed bonds although classified as long-term according to the remaining maturity, are liquid assets on the market and shall be converted into cash within a short time period;
- The remaining maturity of placement at and loans to other FIs, and loans to customers is determined based on maturity date of the contract. Actual maturity date may change due to loans contracts being extended/prepaid;
- The remaining maturity of equity investment is considered as more than five (5) years because these investments do not have specific maturity date;
- The remaining maturity of placements and borrowings from other FIs, deposits from customers, due to the Government and the SBV and other assets are determined based on nature of these items or the maturity date stipulated on the contract. Demand deposits are transacted as required by customers and therefore being classified as non-term deposits. Maturity of loans and term deposits are determined based on the contractual maturity date. In practice, these items may be rolled over and therefore last for longer period than the original maturity date;
- The maturity term of fixed assets is determined on the remaining useful life of assets;
- The maturity term of issued securities is determined based on the contractual maturity;
- The maturity term of other liabilities is classified as up to one month.

The below table provides an analysis of assets and liabilities of the Bank into relevant maturity groupings based on the remaining period from the consolidated statement of financial position date to repayment date.

45. Financial risk management policies (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

45.2 Market risks (continued)

(c) Liquidity risk (continued)

The table below presents the analysis of remaining maturity of assets and liabilities of the Bank as at 31 December 2023:

	Overdue		Current			
	Above 3 months VND million	Within 3 months VND million	Up to 1 months VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million
Assets						
Cash, gold and gemstones	-	-	2,284,990	-	-	-
Balances with the SBV	-	-	8,422,511	-	-	-
Balances with and credit granting to other credit institutions - gross	-	-	82,580,333	7,285,597	4,227,848	-
Securities held for trading - gross	-	-	11,871,465	534,809	-	-
Loans to customers and debts purchased - gross	15,726,809	6,047,354	92,324,121	49,717,173	146,431,810	181,792,244
Investment securities - gross	-	317,000	302,964	5,418,895	26,224,059	32,525,208
Long-term investments - gross	-	-	-	-	-	-
Fixed assets	-	-	-	-	-	189,210
Other assets - gross	242,791	38,808	30,594,025	9,697,775	10,808,402	1,892,508
Total assets	15,969,600	6,403,162	228,380,409	72,654,249	187,692,119	214,362,744
Liabilities						
Amounts due to the Government and the SBV	-	-	4,113,277	2,181	2,853	-
Deposits and borrowings from financial institutions and other credit institutions	-	-	85,036,338	16,775,775	24,448,185	30,096,353
Customer deposits	-	-	176,411,376	92,059,330	168,078,775	5,817,671
Derivatives and other financial liabilities	-	-	22,684	5,170	(57,477)	30,015
Funding capital, investment trust, loans to credit institutions bear risks	-	-	-	3,655	7,496	10,519
Valuable papers issued	-	-	8,522,760	13,905,641	19,819,447	5,539,464
Other liabilities	-	-	22,750,085	3,425,329	927,990	14,899
Total liabilities	-	-	296,856,520	126,177,081	213,227,269	41,508,921
Net liquidity gap	15,969,600	6,403,162	(68,476,111)	(53,522,832)	(25,535,150)	107,359,431
						1,604
						677,771,395
						155,051,923

45.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

45.2 Market risk (continued)

(d) Other market price risk

Other than the assets and liabilities presented above, the Bank and its subsidiaries are not exposed to other market price risks with risk levels accounting for 5% of the Bank's net income or with value of relating assets/liabilities accounting for 5% of the Bank's total assets.

46. Financial assets and financial liabilities

On 06 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial year beginning on or after 1 January 2011.

The Circular 210 only regulates the presentation of financial statements and disclosures financial instruments, therefore, the below definitions of financial assets, financial liabilities and other relating definitions are applied solely for the preparation of this Note. The Bank's assets and liabilities are still recognized and recorded in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions, regulations of the State Bank of Vietnam and statutory requirements relevant to preparation and presentation of the consolidated financial statements.

Financial assets

Under Circular 210, financial assets of the Bank include balance with the SBV and placement with other credit institutions, loans to customers and credit granting to other institutions, investment security, other receivables and currency derivative contracts.

