No.: 1510/MB-HS

SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness

Hanoi, April 05th , 2021

REPORT OF THE BOARD OF MANAGEMENT ON 2020 BUSINESS PERFORMANCE AND 2021 BUSINESS PLAN

To: - All shareholders;

PART I: BUSINESS PERFORMANCE IN 2020

In the context that the world economy is heavily affected by the Covid pandemic, Vietnam's economy becomes a bright light with the step-by-step operational changes in the new normal, completing the dual goal of economic growth and disease control. GDP in 2020 increased by 2.91%, the lowest level in the period 2011 - 2020, but among the countries with the highest growth in the world, CPI ~ 3.23%. Social investment reached VND 2,164.5 trillion, increased by 5.7% compared with the previous year and equal to 34.4% of GDP.

Total payment instruments increased by 12.56% compared to the end of the year (2019 ~ 12.1%), deposit growth increased by 12.87% (2019: ~ 12.48%), credit growth reached 12.13% (2019: ~ 12.14%). In 2020, the State Bank of Vietnam cut policy rate three times to remain the exchange rate stable.

MB implemented the 2020 business plan to pursue the goal of "Top 5 commercial banks in terms of operational quality and efficiency, and leading in digital applications", to follow the operating motto "Consolidation of the foundation, digital transformation; comprehensive, effective and sustainable growth", and to proactively implement many supporting solutions for businesses affected by the epidemic. The 2020 business results are as follows:

1. Business results in 2020

Unit: Billion dong

No.	Indicators	PLAN IN 2020	RESULT IN 2020	Compared to 2019	Compared to the plan in 2020
1	Total assets	Increased by ~8%	494,982	120.3%	Exceeded
2	Charter capital	Increased by ~18%	27,988	118.0%	Compliant with the plan
3	Deposits from customers	Satisfactory	355,751	121.7%	Exceeded
4	Credit growth	Increased by ~12%	325,713	122.9%	Exceeded
5	NPL	Up to 1.9%	1.09%	2019 ~ 1.2%	Exceeded
6	Profit before tax	Decreased by ~10%	10,688	106.5%	Exceeded
	Profit before tax bank only)		9,698	104.4%	Exceeded

No.	Indicators	PLAN IN 2020	RESULT IN 2020	Compared to 2019	Compared to the plan in 2020
7	Dividend payment ratio	11% - 15%	Expected ~35%		Exceeded

In the context of the Covid pandemic, MB has innovated business models to adapt to new normal, focus on comprehensive digital transformation, cost reduction, safe business growth, and overfulfil the plan set forth by the 2020 Shareholders' Meeting: Total assets increased by 20.3% compared to 2019, exceeding 11% of the annual plan; consolidatedprofit before tax reached VND 10,688 billion, up by 6.5% compared to 2019, exceeding 18.9% of the annual plan; the bank's profit before tax reached VND 9,698 billion, up by 4.4% compared to 2019. The Group’s NPL was 1.09%; the Bank’s NPL was ~ 0.92%; NPL coverage ratio reached ~134% for the Group, and ~ 158,9% for the Bank.

MB always complies with safety limits as prescribed by the State Bank of Vietnam (SBV) such as LDR 72.27%, the ratio of short-term funding used for medium- and long-term loans is 31.6% (≤ 40% as regulated by the SBV), consoliadated CAR ~10.42% (≥ 8% as regulated by the SBV). MB resumes a place in the Top commercial banks with highest ROE and ROA, ranks 4th for asset size and 5th for profit before tax in the commercial banking industry (up 1 compared to 2019), credit rating B+ according to Fitch’s credit ratings.

Subsidiaries actively implement many business solutions to maintain their position in the market: MB Group remain TOP 1 bank in bancassurance sales; MB Securities Joint Stock Company is among TOP 3 banks in investment banking revenue; MIC - Military Insurance Corporation takes a place in TOP 6 companies with largest market share of non-life insurance; MB Capital Management Joint Stock Company reached the TOP 5 companies in terms of profitability; Mcredit - MB Shinsei Financial Limited Liability Company ranks TOP 4 consumer finance markets in terms of outstanding balance. Total profit reached ~ VND 1,418.8 billion, increased by ~19.4% compared to 2019.

