



On the Journey to Prosperity

ANNUAL REPORT 2022



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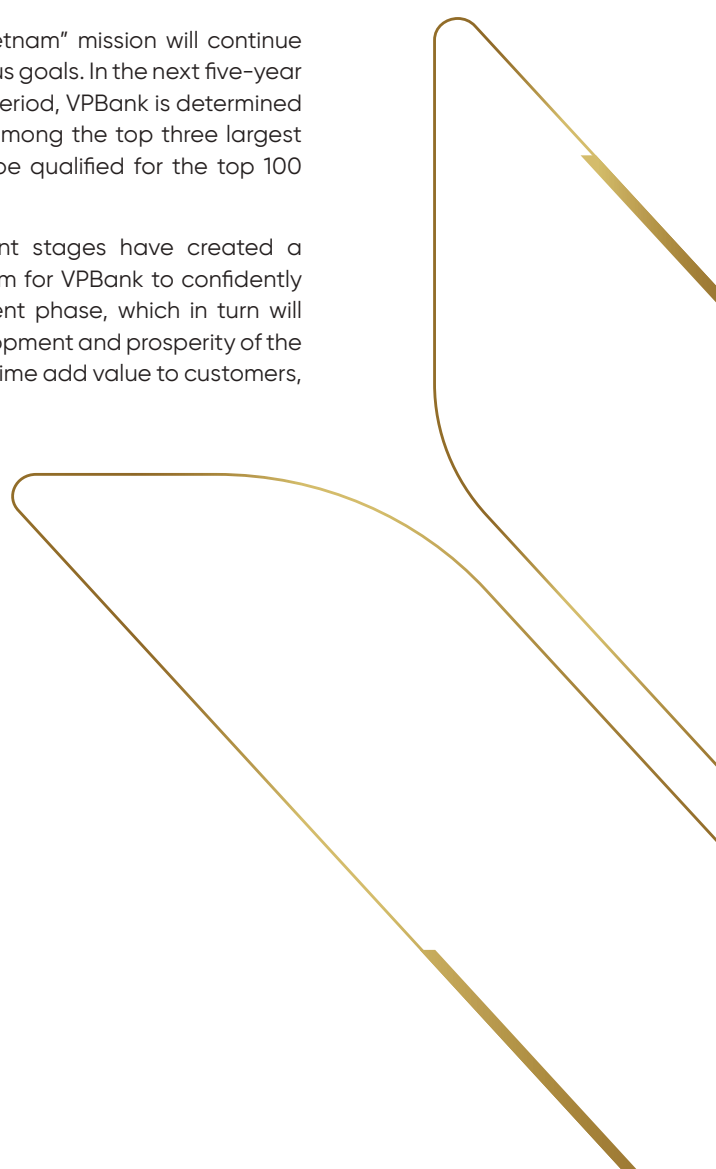
PREFACE

ON THE JOURNEY TO PROSPERITY

At the end of the five-year journey implementing the 2018-2022 strategy, VPBank achieved important goals of: becoming the largest private bank by market capitalisation on the Vietnamese stock market and becoming the most customer-friendly bank through technology. The above results were the fruits from a solid foundation, cultivated by creativity, drastic innovation in business models, and the application of new technologies.

VPBank's journey with the "Prospering Vietnam" mission will continue ceaselessly, with bigger and more ambitious goals. In the next five-year development strategy for the 2022-2026 period, VPBank is determined to become a bank with a solid position among the top three largest banks in Vietnam and reach the size to be qualified for the top 100 largest banks in Asia.

Achievements from previous development stages have created a comprehensive foundation and momentum for VPBank to confidently pursue its success in the new development phase, which in turn will jointly help promote the sustainable development and prosperity of the country and community, and at the same time add value to customers, shareholders and investors of the bank.







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Message



CHAIRMAN AND CEO MESSAGE

Dear Valued Shareholders, Customers and Partners,

The year 2022 with its advantages and challenges is now behind us. The advantage was that VPBank entered 2022 with the positive business results carried forward from 2021 and a solid financial foundation built over the years – which was further backed by the record-high M&A deal ever reported in the history of Vietnam's financial market.

With the strong financial standing per se, we boldly sought out special opportunities – those that arrived in the difficult times. Although in 2022, the global and local economies faced uncertainties and unprecedented difficulties, leading to macro instability, unpredictable movements in exchange rates, interest rates and the liquidity of the economy..., which subsequently affecting the operation of the financial and banking system as a whole and VPBank in particular, we managed to attain a successful year and accomplish most of the financial indicators and growth targets.

We were more than happy with the fact that VPBank led the market in terms of capital, deposits and growth in credit in last year. Our consolidated owner's equity, following major capital topups, officially reached the milestone of more than VND103 trillion at the end of 2022. Our charter capital, meanwhile, reached more than VND67 trillion, the largest charter capital recorded across the system. The bank's capitalisation also accelerated to VND120 trillion, securing the position of the largest private bank by market cap in Vietnam by the end of the year.

Along with that, thanks to the efforts to strengthen capital and acquire additional funding, VPBank recorded an outstanding consolidated credit growth of VND480 trillion, with the parent bank itself realising a growth of 30% year-on-year (yoy), as twice as much as the industry's average growth (14.5%). Similarly, customer deposits at the parent bank also grew by nearly 30%, five times higher than the industry average. As the banking system faced major challenges in terms of liquidity and funding, such high deposit growth rate helped VPBank maintain good liquidity and deliver the consolidated capital adequacy ratio (CAR) of nearly 15%, among the best ratios seen across the market.

By the end of 2022, our total consolidated operating income (TOI) reached approximately VND57,800 billion, up nearly 31% yoy. Profit before tax bolstered to VND21,220 billion, up 48% compared to last year, making us one of the top five most profitable banks in the system.

The driving force for the above positive results was the

strength of the multi-layered ecosystem and digital technology – the duo that was intensively invested and developed by VPBank during the 2018-2022 strategic period to serve its goal of quality growth in the medium and long term. As a result, the bank was able to optimise the cost of fund and improve operational efficiency.

However, it should also be recalled that 2022 was a year of many fluctuations and challenges as the economy recovered at a slower pace than calculated, many sectors continued to be affected by the COVID-19 pandemic such as retail, services.... This explained the lower-than-expected growth of FE CREDIT as it missed its targets for 2022. Given the bright prospect of the consumer finance segment in the Vietnamese market, the bank still places great faith in the growth of FE CREDIT – as one of the important links of VPBank's ecosystem in the coming years.

In addition to FE CREDIT, the completed acquisitions of OPES Insurance Joint Stock Company and VPBank Securities Joint Stock Company in 2022 helped VPBank fill in the missing links of a comprehensive financial group, thus meeting all financial needs of each and every customer group in the market. To date, VPBank's ecosystem has been serving more than 24 million customers (including 14 million FE CREDIT customers and 10 million VPBank, Cake, OPES customers...) across the country, equivalent to a quarter of Vietnam's current population.

Such comprehensive financial foundation and ecosystem have become the basis for us, together with our partner McKinsey, to build our succeeding five-year strategy 2022-2026 with ambitious goals and strong determination. This will enable VPBank to reach new heights as a powerful and strong financial institution: to be among the top three leading banks in Vietnam and top 100 largest banks in Asia, jointly promoting the sustainable development and prosperity of the country and community, in accordance with the spirit of "Prospering Vietnam".

2023 is the second year of implementing the Five-Year Strategy 2022-2026 and the 30th anniversary of the bank's establishment. However, this is also the year the global economy at large is projected with on-going difficulties and challenges. High inflation, macro instability and liquidity issues are expected to continue placing great pressure on the level of interest rates, business operations, as well as the real estate, securities, and corporate bonds markets, and obviously the operations of the financial and banking sector....

Given such background, VPBank's business operations



will be affected. Taking into account the macro instability factors, the Board of Directors and the Board of Management have developed the most appropriate growth scenarios. In particular, the bank will focus on the funding activities, tightly control risks, and continue to implement the digitalisation strategy to improve customer experience and operational efficiency.

Although 2023 is predicted to be a tougher year for all of us, we still uphold our optimism with precautions taken when it comes to identifying business goals linked with quality growth, at the same time ensuring operational safety and liquidity, improving digitalisation capacity, and enhancing ecosystem performance. VPBank, accordingly, will continue to strengthen its funding sources to support credit growth, prioritise disbursement to strategic segments, and ensure good risk control. In addition, the bank will continue to focus on investment

in digitalisation in order to strengthen the operating platform, improve customer experience and utilise the multi-layered ecosystem.

With a clear direction, coupled with the great trust and companionship of our shareholders, we are confident to make further achievements, keep up the spirit of innovation and creativity and make use of every opportunity to accomplish the set goals in 2023. And ultimately we are committed to delivering sustainable and prosperous values to the entire country and the community, as well as maximising benefits for shareholders and customers, in the spirit of welcoming the special year marking the bank's 30th anniversary.

Thank you very much!

HIGHLIGHTS of 2022

No.1 private bank in terms of market cap

The largest bank in terms of charter capital, with owner's equity added up to VND103,000 billion. Outstanding capital growth journey, with a 5-year CAGR of **34%**, the highest in the market.

VND70,000 billion

in net funding that the parent bank acquired from customers in the year, up **30%** and among the top of the industry. Successfully acquired more than **\$1 billion** from leading international financial institutions.

VND480,000 billion

in total credit balance with the parent bank recorded a growth of 30%, double the industry average (14.5%).

48% growth

in consolidated profit before tax, the highest among private banks.

24 million customers

an impressive customer base thanks to the strategy to develop all segments uniformly and comprehensively cover all customer needs.





19 years

of exclusive cooperation agreement signed with **AIA Vietnam**, elevating a long-term strategic partnership.

A comprehensive ecosystem

with the acquisitions of **VPBank Securities Joint Stock Company (VPBankS)** and **OPES Insurance Joint Stock Company (OPES)**. After boosting the capital to VND15,000 billion, **VPBankS** became the largest securities company in terms of charter capital in the market.

Ranked no. 173

in terms of brand valuation in the list of world's top 500 banks in 2023 published by **Brand Finance**, an improvement of 32 spots from the previous year. Successfully re-branding and declaring a new mission "**Prospering Vietnam**" with the "**Light up Vietnam**" campaign.

Omnipotent DIGITAL BANK

digital customers increased five times in the past five years, with more than 96% of transactions being processed via digital channels.



Consistently pursuing the sustainable development strategy

For the fourth time in a row, VPBank was named among the top 20 listed enterprises in the HOSE Vietnam Sustainability Index (VNSI) and one of the top five largest companies by market cap in the index.



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Overview



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ABOUT US

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
43 rd amendment	6/12/2022

CHARTER CAPITAL

VND67,434,236,010,000

In words	Sixty-seven trillion four hundred thirty-four billion two hundred thirty-six million ten thousand Vietnam dong
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Head Office

VPBank Tower, 89 Lang Ha street, Lang Ha ward, Dong Da district, Hanoi

Phone number	(84) (24) 39288869
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Fax	(84) (24) 39288867
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Website	www.vpbank.com.vn
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Banking services

VPBank's principal activities 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



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



Providing asset management services



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



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

VISION and MISSION

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, 2022, 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 3 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 and ending 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.



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

The implementation of the above strategy is enabled by VPBank's corporate culture, which is built and cultivated based on six core values:

- Customer focus
- Productivity
- Ambition
- People development
- Trust
- Difference making



HISTORY

History and achievements over VPBank's 30 years of development (1993-2022)

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.

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.

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 has conquered the local consumer finance market with about 50% market share.

2017

Successfully listed on the Ho Chi Minh City Stock Exchange, raised nearly \$300 million from private placement, and opened a new phase of development and integration with the leading position in Vietnam.

2018

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



2019

- Successfully issued \$300 million of international bonds.
- Implemented the BeFit programme to streamline the organisation and improve labour productivity.

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.

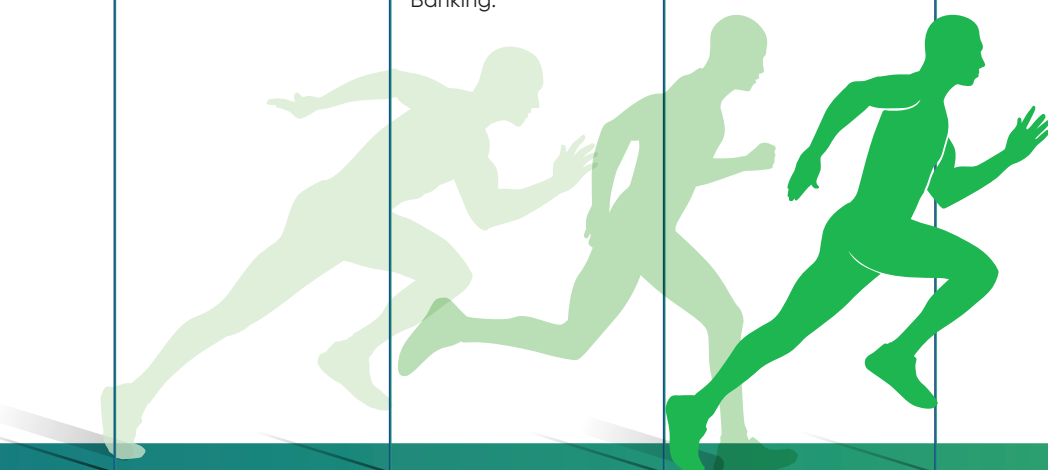
2021

- 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.

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 largest bank in terms of charter capital in the system.

VPBank is gradually affirming the reputation as a dynamic bank with strong financial capacity and responsibility to the community in accordance with the spirit of "Prospering Vietnam".



VPBank ECOSYSTEM

As of December 31, 2022, VPBank had

01 head office | **72** branches | **178** transactions offices nationwide

NORTHERN AREA

27 branches
95 transaction offices

 **Head Office**

CENTRAL AREA

17 branches
32 transaction offices

SOUTHERN AREA

28 branches
51 transaction offices

 **Sub-headquarters office
Ho Chi Minh City**

Subsidiaries

**OPES Insurance
Joint Stock
Company (OPES)**

**VPBank Securities
Joint Stock Company
(VPBanks)**

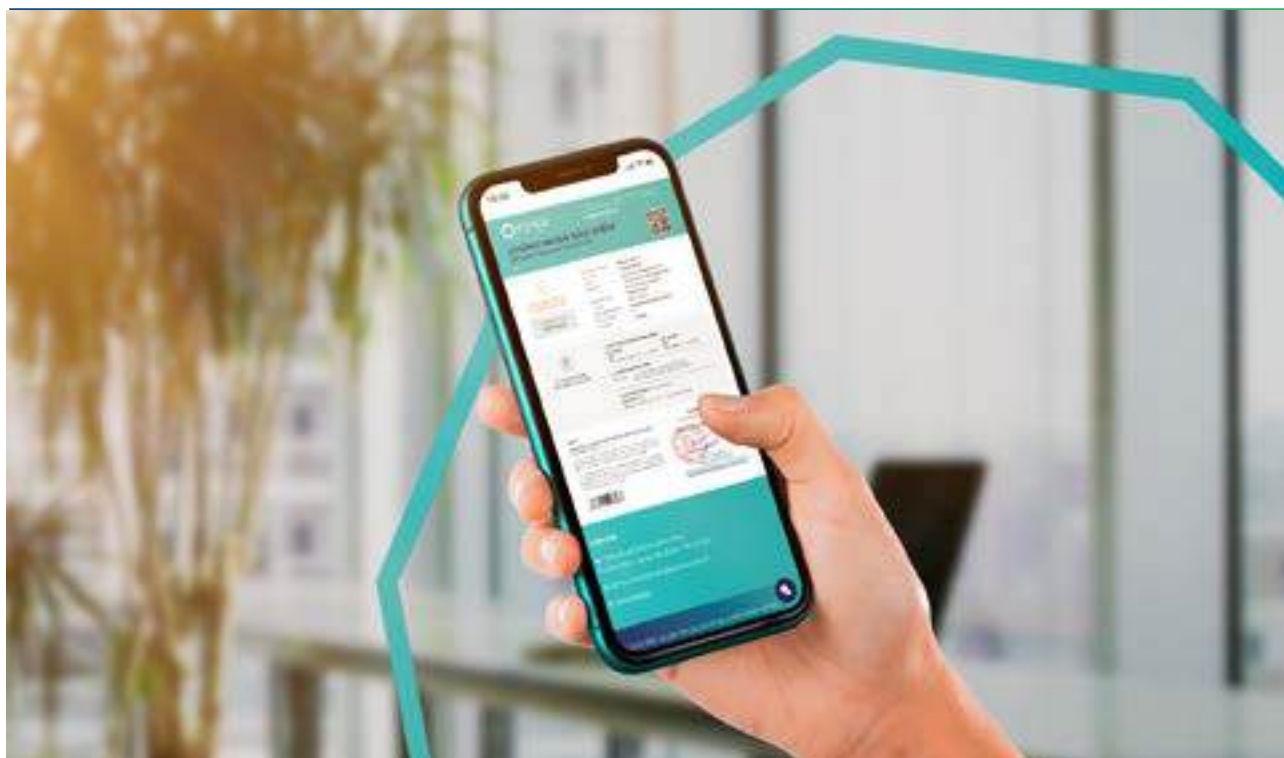
**VPBank SMBC Finance
Company Limited
(FE CREDIT)**

**Vietnam Prosperity Joint
Stock Commercial Bank
Asset Management
Co., Ltd.**

SUBSIDIARIES

OPES Insurance Joint Stock Company (OPES)

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



Overview

After the parent bank increased its ownership in OPES to 98% in 2022, OPES officially became an important link in the VPBank ecosystem, carrying the mission of exploiting the large non-life insurance market with considerable development potential in Vietnam. The charter capital of OPES as of December 31, 2022 was VND550 billion.

The year 2022 marked the first milestone when OPES's income boosted to nearly VND1,500 billion, in which the premium income was up 50% yoy to VND1,414 billion.

In addition to the main products, OPES also constantly expanded the product portfolio sold in partnership with VPBank, i.e. Property and Vehicle Insurance, Personal Cybersecurity Risk Insurance, Liability Insurance and is rolling out insurance products bundled with online banking services on VPBank NEO.

In addition, OPES continued the strategy of expanding distribution channels through partners in the finance and banking, logistics, and e-commerce sectors, including SeABank, OCB, True Money, etc.

Brand repositioning

The “extreme makeover” of OPES in 2022 could not proceed without the brand repositioning scheme that delivered a consistent message “Digital insurance for new experiences” and the development of multiple communication channels on digital platforms, such as Facebook, Instagram, LinkedIn, Youtube... to reach many customer segments in a comprehensive and effective manner.

In addition, the launch of the OPES digital insurance platform and the physical damage coverage named O.CAR, which integrated with the pioneering Telematics technology – the first of its kind in Vietnam, recording more than 10,000 app downloads, with 7,000 users, in merely two months following its release.

Orientation in 2023

Following the growth momentum of the previous year, OPES has set many ambitions in operation and business activities in 2023.

Expand network, enhance income

In 2023, OPES aims to grow its premium income by 54% compared to 2022.

To achieve these objectives, OPES will continue to focus on expanding and synchronously implementing business plans with the customer base in the VPBank ecosystem, completing the development of a product portfolio for retail and SME customers. In particular, it will continue to promote the strategic product O.CAR in order to maximise income and profit.

Along with that, outside the ecosystem, OPES targets partners that are banks with strong digital transformation and businesses with large customer bases and technology-based operating models to diversify income sources.

Step up marketing activities and increase brand awareness

In 2023, OPES will increase the awareness of the digital insurance brand OPES, step up marketing activities, promote sales on multiple channels, especially develop D2C (Direct To Customer) channels on the app platform/web while expanding the sales channel on VPBank NEO/NEOBiz. Along with that, the company will implement customer engagement activities through diversifying benefits and automating the management and interaction process.

Improve the digital insurance operating platform

Develop Core project and other technology components; standardise operational processes to perfect the digitised and automated operating platform to improve service quality, operational efficiency and create a distinct competitive advantage.

In addition, continue improving and upgrading the app/web-based digital insurance platform for safety and security, optimise customer service processes, from information processing and product sales to compensation payment, etc. helping customers to actively and easily participate in non-life insurance services for themselves and family members.

VPBank Securities Joint Stock Company (VPBankS)

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

2022 marked the rebirth of VPBankS through VPBank's participation as the main shareholder, with many large capital increases to add resources to VPBankS, making it the securities company with the largest charter capital in the system and surpassing many well-known organisations in the market.

As of December 31, 2022, the charter capital of VPBankS reached VND15,000 billion.

With the large capital, VPBankS has set a goal in 5 years (2022-2026) to become the market leader in investment banking, securities brokerage and asset management by taking advantage of the parent bank's banking-finance ecosystem, together with the investment in modern technologies and the development of its own specialised products and services.





Outstanding products and services:

Financial products for individual customers:

- **eBond** – Corporate bonds: invest in reputable corporate bonds with stable and attractive returns, flexible investment time
- **eStock** – Stock trading: easily join the stock market when opening a 100% eKYC account online with timely advice and analysis
- **eMargin** – Margin trading: make the best of VPBankS funds to grasp investment opportunities when trading with a diverse fees and margin loan portfolio, high limits and flexible loan tenors
- **eInvest** – Flexible smart money: allow to optimise idle money on securities accounts with diversified maturities and outstanding yields

Products and services for business customers:

- **Capital market services:** Support businesses to choose the optimal capital mobilisation solution in line with the company's business plan, ensuring the optimal capital structure and shareholder structure, and at the same time helping clients implement solutions to achieve the best results in the areas of finance, branding and partnerships
- **Debt market service:** Advise customers on options, procedures and legal requirements on the issuance of corporate bonds, as well as other tools, helping customers successfully raise capital through private placement or offering to the public
- **Business restructuring:** With experience, expertise, and skills in the financial sector, VPBankS will advise customers on practical and optimal solutions on financial strategy, organisational structure, and debt structure, areas for improvement in the organisational management system, the internal control system, in order to help the business achieve the optimal financial structure, improve the efficiency of capital use, financial capacity and competitiveness
- **Mergers and acquisitions:** join investors in the process of preparing documents for acquisition, valuation, consulting, and contract negotiation with partners for mergers

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 15, 2007
Registered business address	2nd 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
% owned by VPBank	50%

After completing the sale of 50% charter capital to SMBC Group and domestic investors at the end of 2021 and officially changing its name to VPBank SMBC Finance Company Limited (FE CREDIT), FE CREDIT continued to leverage the strengths of a consumer finance company with the largest market share in Vietnam to continue to expand its network, increase customer base and disbursement. Its products and services have met people's increasing demand for consumer loans as well as providing basic financial and banking services to millions of customers in industrial zones, rural areas, etc. Consumer finance companies, like FE CREDIT, have been making a significant contribution to repelling the evils of black credit existing in many urban and rural areas in Vietnam nowadays.

By the end of 2022, FE CREDIT continued to maintain its no. 1 position in the market with a market share of more than 40%. FE CREDIT's network included 19,983 sales outlets covering 63 provinces and cities, 12,965 partners, more than 16,000 employees to serve approximately 14 million customers. Given a wide range of consumer finance products with integrated advanced technology, unique features, and deep market understanding, FE CREDIT was always ready to meet every actual need of customers. Besides, the constantly improved service quality contributed meaningfully to improved customer experience with FE CREDIT's products.

2022 was considered a pivotal year to restore the production and business activities from the damage of the COVID-19 pandemic. On the principle of being flexible and adaptive to maintain effective business operations, FE CREDIT had high expectations for the recovery of the economy, especially for the services and retail sectors, etc. thereby stimulating demand for consumer loans and improving debt collection activities. However, the economy recovered at a slower pace than expected while inflation and interest rates escalated, which eventually affecting FE CREDIT's business as a whole.

Meanwhile, under the direction of the Prime Minister and the State Bank of Vietnam, FE CREDIT was honoured to be one of the two entities appointed to implement a VND10,000 billion consumer loan package to support trade union members and employees with preferential interest rates.

Along with that, FE CREDIT always paid great attention to its community activities. Throughout 2022, the company continuously rolled out various meaningful activities in many different localities:

- Brought "Sharing spring, Loving Tet" to poor people at Can Gio district through Tet giving programmes and cooperated with Binh Khanh commune health clinic to support environmental sanitation and propagate and guide local people how to prevent and fight dengue fever
- Donated five houses to the families of victims of Agent Orange/dioxin poisoning at Binh Luc district of Ha Nam province
- Donated wheelchairs and many gifts to people with disabilities at Duc Trong district and Bao Loc City
- Gave gifts and provided livelihood support to victims of human trafficking in the provinces of Ha Giang, Cao Bang, Lai Chau, and Thanh Hoa
- Continued weaving the dream of learning through practical and meaningful gifts for poor and studious children at Primary School 3, Dat Mui commune, Ca Mau province and Bu Dinh satellite school in Thanh An commune, Hon Quan district, Binh Phuoc province
- Organised gratitude activities on the War Invalids and Martyrs' Day for heroic Vietnamese mothers and families with meritorious services to the country and the revolution at Ba Trai commune of Ba Vi district

No. 1 market position,
accounting for **more than 40%**
of consumer finance market share in Vietnam

Outstanding products and services:
**cash loans, credit cards,
consumer durable loans, instalment loans...**

Awards FE CREDIT received in the year:

Vietnam No.1 Brand award 2022
from the Asia Business Centre

Top 10 strong brands – financial services industry in 2022 organised and voted by Vietnam Economic Times (VnEconomy)

Top 50 Vietnamese enterprises
Attractive employer brand

Top 1 most favourite enterprise
by internal employees in 2022

Global Economics Awards 2022:
Best consumer finance products in Vietnam 2022

Global Economics Awards 2022:
Fastest growing consumer finance company in Vietnam 2022

Top 10 enterprises meeting Vietnam business culture standards 2022



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

Business registration certificate	No. 0105837483 dated December 28, 2016 issued by the Hanoi Department of Planning and Investment
Registered business address	L2B floor, Royal City Building, 72A Nguyen Trai road, Thuong Dinh ward, Thanh Xuan district, Hanoi
Business line	Asset and liabilities management
Charter capital	VND 115,000,000,000
% owned by VPBank	100%





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Remarkable **Prosperity**



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IN THE FOREFRONT

2022 is a memorable year for VPBank with many important milestones as it concluded the 2nd five-year strategic journey of 2018–2022. The aspiration to become the most consumer-friendly bank through technology and secure a position among the top three most valuable banks in Vietnam was VPBank's foremost and persistent goal in its journey encompassing opportunities and challenges.

In the face of unstable developments in the global economy, escalating geopolitical conflicts in a number of countries and territories, along with unprecedented difficulties and challenges from the COVID-19 pandemic, VPBank was proactive and flexible in implementing business continuity plans linked with quality growth and operational safety. At the destination of that arduous journey, VPBank successfully completed the goals, affirmed the mission "Prospering Vietnam", and created the physical, mental and financial prosperity values for customers, communities and the society.

1. The largest private bank in terms of market capitalisation in Vietnam in 2022, worth VND120,000 billion as of December 2022. By having the largest charter capital in the system, VPBank's owner's equity reached as high as more than VND100,000 billion. The remarkable capital increase journey with the five-year compound growth rate (CAGR) of 28%, the highest in the market, was the result of excellent business results and a clear and ambitious capital increase roadmap. After completing the transfer of 49% of charter capital at FE CREDIT to SMBC Group in 2021, VPBank once again set a record for the largest M&A deal in Vietnam's financial industry. A solid capital foundation is a firm launch pad for VPBank in realising its outstanding strategy and vision in the coming years

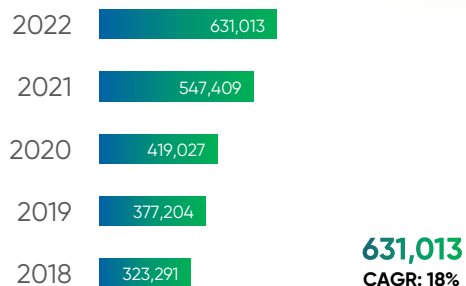
2. Leading retail size thanks to being consistent with the retail strategy. With three retail pillars, i.e. Retail Banking (RB), Small and Medium Enterprises (SME) and Consumer Loan Segment (FE CREDIT), VPBank's retail loan balance at the end of 2022 reached more than VND310,000 billion, leading the system of private commercial joint stock banks. The high and sustainable growth, even in difficult periods of the market, once again confirmed the wisdom and correctness of VPBank's Board of Directors in pursuing the retail strategy

3. Pioneer and leader in digital transformation. VPBank built the position of an almighty digital bank with a diverse ecosystem of products, services and financial solutions to meet the increasing needs of customers. The bank continuously deployed new and breakthrough technologies, built a banking website with the most modern e-commerce style in Vietnam. As a result, the number of digital customers increased five times in the past five years with more than 96% of the transactions being done on digital channels

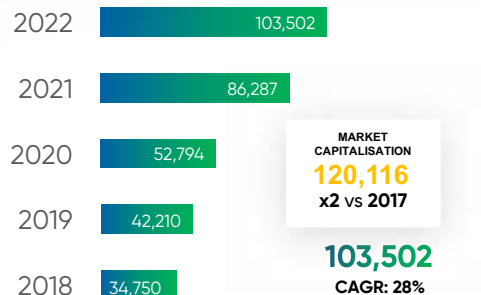
4. Became a comprehensive financial group, by putting in place the missing links: purchasing VPBank Securities Joint Stock Company (VPBankS) and OPES Insurance Joint Stock Company (OPES) as well as successfully renewing the agreement on exclusive distribution of AIA life insurance. Along with that, VPBank SMBC Finance Company Limited's (FE CREDIT) market share of nearly 40% of the consumer finance industry, CAKE by VPBank's focus on Millennials, GenZ customers and UBank's contribution to the development of a digital banking platform... have all been strengthening a comprehensive ecosystem, helping customers to access financial and banking services in the most convenient way

5. Sustainable development linked to the long-term strategic direction of the bank. Accordingly, VPBank's ESG was rated by Moody's as being in the leading group in Vietnam and on par with banks in the region. For four consecutive years, the bank was among the top 20 enterprises which stocks included in HOSE's Vietnam Sustainability Index (VNSI) list and was one of the five companies with the largest market valuation in this index. In addition, corporate governance and risk management were always focused on and aimed towards international standards, with recognition and awards from prestigious partners such as IFC or Asia Risk.

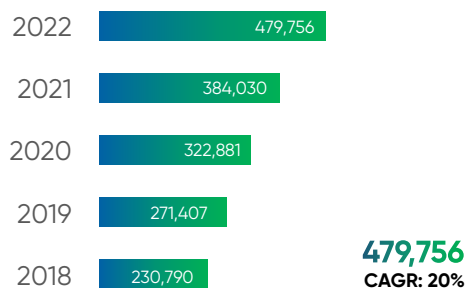
TOTAL ASSETS (VND bil.)



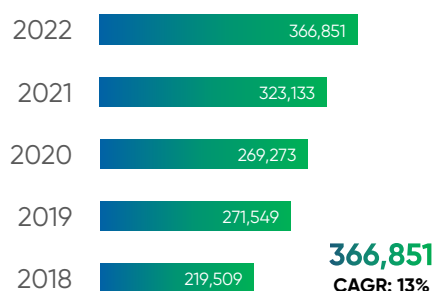
OWNER'S EQUITY – MARKET CAPITALISATION (VND bil.)



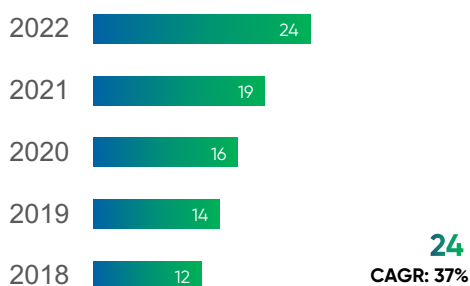
CREDIT TO CUSTOMERS (VND bil.)



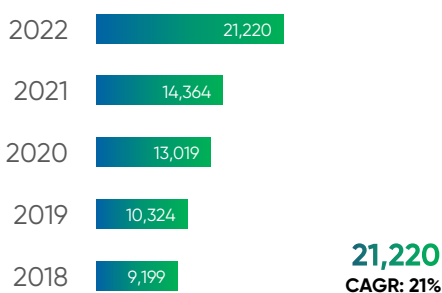
DEPOSIT AND VALUABLE PAPER ISSUED (VND bil.)



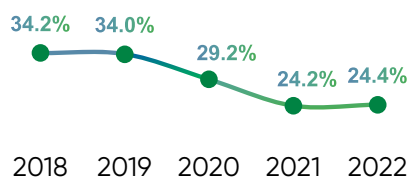
CUSTOMER BASE (mil.)



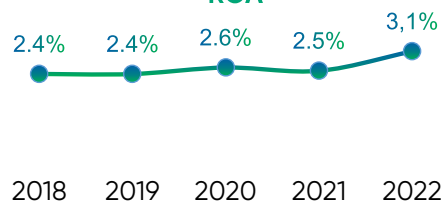
PROFIT BEFORE TAX (VND bil.)



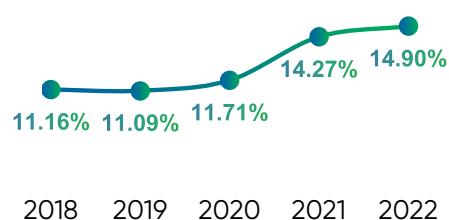
CIR



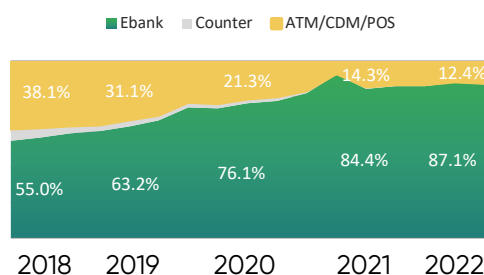
ROA



CAR Cir 41 (Basel II,%)



FINANCIAL TRANSACTION PENETRATION



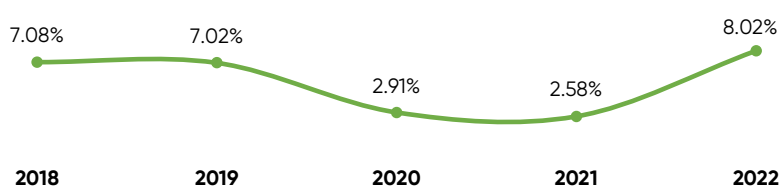
Business environment in 2022

The year 2022 began with high expectations for the recovery of the economy when the COVID-19 epidemic was gradually put under control and countries, including Vietnam, began to reopen. But then, the economic recovery momentum was seriously affected by the Russia-Ukraine conflict and the global geopolitical conflict. Inflation escalated, the risk of economic recession appeared in many countries, and the global supply chain was broken... In that context, the world's major central banks were forced to tighten their monetary policy, increase the reference interest rate to control inflation, and prepare for slower economic growth.

