

VNDIRECT Earning Release 4th Quarter 2021

Hanoi 20 Jan 2022 – VNDIRECT Securities Joint Stock Company (HOSE: VND) reports performance highlights as of 4Q 2021.

Business results in 4th Quarter 2021:

Q4/2021 profit before tax grew 199% yoy to VND 911.88bn; meanwhile net profit soared 203% yoy to VND 724.58bn.

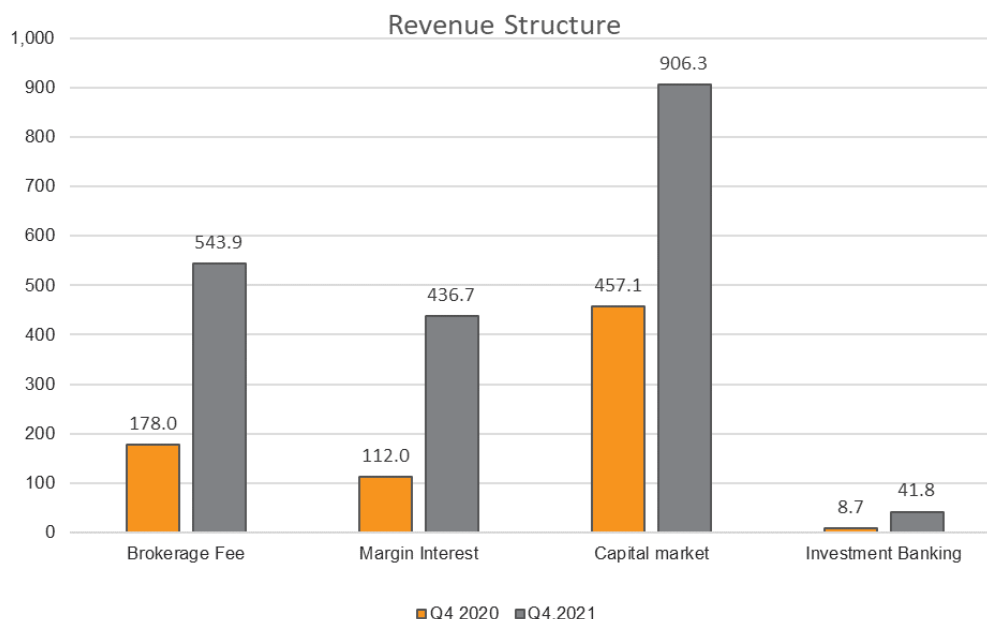
Since Q3/ 2020, the Vietnam stock market has experienced strong growth in terms of transaction volume as well as the number of new investor accounts. As the result, VNDIRECT has also recorded a substantial jump in earnings. Over the past 1 year, VNDIRECT's revenue growth has exceeded 150% for 4 consecutive quarters and is among the top securities companies in Vietnam.

The performance in Q4/2021 details as following:

- **Securities services:**
 - o **Brokerage fee:** revenue increased to VND 543.86bn (205.62% yoy). In Q4/2021, VND 's brokerage market share at HOSE was 7.46%, slightly decreased from 7.72% of the previous quarter. Despite the increasing competition among the brokerage industry, VND is still growing and ranked as top 3 in the industry.
 - o **Margin interest:** posted VND 436.73bn in Q4/2021 revenue (growth of 311% yoy). Margin lending outstanding balance was VND 15,473bn, +229% FY2020. VND 's average margin lending yield was estimated at 15.48% in Q4/2021; slightly higher than that of 12.16% seen in Q3/2021. In spite of the decline of overall market deposit rates and the increasing competition among brokerage firms, VNDIRECT still managed to maintain margin lending yield.
- **Investment banking (IB)** recorded VND41.66bn in Q4/2021 revenue (380.84% yoy). Due to the characteristics of IB activities, the revenue recognition depends on each particular project progress, so the revenue will be distributed uneven between quarters and the fourth quarter of 2021 is lower than the third quarter of 2021. Still, overall 2021 is a successful year for the Investment Banking segment, when the total revenue of the whole year reaches 256.19 bn.
- **Capital Market:** reached VND 906.32 bn in Q4/2021 revenue (growth of 98% yoy).
 - o **Investment in fixed-income & HTM:** posted outstanding assets at VND 15,866 bn. Notably, the investment balance in listed bonds surged +244% FY 2020 to VND 1,150bn, while the investment in unlisted bonds increased +416% FY 2020

to VND 3,274 bn. Certificate of deposit possesses of VND 5,829bn increased 188% yoy. Meanwhile, HTM assets increased to VND 5,612bn, +17% FY 2020.

