SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness

No: 191/BC- MB-HĐQT

Hanoi, April 4th , 2022

REPORT OF THE BOARD OF DIRECTORS
OF MILITARY COMMERCIAL JOINT STOCK BANK
Re.: Performing duties and rights in 2021 and the 2022 business plan

To: **General Shareholders Meeting of Military Commercial Joint Stock Bank**

PART I: SUMMARY OF THE 2021 BUSINESS OPERATIONS

1. General situation

The Covid-19 epidemic with the dangerous Delta mutation that forced many localities to implement social distancing for many months in 2021 has seriously affected all areas of the economy. Among the most impacted are some service industries that account for a large proportion of GDP, whose negative growth has diminished the growth of both the total service sector and the overall GDP. According to information from the General Statistics Office, Vietnam's GDP in 2021 grew by 2.58% (lower than the GDP growth in 2020 and the target of 6.5% set by the Government at the beginning of the year).

The banking industry faced many challenges as it had to actively balance its financial capacity, reduce operating costs to support businesses and people by reducing lending interest rates under the direction of the State Bank (banks exempted, reduced, and lowered interest rates for over 1.96 million customers affected by the pandemic with outstanding loans of more than VND 3,870 trillion; The total accumulated interest that had been exempted, reduced or lowered for customers was about VND 34,900 billion; New loans were at lower interest rates than those before the pandemic with accumulated loans from January 23rd, 2020 to the end of 2021 reaching over VND 7,400 trillion for about over 1.3 million customers)[1], and at the same time faced with potential NPL when the clients' production and business were down. The State Bank continues to implement solutions to control credit scale, associated with improving credit quality; Thanks to that, the operation of the banking system in general achieved positive results: the deposit of credit institutions increased by 8.44%, credit growth of the economy reached 13.53%.

2. Performance results of the Board of Directors (BOD) in 2021

2.1. Direct the implementation of the actions approved by the General Shareholders Meeting of (GSM) in 2021:

In 2021, the BOD actively implemented/directed the implementation of the tasks within the authority and resolutions of the GSM, abiding by the principle of "Respecting the law," with MB's 2021 target as being "***TOP 5, striving to be in TOP 3 commercial banks for quality and efficiency, and be the leader in digitalization***", with the motto of "***Digital acceleration; Retail Breakthrough;***

[1] Information from the press conference on December 28, 2021 of the State Bank on the results of monetary policy management and banking operations in 2021, and the orientation for duties in 2022, link: http://baochinhphu.vn/Tai-chinh/Tang-truong-tin-dung-nam-2021-co-the-dat-14/457410.vgp

Safety - Efficiency", continuing the vision that "***MB is the most convenient bank***", and striving to be "***No. 1 in Digital Banking, Top 3 in Retail Banking in Vietnam***". Accordingly, MB had completed the programs/plans assigned by the GSM in 2021, specifically:

2.1.1. Orientated and directed the completion of 2021 business plan

In 2021, MB completed and outperformed several business plan targets assigned by the GSM: The consolidated profit before tax (PBT) of MB and its subsidiaries reached VND 16,527 billion, an increase of 54.6% compared to 2020 (in which, PBT of the bank only reached VND 14,398 billion, up 48.5% compared to 2020 and ranked 4th in the banking industry). MB also achieved good credit quality: The Group's non-performing loan ratio (NPL) was 0.9% and the NPL ratio of the Bank only was less than 1% (both numbers were lower than the 2020 levels and the plan targets).