Vietnam was no exception to the general trend. The State Bank of Vietnam also had to apply measures to tighten the currency and control credit throughout the system with the goal of controlling inflation and stabilising the exchange rate. However, with the drastic and flexible management of the Government and the efforts of businesses and people, Vietnam somewhat limited the influence from the international market and gradually recovered after the pandemic.

In 2022, Vietnam's Gross Domestic Product (GDP) grew by 8.02% yoy, reaching the highest growth rate in the past 12 years and higher than the Government's target (6–6.5%). The strong recovery of the service sector, with the revenue of travel services in 2022 increasing nearly four times compared to 2021 and the number of international visitors to Vietnam reaching nearly 3.7 million, 23.3 times higher than the same period last year, etc. contributed significantly to the overall growth of the economy.

GDP growth



Contrary to the global trend, Vietnam's inflation was also kept under good control, with the average Consumer Price Index (CPI) in 2022 increasing by 3.15% yoy, lower than the target of 4% set by the Government at the beginning of the year, putting Vietnam in the group of countries with the lowest inflation in the region. Import and export were also a bright spot when export turnover reached \$372 billion, up 10.6% yoy and exceeding the target of 8% set by the Government, and there was the trade surplus of \$11.2 billion. Disbursement of foreign direct investment (FDI) reached US\$22.4 billion, up 13.5% yoy and the highest level seen in the past five years. This was also a very positive result, showing investors' confidence in Vietnam's economy in the context that global FDI was still in a gloomy trend.

CPI
3.15%

Trade surplus
\$11.2 bil

FDI disbursement
\$22.4 bil

However, besides the positive results, Vietnam's economy still faced many difficulties and challenges such as pressure on interest rates and exchange rates, the freezing of the corporate bond market, the ups and downs of the real estate market, the risk of increasing non-performing loans (NPL) for the banking sector... These challenges required Vietnam to take cautious steps to ensure a solid recovery on the foundation that had been built over the years, and at the same time develop sustainably in 2023 and the following years.

CHALLENGES BROUGHT GLORY

VND**103,000** tril
equity

20% growth, **TOP 2** private banks

14.9% CAR

Approaching that of banks in region

25.4%

CUSTOMER DEPOSIT GROWTH
Ensured liquidity safety

\$1.25 billion

OFFSHORE BORROWINGS
Affirmed prestige in the international arena

25%

CREDIT GROWTH
Concentrated on strategic segments

VND**21,220** bil

PROFIT BEFORE TAX
48% growth

VND**57,800** bil

TOTAL OPERATING INCOME
Top 1 joint stock commercial bank

3.1% ROA

TOP 2 IN BANKING SECTOR

24.4% CIR

TOP 1 IN BANKING SECTOR

2022 was a turbulent year for the global economy with inflation pressures and rising interest rates. This greatly affected the economy and all aspects of the society and life in Vietnam. VPBank's business activities were therefore also affected. However, the difficulties were the "test" for the bank. The drastic direction of the Board of Directors and the dedication of all staff helped VPBank stand firm in the market, achieve positive growth, and affirm its strong potential of a leading commercial joint stock bank.

With a flexible and proactive business orientation, focusing on liquidity safety, and a solid capital foundation, by the end of 2022, VPBank led the market in terms of capital, funding and credit growth, coupled with positive business activities thanks to diversification of income sources. This is also a milestone year for the bank's comprehensive ecosystem, with the entry of VPBank Securities JSC and OPES Insurance JSC, together with the signing of an extension of the exclusive cooperation agreement on insurance distribution for 19 years with AIA. Such inclusive network is expected to help connect VPBank with millions of customers across Vietnam and provide customers with a broad range of services, including not only traditional banking but also digital banking and consumer finance.

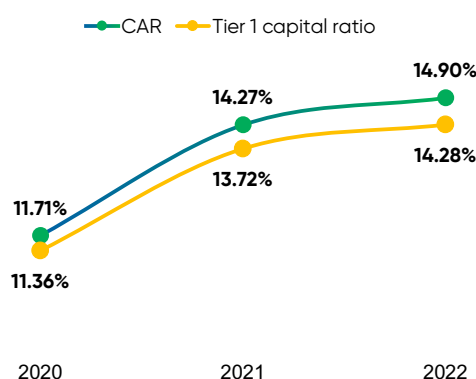
Solid capital foundation

The consolidated equity officially reached more than VND103,000 billion at the end of 2022, an increase of 20% compared to 2021 and a compound growth rate of 28.4% in the five years 2018-2022, among the top in the industry. Following the capital increase plan approved in the Annual General Meeting held in April 2022, the bank issued shares at the rate of 50% to pay dividends to shareholders, thereby increasing its charter capital to VND67,000 billion, becoming the bank with the highest charter capital in the system. A solid capital foundation helped the bank overcome macro fluctuations, strengthen its financial capacity and ensure good prudential ratios. This is the premise for VPBank to expand, exploit and take advantage of new business opportunities.

By the end of 2022, the consolidated capital adequacy ratio (CAR) according to Circular 41 reached ~15%, far exceeding the SBV's requirement of 8% and among the banks with the highest CAR ratio in the whole system and close to the leading banks in the region.

In addition, thanks to abundant capital buffer after the sale of 50% of charter capital at FE CREDIT a year ago, plus the persistence in implementing capital raising plans in the past year, VPBank increased charter capital for the subsidiary VPBankS to more than VND15,000 billion, making VPBankS the securities company with the largest charter capital in Vietnam's stock market. The solid capital buffer helped optimised the cost of fund, reduce the impact of interest rate increases, and create the foundation for strong investment plans, helping VPBank make a breakthrough in both size and quality in the future.

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

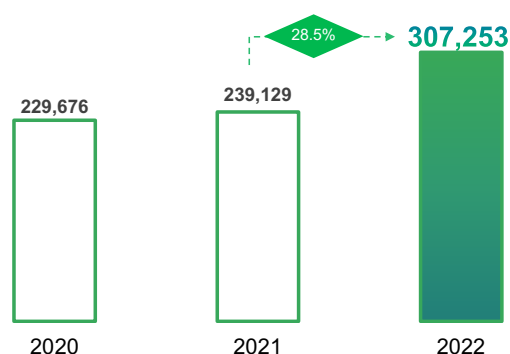


Liquidity as top priority

In the context of high liquidity risk, in order to ensure growth in credit size and liquidity safety, VPBank proactively and aggressively introduced solutions to control and structure assets on and off the balance sheet, especially actively promoting mobilisation from sustainable sources. By the end of 2022, customer deposits at the parent bank increased by more than VND68,000 billion, an increase of nearly 30% yoy and 5 times higher than the industry average. The main contribution was from the strategic divisions RB & SME, up 43% compared to 2021.

On the back of the interest rate levels continuously setting new records and customers showing preference to term deposits, VPBank was among a few banks reporting its CASA volume increasing by nearly 10%, with a CASA ratio of 19.2%. This achievement was the result of the bank's stronger focus on digital channels to develop customer accounts and payment solutions for enterprises including POS transactions, payroll, international debit cards, etc.

CUSTOMER DEPOSITS (VND bil.)
AT PARENT BANK





The signing ceremony of \$500 million syndicated term loan facilities between VPBank and ADB, JICA, SMBC, ANZ and Maybank on November 11, 2023.

Apart from domestic funding from individuals and organisations, VPBank also attracted funding from international organisations for diversification. In 2022, VPBank fruitfully acquired a series of long-term loans worth more than \$1 billion from various prestigious institutions such as IFC, SMBC, Maybank, JICA and other partners. During the highly difficult time of the global financial market, such acquisitions are the testament to VPBank's credibility and capability in the international arena.

Leading credit – Retail banking affirmed as key position

In 2022, with the continuous fluctuations of the macro economy as well as the prudent management policy of the SBV, VPBank adjusted disbursement in accordance with the liquidity situation, ensuring the safety and efficiency of the credit portfolios. The consolidated credit balance by the end of 2022 reached VND480,000 billion. In particular, credit growth at parent bank was up nearly 30%, more than double the industry average (14.5%) and among the highest growth banks in the market.

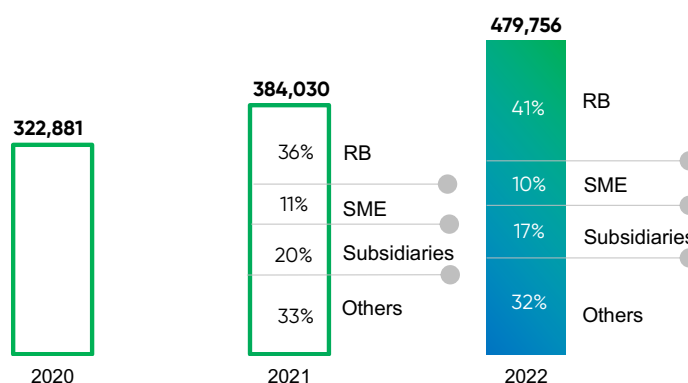
Retail banking continued to be the main contributor to credit growth, with RB and SME segments recording a 38% growth compared to the end of 2021 as the demand for loans for business and personal consumption regained positive growth momentum. In addition, the comprehensive digitisation of products and increasing application of technology solutions boosted the income growth of many retail banking products such as secured home loan, auto loan, business loan, unsecured loans, loan on card, etc.

By constantly making efforts to continuously and comprehensively invest in strategies to develop customer segments in terms of both quantity and quality while effectively exploiting customers through a combination of acquisitions and increasing cross-sales, VPBank realised the goal of "Prospering Vietnam" – providing diverse financial services to people from all walks of life. Product brands were designed specifically for each segment, from VPBank Diamond for affluent customers and Prime for the mass affluent segment, to CommCredit for household businesses and FE CREDIT for low-income people.

2022 continued to be a difficult and challenging year for FE CREDIT when the customer base of consumer finance companies was directly affected by the pandemic. The recovery rate of this segment, accordingly, was slower than expected. However, FE CREDIT continued to maintain the no. 1 market share in the consumer finance segment in Vietnam.

In addition to the focus on growth, VPBank assisted the community through many practical and meaningful support activities such as preferential loan packages with interest rate reductions of up to 1.5% so customers could access capital for production and business purposes, helping to restore the economy... Similarly, FE CREDIT coordinated with the Vietnam General Confederation of Labour to deploy its preferential consumer loan package worth VND10,000 billion for workers with the interest rate reduction of 50% compared to the effective interest rates in order to solve the urgent loan demands of workers and contribute to the eradication of the black credit situation in industrial zones today.

CREDIT TO CUSTOMERS (VND bil., %)

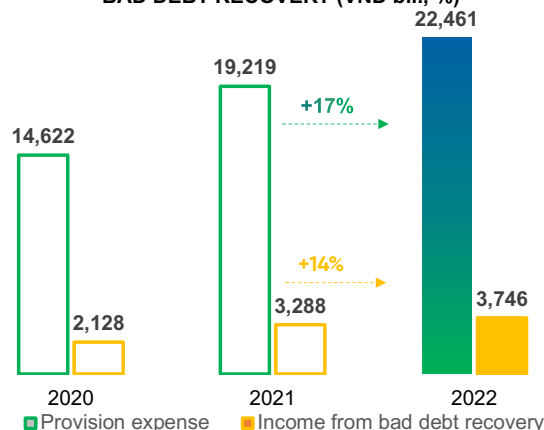


Closely monitoring asset quality

Under the effects of the post-COVID-19 period including the rise of interest rates, the repayment ability of many customers was seriously affected. Improving asset quality, including NPL ratio control and debt collection, etc., was focused on as part of VPBank's risk management. By the end of 2022, the consolidated restructured loan portfolio dropped sharply to an insignificant level in the total credit portfolio while the additional provisioning for COVID-19 restructured loans ended according to Circular 14.

In addition, the bank continued to adopt modern technologies in collection to optimise productivity, improve customers' experience, while monitoring closely the restructured customers in the hope of managing assets well. As a result, in 2022, the consolidated bad debt recovery increased by nearly 14% compared to last year, making a positive contribution to the profitability of the whole bank. The parent bank's NPL ratio according to Circular 11 was kept under control at 2.19% to ensure the safety of the credit portfolio. However, in the consumer finance segment at FE CREDIT, customers suffered more prolonged and severe impacts from the epidemic, which put pressure on increasing the consolidated NPL ratio at 4.7%.

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



Outstanding fee income, leading position

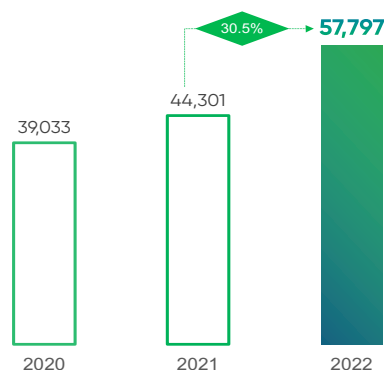
Throughout 2022, VPBank made efforts to diversify its income sources to adapt to the volatile market context. The consolidated total operating income (TOI) reached more than VND57,800 billion, up 31% yoy, topping the private banking sector for 26 consecutive quarters. The TOI of the parent bank reached more than VND40,000 billion, up 45% compared to 2021.

The consolidated net interest income grew by 19.4%, achieved more than VND41 trillion thanks to growing credit and optimised product portfolios. In the second half of 2022, the increase in deposit interest rates in the whole market led to a decrease in CASA at most banks and increased pressure on net profit margin (NIM). However, a solid capital buffer and optimal profitable asset portfolio helped preserve the bank's NIM at 7.8%, the highest in the system.

Besides interest income, non-interest products and services continued to be focused on and promoted, contributing a significant proportion to the bank's TOI. By the end of 2022, the consolidated net profit from services achieved an impressive growth of 59% compared to 2021. That of the parent bank even grew much more strongly at nearly 64%, keeping its position in the leading group of private commercial joint stock banks in terms of fee income.

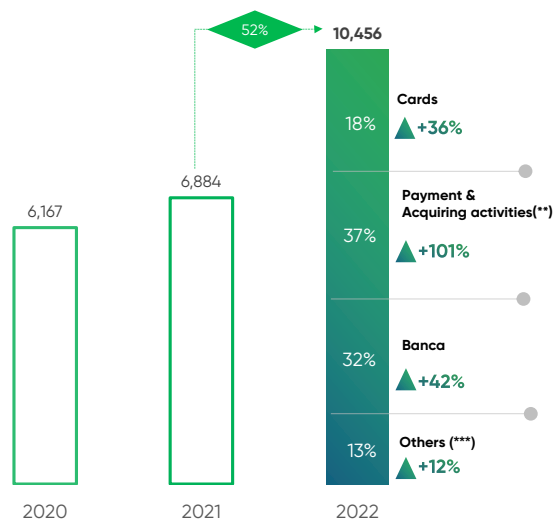
The main growth driver was the promotion of credit card issuance, insurance and payment services of the bank. Income from payment services flourished in 2022, doubling over the same period last year thanks to the promotion of LC UPAS and POS. Fee income from cards increased by 36% and the total number of cards issued reached more than 7 million thanks to the post-pandemic recovery of economy, increased trade activities as well as domestic spending. In addition, VPBank also strengthened cooperation with e-commerce partners, offering incentive programmes to boost card spending.

TOTAL OPERATING INCOME (VND bil.)



GROSS FEE INCOME

Unit: VND bil., %



(**) Payment & Acquiring activities include LC, LG payment, international and domestic payment & POS

(***) Other fee income: account fee, arrangement fee

Also in 2022, VPBank successfully extended the exclusive contract with AIA for a term of 19 years. The extension of the partnership contributed to enhanced the cross-selling of insurance so that life insurance sales increased by 80% in 2022, helping to elevate the bank to the leading position on the market in the last months of the year in terms of insurance income. In addition, VPBank also actively improved the diverse ecosystem by successfully acquiring OPES, thus adding non-life insurance business, and VPBankS, thus expanding into securities and investment banking, in order to provide comprehensive financial solutions to customers, creating a premise for business breakthroughs in the future.

Digitisation was the core foundation for growth and efficiency

The COVID-19 epidemic witnessed a shift in consumer and investment behaviour trends. By proactively building a digital strategy and a thorough business plan while adhering to the principle of taking customers as the centre of all decisions and actions, the bank built up a leading advantage, gradually affirming the position of one of the leading retail banks in Vietnam market.

The omnipotent digital bank VPBank NEO, a super application fully invested in and continuously improved by VPBank, with a series of new features to enhance customer experience helped grow customer base and transaction volume while maintaining and controlling costs. In 2022, VPBank NEO attracted 5.2 million customers cumulatively with more than two million newly activated ones. The number of transactions on VPBank NEO in the year reached 232 million, an increase of 87% compared to 2021. In addition, online term deposit ratio on the very platform reached 75%, an increase of 19% yoy.

VPBank's digital strategy covers both unsecured and secured lending activities. VPBank Race CAR application with the customer appraisal feature through advanced technology brought VPBank to the no. 1 position in 2022 in personal travel auto loans, surpassing banks with the same digital advantages.

The ambition to develop and promote digital transformation was clear not only at VPBank but also in the entire ecosystem. The digital bank Cake by VPBank, developed for the young customer segment, attracted more than 2.6 million customers after only 24 months of launch, making a significant contribution to the efforts to expand the digital ecosystem of VPBank. Meanwhile, FE CREDIT launched a new version of FE Online application with many outstanding utilities, helping customers experience a multi-feature super application. This application has a series of features such as completing the digital contract of the card/loan account with an electronic signature, supporting card and loan management, making payment via QR code, etc. in a smooth, convenient and efficient manner.

With the post-Covid promotion of investment in production and business and continuous efforts to improve operational efficiency through digitisation and process optimisation, the growth in consolidated OPEX was kept at 32% yoy, helping to keep VPBank's cost-to-income ratio (CIR) the lowest in the market at 24.4% by the end of 2022.

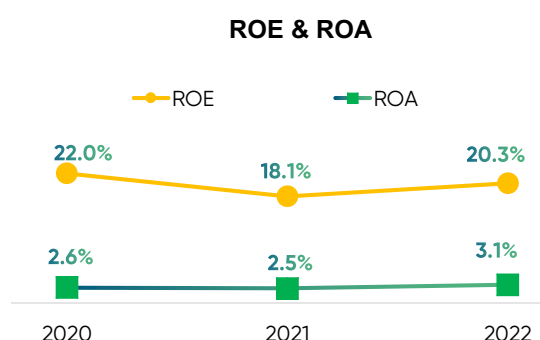


Parent bank flourishes with breakthrough profits

Thanks to funding optimisation and flexibility in business operations, the consolidated PBT increased by 48% yoy, of which the bank standalone reached more than VND24 trillion, up by 71.3% and joined the billion-dollar profit club for the first time in 2022.

For FE CREDIT, market uncertainties and prolonged effects of the COVID-19 pandemic resulted in a slow recovery. However, thanks to positive changes in the macro economy and a flexible and sustainable growth strategy, the bank expects the segment recover and contribute positively to business performance of the VPBank group in the near future.

At the end of the year, the consolidated return on assets (ROA) and return on equity (ROE) reached 20.3% and 3.1%, respectively, and formed a solid foundation for the next 5-year journey bearing the goal of quality growth, and creating prosperous and sustainable values for customers, the community and society.





Retail Banking

BRILLIANT BOUND

Being one of VPBank's key growth drivers during the 2018-2022 period, the RB segment have made robust changes and brought VPBank among the top in this segment across the industry. Turning decisions have been made, including focusing on digitising end-to-end processes and services, restructuring service sales channels, robustly implementing customer segmentation strategies, etc. and have become an important foundation for future breakthrough.

Footprints during 2018-2022

RB has achieved important development milestones and set foundation to achieve significant results year by year.

2018-2019: VPBank launched VPBank Diamond exclusively for the Affluent segment (AF) in Vietnam, which give customers access to world-class and highly personalised services and meet their diverse needs.

This period also marks the return of Unsecured Personal Loan (UPL), affirming VPBank's leading strength in unsecured credit in the market. The sales channel was also restructured through the establishment of the Credit Hubs in order to quickly serve the tailored needs of customers. These hubs are an important basis for credit growth in the coming years.

2020-2021: the Household Business (or CommCredit) and Digital Banking Services units were integrated into RB, and as a result, such integration allows business activities are deployed centrally based on the customer segmentation strategy across all sales channels.

2020 marked VPBank become the first retail bank in the market to implement eKYC which help customers overcome all geographical and time barriers to fully-online register for account opening based on their biometrics without face-to-face meeting like traditional process.

2021, VPBank launched the VPBank Prime brand and made it the first financial brand in Vietnam which exclusively serves the Mass Affluent (MAF) segment and bear the slogan "Breakthrough from today".

The bank also gradually completed the segmentation strategy framework, digitising products/services, implemented a regional business model to optimise management and sales at business units.

Notably, digitalisation and quick adaptation to market changes have helped RB to overcome the difficulties and challenges of the pandemic during 2020-2021 spectacularly and record a strong growth in both efficiency and volume.

In 2022, RB continued its leading role in business model transformation, deploying actions and solutions in response to risks and difficulties to achieve future solid growth.

2022 also marked the fifth year of the strong AIA Vietnam - VPBank cooperation, of which premium revenue via the RB channel grew by 90% compared to 2021. In May 2022, VPBank and AIA Vietnam raised the strategic partnership to a new height by signing an agreement to extend the exclusive distribution agreement from originally 15 years to 19 years.

By the end of 2022 as well as in the past 5 years, VPBank recorded impressive results: RB's term deposits grew at 43% yoy, added by 45% growth in loan balance and TOI exceeded VND12,5 trillion.



Highlights

COMPOUND ANNUAL GROWTH RATE (CAGR) BETWEEN 2018–2022:

TOI
22%

PBT
43%

Total deposit
26%

CASA
30%

Customer base
24%

2022 VS 2021

TOI
38%

PBT
43%

Total funding
43%

Customer base exceeded **8 million** as of December 31, 2022, of which **2 million** were newly acquired in 2022.

Total credit card spending:
VND100 trillion

Call centre offers **over 100 end-to-end services** while customer support via other channels like website, Facebook, Zalo, email... reached **34%**

Online appointment via VPBank's Online Booking app attracted **more than 7,000 customers a day**, which help customers minimise idle time and being proactively in all transactions at the bank.

Conquering the challenges

In order to adapt to market fluctuations and changes in regulatory framework, the bank has actively built and flexibly adjusted its retail business, including accelerating digitisation, listening to customers and diversifying resources coupling with cost optimisation to achieve the highest operational efficiency and profitability.

VPBank also increased the interface with its partners and digital platforms to create added values, increase the competitiveness of products and services, and create differentiated customer experiences. Through digitisation, customers can enjoy many services and products, from simple to complex one, and 100% on digital platforms, such as opening accounts, savings, applying for unsecured loans, car loans, etc.

With regard to the changes in the financial and investment behaviour in the new era, VPBank has determined that listening to and understanding customers is the key which help the bank to capture, on a timely manner, their needs, therefore make it possible to build and tailor products and packages which best fit each customer profile of different ages.

In the medium and long-term horizon, the bank shall remain consistent with its value positioning, develop and strengthen its offerings for key segments, i.e. Diamond/Diamond Elite for AF; Prime for the MAF; and CommCredit for the small business/household segment, while clearly shaping and focusing on effective management of the Upper Mass segment.

An ecosystem of financial products, services and solutions

In order to fulfil RB targets and adapting to market volatility in 2022 in particular and the period 2018-2022 in general, VPBank has changed its business strategy from "product centric" to "customer centric". Simply put, it is the migration from providing traditional banking products and services to innovation, developing and providing customer-centric financial solutions that meet actual needs of different segments.

For each of the key customer segment, besides traditional products such as accounts, savings, credit cards, etc. in 2022, the bank has focused on designing and launching solution packages of products and services to meet the financial needs of each segment:

- **AF:** VPBank Diamond offers exclusive service packages on banking, wealth, insurance, credit, asset management, accompanied by expert consultancy to support AF customers to realise their personal and family financial goals. In addition, VPBank Diamond also offers non-financial solutions to create a unique lifestyle and a differentiated experience through the airport lounges in Vietnam, 24/7 doctor services/private visit, lifestyle privileges (travel, food, hospitality...)
- **MAF:** VPBank Prime focuses on providing a complete and comprehensive solution to serve their needs, from simple ones as payment, savings to complex ones as loan, protection and investment. The introduction of combos and digital offerings help customers to maximise their benefits while minimise transaction time: transaction combo (lucky-number current account, international debit card, fully online mobile banking); Car loan combo (5-minute approval at the showroom via VPBank Race App); Business Combo (serving business loan needs and protection); E-Payroll solution: opens a salary account 100% online without going to the bank
- **HNB:** VPBank continues to focus on expanding its transaction network and providing financial solutions to household customers across the country. Financial solutions such as cash flow management, loan financing, etc., along with the focus on process streamlining and minimising document requirements, have properly and successfully met the needs of business households.

In addition to the segment-based financial solutions, VPBank also expand its partnership with major players across different fields: real estate, technology, securities, e-commerce... and other partners in the Agent Banking strategy, which all aims to bring associated products that are both quick, convenient while maximise benefits for customers.

Accelerating E2E digitisation of processes and services

VPBank pioneers in deploying a 100% digital end-to-end (E2E) lending solution in the market for unsecured products.

- Auto-approved and paperless Jarvis for card to serve sales channels, partners and especially customers to perform all process to access credit services of their needs. The E2E approval matrix is entirely based on the customer's behaviour and credit history through third-party reference data helps to shortens approval time and takes customers only 5 minutes to get a credit card.
- Instant lending: VPBank is the first in the market which offer auto unsecured loan disbursement and the virtual card issuance to maximise customer convenience and experience.
- eKYC and video call (face-to-face is not required): the first bank in the market to use biometric data through eKYC utilities and KYC video calls to verify customers, gradually replace the traditional KYC method, providing customers with a seamless digital experience, minimising the waiting time for approval, and quickly using VPBank's products.

VPBank NEO

VPBank NEO is positioned as VPBank's fully digital bank and it integrates all the utilities and features of a digital bank and applies the most advanced biometric technologies, helping customers to make and complete their transactions in a timely, secured and convenient manner.

After two years of deployment, approximately 5.2 million customers have registered for VPBank NEO. VPBank NEO is rated as one of the applications with the best customer experience in the financial sector and by the end of 2022, VPBank NEO's achievements include:

Having the **highest rating** by users in Vietnam (App Store: 4.9/5, Android 4.4)

Top 3 financial apps in Vietnam on App Store

2.15 million customers registered and activated VPBank Neo in 2022, up by **229%** compared to 2021

Covered **232 million** transactions, up by 87% compared to 2021, and **8.4 times** compared to 2018

123,000 new credit cards were opened on VPBank NEO 2022, an increase of **44%** compared to 2021

Online savings balance in 2022 increased by **34%** compared to 2021, reaching **74%** of the total deposit balance, the proportion of online savings customers/total deposit customers reached more than **80%**





Products and services are highly distinctive and competitive in the market

- Being the first bank to deploy digital payment via Google Pay that allows customers to make contactless payments by Android mobile devices for all of the Mastercard or Visa cards.
- Diverse unsecured loan products that meet the majority of needs of different segments, those having income proof to those whose income is assessed through customer behaviour data. This diversification helps different customer segments to access the bank's products and services and thus reduce their dependence on the black market.
- Business household top-up or overdraft loans helps either retail customers and business households to advance money and salary within 5 minutes fully on VPBank NEO without any documents required.
- Launched VPBank-Shopee co-branded international debit card in December 2022, extend the long-term mutual cooperation in the past 2 years. VPBank is continuously honoured by Shopee as the "Impressive Strategic Partner" in 2020 and 2021.
- Instant conversion of one-off spending into monthly instalment on VPBank NEO allows customers to actively pay in instalments and enjoy attractive interest rates with each transaction.
- The first unsecured overdraft in the market to meet the needs of the Affluent segment.
- Secured products are highly competitive in the market thanks to fast valuation of simple collaterals such as cars, project houses, apartments, and real estate whose data are available in the database. The valuation is done online and produce results in fast manner.
- In 2022, the "Charity" function on VPBank NEO was launched and helped customers to contribute their donation to the right people, in the right circumstances and in fast and effective manner. This strongly affirms the value of community prosperity that VPBank wants to bring to the people of Vietnam.



Typical awards in 2022



- Best Mobile Banking Application in Viet Nam
- Best Digital Business Model Initiative in Vietnam



- Leadership in Credit Volume
- Leadership in Debit Volume
- Leadership in Debit Card Growth
- Leadership in Debit Volume Growth
- Leadership in Cross Border Ecommerce Volume



- Leadership in Payment Volume Growth
- Leadership in Merchant Sales Volume Growth
- Leadership in Credit Activation
- Leadership in Co-branding Growth
- Leadership in Credit Payment Volume Growth



- Impressive Strategic Partner 2021

SME Banking

ADAPT TO GROW

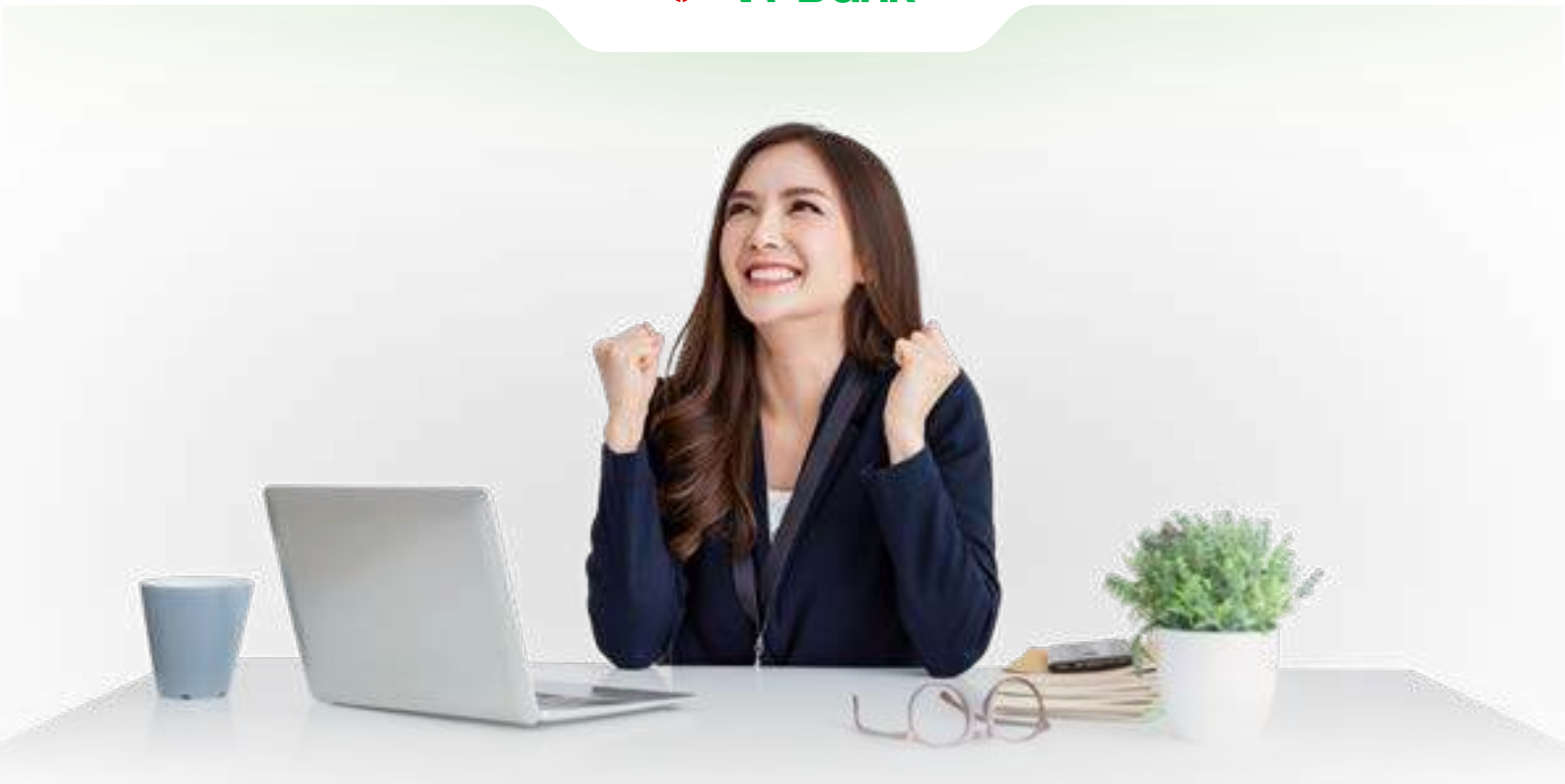
2022 was the crucial year for the Vietnam's economic recovery after 2 years of struggling against the COVID-19 pandemic. VPBank's biggest challenge in the SME segment was the rapid increase in funding demand and the changes in consumption behavior of financial products. Enterprises prefer to use financial products of banks that have well-invested in their digital systems and services in order to reduce time and costs. To adapt to such new circumstances, the bank has promptly implemented different solutions, including:

- **Actively looking for partners with preferential capital**, including the cooperation with the Asian Development Bank for a programme of \$5 million to support loan interest rates specifically for women-owned businesses
- **Investing in technology and digitisation** to digitise products, services and processes to help businesses save transaction time and control cash flow transparently
- **Bundling payment solutions**, including skills training, platform sponsorship to partner/customer referrals to help businesses penetrating e-commerce in an effort to adapt to the pandemic

Increase the value of products and services

VPBank is one of the first banks to provide E2E financial solutions for micro enterprises. Specifically, when they use any product from VPBank, they will receive the following solutions, features and utilities:

- Support to register e-commerce standard commercial website with the Ministry of Industry and Trade
- 100% free use of the full set of Google Workspace solutions within the first 3 months to optimise business activities on the online platform
- A free on online CEO course for business owners
- Coordinate with the E-commerce Department to organise many direct training courses to help businesses digitise domestic and global products/services



Technology application to enhance competitiveness

During 2022, VPBank has increased access to financial products, services and solutions for SME by applying advanced, modern and highly competitive technology in the market.

- Fully eKYC of business account helps to open accounts quickly and conveniently, free of charge for domestic and international inter-bank money transfer.
- Online LC opening with simple procedures and documents to help customers apply for online LC issuance without having to submit original documents.
- Online credit product bundle, including online car loans, online overdrafts and online disbursements which reduce more than 50% of paperwork, procedures and processes, helping businesses to access in a faster, more convenient and timely manner.

- Modern payment solution via POS and online Ecompay gateway which help businesses to attract more customers through convenient payment methods by Visa, Mastercard, JCB cards. The solution also helps them to reduce cash management costs, minimise the risk of counterfeit money and transaction time.

In addition, applying technology also helps banks optimise touch points, improve service quality and customer experience:

- Building an online booking function that allows customers to book online appointments for complex transactions, saving 90% of waiting time at the counter.
- Applying technology to automate debt-reminding calls and messages, activating cards, statements..., help customers manage cash flow effectively and be proactive in arranging personal finances.