2. Executive management

MB has proactively implemented many flexible business solutions during the Covid pandemic, supporting customers in difficulties due to Covid and promoting credit development in stable industries and sectors. Credit growth reaches ~23%. The retail is prioritized to develop with the growth of outstanding balance in retail of 29.2%.

Many reasonable capital mobilization solutions have been applied, such as focusing on digital platforms, creating many features on MBBank App, attracting nearly 2 million new users, more than 2.3 times compared to 2019, and achieving good growth of non-term capital mobilization. Total non-term capital mobilization is ~VND 127,313 billion, ranked 2nd in casa size among joint stock banks, increased by 22% compared to 2019.

MB is a pioneer in digital transformation with 2 digital platforms: MBBank App for retail and Biz MBBank for SMEs to make the customer’s transactions convenient during social distancing and digitalization trends in the sector of banking and finance. Features on the App is accelerated to develop, i.e. 1 new feature for 2 weeks on average. With the investment and improvement of the capacity of IT infrastructure, the bank is a pioneer in applying new technologies such as eKYC - online customer identity, RPA (Robotics Process Automation), Cloud Computing, AI - artificial intelligence, SDDC (Software-Defined Data Center), Bigdata ... which brings business and governance advantages to the bank.

Many marketing programs with high efficiency, especially digital marketing, are promoted.

The project of business model transformation has been continuously performed, focusing on improvement of customer experience and service quality through digital platforms. Nearly 30 Smart Bank in Hanoi & Ho Chi Minh are put into use, together with 100 cash recycling machines (CRM), 50 ATMs, creating more transaction channels for customers.

Automated appraisal and approval model for retail products are applied to reduce ~50% of total amount of time. Robots (RPA) are used for 19 processes, saving 70% - 80% of resources for some manual jobs.

5 digital transformation initiatives are deployed in cooperation of IBM partners: sales intelligence, operational intelligence, smart risk management, data intelligence and flexible information technology with 22 key projects, which are considered as the backbone for MB in the next 5 years.

Human resources and performance-driven management must be improved. The attractive new forms of remuneration are added to increase the employee engagement throughout the system. New technologies and learning methods in the digital age such as Micro Learning, Edu – web, MB Smart Learning App, V-class virtual classroom, etc. are applied. MB has started to run the Learning and Creatives Center (LCC) in the Southern region under a completely new model and is preparing to open the LCC in the Northern region in the second quarter of this year.

MB’s new headquarter at 18 Le Van Luong is put in operation. MB’s politics and culture have still been remained and developed. Over 56 social security programs, charity and community activities with total amount of ~ VND 70.5 billion have been actively conducted.

3. Shortcomings and limitations to overcome

Strong investment in IT infrastructure must be accelerated to meet the increasing needs of business development in the coming years. Human resources with knowledge of technology, digital banking must be added.

All the operations of banks and companies must be connected and synchronized to promote the advantages of the group ecosystem, and enhance cross-selling.

The market capitalization is still lower than MB's potentiality and development scale, despite a 32% increase in 2020.

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PART II: BUSINESS ORIENTATION IN 2021

1. Overall situation

The epidemic is gradually being controlled in many parts of the world and also in Vietnam. The world economy is forecasted to grow by 5- 5.5% in 2021. Vietnam's economy is forecasted to recover strongly and accelerate from the second quarter, GDP growth of 6.5%, average CPI of 4%. Some industries such as real estate, FDI, consumer finance, retail, import and export, transportation, logistics have good growth rate and the digital trend continues to thrive in 2021.

The SBV continues to operate monetary policy in the cautious way to ensure the stability of interest rates, support the companies and the economy. Credit growth target is ~12%. SBV issued the Circular No. 03/2021/TT-NHNN amending and supplementing a number of articles of the Circular No. 01/2020/TT-NHNN on debt rescheduling, exemption or reduction of interest and fees, retention of debt category to facilitate Credit Institutions to assist borrowers affected by Covid-19 pandemic and taken effect from May 17, 2021. SBV regulations on capital adequacy come into effect in 2021.