Financial assets within the scope of Circular 210, for disclosures in the notes to the separate financial statements, are classified into either of the followings:

- **Financial asset at fair value through profit or loss:**

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

- a. A financial asset is classified as held for trading if:
 - It is acquired or incurred principally for the purpose of reselling or repurchasing it in the near term;
 - There is evidence of a recent actual pattern of short-term profit-taking; or
 - It is a derivative (except derivative that is a financial guarantee contract or effective hedging instrument).
- b. Upon initial recognition, it is designated by the entity as at fair value through profit or loss.

- **Held-to-maturity investments:**

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

- a. Those that the entity upon initial recognition designates as at fair value through profit or loss in the consolidated statement of profit or loss;
- b. Those that the entity designates as available for sale;
- c. Those meet the definition of loans and receivables.

46.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

Financial assets (continued)

• Loans and receivables:

Loans and receivables are non-derivative with fixed payments or can be recognized and are not quoted on the market, unless:

- a. Those that the Bank intends to sell immediately or in the near future are classified as assets held for trading purposes, and others that at the same time of initial recognition that the entity classified at fair value according to result of consolidated statement of profit or loss;
- b. Those that the Bank classifies as available-for-sale at the time of initial recognition; or
- c. Those that the holders may not recover most of the initial investment cost, not due to the impairment of the credit quality and are classified as available-for-sale.

• Available-for-sale financial assets:

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

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

Financial liabilities

According to Circular 210 financial liabilities of the Bank includes deposits and borrowings from other institutions, valuable papers issued and other financial liabilities.

Financial liabilities within the scope of Circular 210, for disclosures in the notes to the consolidated financial statements, are classified into either of the followings:

• Financial liability at fair value through profit or loss:

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

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

• Financial liabilities at amortized cost:

Financial liabilities that are not classified as at fair value through profit or loss are classified as at amortized cost.

Offsetting of financial assets and financial liabilities

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

46. Financial assets and financial liabilities (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

The carrying value and fair value of financial assets and liabilities as at 31 December 2023 are presented as follows:

	Carrying value					Fair value VND million
	Financial assets at fair value through profit and loss VND million	Held-to-maturity VND million	Loans and receiv- ables VND million	Available-for-sale VND million	Other assets and liabilities recorded at amortized cost VND million	
Cash, gold and gemstones	-	-	2,284,990	-	-	2,284,990
Balances with the SBV	-	-	8,422,511	-	-	8,422,511
Placements with and credit granting to other credit institutions - gross	-	-	81,299,073	-	-	81,299,073
Securities held for trading - gross	12,406,274	-	-	-	-	12,406,274
Loans to customers and debt purchased - gross	-	-	567,099,261	-	-	567,099,261
Available-for-sale securities - gross	-	-	-	88,050,457	-	88,050,457
Held-to-maturity securities - gross	-	6,755,260	-	-	-	6,755,260
Long-term investments - gross	-	-	-	189,210	-	189,210
Other financial assets - gross	1,070,899	64,890	39,417,737	1,610,585	-	42,164,111
	13,477,173	6,820,150	698,523,572	89,850,252	-	808,671,147
Amounts due to the Government and the SBV	-	-	-	-	4,118,311	4,118,311
Deposits and borrowings from financial institutions and other credit institutions	-	-	-	-	83,234,756	83,234,756
Customer deposits	-	-	-	-	442,368,381	442,368,381
Derivatives and other financial liabilities	392	-	-	-	-	392
Other borrowed and entrusted funds	-	-	-	-	22,045	22,045
Valuable papers issued	-	-	-	-	47,787,312	47,787,312
Other financial liabilities	1,253,292	-	-	-	21,951,501	23,204,793
	1,253,684	-	-	-	599,482,306	600,735,990

(*) The fair value of these financial assets and liabilities cannot be determined because there is no specific guidance in determination of fair value under Vietnamese Accounting Standards and Accounting System.

47. Segment information

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

A segment is a component determined separately by the Bank 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.

