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SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom - Happiness

Ha Noi, 14th June 2020

REPORT OF CEO ON BUSINESS PERFORMANCE IN 2019 AND BUSINESS PLAN FOR 2020

Attention to: - Shareholders;

PART I: BUSINESS PERFORMANCE IN 2019

In the context of global economic and trade decline, the socio-economy of Vietnam achieved many positive results: GDP growth in 2019 reached 7.02% exceeding the plan, the average CPI in 2019 only increased by 2.79% under the plan at 4%, which was the lowest average increase in the past 3 years. The trade surplus was over 11 billion USD. The SBV managed the monetary market stably, foreign exchange reserves increased (~80 billion USD); exchange rate, gold price were controlled stably. Credit growth of the whole market was nearly 13.65%. Non-performing loans of the industry were 1.63%, reaching the control target of less than 2% of the State Bank.

Military Commercial Joint Stock Bank (MB) implemented the 2019 plan with the motto "**Efficiency, Strong, and Sustainable Developmen**t", focused on implementing business objectives, implementing strategic solutions according to the plan set out in early 2019, and achieved the following results:

1. Business performance in 2019

Unit: VND billion

No	Indicators	2019 Plan	2019 Results	Compared to 2018	Compared to 2019 Plan
1	Total assets	Increase by 11%	411,488	111.3%	Exceeded
2	Charter capital	Increase by 20%	23,727	109.8%	Under
3	Deposits from customers	Increase by 12%	292,409	119.8%	Exceeded
4	Loans and advances to customers	Increase by ~15%	264,920	118.6%	Exceeded
5	Non-performing loan ratio	<2%	1.16%		Exceeded
6	Profit before tax	Increase by	10,036	192.2%	Exceeded

		23%			
	Of which Bank's separate result	*Increase by 19%*	*9,286*	132.1%	Exceeded
7	Dividend payout ratio (*)	~ 14%	~15%		Exceeded

(*) Dividends for fiscal year 2019 results

MB successfully fulfilled 2019 business targets assigned by the General Meeting of Shareholders. Total assets reached VND 411,488 billion, up 13.6% compared to 2018. Consolidated profit before tax reached VND 10,036 billion, up 29.2% compared to 2018, exceeded nearly VND 500 billion compared to the plan, belonged to Top 10 Enterprises on the stock exchange with the largest profit. NPL of the group was close to 1.16%, of which the bank's non-performing loan was less than 0.98%. The efficiency indicators such as ROE reached ~ 21.79%, and MB was among the most efficient bank in Vietnam banking system.

Business quality and all safety limits were well controlled, aligned with Government's regulations, such as, CAR at ~ 10.12% (Cir No.41), the ratio of short-term funds used for medium and long-term loans ~ 32.32% (SBV regulations at ≤ 40%), Liquidity Reserve ratio ~ 20.68% (minimum requirement of SBV ~ 10%). The bank's position has been enhanced, ranked A by SBV (the highest standard), and the B + according to Fitch's international rating.

The subsidiaries were also well managed and performed aggressive growth. Total profit before tax of the subsidiaries reached VND 1,114 billion, up 53% compared to 2018. Positions of companies were well-maintained: MB Ageas Life was the first company in life insurance, which had gross profit of VND 205 billion after 3 years of operation, ROE ~ 19.6%; MBS ranked TOP 5 in terms of brokerage market share with PBT reached ~ VND 288.6 billion and ROE ~ 14.7%; MCredit maintained in top 4 market share with PBT reached VND 180.7 billion and ROE ~ 12.7%; MIC - Military Insurance Company completed increasing its charter capital and completed the listing registration application on HOSE, PBT reached 176.7 billion dong, ROE ~ 11.5%; MBC fund management company ranked Top 2 in terms of profit of VND 73 billion, ROE ~ 14.9%; Gross profit of MBAMC reached VND 190 billion, ROE ~ 17.3%.

2. Corporate Management

Business strategies and initiatives

MB implemented strategic projects for the period of 2017-2021, ensured progress and efficiency: the project of modernizing information technology (IT); development of

AppMB and BizMB; risk management model (Scoring, PD ...); training project according to new methodology; loyalty customer program - MB Stars.

MB launched many outstanding initiatives which are customer-centered such as: SME care by MB model for SMEs; IB model capital structure for large enterprises and projects; Private banking model - cooperated with Bordier in providing specialized Swiss high-class banking services for high-class and priorities customers in Vietnam ... Total operating income increased by 26.2% compared to 2018, ranking no. 2 in term of revenue growth in banking system.

