

No.: 07/2022/TTr - HDQT

Hanoi, March 31<sup>st</sup>, 2022

**SUBMISSION TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS**

***Re: The results of the 2016-2020 Development Strategy and the orientation of the 2021-2025 Development Strategy of Bao Viet Securities Joint Stock Company***

**To: General Meeting of Shareholders of Bao Viet Securities Joint Stock Company**

*Pursuant to:*

- *Law on Enterprises No.:59/2020/QH14 dated June 17th, 2020;*
- *Bao Viet Securities Joint Stock Company's 12th Amendment and Supplement to the Company's Charter;*
- *Bao Viet Securities Joint Stock Company's Internal Regulations on corporate governance.*

The Board of Directors (“**BOD**”) of Bao Viet Securities Joint Stock Company (“**BVSC**”) hereby submits to the General Shareholders’ Meeting (“**AGM**”) The results of the 2016-2020 Development Strategy and the orientation of the 2021-2025 Development Strategy:

**1. Results of the 2016-2020 Development Strategy:**

Pursuant to Resolution No. 02/2016/NQ-DHDCD dated May 12<sup>th</sup>, 2016 of the 2016 Annual General Meeting of Shareholders on the approval of the 2016-2020 strategic plan; and Resolution No. 01/2017/NQ-DHDCD dated June 27<sup>th</sup>, 2017 on changing a number of contents in the 2016-2020 strategy, the BoD would like to report to the General Meeting of Shareholders on the results of the implementation of the 2016-2020 Development Strategy, specifically as follows:

**1.1. Macro-economic context – securities market for the period 2016-2020**

- *Macro-economic context:* The 2016-2020 period witnessed many major changes in the political-economic environment that had great impacts on Vietnam's economy, such as: geopolitical conflicts and increasing trade tensions; competition among the world's leading economies, increasing geopolitical risks and territorial disputes; waning momentum of the world economy after the shocks from the UK's departure from the EU; China's growth deceleration after a rapid-growing cycle; the global effect of the pandemic towards all economies; Countries around the world simultaneously loosened monetary policies from the second half of 2019, lowering interest rates. In Vietnam: GDP growth in the 2016-2020 period was at an average rate of 6.01% p.a, which was high compared to other economies; The government maintained the stability of inflation and



exchange rate fluctuations, greatly contributing to the macroeconomic stability. From 2016 to 2020, Vietnam's interest rate level continuously decreased and by the last month of 2020, the 10Y G-bond interest rate was only 1/3 of that of the end of 2015. Along with that, the deposit interest rates were at a 10-year low. In addition to deposit and lending rates, bond interest rates (also a form of capital mobilization), margin lending on the securities market, committed interest rates of insurance contracts... etc, all lowered accordingly. Low interest rates had a large and positive impact on the development of the securities market.

- *Context of the securities market (“SM”)*: From 2016 to 2020, the indexes experienced good growth, specifically VnIndex which had expanded by 90.64% from the end of 2015 to the end of 2020, equivalent to a compound annual growth rate of 13.77% p.a. The promotion of new listing of large stocks, along with the growth of the market helped the market capitalization surge from VND 1.35 quadrillion at the end of 2015 to VND 5.35 quadrillion at the end of 2020. Market capitalization/GDP ratio occasionally exceeded 100% of GDP, and was equivalent to 85% of GDP at the end of 2020. Market liquidity improved sharply from an average of VND 2,546 billion/session/day in 2015 to VND 7,396 billion/session/day, equivalent to an increase of 190% in 5 years. Derivatives market officially came into operation with many new products appearing. In addition to traditional products on the underlying market such as stocks and bonds, recent new products such as futures contracts on the VN30 index, covered warrant products were launched on June 28<sup>th</sup>, 2019; With the strong development of domestic ETF certificates, these certificates had made connections with foreign investors.

## **1.2. Results of the 2016-2020 Development Strategy:**

### **1.2.1. Achieved results:**

- For financial goals: BVSC successfully completed the set strategic goals for the period 2016-2020, specifically:
  - + Average revenue growth reached 16%, equivalent to 177% of the set target (9%)
  - + Average growth in PAT: 7%, equivalent to 108% of the set target (6.5%)
  - + Average ROE: 7%, completed 100% of the set target
  - + Average ROCC: 17%, equal to 154% of the set target (11%).
- For the purpose of expanding the network and business area: BVSC established 01 more transaction office in Ho Chi Minh City in 2017. Its operation has been stable so far.
- For the purpose of perfecting the governance model: BVSC completed the transformation to a centralized governance model, and at the same time established 03 Committees under the Board of Directors, meeting the standards of corporate governance. following the corporate governance code issued by the State Securities Commission and approaching good practices in the market according to ASEAN regional standards.