47.1 The primary segment information by business segment

For management purpose, the Bank and its subsidiaries have established their operation in the following business segment:

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
Securities	Securities activities
Insurance	Non-life insurance services

47. Segment information (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

47.1 Primary segment information by business segment (continued)

Primary segment information by business segment as at 31 December 2023 and for the year then ended is as follows:

	Banking VND million	Finance company VND million	Asset and liabilities management VND million	Securities VND million	Insurance VND million	Inter-segment adjustments VND million	Total VND million
I. Income							
Interest and similar income	61,138,882	14,859,622	2,210	1,312,614	106,872	(862,823)	76,557,377
Net fee and commission income	6,103,506	1,058,311	(5)	161,899	139,050	(250,879)	7,211,882
Other operating income	2,667,698	1,835,639	5,283	266,317	(551)	(421,456)	4,352,930
	69,910,086	17,753,572	7,488	1,740,830	245,371	(1,535,158)	88,122,189
II. Expenses							
Interest and similar expenses	(34,748,649)	(4,478,897)	-	(102,296)	(1,197)	948,338	(38,382,701)
Depreciation and amortization charges	(325,610)	(102,849)	-	(5,180)	(4,161)	-	(437,800)
Other direct operating expenses	(8,837,295)	(4,482,109)	(327)	(310,554)	(83,796)	210,663	(13,503,418)
	(43,911,554)	(9,063,855)	(327)	(418,030)	(89,15)	1,159,001	(52,323,919)
Net profit before provision for credit losses	25,998,532	8,689,717	7,161	1,322,800	156,217	(376,157)	35,798,270
Provision expense for credit losses	(12,530,235)	(12,388,411)	-	(68,065)	-	(7,663)	(24,994,374)
Segmental profit before tax	13,468,297	(3,698,694)	7,161	1,254,735	156,217	(383,820)	10,803,896
III. Total assets							
Cash, gold and gemstones	2,284,990	-	-	-	-	-	2,284,990
Fixed assets	1,569,669	319,029	-	31,293	3,672	138	1,923,801
Other assets	771,980,474	62,742,255	170,007	22,483,699	3,185,476	(47,203,780)	813,358,131
	775,835,133	63,061,284	170,007	22,514,992	3,189,148	(47,203,642)	817,566,922
IV. Total liabilities							
External liabilities to customers	633,534,854	51,124,876	-	4,552,670	4,920	(24,686,632)	664,530,688
Other internal liabilities	12,378	44,645	500	41,033	-	-	98,556
Other liabilities	8,134,917	1,616,270	28,991	1,475,859	2,559,407	(673,293)	13,142,151
	641,682,149	52,785,791	29,491	6,069,562	2,564,327	(25,359,925)	677,771,395

47.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

47.2 The supplementary segment information by geographical area

The Bank's principal activities are mainly taking place within Vietnam territories. Hence, the Bank's risks and returns are not impacted by the operations that are taking place in different locations. Therefore, the Bank's Management determines that the Bank has only one geographical segment. Accordingly, the Bank is not required to present the geographical segment information.

48. Change in net profit before tax

The consolidated profit before tax for the year ended 31 December 2023 of the Bank and its subsidiaries increased by VND10,416,236 million compared to the consolidated profit before tax for the year ended 31 December 2022, equivalent to 49.09% increase due to the following reasons:

	Profit before tax VND million
Profit decrease due to decrease in interest and similar income	(2,846,382)
Profit increase due to increase in net fee and commission income	774,130
Profit decrease due to decrease in net gain from trading of foreign currencies and gold	(187,923)
Profit increase due to increase in net gain from securities held for trading	529,367
Profit decrease due to decrease in net gain from investment securities	(258,723)
Profit decrease due to decrease in net gain from other operating activities	(6,058,416)
Profit decrease due to decrease in income from investments in other entities	(9,654)
Profit increase due to decrease in operating expenses	174,513
Profit decrease due to increase in provision for credit losses	(2,533,148)
	(10,416,236)

49. Events after the consolidated statement of financial position date

There have been no significant events occurring after reporting date requiring adjustments and disclosures to be made in the consolidated financial statements of the Bank.

50. Exchange rates of applicable foreign currencies against VND at the reporting date

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

	31 December 2023 (VND)	31 December 2022 (VND)
AUD	16,476	16,150
CAD	18,260	17,490
CHF	28,740	25,661
CNY	3,407	3,436
DKK	3,160	3,160
EUR	26,699	25,369
GBP	30,796	28,672
JPY	171	181
NZD	17,249	17,249
SEK	3,078	3,078
SGD	18,332	17,686
THB	640	640
USD	24,170	23,700
XAU (*)	745,000	663,000

(*) This is the exchange rate for 0.01 tael of gold.