Business development approached in a balance manner between corporate and individual customers. With corporate customers, MB maintained a strategic relationship with the Top 100 major customers in energy, logistics, electronics, telecommunications ... and developed more than 50,000 new small and medium customers (SMEs). Focused on retail development with the growth of individual outstanding loans was 25%, the proportion of individual outstanding loans accounted for 40.5% of total outstanding loans of MB.

Moreover, MB made breakthrough investment to digitize banking operations with over 65% of transactions undertaken via digital channels. Implemented the project of modernizing IT infrastructure with IBM consultancy lasting 5 years; developed AppMB and BizMB - 2 important platforms for Individual and Corporate Banking with top transaction quality and high speed.

Cross-selling of products and services among the MB Group had positive changes, which revenue from insurance business increased 1.5 times compared to 2018. MB ranked TOP 1 of the whole market in terms of premium revenue through Bancas channel. MB's market share in card services was expanded rapidly and consistently. Net fee income accounted for ~ 13% of MB's total income, continuously growing over the years.

Last but not least, in 2019, MB had a significant change with the new brand identity system, which inherited from traditional values and reflected new meaning of smart banking services, confident and ready to connect. For the first time, MB's brand was ranked in the Top 500 most valuable banking brand globally and ranked 386. Investment was effective for marketing activities, especially Digital Marketing.

Risk Management

MB continued to strengthen risk management according to Basel 2, improved organization management with 3 lines of defense (according to Resolution 13). MB had applied digitization in risk management models and completed the automatic credit rating model A and B scores.

MB focused on developing and strengthening employee's capacity and paying salary based on labor productivity and KPIs. In 2019, professional and standardized training were conducted for important titles such as relationship managers (RMs), tellers, customer advisory officers, credit support officers, credit appraisal officers. The total personnel of the group reached 15,691 people, an increase of 458 employees compared to 2018.

Investment in technology infrastructure was drastically carried out, by deploying over 70 projects, meeting the needs of business development, especially digital business model and digital transformation of the bank. MB focused on ensuring information security, achieved and maintained prestigious international certificates for 03 consecutive years: PCI DSS, ISO 27001 and ensuring compliance with TT18 / NHNN.

Moreover, MB continuously implemented streamlining the credit process for individual and corporate customers; non-credit process (card issuance, account opening, savings ...). Almost all internal transactions in the operation, appraisal, approval process (BPM), administrative (M-Office) were digitalized. 100% retail banking officers were equipped with the Smart RM tool (App) to sell products and services to increase productivity and customer experience.

Improving service quality, standard service quality levels were built and applied throughout the system, from branch to transaction offices, ATM and CDM channels.

Finally, MB also maintained internal political stability and corporate culture, as well as actively participated in social security, charitable activities, sharing hands with the community with the amount of VND 136 billion. In 2019, MB was honored to receive the First-class National Protection Medal and many other prestigious awards.

3. Shortcomings and Limitations

- It is necessary to accelerate investment in IT infrastructure to keep up with the development of revolution 4.0. Strong investment in IT human resources is highly important.

- Synchronously connecting business activities among the bank and subsidiaries to promote corporate advantages, increase customer experience.

- The strategy to increase capital for the corporation to ensure capital for growth, while keeping strategic shareholders' stability.

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PART II: BUSINESS ORIENTATION FOR 2020

1. New context

In 2020, the Covid-19 pandemic has caused a shock to the global economy and changed social behaviors deeply. Global GDP is forecasted to have a negative growth, in which many countries and regions may suffer from prolonged recession. Central banks of countries cut their basic interest rates sharply and implemented many packages to support businesses and workers. The price of oil and raw materials has dropped sharply and it has been unpredictable.

Accordingly, GDP of Vietnam is expected to decrease from 1.5% -2.5%, which the target is about 4.5% - 5.4% and the inflation is tightly controlled at about 4%. The SBV manage monetary policy instruments, ensures liquidity, stabilizes exchange rates, and reduces interest rates. Commercial banks are deploying many preferential credit packages with interest rates reduced from about 0.5% to 2%, implementing the structure of debt payment term, while maintaining debt groups in order to support customers under guidance by the Central bank. Credit growth in the first months of the year was lower than the same period, credit risk and provision expenses are highly increased.