Typical awards in 2022



Digital Banking for SME



Best MSME Development Bank





Wholesale Banking

THINK BIG, DO BIG

2022 was the year for the world economy to revive and recover after COVID-19. The corporate segment also gradually overcame difficulties, invested more in production and business activities, and its loan demand also soared. However, 2022 was also the year which the financial and credit markets saw many complicated fluctuations and caused many difficulties for large enterprises.

Thanks to its own efforts in such a difficult and volatile context, VPBank stepped up activities to support and advise customers and sought cooperation opportunities to deploy new financial products to arrange capital for businesses, while at the same time strengthening risk control and managing bad debts.

Specifically, in order to diversify the offering in addition to traditional services such as deposit, lending, credit granting, FX, etc., the bank expanded and promoted the digitisation of payment services through inter-connected systems which in turn will better support the large enterprise customers. This solution has helped to improve the efficiency of cash flow management and management of regular business activities of customers, especially those with high volume of in-going or out-going payment transactions during the day.

In order to better serve customers in this segment, in 2023, VPBank will consistently explore and leverage this segment's potential, including both existing and new customers; strengthen and actively promote deposit mobilisation at low and reasonable costs; promote off-balance sheet development, including LC and BL; leveraging the opportunity of real estate projects having good legality...

At the same time, the bank will continue to leverage its ecosystem, including customers' partners and partner-related banking services; promote the development of customers using payment solutions; risk management and bad debt control...

Financial Market

ENHANCE CREDITILITY, ACHIEVE TARGETS



VPBank was an active market maker, both in the primary and secondary markets, for government bonds over the past 5 years. Its key achievements included:

- Market maker position in the **primary market**
- **Top 10 largest regular trading volumes** on the secondary market
- **A member of the Vietnam Bond Market Association (VBMA)**, contributing to building a standard yield curve and increasing market liquidity.

VPBank also actively participated and played an important role in creating and strengthening the FX market, especially the spot, swap and interest rate derivatives markets during the 2018–2022 period.

Along with continuously increase capacity in this segment, VPBank successfully performed large volume FX transactions from **\$500 million to more than \$1 billion**. Some typical transactions included:

- Interest rate derivatives at a volume of **more than \$1.1 billion** for customers in 2020
- Spot trading volume of **nearly \$800 million** in 2021
- **\$600 million and \$510 million** interest swaps in 2022.

In addition, VPBank continuously introduced new derivative products to meet the special needs of customers.

The bank has become a reliable partner of both retail and corporate customers, securities companies, with a wide range of comprehensive financial services, ranging from simple spot FX products to hedging instruments: exchange

rate hedging, short-, medium- and long-term interest rate hedging, combined with other financial products to create financial structures that bring efficiency and hedging for customers.

At the same time, VPBank has connected payment and collection systems with 20 major securities companies in the market, in order to facilitate investors in depositing and withdrawing money and placing orders to buy and sell securities.

VPBank has also successfully implemented the Kondor Treasury System and FX Online in recent years, allowing automation of transaction flows from customers to business units, to risk management, accounting and other operations at the head office. These systems have helped VPBank to optimise business performance, such as saving 30% of time, increasing capacity by 25%, while improve risk management through timely and accurate reflection of the risk position according to the bank's market valuation.

In 2022, the FX business for both retail and corporate customers recorded a profit growth of 50% compared to 2021, thanks to its customer-driven comprehensive financial structure solutions.

Thanks to digital transformation and successful application of international standards, VPBank was honoured and awarded "House of the Year 2021" by Asia Risk in the field of risk management and derivative products. The total sales of derivative products – including cross currency swaps and interest rate swap contracts – reached \$3 billion by the end of 2020; and continued to be awarded "House of the Year" by Asia Risk in 2022.

ENRICHING CUSTOMER EXPERIENCE IN THE DIGITAL ERA

The year 2022 marked a leap in customer experience enhancement at VPBank. For the first time in many years that according to a Nielsen's independent report, VPBank achieved the highest score among local commercial banks in NPS (Net Promoter Score which measures Customer Satisfaction Index) and CSAT (Customer Satisfaction Score).

Specific achievements included:

- Early identification of **300 systemic problems**
- Preventing more than **10 million unsuccessful customer-driven experiences**
- **Customer satisfaction score** on all service channels constantly stayed at a very high level of 4.8/5

The application of technology to digitise and automate operations has helped the volume of the operational units increase by 600% in the past 5 years, the average product cost has decreased from 15% to 20% p.a, labour productivity increased by 27% per annum. These achievements not only keep VPBank among those having the best cost-to-income (CIR) ratio, but also maintain its pioneering position in building excellent operational solutions.

- VPBank was the first to deploy Robotic Process Automation to customer transaction processing since 2018
- Successfully implemented ECM/BPM (Enterprise Content Management System/Business Process Management System) to automate customer-driven processes since 2019
- The first bank to introduce online disbursement for corporate customers since 2021;
- The first bank to introduce Customer Care Portal and Voice Biometrics, Callbot, Chatbot applications since 2021-2022
- At present, approximately 96% of customers' transaction are processed through auto digital channels

Operational excellence has created true and outstanding values for customers as well as created a bank-wide strong growth engine in 2022.

The 2023 theme shall be Sustainable Efficiency - Outstanding Experience - Long Term Engagement. In specific, VPBank will continue to focus on:

1. Growth together with innovation and automation

- Scaling up E2E processing models for the car loan, home loan under retail segment to support business growth
- Deploying E2E service model for corporate segments, meeting the digitisation strategy of business units
- Applying new technologies such as AI, Machine Learning, Data Analytics, Callbot, Chatbot, Biometrics, OCR... into the bank's activities, including auto document drafting, automatic accounting, predicting customer needs, 24/7 customer care across all platforms...

2. Operational and quality risk management

- Focus on controlling operational activities in line with the business focus in 2023
- Strengthen the management of operational risks arising from digital products/technology, especially for automated processing
- Strengthen capacity, improve the efficiency of credit records management via technology application

3. Data mining and technology

- Research and deploy data mining and analysis models to forecast customers behaviour and needs, operational needs, resources and operating costs
- Continue the research and pilot new and modern technologies into disruptive initiatives

4. More flexible expenses management and planning

- Apply new thinking and approaches on expenses management, performance management and labour productivity
- Develop flexible plans and strategies suitable for different scenarios to create a strong and sustainable development momentum for the bank



4

Sustainable **Prosperity**



1

2

3

4

SUSTAINABLE DEVELOPMENT FUELLED BY A ROBUST RISK MANAGEMENT FOUNDATION

2022 was a unprecedented challenging year as the global economy had to struggle to recover from the pandemic and cope with the geo-political tensions. In such a contextual reality, VPBank proactively responded and promptly implemented strict and effective risk management measures, focusing on flexible policies, processes and control mechanisms which were executed consistently across the system.



Risk management in 2022 – highlights

- By the end of 2022, the single and consolidated CAR, under Basel II, were 12.63% and 14.9% respectively, far above the SBV requirements at 8% and are close to other leading banks in the region.
- Despite the tightened monetary policy on customers' solvency, thanks to prudent risk management efforts, both single and consolidated NPLs remained within a safe threshold and were 2.19% and 4.93%, respectively.
- The bank's restructured exposure continued its strong fall, down to only 1/4 compared to the same period of 2021. Notably, since 2022Q2, VPBank no longer had to make additional provisions for this exposure thanks to the increasing customers exiting the portfolio.
- Given increasing concern on social and environmental issues, awareness of financial risks related to climate change is also on the rise. In 2022, the bank issued an Environmental, Social and Governance (ESG) Risk Management Framework in accordance with international practices and SBV requirements. The assessment of the ESG framework by an independent auditing firm will help the bank to fully incorporate ESG elements into the current risk management framework and promote a ESG risk management culture across the system.

Risk management – key achievements during 2018–2022

In the 2018–2022 period, VPBank made remarkable achievements in its risk management activities:

Pioneering in applying leading international practices and standards to improve the risk management process

- **Basel III:** from 2020, VPBank became one of the first three local banks which complied with the three pillars of Basel II. By 2021, VPBank continued its pioneering in successfully implementing Basel III liquidity risk requirements by building a tool to calculate and monitor two indicators: Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). This was not only about compliance, the application of Basel standards also affirmed VPBank's pioneering move among local banks towards international standards.

- **IFRS 9:** VPBank conducted a gap assessment and initially implemented IFRS 9 project from 2019. By 2021, the application was successfully operational, bringing about fundamental changes in the risk management across the bank. Notably, all phases of this project were done by 100% of internal resources, demonstrating VPBank's spirit "Yes We Can" as well as the bravery and capacity of VPBank.

Staying ahead of the digital transformation trend

- Promoting profound digitalisation in risk management is one of VPBank's top priority in the 5-year strategy 2018–2022. Right from the early days of Basel implementation, VPBank focused on developing a comprehensive risk management framework to assist in automating risk metrics, managing risk appetite and integrating risk management reporting system.

- A centralised data model has been built where data are extracted – transmitted – processed based on the bank's raw data sources, then to put into auto calculation tools according to Basel, IFRS 9 standards or other related standards.

- Over the years, VPBank successfully built a large set of models that applied to both key customer segments level and at the product level across the entire credit cycle, from the application for loan until when the service got terminated. The models have helped VPBank to make more effective credit decisions in selecting customers, especially during the epidemic period with prudent credit policies.

- VPBank currently owns one of the most modern debt collection centres equipped with the advanced technology to optimise debt collection productivity, reduce operating costs as well as enhance customer experience.

These relentless efforts have been well recognised and awarded

By the Asian Banker:

- The Achievement in Liquidity Risk Management in 2020. Notably VPBank was the very first local bank who received this continent award in risk management

- The Achievement in Enterprise Risk Management in 2021

Asia Risk:

- Vietnam House of the Year (2021) in risk management and derivatives

DAS:

- ISO/IEC 27001:2013 certificate in information security

Ambition in the period 2022 – 2026

Even the current economic downturn may be prolonged and posed negative socio-economic impacts on Vietnam, VPBank remained confident in the new development outlook and opportunities in 2023. Accordingly, in the five-year strategy 2022–2026, the bank's BOD has set ambitious but achievable goals of which the risk management system shall play a key role. Specifically, the bank has developed a detailed actions to enhance its internal risk assessment methods to better align to international standards, which aims to maintain a strong capital base to tackle inherent risks in the bank's business and investment activities.

VPBank believes that risk management plays a key role in, among others, the development of technology platforms, big data management and the bank's digital journey, along

with activities related to supporting credit development, credit processing and portfolio quality management. In addition, fraud prevention and investigation activities and information security will be further enhanced in order to keep up with the process of product digitisation, proactively detect and prevent fraud risks and the risk of information leakage.

Entering the next 5-year development phase, VPBank will constantly upgrade its risk management activities to serve as a foundation to realise the ambitious goals set by the BOD.



SUSTAINABLE DEVELOPMENT REPORT 2022

A MESSAGE FROM THE LEADERS ON THE SUSTAINABLE DEVELOPMENT

In 2022, VPBank continued its sustainable development strategy which aimed to balance economic - social - environmental goals. Accordingly, the bank released the climate financial disclosure as required by the Task Force on Climate Related Financial Disclosures (TCFD), and completed its internal comprehensive Environmental, Social and Governance (ESG) risk framework and had it audited by an independent entity. In addition, the bank also completed a Sustainable Finance Framework to promote synchronous green and social financial solutions, in order to contribute to achieving climate and sustainability goals in Vietnam.

VPBank's sustainable development score, assessed by Moody's in mid-2022, was equivalent to the region's leading credit institutions. VPBank was also among the top 20 listed companies in Vietnam with the highest Sustainability Index for the fourth time in a row according to the Ho Chi Minh City Stock Exchange, and was awarded the "Climate Financing Leadership in East Asia - Pacific 2022" by the International Finance Corporation (IFC). These were the proof and recognition of the leading prestigious rating agencies for VPBank's efforts in its sustainable development journey.

In the period of 2022-2026, VPBank will remain persistent to its strategy towards becoming a leading green and sustainable bank in Vietnam, building a long-term strategy step by step to help the bank achieve its net emissions in accordance with the principles of Reduction, Transformation and Absorption, in order to improve its reputation in the international arena and bring about sustainable development steps for VPBank itself and its stakeholders.

SUSTAINABLE DEVELOPMENT - BACKGROUND & OVERVIEW

2022 was the year which not only witnessed the gloom of the global economy with uncertainties about inflation, interest rates, supply chain disruptions, but also the year that faced extreme climate as heat waves, fires and

floods became more frequent, raging in many countries and regions around the world. This once again showed the unpredictable and increasing consequences of global warming.

According to the UN's climate report released in October 2022, the global temperature in 2022 was 1.15 degrees Celsius higher than the pre-industrial average, while the global average sea level was 4mm increase. It is forecast that by 2050, climate change could cause a loss of 4% of total global economic output, of which middle and low income countries will suffer more.

The world is facing a critical decade. More than ever, countries must take practical action and comply with their climate commitments. At COP26 and COP27, the Government of Vietnam set out a roadmap to reduce greenhouse gas emissions and pledged net zero emission by 2050. Vietnam will continue to leverage an important role of the banking system to implement financial actions to combat climate change and promote sustainable development activities.

The 2018-2022 growth path witnessed a strong transformation of VPBank on its way to become a consumer-friendly bank, actively contributing to sustainable development goals when pioneering in promoting digitisation; making efforts to attract international sustainable finance; at the same time it stands ready to support small and medium enterprises, women-lead or owned businesses or businesses affected by COVID-19. In addition, VPBank constantly improves and enhances its ESG risk management capabilities to meet international standards.

A year filled with uncertainty and the climate crisis has sent a warning message to the world on the urgency to change the way we treat our planet. Entering 2023, which marks the first year for the 5-year strategy for the period of 2022-2026, VPBank will continue to seek new growth drivers, be flexible, creative, increase engagement with stakeholders and pioneer in creating outstanding banking products and services associated with the goals of reducing emissions, eliminating inequality and promoting sustainable development.

This annual report is an overview of VPBank's sustainable development journey over the past year, highlighting its performance efficiency and an assessment of the bank's ESG activities to ensure transparency and accountability to stakeholders.

SUSTAINABLE DEVELOPMENT STRATEGY

Vision

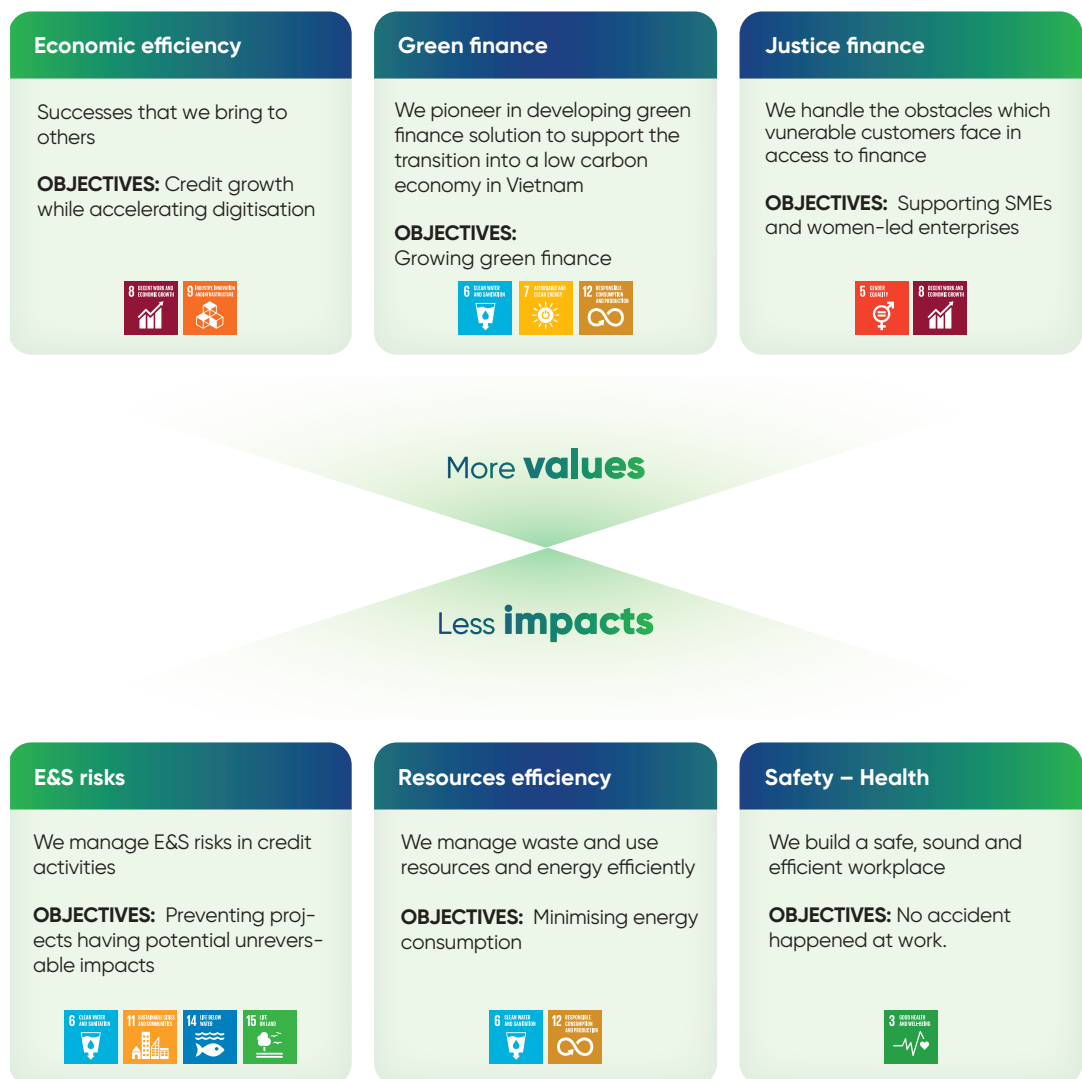
Become a bank with a solid position among the top three largest banks in Vietnam and the size among the top 100 largest banks in Asia, jointly promoting the sustainable development and prosperity of the country and the community.

Mission

Pioneer innovation, improve the quality of outstanding financial services for customers and partners, and develop effectively to bring sustainable prosperity values to shareholders, the community and society.

Create the best conditions for employees to fully unleash and develop their potential and strengths.

Action



OUTSTANDING ACHIEVEMENTS IN THE SUSTAINABLE DEVELOPMENT JOURNEY

Independent assessment of rating agencies on VPBank's ESG governance practices



It was the fourth consecutive years that VPBank was ranked in the top 20 of the Sustainability Index. VPBank's assessment results are higher than the industry average and VN100 average.

MOODY'S

VPBank's ESG Score is at CIS-2 ("Neutral-to-Low"), indicating the low E&S impacts on its operations as well as its solid management capabilities with a risk management and compliance system built according to international standards.



In addition, VPBank conducted a comprehensive review of the ESG Risk Management Framework with EY and was confirmed to meet international ESG risk management standards and practices, including the guidelines of the Monetary Authority of Singapore, European Central Bank, Bank for International Settlement, International Finance Corporation (IFC). VPBank's climate-related financial disclosure was also assessed and confirmed to meet the basic requirements of TCFD.

The awards that prove VPBank's ESG management capability



Best MSME Development Bank (2022)
by *International Finance*



Bank of the year for climate financing –
East Asia and Pacific (2022) by IFC



Digital Banking for SME (2022)
by *Global Banking & Finance Review*



Digital bank of the year (2021) by IFC



Bank Application of the year
for VPBank Neo fully digital app by
The Asian Banker



Best IR Bank Vietnam (2021)
by *Global Banking & Finance Review*



Outstanding implementation of the Anti-Money Laundering solution
earned together with Oracle by
Regulation Asia (2022)



Model Risk Manager in anti-money laundering risk management
by *CELENT*



House of the Year in risk management
for 2 consecutive years
by *Asia Risk*



ISO/IEC 27001:2013 certificate in information security by *DAS*
(annually reviewed and extended)



Successful mobilisation of sustainable financing from international partners

Through the Green Finance Framework and the Social Finance Framework built on international standards, in 2022 VPBank successfully mobilised an additional mid- to long-term \$1.25 billion from international financial institutions to comprehensively support the climate change mitigation and adaptation fields and activities that generate positive social impacts in Vietnam such as financial support for SME, women-owned businesses and health, education, infrastructure, sanitation – clean water, affordable housing for low-income people. Loans that have been successfully mobilised include:

\$600^{MIL}



\$150^{MIL}



\$500^{MIL}



The signing ceremony of a \$500 million syndicated loan facility between VPBank and ADB, JICA, SMBC, ANZ & Maybank on November 11, 2022

REPORTING STANDARDS AND PRINCIPLES



VPBank persistently strives to be transparent in information disclosure according to international standards in order to create a common understanding between the organisation and its stakeholders, and facilitate the information access for its shareholders and investors, thus contributing to strengthening trust and increase value to stakeholders. Specifically, the Sustainability Report was developed by referring to the standards of the “Core” option under the sustainable development reporting guidelines by Global Reporting Initiative.

In selecting contents to disclose, VPBank refers to GRI’s reporting principles, including (i) Ensuring stakeholder participation, (ii) Context of Sustainable Development, (iii) Materiality and (iv) Completeness.

REPORTING CONTENT AND SCOPE



Sustainable development contents and scopes selected and presented in VPBank’s 2022 Annual Report were reviewed and updated annually by a materiality analysis and its relation to operations and sustainable development strategy and activities of the bank as well as the context of national and global sustainable development. The CEO directly reviews and adopts the sustainable report and ensures that all material topics are covered.

On that background, the 2022 Report has extended from “Core” to “Comprehensive” under GRI standard. VPBank continues to report its contributions to sustainable development goals and solving urgent ESG-related issues in a transparent and opened manner.

References to GRI reporting contents and scopes are provided in the Annex (p.212-220).

REPORTING PRACTICES



Reporting period: **01/01/2022 – 31/12/2022**

Closed reporting date: **31/03/2021**

Reporting scheme: **annual report**

Contact point on sustainable reporting:

Investor Relations – VPBank

Email: **ir@vpbank.com.vn**

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

COMMUNICATION WITH STAKEHOLDERS

VPBank's business principles are defined as the harmonious bond among business goals, social responsibility and towards sustainable development. During the report year, VPBank maintained and continued to expand the engagement with stakeholders to strengthen close cooperation with the aim of actively discussing ESG and climate change topics.

Stakeholders	Communication/ meeting channel	Frequency	Contents of discussion/consultation
Employees	Internal communications	Regularly	Keep employees fully up-to-date with information on activities, events organised by the bank, achievements and business results of the bank and the bank's regulatory policies;
	Internal events	Quarterly / yearly	
	Internal meeting	Regularly	Ensure transparency on remuneration and welfare schemes for employees aiming at employee satisfaction;
	Other communication channels (website, internal forums, and social networks)	Regularly	Training programmes and corporate culture reinforcement are tailored for each working level which includes training on E&S risk management in credit granting and human rights.
	Internal training	Regularly	
Customers	Branches/Transaction Offices	Daily	Ensure continuous and sufficient updates on:
	24/7 customer services and care portal	Regularly	(+) The bank's events, products, services and preferential campaigns including sustainable financial solutions/programmes;
	Official Website/Social Network/Bank App	Regularly	(+) Information about the bank's operations and business performance, certificates and prizes awarded by prestigious organisations;
	Information from the mass media	Regularly	(+) Changes in regulations of state agencies affecting the interests of customers;
	Other communication channels (email, text messages)	Regularly	(+) Warnings on fraudulent tricks, scams and other information about ensuring customers' interests including customer information security. Ensure the interaction and opinions receiving on a regular basis to constantly improve the quality of products/services to meet customisers' demands.
Shareholders/ Investors	Annual General Meeting (AGM)	Once per year or ex-traordinary meetings	Discuss business performance and development outlook of the bank in each period;
	Earnings call and Broker meeting	Quarterly	Discuss policies and practices of ESG governance and the bank's sustainable financial products;
	IR Newsletter	Quarterly	Answer investors' concerns and questions about macroeconomic fluctuations and direct/indirect impacts on the bank's operations.
	Workshop and seminars organised by domestic and foreign securities companies and investment funds	Monthly	
	Other communication channels (website, social networks, email, and phone)	Regularly	

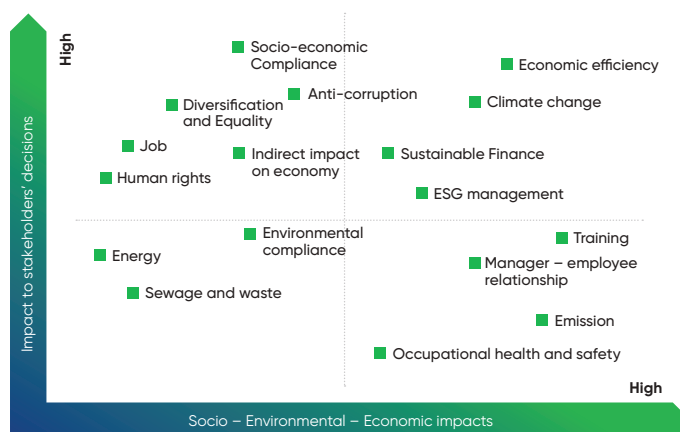
Stakeholders	Communication/ meeting channel	Frequency	Contents of discussion/consultation
Other partners (Lenders / independent assessors)	Direct meeting with representatives of the leadership	Several times/year at the request of partners	Discuss and contribute ideas to international initiatives, standards and practices related to ESG risk management and sustainable finance;
	Other communication channels (email and phone)	Regularly	Assess the bank's compliance with international standards and practices on ESG governance practices at the request of the Lender; In 2022, VPBank actively participated in 12 ESG-thematic meetings organised by such partners as ADB and IFC, and 2 ESG management capacity assessment programmes organised by independent rating agencies.
Government/ State management agency	Official dispatch, proposal and report to the State agency according to regulations	Periodically according to the regulations of the State Administration	Provide feedback and comments to develop legal documents including three documents on E&S risk management in credit granting and sustainable finance; Joined nine meetings related to ESG topics organised by the State agencies (such as the State Bank of Vietnam, Banking Association) to actively promote the financial sector in accordance with sustainable development initiatives;
	Direct meetings	Several times/ year at the request of the State Administration	Report the bank's performance, development strategy and compliance with regulations of the state agencies.
	Other communication channels (email and phone)	Regularly	
Service providers	Direct meetings	Many times/year	Select, work and behave with suppliers in accordance with the prescribed process;
	Other communication channels (email and phone)	Regularly	Assess partner's capacity in providing products and services meeting the right needs while ensuring compliance with the bank's internal policies and legal regulations.
Press and media agencies	Press releases, newsletters/TV shows	Regularly	Proactively provide information to press agencies and media about:
	Other communication channels (email and phone)	Regularly	(+) Bank's events, products, services and preferential programmes including sustainable financial programmes/ solutions; (+) Information on business activities and results and awards and certificates given by prestigious organisations; (+) Other content of public and customers' interest Arrange experts to answer in-depth interviews/talk shows on television to answer questions and queries of the press on related topics.
Community	Channel(s) to receiving comments on E&S issues	Regularly	Receive and respond to comments on E&S from the community through direct and indirect channels of VPBank;
	Official website of the bank	Regularly	Fully update information on social security activities and charity programmes launched by VPBank or in collaboration with other units.
	Information in the mass media	Regularly after every event	



MATERIAL AREAS

ESG management units analysed and assessed the interests of the stakeholders and the relation with VPBank's different sustainable development goals and principles, its importance to the bank's activities, aiming at identifying the key areas considered as the foundation for justifying and developing the report on sustainable development.

Social environment issues and the fight against climate change are getting more and more attention. Therefore, VPBank will continue to focus on energy and waste management issues, environmental and social risk management, and sustainable finance in the 2023 report.



ESG RISK MANAGEMENT MODEL

The BOD takes the ultimate responsibility for VPBank's ESG Risk Management Framework. In consultation with the Risk Management Committee, the BOD supervises the implementation of the ESG Risk Management Framework to ensure that VPBank operates within the level of ESG risk that VPBank is willing to accept. In addition, the three-line of defense model is applied to ensure effective and comprehensive ESG risk management across the bank, ensuring a strong control mechanism with clearly stated managerial and accountability roles and responsibilities.





Roles and responsibilities of ESG risk management managers are as follows:

Board of Directors (BOD) and its Committees	
BOD	Top management responsible for overseeing the establishment and operations of ESG Risk Management Framework; Provide strategic direction for ESG - related management and risk appetite; Monitor the bank's compliance with ESG risk strategies, management objectives and related external stakeholders' compliance with ESG governance requirements
Risk Management Committee	Advise the BOD on ESG-related risk management issues; Review and evaluate effectiveness, take actions to address shortcomings and limitations of ESG risk management policies and procedures, including identification, measurement, monitoring and control of ESG risks; Supervising the Board of Management in the implementation of ESG policies, strategies and risk appetite.

Board of Management (BOM) and Risk Management Committees at the BOM's level	
Board of Management	Ensure prudent and effective ESG risk management in compliance with approved risk management policies, management strategies and appetite.
Risk Management Committee at the Board of management level	Support and advise the CEO in monitoring the bank's ESG risks which were specified through the bank's material risks.

Managers' ESG experiences

	Appointment year	Corporate governance	Risk Management/ Auditing/ Law	Economics/ Finance/ Banking/ Credit	Human Resources/ Operations/ Information Technology	Environment/ Society/ Climate	Responsibility/ Social/ Marketing
BOARD OF DIRECTORS							
Mr. Ngo Chi Dung Chairman	2010	✓	✓	✓	✓	✓	✓
Mr. Bui Hai Quan Vice Chairman	2006	✓	✓	✓	✓	✓	✓
Mr. Lo Bang Giang Vice Chairman	2010	✓	✓	✓	✓	✓	✓
Mr. Nguyen Duc Vinh BOD member, CEO	2012	✓	✓	✓	✓	✓	✓
Mr. Nguyen Van Phuc Independent BOD member	2020	✓	✓	✓	✓	✓	✓
BOARD OF MANAGEMENT							
Ms. Luu Thi Thao Standing Deputy CEO	2011	✓	✓	✓	✓	✓	✓
Mr. Phung Duy Khuong Southern Standing Deputy CEO Head of Retail Banking Division	2019	✓	✓	✓	✓	✓	✓
Mr. Nguyen Thanh Binh Deputy CEO Head of Credit Division	2002	✓	✓	✓	✓	✓	✓
Ms. Duong Thi Thu Thuy Deputy CEO Head of CIB Division	2012	✓	✓	✓	✓	✓	✓
Mr. Nguyen Thanh Long Deputy CEO Head of Legal and Compliance Division	2014	✓	✓	✓	✓	✓	✓
Mr. Pham Phu Khoi Deputy CEO Head of Financial Market Division	2015	✓	✓	✓	✓	✓	✓

	Appointment year	Corporate governance	Risk Management/ Auditing/ Law	Economics/ Finance/ Banking/ Credit	Human Resources/ Operations/ Information Technology	Environment/ Society/ Climate	Responsibility/ Social/ Marketing
Mr. Dinh Van Nho Deputy CEO Head of CMB Division	2018	✓	✓	✓	✓	✓	✓
Ms. Pham Thi Nhung Deputy CEO Head of Partnership Centre	2019	✓	✓	✓	✓	✓	✓
Mr. Wong Kok Seng Augustine Head of Informaton and Technology Division	2019	✓	✓	✓	✓	✓	✓
Ms. Tran Thi Diep Anh Head of Human Resources Division	2018	✓	✓	✓	✓	✓	✓
Ms. Nguyen Thi Minh Nguyet Head of Operations 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 Chief Finance Officer	2019	✓	✓	✓	✓	✓	✓
Ms. Vo Hang Phuong Head of IIBS Division	2019	✓	✓	✓	✓	✓	✓
Mr. Hoang Duc Anh Acting Head of BIC	2014	✓	✓	✓	✓	✓	✓
Ms. Nguyen Thuy Duong Head of Marcom	2021	✓	✓	✓	✓	✓	✓

Notes:

- ✓ Had experiences in charge of the mentioned field, graduated from a related major or in managing tasks related to the mentioned field for five years or more
- ✓ Have adequate relevant knowledge/experiences in the mentioned field

INDIRECT ECONOMIC IMPACTS CONTRIBUTING TO SUSTAINABLE DEVELOPMENT

Environmental and social risk management in credit activities

Since 2016, VPBank has been a pioneer in developing an E&S Risk Management System and issued regulations and guidelines to comply with national laws and Environmental and Social Standards of the International Finance Corporation (IFC).

All loan applications of enterprises and households at VPBank are screened to identify and classify the level of E&S risks, determining the appropriate social and environmental risk management measures in line with identified risk level and refuse to grant credit to projects in the E&S black list or projects which cause seriously E&S irreparable impacts. VPBank requires customers to develop and commit to implementing an Environmental and Social Action Plan (ESAP) if the customer's business plan does not meet VPBank's E&S policies. Customers' E&S commitment is recognised in credit contracts or cooperation agreements as a condition to maintain loans. Most importantly, VPBank monitors customers' operations to ensure E&S compliance conditions throughout the lifecycle of the loans to ensure that the community and the environment are protected from potential adverse impacts. VPBank also apply the E&S compliance requirements to suppliers and outsourced activities to eliminate negative impacts in the supply chain.

E&S risk monitoring result

~30,500 (~100%)
loan applications

~2,000 staff
finished ESG training courses in credit
granting activities.



Workshop to improve ESG risk management capacity of VPBank senior leaders with EY Consulting experts on November 22, 2022

Climate finance

Since early 2020, VPBank has become the first bank in Vietnam to successfully launch a green financial solution with consulting support from IFC, marking the first step in concretising the bank's long-term sustainable development strategy. Thus, VPBank went nearly two years ahead of the time when the Government announced the commitments to the Global Climate Agreement to have the best preparation and experiences. With the support from medium- and long-term green capital from international financial institutions, green credit balance at VPBank has continuously grown strongly year by year, bringing greater and greater contributions to environmental and climate change targets of the Government. In 2022, **VPBank supported customers with loans for the purposes of green businesses and services or green transformation with the total loan balance of VND8,692 billion. The bank's green credit balance in 2022 grew impressively, hit 113% yoy.**



(*) Percentage of the total green balance



Support the growth of women-led or women-owned enterprises

Since 2017, VPBank has been one of the pioneer banks in providing comprehensive financial solutions, thus strengthening the competitiveness of women-led businesses. Understanding both financial and non-financial barriers of small and medium-sized enterprises (SME) run by women entrepreneurs (WSME), using internal and international resources, VPBank successfully implemented many preferential interest rate programmes to facilitate SME in general and women-led SME in particular to quickly adapt and recover post-pandemic production and businesses.

In 2022, VPBank markedly carried out a non-refundable aid project "Support to mitigate the impact of COVID-19 pandemic for women-owned businesses" worth \$5 million from Women Entrepreneurs Finance Initiative Fund (We-Fi) entrusted by ADB, to provide preferential interest rates, waived and reduced services fees to support WSME enterprises to access loans at a reasonable cost.