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APPENDIX TO THE SUSTAINABLE DEVELOPMENT REPORT

GRI standards reference table

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GRI 2	GENERAL STANDARD DISCLOSURE		
2-1	Details of organisation	Overview information Industries and business area	14
2-2	Units included in the Sustainable Development report	<ul style="list-style-type: none"> - The sustainable development report is prepared within the scope of operations of Vietnam Prosperity Joint Stock Commercial Bank with 2 headquarters units, 262 branches and transaction offices, excluding the activities of subsidiaries managed by VPBank listed in the Financial Statements - Special cases (changes in the scope of data collection) will be noted for each item 	14, 27-37
2-3	Reporting period, frequency and contact information	<ul style="list-style-type: none"> - The 2023 Sustainable Development Report is prepared according to the accounting year, for the period from January 1, 2023 - December 31, 2023 - Frequency: annually - Report release date: 19 April 2024 - Contacts to answer questions about the report: Investor Relations - VPBank Email: ir@vpbank.com.vn Tel: (84) 24 7305 6600 	
2-4	Restatements of information	<ul style="list-style-type: none"> - VPBank's ESG risk management framework was independently reviewed with EY Consulting Vietnam and confirmed to basically met international standards and practices on ESG risk management. Evaluation standards can be found at Establishing a comprehensive and effective ESG risk management process. - No content in the 2022 Sustainability Report needs restating. 	181
2-6	Operations, value chains and other business relationships	Industries and business area Subsidiaries Enhancing partnership in supply chain promoting the implementation of sustainable development goals	24-25
2-7	Other information about employees	Respect diversity and equality	192-193
2-9	Management structure and composition	Management model, business organization and management mechanism List of members of the Board of Directors, Supervisory Board and Board of Management	26-27
2-10	Appointment and selection of the highest level of management	The nomination, election, appointment process and criteria for selecting members of the Board of Directors and the highest management level are specified in VPBank's Charter, meeting the requirements of assessment standards on corporate governance in ASEAN	142

No.	Detailed disclosure	Detailed disclosure	Page
2-11	Chairman of the highest governing body	VPBank's Chairman of the Board of Directors does not concurrently hold the position of CEO, meeting the requirements of assessment standards on corporate governance in ASEAN.	143
2-12	Top management's role in establishing goals, values and strategies	Management model towards sustainable development	168-169
2-13	Separation of responsibilities for managing impacts	Management model towards sustainable development	168-169
2-14	The role of the highest governance body in sustainable development report	Report content and topic scope	161
2-15	Conflict of interest	- Conflict-of-interest management practices including the establishment and implementation of the Conflict-of-Interest Management Policy at VPBank, met the requirements of ASEAN corporate governance assessment standards	133, 135, 146
		- VPBank transparently discloses information about shareholder structure, stock transactions of internal shareholders and related persons in the Annual Report	75-77
2-16	Communicate key issues to the highest governance body	Management model towards sustainable development	168-169
2-17	General knowledge of the highest management authority	Experience of management levels on ESG topics	170-174
2-18	Evaluation of the performance of the highest management authority	Corporate governance report	118-147
2-19	Policy on remuneration of the highest governing authority and senior executives	Remuneration, salary, bonuses of the Board of Directors, Supervisory Board, and Board of Management	126
2-20	Process for determining remuneration levels	- Remuneration, salary, bonuses of the Board of Directors, Supervisory Board, and Board of Management	126
		- Ensuring the economic benefits of the staff	190
		- Improvements in organizational structure, policies and management	90-91
2-22	Statement on sustainable development strategy	Message from the leadership and Sustainable Development Strategy	156-159
2-23	Policy commitment	- Creating a green economy, building a value chain for sustainable communities	176-183
		- Upholding human rights	185-187
		- Promote engagement with key stakeholders	162-166
2-24	Policy commitment implementation	- Creating a green economy, building a value chain for a sustainable community	176-183
		- Contribute to creating sustainable value for the community and society	185-187, 188-189, 194
2-25	Processes for overcoming negative impacts	- Sustainable development strategy	158-159
		- Promote engagement with key stakeholders	162-166
2-26	Mechanisms for advice and concerns	- Promote engagement with key stakeholders	162-166
		- Internal complaint resolution	194
2-28	Member Association	Participate in promoting the sustainable development trend of the market	184