The subsidiaries actively implemented many flexible and innovative business solutions in the context of general difficulties of the market caused by the Covid-19 pandemic. Some subsidiaries achieved outstanding growth in PBT compared to the previous year (MBS ~ 2.2 times; MBCapital ~ 1.89 times and MBAMC ~ 1.65 times); Some subsidiaries made great efforts to improve their positions (MIC was in the TOP 5 market share of insurance revenue (2020: TOP 6), MCredit rose to TOP 3 in credit scale (2020: TOP 4), and MBAL's agent channel rose to TOP 9 (2020: TOP 12). The total revenue of subsidiaries in 2021 reached ~ VND 18,221 billion, increasing 43.5% compared to 2020; The PBT of subsidiaries was recorded at ~ VND 2,326 billion, increasing 64.3% compared to 2020, making an important contribution to the overall results, and helping the entire Group achieve the set plan when the Parent Bank was saving resources and earnings to implement supporting solutions for customers affected by Covid-19 under the general policy of the Government and the State Bank. Cross-selling among the group and their subsidiaries achieved positive results with the total cross-sales of ~ VND 730 billion, an increase of 17% compared to 2020. With such accomplishments, MB was ranked as one of **Vietnam Top 30 performing enterprises by Vietnam Report.**

2.1.2. Direct the implementation of the capital increase Plan and the orientation to increase MB's charter capital during 2021 - 2023 to fulfill the bank's operational needs, striving to maintain a sustainable shareholder structure:

During the year, the BOD strived to fulfill their commitments to shareholders through treasury shares distribution to existing shareholders in accordance with the plan approved by 2020 GSM; at the same time, in 2021, the BOD completed the first phase of charter capital increase plan through paying the stock dividend at the rate of 35%. The plan to issue bonds to increase Tier 2 capital in 2021 was approved by the BOD, implemented, and completed in accordance with the Resolution of the GSM in 2021, contributing to increasing capital for the Bank's activities.

After completing the first capital increase in 2021, MB's shareholder structure in 2021 still maintained the stability and high consistency in MB's governance orientation, sustaining the ownership ratios of several major/strategic shareholders and the shareholders who had been with MB for a long time such as Military Industry and Telecommunications Group (Viettel), Saigon Newport Corporation, Vietnam Helicopter Corporation, State Capital Investment Corporation (SCIC). MB shares had high liquidity on the market; having partly met the expectations of investors/foreign investment funds who wish to hold the stock. MB had strengthened information disclosure and transparency, and regularly updated their business operations on the mass media, the Bank's website, and related management agencies in accordance with the regulations.

The BOD directed implementing procedures for the plan to increase charter capital for the 2nd

and 3rd time in 2021 through private placement of shares to selected investors and issuing ESOPs following the Resolution of the GSM 2021[2] (The State Bank has approved the plan in Document 8847/NHNN-TTGSNH dated December 15th , 2021). The BOD reported to the GSM on continuing to implement the plan to increase charter capital for the 2nd and 3rd time as approved by the GSM in 2021 and at the same time implementing other capital increases in 2022 aligning with the approval of the relevant State management agencies, to meet the Bank's capital needs, be consistent with the orientation to increase MB's charter capital in the 2021 - 2023 period, which the GSM has approved and assigned this task in 2021, towards maintaining a stable shareholder structure (according to Proposal No.195/TTr-MB-ĐHĐCĐ dated 04/04/2022 regarding the plan to increase charter capital).

2.1.3. The appropriation and use of funds (including funds to support voluntary and social works), the distribution of earnings and paying dividends from the undistributed earnings in 2021 were implemented on the basis of publicity, transparency, and compliance with legal requirements, the resolution of the 2021 GSM and MB's internal regulations.

MB completed the plan to pay stock dividends from undistributed after-tax earnings accumulated until 2020 at the rate of 35% in shares. Regarding the plan to pay stock dividends from gains in 2021 at an expected ratio of 10% - 15%, which had been approved by 2021 GSM, the BOD proposed a dividend payout ratio of ~ 20% in shares to increase charter capital, ensure long-term capital capacity, and maintain MB's CAR over 10%, aligning with State Bank's orientation in the Directive No. 01/CT-NHNN dated January 13rd, 2022 specifying that joint stock banks are not to pay dividend in cash, to better prepare for MB Group's growth targets and is submitted for 2022 GSM to approve in the Proposal No. 195/TTr-MBHDT dated April 04th, 2022 regarding approval of the plan to increase charter capital.

