

REPORT ON BUSINESS PERFORMANCE IN 2023 AND BUSINESS PLAN FOR 2024

ATTENTION: VPBANK'S SHAREHOLDERS

The Board of Management (BOM) would like to report to the Annual General Meeting (AGM) on the business performance in 2023 as well as the key targets and action plans for 2024.

PART 1: ACTIVITIES IN 2023

2023 was full of difficulties and challenges for the global economy in general and the Vietnam's economy in particular. The high interest rate environment at the beginning of the year, coupled with decreased business activity due to a lack of orders and weak consumer demand, along with sluggish real estate and corporate bond markets, has resulted in a slowdown in credit growth and a increase in non-performing loans (NPLs) for the whole system. In that context, VPBank's business activities were not exception and negatively impacted. Acknowledging short-term difficulties and having a long-term vision, the bank proactively strengthened the foundation to create the growth momentum in the coming years. This was also one of the sustained efforts to affirm the position as one of Vietnam's leading banks.

In addition, 2023 marks an important milestone as VPBank completed the private placement of 15% of shares to Sumitomo Mitsui Banking Corporation (SMBC), officially welcoming the second largest bank in Japan as a strategic shareholder. The deal with SMBC not only provides VPBank strong capital but also helps the bank open a new chapter of development, as a world-leading financial institution accompanies and supports VPBank on its journey to become one of the top 3 largest banks in Vietnam and one of the top 100 largest banks in Asia, contributing to promoting sustainable development and prosperity of the country and community.

I. BUSINESS PERFORMANCE IN 2023

1. Strengthened capital foundation

After completing the private placement of 15% of shares to SMBC, with the deal value of VND 35.9 trillion (equivalent to nearly USD 1.5 billion), VPBank's consolidated owner's equity increased to nearly VND 140 trillion at the end of 2023, up 35.1% from the beginning of the year, becoming the 2nd largest bank in terms of equity in the industry. The consolidated capital adequacy ratio (CAR) according to Basel II increased to 17.1%, well above the regulatory ratio of 8% set by the State Bank of Vietnam (SBV), positioning the bank ahead of the entire banking system and approaching international standards.

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

capital flows into Vietnam, thereby maximizing income and profits to complement traditional segments.

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

2. Outstanding liquidity

Acknowledging the risks of the interest rate hike and the liquidity crisis in late 2022, moving onto 2023, with the goal of credit growth above the industry average, VPBank proactively promoted funding from sustainable sources right from the beginning of the year to strengthen the balance sheet and ensure liquidity for lending activities.

Consolidated deposits from customers and valuable papers at the end of 2023 reached more than VND 490 trillion, up 33.6% YoY. The parent bank grew by 37.1%, leading the industry and outperforming the industry average of 13.2%. The retail banking segment drove deposit growth with more than VND 291 trillion, accounting for more than 62% of the bank's total funding.

CASA became the brightspot of VPBank's funding efforts. Although high interest rates in early 2023 led people shift from CASA to term deposits, VPBank's CASA still grew by 33% YoY and the CASA ratio reached 17.6%. This was a result of CASA promoting solutions and activities which created the momentum to continue attracting low-cost funds under sound segment strategies, pioneer payment solutions, outstanding account services, and diverse products and features, thus flexibly and proactively responding to customer needs. During the year, VPBank deployed the contactless payment feature (Tap & Pay) for both VISA and MasterCard cards. At the same time, the bank continuously beefed up customer acquisition activities, such as Lucky Account Number, Apple Pay, Garmin Pay, Shop QR..., introduced product packages tailored to each customer persona, expanded the POS strategy, covering all customer segments.

In an effort to bring down the funding cost in the medium and long term, VPBank has constantly acquired offshore term loan at reasonable cost and longer tenors, to meet the borrowing demand for businesses in the market and specially to fund green or women-owned projects. Under the strategic cooperation agreement between VPBank and SMBC, with a strong financial capacity, SMBC has successfully arranged and supported VPBank in raising 400 million USD in medium to long-term offshore fundings from prestigious financial institutions in 2023. This has increased the total international funding supported by SMBC to nearly 1.7 billion USD over the past three years. In 2023, VPBank successfully signed a bilateral loan worth USD 300 million with DFC on the occasion of US President Joe Biden's official visit to Vietnam. This event once again affirms VPBank's reputation in the international arretail customersena while helping the bank strengthen compliance with the SBV's ratios such as LDR (79.6%) and the ratio of short-term funding for medium and long-term loans (25.3%), all of which exceeded the SBV's requirements.