FINANCIAL VALUES WHICH WOMEN-OWNED OR WOMEN-LED ENTERPRISES BENEFITED FROM VPBANK

VPBank carried out training programmes and sales campaigns with the participation of 200 staff to help the customer services team consolidate and update information about special offers, processes and procedures to promote sales staff to expand connections with WSME. Thanks to these specific actions, by the end of 2022, WSME portfolio accounted for 22.9% of the bank's total SME portfolio. In which, 83.6% belongs to Micro SME. Total WSME EOP loan balance reached VND12,452 billion, an increase of over 22.4% yoy. The number of WSME disbursement for the first time at VPBank also increased by 4.9% yoy, accounting for 22.5% of the number of first time disbursement enterprises at VPBank.

NON-FINANCIAL VALUES WHICH WOMEN-LED ENTERPRISES BENEFITED FROM VPBANK

Enterprise health check tool

A health check tool for enterprises with the aim of giving an overview of enterprises' capacity through six core factors (i.e., "Business model", "Sale-Marketing", "Leadership capacity", "Operations", "Financial Management", "Human Resource Management"), along with the "Financial Resilience" function to orient women-led enterprises to appropriate financial products or incentive programmes making comprehensive financial and non-financial resilience. In 2022, the tool has more than 25,000 accesses and comments.

Management skill training courses

VPBank continues to provide women-led enterprises with online training courses with a variety of diverse topics and fields including leadership style, governance skills, human resource management, management finance, marketing mindset, etc. to have comprehensive CEO training courses taught by reputable, well-known experts and lecturers in each area.

Business partnership support

VPBank SME works closely with Care Vietnam to launch "Long-term support – Prosperous tomorrow" loyalty programme for women-led enterprises through a media sponsor package including documentary film production, brand identity, and advertising publications to increase benefits and create a close relationship between the bank and customers. The programme with the participation of 50 enterprises attracted considerable attention from the community.

VPBank cooperated with Vietnam E-commerce and Digital Economy Agency to implement a training programme to support access to capital, connecting enterprises with reputable domestic and foreign financial institutions and helping enterprises update knowledge and trends in capital investment in marketing activities

Enhanced partnership in supply chain promoting the implementation of sustainable development goals

Operating in financial sector, the main services providers in VPBank's supply chain are audit and consulting services providers; office space providers, building maintenance, security; software provider, information technology solutions, system maintenance; office supplies providers.

In regard to procurement and outsourcing activities, suppliers are required to comply with legal regulations, especially applicable labour laws and national and international standards on environmental protection, health and occupational safety and human rights.

TAKE PART IN **BOOSTING SUSTAINABLE DEVELOPMENT TREND** OF THE MARKET

VPBank always proactively and actively contributes ideas to develop policies, circulars and decrees issued by the state authorities to improve the practicality and quality of managerial documents; while maintaining dialogues with market leading international organisations aiming at promoting Vietnam's finance sector to apply sustainable development initiatives, complying with leading international standards and practices on special management of economic, environmental and social issues.

Enjoying membership rights in associations

VPBank is an active member of Vietnam Banks Association and the Vietnam Bond Market Association with representatives participating in the Association's Executive Committee. VPBank actively participated in providing feedback, developing and completing legal regulations in 2022 with 81 documents in total. VPBank is one of the few banks which was consulted directly by the SBV thanks to the bank's highly appreciated and quality comments in important drafts.

VPBank is also a platinum member who accompanied the Vietnam Institute of Directors (VIOD) alongside Vietnamese market leading companies to build a network of business leaders with the goal of improving market transparency, constantly increasing investor confidence.



OCCUPATIONAL SAFETY AND HYGIENE

Occupational safety

COMMITMENT

The staff is an important contributor to the success of VPBank. Providing a healthy and safe working environment is the main commitment of the bank.

TARGET

No work accidents, labour safety and no fire and explosion incidents

POLICY

Regulations and guidance on occupational safety and hygiene are issued by VPBank simultaneously with the bank's Labour Regulations.

ACTIONS

- Set up a health care area for employees at workplace
- Buy health insurance, accident insurance and health care insurance for staff, support the cost of treatment for the staff when they are sick or when they have an accident on their working tasks.
- Organise annual health check for staff at large and reputable hospitals/medical facilities, and organise examination and detection of occupational diseases at specific job positions in accordance with the law.
- Set up plans and measures for occupational safety and hygiene, improve working conditions, fully equip personal protective equipment, implement other regimes on safety, hygiene and environmental protection
- Regularly organise inspection of occupational safety and health at workplaces.
- Record and store data on safety and health of staff in the bankwide HR information management software

Accomplishments

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

0%

Bankwide LDR
(Unpaid leave to total paid leave)

2.65%

AR ratio
(absence)

4.95%

Implement 5s method

In 2022, VPBank completed and issued internal bankwide 5S standards. To boost efficiency, VPBank issued Decision on the establishment of 5S assessing group at VPBank building at 89 Lang Ha (VPBank headquarters in Hanoi) and Mplaza (brand office in HCM City). At branches and transaction office, the tasks of supervising and reminding 5S compliance were assigned to managers there.

5S (including Sort, Set in Order, Shine, Standardise and Sustain) and solutions to improve occupational safety

and health, the mindset of saving and greening the office are periodically communicated to each staff of the bank.

According to the assessment results in 2022, all units met the requirements; in which, 67% of the units achieved the "Excellent" level, showing that the staffs have a good awareness and made serious efforts to comply with the occupational safety and health standards specified in 5S Standards.

Fire prevention and emergency response

VPBank established adequate policies, procedures, personnel arrangement, and applied fire prevention, fighting, rescue, and emergency response solutions in accordance with the law to ensure available incident responsiveness and business continuity resources. Every year, the annual fire prevention and fighting drills are seriously and effectively implemented by VPBank, improving the proactiveness in handling emergency situations, enhancing consistent coordination between leaders, employees and area police forces of fire prevention and rescue.

WASTE AND ENERGY MANAGEMENT

Waste management

VPBank complies with the laws on waste management, with the priority of saving and circulating solutions to reduce the maximum amount of waste.

Type of wastes	Volume	Applicable treatment (in the order of priority from left to right)		
		Saving	Recycling	Disposing
Solid waste	1,009 tonnes/year (coefficient-based method for each province announced by the Ministry of Natural Resources and Environment in 2019, multiplied by the coefficient of average working hours of each employee at VPBank, 8 hours/day)	- Save printing papers, encourage of use of email, and digitalized processes (internal communication and notices) - Limit of office supplies - Reduce single-use plastic bags and products	- Depreciating assets (chairs, desks, desktops) disposed of and separated from other kinds of waste according to processing instruction. - Print 2 pages on 1 sheet - Reuse containers	- Classify solid waste before daily collection - Collected waste to transfer to a vendor for proper waste treatment process according to law
Waste-water	148,615 m ³ /year (the estimation made according to the average emission coefficient of 100 liters/person/day, multiplied by the coefficient of the average working hour per employee at VPBank, 8 hours/day)	- Water conservation in restroom areas (campaigns, printing notices)	- There is a circulating system of wastewater for use in the restroom	- Wastewater collection and treatment according to environmental law
Emissions	More details in Climate-Related Financial Disclosures	- Apply fuel consumption limits for all vehicles. Migrate to emission standardised vehicles - Only use electricity generator in emergency situations - Modern air-conditioning system to save energy. Turn off this system after work except in required areas	- Not applicable	- Periodic maintenance to ensure optimal performance - Apply standard air filtration system for electricity generator
Hazardous waste	- Not applicable	- Replace fluorescent lamps with environmental-friendly LED to save energy	- Encourage refilling cartridges of printers and photocopy machines instead of replacing them to reduce the amount of waste	- Classify solid waste before daily collection - Collected waste to transfer to a vendor for proper waste treatment process according to law

VPBank's electricity and water costs increased by 11.7% and 11.0%, respectively as compared to 2021. The increase of the bank's electricity and water costs in 2022 was due to its business extension with the opening of 15 new branches and transaction offices. In addition, the average electricity price in 2022 increased by 2.74% as compared to 2019-2021 period as published by the Electricity of Vietnam (EVN), which is also one of the reasons for the increase in electricity costs of the bank.

Greenhouse gas emissions

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BEHAVIOURAL STANDARDS AND CORPORATE CULTURE

VPBank completed its Code of Conduct based on six core values to set out a guideline of what types of behaviour and decisions are acceptable and basis for decision making to every VPBanker. Align with these regulations is the responsibility of every staff, helping preserve the bank's reputation and credibility. This Code includes 20 rules specifying responsibilities (i) to VPBank, (ii) colleagues, (iii) customers, partners, suppliers, and relevant parties, and (iv) government agencies, law and and (v) communities.

The guiding principle for behavioural and professional ethics that each employee should follow is that **he/she shall not trade off VPBank's reputation and prestige for any personal interests or even for VPBank's**. From the moment joining in VPBank, each staff is informed of and required to commit to comply with the Code of Conduct along with other internal regulations of VPBank. The Bank conducts periodic internal training to help each individual understand and strictly comply with the Code of Conduct. VPBank shall strictly deal with any behaviour which is against the standards set forth in this Code of Conduct.



Customer focus



Productivity



Ambition



Human development



Trust



Difference making

UPHOLDING HUMAN RIGHTS

As an economic organisation, VPBank is not only committed to complying with laws and international standards in business and management activities, but also expressing a high opinion of the respect, protection and better execution of basic human rights in accordance with international and Vietnamese law and finance and banking activities. At VPBank, basic human rights are executed through the adoption of human resource policies during the process of providing products and services and using external goods and services. Human rights courses are included in VPBank's compulsory training programme. According to the implementation results, 100% of VPBank's staff (including security officers) participated in such courses.

The way VPBank approaches human rights is segmented according to the scopes where the bank's activities can have impacts on and each scope will include exclusive requirements.

Scope 1: Employees

The most direct and basic relation of VPBank with human rights issues is with employees and this is also the most impactful scope. Significant perspectives which helps VPBank harmonise this relation include healthy working environment, empowering equal opportunities, setting up supervision mechanism and protection in fighting against discrimination, violence, harassment, insult, intimidation, retaliation, maintaining the right to join trade union and respecting the Collective Labour Agreement.

VPBank established and frequently revisit human resource policies to solve problems regarding recruitment, remuneration, diversification, equality opportunities and the fight against discrimination and policies related to safety and health. Based on the basic Code of Conduct, VPBank develops a transparent internal appealing mechanism, establishes a trade union to represent and protect the rights of the employees, and assign security department to receive feedback and timely protect employees against human rights violations

Scope 2: Goods and services provided to customers

VPBank understands that providing customers with credit or other financial products may also lead to negative impacts on human rights. This may be the case if the customers does not comply with the laws on employment, employee safety, health or customer's project affecting the livelihoods of local community or threaten to infringe on indigenous peoples' access to cultural heritage or sacred sites. Therefore, through the E&S Risk Management System in credit extension activities, VPBank will try to assess customers to minimise risks. VPBank will refuse to grant credit in case of inappropriate uses of capital, illegal activities related to human rights including but not limited to forced labour, human trafficking and child labour, activities causing irreversible negative impacts on communities and indigenous livelihoods, corruption, activities which support money laundering and terrorist financing.

VPBank committed to protect and respect customers' privacy and show no discrimination against customers as providing them with services. VPBank strictly prohibits the acts of harassing, demanding and suggesting customers to offer bribes, gifts, or provide privileges to themselves or related persons in exchange for meeting the customers' needs.

Scope 3: Procurement and supply chains

VPBank respects human rights when working with suppliers, carrying out procurement and outsourcing activities. VPBank requires suppliers to comply with legal regulations including E&S regulations, especially, saying no to child or forced labour. Similar to relationship with customers, VPBank strictly prohibits the acts of harassment, demand, or bribery and corruption when working with suppliers.

INTERNAL COMPLAINT RESOLUTION

VPBank issued regulations, processes and mechanisms on complaints and denunciations, settlement of complaints and denunciations to ensure the employees' interests when encountering problems related to the bank and its affiliates/ subsidiaries including complaints about violations of human rights, labour issues, racism, religion, gender, inequality, health, honour, dignity issues or any matters which the employees think that they are not in line with VPBank's general rules and standards or the law.

CHANNELS RECEIVING COMPLAINTS AND DENUNCIATIONS

IN PERSON

Litigation, Complaint and Denouncement Handling Department (LCD)

- Legal and
Compliance Division (L&C) -VPBank
- Legal and Compliance Division -
VPBank, 16th floor, VPBank Tower,
89 Lang Ha, Lang Ha ward, Dong
Da district, Hanoi.

EMAIL

**kiemsoatuanthu@
vpbank.com.vn**

or

**xulykhieunai@
vpbank.com.vn**

HOTLINE

0473059129

(Automatic call recording number)

HUMAN RESOURCE DEVELOPMENT

With the aim of constantly developing the staff quality, VPBank always encourages and supports employees' comprehensive development in terms of both professional qualifications and suitable soft skills for each position through a series of highly applicable training programmes. The goal is to help them to highly qualified, to understand and apply management skills, to develop a long-term vision for improvement and achievements in their career and to continue accompany with the growth of the bank.

Every year, VPBank had mandatory training programmes organised in two official terms and one additional one to ensure that all employees participate in the required training courses. In addition, VPBank launched VPBank Leadership Programme (iLEAD) in 2022 to develop talents with specially designed training contents suitable for learners being managers.

The digitalisation of the training process is enhanced with significant improvements to improve the staff's experience and promote self-study. Training programmes are implemented in a variety of forms including: E-learning (on VPBank's system itself or through external partners'), face-to-face and virtual classrooms through online platforms such as MS Teams, Webex, Zoom Meeting, etc. to make it more convenient and flexible for the staff in study time and places. Summary of training results in 2022:

2,407

↑ 40.8% vs 2021

Number of training courses
in 2022

881,457

↑ 92.1% vs 2021

Total number of training hours in the system (including
E-learning, centralised classrooms and virtual classrooms)

70.9

↑ 58.8% vs 2021

Average training hours/
staff in 2022

Average training hours per month
in 2022 by gender

MALE: 61.6 hours / staff / year

FEMALE: 66.2 hours / staff / year

Average monthly training hours
in 2022 by job grade

MANAGER: 48.11 hours / staff

NON-MANAGER: 66.05 hours / staff

In addition, the training management process integrated into the SAP human resource management system implemented from early 2023 is expected to help employees conveniently



DIVERSIFICATION AND EQUAL OPPORTUNITY

Labor structure

Information on the diversification of managerial level

Female leadership ratio in the most senior level (the BOD and BOM)



55%



45%

Senior managerial structure by age group and gender

	Less than 30	30-50	Over 50
Male	5.8%	91.1%	3.1%
Female	9.4%	87.8%	2.8%

Information about gender diversity

Women labor force



40%



60%

Total staff by contracts and regions

	North	Central	South
Probation	488	71	243
Fixed-term contract	4,343	571	2,265
Permanent contract	3,016	576	1,444

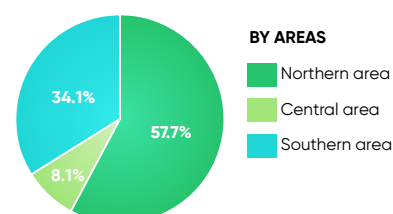
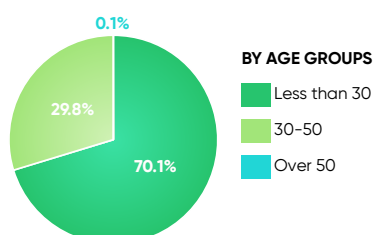
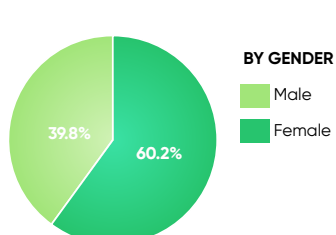
Total staff by contracts types and gender

	Probation	Fixed-term contract	Permanent contract
Male	371	2,833	1,995
Female	431	4,346	3,041

Staff structure by age group and gender

	Less than 30	30-50	Over 50
Male	50.8%	48.5%	0.7%
Female	59.7%	40.0%	0.3%

Recruitment in the reporting period: Recruitment in 2022: 57%



ECONOMIC BENEFITS FOR HUMAN RESOURCES

Manager appointment and performance review

VPBank develops the process for appointing and selecting the most senior management level in accordance with relevant regulations of the State Bank of Vietnam and the law based on the criteria of diversity, independence, professional qualifications and economic, environmental and social experiences. The performance of managerial staff is reviewed twice a year through the process of self-assessment and re-evaluation by direct managers and the Human Resources Committee or the BOD to ensure independence. If the staff underperformed, he/she must develop a plan and take actions to improve efficiency.

Remuneration given based on working performance

Personal remuneration policies and promotion opportunities are associated with personal capacity, achievements and contributions to the overall performance of the unit and the bank, ensuring equal and fair opportunities to all employees regardless of their gender and region. Apart from performance-based review method, VPBank attracts and retains talents and encourages work efficiency improvement by enforcing fairness when paying salaries proportionate with the staff's capabilities and contribution to the general development of the bank. Every year, VPBank purchases the survey on the market's remuneration to capture information and propose it to Human Resources Committee to review and decide on proper level of remuneration.

Obligations under the prescribed welfare and other pension schemes

Staff welfares include social, health and unemployment insurance according to state regulations; health and accident insurance; Employee Stock Ownership Plan (ESOP); staff loans; home loans; other benefits (bonus in holidays during the year, phone allowances, business trip expenses, travel expenses, uniforms). VPBank complies with its obligations in accordance with the state's regulations on the payment of Social Insurance/Medical/Unemployment and Union fees.

Female employees are entitled to maternity leave in accordance with current regulations. VPBank Care health insurance provides additional benefits for female employees during pregnancy and maternity leave. 100% of staff are retained and returned to work after the end of maternity leave.

Number of staff on maternity leave by gender



16 staffs



355 staffs

Collective Agreements

The Labour Union is the representative of employees at VPBank. After getting feedback of 100% of employees, the Labour Union is the representative participating in the development and approval of the Content of the Collective Agreement. At VPBank, 100% of employees voluntarily join the Labour Union



ANTI-CORRUPTION

VPBank set up specialised departments to monitor, consider and conduct risk assessment related to corruption for all banking activities. VPBank issued anti-corruption policies, implemented comprehensive and clear communication to all levels of management and staff, customers and partners, issued forms and requested all customers and partners to sign transparency commitment, compliance commitment to comply with regulations on anti-corruption when establishing relationships and transactions with VPBank.

Internal training and communication on anti-corruption are frequently organised by VPBank for managers at all levels, current staff and newly recruited staff. In 2022, 100% of the bank's operations were assessed for corruption-related risks with the focus on activities with high risks of corruption including construction, procurement; credit extension activities, investment, risks may arise when partners, customers in the process of transaction and setting up transactions. All anti-corruption violations were timely detected by VPBank to prevent consequences and at the same time, strictly handled related violators in accordance with the bank's regulations.

MONEY LAUNDERING & TERRORIST FINANCING PREVENTION

From 2021, VPBank has put all components of a comprehensive software system regarding Money laundering and terrorist financing prevention – OFSAA System into use and that was recognised by reputable international organisations i.e. CELENT and Regulation Asia. It is the world's leading reliable and efficient software system developed by Oracle. In 2022, overcoming the initial difficulties by implementing extensive training, applying strict sanctions and continuously improving based on internal feedback, the OFSAA system operated smoothly and brought real benefits to customers, partners and investors. Thanks to the system support, 100% of transactions at VPBank are under control, suspicious signs are detected to ensure not to miss those who conduct evasion and/or violate the regulations of VPBank and international practices on prevention of money-laundering and terrorist financing.

A FRESH BREEZE RENEWING CORPORATE CULTURE

In a survey into 500 great and long-lasting enterprises, experts shows that the thread connecting the chain of success of these enterprises is their unique and famous corporate culture. Culture shapes and influences the mind-set, attitudes and actions of all members of an organisation. And that is the reason why VPBank always focuses on strengthening and developing corporate culture with the vision that this will be one of the important factors determining the success of the bank.

Foster a worthy corporate culture

As early as 10 years ago, in the first five-year strategy period (2012-2017), VPBank first established the foundation of corporate culture based on its six core values. These values became the guidelines for all strategies and actions of the leadership and staff over the past 10 years, bringing about the bank's success and position at present.

Specifically, when making "Ambition" one of its top core values, VPBank also set up and strove to fulfil ambitious development goals, thus generating the outstanding growth from one year to another. The "Efficiency" core value, meanwhile, clearly has a direct influence on VPBank's lowest CIR ratio in the banking sector. And many surveys have also shown that VPBank is one of the organisations with the best working environment in Vietnam, a result made from its core value of "Human Development". The above examples obviously demonstrate the strong and decisive influence of six core values, in other words, the foundation of corporate culture, on the success of the bank.

Entering the breakthrough 2022-2026 period with the ambitious strategy, VPBank continues to focus on developing and enhancing corporate culture. The new corporate culture foundation will inherit the good values bringing the bank's success in the past period, while bringing about important changes which can take VPBank to the higher level. Having understood the role of corporate culture to sustainable development, VPBank's leadership has approved the corporate culture project which will take two years (2023-2024) to put into practice, with the consultancy of PACE Academy.

The project has officially kicked off in December 2022 and gained big support from the leadership of the bank and managers of divisions, centres and units. The BOD and the BOM have discussed with the consulting partners to propose a new set of values, behavioural direction and VPBank's human persona, etc.

The project has surveyed the whole staff of the bank and collected information about corporate culture from more than 9,000 VPBankers. These will be valuable input for the consultancy and project team to come up with an overarching view before providing important recommendations on how to develop an enriched and ideal VPBank culture in line with its new mission, vision and strategy.

"Change occurs as a process, and the process begins with us", noted VPBank Chairman Ngo Chi Dzong in the call for the support of the bank's managers to build VPBank's corporate culture. The chairman firmly believes that with unity, VPBank will successfully create its own corporate cultural identity and achieve its targets and ambitions.



Accordingly, VPBank's core values and the culture handbook are expected to be announced in June 2023. These core values will be the foundation for VPBank to develop a comprehensive corporate culture as stated in the bank's leadership strategy.

Digitalisation and the spread of the community prosperity values

While "renewing" the cultural values, VPBank also proactively digitalises its internal activities to deliver the culture to the staff in a quick and convenient way. The launch of the internal app MyVPBank is the affirmation and determination towards creating a fully digitalised ecosystem. It is considered as the "digital glue" that helps strengthen the bonds among VPBankers, together with other traditional "speciality" activities organised over the years, including the VPBank Commandos, the VPBank Hanoi Marathon, the VPBank Bac Giang Marathon, etc.

In 2022, VPBank not only reinforced its internal cultural values, but also took the initiative to spread the noble humanitarian values to the community when accompanying the Government and many provinces across the country in different social security programmes. Altogether, the bank spent up to nearly VND1.2 trillion to support these social programmes.

The most prominent one is the cooperation with VTV in the series of "Cặp lá yêu thương" (Loving leaves), a philanthropic programme, in two phases. In the first phase between April and August 2022, VPBank donated 15 savings books worth VND1.5 billion in total to needy orphans due to COVID-19. For the second phase between September 2022 and September 2023, VPBank has been repairing schools and classes, and constructing the programme called "Bếp ấm tuổi thơ" (Cosy kitchen for children) to rural highland areas, with total funding of VND6 billion. The programme so far has drawn a great amount of interest and millions of views and shares online.



 **VPBank NEO***Được sinh ra để***"NGÂN HÀNG SỐ SÁNG TẠO NHẤT"**(BANK OF THE DIGITAL FUTURE)

5

Journey to **Prosperity**



1

2

3

4

5



THE 3RD FIVE-YEAR DEVELOPMENT STRATEGY (2022-2026)

VPBank has set its 3rd five-year (2022-2026) development strategy goal to become a bank with a solid position in the top 3 leading banks in Vietnam and one of the top 100 largest banks in Asia.

The achievements of the first two development phases (2012-2017 and 2018-2022) have created a solid foundation and comprehensive momentum for VPBank to confidently uphold its success in the new development phase, thereby continuing to promote the sustainable development and prosperity of the country and the community as a whole while delivering value added to the bank's customers, shareholders and investors.

Strategic vision and solid foundation

Projected by the International Monetary Fund (IMF) in June 2022, Vietnamese economy would likely rise from the current fifth position to the third in Southeast Asia by 2025, with a GDP of more than \$571 billion, closely following Indonesia and Thailand. At the same time, IMF highly appreciated Vietnam's efforts in improving the business environment, promoting digitalisation, enhancing workers' skills and productivity at small and medium-sized enterprises. These values are to back Vietnam in its quest to obtain long-term growth prospects.

The strength and prospects of the country's economy, coupled with the above positive forecasts, have created an important footing and support for VPBank's 3rd five-year development strategy – a new development phase associated with a new set of vision, mission and strategy. In particular, VPBank has built a clear roadmap towards the goal of becoming a multi-purpose bank, a leader in terms of implementation, innovation and creation capacity of new values through comprehensive financial solutions with the synergy of multi-tiered ecosystem and advanced technology application.

The essential requirements in the two development phases 2012-2017 and 2018-2022 at VPBank and now the 3rd five-year development strategy are to make constant efforts in

pioneering innovation, providing customers and partners with more outstanding financial services, while operating effectively, bringing sustainable prosperity values to shareholders and investors, the community and society.

Specifying its vision by values, reaching its position through development stages, VPBank determined its 3rd five-year strategic goal to become a bank with a solid position in the top 3 leading banks in Vietnam and of the top 100 largest banks in Asia.

That outlook is based on a stout foundation in financial capacity, when VPBank's consolidated owner's equity surpassed the milestone of more than VND103 trillion and charter capital reached more than VND67 trillion – the highest figure seen across the Vietnamese banking sector at the end of 2022.

In addition, technology infrastructure and digitalisation capacity required for new development have prominently met the needs of and joined the trends in the market, and at the same time ensured prudence and operational efficiency. VPBank's operations and risk management have also met high-level standards in accordance with international practices, such as Basel II and –pre-Basel III, international accounting standards IFRS 9, etc.

Seven key focuses

VPBank's 3rd five-year development strategic goal is based on the combination of values and motivations of seven key focuses, specifically with core operations and key requirements during the implementation, 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**, while expanding the partnership ecosystem to promote scalability and capture market share in the SME segment
- 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 **Continue to invest in, develop and expand the ecosystem** to bring customers the best financial services, find and develop new growth drivers and new business opportunities in the investment banking, asset management areas, etc.
- 5 **Accelerate digital transformation and technology adoption** across all segments and products
- 6 **Proactively adopt Advanced Analytics** to maximise the effectiveness of business decisions, improve corporate governance and risk management
- 7 **Enforce and improve Organisation Health Index (OHI)** for VPBank to become a land to attract and retain talents

Aspirational destinations

VPBank's 3rd five-year development strategy started with outstanding results in 2022, being a market leading bank with outstanding indicators such as largest charter capital, setting a year-end record in terms of standalone ROA, optimise operational efficiency with the best CIR in the market, own a powerful digital bank with outstanding growth rate and top rated customer experience in the finance sector in Vietnam, etc.

In the new phase, by 2026, VPBank aims to become a multi-functional bank, a modern retail bank adopting advanced technology, leading the market in terms of innovation and implementation capacity, while creating new values through comprehensive financial solutions with the synergy of a multi-tiered ecosystem. This multi-layered and comprehensive ecosystem is constantly expanding, combining and developing services in the fields of Investment and Asset Management, Daily Banking, Real Estates, Insurance, E-Wallets, Logistics, and E-commerce and Retail.

Meanwhile, with a solid capital base giving rise to growth and expansion, VPBank set an ambitious credit growth target with the five-year compound annual growth rate (CAGR) of 35% and continues to maintain its position as a multi-function bank with the main pillar of retail banking, which accounts for over 70% of the bank's total credit portfolio. The main growth drivers will come from activities which accelerate scalability and growth through deep exploration of the mass and affluent segments and continue to optimise opportunities in potential segments for retail customers.

Apart from that, the bank will have more comprehensive financial solutions and initiatives, expand the partnership ecosystem, and promote the scale and market share for the SME segment. With the forecast that FDI inflows will grow and breakthrough in the upcoming time when Vietnam is

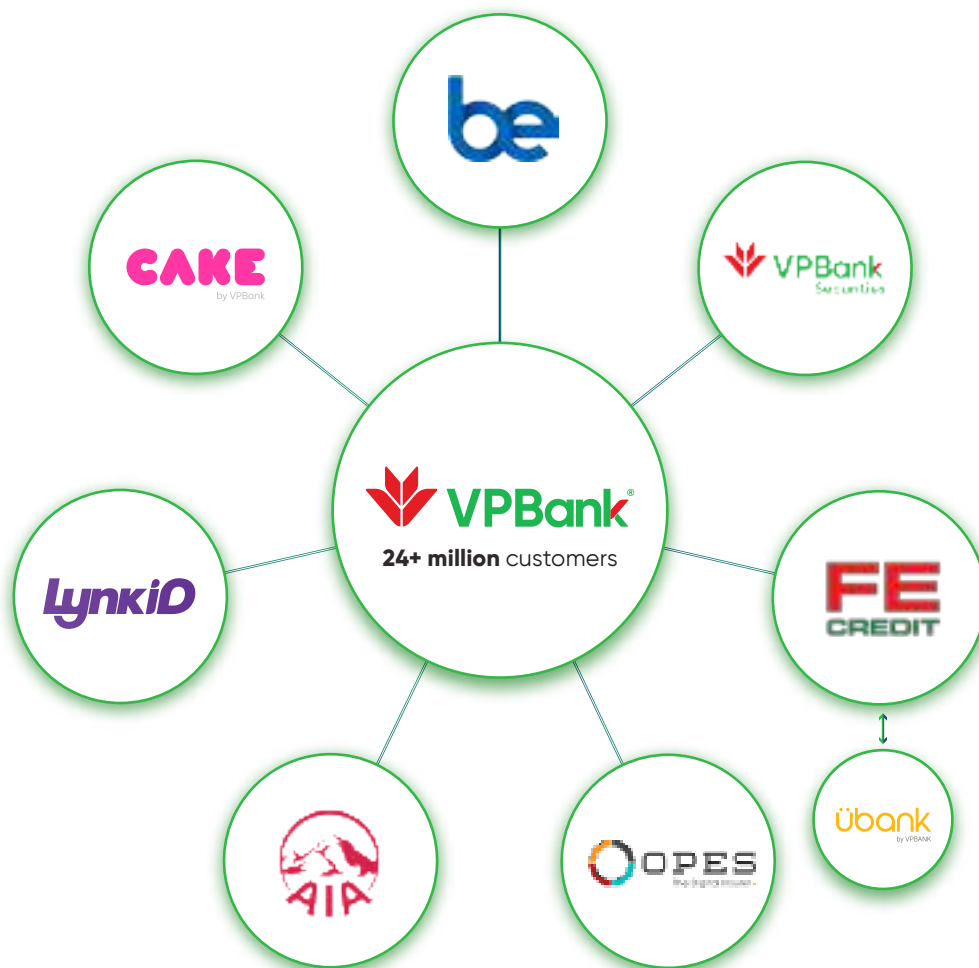
continuously assessed as an attractive investment destination with promising development in the long term, VPBank will focus on seizing partnership opportunities with a group of FDI corporate clients through a variety of transactional and payment banking services.

Furthermore, liquidity will continue to be VPBank's top priority over the next five years. The bank will promote the growth of deposits from individuals and enterprises, especially promoting the growth of CASA to optimise cost of fund. Along with that, the exploitation of stable overseas funding sources will continue to be focused to increase medium- and long-term lending resources and strengthen the prudence of the balance sheet.

The bank will continue to invest in developing and expanding the ecosystem to bring customers the best financial services, seek and develop new growth drivers and business opportunities in the investment banking, asset management, etc.

Last but not least, the bank will focus on effective and prudent growth, aiming to maintain a good ROE ratio compared to the industry benchmark and the capital adequacy ratio (CAR) among the best in the banking sector. From the success of the 2012-2017 and 2018-2022 periods, the 3rd 5-year development strategy (2022-2026) will continue to clarify those goals and aspirations. VPBank's Journey to Prosperity with the community, shareholders and investors will sustain the success through its development stages. It is the journey that embraces VPBank's strategic vision and realistic action plans associated with solid foundations, together with the ever-growing internal strength, enthusiasm and creativity nurtured in an enriched and constantly innovative cultural environment.

VPBANK'S DIGITAL ECOSYSTEM



BE – A multi-service platform

An opened, tech-led ecosystem incorporates logistics, food and good delivery, shopping, insurance, telecommunications and finance

VPBankS – VPBank Securities Joint Stock Company

Bolstered its charter capital to VND15 trillion last December, officially becoming the largest securities company by charter capital in the market

FE CREDIT – VPBank SMBC Finance Company Limited

- Continue to maintain its no.1 market leader in consumer finance
- The biggest network with 20,000 outlets

UBank

A specialised digital bank that provides a variety of financial and banking services other than consumer finance to FE CREDIT customers

OPES Insurance Joint Stock Company (OPES)

A digitised non-life insurance platform that promotes cross-selling and growth of non-life insurance sales

AIA Life Insurance

An extended exclusive cooperation agreement of 19 years between VPBank and AIA Vietnam

LynkiD

A loyalty programme for VPBank users to accumulate points and offerings

CAKE – a digital banking ecosystem

Turning current users into future customers of basic financial products and services



SETTING ON RETAIL BANKING

Quickly realising its retail strategic vision in the 2012-2017 phase with the customer-centricity approach, VPBank has consistently invested in creating specialised values in its product and service research and development across various segments. This process is strongly promoted by the bank's pioneering and leading position in the market in digital transformation activities in the 2018-2022 period.

The year 2022 has marked VPBank's leading position in terms of charter capital in the market and market cap among the private banks club in Vietnam. This has become an outstanding advantage for the bank to continue to reposition itself as the leading retail brand in the market after making great strides over the years.

By the end of 2022, VPBank acquired over 8 million retail customers, in a multi-layered ecosystem accompanied by leading partners in the fields of e-commerce, fintech, investment banking, tourism, entertainment and transportation, etc. In particular, within the course of 2022, VPBank grew more than two million new retail customers, in which the affluent segment shared a whopping 445,000 customers and the mass segment recorded a milestone of 1.5 million customers.

The above results come from VPBank's relentless efforts in investment, pioneering in bringing to market the services and solutions, which help improve customer experience and optimise benefits for customers. Typically, its market leading solution eKYC helped the bank attracted about two million customers in 2022. Or in payment services, thanks to its digital platforms and outstanding advantages, there were 2.5 million new accounts opened in 2022, 2.5 times higher than in 2021.

In particular, the powerful digital bank VPBank NEO continues to assert its new position and success, becoming the digital banking application with the best customer experience in finance sector in Vietnam voted by users. In 2022, the number of new customers activating VPBank NEO reached 2.15 million, equivalent to 229% yoy, bringing the total number of users to 5.2 million, with more than 232 million transactions reported during the year, an increase of 87% yoy.