With thorough orientation from the BOD - Board of Supervisory (BOS) - Board of Management (BOM) to all employees on the implementation of sustainable development goals through activities that promote social security, benefit the community and demonstrate social responsibility, the whole Group and subsidiaries contributed to the State Budget over VND 3,308 billion and actively participated in charity and social security programs nationwide with ~ VND 385.6 billion (vs VND 70.5 billion in 2020) for community development in priority areas: donating VND 284.6 billion to Covid-19 pandemic prevention programs (Covid -19 Vaccine Fund, 38 provinces/cities heavily affected by the pandemic; 15 health practices such as 108 Military Central Hospital, 175 Military Hospital, Hospitals for Covid-19 treatment, K Hospital, National Hospital of Pulmonary, etc); supporting VND 7.5 billion for education industry; actively supporting "The whole nation joins hands for the poor, - leaving no one behind" program; maintaining gratitude programs by gifting gratitude houses to war invalids or martyrs' families, upgrading martyrs cemetery, and giving gifts to families who served in the Revolutions…

2.1.4. On the completion of MB's internal documentation system

The BOD directed the review/ improvement/ establishment of principles/ standards/ processes/ framework policies of the Group (MBGroup) in accordance with regulations and practices of effective governance; promulgated the Charter, Internal Governance Regulations, and Regulations on organization and operation of the BOD as amended according to GSM 2021's Resolution; strengthened high-level governance/supervision, appropriately adjusted/updated new provisions of law and guidance of state management agencies by directing the development of special regulations on-lending of MB for credit institutions under exceptional control and issued amendments to the Procurement Regulations, Regulations on Management of Proprietary Operations, Regulations on

[2] Resolution No. 10/NQ-MB-ĐHĐCĐ dated April 27, 2021, on the plan to increase charter capital in 2021.

Reporting to the BOD, BOS, Compliance Policy, and other regulations and policies. At the same time, the BOD oriented subsidiaries to study the results of the MB Internal Documents project and perfect the internal document systems at the companies; and directed the consolidation of the regulations/policies on governance - administration of the companies in accordance with regulations, towards good practices and approaching MB's good governance practices.

2.1.5. On executing the orientation to build and develop MB Group and the establishment of a 100% owned or joint venture, joint stock bank overseas in Cambodia:

To develop MB Group, including MB, MB's subsidiaries in Vietnam and abroad, and MB affiliates, to meet the requirements of digital shift and business growth targets, and to improve the competitiveness according to GSM's Resolution, the BOD directed/oriented the research and development of MB Financial Group Strategy and subsidiaries' development strategies from 2022-2026 with strategic initiatives that focus on strengthening the Group's capacity, solutions to improve the operational efficiency of subsidiaries, establishing new business models, and ecosystems that involved the close cooperation between MB - subsidiaries and partners of different parties (including implementing contracts between MB and subsidiaries; researching and applying digital solutions to the implementation and monitoring of transactions between MB and subsidiaries; and researching new products to make the most of the Group's advantages,…).

During the year, MB continued to promote strategic cooperation relationships with major long-term partners (Viettel Corporation, Saigon Newport Corporation, Vietnam Helicopter Corporation, State Capital Investment Corporation SCIC, Shinsei Bank, Ageas, etc.) and develop/establish comprehensive/strategic cooperation with many other prestigious corporations, groups, and organizations in various fields (postal services - VNPost, ViettelPost; aviation - Vietnam Airlines; education - Hanoi National University, Foreign Trade University, Banking Academy, University of Commerce; health care - K Hospital, Vietnam Vaccine Joint Stock Company VNVC, Hospital 198 - Ministry of Public Security; real estate - NovaLand, SunGroup, Dat Xanh Group, etc.), bringing about many prospects for business development, expanding customer base and value chain, generating higher value for MB's shareholders and customers.