3. Strong credit growth, diverse segments

With strong capital foundation and abundant liquidity, VPBank was in a position to set outstanding growth targets. Accordingly, at the end of 2023, the consolidated credit to customer reached more than VND 600 trillion, up 25.2% YoY, among the highest in the entire industry. In particular, the parent bank's credit growth reached 31.8%, evenly allocated intov various industry such as production, business, and consumption, with the strategic retail customer and SME segments accounting for 57% of the parent bank's loan book.

Retail Credit to Customers reached more than VND 245 trillion, up 25.9% YoY, with a prominent growth in business loan and credit card products. To achieve this outstanding growth, VPBank implemented promotion campaigns and increased cooperation with partners as well as major brands. Meanwhile, understanding that 2023 continued to be a difficult year for the real estate market, especially the project housing segment, VPBank proactively diversified its home loan portfolio, gradually shifting to street house segment.

Together with the action programs to promote credit growth, in response to the SBV's call, VPBank implemented many preferential loan programs with interest rates from only 5%/year, totalling up to VND 13 trillion, for retail customers with car, business, home, and consumer loan demands. The preferential loan programs were one of the bank's efforts to stimulate credit demand on a large scale, contributing to economic recovery and supporting individuals and businesses to access loans at reasonable costs for consumption, investment and business purposes.

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

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

4. Controlled asset quality with flexible debt handling measures

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

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

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

In the context of risky and challenging market conditions, VPBank proactively increased provisions to strengthen its reserve buffer and ensure operational safety. Provision expenses, accordingly increased by 11.3% year over year, reaching nearly 12 trillion.

5. Sustained fee income growth, maintaining the leading revenue position

Well aware of all the difficulties in an unfavourable context, VPBank continued to diversify its sources of income in 2023. This strategy has been proven effective as fee income, as well as net

service fee income in 2023, continued their growing momentum, at beyond 12 trillion (up 17.7%) and more than 7 trillion (up 12%) respectively in comparison to 2022. The standalone bank's service fee income also exceeded 6 trillion, increasing by 2% year-over-year. This remains one of the revenue drivers, helping VPBank to stay among 2 private banks with the highest net fee income in the market.

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

Consolidated net interest income reached more than 38 trillion VND, down 7% compared to 2022, while the standalone bank's net interest income grew by 3.1% year-over-year, reaching 26.3 trillion. The reduction in the consolidated result can be explained by the lasting impact of macro factors in consumer finance segment. It is noted that the 2022 liquidity crisis had the bank's cost of funds climb the charts while pressure of suspended interest also intensified under the impact of deteriorated asset quality, reducing net interest margin (NIM). However, this index is showing a gradual improvement trend in the last quarters of the year.

Thanks to the improvement of standalone interest income toward the year-end, the TOI of the parent bank slightly improved by 0.3% year-over-year after removing all one-off income in 2022, reached more than 35 trillion by the end of 2023. The consolidated TOI reached nearly 50 trillion, reducing by 4.9% compared to last year due to the struggle of FE Credit before a very adverse macro environment. However, VPBank continued to maintain its top position among private banks in terms of revenue for more than 30 consecutive quarters.

6. Persistent digital transformation and operational optimization

VPBank always takes pride in being one of the pioneering banks in the market in terms of comprehensive and systematic digitalization strategy. Digitalization has always been one of the focuses and strategic directions of the bank for many years.

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

In addition, the digital bank Cake by VPBank, targets young and tech-savvy customers, offering comprehensive financial services. With the mission of "Understanding and serving customers better", after 3 years of operation, Cake has attracted over 4.1 million users. Furthermore, with a strategy to attract and retain customers on the digital platform, Cake has heavily invested in technology to provide the most convenient customer experience. As a result, in the past year, Cake has been awarded "Best Digital Bank Vietnam 2023" by Global Banking and Finance Review, demonstrating the technological capability and innovation of this digital bank.