VPBank's market leading position in retail banking is also confidently affirmed in many segments when all business products in the past years have risen to the top position in the market such as credit cards, credit loans, auto loans...

Ready. Go!

Being persistent with its retail strategy, VPBank set an ambitious goal for RB, in both scale and efficiency, in 2023: a net increase of more than 2 million customers, a growth of 40% in customer deposits compared to 2022 and a double CASA growth rate. And these growth will be backed by personalised, digitalised and customised solutions provided to each and every customer.

2023 is also the critical year in the implementation of VPBank's 3rd five-year strategy (2022-2026) when the economy is expected to strongly rebounded from the pandemic, especially with the retail market to be on the rise with the bloom of the e-commerce market.

According to the International Monetary Fund (IMF), Vietnam's GDP is forecast to reach \$571 billion by 2025, from the current 5th place to the 3rd in the ASEAN region. And according to the Ministry of Trade and Industry, the scale of Vietnam retail market will bolster from \$142 billion at present to \$350 billion by 2025.

Such trend requires higher competency, but at the same time, opens up great opportunities for commercial banks, those with retail at the core of their strategy. The trend is associated with potential as currently 70% Vietnam population are unbanked, along with the expanding demand of business households, micro, small and medium enterprises – currently accounting for up to approximately 90% of total enterprises operating in Vietnam.

VPBank is confident to embrace such trends to make a breakthrough with its 3rd five-year strategy. In the previous periods, the strategic move changing from conventional products and services to better product design by listening to customers has helped VPBank build a diverse ecosystem of financial products, services and solutions, with outstanding advantages in satisfying the needs of many customer segments.

These competitive edges are further honed in 2022 and 2023 with many new initiatives and projects in operation, generating motivation to strive for all the strategic goals.

TECHNOLOGY AS LEVER

The 2022 business environment underwent many changes. Major volatility waves in the global market hit Vietnamese economy, revealing problems and posing challenges and threats to our very open market. Also, this put the banking system in a difficult position, facing numerous challenges.

At VPBank, technology capability has become one of the foundations for the bank to remain stable in risk management, building more flexible platforms and structures to adapt proactively to changes. And not only that, technological capability has proven a boon to the bank to continue to maintain all positive performance indicators as well.

Capability is enhanced and values go up when VPBank has the advantage of the owner's equity being among the biggest in the system, thereby increasing investment to continue putting hundreds of digital initiatives over the year into practice.

Improving growth quantity and quality

In 2022, the standalone bank, for the very first time, had a return on asset (ROA) of 3.7%. This is the record high across all commercial banks in the system up until now, as well as the highest by the end of 2022. VPBank also reaffirmed its capability in the optimisation of operational efficiency across its system, with the cost-to-income ratio (CIR) at 22.4% (excluding income from the deal with AIA).

The above results exemplify VPBank's effort in improving both quality and quantity in operation and growth in the previous year, by using powerful leveraging technologies in the market.

On a relentless path and a strategic vision being concretised, the focus of VPBank's 2nd five-year strategy (2018-2022) was to boost investment, upgrade technology and increase digitalisation to improve processes, product quality and customer experience. Many products and services under the bank's brand name have already become trend-maker digital solutions in the market while banking applications are considered to be the best customer experience ones in the finance area in Vietnam, etc.

To continue its 3rd 5-year strategy (2022-2026), VPBank is determined that investment in technological capability is the foundation of sustainable growth, improving further the quality and scale of customer segments, helping the bank remain to be the front runner in setting the trend of financial products, services and digital solutions and satisfying the needs in the digital era.

Kicked off and also being a highlight in 2022, the strategic journey continued to promote almost 250 digital initiatives across different operational areas, diversifying digital products and services, optimising customer experience, automating processes, developing diversity in connection to a variety of digital ecosystems, including banking, securities, insurance, investment banking, etc. As a result, the operational efficiency of the bank has been raised to a new level.

- Technological power plays an important role in helping VPBank have the top performance indicators in the market
- Nearly 250 digital initiatives across different operational areas have been put into practice in 2022



Boosting drivers among segments

Up to now, the application of technology and process automation has brought comprehensive and outstanding efficiency to VPBank. As of 2022, for instance, the processing capacity of operating units was 600% as high as that in 2017; the price of products was reduced by around 15% to 20% each year on average; productivity was improved by 27% annually. All these improvements helped the bank retain its leading position among those with the best CIR across the system last year. And as of now, 96% of customer transactions are now self-service on digital channels.

Take a closer look, Retail Banking app VPBank NEO has become a role model for growth and success in the market with the help of technology. Identified itself as a fully digital bank, VPBank NEO integrates all features and functions of an electronic bank, with the most advanced biometric technology to bring customers convenience and simplicity but high security in every transaction.

Compared to 2021, the active customer number of VPBank NEO increased by 225% while online transactions number increased by 343% by the end of 2022, and 15 million transactions were from corporate customers. Two years after its introduction, VPBank NEO has served up to nearly 5.2 million customers and is considered to be one of the applications with the very best customer experience in the finance area in Vietnam.

In the corporate segment, VPBank NEOBiz continuously upgrades its technology to optimise journey touchpoints and improve customer experience. Corporate account with 100% eKYC procedure helps customers open

accounts in no time; online LC with simplified procedures and documents allows customers to apply online issuance without providing original documents; online packages like auto loan, overdraft and disbursement with more than half the documents and processes being simplified, allow firms to access funding swiftly, etc. With all these outstanding features, the number of transactions via VPBank NEOBiz has exceeded 1.6 million within the year of 2022 after being launched a year earlier.

Staying proactive and pioneering in the market, VPBank will retain its top spot leading in technology and digitalisation through many strategic programmes and projects in the pipeline in 2023. New projects can be listed such as research on platform transformation of Core-Banking applications; review and design of migration roadmap to Public Cloud; upgrade of Disaster Recovery Centre (DR), ensuring the application and technological services continuity, etc. Once these projects have been put into operation, they will serve as even stronger support to drive VPBank's business performance further high into the sky.

• 96% of transactions of customers at VPBank was carried out via digital channel automatically

• VPBank's top position in technology and digitalisation will be further strengthened by many strategic programmes and projects in 2023

INCUBATING FUTURE TALENT

On the journey to prosperity, human is always an important factor. Human is considered to be the “key” to making a difference for VPBank and paving the way to sustainable growth in the 3rd five-year development phase (2022-2026).

Human – the momentum of growth at VPBank

Ending 2022 – a year of economic reset after the pandemic, VPBank has recorded an excellent business performance with significant growth in total assets, deposit, profit, etc.

To achieve such encouraging results, human is one of the most critical contributors. Human is considered to be the important momentum for VPBank to stand here today as one of the biggest private banks in Vietnam, ranking 11th in Vietnam’s top 50 most valuable brands in 2022.

VPBank’s strategy is to turn itself into “the Land of Talents”. The bank has rolled out many initiatives and actions to attract, retain and develop talents, as well as prepare for the next successive generation of managers and leadership, making sure the bank always stays in a positive and sustainable growth momentum in the years to come.

To do so, one of the most important things is to provide a competitive benefits package, ensuring “financial prosperity” to all staff. This helps improve employee satisfaction, and also win over talents, creating competitive advantages in the market.

VPBank staff receive not only salary and bonuses but also long-term incentives. In 2022, the salary was adjusted by nearly 30% higher than the market average. At the same time, the ESOP scheme was extended to a wider number of staff.

What is more, there are also preferential loan packages made available to staff, together with benefits and allowances for weddings, funerals and special occasions like Tet; special bonuses for managerial level like well-being programmes to improve physical and mental health at the workplace; performance-based bonuses, etc. The bank always tries to maintain and extend these programmes to motivate employees to be more productive and efficient.

For VPBank, talents are the most valuable assets and the core value to make a difference and pursue sustainable development. Thus, VPBank always optimises the human resources governance and training programmes in line with the direction of making the bank a destination for highly skilled workers across the industry.

VPBank is one of the pioneer joint stock commercial banks building and strengthening the E-learning training system, which designs capacity development frameworks and training programmes tailored to every position, develops the internal capability of training, and innovates training approach to improve user experience and create an active learning culture across the bank.

In 2022, the VPBank Academy successfully launched various training programmes with a wide range of content using flexible training methods (offline, online and hybrid). The 2022 iLEAD, a high-quality training programme at VPBank, left a good and lasting impression across the bank with nearly 150 participants who are key managers in the bank. Besides, thousands of staff have also been trained to improve core competencies such as customer experience governance, digital mindset, etc. The total bank-wide learning time amounted to 881,457 hours; on average, a VPBanker spent 70.87 hours studying, putting VPBank in the group of banks with the highest number of training hours on the market.

Talent management, focus on digital transformation and employee experience enhancement are also tools for the bank to build up human resources during periods of growth. Recently, especially in 2022, programmes to win over and retain talents, such as the critical roles programme (CR) for important positions in the bank, the successive programme (SP), and the VPBank Gennext (VPG), etc. are continuously designed and launched. Policies on competitive benefits and compensation have been carried out fairly and squarely. On top of that, employees always feel trusted and are given opportunities to realise their full potential, making the best contribution to the bank.

To have employees of high quality, VPBank has to apply an effective recruiting strategy right from the beginning. Accordingly, the bank ensures transparency, simplifies the process, embraces technology and promotes digitalisation in the recruitment practices to cut down the cost, improve quality and satisfy on-demand recruitment from units during growth periods.

At the same time, VPBank focuses on improving the operational system, applying technologies, enhancing digitalisation to recruit effectively and improving the experience of candidates and employees.

By the end of 2022, there were 29,111 employees at VPBank altogether, working across the country and contributing to the success of VPBank.

Becoming “the Land of Talents”, unlocking sustainable growth

Being steady with “the Land of Talents” strategy, VPBank will continue to implement new solutions to improve human resources quality, make differences and lay out the way for sustainable growth in the 3rd five-year strategy (2022–2026).

The first solution is the application of an effective recruitment tactic to enhance the capability and quality; as well as boost up VPBank employer branding and improve candidate experience.

In 2022, VPBank’s employee branding metrics have improved significantly. In 2023, VPBank will focus on upgrading the Employee Value Proposition (EVP), elevating the employer branding, enhance digital practices and candidate experience with the hope of acquiring the right talents.

After recruiting, the bank will roll out a competitive benefits scheme, training and development programmes to keep and build a strong relationship with these employees, etc.

For the period between 2022 and 2026, the bank will identify employee groups and design strategy accordingly, giving priority to increasingly raising staff income at a competitive level in the labour market, designing and implementing more welfare programmes and updating good practices, etc. to retain talents and optimise human resources costs.

To improve the learning culture at VPBank, the bank will continue to launch leadership training programmes, promote studying via E-learning and core skills training programmes, improve the competency of business units via training programmes tailored to different titles and focus on building successive generations and nurture young talents via programmes like SP, VPG, etc.

Moreover, VPBank will keep on enhancing staff experience via digitalisation, automated HR processes, operational innovation or improvement of internal customer services. At the same time, the bank will also attempt to strengthen relationships with employees via constant communication and morale boosters to uplift employees’ morale and engagement, building “the Land of Talents”.

Another focus is the optimisation of organisational structure to be the foundation for facilitating competitive incentive schemes. Also, the bank will launch a corporate culture project in different stages of Shaping Culture, Building Vision, New Core Values, Training, and Cultural Development Communication.

Strategy and culture are always two of the most useful boons to senior leadership in running an organisation effectively. Culture expresses goals through values and beliefs, and guides action through shared perceptions and norms. When aligned with strategy, a strong culture drives positive outcomes.

Therefore, VPBank is committed to developing corporate cultural identity in the strategic period 2022–2026 to construct a separate, unique culture bearing VPBank’s identity and new stance.

When all of the above factors are gathered, and in the hands of excellent people, VPBank will have a solid foundation to implement its growth and sustainable development strategy for the period 2022–2026.

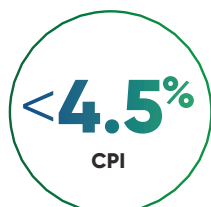




BUSINESS ORIENTATION 2023



The global context in 2023 coupled with unpredictable variables is forecast to bring both challenges and opportunities to the world economy. Being a open economy in its own right, it will be difficult for Vietnam to avoid the effects of global instability, as the conflict between Russia and Ukraine shows no sign of ending and the US Federal Reserve (FED) continued to maintain a "hawkish" view to combat inflation. International organisations, such as the IMF, WB, and OECD, have all downgraded their global economic growth outlook to lower than their previous forecasts, and at the same time, the risk of economic recession and high inflation is being closely watched.



ASEAN is considered one of the regions with the highest growth rate in the world, in which, the bright spot comes from Vietnam's development prospects. Many reputable analytical organisations have projected that Vietnam's GDP growth could reach 6-7% in 2023 with the driving force coming from domestic consumption, exports and FDI inflows. The Vietnamese government sets a 2023 GDP growth target at 6.5% and keeps CPI below 4.5%.



In regard to the banking sector, 2023 is forecast to continue to be a challenging year. In the environment of hiking interest rates coupled with a quite gloomy outlook of the real estate market, pressure on asset quality as well as the liquidity situation of banks is inevitable. In addition, the State Bank of Vietnam will also be more cautious in granting credit lines, limiting cash flow into highly speculative fields. In this context, banks with a strong capital base, safe asset quality, and the ability to diversify sources of mobilisation and flexibly operate a business are expected to have better resilience to market volatility. VPBank with its distinct competitive advantages will continue to pursue sustainable development, maximising values for shareholders, investors and customers.



In 2023, VPBank has entered the next development phase with ambitious goals and orientation. Simultaneously, the bank has continued to invest in the core system, in a bid to remain stable, and at the same time ensure the capacity to expand, in order to adapt to new business directions in a timely manner.

With the goal of maintaining effective growth and quickly responding to the complicated context of the market and the economy, VPBank's BOM has reviewed, envisioned and set up different business scenarios in line with new developments, to take the initiative in responses and make the best of growth opportunities for the bank in 2023, as well as in the following years.

VPBank identifies main goals in its 2023 business direction as follows:

VPBank identifies main goals in its 2023 business direction as follows:



Funding and liquidity

- Increase core funding to support credit growth
- Ensure safe operation and sustainable liquidity



Quality growth

- Prioritise disbursement to strategic segments to create a breakthrough in scale and effectiveness
- Keep risk under control while improving credit portfolio quality, and leveraging technological capabilities to improve debt collection



Enhancement of digitalisation capacity

- Promote digital initiatives and advanced technology
- Strengthen the foundational systems, ensure stability and enhance customer experience



Promoting ecosystem activities

- Promote a comprehensive segment development strategy
- Make the most of the ecosystem to attract customers and increase cross-selling



6

Managing Prosperity



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Members of **BOARD OF DIRECTORS**

1 Mr. NGO CHI DZUNG
CHAIRMAN

2 Mr. BUI HAI QUAN
VICE CHAIRMAN

3 Mr. LO BANG GIANG
VICE CHAIRMAN

4 Mr. NGUYEN DUC VINH
MEMBER

5 Mr. NGUYEN VAN PHUC
INDEPENDENT MEMBER



4

2



1



3



5

Members of **THE SUPERVISORY BOARD**



Ms. NGUYEN THI MAI TRINH
HEAD OF THE SUPERVISORY BOARD
(from May 29, 2020 to December 25, 2022)



Ms. KIM LY HUYEN
HEAD OF THE SUPERVISORY BOARD (from December 26, 2022);
MEMBER (from April 26, 2019 to December 25, 2022)



Ms. TRINH THI THANH HANG
EXECUTIVE MEMBER



Mr. VU HONG CAO
MEMBER

Members of **THE BOARD OF MANAGEMENT**



Mr. NGUYEN DUC VINH
CHIEF EXECUTIVE OFFICER



Ms. LUU THI THAO
STANDING DEPUTY CEO



Mr. PHUNG DUY KHUONG
STANDING DEPUTY CEO, IN CHARGE OF SOUTHERN REGION;
HEAD OF RETAIL BANKING DIVISION

Members of **THE BOARD OF MANAGEMENT**



Mr. NGUYEN THANH BINH
DEPUTY CEO; HEAD OF CREDIT DIVISION



Mr. NGUYEN THANH LONG
DEPUTY CEO; HEAD OF LEGAL
AND COMPLIANCE DIVISION



Mr. DUONG THI THU THUY
DEPUTY CEO; HEAD OF CORPORATE AND
INVESTMENT BANKING DIVISION



Mr. DINH VAN NHO
DEPUTY CEO;
HEAD OF COMMERCIAL BANKING DIVISION

Members of **THE BOARD OF MANAGEMENT**



Mr. PHAM PHU KHOI
DEPUTY CEO;
HEAD OF FINANCIAL MARKET DIVISION



Ms. PHAM THI NHUNG:
DEPUTY CEO;
HEAD OF PARTNERSHIP MANAGEMENT CENTRE



Mr. NGUYEN HUY PHACH
HEAD OF SMALL AND MEDIUM-SIZED
ENTERPRISES DIVISION



Ms. NGUYEN THI MINH NGUYET
HEAD OF OPERATION DIVISION

Members of **THE BOARD OF MANAGEMENT**



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HEAD OF FINANCE DIVISION



Ms. TRAN THI DIEP ANH
HEAD OF HUMAN RESOURCES MANAGEMENT DIVISION



Mr. WONG KOK SENG AUGUSTINE
HEAD OF INFORMATION TECHNOLOGY DIVISION



Ms. VO HANG PHUONG
HEAD OF INTERNATIONAL INSTITUTIONS AND
BANKING SERVICES DIVISION

Members of **THE BOARD OF MANAGEMENT**



Mr. DMYTRO KOLECHKO
HEAD OF RISK MANAGEMENT DIVISION



Mr. HOANG DUC ANH
ACTING HEAD OF BUSINESS INTELLIGENCE CENTRE
(replacing Mr. Lim Ann Ken retired on April 4, 2022)



Ms. NGUYEN THUY DUONG
HEAD OF MARKETING AND COMMUNICATION CENTRE



A vertical photograph on the left side of the page showing an aerial view of a city with various buildings, including a prominent curved building with a colorful facade, under a clear blue sky.

VPBANK'S ORGANISATIONAL STRUCTURE

VPBank's organisational structure constitutes the General Assembly of Shareholders, the Board of Directors, the Supervisory Board, and the CEO as per regulation stated in Article no. 32 under the Law on Credit institution 2010. The General Assembly of Shareholders has the ultimate authority over the bank. The General Assembly of Shareholders 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 General Assembly of Shareholders.

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

CEO is the highest-ranking person 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 (Operational Risk Committee, Credit Risk and Debt Collection Committee and Market Risk Committee), asset management (Asset and Liability Committee, Capital Management Committee), credit management/underwriting, product development, etc. to consult the CEO in managing and making decisions for the bank's business operation.

CORPORATE GOVERNANCE REPORT

I. Activities of the Annual General Meeting

VPBank's 2022 Annual General Meeting (AGM) took place on April 29, 2022. Accordingly, the AGM received documents/reports and proposals from the Board of Directors (BOD), the Supervisory Board (SB), and the Board of Management (BOM); The AGM approved resolutions as follows:

- Financial statements ended December 31, 2021, Performance report 2021 and Action plan 2022
- Profit distribution plan 2021
- The adjustment of the maximum foreign ownership ratio to suit the issuances of shares
- Plan for issuing/selling shares to VPBank's staff under the ESOP scheme 2022
- The list of independent auditing companies for the bank and its subsidiaries
- The plan to increase charter capital (the plan to issue shares from equity to increase share capital and the plan for private placement to foreign investors)
- The plan to acquire OPES to make it a subsidiary
- The plan to contribute additional capital to the subsidiary VPBankS
- A number of investment plans for capital contribution, cooperation, joint venture, association, etc
- Some transactions with subsidiaries.
- Additional business lines in VPBank's licence.
- Accounting for debts written off that have been used for provision to handle risks to meet the conditions prescribed by law
- Amendments to the Charter of Vietnam Prosperity Joint Stock Commercial Bank and the Charter in full.

II. The Board of Directors (BOD)

1. Information on the BOD and its meetings in 2022

The BOD held four quarterly meetings (on March 21, 2022; April 14, 2022; July 7, 2022; and December 22, 2022) and provided written opinions on the matters under the authority.

NO	The BOD's members	Position	Appointment date	Number of attended meetings	Per-centage
1	Mr. Ngo Chi Dzung	Chairman of the BOD	Re-elected on May 29, 2020	4	100%
2	Mr. Bui Hai Quan	Vice Chairman of the BOD	Re-elected on May 29, 2020	4	100%
3	Mr. Lo Bang Giang	Vice Chairman of the BOD	Re-elected on May 29, 2020	4	100%
4	Mr. Nguyen Duc Vinh	Member of the BOD	Re-elected on May 29, 2020	4	100%
5	Mr. Nguyen Van Phuc	Independent member of the BOD	Re-elected on May 29, 2020	4	100%

Activities of the BOD in 2022

The BOD implemented the AGM's resolutions and through its periodic meetings and voting by ballots made decisions on the guidelines and orientations as the basis for the BOM to implement specific business plans.

- Implemented the AGM's resolutions on changing the maximum foreign ownership ratios to suit the issuances. The current maximum foreign ownership ratio of VPBank is 17.642%
- Conducted the stock issuance under the employee stock options programme 2022
- Raised charter capital by using equity to VND67,434 billion
- Completed the purchase/contribution of capital to OPES in which VPBank owning 98% and OPES becoming a subsidiary of VPBank
- Completed the additional capital contribution to VPBankS, raising the charter capital of VPBankS to VND15,000 billion.
- Amended and issued/registered the new Charter
- Approved the business plan in 2022 under different scenarios
- Approved the list of key projects, which are important in strengthening the foundation and developing business in 2022
- Approved the bank's overall development strategy for the period of 2022-2026 and the divisional strategies (strategies for the RB and SME segments)
- Approved guidelines and orientations on risk management and business operations, as well as adjustment of risk policies to suit the orientation/direction of the Government, the State Bank of Vietnam (SBV) and the bank's actual situations
- Approved proposals on asset purchase/sale, credit, investment, operating budget proposals for projects/units, etc., exceeding the limits set for the bank's specialised committees and councils
- Amended/issued new regulations/policies on business activities, risk management, and operation management such as Decisions on the amendment and supplement of regulations on bond trading, documentation, legal compliance policy, compliance risk appetite, savings and deposits, target NPL ratio for the period 2022-2024, performance evaluation, sale of corporate bonds, special lending for specially controlled credit institutions, policy on transaction limit financial institution customers, etc
- Approved the decisions to change the organisational structure of the Legal Division, Corporate and Investment Banking Division, and Credit Division

2. BOD's supervision of the CEO and the BOM

- Attended (12) monthly BOM meetings
- Supervised the bank's operations through daily, weekly, monthly, and quarterly business performance reports and the BOM's other reports/proposals.
- Considered and acted on the information from the SB and Internal Audit (IA)'s reports on the bank's units.
- Attended meetings/read reports of the Risk Management Committee, Human Resources Committee, etc.

3. Activities of committees directly reporting to the BOD

Human Resources Committee

Human Resources (HR) Committee is a specialised committee, supporting the BOD in the introduction of decisions related to organisational structure, policies on human resources management and lists of candidates running for the BOD, SB or any other bank's committee or councils (if any).

Mr. Ngo Chi Dung	Chairman of the BOD	Chairman of the Human Resources Committee
Mr. Bui Hai Quan	Vice Chairman of the BOD	Member of the Human Resources Committee
Mr. Lo Bang Giang	Vice Chairman of the BOD	Member of the Human Resources Committee

Human Resources Committee held 12 monthly meetings, discussed and executed the following tasks:

1. Considered and gave timely directions on a monthly basis regarding HR ratios and operations of the HR Division and other member companies
2. Considered and approved over 800 proposals regarding recruitment, appointment, demotion and salary adjustment for managerial positions
3. Advised the BOD on periodic activities such as the performance bonus for 2021, headcount for 2021, and budget for HR in 2022
4. Considered and handled violations against internal regulations
5. Approved HR segments at VPBank to have a strategy for compensation, retention and development of people: critical roles, hot jobs, and succession planning

6. Advised the BOD on the ESOP allocations to employees. Under the authorisation of the BOD, evaluated and approved the list of employees participating in the ESOP in 2022

7. Updated and advised the BOD on the assessment and deciding to adjust the operating model of specialised units at the RB Division, Operations Division, Risk Management Division, Debt Collection Center, IIBS Division, etc

8. Directed HR Division to carry out a project to evaluate and review the work hierarchy to ensure that all the workgroups are updated to reflect the changes, bringing fairness and supporting the reasonable implementation of remuneration policies

9. Advised the BOD about expanding the credit underwriting and approval model for FDI customers, assessing the effectiveness of operating model transformations at the RB Division

Risk Management Committee

The Risk Management Committee includes:

1	Mr. Bui Hai Quan	Vice Chairman of the BOD	Chairman
2	Mr. Ngo Chi Dung	Chairman of the BOD	Member
3	Mr. Lo Bang Giang	Vice Chairman of the BOD	Member
4	Mr. Nguyen Van Phuc	Independent member of the BOD	Member
5	Mr. Nguyen Duc Vinh	CEO	Member
6	Ms. Luu Thi Thao	DCEO	Member
7	Mr. Dmytro Kolechko	Head of Risk Management Division	Member

In 2022, Risk Management Committee closely monitored the bank's risk management situation, always proactively and promptly giving orientations to deal with complicated developments on the market in the context of the required transition to post-pandemic "new normal" and unpredictable geopolitical developments around the world. As a result, the bank still maintained stable asset quality and a solid buffer for credit growth activities.

The Risk Management Committee implemented the following main tasks:

- Based on the Risk Appetite Statement for the 2022-2024 period and the top-down strategic risk indicators for 2022, compliance with the risk indicators was periodically reported to the Risk Management Committee and action plans were made ready. As a result, the bank's risk indicators were maintained within prudent thresholds and were consistent with VPBank's business strategy objectives.

• Accompanying the bank's new efforts in promoting sustainable development, the Risk Management Committee tended to bring environmental, social and governance risk management into the bank's risk culture. VPBank reviewed the risk management framework with EY and was confirmed to fit with domestic regulations, international standards and practices on ESG risk management. Regarding disclosure requirements, EY assessed that VPBank implemented basic disclosures as recommended by the Task Force on Climate-Related Financial Disclosure (TCFD).

- Held and executed ICAAP and ILAAP tests with a biannual frequency according to the Risk Management Committee's approved plan. Accordingly, the tests included assumptions about (i) the macro economy under the impacts of the Russia-Ukraine war, (ii) the SBV's policies to curb inflation, and (iii) changes to the bank's business

strategy. The results of the stress tests were important inputs for the leadership to develop backup plans.

- The Risk Management Committee is oriented to build a risk management framework in compliance with the regulations of the SBV and at the same time focused on upgrading to international standards. In 2022, the Risk Management Committee approved the adjustment of a number of data calculation methodologies to comply with international standards such as IFRS9, Basel III – Standardisation method, etc. The introduction of advanced standards will help the bank gain a higher credit rating and have more advantages in accessing outside capital.

- In the context of the unusual developments of the economy in the second half of 2022, Risk Management

Committee continued to be proactive in the position of advising and supervising the implementation of the bank-wide Business Continuity in Business Administration Strategy to maintain the stabilisation status, ensuring the achievement of the bank's business development objectives.

- In order to meet the requirements of the SBV and prepare a strong risk management foundation for 2023 – the first year in the next five-year strategy, Risk Management Committee approved and reported to the BOD for approval (i) effective cost of fund in 2023 and (ii) Risk appetite 2023-2025 and List of material activities, material risks for 2023, etc.

III. The Supervisory Board (SB)

1. SB members' information

No.	SB member	Position	Starting from	Educational attainment
1	Ms. Nguyen Thi Mai Trinh	Head of the SB	May 29, 2020 to December 25, 2022 (*)	PhD
2	Ms. Kim Ly Huyen	Head of the SB	December 26, 2022 (*)	Master
		Member	April 26, 2019 to December 25, 2022	
3	Ms. Trinh Thi Thanh Hang	Executive member	April 10, 2017	Master
4	Mr. Vu Hong Cao	Member	April 26, 2019	Bachelor

(*) On December 23, 2022, the SB received the resignation letter from Ms. Nguyen Thi Mai Trinh, Head of the SB, sent to the AGM and BOD with regard to her withdrawal from the position of BS's member due to personal matters starting from December 26, 2022. All members of the SB, inclusive of Ms. Trinh, agreed on the tasks Ms. Trinh was responsible for would be handed over to the other three members from December 26, 2022, until VPBank's AGM officially approve to dismiss the membership status of Ms. Trinh.

2. Meetings of the SB

No	SB member	Number of meetings attended	Attendance rate	Voting rate	Reason for nonattendance
1	Ms. Nguyen Thi Mai Trinh	9	100%	100%	Took annual leave and authorised other BS members to act on her behalf
2	Ms. Trinh Thi Thanh Hang	10	100%	100%	
3	Ms. Kim Ly Huyen	10	100%	100%	
4	Mr. Vu Hong Cao	10	100%	100%	

In 2022, the SB held 10 meetings to implement tasks according to its function and responsibilities. At these meetings, the SB discussed the execution of the quarterly key tasks and gave relevant instructions to IA, particularly:

- On January 20, 2022, (Q1/2022 meeting): main agenda is about (i) Reviewed the activities in 2021; and (ii) Key action plan for Q1 2022
- On March 18, 2022: passed the results of 2021 financial statement appraisal
- On April 5, 2022: (Q2/2022 meeting) main agenda is about (i) reviewed the activities in Q1 2022; (ii) Passed the SB's operations report in 2021 to submit to the AGM; and (iii) Key action plan for Q2 2022
- On July 22, 2022: (Q3/2022 meeting): (i) Reviewed the activities in Q2 2022; (ii) Passed the amendment to the audit plan for 2022 and (iii) Key action plan for Q3 2022

- On August 8, 2022: held SB's meeting to pass the 1H2022 financial statement appraisal

- On October 21, 2022: (Q4/2022 meeting): (i) SB's operational evaluation in Q3/ 2022 (ii) Approval of principles of 2023 audit planning and (iii) Key action plan for Q4 2022

- On November 21, 2022: held a meeting to re-assign tasks among members of the SB

- On December 14, 2022: held a meeting to pass the 2023 audit plan

- On December 23, 2022: held a meeting for the resignation of Ms. Nguyen Thi Mai Trinh, Head of the SB, and elect a new Head

- On December 23, 2022: held a meeting to assign tasks among SB members.

3. Supervising activities of SB towards the BOD, BOM and shareholders

Supervision activities focused on: (i) VPBank's management and governance, (ii), the BOD and BOM's execution of the business directions and targets approved by the AGM.

Supported by internal audit activities, the SB provided timely recommendations to the BOD and BOM regarding control measures, the amendment of internal regulations and the improvement of operational quality.

4. Cooperation of the SB in the activities of the BOD, BOM and other managers

The BOD, BOM and SB accordingly coordinated in monitoring, auditing, and supervising to ensure that the SB's operations comply with the law, charter and regulation on organisation and operations of the SB. Opinions and recommendations the SB and IA have given were acknowledged, supplemented and revised.

5. Other activities of the SB

High-level supervision of IA: The SB set directions for and instructed IA (i) to execute the annual audit plan covering main risks in the bank's key operations, components and procedures; (ii) to update risks regularly to have a timely adjustment of inappropriate audit approach according to the bank's practical situations and new requirements under the laws or government agencies (if any).

As of December 31, 2022, the IA has been conducting 34/36 audits, the other 02 audits will be implemented in Q1/2023 due to a shortage of headcounts fulfilment and a number of headcounts dedicated to some other managerial tasks.

The SB also instructed IA to pay great attention to and urge the implementation of the recommendations timely.

Financial statements review: Pursuant to provisions in the Law on Credit Institutions, in 2022, SB instructed IA to review FY and 1H financial statements to offer a true and fair view of the statements presented to the AGM in accordance with legal regulations and VPBank's internal regulations.

Report to SBV: VPBank always complies with SBV's regulations and reporting requirements, both routine and ad hoc.

Hiring, training and management: IA organised training to increase employee quality to meet IA's demand for special tasks, especially in the context of banking digitalisation. There are available solutions to retain its key staff by training professional expertise, and soft skills, adopting the bank's common policies, etc.

IV. Remuneration of the BOD and SB

The principles to determine the remuneration for the BOD and the SB were considered by the BOD for each member with payment being made by the month: including fixed pay for each position and pay for when they participate in councils and committees under the BOD or SB's members. The BOD members do not receive performance or any other type of bonus.

In 2022, the bank paid a total of VND26 billion to cover salaries, bonuses, and the activities of the BOD and SB members. In particular, remuneration and salaries accounted for VND18.3 billion. Other expenses such as business travel, conferences, workshops, training, transport vehicles, medical insurance, periodical health check, etc. are paid according to VPBank's internal regulation on expenses issued from time to time, amounting to nearly VND7.8 billion. The expenses are included in a separate section in the bank's audited annual financial statements.

V. Evaluation of VPBank's business performance 2022

2022 continued to be a challenging year as the globe and the region itself were mired in volatilities, uncertainty and instabilities. This circumstance intensified risk to financial, monetary markets and global food security. Vietnamese economy, as well as the banking industry, faced numerous obstacles from changes in the global market and pressure from rising interest rates.

In that context, the BOD highly appreciates the flexibility and initiation of VPBank's leadership and staff in applying effective business and operational governance plans to minimise the market negative impact. The BOD also thinks highly of the leadership's efforts in proactively capturing and exploiting new business opportunities, contributing to the bank's growth during the most difficult economic times. With the mission of "Prospering Vietnam", VPBank prioritised strong, secure and sustainable growth, and support provided to customers, contributing to the post-pandemic recovery.

To be specific, the delivery of the target set by of AGM is as follows:

- Completed the plan to increase charter capital through paying a stock dividend at the rate of 50% and issuing shares under the employee selection programme (ESOP), bringing the charter capital VPBank reached more than VND67,000 billion, becoming the bank with the largest charter capital in the system. In addition, VPBank's consolidated equity has reached more than VND103,000 billion by the end of 2022. The bank's market capitalisation reached VND120,000 billion, maintaining its position as a private bank with the largest market capitalisation in Vietnam.
- Completed the ecosystem by completing the acquisition of VPBankS and OPES with ownership of 99% and 98% respectively
- Customer funding and issuance of valuable papers achieved 89% of the plan, an increase of 13.5% compared to 2021. This growth shows the remarkable efforts of the whole bank in the context of the liquidity crisis of the market in recent times.
- Credit balance grew by 25%, fulfilling 93% of the plan and quite high compared to the industry average. Standalone bank's NPL ratio is strictly controlled at 2.19%.
- In 2022, the economy advanced but the pace of recovery varied among different industries and fields. By the same token, the recovery among segments in the banking industry was also different, with the consumer finance segment witnessing a particularly slow recovery than expected. Therefore, the bank's consolidated profit target was also affected, due to the shortfall in the subsidiary's contribution. The consolidated profit before tax for the whole year reached more than VND21,000 billion, up 48% compared to 2021 and reaching 72% of the plan.