During the year, the BOD approved the establishment of the bank with 100% MB's capital in Cambodia based on changing the legal status of MB Cambodia branch and adjusting the Overseas Investment Registration Certificate. (Up to now, the Prime Minister has approved in writing the adjustment of the overseas investment policy to adjust the Overseas Investment Registration Certificate for the project). To ensure the long-term effectiveness of the project, the BOD advocated finding a joint venture partner who would receive the transfer of a part of MB's capital in MB Cambodia after having completed the organization and business operations plan and orientation for the bank of 100% MB's capital in Cambodia for the next 5 years.

2.1.6. On the search, engagement, and implementation of merger/consolidation, restructuring/ supporting of credit institutions and credit funds according to the State's policy on restructuring credit institutions

With the goals of implementing the Government's policy, the State Bank, and seeking opportunities for rapid growth and market expansion to bring about development, increasing business efficiency for MB, generating benefits for shareholders and in implementing the orientation of GSM, the BOD directed to seek and research opportunities to participate in the restructuring of a credit institution, supporting several People's Credit Funds according to the policy of the Government and the State Bank. Based on the instructions of the management authority, MB established a Steering Committee, a Project Implementation Committee to evaluate the feasibility and effectiveness of the credit institution restructuring plan, and coordinated with other entities to carry out the appropriate procedures. The BOD submitted to the GSM for consideration and approval of Mandatory transfer plan as stated in Report No. 198/TTr-MB-HĐQT dated 04/04/2022. At the same time, during the year, MB participated in supporting liquidity for 02 People's Credit Funds under the Resolution of the GSM, the policy/orientation of the BOD, legal regulations, and internal regulations of MB.

2.1.7. Regarding investment in critical projects to improve MB's image and brand

In 2021, the BOD directed to prioritize investing capital into developing MB's office buildings in key and potential economic areas; to actively search for a suitable location; and to negotiate a plan to invest in an office building in the Southern Region around Ho Chi Minh City (Due to the strong fluctuations of the real estate market in the region, MB has not completed the negotiation of the transfer agreement). During the year, MB has renovated, repaired, and upgraded the existing office buildings of the Bank and its subsidiaries. The BOD reported to the GSM on the policy to continue to search for suitable investment opportunities, which would help increase MB's efficiency, image, and brand in 2022 (including finding a location and investing in the office buildings in the South of MB around Ho Chi Minh City or other suitable and effective areas).

2.1.8. Remuneration and operating budget for the BOD, BOS and members of the BOD and BOS

Members of the BOD and the BOS were entitled to remuneration, salary, bonus and other benefits based on their performance and the Bank’s business results, to ensure that the use of remuneration funds and operating budgets for the BOD and BOS was within limits approved by the GSM in 2021 and in compliance with MB’s Charter and regulations, MB’s internal regulations on salaries/remuneration, and relevant current regulations.

2.2. Results of directing the implementation of governance and executive tasks:

2.2.1. Directing the implementation of the Bank's Development Strategy

2021 is the last year of implementing the 2017-2021 Development Strategy, after more than 2 years of efforts and determination, with proactive and flexible solutions to overcome the effects of the Covid-19 pandemic, adapt to the focus on Digital Shift, and save costs, MB has made a substantial transformation on the market while sticking to its direction of "**Becoming the most convenient bank**," and completed the strategic goal of being "**TOP 5 in terms of business efficiency and safety**" with business, scale, and efficiency indicators seeing solid growth. To be specific, after 5 years: Total Assets increased ~2.3 times (from more than VND 256 trillion in 2016 to more than VND 607 trillion in 2021); The number of customers raised more than 4 times; Outstanding loans increased by 2.64 times; Deposits increased 2.26 times; PBT increased ~ 4.5 times (35.3%/year on average); ROE growth was impressive (from 12.55% in 2016 to 23.5% in 2021); The average NPL ratio over the years was strictly controlled at ~ 1.1%. With the achieved results, MB continued to affirm its position and rose to TOP 4 in terms of deposit scale and PBT in 2021 among peer group.