- **Prop trading & Assets for hedging Cover Warrants:** The equity investment balance soared +109% yoy to VND2,021bn as of 4Q2021.



(Source: VNDIRECT FS Q4 2021)

Among the 4 main income streams, Margin lending and Investment Banking are the two businesses with the highest growth rates, contributing to improve the company's position in 2021. Along with the development of the above two groups, VNDIRECT has always maintained a firm stance on long-term development orientation and professional risk management policies.

VNDIRECT has reduced the balance of expected loss for the margin lending portfolio from 37 billion dong in 2020 to nearly 25 billion dong. At the same time, the balance for risk provision is more than 115 billion, 5 times higher than the required provision as prescribed. This is the general provision that the Company automatically makes in addition to the regulations, which is determined at 0.75% of the total loan balance (excluding the specific provisioning balance).

	Expense in 2021 (Million dong)	Balance in 31/12/2021 (Million dong)
Specific provision	(12.044)	24.880
Collective provision	80.847	115.865

TOTAL	68.803	140.745
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VNDIRECT strictly complies with the principle of margin lending as prescribed by the State Securities Commission: Lending per share does not exceed 50% (equivalent to initial margin ratio not lower than 50%) calculated on a daily reference price. The company has also developed and implemented quantitative risk models to decide the appropriate lending level, especially for stocks with weak intrinsic value that only lend at 20% - 30%.

Below are few examples, in which representing identical groups of industries that are being applied the above risk management policy:

Stock Symbol	Industry	Proportion over total outstanding	Loan price	Closing price 31/12/2021	The no of consecutive floor-down sessions hit the loan price	Possibility
CII	Real estate investment services	0.8%	10000	46400	21	Very Low
FLC	Real estate investment services	0.3%	5000	18000	17	Very Low
VCG	Materials and construction	0.8%	25000	51700	9	Low
STB	Banking	2.7%	15500	31500	9	Low

FY21 FINANCIAL HIGHLIGHTS.

Based on the performance of 4Q2021, VNDIRECT's Management lifted the target for FY21.

Detail of lifted targets are as following:

Key metrics (VND Billion)	FY 2020 Performance	Initial approved 2021 plan	Revised 2021 plan	Actual 4Q 2021 Performance	Exceed plan
Total operating income	2,134	2,556	3,951	5,776	46.19%
Profit Before Tax	853	1,100	2,000	2,734	36.70%
Profit After Tax	685	880	1,600	2,178	36.13%

VNDIRECT achieved VND5,776bn in revenue (growth of 150% over the same period) and VND2,734bn in pre-tax profit (up 220% yoy); surpassed the revised plan of VND2,000bn for the whole year, equivalent to 136.7% of the revised plan.

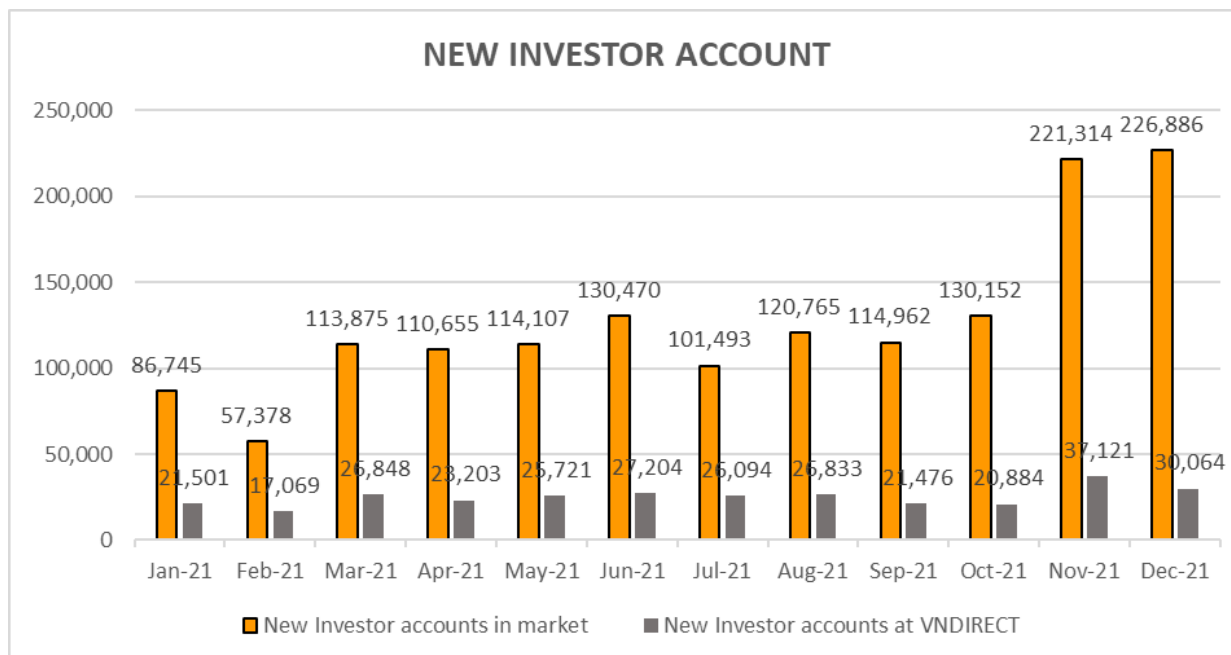
As at end 2021, VNDIRECT's total asset was VND 36,850bn, expanding 146% compared to that of FY20; to be the 2nd largest brokerage firm in terms of assets. Market capitalization was VND 35,665bn as at 31 Dec 2021; making VND to be the 2nd largest listed brokerage firm.