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

7. Ecosystem's synergy

VPBankS and OPES, after one year of joining VPBank's 'big family', have made a positive contribution, at more than 1.4 trillion of profit before tax, to the consolidated banking result. Together with the parent bank's profit before tax of more than 13 trillion, the consolidated number reached more than 14 trillion on the group level.

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

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

VPBank's profit before tax in 2023 reached nearly 11 trillion, down 31.3% year-over-year if excluding one-off income in 2022. Business performance was short of expectations due to adverse factors but VPBank considers 2023 as the year of stress test, a chance to solidify the system for a more steadily pace in 2024 and onwards.

2023 profit of companies under the group:

NO	Company	Profit before tax (billion VND)
1	Standalone VPBank	13,468
2	FE Credit	(3,699)
3	VPBankS	1,255
4	OPES	156

8. 2023 achievements

- Finalize the private placement of 1.19 billion shares (equivalent to 15% of equity capital) to the strategic investor SMBC. The deal value of 35.9 trillion helped VPBank's equity capital reach nearly 140 trillion, ranking in the top 2 banks with the largest equity capital in the system. On top of that, the CAR also increased to 17.1%.
- In 2023, VPB also fulfilled its commitment to shareholders by distributing cash dividends for the first time in 10 years, at a rate of 10%. The total value of this dividend payment amounted to nearly 8,000 billion VND, meeting the expectations of many shareholders. This action is also part of VPBank's constant annual dividend payment plan.

- The balance sheet's scale grew strongly in 2023. Having learned from the risks of the liquidity crisis by the end of 2022, VPBank focused on growing its customer deposits. Consolidated mobilization via deposit and valuable papers, by the end of 2023, reached more than 490 trillion, up 33.6% compared to 2022. Solid capital and sound liquidity helped the bank to grow its assets by 29.6% compared to the beginning of the year, reaching more than 817 trillion and ranked among top highest growth in the industry. Also, the consolidated credit outstanding grew by 25.2%, much higher than the industry average.
- Pursuing the strategy to enhance and diversify capital sources, VPBank, in 2023, signed successfully the agreement with the U.S. International Development Finance Corporation (DFC) on a bilateral loan of USD300 million with a 7-year tenure to improve credit access for SMEs, especially women-led SMEs and green sustainable projects in Vietnam.
- Throughout 2023, VPBank proactively fine-tuned the foundational system and governance of itself and its subsidiaries to optimize operations and enhance risk management capability. By the end of the year, VPBank's ecosystem served more than 30 million customers, in which number of retail customers increased by 4 million in one single year.
- In the context of consumer finance still mired in difficulties in 2023, VPBank carried out a comprehensive restructuring at FE CREDIT by turning to a low-risk business model. In the second half, this restructuring showed a positive recovery as the company's disbursement bounced back.
- To environment and social responsibility, VPBank was the pioneer in building the ESG risk management framework and applied it bank-wide, as well as building a clear strategy and effective governance system, of which ESG score was rated 2 out of 5 by Moody's, on par with other regional leading credit institutions in the region. The bank was awarded "Climate Financing Leadership in East Asia and Pacific Region" in the "Highest Achievement of Climate Targets in a Fiscal year" category by IFC and the "Climate Risk Manager of the Year" award by Asia Risk. VPBank, for the 5th consecutive time, was ranked in the top 20 corporations with stock listed in the Vietnam Sustainability Index (VNSI) category by Hochiminh Stock Exchange. All these awards once again affirm VPBank's role in being a pioneering bank in sustainable development.

The enhancement in 2023 will pave the way for VPBank towards the goal of sustainable growth towards prosperity in the period 2022 to 2026, contributing to strong national economic growth. On this journey, VPBank set its target to be in the top 3 strongest banks in Vietnam and the top 100 biggest banks in Asia. VPBank also continues to affirm its missions in innovation, uplifting financial service for both customers and partners, and effective development to bring prosperous and sustainable values to shareholders, community and society.