The synchronous and drastic implementation of 4 key shifts (Digital transformation, Enhancing customer relations, executing outstanding risk management, Enhancing operational efficiency of subsidiaries) has helped MB create significant imprints. AppMB and BizMB platforms attracted an extraordinary number of customers on the market (the scale of customers converting to using MB's digital channels reached over new 6 million people, exceeding the strategic target with digital media transaction rate equivalent to that of top banks in Asia). The quality of customer relationships has been improved as demonstrated by the increased productivity of RMs in all three segments, Retail, SME, and CIB, and customer satisfaction was consistently above 80%. MB was one of the first banks to meet Basel II standards, applying many credit risk measurement models in professional activities, and effectively managed information technology risks and digital banking. MB has consolidated its corporate governance model, in which MB was the parent company managing the Group; Profits of subsidiaries grew strongly (Total PBT of subsidiaries in 2021 was more than 7.4 times higher than in 2016) and contributed significantly to the Group's profit.

2.2.2. On organizing the operations of the BOD and the Committees, and enhancing corporate governance capacity

2019 - 2024 MB BOD includes 11 members, consisting of 10 non-executive members (6 full-time) and 1 independent member, ensuring the organizational structure conform with the law. The BOD organized and assigned tasks to members based on promoting the capacity and experience of each member, following the provisions of law (in which the independent BOD member was assigned to be a Risk Management Committee member and provide opinions on all matters submitted to the BOD). Members of the BOD made great efforts to implement and complete the tasks in accordance with the regulations of and plans assigned by the GSM; and coordinated well with the BOS and the BOM in high level management - administration - supervision, helping to improve the operational efficiency of MB and their subsidiaries.

In addition to actively coordinating with the BOS to organize comprehensive/ spot/ thematic inspection and audit programs in MBGroup, the BOD communicated regularly with the BOM, MB's representatives at MB subsidiaries and problem solving units to support them promptly to meet business operation’s needs. During the year, meetings of the BOD and Committees of the BOD were held quarterly. The BOD operated a mechanism in which discussion and polling were held regularly to promptly resolve issues under their authority. Committees of the BOD (Senior Management Committee, Risk Management Committee, and Human Resources Committee) also held regular/urgent meetings to timely advise/consult the BOD on relevant issues. (In 2021, the BOD, Committees, and Councils of the BOD held 32 meetings and 48 polls in a document format[3]). In addition, the Chairman and members of the BOD actively played their roles and spent much time working directly with MB units to evaluate the operational situations accurately and the give orientation/direction in accordance with actual situations. In the context of the pandemic, the BOD has been proactive and flexible in the way they organized their operations, applied technology and platforms to ensure information safety and security, abiding by regulations to carry out critical tasks and programs as planned (organizing online meetings, digitizing the rotation of reporting documents, etc.).

Training to update knowledge and improve governance - executive capabilities was emphasized by the BOD. Due to the context of the Covid-19 pandemic, in 2021, MB's BOD mainly attended several intensive online training courses related to banking administrative activities organized by reputable domestic and foreign partners. Some members of the BOD, BOS, and several Equity Representatives at MB's subsidiaries have participated in the following training programs: “In-depth for Company Secretary”, “BOD Certification”, “Optimizing the effectiveness of the Online GSM”, “Dissemination of the Code of Corporate Governance according to best practices" Webinar…. The Bank and subsidiaries has actively coordinated to organize seminars on corporate risk management, some with prestigious Big 4 strategy consulting firms (Mc Kinsey, BCG, Deloitte…) to research and discuss the development of the Growth Strategy for 2022 -2026. The programs have provided MB's BOD and senior managers with up-to-date information and knowledge on corporate governance and development trends in the digital era and the changing world.