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2-29	Stakeholder engagement approach	Drive engagement with key stakeholders	162-166
2-30	Collective labor agreement	100% of official staff participate in the trade union and represent workers. Details at Upholding human rights	186
GRI 3	MATERIAL AREAS		
3-1	Process for determining material areas	Clearly identify material areas	166-167
3-2	List of material areas	Clearly identify material areas	166-167
3-3	Management of material areas	Sustainability Report	156-197
GRI 201	ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	- Consolidated operational report and notes to the audited financial statements - Financial performance in 2023	207, 261-269 72-73
201-2	Financial implications and other risks and opportunities due to climate change	- Presented separately in Chapter 3. Strategy and Chapter 4. Risk Management of Climate-Related Financial Disclosures page 14-37)	
201-3	Obligations under the prescribed welfare and other pension schemes	- Summary of changes in policies for employees in 2023 Ensure economic benefits of staff - All employees at VPBank participate in Social Insurance including retirement	90 190
GRI 202	MARKET PRESENCE		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Ensure economic benefits of staff	190
GRI 203	INDIRECT ECONOMIC IMPACTS		
203-1	Infrastructure investments and services supported	Awards, notable events, and social charity activities in 2023	150-153
203-2	Significant indirect economic impacts	Social charity activities Promote sustainable economic development	152-153 174-183
GRI 205	ANTI-CORRUPTION		
205-1	Operations assessed for risks related to corruption	Anti-corruption	183
205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption	183
205-3	Confirmed incidents of corruption and actions taken	- Cases with corruption elements were promptly detected by VPBank to prevent consequences and strictly handled related individuals in accordance with the bank's regulations. - No related public legal case in which VPBank or its employees were accused of corruption in 2023.	
GRI 302	ENERGY		
302-1	Energy consumption within the organisation	Energy management	196
302-3	Energy usage intensity	Energy management	196
302-4	Reduction of energy consumption	Energy management	196

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GRI 303	WATER AND WASTEWATER		
303-4	Wastewater	Waste management	195
GRI 305	EMISSIONS		
305-1	Direct (Scope 1) GHG emissions	Management of greenhouse gas emissions Details in Disclosure of climate-related financial information - Greenhouse gas emissions section (page 41)	197
305-2	Energy indirect (Scope 2) GHG emissions	Management of greenhouse gas emissions Details in Disclosure of climate-related financial information - Greenhouse gas emissions section (page 41)	197
305-3	Other indirect (Scope 3) GHG emissions	Management of greenhouse gas emissions Details in Disclosure of climate-related financial information - Greenhouse gas emissions section (page 41 - 42)	197
305-5	Reduction of GHG emissions	Management of greenhouse gas emissions Details in Disclosure of climate-related financial information - Green Credit section (page 41)	197 75
GRI 306	WASTE		
306-2	Manage significant waste-related impacts	Waste management	194-196
306-3	Additional waste	Waste management	194-196
GRI 308	SUPPLIER ENVIRONMENTAL ASSESSMENT		
308-1	New suppliers that were screened using environmental criteria	Enhanced partnership in supply chain promoting the implementation of sustainable development goals	182
308-2	Negative environmental impacts in the supply chain and actions taken	Environmental and social risk management in credit activities through the ESMS system contributing to protect the environment from potential negative impacts	181-182
GRI 401	EMPLOYMENT		
401-1	New employee hires and employee turnover	New employee hires and employee turnover Recruitment in the reporting period	193
401-3	Maternity leave	- Maternity policy - 100% of employees are entitled to parental leave in accordance with the law.	191
GRI 402	LABOR/MANAGEMENT RELATIONS		
402-1	Minimum notice periods regarding operational changes	VPBank will base on the nature and impact of the change to decide the appropriate time to notify employees to minimise the impact on employees and ensure compliance with legal regulations. The terms of consultation and negotiation are stated in the collective labor agreement	
GRI 403	OCCUPATIONAL HEALTH AND SAFETY		
403-1	Occupational health and safety management system	Ensure workplace safety and employee health	188-189
403-2	Hazard identification, risk assessment and incident investigation	Upholding human rights Internal complaints mechanism	186 194
403-3	Occupational health services	Ensure workplace safety and employee health	188-189