With the achievements in 2022, along with the bank's capital volume brought to new heights, the BOD always takes pride in VPBank as one of the leading joint stock banks in Vietnam and believes in the leadership, management, adaptability and resilience of the bank in order to realise the challenging goals set by the BOD and the AGM.

VI. Corporate governance and investor relations

Information transparency, ensuring shareholders' rights

Corporate governance, one of the bank's focuses, has been continuously strengthened and consolidated in order to further improve the role and effectiveness of governance activities at the bank. Regarding quality, VPBank's governance has made important strides in recent years. According to the organisational structure, supporting committees and councils for the BOD and the CEO have been established and operated regularly. The members of the BOD, SB and BOM are qualified individuals with many years of experience in the fields of business administration, economics, finance and banking. Especially, VPBank successfully recruited much senior personnel both locally and abroad to hold key positions, together realising the bank's ambitious development strategy.

VPBank always take the transparency of disclosure practices seriously, so the bank always proactively discloses information in a sufficiently and timely manner, ensuring compliant with regulations as well as building shareholders' trust. Furthermore, VPBank also ensures the quality and quantity of information disclosed on the VPBank Investor Relations website (<https://www.vpbank.com.vn/quan-he-nha-dau-tu>), in both Vietnamese and English, as well as on the websites of the stock exchanges, the information disclosure system of the State Securities Commission, the Vietnam Securities Depository and Clearing Corporation, and mass media, etc.

Along with strictly complying with the provisions of the law on corporate governance in Vietnam in general and regulations applicable to listed companies in particular, VPBank also actively updates new regulations and good practices in corporate governance provided by consulting units.

Besides, since its inception, VPBank's Investor Relations unit has actively supported and answered investors' questions and requests for information through communication channels such as email, phone and website of Investor Relations.

Increasing the frequency of contacting investors

In 2022, VPBank organised 8 quarterly business results announcement meetings (Earnings Call and Broker Meeting). Within the framework of these meetings, the bank's leadership and domestic and foreign investors and analysts discussed the business performances and prospects of VPBank and its subsidiaries. These discussions are all updated to investors through IR News.

VPBank also held more than 100 meetings with more than 300 domestic and foreign investors and analysts and attended 12 investment seminars organised by all sorts of funds and securities companies, such as VCSC, SSI, HSC, Dragon Capital, EFG Hermes, Maybank KimEng, JPM, etc.

In addition to the bank's official website, the Investor Relations (IR) department has built another website for investors (<https://irevents.vpbank.com.vn/login>) to post the event calendar, recorded meetings and documents of VPBank's quarterly business performances. All documents for investors are always updated bilingually on the bank's website so that domestic and foreign investors can access timely and consistent information.

As a result, information about the bank's operations, business results as well as strategic orientation is well communicated to domestic and foreign partners and individuals. According to leading securities companies and investment funds, VPBank's IR activities are executed professionally, methodically and highly regarded. With the positive performance and effectiveness of IR practices, VPBank has witnessed:

- VPB shares continued to maintain their positions in key market indexes such as VN30 – VPBank's market capitalisation reached VND120,000 billion, leading the group of private joint stock commercial banks.
- VPBank for the fourth time in a row reached the top 20 companies with stocks in the list of the VNSI Sustainability Index assessed by the Ho Chi Minh City Stock Exchange. This result is the recognition of VPBank's efforts in building and strengthening a sustainably and comprehensively developed ecosystem, ranging from environmental and social policies to management practices, performance indicators, and corporate governance.
- As a continuing Platinum member of the Vietnam Institute of Directors (VIOD) among other leading companies in Vietnam on the corporate governance journey, VPBank focuses on the role of enhancing professionalism and transparency, build a network to connect business leaders, etc. in order to maintain investors' confidence and ensure sustainability in the action plan of VPBank's BOD.
- Granted with "Best Investor Relations Bank 2022" by Global Economics.

VII. 2023 business direction

Entering 2023, the first year of the transition period from 2022-2026 in the context of the market still fraught with unpredictable volatilities, VPBank's BOD has set out the business direction for the BOM with basic objectives as follows:

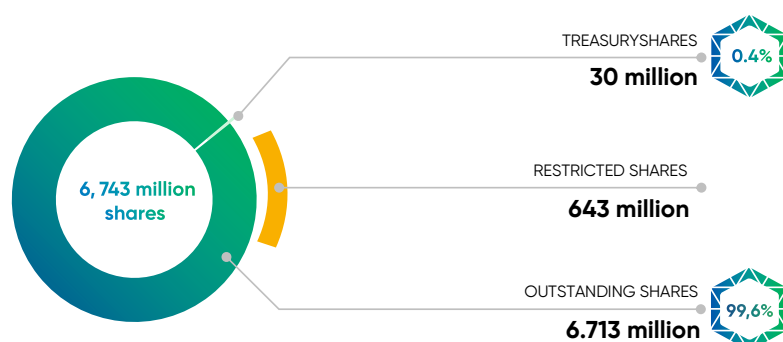
- Ensure liquidity to support credit growth, and prioritise the growth of core deposits
- Focus on quality growth, and risk control and improve the quality of the credit portfolio, while taking advantage of technological capabilities to strengthen collection
- Accelerate the digital transformation and technology application across all segments and products
- Continue to invest in developing and expanding the ecosystem to bring customers high-value financial services, and find new growth drivers and business opportunities in segments such as investment banking, wealth management, etc

In order to accomplish the goals, VPBank's BOD believes in the support and unanimity of the entire leadership, employees as well as customers and shareholders of VPBank, in their efforts to bring sustainable prosperity values for shareholders, community and society.

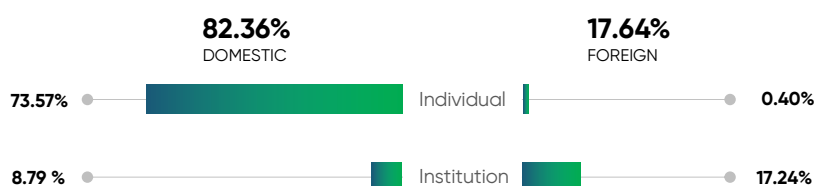
Orientation of governance activities and investor relations

In 2023, VPBank will continue to improve the quality of information and communication, investor and market engagement level, with the goal of VPBank's IR step by step meeting the international standards and best corporate governance practices, improving operational efficiency and creating a solid foundation for the bank. At the same time, VPBank will continue to improve internal regulations in IR practices to ensure compliance with legal regulations, enhancing VPBank's position and credibility with regulators, and partners, and bringing long-term value to shareholders

SHARE STRUCTURE AS OF DECEMBER 31, 2022



SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2022



06 • Managing Prosperity

VPBank has no major shareholders (owning 5% or more of the voting shares). Internal shareholders, including members of the BOD, SB and BOM, currently hold 9.16% of the total shares.

No	Internal shareholder	Current position (if any)	End-of-period shares outstanding	End-of-period ownership ratio
1	Mr. Ngo Chi Dung	BOD Chairman	328,553,899	4.872%
2	Mr. Bui Hai Quan	BOD Vice Chairman	156,329,202	2.318%
3	Mr. Lo Bang Giang	BOD Vice Chairman	8,249,316	0.122%
4	Mr. Nguyen Van Phuc	BOD independent member	-	-
5	Mr. Nguyen Duc Vinh	BOD member cum CEO	104,905,020	1.556%
6	Ms. Nguyen Thi Mai Trinh	SB head (withdrew from December 26, 2022)	212,731	0.003%
7	Ms. Kim Ly Huyen	SB head	269,997	0.004%
8	Ms. Trinh Thi Thanh Hang	SB member	144,555	0.002%
9	Mr. Vu Hong Cao	SB member	378,855	0.006%
10	Ms. Luu Thi Thao	Deputy CEO	9,838,869	0.146%
11	Ms. Duong Thi Thu Thuy	Deputy CEO	2,119,177	0.031%
12	Mr. Nguyen Thanh Long	Deputy CEO	396,541	0.006%
13	Mr. Pham Phu Khoi	Deputy CEO	593,950	0.009%
14	Mr. Nguyen Thanh Binh	Deputy CEO	572,364	0.008%
15	Mr. Dinh Van Nho	Deputy CEO	1,588,107	0.024%
16	Mr. Phung Duy Khu-ong	Deputy CEO	1,222,486	0.018%
17	Ms. Pham Thi Nhung	Deputy CEO	1,010,995	0.015%
18	Ms. Le Hoang Khanh An	Head of Finance Division	373,692	0.006%
19	Ms. Nguyen Thi Thu Hang	Chief Accountant	394,740	0.006%
20	Ms. Le Lan Kim	Person in charge of corporate governance/corporate secretary	634,042	0.009%

Changes in owner's equity

Owner's equity	Standalone (million dong)		Consolidated (million dong)	
	31/12/2021	31/12/2022	31/12/2021	31/12/2022
Charter capital	45,056,930	67,434,236	45,056,930	67,434,236
Capital surplus	77,202	-	77,202	-
Reserve funds	8,053,768	9,056,043	12,558,832	13,535,084
Treasury stock (*)	(1,760,512)	(883,466)	(1,760,512)	(883,466)
Undistributed profit	24,611,567	19,940,792	22,439,214	16,751,804
Minority interest	-	-	7,906,481	6,664,262
TOTAL EQUITY	76,038,955	95,547,605	86,278,147	103,501,920

(*) The bank issued 30 million shares under the Employee Stock Ownership Plan (ESOP), with a par value of VND10,000 per share, from the treasury shares resource according to the BOD's Resolution No. 236/2022/NQ-HDQT dated August 17, 2022 and the State Securities Commission's Official Dispatch No. 5764/UBCK-QLCB dated August 26, 2022.

Share transactions conducted by internal shareholders and related persons

Share transactions by internal shareholders

Transaction	Number of transaction	Share volume
Buy	19	1,415,900
Sell	5	47,800
Total	24	1,463,700

Share transactions by related persons

Transaction	Number of transaction	Share volume
Buy	13	433,839
Sell	6	224,100
Total	19	657,939



7

Financial Statements



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Vietnam Prosperity Joint Stock Commercial Bank

GENERAL INFORMATION

THE BANK

Vietnam Prosperity Joint Stock Commercial Bank ("the Bank") 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 43rd time on 6 December 2022. 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 2022, the charter capital of the Bank is VND67,434,236 million (31 December 2021: VND45,056,930 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 2022, the Bank has one (1) Head Office, seventy-two (72) branches, one hundred and seventy-eight (178) transaction offices nationwide and four (4) subsidiaries.

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

Vietnam Prosperity Joint Stock Commercial Bank

GENERAL INFORMATION (continued)

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. Nguyen Thi Mai Trinh	Head of Board of Supervision (until 25 December 2022)
Ms. Kim Ly Huyen	Head of Board of Supervision (from 26 December 2022) Member (until 25 December 2022)
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
Mr. Phung Duy Khuong	Standing Deputy Chief Executive Officer in charge of Southern region
Mr. Nguyen Thanh Binh	Deputy Chief Executive Officer
Mr. Phan Ngoc Hoa	Deputy Chief Executive Officer (until 10 May 2022)
Ms. Duong Thi Thu Thuy	Deputy Chief Executive Officer
Mr. Nguyen Thanh Long	Deputy Chief Executive Officer
Mr. Pham Phu Khoi	Deputy Chief Executive Officer
Mr. Dinh Van Nho	Deputy Chief Executive Officer
Ms. Pham Thi Nhung	Deputy Chief Executive Officer

LEGAL REPRESENTATIVE

The legal representative of the Bank during the year ended 31 December 2022 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 2022 according to Authorization Document No. 09/2012/UQ-CT dated 5 July 2012.

AUDITORS

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

Vietnam Prosperity Joint Stock Commercial Bank

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 2022 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 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 2022, 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

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 8 March 2023 and set out on pages 127 to 211 which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, 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.

Other matter

The consolidated financial statements of the Bank for the year ended 31 December 2021 were audited by another audit firm which expressed an unmodified conclusion on those financial statements on 18 March 2022.

Ernst & Young Vietnam Limited



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

Hanoi, Vietnam

27 March 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

	Notes	31 December 2022 (VND million)	31 December 2021 (VND million)
ASSETS			
Cash, gold and gemstones	5	2,658,493	2,345,733
Balances with the State Bank of Vietnam	6	9,935,379	10,860,730
Placements with and credit granting to other credit institutions		47,965,493	57,104,628
• Placements with other credit institutions	7.1	40,771,879	40,329,730
• Credit granting to other credit institutions	7.2	7,193,614	16,858,044
• Provision for credit granting to other credit institutions	7.3	-	(83,146)
Securities held for trading	8	7,793,447	6,970,941
• Securities held for trading		7,850,639	7,005,061
• Provision for securities held for trading		(57,192)	(34,120)
Derivatives and other financial assets	9	-	103,299
Loans to customers		424,662,382	345,390,282
• Loans to customers	10	438,338,047	355,281,219
• Provision for credit losses of loans to customers	11	(13,675,665)	(9,890,937)
Debts purchased	12	893,186	958,690
• Debts purchased		899,936	965,935
• Provision for debts purchased		(6,750)	(7,245)
Investment securities		83,075,897	75,798,431
• Available-for-sale securities	13.1	82,718,218	75,313,521
• Held-to-maturity securities	13.2	610,279	722,934
• Provision for investment securities	13.3	(252,600)	(238,024)
Long-term investments		189,210	249,710
• Other long-term investments	14.1	189,210	249,731
• Provision for long-term investments	14.2	-	(21)
Fixed assets		1,858,126	1,872,973
• Tangible fixed assets	15.1	1,219,108	1,216,957
- Cost		2,733,537	2,559,025
- Accumulated depreciation		(1,514,429)	(1,342,068)
• Intangible fixed assets	15.2	639,018	656,016
- Cost		1,709,523	1,552,403
- Accumulated amortization		(1,070,505)	(896,387)
Other assets		51,981,273	45,754,022
• Receivables	16.1	39,409,465	39,015,325
• Interest and fees receivable	16.2	7,879,131	4,897,204
• Deferred tax assets	24.2	566,968	-
• Other assets	16.3	4,205,385	1,893,820
<i>In which: Goodwill</i>	17	195,492	-
• Provision for other assets	16.4	(79,676)	(52,327)
TOTAL ASSETS		631,012,886	547,409,439

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2022

	Notes	31 December 2022 (VND million)	31 December 2021 (VND million)
LIABILITIES			
Amounts due to the Government and the State Bank of Vietnam	18	1,929,233	8,454,375
• Deposits and borrowings from the Government and the State Bank of Vietnam		1,929,233	8,454,375
Deposits and borrowings from financial institutions and other credit institutions		140,249,116	114,619,106
• Deposits from other credit institutions	19.1	51,325,927	47,106,801
• Borrowings from financial institutions and other credit institutions	19.2	88,923,189	67,512,305
Customer deposits	20	303,151,417	241,837,028
Derivatives and other financial liabilities	9	15,369	-
• Other borrowed and entrusted funds	21	47,050	103,930
Valuable papers issued	22	63,699,974	81,295,633
Other liabilities		18,418,807	14,821,220
• Interest and fees payable	23.1	8,596,581	5,557,507
• Deferred tax liabilities	24.2	8,844	-
• Other liabilities	23.2	9,813,382	9,263,713
TOTAL LIABILITIES		527,510,966	461,131,292
OWNERS' EQUITY			
Capital		66,550,770	43,373,620
• Charter capital		67,434,236	45,056,930
• Share premium		-	77,202
• Treasury shares		(883,466)	(1,760,512)
Reserves		13,535,084	12,558,832
Retained earnings		16,751,804	22,439,214
Non-controlling interests		6,664,262	7,906,481
TOTAL OWNERS' EQUITY	25	103,501,920	86,278,147
TOTAL LIABILITIES AND OWNERS' EQUITY		631,012,886	547,409,439

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2022

OFF-BALANCE SHEET ITEMS

	Notes	31 December 2022 (VND million)	31 December 2021 (VND million)
Contingent liabilities	40	550,597,539	449,928,819
Credit guarantees		2,468,421	28,721
Foreign exchange commitments		162,851,173	116,395,985
• Foreign exchange commitments – buy		1,158,171	520,241
• Foreign exchange commitments – sell		786,489	155,144
• Swap contracts		160,906,513	115,720,600
Letters of credit		46,948,724	49,784,582
Other guarantees		22,209,420	16,818,493
Other commitments		316,119,801	266,901,038
Other off-balance sheet items		170,691,397	139,327,817
Uncollected interests and fee receivables	41.1	8,238,825	8,498,568
Bad debts written off	41.2	67,869,591	61,824,467
Other assets and documents	41.3	94,582,981	69,004,782

Prepared by:


Ms. Nguyen Thi Thu Hang
Chief Accountant

Reviewed by:


Ms. Le Hoang Khanh An
Chief Financial Officer

Approved by:

Mr. Nguyen Duc Vinh
Chief Executive Officer

Hanoi, Vietnam

27-03-2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2022

	Notes	2022 (VND million)	2021 (VND million)
• Interest and similar income	27	62,200,250	50,827,098
• Interest and similar expenses	28	(21,179,192)	(16,478,269)
Net interest and similar income		41,021,058	34,348,829
• Fee and commission income		10,455,695	6,884,061
• Fee and commission expenses		(4,017,943)	(2,825,030)
Net fee and commission income	29	6,437,752	4,059,031
Net loss from trading of foreign currencies	30	(618,050)	(76,394)
Net (loss)/gain from held for trading securities	31	(149,194)	8,879
Net gain from investment securities	32	508,755	3,150,866
• Other operating income		13,017,039	5,468,704
• Other operating expenses		(2,433,072)	(2,660,916)
Net gain from other operating activities	33	10,583,967	2,807,788
Income from investments in other entities	34	12,801	2,476
TOTAL OPERATING INCOME		57,797,089	44,301,475
TOTAL OPERATING EXPENSES	35	(14,115,731)	(10,718,937)
Net profit before provision for credit losses		43,681,358	33,582,538
• Provision expenses for credit losses	36	(22,461,226)	(19,218,768)
PROFIT BEFORE TAX		21,220,132	14,363,770
• Current corporate income tax expense	24.1	(4,859,848)	(2,886,600)
• Deferred corporate income tax expense		548,523	-
Corporate income tax expense		(4,311,325)	(2,886,600)
PROFIT AFTER TAX		16,908,807	11,477,170
Non-controlling interests		(1,259,161)	(244,038)
Net profit of the Bank's shareholders		18,167,968	11,721,208
Basic earnings per share (VND/share)	26	2,718	1,764

Prepared by:


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Approved by:


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Chief Executive Officer

Hanoi, Vietnam

27-03-2023

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2022

	Notes	2022 (VND million)	2021 (VND million)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		60,431,597	51,437,624
Interest and similar payments		(18,788,241)	(17,391,684)
Net fee and commission receipts		6,183,410	3,802,612
Net receipts/(payments) from trading of foreign currencies, gold and securities trading activities		(519,558)	2,830,349
Other income/(expense)		6,808,756	(481,781)
Recoveries from bad debts previously written-off		3,746,268	3,287,966
Payments for employees and other operating activities		(13,872,589)	(10,638,062)
Corporate income tax paid in the year	24	(6,445,272)	(3,581,137)
Net cash flows from operating activities before changes in operating assets and liabilities		37,544,371	29,265,887
Changes in operating assets			
Decrease/(Increase) in placements with and credit granting to other credit institutions		9,644,430	(11,132,261)
Increase in investment securities		(7,099,610)	(5,492,319)
Decrease/(Increase) in derivatives and other financial assets		103,299	(103,299)
Increase in loans to customers and debt purchased		(83,012,963)	(65,208,817)
Increase in provision to write off loans to customers, securities and long-term investments		(18,737,489)	(13,698,651)
Increase in other operating assets		(2,608,156)	(21,505,382)
Changes in operating liabilities			
(Decrease)/Increase in amounts due to the Government and the SBV		(6,525,142)	8,440,155
Increase in deposits and borrowings from financial institutions and other credit institutions		25,630,010	58,107,824
Increase in customer deposits		61,314,389	8,409,075
(Decrease)/increase in valuable papers issued (except for valuable papers issued for financing activities)		(17,595,659)	18,712,105
Decrease in other borrowed and entrusted funds		(56,880)	(83,226)
Increase/(Decrease) in derivatives and other financial liabilities		15,369	(139,825)
Increase/(Decrease) in other operating liabilities		2,076,568	(455,476)
Net cash flows from operating activities		692,537	5,115,790

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2022

	Notes	2022 (VND million)	2021 (VND million)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets		(105,899)	(39,377)
Proceeds from disposal of fixed assets		3,242	3,103
Payments for investment in other entities		(635,438)	(16,500)
Proceeds from investment in other entities		-	25,933,714
Cash dividend and profit appropriation from long-term investments		12,801	1,967
Net cash flows (used in)/from investing activities		(725,294)	25,882,907
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for long-term valuable papers eligible for capitalization and other long-term debts		-	(261,960)
Proceeds from selling treasury shares		300,000	150,000
Net cash flows from/(used in) financing activities		300,000	(111,960)
Net cash flows in the year		267,243	30,886,737
Cash and cash equivalents at the beginning of the year		53,777,928	22,891,191
Cash and cash equivalents at the end of the year	37	54,045,171	53,777,928
SIGNIFICANT NON-CASH TRANSACTIONS IN THE YEAR			
Increase in charter capital from bonus issue for dividend and rights issue to increase shares from Owners' Equity		22,377,306	19,757,250
Decrease in share premium due to issuance of treasury shares for ESOP		(577,046)	(288,525)

Prepared by:



Ms. Nguyen Thi Thu Hang
Chief Accountant

Reviewed by:



Ms. Le Hoang Khanh An
Chief Financial Officer

Approved by:



Mr. Nguyen Duc Vinh
Chief Executive Officer

Hanoi, Vietnam

27-03-2023

1. GENERAL INFORMATION

Vietnam Prosperity Joint Stock Commercial Bank ("the Bank") 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 43rd time on 6 December 2022. 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 2022, the charter capital of the Bank is VND67,434,236 million (31 December 2021: VND45,056,930 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 2022, the Bank has one (1) Head Office, seventy-two (72) branches, one hundred and seventy-eight (178) transaction offices nationwide and four (4) subsidiaries.

Subsidiaries

As at 31 December 2022, the Bank has four (4) 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 28 December 2016	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%

1. GENERAL INFORMATION (continued)**Subsidiaries** (continued)

Subsidiaries	Operating license	Nature of business	Share capital	Ownership
VPBank Securities Corporation ("VPBankS") (i)	Security business license No. 106/UBCK-GP issued by the State Securities Commission on 8 April 2009 and the latest Adjustment License on 16 January 2023	Securities activities	VND15,000 billion	99.9537%
OPES Insurance Joint Stock Company ("OPES") (ii)	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%

- (i) On 14 January 2022, the Bank has acquired 26,186,000 shares in ASC Securities Corporation, equivalent to 97.42% ownership. Accordingly, ASC Securities Corporation officially became a subsidiary of the Bank from 14 January 2022 as prescribed law.

On 26 April 2022, ASC Securities Corporation increased charter capital to VND8,920 billion, in which VPBank holds 891,306,000 shares, equivalent to 99.9222% ownership.

On 26 May 2022, ASC Securities Corporation officially changed its name to VPBank Securities JSC., according to Adjustment License No. 40/GPDC-UBCK issued by the State Securities Commission.

On 21 December 2022, VPBank Securities JSC increased charter capital to VND15,000 billion, in which VPBank holds 1,499,306,000 shares, equivalent to 99.9537% ownership.

- (ii) On 1 November 2022, the Bank has acquired 47,850,000 shares in OPES Insurance Joint Stock Company, bringing the total number of shares VPBank holds in OPES from 6,050,000 to 53,900,000 shares, equivalent to 98% ownership. Accordingly, OPES Insurance Joint Stock Company officially became a subsidiary of the Bank from 1 November 2022 as prescribed law.

Employees

As at 31 December 2022, total number of employees of the Bank and its subsidiaries is 29,111 persons (31 December 2021: 25,623 persons).

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 Fiscal year

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

2.2 Accounting currency

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

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 Statement of compliance

Management of the Bank confirms that the accompanying consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and 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)

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 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 the adjustment 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 2022.

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

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 2021, except for the following change in the accounting policies:

Circular 27/2021/TT-NHNN ("Circular 27") amending and supplementing a number of articles on the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QĐNHNN ("Decision No.479") dated 29 April 2004 and the financial reporting regime applicable to credit institutions required under Decision No. 16/2007/QĐ-NHNN ("Decision No.16") dated 18 April 2007 by the State Bank of Vietnam.

On 31 December 2021, the State Bank of Vietnam issued Circular 27 taking effect from 01 April 2022 amending and supplementing a number of articles on 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 the financial reporting regime applicable to credit institutions required under Decision No. 16/2007/QĐ-NHNN. Main changes are as followings:

- ▶ Amending and supplementing a number of articles in the System of Book-keeping Accounts of Credits Institutions;
- ▶ Amending and supplementing a number of financial statement items and some notes to the financial statements in forms B02a/TCTD-HN, B03a/TCTD-HN, B05/TCTD-HN;
- ▶ Replacing the names of the financial statement forms and replacing abolishing other phrases previously prescribed in Decision 16.

Circular 24/2022/TT-BTC ("Circular 24") dated 7 April 2022 amendments and supplements to several articles of circular 48/2019/TT-BTC dated 08 August 2019, providing instructions on the appropriation and use of provisions of devaluation of inventories, loss of investments, bad receivable debts and warranty for products, goods, services and construction works at enterprises

Circular 24 takes effect from 25 May 2022, amending and supplementing regulations on objects for which the provision is made, accordingly, objects for which the provision is appropriated include types of securities issued by domestic economic institutions in accordance with the law, owned by the enterprise, listed or registered for trading on domestic securities market, eligible for free trading on the market, with the market price at the time of making the financial statement lower than the value of the securities investment being recorded on the accounting book.

The above-mentioned objects do not include Government bonds, Government-guaranteed bonds and municipal bonds.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, foreign bank's branches in Vietnam), 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 the mentioned above placements with and credit granting.

4.4 Loans to customers

Loans to customers are presented at the principal amounts outstanding at year-end, less 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 one year from disbursement date. Medium-term loans have maturity from over one year to five 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 and 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 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. The basis for determination of deductible value of security property or collateral is prescribed in Circular 11.

The specific provision rates for each group are presented as follows:

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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
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: • Debts made in compliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or • Debts made in compliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or • Debts made in compliance 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; or (f) Debts that need to be recovered under premature debt recovery decisions of credit institutions or foreign bank branches due to borrowers' breach of agreements with them but are not yet recovered within a period of less than 30 days from the effective dates of recovery decisions; or (g) At the request of the State Bank based on the results of inspection, supervision and relevant credit information.	20%

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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.	0%
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.	5%

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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)

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.

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

When the Bank and its subsidiaries participate in a syndicated loan as a participant, it should 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 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 2022 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/finance 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 the 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*") 2021 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.

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

Once debts, whose repayment terms were restructured, interest and/or fees were exempted or reduced and debt classifications were retained, are overdue under the rescheduled repayments and are not continued to be restructured under current regulations, the Bank makes debt classification and provisioning in accordance with Circular 11.

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

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

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

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Securities held for trading (continued)

4.6.2 Measurement (continued)

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 under a 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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Available-for-sale securities (continued)

Provision for diminution in value of securities 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 8 August 2019 and Circular No. 24/2022/TT-BTC issued on 7 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 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 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 the 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 report 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:

$$\begin{array}{rcccl} \text{Provision for} & & \text{Percentage of invested} & & \text{Total invested amount} \\ \text{diminution in value} & = & \text{capital (\%) of the Bank} & \times & \text{of all parties in the} \\ \text{of each investment} & & \text{in economic institution} & & \text{entity at the reporting} \\ & & \text{at the statement of} & & \text{date} \\ & & \text{financial position date} & & - \text{Owners' equity of the} \\ & & & & \text{entity at the reporting} \\ & & & & \text{date} \end{array}$$

In case the invested entities do not prepare the separate financial statement 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.

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 directly attributable 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
Machines and equipment	3 – 7 years
Motor vehicles	6 – 10 years
Office equipment	3 – 5 years
Computer software	2 – 14 years
Other fixed assets	3 – 5 years

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 in the year.

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

Overdue status	Allowance rate
From over 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. 73/2016/ND-CP (“Decree 73”) issued by the Government of Vietnam on 01 July 2016 on the details of the implementation of the Law on Insurance Business and amendments to certain articles of the Law on Insurance Business, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**4.16 Technical reserves of insurance**

Technical reserves of insurance are made in accordance with regulations and guidance under Circular 50/2017/TT-BTC dated 15 May 2017 ("Circular 50") issued by the Ministry of Finance on guidelines for the Government's Decree no. 73/2016/ND-CP dated 01 July 2016 ("Decree 73") on details of the implementation of the Law on insurance business, the Law on amendments to certain articles of the Law on insurance business and Official Letter no. 11219/BTC-QLBH dated 14 September 2018 ("Official Letter 11219") 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 and 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 reported:

- 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 and claim reserve is made at 3% of the insurance premium retained in the most recent year under insurance liability for each insurance operation.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Technical reserves of insurance (continued)

4.16.3 Catastrophe reserve for non-life insurance

Catastrophe reserve is made in accordance with Decree 73, Circular 50 and Official Dispatch 1219. 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 (excluding premium of health insurance) 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 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**4.17 Share capital** (continued)**4.17.3 Treasury shares** (continued)*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.

4.17.4 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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**4.17 Share capital** (continued)**4.17.4 Statutory reserves** (continued)**Reserves of VPBank Securities Corporation (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.

Reserves of OPES Insurance Joint Stock Company

Compulsory reserves are made for purposes of supplementing charter capital and ensuring the Company's solvency. The rate of reserve distribution is 5% of annual profit after tax, the maximum balance is 10% of charter capital according to Decree No.73/2016/ND-CP dated 1 July 2016.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 expenses

Income from insurance business is recognized according to Decree 73/2016/ND-CP and Circular 50/2017/TT-BTC. Accordingly, direct insurance premium income is recognized when there is an insurance liability towards the policyholder, in particular, when one of the following conditions is met: (1) there is a contractual agreement between the insurer and the insured, who have fully paid the premiums; (2) there is evidence that the insurance policy has been signed and the insured has paid the premiums fully; and (3) the insurance policy is signed and there is an agreement between the insurer and the insured for delay payment of the insurance premium, and in this case, the insurer will still record the premium amount as an income for the current accounting period even though the amount has not been paid by the insured.

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 fiscal year are considered as unresolved and are accounted for when making claim reserve.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Recognition of income and expenses (continued)

Claim expense, commission, insurance-agent-support expense and other insurance expenses (continued)

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 year 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.

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 the 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 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.

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

Income and expenses from the sale of debts are recognized in accordance with Circular No. 09/2015/TT-NHNN providing guidance on the sale of debts of credit institutions and foreign bank branches.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Debts trading operation (continued)

According to Circular No. 09/2015/TT-NHNN, the difference between the prices of debts purchased or sold and their book value are recorded as follows:

- ▶ For debts recorded in the consolidated statement of financial position:
 - If the sale price is higher than the book value of the debt, the difference shall be recorded as income of the Bank in the year.
 - If the sale price is lower than the book value of the debt, the difference shall be used to offset against the indemnity paid by an individual or guarantor (in case such individual or guarantor is determined to be responsible for the damage and obliged to make indemnity under prevailing regulations), or the compensation paid by the insurer, or use of outstanding provision recognized as expense previously. The remaining balance (if any) shall be recognized as an operating expense of the Bank in the year.
- ▶ For debts written-off and monitored off-balance sheet, the proceeds from sale of debts shall be recognized as other income of the Bank.

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 related financial obligations (if any) of debts recorded in the 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 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 the principal amounts.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

4.24 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

4.27 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, option 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.

Option contracts

Option contracts are commitments between the buyer and the seller, in which, the buyer has a right but not an obligation to purchase or sell a fixed amount of foreign currency at a predetermined exchange rate within a predetermined period. In case the buyers choose to execute their rights, the sellers have the obligation to sell or buy a fixed amount of foreign currency at the predetermined exchange rate.

The price of option contracts (option contract fee), which the Bank has received, is allocated on a straight-line basis into “Net gain/(loss) from trading of foreign currencies” during the outstanding period of the contract.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.28 Derivatives (continued)

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.

4.29 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). Since 1 January 2009, the average monthly salary used in this calculation is the average monthly salary of the latest year up to the resignation date.