II. STRENGTHENING THE FOUNDATIONAL SYSTEMS

In the context of many complex developments and an expanding ecosystem of the business environment, VPBank proactively improved its foundational system to create growth momentum for the coming years. In order to adapt to market trends and customer consumption behavior, and improve management capacity, VPBank implemented many key projects. Most of these transformation activities aimed at transforming business models, risk management and centralized and specialized operations management, based on automation platforms with the support of information technology to improve the operational performance and quality.

1. Risk management

2023 is a year full of challenges with instability both inside and outside Vietnamese economy. In this context, impacts from the macro environment on VPBank are unavoidable. The bank spent a lot of effort in risk management to cope with difficulties while still facilitating business growth.

In addition to implementing a number of initiatives based on international best practices to improve risk management capacity, the bank flexibly amended internal regulations and supplemented risk management processes to respond to recommendations from independent assessments conducted by internal and external audit units. The ultimate goal is to ensure the comprehensiveness and effectiveness of key risk management frameworks, creating a solid foundation to promote sustainable growth, in accordance with the bank's 5-year business strategy.

VPBank aims to pioneer in applying the most advanced international practices in Vietnam through continuous strengthening and improvement of the risk management framework. After the early completion of all three Basel 2 pillars meeting the State Bank's requirements, the bank continued to upgrade its risk management system in accordance with the roadmap for implementing advanced Basel standards (Basel 2 IRB - Internal ratings-based approach and Basel 3). VPBank has proactively applied Basel 3 standards on liquidity risk management since 2021 and was independently evaluated by one of the leading independent auditing companies in Vietnam. By the end of 2023, beside the successful implementation of the foundation internal ratings-based approach (FIRB) for Credit Risk (Basel 2), the bank was ready to pilot according to the State Bank's roadmap by 2025

Regarding the roadmap for implementing International Financial Reporting Standards IFRS 9, after successfully building methodology and calculation tools, VPBank applied IFRS 9 to the practical management of business activities, such as valuation process, building KPIs with the goal of orienting the bank's operations according to advanced standards. The official application of IFRS standards at VPBank will strictly comply with the roadmap and instructions of the SBV, the Ministry of Finance and the State Securities Commission.

In view of challenges from global warming, climate change and the pressure to realize the Net zero goal of transferring to a net zero emission economy, the banking sector faced with increasing financial and non-financial risks. VPBank pioneered the development of a comprehensive ESG Risk Management Framework which was independently assessed by a leading consultancy consistent with international standards and practices on ESG risk management. This risk management framework included a solid risk governance structure, a clear ESG risk appetite strategic statement and an effective risk management process. This reflected the determination to implement sustainable business principles. Notably, VPBank was the only bank in the domestic market to publish an annual climate-related financial disclosure for two consecutive years.

VPBank's success in risk management is recognized through prestigious awards and important certifications for its relentless efforts: “Model Risk Manager 2023” - the only representative of Vietnam was selected by Celent - a research and advisory firm focusing on global financial services industry; “Climate Risk Manager of the Year” within the framework of the Energy Risk Awards 2023. This once again showed VPBank's leading position in the field of risk management on par with leading Asian financial institutions.

2. Technology platform

Digital transformation and digital banking development have been VPBank's strategic directions for many years. Along with upgrading existing platforms, 2023 marks the bank's “landing” on the Cloud - the next step in the digital transformation journey, aiming to optimize operating costs, Improve service quality and enhance the bank's customer experience. The bank also migrated

nearly 20 applications to the cloud in 2023 and signed a strategic cooperation agreement with Amazon Web Services (AWS), a technology company belonging to the Amazon.com Global Group. The cooperation between VPBank and AWS will help promote the development of finance and banking software, enhancing automation capacity and accelerate the processing of banking tasks, implementation progress of new digital banking features, bringing customers more and more diverse digital banking products with higher quality.

In addition, VPBank implemented seven more security projects in 2023, including PCIDSS Certificate (security standard established by the PCI Security Standards Council), upgrading the privileged account management system, patch management solution, preventing attacks via the internet and online applications.