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[3] *List of Resolutions/Decisions of the BOD in 2021 and Reports on transactions between MB, its subsidiaries, and companies that MB had control over, and members of the BOD and their relatives; Transactions between MB and a company whose BOD member was a founding member or director of the business, which was disclosed in MB's report on corporate governance in 2021 (publicly posted on MB's website in Investor section)*

MB’s administrative activity was highly praised: According to the **sustainable development assessment** results conducted by HSX in collaboration with PwC **for listed companies in 2021, MB achieved an average score of 71%** (higher than 64% in 2020) and entered **Top 20 enterprises with the best sustainability indicators** on the market.

2.2.3. Focus on building and developing human resources

Under impacts of the pandemic, the BOD oriented that the priority in human resource management would be given to specific areas (Information Technology, Digital Banking, Risk Management); further application of Robotics into core processes, and perfecting the features of CRM, BPM, CMV systems to improve labor productivity. During the year, the BOD directed the evaluation and arrangement of senior personnel at MB and subsidiaries to be in line with the Strategy and new business models; developed a team of high-ranking personnel /heads of units who were highly capable; built a human resource that were qualified, dedicated and ready to response to challenges; and directed the planning and development of TOP 50, 100. At the same time, the BOD directed the completion and perfection of essential regulations/policies on human resources (Policy on Human Resource Management, Regulation on emulation and rewards, Regulation on salary and remuneration...); focused on cohesive policies to help employees feel secured to devote and contribute to the organization through the implementation of remuneration mechanisms to support employees in the pandemic setting and insurance schemes for employees and their relatives; and the pioneer in deploying voluntary retirement funds for employees. In 2021, MB was honored as "Asia's Best Place to Work" voted by HR Asia.

2.2.4. Improve risk management capacity, striving towards best governance practices and guidelines of the State Bank of Vietnam

MB strictly complied with legal and the State Bank’s regulations, strictly managed the safety limits as prescribed, and ensured sustainable and effective development. MB’s NPL ratio was well controlled compared to the industry average: While the NPL ratio of the overall banking system in 2021 was 1.90%; MB's NPL ratio by the end of 2021 was 0.68% (lower than 2020 NPL ratio of 0.92%), and the Group's NPL ratio in 2021 was 0.9% (lower than that of 1.09% in 2020 and the target level of 1.5% assigned by the GSM). MB made adequate provisions. The Provision/NPL ratio was consistently high and reached ~349% (in the high group of the market). The Consolidated CAR was 11.2%, with the Bank’s CAR being 11% (higher than SBV regulations of ≥8%). These helped prepare the financial resources to prevent and offset any risks arising from the customers’ side. During the year, the BOD approved the methodology to build models to estimate LGD (for both retail and non-retail segments) and EAD (for retail segment); and approved the VaR limit of the self-trading portfolio; consolidated/adjusted the Regulations on Debt Classification and Provisions. MB's Risk Management Policy was in line with advanced risk management models that helped strengthening barriers to prevent/identify and minimize risks in all aspects of operations. The BOD oriented and the BOM organized credit activities in 2021 following the Directive No. 01/CT-NHNN dated January 7th,2021, to ensure safe, sustainable, and compliant MB operations; The Risk Management Committee cooperates closely in supervising all aspects of the Group's activities.

2.2.5. Improving technology capacity to respond to digital transformation promptly

To invest in the digital shift to become "The most convenient bank" and to strengthen the capacity of the Group’s IT infrastructure system, in 2021, the BOD approved using the Science and Technology Development Fund to invest in infrastructure for science and technology activities at MB, and directed the implementation of plans for procurement of solutions to deploy Cloud computing infrastructure platform (Private Cloud Computing), and solutions to deploy data mining technology infrastructure platform (DSB) and artificial intelligence (AI), to deploy Metadata and

ODS system, and to upgrade the Core application infrastructure from 2021 - 2023 and DR for database synchronization solution. The Bank's IT system was stable, and the IT capacity could satisfy up to 20 million customers. With the implementation of more than 200 technology development projects, service quality had continuously improved (The capacity of concurrent transaction processing systems such as App, Viettel Pay, NAPAS... was on average 4-5 times higher than in 2022, and the successful transaction rate was over 99% - the best on the market).

