

No: 2267/CV-VPB

Hanoi, 8th August 2022

*Explanation about changes in profit after tax
between 1H 2022 and 1H2021*

To: - State Securities Commission of Vietnam
 - Ho Chi Minh Stock Exchange

Letter of explanation about change in profit after tax between 1H2022 and 1H2021

1. **Organization:** Vietnam Prosperity Joint Stock Commercial Bank (“VPBank”)
2. **Stock symbol:** VPB
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6. **Detailed explanation:**

Pursuant to Circular No. 96/2020/TT-BTC dated November 16, 2020 of the Ministry of Finance on guidelines on information disclosures on securities market, Vietnam Prosperity Joint Stock Commercial Bank would like to explain the consolidated and standalone business performance 1H2022 as follows:

The standalone profit after tax of the bank in 1H2022 was VND 12,159,370 million, which grew by VND 2,214,593 million, equivalent to 22.27% year-on-year growth; the consolidated profit after tax of the bank and its subsidiaries in 1H2022 was VND 12,240,898 million, increased by VND 5,022,725 million, equivalent to 69.58% year-on-year growth, due to the following:

	<i>Increase/(decrease)(VND million)</i>	
	<u>Standalone</u>	<u>consolidated</u>
Increase in NII	2,755,795	2,001,640
Increase in NFI	680,902	714,815
Decrease in net income from FX and gold trading	(151,110)	(213,082)
Decrease in net income from trading securities	(290,896)	(305,091)
Decrease in net income from held-to-maturity securities	(1,120,097)	(1,119,085)
Increase in other net income	6,951,000	7,368,811
(Decrease)/increase in income from equity investment	(3,560,663)	9,654
Increase in OPEX	(463,064)	(1,106,426)
Increase in provision	(1,141,876)	(1,065,664)
Change in profit before tax	<u>3,659,991</u>	<u>6,285,572</u>
Change in corporate income tax	<u>(1,445,398)</u>	<u>(1,262,847)</u>

Change in profit after tax	<u>2,214,593</u>	<u>5,022,725</u>
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The change of the standalone and consolidated profit after tax in 1H2022 from the same period last year were mainly due to the following:

- The standalone NII increased by VND 2,755,795 million (up 28.25%) mainly because the lending interest income of the parent bank increased by VND 3,225,068 million while its interest expense only increased by VND 1,172,065 million; the consolidated NII increased by VND 2,001,640 million (up 10.91%) which was lower than the increase in the standalone NII because of the decrease in interest income and other similar sources of income of the subsidiaries.
- The standalone net income from held-to-maturity securities was VND 519,232 million, decreased by VND 1,120,097 million (equivalent to 68.33%) year over year;
- The standalone net income from other activities rose VND 6,951,000 million (up 712.81%); The consolidated net income from other activities increased by VND 7,368,811 million (up 691.89%);
- The standalone provision expense increased by VND 1,141,876 (up 36.91%) and the consolidated provision expense increased by VND 1,065,664 million (up 12.32%). Provisions were made based on the customers' loan balance and debt bucket as per the regulations on the debt classification and their provision of the State Bank of Vietnam effective as of the reporting time, inclusive of additional provision according to Circular No. 03/2021/TT-NHNN dated April 2, 2021 of the State Bank of Vietnam amending and supplementing a number of articles of the Circular No. 01/2020/TT-NHNN on debt rescheduling, waiver or reduction of interest and charges, and loan retention in debt buckets in order to help their clients affected by the Covid-19 pandemic.

Because of the aforementioned reasons and changes in net income from other activities, the total operating income of the bank alone in 1H2022 reached VND 23,054,920 million and the total consolidated operating income of the bank and its subsidiaries reached VND 31,556,084 million; the standalone profit before tax reached VND 15,190,855 million and the consolidated profit before tax reached VND 15,322,906 million. The standalone profit after tax reached VND 12,159,370 million, increasing by VND 2,214,593 million, equivalent to 22.27% and the consolidated profit after tax of the bank and its subsidiaries reached VND 12,240,898 million, increasing by VND 5,022,725 million, equivalent to 69.58%.

We hereby certify the truthfulness of the information stated above and take full responsibility before the law for the disclosed information.

**Vietnam Prosperity Joint Stock
Commercial Bank**

CHIEF EXECUTIVE OFFICER

(signed)

Nguyen Duc Vinh