MB has implemented a large number of solutions to respond to the Covid-19 pandemic since February 2020, to ensure continuous and safe business for customers, employees, branches and transaction points throughout all over the system.

2. Business target in 2020

MB will continue following its goal **“Top 5 Commercial Banks in term as of business efficiency and safety”**, with key strategic actions focusing on “Consolidating platform, Promoting digital business, comprehensive, efficient and sustainable growth”.

Business Plan:

No.	Indicators	2020 Plan
1	Total Assets	Increase by 8%
2	Charter Capital	Increase by 18% (VND 27,988 billion)
3	Deposits from customers	Growth consistent with the need to use of capital
4	Loans and advances to customers	Increased by 12% (as regulation of SBV)
5	Non-performing loan ratio	Maximum at 1.9%
6	Profit before tax	Decrease by 10%
7	Dividend payout ratio	Expected from 11% to 15%

3. Key solutions

Stick to the strategic plan for the period of 2017-2021, deploy strategic projects to 2021. Prioritize IT modernization projects with IBM, digitize transformation of banking operations.

Credit growth will be selective, strictly control credit quality. Preferential interest rate credit packages, customer support policies will be implemented under the direction of the Government and the State Bank of Vietnam. Actively assess the customer portfolio, implement the structure (debt repayment term, debt group, interest rate exemption and reduction ...) helps businesses to recover production.

Applying credit rating model, probability of default (PD), estimation of expected loss ratio (LGD), value of default risk (EAD), model of liquidity gap , interest gap, continuous business management model (LDC, RCSA, KRI ...) to speed up document processing, effective risk management.

Regarding funding cost, efforts will be made to reduce funding costs from 0.2% - 0.3%.

Promote cross-selling models of products and services between MB and subsidiaries and deploy digital solutions to support cross-selling.

Complete the digital banking business model, attract new customers and encourage customers to use digital channels and electronic transaction channels.

Continue to effectively implement business models for each customer segment such as community banks, SME care, value chain / industry-based banking models, IB, Private banking, Bancas, Credit Cards, Family Banking.

Plan and design key products on AppMB and BizMB for Individual, SME, convenient process to reduce transaction costs, transaction time, create a good experience for customers.

MB pays attentions to develop the human resource effectively, gradually streamline the apparatus, focuses on maintaining and retaining quality personnel, increase productivity. MB applies innovative technology in personal training and operates 02 Learning Centers in Hanoi and Ho Chi Minh City efficiently.

Optimize branch/transaction network system to reduce costs. Prioritize the digitization of transaction flows at the Branch via automated banking channels such as ATM, CDM, Auto-bank. Besides, more solutions to ensure customers safety will be implemented.

Digital transformation of internal tasks such as record keeping, administration on M-Office, improve process on BPM, use Smart RM tool in dealing with customers.

Invest in Digital Marketing platforms to increase value and brand recognition of MB Group.

Focus on effective cost management such as saving operating cost and non-urgent expenses.

Reinforce MB's cultural values, create team cohesion, solidarity and discipline, promote the collective strength with MB's own cultural identity. Maintain political stability.

MB’s cultural values will be encouraged to create teamwork, solidary and discipline, MB will bring into full play the collective strength of MB with its own cultural identity. MB would maintain political stability.

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In 2019, MB has fulfilled the targets assigned by General Meeting of Shareholders. On behalf of the Board of Management and MB staffs, I would like to express sincere gratitude to SBV, the Ministry of Defense, relevant agencies, Shareholders, Customers, and Partners of MB for supporting MB throughout the years and hope to receive further supports and guidance from SBV, Ministry of Defense and cooperation from all of you in the future.

In 2020, the sudden impact of the Covid-19 in the first half has created a new normal for the World, Vietnam and commercial banks. Although The Board of Management is proposing a business plan in new context and very challenging situation, which may lead to a 10% profit decrease compared to 2019. However, that does not necessarily mean the bank is slowing down rather it means the bank is prioritizing safe and sustainable development and it also means the bank is strengthen the foundation factors in preparation for higher growth in the following years. We hope all shareholders agree, support and prepare for faster and more solid development in 2021.

I would like to take this opportunity to wish you good health, happiness and success!

Recipients:

- *Shareholders;*
- *BOD Chairman;*
- *BOD/SB;*
- *Archives: Planning and Administrative Department.*

CHIEF EXECUTIVE OFFICER

(Signed & Sealed)

Luu Trung Thai