Regarding operational management, more than 100 processes were digitized, improving 10%-30% of processing time for account opening transactions, disbursement, online trade financing, etc. Regarding data management, Data integration hub project with the goal of improving data integration capacity was successfully implemented and provided timely support with the provision of big data, fulfilling business demands, improving customer experience on trading platforms such as VPBank NEO BIZ, customer service channel cskhs.vpbank.com.vn, LynkID. In 2023, VPBank also officially established the Enterprise Data Analytics Division (EDA), on the basis of merging the Business Intelligence Competency Center (BICC) with the centralized data warehouse system management departments, compliance report system and data architecture in Information Technology Division. In addition to stabilizing the operation of data platform, VPBank will enhance the application of data science (AI) and machine learning (ML) technology, and promote the data conversion process on the cloud computing platform, aiming to become one of the leading banks in data management and application, improving competitiveness in the digital era.

3. Human Resource Management

2023 was determined to be the year which VPBank focused on consolidating a solid system foundation, preparing for sustainable growth in the following years. Talent continues to be identified as an important success factor of the bank. Therefore, a large resource was invested to improve the quality of human resources to meet the new requirements.

Accordingly, one of the ongoing key tasks is to improve human resource capability to meet new requirements. Specifically, VPBank made great efforts to enhance the learning experience through research, promoting learning culture and building a learning organization, improving internal training capacity and sharing culture. In addition, VPBank made great efforts to provide skill training courses on E-learning system to help employees proactively learn and improve core competencies, such as digital thinking and flexible capacity to achieve higher business efficiency, etc.

In particular, VPBank actively cooperated with SMBC in skills and professional training programs, giving “VPBankers” new opportunities to learn and interact with SMBC colleagues. This made an important contribution to improving the quality of VPBank's human resources.

In addition, VPBank continued to build and implement learning paths and leadership and management capacity enhancement program (iLead) to meet requirements for VPBank's managers, building strong, stable, cohesive and cooperative leadership and manager resources - one of the key success factors of the bank's orientations and strategies.

Other important highlight is VPBank's aggressive implementation in Corporate Culture Development Project (VPCODE). VPBank's five new core values include: “**Aspiration - Integrity – Efficiency and Effectiveness - Discipline – Innovation**” were also approved and

announced on the occasion of the Bank's 30th anniversary (August 12, 2023), inspiring and encouraging the morale of employees. VPBank's Culture Handbook (with five core values, definitions and corresponding behavioral standards) were approved by the leadership and is a key document in orienting on the development of the company's corporate culture.

Attracting talent continued to be one of the keys to sustainable development at VPBank. In 2023, VPBank focused on promoting recruitment and attracting talent in business divisions such as FDI, RB, SME, etc. and continued to maintain and flexibly use human resources in support divisions through timely recruitment to replace attrition employees, adjust and cut redundant job positions according to actual requirements to ensure continuous and effective business development and operations. VPBank focused on attracting a specific group of candidates which are scarce in the market in the fields of information technology, data management and analysis, etc. This is very important in the global trend of digitalization in banking activities.

Besides, VPBank also strengthened the search and nurturing of young talents who are students from leading Vietnam and international universities to proactively prepare talent sources for the bank. Activities communicating recruitment brand to develop resources were promoted and received great attention and appreciation from a large number of talents. Thanks to these activities, VPBank continued to affirm its position as a “land of talent”, attracting good human resources, while constantly training and improving staff capacity. High-quality human resources lay a solid foundation for VPBank to achieve success.

4. Implementing the group operating model

Thanks to the comprehensive multi-layered ecosystem, the customer base of the VPBank ecosystem has reached more than 30 million by the end of 2023, of which, VPBank itself has onboarded 4 million new retail customers. The open and comprehensive ecosystem helps the group to provide a full range of essential financial products and services, from banking, insurance, securities to wealth management for diverse segments.

In 2023, VPBank has proactively consolidated its platform, enhanced corporate governance in the group operating model in order to take full advantage of the synergies between all members in the ecosystem and improve operational efficiency. In particular, after more than a year of joining the ecosystem, VPBank Securities (VPBankS) and OPES insurance company have contributed more than VND 1,400 billion PBT to the consolidated (including VPBank, VPBank S and OPES) PBT of nearly VND 15,000 billion. VPBank expects these will be new drivers that contribute to the group's growth on its next development journey to become a universal financial group.