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. According to Circular No. 28/2021/QĐ-TTg issued by Prime Minister on implementing supporting policies for employees and employers who were impacted by COVID-19 pandemic, from 1 October 2021, the Bank was decreased the above unemployment insurance rate from 1% to 0% for 12 months.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**4.30 Business combinations and goodwill**

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

	31 December 2022 (VND million)	31 December 2021 (VND million)
Cash on hand in VND	2,315,511	2,041,617
Cash on hand in foreign currencies	342,564	222,998
Gold on hand	418	81,118
	2,658,493	2,345,733

6. BALANCES WITH THE STATE BANK OF VIETNAM

Demand deposits at the SBV	31 December 2022 (VND million)	31 December 2021 (VND million)
- In VND	8,959,095	8,340,980
- In foreign currencies	976,284	2,519,750
	9,935,379	10,860,730

Deposits at the SBV include payment deposits and required reserves at the SBV. As at 31 December 2022, 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 2021: 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 (%)	
Preceding month average balances of:	31 December 2022	31 December 2021
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**7.1 Placements with other credit institutions**

	31 December 2022 (VND million)	31 December 2021 (VND million)
Demand deposits	13,919,103	9,173,110
• In VND	12,276,429	5,434,129
• In foreign currencies	1,642,674	3,738,981
Term deposits	26,852,776	31,156,620
• In VND	20,280,000	27,092,880
• In foreign currencies	6,572,776	4,063,740
	40,771,879	40,329,730

7.2 Credit granting to other credit institutions

	31 December 2022 (VND million)	31 December 2021 (VND million)
In VND	7,193,614	16,858,044
- In which: discount, re-discount	-	6,891,839
	7,193,614	16,858,044
Provisions for loans to other credit institutions	-	(83,146)
	7,193,614	16,774,898

Interest rates of placements with and credit granting to other credit institutions as at the reporting date are as follows:

	31 December 2022 (% per annum)	31 December 2021 (% per annum)
Term deposits in VND	4.00 – 10.75	0.90 – 3.50
Term deposits in foreign currencies	0.01 – 4.25	0.01 – 0.25
Credit granting in VND	4.00 – 10.34	0.85 – 5.03
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 2022 (VND million)	31 December 2021 (VND million)
Current	34,046,390	47,931,518
Special mention	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	83,146
	34,046,390	48,014,664

7. PLACEMENTS WITH AND CREDIT GRANTING TO OTHER CREDIT INSTITUTIONS (continued)**7.3 Provision for loans to other credit institutions**

	2022 (VND million)	2021 (VND million)
Opening balance	83,146	-
Provision charge during the year (Note 36)	-	83,146
Utilization of provision during the year	(83,146)	-
Closing balance	-	83,146

8. SECURITIES HELD FOR TRADING**8.1 Debt securities**

	31 December 2022 (VND million)	31 December 2021 (VND million)
Government and municipal securities	-	7,005,061
Securities issued by other credit institutions	225,000	-
Securities issued by local economic entities	7,625,639	-
	7,850,639	7,005,061
Provision for securities held for trading	(57,192)	(34,120)
Provision for diminution in value of securities held for trading	-	(34,120)
General provision for trading securities	(57,192)	-
	7,793,447	6,970,941

Changes in provision for securities held for trading in 2022 are as follows:

	General provision (VND million)	Diminution provision (VND million)	Total (VND million)
Opening balance	-	34,120	34,120
Charge of/(reversed) provision in the year (Note 31)	57,192	(34,120)	23,072
Closing balance	57,192	-	57,192

Changes in provision for securities held for trading in 2021 are as follows:

	General provision (VND million)	Diminution provision (VND million)	Total (VND million)
Opening balance	-	-	-
Charge of provision in the year (Note 31)	-	34,120	34,120
Closing balance	-	34,120	34,120

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

8. SECURITIES HELD FOR TRADING (continued)

8.2 Securities held for trading by listing status

	31 December 2022 (VND million)	31 December 2021 (VND million)
Debt securities		
Listed bond	-	7,005,061
Non-listed bond (Note 8.3)	7,625,639	-
Other non-listed valuable paper issued (Note 8.3)	225,000	-
	7,850,639	7,005,061

8.3 Analysis of trading securities by quality

	31 December 2022 (VND million)	31 December 2021 (VND million)
Current	7,850,639	-
Special mention	-	-
Substandard	-	-
Doubtful	-	-
Current	-	-
	7,850,639	-

9. DERIVATIVES AND OTHER FINANCIAL ASSETS/(LIABILITIES)

	Total contract nominal value (at contractual exchange rate) (VND million)	Total carrying value (at exchange rate as at reporting date)		Net value (VND million)
		Cash in-flow (VND million)	Cash out-flow (VND million)	
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)
As at 31 December 2021				
Derivative financial instruments	62,203,676	62,008,819	(62,130,697)	(121,878)
• Currency forward contracts	4,226,245	4,217,062	(4,201,864)	15,198
• Currency swap contracts	57,977,431	57,791,757	(57,928,833)	(137,076)
Other derivative financial instruments	61,319,521	53,798,063	(53,572,886)	225,177
	123,523,197	115,806,882	(115,703,583)	103,299

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

10. LOANS TO CUSTOMERS

	31 December 2022		31 December 2021	
	VND million	%	VND million	%
Loans to domestic economic entities and individuals	402,463,934	91.82	330,494,713	93.02
Discounted bills and valuable papers	191,133	0.04	292,972	0.08
Payments on behalf of customers	64,862	0.01	29,923	0.01
Loans financed by borrowed and entrusted funds	99,305	0.02	170,341	0.05
Other credit granting to customers	35,518,813	8.11	24,293,270	6.84
	438,338,047	100	355,281,219	100

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

	31 December 2022 (% per annum)	31 December 2021 (% per annum)
Loans in Vietnam Dong	3.90 – 16.40	3.15 – 15.40
Loans in foreign currency	3.00 – 7.10	2.60 – 6.50
Consumer loans in VND	39.13	39.74

10.1 Analysis of loan portfolio by quality

	31 December 2022 (VND million)	31 December 2021 (VND million)
Current	389,363,235	322,226,418
Special mention	23,837,678	16,810,638
Substandard	7,945,484	6,662,218
Doubtful	10,031,492	7,535,242
Loss	7,160,158	2,046,703
	438,338,047	355,281,219

10.2 Analysis of loan portfolio by original maturity

	31 December 2022 (VND million)	31 December 2021 (VND million)
Short term	146,906,920	135,801,184
Medium term	179,453,811	139,094,039
Long term	111,977,316	80,385,996
	438,338,047	355,281,219

10. LOANS TO CUSTOMERS (continued)**10.3 Analysis of loan portfolio by ownership and type of customers**

	31 December 2022		31 December 2021	
	VND million	%	VND million	%
State-owned companies	906,593	0.21	1,086,930	0.31
One-member limited liability companies with 100% State ownership	43,668	0.01	281,375	0.08
Two or more-member limited liability companies with over 50% State ownership or being controlled by the State	8,742	0.00	26,446	0.01
Other limited liability companies	80,118,421	18.28	66,432,340	18.70
Joint stock companies with over 50% State ownership or being controlled by the State	81,251	0.02	107,926	0.03
Other joint stock companies	99,750,288	22.76	91,086,560	25.64
Partnership companies	1,064	0.00	750	0.00
Private enterprises	73,521	0.02	553,435	0.16
Foreign invested enterprises	73,039	0.02	99,576	0.03
Co-operatives and unions of co-operative	81,571	0.02	93,417	0.03
Household business and individuals	257,194,544	58.66	195,511,733	55.01
Operation administration entity, the Party, unions and associations	4,924	0.00	-	-
Others	421	0.00	731	0.00
	438,338,047	100	355,281,219	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

10. LOANS TO CUSTOMERS (continued)

10.4 Analysis of loan portfolio by sectors

	31 December 2022		31 December 2021	
	VND million	%	VND million	%
Agricultural, forestry and aquaculture	3,678,961	0.84	3,807,569	1.07
Mining	1,327,520	0.30	554,164	0.16
Processing, manufacturing	21,391,907	4.88	16,652,370	4.69
Electricity, petroleum and steam	2,302,444	0.53	2,257,961	0.64
Water supply and waste treatment	618,115	0.14	174,778	0.05
Construction	24,118,023	5.50	26,492,203	7.46
Wholesale and retail trade, repair of motor vehicles, motorcycles and personal goods	44,228,974	10.09	40,136,840	11.30
Transportation and logistics	11,131,595	2.54	6,107,587	1.72
Hospitality and restaurants	9,999,309	2.28	8,895,843	2.50
Information and media	310,635	0.07	339,174	0.10
Finance, banking and insurance services	7,211,735	1.65	21,806,591	6.14
Real estates	67,593,114	15.42	42,567,227	11.98
Scientific research and technology	2,533,769	0.58	766,072	0.22
Administrative activities and support services	1,392,211	0.32	944,447	0.27
Activities of the Communist Party, political – social organizations, state management, security and defense	4,411	0.00	6,836	0.00
Education and vocational training	214,772	0.05	166,771	0.05
Healthcare and community development	458,645	0.10	187,843	0.05
Recreational, cultural, sporting activities	1,820,380	0.42	1,584,563	0.45
Other services	1,174,612	0.27	3,513,137	0.99
Household services, production of material products and services used by households	153,904,425	35.10	123,947,317	34.86
Loans to individual customers for accommodation purpose and obtain land use rights	82,922,490	18.92	54,352,231	15.30
Activities of other foreign organizations and offices	-	-	495	0.00
	438,338,047	100	355,281,219	100

11. PROVISION FOR CREDIT LOSSES OF LOANS TO CUSTOMERS

Provision for credit losses of loans to customers presented in the consolidated statement of profit or loss is as follows:

	31 December 2022 (VND million)	31 December 2021 (VND million)
General provision	3,233,834	2,656,663
Specific provision	10,441,831	7,234,274
	13,675,665	9,890,937

Changes in provision for credit losses in 2022 are as follows:

	General provision (VND million)	Specific provision (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
Provision used due to selling debt	-	(22,134)	(22,134)
Utilization of provision used to write-off bad debts	-	(18,654,322)	(18,654,322)
As at 31 December 2022	3,233,834	10,441,831	13,675,665

Changes in provision for credit losses in 2021 are as follows:

	General provision (VND million)	Specific provision (VND million)	Total (VND million)
As at 1 January 2021	2,068,040	2,428,644	4,496,684
Provision charged in the year (Note 36)	588,623	18,542,262	19,130,885
Provision used for debts sold	-	(37,981)	(37,981)
Provision used to written-off bad debts	-	(13,698,651)	(13,698,651)
As at 31 December 2021	2,656,663	7,234,274	9,890,937

12. DEBT PURCHASED

	31 December 2022 (VND million)	31 December 2021 (VND million)
Debt purchased in VND	899,936	965,935
Provision for debt purchased	(6,750)	(7,245)
	893,186	958,690

Details of outstanding principal and interest of debts purchased were as follows:

	31 December 2022 (VND million)	31 December 2021 (VND million)
Principal	899,936	965,935
	899,936	965,935

Analysis by quality of debts purchased at the reporting date was follows:

	31 December 2022 (VND million)	31 December 2021 (VND million)
Current	899,936	965,935
Special mention	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
	899,936	965,935

Changes in provision for debt purchased for the year are as follows:

	2022 (VND million)	2021 (VND million)
Opening balance	7,245	1,952
Provision (reversed)/charged in the year (Note 36)	(495)	5,293
Closing balance	6,750	7,245

13. INVESTMENT SECURITIES**13.1 Available-for-sale securities**

	31 December 2022 (VND million)	31 December 2021 (VND million)
Debt securities	82,702,861	75,298,164
Government and municipal securities	29,029,461	29,846,833
Debt securities issued by other domestic credit institutions	20,781,501	17,668,917
<i>In which: Bonds guaranteed by the Government</i>	<i>2,293,454</i>	<i>1,407,460</i>
Debt securities issued by domestic economic entities	32,891,899	27,782,414
Equity securities	15,357	15,357
Equity securities issued by domestic economic entities	15,357	15,357
	82,718,218	75,313,521
Provision for available-for-sale securities	(252,600)	(238,024)
General provision	(246,689)	(208,122)
Diminution provision	(5,911)	(29,902)
	82,465,618	75,075,497

Face value of bonds pledged for capital mobilization contracts and set limit at SBV as at 31 December 2022 amounted to VND11,305,000 million (31 December 2021: VND2,805,850 million).

Bonds sold under agreement to repurchase as at 31 December 2022 amounted to VND3,745,537 million (31 December 2021: VND11,885,000 million).

Analysis of available-for-sale securities by listing status at reporting date is as follows:

	31 December 2022 (VND million)	31 December 2021 (VND million)
Listed bonds	31,322,915	31,287,293
Unlisted bonds (Note 13.4)	46,784,107	42,410,865
Other unlisted debt securities (Note 13.4)	4,595,839	1,600,006
Listed equity securities	15,357	15,357
	82,718,218	75,313,521

13. INVESTMENT SECURITIES (continued)**13.2 Held-to-maturity securities**

	31 December 2022 (VND million)	31 December 2021 (VND million)
Government bonds	498,679	722,934
Valuable papers issued by other domestic credit institutions	111,600	-
	610,279	722,934

As at 31 December 2022, the Bank and its subsidiaries do not have mortgage or pledge bonds (31 December 2021: VND100,000 million).

Analysis of held-to-maturity securities by listing status as at year end is as follows:

	31 December 2022 (VND million)	31 December 2021 (VND million)
Listed bonds	498,679	722,934
Unlisted valuable papers issued	111,600	-
	610,279	722,934

	31 December 2022		31 December 2021	
	Term	% per annum	Term	% per annum
Government bond	5 – 10 years	2.90 – 9.10	5 – 10 years	2.90 – 9.10
Valuable papers issued by other domestic CIs	6 – 12 months	7.00 – 7.50	-	-

13.3 Provision for available-for-sale securities

Changes in provision for credit losses of available-for-sale securities in 2022 are as follows:

	General provision (VND million)	Diminution provision (VND million)	Total (VND million)
Opening balance	208,122	29,902	238,024
Provision charged/(reversed) in the year (Note 32)	38,567	(23,991)	14,576
Closing balance	246,689	5,911	252,600

13. INVESTMENT SECURITIES (continued)**13.3 Provision for available-for-sale securities** (continued)

Changes in provision for credit losses of available-for-sale securities in 2021 are as follows:

	General provision (VND million)	Diminution provision (VND million)	Total (VND million)
Opening balance	313,062	15,751	328,813
Provision (reversed)/charge in the year (Note 32)	(104,940)	14,151	(90,789)
Closing balance	208,122	29,902	238,024

13.4 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 2022 (VND million)	31 December 2021 (VND million)
Current	51,379,946	44,010,871
Special mention	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
	51,379,946	44,010,871

13.5 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 2022 (VND million)	31 December 2021 (VND million)
Current	111,600	-
Special mention	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
	111,600	-

14. LONG-TERM INVESTMENTS**14.1 Other long-term investments**

	31 December 2022		31 December 2021	
	Cost (VND million)	% owned	Cost (VND million)	% owned
Investments in economic entities				
ITRACO Transportation Joint Stock Company	-	-	21	0.64
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
OPES Insurance Joint Stock Company (Note 1)	-	-	60,500	11.00
	189,210		249,731	
Provision for other long-term investments	-		(21)	
	189,210		249,710	

14.2 Provisions for long-term investments

Changes in provision for long-term investments in the year are as follows:

	31 December 2022 (VND million)	31 December 2021 (VND million)
Opening balance	21	21
Utilization of provision to write off long-term investments	(21)	-
Closing balance	-	21

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15. FIXED ASSETS

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)	Motor vehicles (VND million)	Office equipment (VND million)	Other (VND million)	Total (VND million)
• Opening balance	1,017,139	1,173,399	168,251	133,520	66,716	2,559,025
• Purchases in the year	-	16,997	32,599	2,047	-	51,643
• Other increase	-	111,761	2,687	31,509	-	145,957
• Disposal	-	(3,966)	(9,896)	(3,214)	(6,012)	(23,088)
Closing balance	1,017,139	1,298,191	193,641	163,862	60,704	2,733,537
Accumulated depreciation						
• Opening balance	119,675	919,586	120,096	118,840	63,871	1,342,068
• Charge for the year	26,413	127,425	16,328	11,525	1,827	195,151
• Other increase	-	-	674	10,959	-	-
• Disposal	-	(3,940)	(9,716)	(3,200)	(5,934)	(22,790)
Closing balance	146,088	1,043,071	127,382	138,124	59,764	1,514,429
Net book value						
• As at beginning date	897,464	253,813	48,155	14,680	2,845	1,216,957
• As at closing date	871,051	255,120	66,259	25,738	940	1,219,108

Cost of fully-depreciated tangible fixed assets which are still in active use as at 31 December 2022 is VND1,015,623 million (31 December 2021: VND879,779 million).

15. FIXED ASSETS (continued)**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	1,487,276	1,552,403
• Purchases in year	-	54,256	54,256
• Other increase	-	102,964	102,964
• Disposal	-	(100)	(100)
Closing balance	65,127	1,644,396	1,709,523
Accumulated amortization			
• Opening balance	868	895,519	896,387
• Charge for the year	-	182,859	182,859
• Other decrease	-	(8,641)	(8,641)
• Disposal	-	(100)	(100)
Closing balance	868	1,069,637	1,070,505
Net book value			
• At the beginning date	64,259	591,757	656,016
• At the closing date	64,259	574,759	639,018

Cost of fully-depreciated intangible fixed assets which are still in active use as at 31 December 2022 is VND535,647 million (31 December 2021: VND440,184 million).

16. OTHER ASSETS**16.1 Receivables**

	31 December 2022 (VND million)	31 December 2021 (VND million)
Internal receivables	289,741	153,154
External receivables	38,996,111	38,797,967
- Receivables related to usance letters of credit (*)	34,191,479	35,569,214
- Deposit receivables and receivables for Government bond futures contracts	1,740	20,388
- Deposits for economic contracts	1,712,935	749,133
- Credit risk bearing assets	151,549	33,063
- Receivable from settlement operation	971,281	998,990
- Advances to suppliers	325,548	214,297
- Reinsurance ceded provision	226,317	-
- Other external receivables	1,415,262	1,212,882
Purchase of fixed assets	109,566	63,797
Construction in progress	14,047	407
	39,409,465	39,015,325

16. OTHER ASSETS (continued)**16.1 Receivables** (continued)

Analysis of other assets classified as credit-risk assets by quality at reporting date is as follows:

	31 December 2022 (VND million)	31 December 2021 (VND million)
Current	71,549	-
Special mention	-	-
Substandard	-	-
Doubtful	-	-
Loss	80,000	33,063
	151,549	33,063

16.2 Interest and fee receivables

	31 December 2022 (VND million)	31 December 2021 (VND million)
Interest receivables from deposits	10,037	13,538
Interest receivables from investment securities	2,067,399	1,454,343
Interest receivables from credit activities	3,746,679	2,576,793
Interest receivables from derivative instruments	1,364,283	425,126
Interest receivables from debt trading	4,504	4,804
Other fee receivables	686,229	422,600
	7,879,131	4,897,204

16.3 Other assets

	31 December 2022 (VND million)	31 December 2021 (VND million)
Materials	17,898	10,473
Prepaid expenses	3,692,112	1,571,506
Assets in substitution for obligation performance of securers who has transferred the ownership to the Bank	299,883	311,841
In which: Real estates	299,883	311,841
Goodwill (Note 17)	195,492	-
	4,205,385	1,893,820

16. OTHER ASSETS (continued)**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:

	2022 (VND million)	2021 (VND million)
Opening balance	52,327	40,278
Provision charged in the year	27,332	12,049
In which:		
Charge of/(reversed) provision for other credit risk bearing assets (Note 36)	537	(556)
Charge of provision for doubtful debts (Note 35)	26,795	12,605
Other increase	17	-
Closing balance	79,676	52,327

Details of provision for other assets are as follows:

	31 December 2022 (VND million)	31 December 2021 (VND million)
General provision for credit risks bearing assets	537	-
Provision for Other assets	79,139	52,327
	79,676	52,327

For the year ended 31 December 2022 and the year ended 31 December 2021, the Bank has no outstanding balance of uncollectible debts written off.

17. GOODWILL

	31 December 2022 (VND million)	31 December 2021 (VND million)
Total value of goodwill (Note 49)	231,167	-
Amortized period (years)	3	-
Value of accumulated amortized goodwill at the beginning of the year	-	-
Value of unamortized goodwill at the beginning of the year	-	-
Increase in goodwill during the year	231,167	-
Goodwill arisen during the year	231,167	-
Decrease in goodwill during the year	35,675	-
Goodwill amortized during the year	35,675	-
Total value of unamortized goodwill at the end of the year (Note 16.3)	195,492	-

18. AMOUNTS DUE TO THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	31 December 2022 (VND million)	31 December 2021 (VND million)
Borrowings from the State Bank of Vietnam	1,921,140	8,452,993
• Discount of valuable papers	1,913,726	8,442,775
• Other borrowings	7,414	10,218
Deposits of the State Treasury	8,093	1,382
• Deposits of the State Treasury	8,093	1,382
	1,929,233	8,454,375

As at 31 December 2022, 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 2021: borrowings from the SBV with terms from 2 weeks to 12 months and bearing interest rate from 2.50% to 3.30% per annum).

19. DEPOSITS AND BORROWINGS FROM FINANCIAL INSTITUTIONS & OTHER CREDIT INSTITUTIONS**19.1 Deposits from other credit institutions**

	31 December 2022 (VND million)	31 December 2021 (VND million)
Demand deposits	11,040,926	3,781,902
• In VND	11,040,899	3,781,884
• In foreign currencies	27	18
Term deposits	40,285,001	43,324,899
• In VND	27,412,000	39,215,499
• In foreign currencies	12,873,001	4,109,400
	51,325,927	47,106,801

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19. DEPOSITS AND BORROWINGS FROM FINANCIAL INSTITUTIONS AND OTHER CREDIT INSTITUTIONS (continued)

19.2 Borrowings from financial institutions and other credit institutions

	31 December 2022 (VND million)	31 December 2021 (VND million)
Payables arising from usance letters of credit	31,795,948	35,873,653
Borrowings from financial institutions and other credit institutions	57,127,241	31,638,652
• In VND	6,723,401	7,854,569
• In foreign currencies	50,403,840	23,784,083
<i>In which: borrowings from International Financial Company ("IFC")</i>	<i>5,755,219</i>	<i>5,805,184</i>
	88,923,189	67,512,305

Analysis of borrowings from financial institutions and other credit institutions by original maturity:

	31 December 2022 (VND million)	31 December 2021 (VND million)
Up to 6 months	5,096,405	5,323,279
From over 6 months to 12 months	12,456,417	8,499,950
From over 12 months to 5 years	39,541,529	17,773,086
Over 5 years	32,890	42,337
	57,127,241	31,638,652

Interest rates of deposits and borrowings from financial institutions and other credit institutions at year end are as follows:

	31 December 2022 (% per annum)	31 December 2021 (% per annum)
Term deposits from other credit institutions in VND	4.00 – 12.00	0.70 – 3.30
Term deposits from other credit institutions in foreign currencies	1.10 – 4.80	0.10 – 0.25
Borrowings from financial institutions and other credit institutions in VND	2.50 – 14.00	1.70 – 4.98
Borrowings from other financial institutions and credit institutions in foreign currencies	0.75 – 8.06	0.47 – 9.00

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20. CUSTOMER DEPOSITS

	31 December 2022 (VND million)	31 December 2021 (VND million)
Demand deposits	50,149,266	53,004,407
• In VND	47,395,456	51,840,603
• In foreign currencies	2,753,810	1,163,804
Term deposits	249,386,270	187,750,149
• In VND	247,109,955	185,652,557
• In foreign currencies	2,276,315	2,097,592
Deposits for specific purposes	67,894	78,364
• In VND	10,696	16,714
• In foreign currencies	57,198	61,650
Margin deposits	3,547,987	1,004,108
• In VND	2,606,571	796,886
• In foreign currencies	941,416	207,222
	303,151,417	241,837,028

Analysis of customer deposits by type of customers and by type of entities is as follows:

	31 December 2022		31 December 2021	
	VND million	%	VND million	%
State-owned companies	2,588,867	0.85	1,719,830	0.71
One-member limited liability companies with 100% State ownership	919,889	0.30	1,740,736	0.72
Two or more-member limited liability companies with over 50% State ownership or controlled by the State	86,401	0.03	101,457	0.04
Other limited liability companies	28,194,131	9.30	30,411,250	12.58
Joint stock companies with over 50% State ownership or controlled by the State	1,769,711	0.58	4,644,930	1.92
Other joint-stock companies	96,917,697	31.97	84,611,437	34.99
Partnership companies	3,741	0.00	4,558	0.00
Private enterprises	42,039	0.01	38,041	0.02
Foreign invested enterprises	417,126	0.14	446,133	0.18
Co-operatives and unions of co-operative	31,408	0.01	137,984	0.06
Household business and individuals	168,798,744	55.70	114,643,104	47.41
Operation administration entity, the Party, unions and associations	2,981,847	0.98	2,982,130	1.23
Others	399,816	0.13	355,438	0.14
	303,151,417	100	241,837,028	100

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20. CUSTOMER DEPOSITS (continued)

The customer's deposit interest rate at the end of the year is as follows:

	31 December 2022 (% per annum)	31 December 2021 (% per annum)
Unlimited deposit in VND	0.20	0.10 – 0.20
Unlimited deposit in foreign currency	0.00	0.00
Term deposit in VND	0.20 – 12.10	0.20 – 10.00
Term deposit in foreign currency	0.00 – 0.80	0.00 – 1.20

21. OTHER BORROWED AND ENTRUSTED FUNDS

	31 December 2022 (VND million)	31 December 2021 (VND million)
Borrowed and entrusted funds in VND from Official Development Assistance (ODA)	47,050	103,930

Funds received from grants, investment trusts, loans to credit institutions at risk with terms from 4 years to 10 years earn interest rate of 4.332% per annum (31 December 2021: terms from 3 years to 10 years earn interest rate 3.864% per annum).

22. VALUABLE PAPERS ISSUED

Valuable papers issued by original term are as follows:

	31 December 2022 (VND million)	31 December 2021 (VND million)
Under 12 months	29,220,569	13,641,911
From 12 months up to 5 years	33,439,747	66,273,051
From 5 years and above	1,039,658	1,380,671
	63,699,974	81,295,633

Valuable papers include certificates of deposit and bonds, with interest rates ranging from 3.00% to 15.00% per annum (31 December 2021: from 2.40% to 10.00% per annum)

Types of valuable papers issued are as follows:

	31 December 2022 (VND million)	31 December 2021 (VND million)
Certificates of deposit to retail customers	48,579	393,779
Certificates of deposit to corporate customers	36,039,248	34,542,604
Bonds (*)	27,612,147	46,359,250
	63,699,974	81,295,633

(*) Including USD300 million equivalent VND6,849,000 million of International bond with term of 36 months, interest rate 6.25% per annum, issued on 17 July 2019. As at 31 December 2022, this international bond had been repaid at due.

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23. OTHER LIABILITIES

23.1 Interest and fees payables

	31 December 2022 (VND million)	31 December 2021 (VND million)
Interest payables for customer term deposits	4,399,365	1,986,882
Interest payables for customer saving deposits	657,227	697,997
Interest payables for valuable papers issued	1,752,852	2,307,275
Interest payables for borrowings from financial institutions and other credit institutions	920,457	349,929
Interest payables for other borrowed and entrusted funds	40	-
Interest payables for other credit granting activities	3,458	-
Interest payables for derivative financial instruments	855,076	214,637
Fee payables	8,106	787
	8,596,581	5,557,507

23.2 Other liabilities

	31 December 2022 (VND million)	31 December 2021 (VND million)
Internal payables	261,019	446,723
• Payables to employees	261,019	446,723
External payables	9,552,363	8,816,990
• Advances from customers	652,547	853,129
• Unearned income	246,740	277,611
• Technical reserves	565,852	-
• Transfer payment awaiting settlement	371,948	357,376
• Taxes payable to the State Budget (Note 24)	3,157,923	4,689,105
• Payables in settlement operation	2,518,300	882,715
• Payables to suppliers	15,711	6,823
• Other liabilities	2,023,342	1,750,231
	9,813,382	9,263,713

24. TAXES AND OTHER OBLIGATIONS TO THE STATE BUDGET

	Opening balance (VND million)	Movements during the year			Closing balance (VND million)
		Payables (VND million)	Other increase (VND million)	Paid (VND million)	
Value added tax (*)	60,164	544,056	611	(507,371)	97,460
Corporate income tax (*)	4,545,027	4,859,848	623	(6,445,272)	2,960,226
Other taxes	83,914	989,394	806	(973,877)	100,237
	4,689,105	6,393,298	2,040	(7,926,520)	3,157,923

(*) The Bank is allowed to extend the deadline for paying value-added tax and corporate income tax under Decree No. 34/2022/ND-CP dated 28 May 2022 on deferral of value-added

24. TAXES AND OTHER OBLIGATIONS TO THE STATE BUDGET (continued)**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:

	2022 (VND million)	2021 (VND million)
Profit before tax	21,220,132	14,363,770
<i>Plus/(Minus)</i>		
• Losses from subsidiaries	3,126,138	-
• Non-taxable income	(12,801)	(1,967)
• Non-deductible expenses	20,142	23,710
• Other deduction	(6,408)	(16,493)
• Expenses arising from consolidation	174,198	42,643
Estimated taxable income	24,521,400	14,411,663
Estimated income tax expense using prevailing tax rate	4,904,280	2,882,333
Adjustment of tax expenses in previous years	(44,432)	4,267
Income tax expense for the year	4,859,848	2,886,600
Income tax payable at the beginning of the year	4,545,027	1,169,201
Income tax paid during the year	(6,445,272)	(3,581,137)
Income tax due to capital redemption from subsidiaries	-	4,070,363
Adjustment of income tax expenses due to consolidation	623	-
Current income tax payable at year end	2,960,226	4,545,027

24. TAXES AND OTHER OBLIGATIONS TO THE STATE BUDGET (continued)**24.2 Deferred income tax**

The Bank's deferred tax assets are as follows:

	31 December 2022 (VND million)	31 December 2021 (VND million)
Deferred tax assets relating to unused taxable losses	566,968	-

The Bank's deferred tax liabilities are as follows:

	31 December 2022 (VND million)	31 December 2021 (VND million)
Deferred tax liabilities arising from taxable temporary difference	8,844	-

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25. OWNERS' EQUITY AND RESERVES

25.1 Statement of changes in equity

Statement of changes in equity in as following:

	Charter capital (VND million)	Share premium (VND million)	Capital supplementary reserve (VND million)	Financial reserve (VND million)	Investment & development fund (VND million)	Retained earning (VND million)	Treasury share (VND million)	Non-controlling interest (VND million)	Total (VND million)
As at 1 January 2021	25,299,680	365,727	1,637,228	4,331,774	5,942,766	17,415,364	(2,199,037)	-	52,793,502
Net profit for the year	-	-	-	-	-	11,721,208	-	(244,038)	11,477,170
Appropriation to reserves	-	-	1,390,064	2,779,975	884,897	(5,054,936)	-	-	-
Issuing shares for paying dividends and issuing shares for increasing capital (i)	19,757,250	-	(807,872)	-	(3,600,000)	(15,349,378)	-	-	-
Issuing shares under ESOP from treasury shares (ii)	-	(288,525)	-	-	-	-	438,525	-	150,000
Impact due to change in ownership rate in subsidiaries	-	-	-	-	-	13,706,956	-	8,150,519	21,857,475
As at 31 December 2021	45,056,930	77,202	2,219,420	7,111,749	3,227,663	22,439,214	(1,760,512)	7,906,481	86,278,147
Net profit/(loss) for the year	-	-	-	-	-	18,167,968	-	(1,251,449)	16,908,807
Issuing shares for increasing capital (iv)	22,377,306	-	(1,374,648)	-	-	(21,002,658)	-	-	-
Appropriation to reserves	-	-	961,648	1,917,846	-	(2,879,494)	-	-	-
Transfer from Investment and development fund to Share premium	-	499,844	-	-	(499,844)	-	-	-	-
Issuing shares under ESOP from treasury shares (iii)	-	(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	-	1,806,420	9,029,595	2,699,069	16,751,804	(883,466)	6,671,974	103,501,920

25. OWNERS' EQUITY AND RESERVES (continued)**25.1 Statement of changes in equity** (continued)

- (i) According to the Resolution of the Board of Directors No.191/2021/NQ-HDQT dated 23 September 2021 on plan to issue shares to pay dividend and to increase charter capital, the Bank issued successfully 1,975,725,021 shares on 8 October 2021 to pay dividend and to increase charter capital from owners' capital. On 18 October 2021, State Securities Commission of Viet Nam issued Official Dispatch No. 6372/UBCK-QLCB on receiving VPBank's report on the result of above-mentioned share issuance.
- (ii) According to the Resolution of the Board of Directors No.173/2021/NQ-HDQT dated 13 August 2021, the Bank completed issuance of 15,000,000 shares under the Employee Stock Ownership Plan (ESOP), with par value of VND10,000 per share. On 24 August 2021, State Securities Commission of Viet Nam issued Official Dispatch No. 4833/UBCK-QLCB on receiving report on results of ESOP issuance.
- (iii) 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 from ESOP issuance.
- (iv) 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' equity. 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.

25.2 Equity

	31 December 2022		31 December 2021	
	Number (Shares)	Face value (VND million)	Number (Shares)	Face value (VND million)
Registered shares	6,743,423,601	67,434,236	4,505,692,987	45,056,930
Public issued shares	6,743,423,601	67,434,236	4,505,692,987	45,056,930
- Common shares	6,743,423,601	67,434,236	4,505,692,987	45,056,930
Treasury shares redeem	(30,219,600)	(302,196)	(60,219,600)	(602,196)
- Common shares	(30,219,600)	(302,196)	(60,219,600)	(602,196)
Outstanding shares	6,713,204,001	67,132,040	4,445,473,387	44,454,734
- Common shares	6,713,204,001	67,132,040	4,445,473,387	44,454,734

The face value of each share of the Bank is VND10,000.

26. BASIC EARNINGS PER SHARE

	2022	2021 (adjusted the weighted average number of shares)
Profit attributed to ordinary shareholders of the Bank (VND million)	18,167,968	11,721,208
Weighted average number of ordinary shares (Share) (*)	6,685,217,725	6,643,349,682
Basic earnings per share (VND/share)	2,718	1,764

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).

(*) Weighted average number of ordinary shares for the financial year end 31 December 2021 is adjusted as follow:

	2021
Number of ordinary shares issued at the previous financial statements ended 31 December 2021	4,428,903,799
Impact of issuing shares for increasing capital in 2022 (i)	2,214,445,883
Weighted average number of ordinary shares for the year	6,643,349,682

(i) 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' equity. 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.