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403-4	Employee participation, consultation and communication on occupational health and safety	- Promote engagement with key stakeholders	162-163
		- Ensure workplace safety and employee health	188-189
		- Trade union with the participation of 100% of employees, is the representative to exchange with the Employer about the contents of occupational safety and hygiene.	
403-5	Employee participation, consultation and communication on occupational health and safety	Ensure workplace safety and employee health	188-189
403-6	Improve employees' health	Ensure workplace safety and employee health	188-189
403-7	Prevention and minimization of impacts on occupational health and safety is directly addressed by business relationships	Upholding human rights	186-187
403-8	Employees are protected by the occupational health and safety management system	100% of official employees at VPBank participate in VPBank's system of occupational safety and health policies and practices	
GRI 404 TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee	Impressive numbers of training activities in 2023	192
404-2	Programs for upgrading employee skills and transition assistance programs	- "Buy & build" strategy	66
		- Human resource development	94
		- E&S risk monitoring result	182
404-3	Percentage of employees receiving regular performance and career development reviews	100% of employees with working time of 3 months or more are evaluated for performance every 6 months. Employees who do not have enough 3 months of work in the first 6 months of the year to perform year-end review.	
GRI 405 DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	Respect diversity and equality	192-193
405-2	Ratio of basic salary and remuneration of women to men	Ensure economic benefits of staff	190
GRI 406 NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	- Upholding human rights - No related violations were recorded at VPBank in 2023.	186-187
GRI 407 FREEDOM OF ASSOCIATION/ RIGHT TO JOIN A TRADE UNION AND COLLECTIVE BARGAINING			
407-1	Activities and suppliers where freedom of association/right to join trade unions and collective bargaining may be at risk	Upholding human rights	186
GRI 408 CHILD LABOR			
408-1	Operations and suppliers at significant risk for incidents of child labor	- Upholding human rights - VPBank does not carry out activities which pose a risk of using child labor. For customers and suppliers, VPBank has not recognized subjects with significant risks.	186

No.	Detailed disclosure		Page
GRI 409	FORCED OR COMPULSORY LABOR		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<ul style="list-style-type: none"> - Upholding human rights - VPBank does not carry out activities which pose a risk of forced labor. For customers and suppliers, no subjects with significant risks was recorded by VPBank. 	186
GRI 410	SECURITY PRACTICES		
410-1	Security personnel trained in human rights policies or procedures	Upholding human rights	85
GRI 411	RIGHTS OF INDIGENOUS PEOPLES		
411-1	Incidents of violations involving rights of indigenous peoples	No related violations were recorded at VPBank in 2023	
GRI 412	HUMAN RIGHTS ASSESSMENT		
412-2	Employee training on human rights policies or procedures	Upholding human rights	185
GRI 413	LOCAL COMMUNITIES		
413-1	Operations with local community engagement, impact assessments, and development programs	- Social charity activities	152-153
		- Promote engagement with key stakeholders	166
		- Creating a green economy, developing a value chain for a sustainable community	176-180
GRI 417	MARKETING AND BRANDING		
417-1	Requirements for brand, product and service information	VPBank establishes and strictly follows regulations and procedures on disclosing information on the stock market and providing information to press to ensure the accuracy, timeliness and adequacy of communication information and that the messages are delivered to the right audience at the right time, contributing to reach business targets and strategies and strengthening the Bank's brand.	
417-2	Non-compliance incidents related to product and service information and labels	VPBank did not identified any non-compliance with regulations and/or voluntary code of practices related to brand, product and service information.	
417-3	Non-compliance incidents related to marketing communications	VPBank did not identified any non-compliance with regulations and/or voluntary code of practices related to marketing communications	
GRI 418	CUSTOMER PRIVACY		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	VPBank did not record any attacks which significantly impacted the Bank's information technology system. Practices ensuring customers' information security are shown at:	
		- Digitalizing risk management	69
		- Strengthen the infrastructure and information security, enhance digital transformation of management and operation activities	70
		- Upholding human rights	187



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