3. Monitoring results of the Board of Management

In 2021, all operational aspects undertaken by the Chief Executive Officer and members of Board of Management were carried out in alignment with the direction and orientation of the BOD and compliance with the law. The Bank's governance capacity has been improved, making some positive breakthroughs when implementing strategic shifts. Coordination among members of the system was focused on promoting cross-selling, providing product and service packages to customers, and taking advantage of the economy of scale and the ecosystem of the Group.

In 2021, MB's BOD actively performed their governance and executive roles in accordance with their commitments to the GSM. MB maintained internal stability, managed risks in an effective manner, maintained strong solidarity among the group, complied strictly with provisions of the law, ensured a safe and continuous business operation system, and was viewed as a bank with many activities for the community, who joined hands to prevent and control COVID-19 pandemic. MB administrative activity was highly praised: **MB maintained its position in the TOP 30 biggest enterprises in Vietnam and was in the Top 20 enterprises with best sustainable development indicators on the market (measured by HSX in collaboration with PwC); was honored to receive the Certificate of Merit and the Emulation Flag from the State Bank of Vietnam and Hanoi People's Committee, and the "Exemplary Bank for the Community in 2021" award by the Vietnam Banks Association (VNBA) in collaboration with the International Data Group in Vietnam (IDG Vietnam) …**

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PART II: 2022 DIRECTION FOR OPERATIONS

1. The context:

In 2022, the global economy is forecasted to grow at ~4%. There is tremendous inflationary pressure due to supply chain disruptions as a result of social distancing/staff shortages when the Omicron variety has penetrated most countries; the Russia-Ukraine conflict is pushing up fuel prices and transportation costs; climate change is causing extreme weather patterns that affect food supplies. Vietnam's GDP is forecasted to recover with the growth rate of 6% - 6.5%, and inflation is to be restrained at below 4%. The State Bank of Vietnam continues to actively, flexibly, and synchronously operate monetary policy tools to ensure macroeconomic stability, supporting recovery of the economic growth, and increasing loans by ~14% while keeping interest rates low.

According to an analysis by Mc Kinsey, Covid - 19 has accelerated many new trends, reshaped the flows of finance, trade, and investment, and created many challenges and opportunities for long-term economic recovery. The gap between the TOP 5 banks is narrowing. Small-sized banks compete fiercely with high profit growth targets, and most banks are all pursuing digital transformation. Competitors outside the industry include large technology companies. Fintech is actively engaging in payment services, money transfer, insurance distribution, and even lending. Mobile Money will bring about payment technology that are beyond the present ways, creating a turning point for the country's digital transformation progress, promoting cashless payments, and developing comprehensive financial development.

2. Operations orientation:

In such a context, the BOD selected Mc Kinsey as a consultant in evaluating the results of implementing the 2017 - 2021 strategy and developing the Strategy for the new period (including objectives, Strategic KPIs, initiatives and a roadmap to implement initiatives in phase structure design). Based on the successful foundations of 2017 - 2021 Strategy and Mc Kinsey’s consultation, the BOD approved MB Financial Group Strategy and the strategic orientation of subsidiaries for 2022 - 2026, planned goals and shaped strategic initiatives to capitalize on future disruptive opportunities. In 2022, MB starts implementing 2022 - 2026 Strategy with ambitious goals, including being among "**TOP 3 in terms of efficiency, towards TOP ranking in Asia**", with the Vision of "**Becoming a Leading Digital Enterprise and Financial Group**", accompanied by the operating motto of "**Digital Acceleration - Customer Engagement - Corporate Synergy - Safety and Sustainability**" and the Core Values of "**Solidarity - Discipline - Dedication; Execution - Trust - Efficiency**."

