

**VIETNAM EXPORT IMPORT COMMERCIAL JOINT STOCK BANK**

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**TO: GENERAL MEETING OF SHAREHOLDERS**  
**REPORT BY THE MANAGEMENT ON BUSINESS PERFORMANCE IN 2021**  
**AND BUSINESS PLAN FOR 2022**

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The Management of Vietnam Export Import Commercial Joint Stock Bank (Eximbank) would like to report to the General meeting of shareholders on the business performance in 2021 and business plan for 2022 as hereunder.

**I. Business performance in 2021**

In 2021, the world economy recovered faster than expected, resuming growth impetus despite complicated happenings of the COVID-19 pandemic. However, challenges still remained, which could be listed as new variants of the corona virus; uneven resilience among countries; increased trade protectionism; inflationary pressure; congestion in goods supply; energy price and geopolitical competition. Global economic growth was estimated at around 5.6% - 5.9% in the year.

The Vietnamese economy dealt with great difficulties and challenges with several pandemic outbreaks since late April which caused material damages to the nation's socio-economic conditions and left its recovery and growth in question. In 2021, GDP grew 2.58%, inflation rose 0.81% which was the lowest in 6 years, CPI increased 1.84% on average, and export-import turnovers reached USD668.5 billion, up 22.6% from 2020.

During the year, the State Bank of Vietnam (SBV) flexibly administered the monetary policy tools, and simultaneously employed monetary, credit and liquidity solutions which contributed to stabilize the market: lending interest rate dropped 0.7% year to date, exchange rate remained stable, credit exposure increased 13.4% against late 2020, deposits increased 9%, and total payment instruments grew 8% year to date. In addition, SBV guided commercial banks to cut down on costs to reduce lending interest rate for customers, and approved the request of some banks for raising the credit growth limit, as an effort to actively support economic recovery and achieve the dual objective proposed by the Government.

In 2021, Eximbank's business activities continued to suffer from impacts of the long-lasting COVID-19 pandemic with large-scale lockdowns in over 4 months, especially in such areas of its concentration as HCMC, Hanoi, South East and South West which took negative influence on customers' businesses. In such context, the Bank made great efforts and achieved certain results as below:

Unit: VND billion

No.	ITEM	Executed in 2020	2021 plan	Executed in 2021		% plan completion
				Amount	+/- from 2020	
1	Total assets	160,435	167,000	165,832	3.4%	99.3%
2	Capital funding from economic entities and individuals	133,918	139,500	137,374	2.6%	98.5%
3	Total credit exposure (including loans outstanding and corporate bonds)	102,018	115,790	115,590	13.3%	99.8%
4	On-balance sheet NPL ratio (groups 3-5)	2.52%	≤ 2.5%	1.96%	-0.56%	
5	Profit before tax	1,340	1,300	1,205(*)	-10.0%	92.7%

(\*): In 2021, Eximbank made additional provision of VND328 billion to finally settle VAMC special bonds in Q1/2021

## II. General assessment of business activities in 2021

In order to improve business output, Eximbank focused on carrying out key missions as follows:

### 1. Core business activities:

(i) Restructuring the balance sheet to make it more effective by moving funds raised from economic entities and individuals in way of less cost of funds, and reducing idle funds placed in the interbank market with low interest rate.

(ii) Higher credit balance: in 2021, Eximbank was allowed to raise the credit growth limit twice, from 6.5% as at the beginning of the year to 10.5% in 7/2021 and to 13.5% in early 12/2021. Right when getting back to the new normal after a long period of social distancing, the whole network sped up to increase the loan book and achieved the growth rate of 13.3% by end of 2021 (compared to the decrease of 10.2% in 2020).

(iii) Total assets hiked 3.4% from 2020 in a way where funding costs were optimized, completing 99.3% of the plan.

(iv) Prudent ratios required by SBV were well controlled: the improvement of the LDR (loan to deposit ratio) contributed to enhance the capital output.

ITEM	SBV requirement	Ratio in 2021
Ratio of short-term loans for mid- and long-	≤ 37%	20.81%
Loan to deposit ratio (LDR)	≤ 85%	79.62%
Consolidated capital adequacy ratio (CAR)	≥ 8%	12.29%
Liquidity reserve ratio	≥ 10%	12.43%

(v) Under complicated pandemic progresses and prolonging social distancing, Eximbank both supported affected customers through lending programs at preferential/competitive interest rates, debt restructuring and interest relief, and restructured its balance sheet in a more effective way so as to improve the net interest margin (NIM).

(vi) In such a circumstance where customer solvency is impaired by the pandemic, Eximbank carried out various bad debt control solutions: assisting customers, preventing bad loans, taking proper debt settlement measures, and applying cautious policies in credit extension to control the NPL ratio by below 2%. Thanks to which, the ratio dropped 0.56% (2020: 2.52%; 2021: 1.6%).

(vii) Customer base increased 67,414 from 2020.

## 2. Development of effective management and operation foundation:

(i) Eximbank met SBV requirements for risk management in Basel II standards, by which its capital adequacy ratio (CAR) was always in satisfaction with Circular 41/2016/TT-NHNN. Moreover, the Bank issued and fully implemented internal documents and regulations on ICAAP which were subject to KPMG's objective assessment of compliance with Circular 41 and execution of internal assessment of capital adequacy specified in Circular 13/2018/TT-NHNN. On 31/05/2021, KPMG published the report certifying that Eximbank observed material requirements of Circular 41 and requirements for ICAAP implementation of Circular 13.

(ii) Continuing with the lump-sum allocation of operating expenses to enable all units to be more proactive while well controlling the budget. The cost to income ratio (CIR) was improved through years (2018: 65.17%; 2021: 53.39%).