- For the implementation of the proprietary trading strategy that is flexible and suitable for each period: BVSC met the set targets, especially in 2020 before the impact of Covid 19. The company made flexible adjustments and timely response to market developments.
  - Promoting consulting services: The company successfully completed the set goals, in the period from 2016-2020 BVSC was the consultant for the most prominent deals in terms of deal value, depth and professional complexity. The company was continuously honored as an outstanding consulting firm at the annual M&A Forum.
- 1.2.2. **Existing objectives:** The company had not been able to implement the plan to increase charter capital set out in the 2016-2020 period and had not reached the target of becoming one of the TOP 5 companies in terms of market shares of stocks & ETF certificates.

## 2. Orientation and strategic goals for 2021 - 2025

Based on the forecasts of market trends & development orientation of the securities industry in the Government's restructuring project to 2025; BVSC conducted analysis of strengths, weaknesses, opportunities and challenges from 2021 to 2025, the BOD would like to submit to the General Meeting for approval of a number of strategic orientations and objectives for the period of 2021-2025, specifically as follows:

### 2.1. Strategic objectives

#### - General goal:

The Company (“BVSC”) maintains its position as a leading securities company (“SEC”), providing diversified securities services on a digital platform..

#### - Detailed goals:

- + Top 10 SEC in terms of market shares for stocks & ETF certificates.
- + Top 05 SEC in terms of market share for bonds trading.
- + Becoming an outstanding consultant on Vietnam's securities market (“SM”) in the field of equitization, M&A, divestment.
- + By 2025, striving to be capable of providing 100% of online transactions for customers, and provide diversified integrated financial services on digital platforms for the Bao Viet ecosystem.

#### - Financial goals

- + Average growth of realized revenue in the period 2021-2025 reaches 10%-15% p.a.
- + Average growth of PAT in the period 2021-2025 reaches 7%-8,5% p.a.
- + Average growth of realized PAT in the period 2021-2025 reaches 6.5% p.a.
- + Average PAT/Owner’s Equity ratio in the period 2021-2025 reaches 6.4% p.a.
- + Average PAT/Charter Capital ratio in the period 2021-2025 reaches 18% p.a.



## 2.2. *Orientation of key solutions*

- *Product orientation:* Focus on developing financial products based on technology. Developing integrated financial products based on the advantage of product ecosystem (insurance - banking - finance) in Bao Viet Holdings.
- *Customer orientation:* Aiming for providing services to all customers in the entire ecosystem of Bao Viet Holdings, providing asset management services for the middle class.
- *Information Technology (IT) orientation:* Investing in IT system to have a user-friendly transaction APP with various utilities. Building financial products based on technology, applying e-KYC technology to open online accounts, enhancing risk management when the system connects with data platform providers, placing orders independently (OPEN APIs); connecting to online payment channels.
- *HR development orientation:* Forming & developing projects with knowledgeable and experienced personnel in the fields of portfolio management and personal asset management. Recruiting and building a team to design robotized and algorithm-based trading products. Building a team for SALE and PR, specializing in approaching and expanding the young customers base belonging to the Y & Z generations. Investing extensively in training and HR development activities at the leadership, management and staff levels./.

The BOD respectfully requests the General Meeting of Shareholders to consider and approve the orientations and objectives of the 2021-2025 Development Strategy; and authorize the BOD to adjust the orientation and objectives of the 2021-2025 Development Strategy to ensure that it is consistent with the context of the stock market; conditions and actual business activities of BVSC in the period of 2021-2025. In case there are adjustments to the orientation and objectives of the 2021-2025 Development Strategy, the BOD is responsible for reporting these adjustments at the nearest General Meeting of Shareholders.

For the General Meeting of Shareholders consideration and approval.

*Yours sincerely./.*

### **Recipients:**

- *As mentioned above;*
- *Archive, Secretariat*

ON BEHALF OF BOARD OF  
DIRECTORS  
CHAIRMAN



Nguyễn Hong Tuan