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

	2022 (VND million)	2021 (VND million)
Interest income from deposits	373,072	128,305
Interest income from loans to customers	53,704,418	44,083,317
Interest income from securities held for trading and investment securities	5,836,749	4,617,157
- Interest income from securities held-for-trading	141,437	33,700
- Interest income from investment securities	5,695,312	4,583,457
Income from guarantee activities	257,656	216,850
Interest income from debts purchased	103,867	54,691
Other income from credit activities	1,924,488	1,726,778
	62,200,250	50,827,098

28. INTEREST AND SIMILAR EXPENSES

	2022 (VND million)	2021 (VND million)
Interest expenses for deposits	13,336,596	9,808,043
Interest expenses for borrowings	2,914,952	1,297,477
Interest expenses for valuable papers issued	4,074,916	4,665,994
Other expenses for credit activities	852,728	706,755
	21,179,192	16,478,269

29. NET FEE AND COMMISSION INCOME

	2022 (VND million)	2021 (VND million)
Fee and commission income	10,455,695	6,884,061
• Settlement and treasury services	2,364,657	1,358,023
• Advisory activities	81,520	190,091
• Income from business and insurance services	3,353,881	2,362,235
• Other services	4,655,637	2,973,712
Fee and commission expenses	(4,017,943)	(2,825,030)
• Settlement services and treasury services	(285,365)	(264,710)
• Advisory activities	(3,835)	(8,450)
• Insurance services	(57,204)	-
• Brokerage fees	(989,431)	(1,008,243)
• Other expenses	(2,682,108)	(1,543,627)
Net fee and commission income	6,437,752	4,059,031

30. NET LOSS FROM TRADING OF FOREIGN CURRENCIES

	2022 (VND million)	2021 (VND million)
Income from trading of foreign currencies	1,995,482	6,225,348
• Income from spot trading of foreign currencies	1,449,660	1,248,163
• Income from gold trading	2,697	16,766
• Income from trading of monetary derivatives	543,125	4,960,419
Expenses for trading of foreign currencies	(2,613,532)	(6,301,742)
• Expenses for spot trading of foreign currencies	(797,163)	(442,625)
• Expenses for gold trading	(25,822)	(32,166)
• Expenses for trading of monetary derivatives	(1,790,547)	(5,826,951)
Net loss from trading of foreign currencies	(618,050)	(76,394)

31. NET (LOSS)/GAIN FROM SECURITIES HELD FOR TRADING

	2022 (VND million)	2021 (VND million)
Income from trading of securities held for trading	239,784	113,053
Expenses for trading of securities held for trading	(365,906)	(70,054)
Provision charged for securities held for trading (Note 8.1)	(23,072)	(34,120)
	(149,194)	8,879

32. NET GAIN FROM INVESTMENT SECURITIES

	2022 (VND million)	2021 (VND million)
Income from trading of investment securities	1,019,730	3,395,676
Expenses for trading of investment securities	(496,399)	(335,599)
Provision (charged)/reserved for investment securities (Note 13.3)	(14,576)	90,789
	508,755	3,150,866

33. NET GAIN FROM OTHER OPERATING ACTIVITIES

	2022 (VND million)	2021 (VND million)
Other operating income	13,017,039	5,468,704
• Income from other derivatives	2,838,951	1,713,898
• Bad debt recoveries	3,746,268	3,287,966
• Income from disposal of fixed assets	2,944	1,603
• Income from disposal of other assets	82,643	110,514
• Income from debts purchased activities	340,102	-
• Income from contracts penalty receivables	814	566
• Supporting income and other income	6,005,317	354,157
Other operating expenses	(2,433,072)	(2,660,916)
• Expenses for other derivatives	(1,988,474)	(1,247,964)
• Expenses for disposal of fixed assets	(163)	-
• Expenses for disposal of other assets	(32,286)	(142,435)
• Expenses for debt purchase	(21)	(585,284)
• Other expenses	(412,128)	(685,233)
	10,583,967	2,807,788

34. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	2022 (VND million)	2021 (VND million)
Income from capital redemption from other entities	-	509
Dividend income from capital contribution, share purchases	12,801	1,967
	12,801	2,476

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35. OPERATING EXPENSES

	2022 (VND million)	2021 (VND million)
Tax, duties and fees	1,171	2,778
Personnel expenses	8,327,741	6,230,506
<i>In which:</i>		
• Salary and allowances	7,616,701	5,615,916
• Expenses related to salary	377,974	341,240
• Subsidy	185,655	148,772
• Other allowances	147,411	124,578
Fixed asset expenses	1,627,331	1,467,665
<i>In which:</i>		
• Depreciation and amortization of fixed assets	366,377	379,228
• Operating leases	807,641	748,722
Administrative expenses	1,571,486	1,054,780
<i>In which:</i>		
• Expenses on per diem	29,439	13,655
• Expenses on Union activities	20,897	1,987
Other provision expenses	26,795	12,605
• Charge of provision for doubtful debts (Note 16.4)	26,795	12,605
Insurance fee for customer deposits	182,448	176,046
Other operating expenses	2,378,759	1,774,557
	14,115,731	10,718,937

36. PROVISION EXPENSE FOR CREDIT LOSSES

	2022 (VND million)	2021 (VND million)
Provision expense for placements and loans to other credit institutions (Note 7.3)	-	83,146
Provision expense for loans to customers (Note 11)	22,461,184	19,130,885
Provision expense (reversed)/charged for debts purchase (Note 12)	(495)	5,293
Provision charged/(reversed) for other credit assets (Note 16.4)	537	(556)
	22,461,226	19,218,768

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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37. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cash flow statement comprise the following amounts on the consolidated statement of financial position:

	31 December 2022 (VND million)	31 December 2021 (VND million)
Cash, gold and gemstones	2,658,493	2,345,733
Balances with the SBV	9,935,379	10,860,730
Demand accounts at other credit institutions	13,919,103	9,173,110
Placements with other credit institutions with original term of three months or less	26,832,776	31,156,620
Securities with maturity date not exceeding 3 months from purchasing date	699,420	241,735
	54,045,171	53,777,928

38. EMPLOYEES' REMUNERATIONS

	2022 (VND million)	2021 (VND million)
I. Total average number of employees (persons) (only including official employees)	27,433	23,307
II. Employees' remuneration (VND million)		
1. Total salary fund	7,305,817	5,490,524
2. Other remuneration	479,620	258,781
3. Total remuneration (1+2)	7,785,437	5,749,305
4. Average monthly salary	22.19	19.63
5. Average monthly remuneration	23.65	20.56

39. COLLATERAL AND MORTGAGES**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 2022 (VND million)	31 December 2021 (VND million)
Real estates	764,230,582	462,522,578
Mobile assets	78,159,112	58,498,987
Valuable papers	224,648,570	265,743,561
Others	485,374,522	288,885,946
	1,552,412,786	1,075,651,072

Assets, valuable papers pledged, pledged and discounted taken from other credit institutions.

	Book value	
	31 December 2022 (VND million)	31 December 2021 (VND million)
Valuable papers	192,069	8,411,805

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 2022 (VND million)	31 December 2021 (VND million)
Valuable papers pledged or mortgaged (Note 13.1)	11,305,000	2,905,850
Valuable papers sold under agreements to repurchase (Note 13.1)	3,745,537	11,885,000
Other assets for mortgage, pledge and dis- count, rediscount	23,809,034	17,226,698
	38,859,571	32,017,548

40. CONTINGENT LIABILITIES AND COMMITMENTS

Detail of contingent liabilities and commitments as at 31 December 2022 are as follows:

	31 December 2022 (VND million)	31 December 2021 (VND million)
Credit guarantees	2,468,421	28,721
Foreign exchange commitments	162,851,173	116,395,985
• Foreign exchange commitments – buy	1,158,171	520,241
• Foreign exchange commitments – sell	786,489	155,144
• Swap contracts	160,906,513	115,720,600
Letters of credit	46,948,724	49,784,582
• L/C Commitment	47,999,900	50,011,565
• Minus: Deposit	(1,051,176)	(226,983)
Other guarantees	22,209,420	16,818,493
• Payment guarantees	7,891,410	3,637,070
• Contract performance guarantees	6,479,337	5,100,510
• Tender guarantees	420,894	703,141
• Other guarantees	7,739,348	7,962,153
• Minus: Margin deposits	(321,569)	(584,381)
Other commitments	316,119,801	266,901,038
• In which: Unused revocable credit limits	206,575,687	164,431,886
Contingent liabilities and commitments	550,597,539	449,928,819

41. OTHER OFF-BALANCE-SHEET ITEMS**41.1 Uncollected interests and fee receivables**

	31 December 2022 (VND million)	31 December 2021 (VND million)
Uncollected loan interest	7,489,151	7,739,004
Uncollected fee receivables	749,674	759,564
	8,238,825	8,498,568

41.2 Bad debts written off

	31 December 2022 (VND million)	31 December 2021 (VND million)
Principal of bad debts written off under monitoring	41,712,320	32,886,199
Interest of bad debts written off under monitoring	26,157,271	28,938,268
	67,869,591	61,824,467

41. OTHER OFF-BALANCE-SHEET ITEMS (continued)**41.3 Other assets and documents**

	31 December 2022 (VND million)	31 December 2021 (VND million)
Other assets kept nominally	16,066,099	6,991,088
Assets under operating lease (*)	6,299,679	5,381,903
Other valuable documents being kept	72,217,203	56,631,791
	94,582,981	69,004,782

(*) Presents remaining lease payable of all effective lease contracts as at 31 December 2022 and 31 December 2021.

42. RELATED PARTY TRANSACTIONS

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

- (a) Directly, or indirectly through one or more intermediaries, the party:
 - ▶ controls, 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).

42. RELATED PARTY TRANSACTIONS (continued)

Significant transactions of the Bank with its related parties in the year are as follows:

Related party	Transaction	Amount	
		2022 (VND million)	2021 (VND million)
Members of the Board of Directors, Supervisory Board and Board of General Directors	Deposit interest expense	(2,117)	(684)

Receivables and payables with related parties as at 31 December 2022 and 31 December 2021 are as follows:

Related party	Transaction	Receivables/Payables	
		31 December 2022 (VND million)	31 December 2021 (VND million)
Members of the Board of Management, Board of Supervision and Board of Directors	Deposits at the Bank	(189,229)	(64,900)

Remuneration for Members of Board of Directors, Board of Supervision and Management

	Title	2022 (VND million)	2021 (VND million)
Members of the Board of Management			
<i>Remuneration</i>			
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	(7,928)	(7,488)
General Manager and members of the Board of Management			
Salary and allowances	Board of Management	(57,747)	(51,097)

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 2022 and the year then ended.

43. 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 2022 are as follows:

	Domestic (VND million)	Foreign (VND million)	Total (VND million)
Loans to customers and credit granting to other credit institutions	446,431,597	-	446,431,597
Total fund mobilization	448,548,974	60,527,816	509,076,790
Credit commitments and other guarantees	71,626,565	-	71,626,565
Derivative instruments	54,965	(39,596)	15,369
Securities held for trading and investment securities	91,179,136	-	91,179,136

44. FINANCIAL RISK MANAGEMENT POLICIES

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.

44. FINANCIAL RISK MANAGEMENT POLICIES (continued)

44.1 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 in order to identify, measure, evaluate, monitor and control critical exposure risks 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.

44. FINANCIAL RISK MANAGEMENT POLICIES (continued)**44.1 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	47,965,493	-	-	47,965,493
• Placements with other credit institutions	40,771,879	-	-	40,771,879
• Credit granting to other credit institutions	7,193,614	-	-	7,193,614
Securities held for trading	7,850,639	-	-	7,850,639
Loans to customers and debts purchased	390,263,171	1,920,094	47,054,718	439,237,983
Investment securities	83,328,497	-	-	83,328,497
• Available-for-sale securities	82,718,218	-	-	82,718,218
• Held-to-maturity securities	610,279	-	-	610,279
Other assets	51,942,453	1,158	117,338	52,060,949
Total	581,350,253	1,921,252	47,172,056	630,433,561

The above table presents the worst scenario in which the Bank will incur the maximum credit exposures as at 31 December 2022, without considering of any collateral held or their credit enhancement.

The Bank's not past due assets include group 1 debts in accordance with Circular 11; loans that meet the requirements of Circular 01 and Circular 03 prescribing of credit institutions and foreign bank branches on debt rescheduling, exemption or reduction of interest and fees, retention of debt category to assist borrowers affected by COVID-19 pandemic and not having to make additional provisions according to Circular 03 and Circular 14; securities, receivables and other assets that are not past due and are not required to make provisions in accordance with Circular 48 and Circular 24. The Bank estimates that it is capable of recovering these assets in full and on time in the future.

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.

44. FINANCIAL RISK MANAGEMENT POLICIES (continued)

44.2 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.

(a) Interest rate risk

The interest rates set by the Bank for loans to customers and customer deposits by currencies are presented in *Note 10* and *Note 20*, respectively.

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44. FINANCIAL RISK MANAGEMENT POLICIES (continued)

44.2 Market risks (continued)

(a) Interest rate risk (continue):

The below table shows an analysis of the interest re-pricing period of assets and liabilities of the Bank as at 31 December 2022.

Assets	Overdue (VND million)	Non-interest bearing (VND million)	Interest re-pricing period						Total (VND million)
			Up to 1 month (VND million)	1-3 months (VND million)	3-6 months (VND million)	6-12 months (VND million)	1-5 years (VND million)	Over 5 years (VND million)	
Cash, gold and gemstones	-	2,658,493	-	-	-	-	-	-	2,658,493
Balances with the SBV	-	-	9,935,379	-	-	-	-	-	9,935,379
Placements with and credit granting to other credit institutions – gross	-	-	37,335,057	7,412,632	2,657,954	559,850	-	-	47,965,493
Securities held for trading – gross	-	-	5,529,733	1,095,962	555,976	389,817	279,211	-	7,850,639
Loans to customers and debts purchased – gross	27,246,708	-	226,659,813	69,100,376	32,019,132	40,557,107	42,757,160	897,687	439,237,983
Investment securities – gross	-	15,357	10,695,526	19,330,451	7,070,734	6,974,429	13,203,398	26,038,602	83,328,497
Long-term investments – gross	-	189,210	-	-	-	-	-	-	189,210
Fixed assets	-	1,858,126	-	-	-	-	-	-	1,858,126
Other assets – gross	118,496	50,938,650	922,737	62,157	521	17,961	427	-	52,060,949
Total assets	27,365,204	55,659,836	291,078,245	97,001,578	42,304,257	48,499,164	56,240,196	26,936,289	645,084,769
Liabilities									
Amounts due to the Government and the SBV	-	-	8,135	1,915,908	5,002	188	-	-	1,929,233
Deposits and borrowings from other credit institutions	-	-	60,997,988	35,648,568	29,733,467	13,869,093	-	-	140,249,116
Customer deposits	-	-	103,206,901	53,742,097	93,927,964	41,326,262	10,946,836	1,357	303,151,417
Derivatives and other financial liabilities	-	-	451,297	9,654,748	(917,806)	(1,916,274)	(7,256,596)	-	15,369
Other borrowed and entrusted funds	-	-	38	47,012	-	-	-	-	47,050
Valuable papers issued	-	-	1,198,859	6,368,150	18,058,778	18,807,375	19,266,812	-	63,699,974
Other liabilities	-	17,113,202	180,432	220,300	521,337	331,869	51,667	-	18,418,807
Total liabilities	-	17,113,202	166,043,650	107,596,783	141,328,742	72,418,513	23,008,719	1,357	527,510,966
Interest sensitivity gap (statement of financial position)	27,365,204	38,546,634	125,034,595	(10,595,205)	(99,024,485)	(23,919,349)	33,231,477	26,934,932	117,573,803
Interest sensitivity gap (off-balance sheet)	-	-	17,064,000	20,358,300	5,162,368	(2,905,789)	(39,678,879)	-	-

44. FINANCIAL RISK MANAGEMENT POLICIES (continued)**44.2 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 2022			
• USD	1.50%	(124,846)	(99,877)
• VND	3.00%	1,814,806	1,451,845
As at 31 December 2021			
• USD	1.50%	(246,979)	(197,583)
• VND	3.00%	1,755,215	1,404,172

(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 & equity (VND million)
As at 31 December 2022 – USD	2.00%	(6,998)
As at 31 December 2021 – USD	2.00%	(85,072)

Vietnam Prosperity Joint Stock Commercial Bank

B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

44. FINANCIAL RISK MANAGEMENT POLICIES (continued)

44.2 Market risks (continued)

(b) Currency risk (continued)

The following table presents assets and liabilities in foreign currencies translated into VND as at 31 December 2022.

Assets	EUR equivalent (VND million)	USD equivalent (VND million)	Gold equivalent (VND million)	Other currencies equivalent (VND million)	Total (VND million)
Cash, gold and gemstones	35,939	198,039	418	108,586	342,982
Balances with the SBV	4,257	972,027	-	-	976,284
Placements with and credit granting to other credit institutions - gross	145,700	2,807,651	-	5,262,100	8,215,451
Loans to customers and debts purchased- gross	20,819	7,114,416	-	-	7,135,235
Other assets - gross	38,346	8,805,034	-	26,422	8,869,802
Total assets	245,061	19,897,167	418	5,397,108	25,539,754
Liabilities					
Deposits and borrowings from the Government and the SBV, financial institutions and other credit institutions	82,242	61,241,435	-	10,041,329	71,365,006
Customer deposits	172,110	5,643,386	-	213,243	6,028,739
Derivatives and other financial liabilities	(350)	(47,689,416)	-	(4,869,018)	(52,558,784)
Other liabilities	1,939	1,139,122	-	5,220	1,146,281
Total liabilities and equity	255,941	20,334,527	-	5,390,774	25,981,242
FX position on statement of financial position	(10,880)	(437,360)	418	6,334	(441,488)
FX position off-balance sheet	2,537	389,442	-	(20,297)	371,682
Net on, off-balance sheet FX position	(8,343)	(47,918)	418	(13,963)	(69,806)

44. FINANCIAL RISK MANAGEMENT POLICIES (continued)

44.2 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 fundraising 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 following table provides an analysis of the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

4.4. FINANCIAL RISK MANAGEMENT POLICIES (continued)

4.4.2 Market risk (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 2022:

	Overdue		Current				Total triệu đồng
	Above 3 months (VND million)	Within 3 months (VND million)	Up to 1 month (VND million)	From 1 to 3 months (VND million)	From 3 to 12 months (VND million)	From 1 to 5 years (VND million)	Over 5 years (VND million)
Assets							
Cash, gold and gemstones	-	-	2,658,493	-	-	-	2,658,493
Balances with the SBV	-	-	9,935,379	-	-	-	9,935,379
Balances with and credit granting to other credit institutions - gross	-	-	37,335,057	7,412,632	3,217,804	-	47,965,493
Securities held for trading - gross	-	-	-	108,473	953,461	6,211,289	7,850,639
Loans to customers and debts purchased - gross	15,625,514	11,621,194	52,529,362	42,143,240	109,422,277	149,285,107	439,237,983
Investment securities - gross	-	-	3,634,125	2,643,160	17,930,913	28,766,032	83,328,497
Long-term investments - gross	-	-	-	-	-	-	189,210
Fixed assets	-	-	-	-	-	11,762	1,858,126
Other assets - gross	117,538	1,158	23,152,786	8,434,137	20,292,690	61,618	52,060,949
Total assets	15,742,852	11,622,352	129,245,202	60,741,642	151,817,145	184,335,808	645,084,769
Liabilities							
Amounts due to the Government and the SBV	-	-	8,135	1,915,908	5,190	-	1,929,233
Deposits and borrowings from financial institutions and other credit institutions	-	-	44,968,798	22,608,504	42,434,043	30,237,771	140,249,116
Customer deposits	-	-	103,261,581	53,687,416	135,254,226	10,946,837	303,151,417
Derivatives and other financial liabilities	-	-	(22,703)	43,899	(95,124)	89,297	15,369
Funding capital, investment trust, loans to credit institutions bear risks	-	-	38	8,540	16,427	20,575	47,050
Valuable papers issued	-	-	2,063,614	3,503,393	38,866,154	19,266,813	63,699,974
Other liabilities	-	-	17,304,744	172,487	807,309	134,267	18,418,807
Total liabilities	-	-	167,584,207	81,940,147	217,288,225	60,695,560	527,510,966
Net liquidity gap	15,742,852	11,622,352	(38,339,005)	(21,198,505)	(65,471,080)	123,640,248	117,573,803

44. FINANCIAL RISK MANAGEMENT POLICIES (continued)**44.2 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.

45. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial 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 separate 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.

45. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)Financial assets (continued)► *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.

► *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.

45. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)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 separate 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 separate 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

45. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The carrying value and fair value of financial assets and liabilities as at 31 December 2022 are presented as follows:

	Carrying value					Giá trị hợp lý (VND million)
	Financial assets at fair value through profit and loss (VND million)	Held-to-maturity (VND million)	Loans and receivables (VND million)	Available-for-sale (VND million)	Other assets and liabilities recorded at amortized cost (VND million)	Total (VND million)
Cash, gold and gemstones	-	-	2,658,493	-	-	2,658,493
Balances with the SBV	-	-	9,935,379	-	-	9,935,379 (*)
Placements with and credit granting to other credit institutions - gross	-	-	47,965,493	-	-	47,965,493 (*)
Securities held for trading - gross	7,850,639	-	-	-	-	7,850,639 (*)
Loans to customers and debt purchased - gross	-	-	439,237,983	-	-	439,237,983 (*)
Available-for-sale securities - gross	-	-	-	82,718,218	-	82,718,218 (*)
Held-to-maturity securities - gross	-	610,279	-	-	-	610,279 (*)
Long-term investments - gross	-	-	-	189,210	-	189,210 (*)
Other financial assets - gross	1,364,283	31,386	43,155,943	2,036,013	-	46,587,625 (*)
	9,214,922	641,665	542,953,291	84,943,441	-	637,753,319
Amounts due to the Government and the SBV	-	-	-	-	1,929,233	1,929,233 (*)
Deposits and borrowings from financial institutions and other credit institutions	-	-	-	-	140,249,116	140,249,116 (*)
Customer deposits	-	-	-	-	303,151,417	303,151,417 (*)
Derivatives and other financial liabilities	15,369	-	-	-	-	15,369 (*)
Other borrowed and entrusted funds	-	-	-	-	47,050	47,050 (*)
Valuable papers issued	-	-	-	-	63,699,974	63,699,974 (*)
Other financial liabilities	855,076	-	-	-	13,287,196	14,142,272 (*)
	870,445	-	-	-	522,363,986	523,234,431

(*) 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.

46. SEGMENT INFORMATION

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.

46.1 The primary segment information by business segment

The Bank has one business segment – the banking operation, which principal activities, products and services are as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

46. SEGMENT INFORMATION (continued)

46.1 Primary segment information by business segment (continued)

Primary segment information by business segment as at 31 December 2022 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	43,674,965	18,943,288	3,414	474,878	11,829	(908,124)	62,200,250
Net fee and commission income	5,981,755	334,242	-	55,809	6,674	59,272	6,437,752
Other operating income	9,003,533	1,322,848	332	193,184	(135)	(181,483)	10,338,279
	58,660,253	20,600,378	3,746	723,871	18,368	(1,030,335)	78,976,281
II. Expenses							
Interest and similar expenses	(18,068,868)	(3,950,681)	-	(13,642)	-	853,999	(21,179,192)
Depreciation and amortization charges	(257,651)	(105,998)	-	(2,075)	(653)	-	(366,377)
Other direct operating expenses	(7,585,154)	(5,983,132)	(290)	(166,493)	(22,863)	8,578	(13,749,354)
	(25,911,673)	(10,039,811)	(290)	(182,210)	(23,516)	862,577	(35,294,923)
Net profit before provision for credit losses	32,748,580	10,560,567	3,456	541,661	(5,148)	(167,758)	43,681,358
Provision expense for credit losses	(8,743,516)	(13,681,557)	-	-	-	(36,153)	(22,461,226)
Segmental profit before tax	24,005,064	(3,120,990)	3,456	541,661	(5,148)	(203,911)	21,220,132
III. Total assets							
Cash, gold and gemstones	2,658,493	-	-	-	-	-	2,658,493
Fixed assets	1,465,260	374,325	-	11,762	6,640	139	1,858,126
Other assets	584,087,824	76,097,923	163,403	16,104,975	1,294,668	(51,252,526)	626,496,267
	588,211,577	76,472,248	163,403	16,116,737	1,301,308	(51,252,387)	631,012,886
IV. Total liabilities							
External liabilities to customers	485,416,300	61,525,309	88	433,380	(150)	(29,677,343)	517,697,584
Other internal liabilities	164,738	78,475	500	17,306	-	-	261,019
Other liabilities	7,082,934	1,587,531	27,983	228,446	796,133	(170,664)	9,552,363
	492,663,972	63,191,315	28,571	679,132	795,983	(29,848,007)	527,510,966

46. SEGMENT INFORMATION (continued)**46.2 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.

47. CHANGE IN NET PROFIT BEFORE TAX

The consolidated profit before tax for the year ended 31 December 2022 of the Bank and its subsidiaries increased by VND6,856,362 million compared to the consolidated profit before tax for the year ended 31 December 2021, equivalent to 47.73% increase due to the following reasons:

	Profit before tax (VND million)
Profit increase due to increase in interest and similar income	6,672,229
Profit increase due to increase in net fee and commission income	2,378,721
Profit decrease due to decrease in net gain from trading of foreign currencies and gold	(541,656)
Profit decrease due to decrease in net gain from securities held for trading	(158,073)
Profit decrease due to decrease in net gain from investment securities	(2,642,111)
Profit increase due to increase in net gain from other operating activities	7,776,179
Profit increase due to increase in income from investments in other entities	10,325
Profit decrease due to increase in operating expenses	(3,396,794)
Profit decrease due to increase in provision for credit losses	(3,242,458)
	6,856,362

48. 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.

49. BUSINESS COMBINATION**ASC Securities Joint Stock Company**

On 14 January 2022, the Bank received the transfer of 26,186,000 shares in ASC Securities Joint Stock Company, equivalent to the ownership rate of 97.42%. Accordingly, ASC Securities Joint Stock Company officially became ASC Securities Joint Stock Company. subsidiaries of the Bank as of 14 January 2022 in accordance with the law. This affects the assets and liabilities of VPBank at the acquisition date as follows:

	Book value before the date of purchase (VND million)	Fair value adjustments (VND million)	Value recognized at the time of purchase (VND million)
Cash and cash equivalents	234,241	-	234,241
Trading securities	46,362	-	46,362
Tangible fixed assets	191	-	191
Intangible fixed assets	440	-	440
Other assets	23,122	-	23,122
Other liabilities	(31,145)	-	(31,145)
Net identifiable assets and liabilities	273,211	-	273,211
Goodwill (Note 17)			85,905
Non-controlling shareholder benefits (Note 25.1)			(7,049)
Payment for redemption			352,067

On 26 April 2022, ASC Securities Corporation increased charter capital to VND8,920 billion, in which VPBank holds 891,306,000 shares, equivalent to 99.9222% ownership.

On 21 December 2022, VPBank Securities JSC (On 26 May 2022, ASC Securities Corporation officially changed its name to VPBank Securities JSC) increased charter capital to VND15,000 billion, in which VPBank holds 1,499,306,000 shares, equivalent to 99.9537% ownership.

49. BUSINESS COMBINATION (continued)**OPES Insurance Joint Stock Company**

On 1 November 2022, the Bank received the transfer of 47,850,000 shares of OPES Insurance Joint Stock Company, increased the total shares that VPBank holds at OPES from 6,050,000 shares to 53,900,000 shares, equivalent to 98% ownership. Accordingly, OPES Insurance Joint Stock Company officially became the Bank's subsidiary since 1 November 2022 as prescribed by Law. This affects the assets and liabilities of VPBank at the acquisition date as follows:

	Book value before the date of purchase (VND million)	Fair value adjustments (VND million)	Value recognized at the time of purchase (VND million)
Cash and cash equivalents	66,393	-	66,393
Deposits at other credit institutions	161,000	-	161,000
Trading securities	422,364	-	422,364
Held-to-maturity securities	111,600	-	111,600
Tangible fixed assets	6,589	-	6,589
Intangible fixed assets	399	-	399
Other assets	509,630	-	509,630
Other liabilities	(768,545)	-	(768,545)
Net identifiable assets and liabilities	509,630	-	509,630
Goodwill (Note 17)			145,262
Non-controlling shareholder benefits (Note 25.1)			(10,187)
Payment for redemption			644,505

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as at 31 December 2022 and for the year then ended

50. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VND AT THE REPORTING DATE

	31 December 2022 (VND)	31 December 2021 (VND)
AUD	16,150	16,678
CAD	17,490	17,969
CHF	25,661	25,021
CNY	3,436	3,596
DKK	3,160	3,160
EUR	25,369	25,990
GBP	28,672	30,911
JPY	181	199
NZD	17,249	17,249
SEK	3,078	3,078
SGD	17,686	16,946
THB	640	640
USD	23,700	22,830
XAU (*)	663,000	613,000

(*) This is the exchange rate for 0.01 tael of gold.

Prepared by: 

Ms. Nguyen Thi Thu Hang
Chief Accountant

Reviewed by: 
Ms. Le Hoang Khanh An
Chief Financial Officer

Approved by: 

Mr. Nguyen Duc Vinh
Chief Executive Officer

Hanoi, Vietnam
27-03-2023

APPENDIX TO THE SUSTAINABLE DEVELOPMENT REPORT

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102-19	Delegating authority	ESG risk management model	64
102-20	Executive-level responsibility for economic, environmental, and social topics	Roles and responsibilities of ESG risk managers	65
102-21	Consulting stakeholders on economic, environmental, and social topics	Communication with stakeholders	62-63
102-22	Composition of the highest governance body and its committees	The Board of Directors (BOD)	100-101; 110-113
		Managers' ESG experiences	66-67
		Communication with stakeholders	62-63
102-23	Chair of the highest governance body	Chairman of the highest governance body is not concurrently the CEO	
102-24	Nominating and selecting the top managers	Manager appointment and performance review	80
102-25	Conflicts of interest	Supervising activities of SB towards the BOD, BOM and shareholders	114
		Orientation of governance activities and investor relations	117-118
102-26	Role of top managers in setting purpose, values, and strategy	- Activities of the Annual General Meeting	110
		- Activities of the BOD in 2022	111
102-27	Overarching knowledge of top managers	Managers' ESG experiences	66-67
102-28	Collective knowledge of the top managers	Manager appointment and performance review	80
102-29	Identifying and managing economic, environmental, and social impacts	ESG risk management model	64
		Communication with stakeholders	62-63
		Environmental and social risk management in credit activities	68
102-30	Effectiveness of risk management processes	Environmental and social risk management in credit activities	68
		Risk management in 2022 – highlights	54-55

102-31	Review of economic, environmental, and social topics	Risk management structure at VPBank in Climate-Related Financial Disclosure (page 7)	
102-32	Review of economic, environmental, and social topics	Content and scope	61
102-35	Remuneration policies	Remuneration of the BOD and SB	115
102-36	Process for determining remuneration	Remuneration given based on working performance	80
		Becoming “the Land of Talents”, unlocking sustainable growth	95
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Communication with stakeholders	62-63
102-41	Collective bargaining agreements	Collective bargaining agreements	80
102-42	Identifying and selecting stakeholders	Communication with stakeholders	62-63
102-43	Approach to stakeholder engagement	Communication with stakeholders	62-63
102-44	Key topics and concerns raised	Material areas	64
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	Subsidiaries	133-134
102-46	Defining report content and topic boundaries	Content and scope	61
		Reporting standards and principles	61
102-47	List of material topics	Material areas	64
102-48	Restatements of information	No content in the 2021 Sustainability Report needs restating	
102-49	Changes in reporting	Content and scope	61
102-50	Reporting period	Reporting practices	61
102-51	Date of most recent report	Reporting practices	61
102-52	Reporting cycle	Reporting practices	61
102-53	Contact point for questions regarding the report	Reporting practices	61
102-54	Claims of reporting in accordance with the GRI Standards	Content and scope	61
102-55	GRI content index	GRI Appendix	212-220

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102-56	External assurance	Consolidated financial statements	121-211
		VPBank’s ESG risk management framework was independently reviewed by a professional agency (EY Consulting Vietnam) and confirmed to have basically met international standards and practices on ESG risk management.	
GRI 201. ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	Consolidated operational report	130
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 (pp. 9-26)	
201-3	Obligations under the prescribed welfare and other pension schemes	Obligations under the prescribed welfare and other pension schemes	80
		All employees at VPBank participate in Social Insurance including retirement	
GRI 202. MARKET PRESENCE			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	The remuneration system is evaluated based on work performance. VPBank complies with the legal regulations on the minimum wage by geographical region set by the Government based on the consumer price index from time to time. In 2022, salaries for employees are considered and adjusted to be 30% higher than the market average.	80
GRI 203. INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and services supported	- The spread of the community prosperity values	83
		- The 3 rd five-year development strategy (2022-2026)	87-90
203-2	Significant indirect economic impacts	Indirect economic impacts contributing to sustainable development	68-71

GRI 205. ANTI-CORRUPTION			
205-1	Operations assessed for risks related to corruption	Anti-corruption	81
205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption	81
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 2022.	
GRI 302. ENERGY			
302-1	Energy consumption within the organisation	Energy management	75
302-4	Reduction of energy consumption	Energy management	75
GRI 305. EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	Greenhouse gas emissions	75
305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse gas emissions	75
305-3	Other indirect (Scope 3) GHG emissions	Greenhouse gas emissions	75
305-5	Reduction of GHG emissions	Greenhouse gas emissions	75
GRI 306. WASTE			
306-2	Waste by type and disposal method	Waste management	74
GRI 307. ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations	VPBank ensures compliance with environmental laws and regulations	
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	71
308-2	Negative environmental impacts in the supply chain and actions taken	Environmental and social risk management in credit activities	68

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GRI 401. EMPLOYMENT			
401-1	New employee hires and employee turnover	Recruitment in the reporting period	79
401-3	Parental leave	100% of employees are entitled to parental leave in accordance with the law.	
		Number of staff on parental leave by gender	80
		Obligations under the prescribed welfare and other pension schemes	80
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.	
GRI 403. OCCUPATIONAL HEALTH AND SAFETY			
403-1	Workers representation in formal joint management–worker health and safety committees	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.	
403-2	Types of injury and rates of injury, occupational diseases, lost working days, and absenteeism, and number of work-related fatalities	Occupational safety and hygiene	73
403-3	Workers with high incidence or high risk of diseases related to their occupation	Bank job groups are not at high risk of occupational diseases	
403-4	Health and safety topics covered in formal agreements with trade unions	Labor regime, occupational safety and hygiene, occupational health, health care of employees	

GRI 404. TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee	Human resource development	78
404-2	Programmes for upgrading employee skills and transition assistance programmes	Human – the momentum of growth at VPBank	94
		Human resource development	78
		E&S risk monitoring result	68
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	Labor structure	79
405-2	Ratio of basic salary and remuneration of women to men	The salary and bonus system is evaluated based on work performance, regardless of gender.	80
GRI 406. NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	No related violations were recorded at VPBank in 2022	
GRI 408. CHILD LABOR			
408-1	Operations and suppliers at significant risk for incidents of child labor	VPBank does not carry out activities with risks of using child labor. For customers and suppliers, VPBank has not identified a subject with significant risk.	76-77
		Through the Environmental and Social Risk Management System in credit granting activities to contribute to the eradication of forms of child labor.	
GRI 409: FORCED OR COMPULSORY LABOR			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	VPBank does not carry out activities with risks of using forced labor. For customers and suppliers, VPBank has not identified a subject with significant risk.	76-77
		Through the Environmental and Social Risk Management System in credit granting activities to contribute to the eradication of forms of forced labor.	

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GRI 410: SECURITY PRACTICES			
410-1	Security personnel trained in human rights policies or procedures	Upholding human rights	76-77
GRI 411: RIGHTS OF INDIGENOUS PEOPLES			
411-1	Incidents of violations involving rights of indigenous peoples	No related violations were recorded at VPBank in 2022	
GRI 412: HUMAN RIGHTS ASSESSMENT			
412-2	Employee training on human rights policies or procedures	Upholding human rights	76-77
GRI 413: LOCAL COMMUNITIES			
413-1	Operations with local community engagement, impact assessments, and development programmes	Credit granting activities involving local communities through the process of receiving and resolving complaints from the community about social environment.	
GRI 418: CUSTOMER PRIVACY			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	VPBank fully developed regulations and processes and strengthened the management of customer information security as well as resolutely handling violations. VPBank regularly recommends customers to improve security.	
GRI 419: SOCIOECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in the social and economic area	VPBank strictly complies with laws and regulations in the economic and social areas.	

On the Journey to Prosperity





VIETNAM PROSPERITY JOINT STOCK COMMERCIAL BANK (VPBANK)

Head Office **89 Lang Ha, Dong Da District, Hanoi, Vietnam**

Tel. **024 392 888 69** | Fax. **024 392 888 67**

Hotline **024 392 88880** or **1900 5454 15**