(iii) Finishing the upgrade of the corebanking server system, and enhancing utilities, banking products and services, and user's experience (CITAD, VNPay, IB/MB, OTP, E-plus VIP online banking, etc.).

(iv) Deploying Eximbank Loyalty – a platform project to help strengthen customer loyalty and development.

(v) Transforming operations of distribution channels, and providing training on business competence and sales management capacity by objectives.

### **3. Operations of the subsidiary**

Asset Management One-Member Limited Liability Company – Vietnam Export Import Commercial JS Bank (shortly as Eximbank AMC) had the actually paid-up capital of VND300 billion as at 31/12/2021.

- Performance of bad debt settlement and recovery under Eximbank’s entrustment:
  - Total principals recovered in 2021: VND291 billion
  - Total interests collected: VND89 billion
- Performance of financial services:
  - Total revenues: VND32 billion, down 39% from 2020
  - Profit before tax: VND4.9 billion, down 82% from 2020

### **III. Business plan for 2022**

#### **1. Operating environment**

As forecast by international organizations, the global economic resilience will continue but with lower rate due to less drivers from leading economies and tightened fiscal and monetary policies. The growth rate is expected to reach 4.5% - 5% in 2022.

The Vietnamese economy is on its way back to the new normal, and the Government casts the objective of “Effectively and flexibly performing the dual goals of preventing and combating the Covid-19 pandemic and recovering the socio-economic development,” with targeted GDP growth of 6% - 6.5%, CPI expansion of 4%, and State budget deficit of 4% to GDP.

In 2022, SBV will run its monetary policy proactively and flexibly to curb against inflation as per the year’s goals, contributing to stabilize the macro-economy and support economic recovery in adaption to local and overseas market movements. The credit growth limit of 14% has been revised against practical happenings and situation. More stringent measures have been applied to control and handle bad debts, and prevent new ones, trying to maintain a safe ratio of on-balance non-performing loans (below 3%). Digital transformation in banking operations and non-cash payments will be boosted.

#### **2. Business plan for 2022**

- Based on the analysis and evaluation of the factors affecting Eximbank’s business activities in 2021 and the operating environment in 2022;
- Based on the business targets set for 2022 as approved by the Board of Directors in Resolution 31A/2022/EIB/NQT-HĐQT dated 21/01/2022;
- Based on SBV Notice No. 863/NHNN-CSTT dated 21/02/2022 informing the credit growth limit allowed for the Bank to be 10% in 2022,

The Management would like to submit to the General meeting of shareholders the targets for 2022 as follows:

## 2.1. Main business targets

Unit: VND billion

No.	ITEM	2021	2022 plan	% +/- from 2021
1	Total assets	165,832	179,000	7.9%
2	Capital funding from economic entities and individuals	137,374	147,600	7.4%
3	Total credit exposure (including loans outstanding and corporate bonds)	115,590	127,149	10.0% (*)
4	On-balance sheet NPL ratio (groups 3-5)	1.96%	≤ 1.7%	
5	Profit before tax	1,205	2,500	107.5%

(\*) As per the credit growth limit informed by SBV. In case business becomes more favorable, Eximbank will ask for SBV's consideration of heightening the credit growth limit.

## 2.2. Solutions to be implemented for accomplishment of the 2022 business plan

In order to achieve the plan suggested above, Eximbank will focus on such major solutions as below:

### (1) Customer base

(i) The focus of 2022 is to continue to develop a quality customer base depending on the increasing product usage, increasing product usage value per customer, expanding the customer portfolio, acquiring new customers by value chains and established transactions – connecting large corporates, FDI enterprises, etc. on par with the key product development strategy in the year.

(ii) Business execution to each customer segment will be continued at a more in-depth and intensive level: growing customers; meeting product needs of SMEs, individual customers and FX trading; and replicating the priority banking model.

(iii) Defining appropriate customer care policy for those using more products and services, generating high volumes and being loyal to the Bank through Eximbank Loyalty program.

(2) **Products and pricing.** To be formed and designed by particular segments, subjects and locations: concentrating on developing technology-integrated products and services to enhance customer experience and keep up with the banking trend 4.0; increasing CASA; promoting credit card and bancassurance operations; selling fund certificates and corporate bonds to individual customers; and designing exclusive product packages for priority customers so as to optimize the service income.

**(3) Sales and servicing model.** Building suitable capacity to satisfy the needs of each customer segment at business units, bring about better customer experience and higher sales performance thanks to specialization and proper business execution to the right targets.

**(4) Risk management and compliance**

Continuing to deploy the risk management tools set out in Circulars 13 and 41 across the network as scheduled; training on operational risk management; boosting up the execution of the internal control system, operational risk management and 3 lines of defense; keeping on with the execution of the loan origination system (LOS); and strengthening debt settlement, particularly restructured loans which imply risks pertaining to the economic cycle and pandemic progresses.

**(5) Technology and operations.** Supporting businesses in way of digital transformation and development of digital banking services; assisting the management and professional operations; reinforcing and stabilizing system operations; strengthening and assuring security and compliance; and continuing with centralized operations.

**(6) Personnel organization.** Promoting the project of operational centralization; optimizing resources for the network; developing job opportunities and benefits for employees; enhancing the competence of sales promotion teams; and strengthening internal coaching and training programs.

**(7) Effective governance.** Completing the sales incentive policy and mechanisms in the business promotion program, set of KPIs and assessment methods before the start of the fiscal year 2022; managing headcounts by business targets and standard productivity; and allocating specific KPIs to groups of titles.

**(8) Marketing and branding.** Advertising products and services on different channels; innovating the website; building and promoting the Bank's brandname; and rearranging as well as expanding the operational network in developed economic areas.

Look forward to the approval by the General meeting of shareholders.

**FOR THE MANAGEMENT**