With regards to the consumer finance, the 2023 was another challenging year as it suffered the dual impacts by the pandemic and the stagnance of the economy and has diminished financial capability as well as savings of the FE Credit-targeted mass segment. These led to a slower recovery than expected in this segment. Realizing the tremendous challenges face by FE Credit, VPBank and SMBC have decided to carry out a comprehensive restructuring, calibrate and reinforce the operational system, deploy a more prudential lending strategy while improve risk management efficiency and debt collection. The attempt has delivered positive progress as new sales recovered during 2nd half 2023 and laying confidence on the growth potential in the 2024. The synergies and experience sharing between VPBank and SMBC along with the market recovery are expected to help FE Credit to consolidate its foundation, regain its growth momentum capacity and enhance competitiveness, and finally achieve stable and efficient performance.

5. Other foundational activities

The financial work, financial control, financial analysis, planning and strategy, business analytics, legal and compliance, communication and branding etc. were implemented in accordance with the segment-specific strategy under an consistent orientation of focusing on improving productivity, quality and operational efficiency through automation, digitalization, and simplicity to better fuel rapid business growth as well as service quality improvement.

Extending the success of social responsibility (CSR) activities from previous years, in 2023, VPBank will focus on sponsoring the construction of schools in many difficult areas and supporting the poor in many provinces, cities nationwide. The Bank's total budget for CSR amounts to more than 148 billion VND, mainly focusing on education, health and social security projects initiated by VPBank or in conjunction with reputable media units.

CSR activities have been highlighting VPBank as a humane banking brand, responsible to society and the community, towards the mission "For a prosperous Vietnam" and sustainable development in long term.

PART II: 2024 BUSINESS PLAN

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

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

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

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

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

Being added by solid capital base, strong ecosystems as well as a widen customer base in 2023, VPBank has analyzed and evaluated different growth scenarios and determine the focus of

activities for 2024. Accordingly, it shall continue to maintain a flexible control policy in order to maintain effective growth, quickly responding to the changes in the market while seizing new development opportunities.

Key targets for 2024 are identified below:

1. Quality and synchronized growth across all segments

- Strategic segments (Retail and SME bankings) are prime targets for credit expansion
- Explore and seize development opportunities in the high-potential FDI segment.
- Ensure abundant liquidity and diversify funding sources to optimize cost of fund.

2. Comprehensive asset quality management

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

3. Enhance sustainable practices

- Green the finance - Accelerate green financing disbursement
- Transform the portfolio – Green the finance

4. Strengthen the enablement infrastructure

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

5. Promote ecosystem activities

- Deepen customer engagement via further integration of our digital ecosystems
- Capture new growth opportunities and seek new growth drivers within ecosystem

Based on the actual situation, the Board of Directors and the Board of Management propose to the AGM the following consolidated targets:

No	Target (billion VND, %)	Target 2024	Actual 2023	% growth yoy
1	Total assets (consolidated)	974,270	817,567	19%
2	Customer deposits and valuable papers (consolidated)	598,864	490,156	22%
3	Credit to customers (consolidated)	752,104	600,524	25%
4	NPL under Circular 11 (bank stand-alone)	<3%	2.95%	
5	PBT (consolidated)	23,165	10,804	114%
5.a	<i>In which: PBT of bank stand-alone</i>	20,709	13,468	54%
5.b	<i>PBT of FE Credit</i>	1,200	(3,699)	
5.c	<i>PBT of VPBankS</i>	1,902	1,255	52%
5.d	<i>PBT of OPES</i>	873	156	459%

In such a challenging business environment and risky global geo-political context, these target for 2024 are considered sizable challenge for VPBank. However, we are confident that under the

leadership of the Board of Directors, Board of Management and strategic partner, along with the synergy of all employees, VPBank will steadily overcome difficulties and continue to grow in both quality, sustainable manner and achieve the goals set by the AGM for the coming years.

Above is the report on business performance, audited 2023 financial statement results and 2024 business targets which the Board of Directors and Board of Management respectfully submit to the AGM for consideration and approval.

Recipients:

- Shareholders
- Board of Directors, Supervisory Board
- Board of Management

**ON BEHALF OF THE
BOARD OF MANAGEMENT
CHIEF EXECUTIVE OFFICE**

Nguyen Duc Vinh