MB develops strategic financial indicators to achieve a higher growth than the industry average, with Revenue and Profit in 2026 is expected to increase 2.5 to 3 times higher comparing with 2021 following flexible scenarios, in line with the market situation. The 2022 plan is tightly connected to the Strategic Targets of the scenario in which Covid-19 pandemic is controlled and the economy recovers; in which the Group's profit before tax is ~ VND 20,300 billion, an increase of 23% compared to 2021 (in the second scenario with difficult macroeconomic developments, PBT is planned around VND 19,000 billion, increasing 15% compared to 2021).

To take advantage of the opportunities to grow rapidly in scale compared to the current growth rate, as well as to consolidate and upgrade MB’s position in the market, MB will seek, select and implement the plan to accept management transfer of 01 Credit Institution, according to the guidelines and orientations of the Government, the State Bank and resolutions of the GSM. With quality resources and experience in successfully implementing several restructuring plans, with the advocate and supports of the Government, the State Bank, and the determination and consensus of all employees; MB expects to successfully implement the plan of Mandatory Transfer, opening up opportunities for MB to accelerate from 1.5 to 2 times the growth rate of assets, credit, network, contributing to early completion of the strategic goal of serving over 20 million customers.

To realize the development goal of the new phase, MB will implement a comprehensive Digital Shift with a mindset of operating as a Digital Enterprise along with new digital application business models based on the Agile and Design Thinking methods to be implemented intensively across the whole Group. The BOD will research and innovate the way to organize the –governance and executive activities of the BOD. The BOD' Committees will strive towards sound governance practices, increasing the application of technology to support the operation of processes, handle internal affairs promptly and effectively, especially during periods of social distancing, and orient the deployment throughout the system.

MB continues to update and apply advanced management practices of the market, perfect and develop the financial group model, including the Bank, MB's subsidiaries in Vietnam (including implementing the plan of mandatory transfer according to the policy of the Government) and in foreign countries (based on converting the model of a branch in Cambodia into a fully owned bank or joint venture or joint stock in Cambodia; research investment/ business cooperation models in other countries) and affiliate companies to unify the goals of digital transformation, business growth, and competitiveness improvement, enhancing the brand name of MB and MB Financial Group.

MB will continue to focus on investing in building brand value at the regional scale; investing intensively in people, innovate creative and achieving technical mastery to create sustainable competitiveness; strengthening organizational innovation, ensuring existing infrastructure to achieve the needs of centralized data management and exploitation; building an integrated journey, synergistically creating substantial growth in Revenue, optimizing cost-effectiveness... thereby, increasing the values of the corporation. The bank and its subsidiaries focus on building a group-wide integration journey to differentiate experiences and improve cross-selling; expand and develop the Digital ecosystem with diverse partners, including: E-commerce, Telecommunication/Payment, Passenger transportation, Health care, Education,…

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With the challenging business goals in 2022, in the context with a large number of expected challenges in the global economy, the BOD, the BOS and the BOM make efforts to find new chances and research appropriate solutions for accomplishing the business and development goals. MB is committed to ensure maximum benefits for partners, shareholders and customers, to stabilize shareholder structure, to implement benefits for shareholders in accordance with the law; and to deploy the solutions in order to strengthen long term financial capacity, constantly improve service quality with the aim of bringing more convenient solutions and adding more value to partners, shareholders and customers; meanwhile, constantly support the community in difficulty especially during the adaptation to the new normal after the pandemic.

After 27 years of continuous development, MB believes that, along with the trust and support of shareholders, the uniformity in the executive directions of the BOD, the BOS, the BOM and the effective and enthusiastic support of relevant agencies, departments, customers, and the striving spirit and solidarity of the employees, with the ambitious vision and initiatives, innovation and sustainable business, MB is determined to achieve the strategic goals of the new period, to be among Top 3 most effective enterprises, aiming at the top ranking in Asia.

Wish you all health, happiness and success!

Recipients:

– Shareholders;

– BOD/BOS;

– Archived: BOD' Office, Planning Department.

ON BEHALF OF BOARD OF DIRECTORS

CHAIRMAN

(signed and seal)

Le Huu Duc