2. Orientation for implementation of the plan in 2021

The goal of **“maintaining Top 5, striving for Top 3 in terms of quality and business efficiency, leading in digitalization**”.

Pursue the vision of **"MB becomes the most convenient bank"**, striving for the goal of **"No. 1 in digital platforms, among Top 3 of retail banks in Vietnam"**.

The operation motto of **"Digital acceleration, Breakthrough in retail sector; Safety–Efficiency"**

Plan-oriented indicators

No.	Indicators	Plan 2021
1	Total assets	Increased by ~11%
2	Charter capital	Increased by ~38.2%
3	Deposits from customers	Compliant with the need to use capital
4	Credit growth	Compliant with SBV growth quota (~ 10 - 11%)
5	NPL	Up to 1.5%
6	Profit before tax	Increased by ~20% ~ VND 13,200 billion

(*) In the context that the Covid 19 pandemic is not controlled yet, indicators of the 2021 plan are around ~10%.

3. Key solutions in 2021

Complete the strategy for the period of 2017 – 2021 and build a new business strategy, creating an outstanding advantage on digital platform. Build and implement a model of dynamic banking and finance group, creating a sustainable ecosystem of 20 million loyal customers.

Make a comprehensive digital transformation for banking. Build a culture of innovation, startup spirit, labor productivity breakthrough, digital transformation andcustomer attraction.

Boost the attraction of new customers and retention of customers on digital platforms, with a growth rate of 2-3 times higher than in 2020. Complete 2 digital platforms: MBBank App and Biz MBBank to lead the market.

Continue to invest strongly in IT, digital transformation, capacity of IT infrastructure system of the Group. Apply Robotics to core processes (credit, international payments, LC, etc.).

Continue to build and develop MB Group, including MB, MB's subsidairies in Vietnam and overseas (based on conversion of the Branch into a 100% foreign owned bank or joint venture in Cambodia), and the affiliates in order to achieve digital transformation, business growth, enhance competitiveness and reputation of MB, subsidairies and maximize the Group's advantages.

Complete the features of CRM systems – Smart RM, BPM, CMV to improve labor productivity, reduce service time, increase customer experience, optimize processes.

Drastically implement the solutions for strong growth in revenue and tightly control the risks. Increase the intelligence of risk management systems (credit rating model, default probability (PD), financial crime risk management (FCRM), capital adequacy assessment process (ICAAP), etc.

Continue to apply the models to manage risk, NPL, minimize the effects of NPL and restructure of Covid pandemic from 2020. Maintain the credit quality throughout the Group.

Promote digital marketing, increase MB brand awareness, particularly in the Southern region. Actively seek and open the MB’s headquarters in Ho Chi Minh City to spread MB's image and brand here. Plan and improve the efficiency of multi-channel network, especially Smart Bank self-service channel.

Strengthen MB’s cultural values to keep teams together, enhance solidarity, discipline, and promote collective strength with MB's own cultural identity. Maintain political stability.

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In 2020, with the unexpected impact of the Covid 19 pandemic, MB has timely changed, proactively implemented many innovative business solutions and has successfully accomplished the goals that have been approved by the General Meeting of Shareholders. On behalf of the Board of Management, nearly 15,000 MB staff, I would like to express my deep thanks to the SBV, the Ministry of Defense, the relevant agencies, shareholders, customers and partners of MB for their support in the past.

2021 continued a year with many difficulties and challenges in the new normal and many new opportunities as well, MB is looking forward to continuing to receive the support of the SBV, the Ministry of Defense, the relevant agencies, shareholders, customers for MB's development plans and solutions in 2021.

I wish you all health, happiness and success!

Recipients:

- DIRECTOR;

CHIEF EXECUTIVE OFFICER

(Signed & Sealed)

- BOD/SB;
- Archived: Science and Technology Department, Planning Department

Luu Trung Thai