The profitability has improved significantly in 4Q2021. VNDIRECT's ROAE (TTM) was 32.49% in 4Q2021, much higher than that of 19.44% in FY2020. Furthermore, ROAA (TTM) improved to 8.41% in 2021 from 5.14% in FY2020.

Q4/ 2021 Performance highlights:

1. Customer Highlights

4Q 2021 has witnessed the rally of retail investor participants. Riding on this trend, the number of new accounts (since FY 2020) at VNDIRECT climbed to 304,000, possessing in average 21% of the entire industry's new accounts. By end-Q3/2021, total accounts of VNDIRECT reached 708,000. Total NAV is at USD 8.4bn.



Source: Vietnam Securities Depository

2. New Awards for VNDIRECT.

In the fourth quarter of 2021, VNDIRECT was honored as one of Top 10 Banking and Financial Services brands in Vietnam at the event "Vietnam Strong Brand Awards 2020-2021" which was organized by Vietnam Economic Magazine. With the theme "Overcoming challenges", the award recognizes businesses that have demonstrated their ability to adapt respond, sustain and grow during the Covid-19 pandemic.

Besides, VNDIRECT is among in the Top 50 prestigious public companies in 2021 according to the survey and assessment of Vietnam Report Joint Stock Company (Vietnam Report) in collaboration with VietNamNet newspaper (Ministry of Information and Communications). The company also ranked in the Top 3 listed companies which are highly appreciated by Financial Institutions in the IR Awards 2021 program. The award honors public firms that have been stable financial situation, good business performance and the brand is trusted by many investors and they have actively contributed to the overall development of the stock market in recent years.

3. Human Resources activities

VNDIRECT accompanies British University students at BUV Online Career Fair 2021

BUV Online Career Fair 2021 was successfully held on September 30 and October 1, 2021 and Job fair event attracted 2000 BUV students and alumni and direct connections with 36 Employer Belonging to the leading enterprises in the country with interesting job opportunities.

Participating in the program, VNDIRECT has given BUV students the opportunity to:

- Experience VNDIRECT's online recruitment process for hot positions.
- A team of career consultants in accordance with orientation and capacity
- Share how to compose “catchy CV” to conquer employers.
- The program takes place in an online form through the Virtual Fair Platform.

VNDIRECT signs a Frame Agreement with Hanoi Banking Academy

Morning of October 26, 2021, at the Hall of Banking Academy, the signing ceremony of a comprehensive cooperation agreement between VNDIRECT Securities Joint Stock Company and Banking Academy took place.

Accordingly, the two sides committed to cooperate in a number of key areas such as: knowledge sharing programs, practical skills on financial/investment service for students; career orientation, internship, recruitment, scientific research and human resource training...

Mr. Do Ngoc Quynh, Acting General Director of VNDIRECT (is Vice President of The Board) said that the goal of improving the digital capabilities of Banking Academy is in line with the strategy of digitizing service processes and customer experience at VNDIRECT, this is a foundation for co-operation activities between the two sides, especially in the field of quality human resource.

VNDIRECT launches the program to find potential candidates for Technology Division

The event kicked off on November 29, 2021, the Fresher - GEN DEV 2021 training program is a recruitment and training activity for talented students in the Technology sector in Hanoi, organized by VNDIRECT. Accordingly, final year students, graduate students majoring in Information Technology, Computer Science, Information Security, Finance - Investment or equivalent is able to apply at VNDIRECT.

At the end of the program, the best performing students will be offered to work directly at VNDIRECT. Program information: <https://gendev.vndirect.com.vn/>