

**VIETCREDIT FINANCE JOINT  
STOCK COMPANY**

No: 232/2025/VietCredit-BC

**SOCIALIST REPUBLIC OF VIETNAM  
Independence - Freedom - Happiness***Hanoi, 3 Apr 2025*

## **BOARD OF MANAGEMENT REPORT ON BUSINESS PERFORMANCE RESULTS IN 2024 AND BUSINESS PLAN IN 2025**

The Chief Executive Officer presents to the Annual General Meeting of Shareholders (AGM) the business performance results in 2024 and the business plan in 2025 as follows:

### **I. BUSINESS PERFORMANCE RESULTS IN 2024**

#### **1. Business environment in 2024**

In 2024, Vietnam's economy recorded significant growth, with GDP increasing by 7.09%, reaching 476.3 billion USD, higher than the 5.05% rate in 2023. In 2024, exports increased by 14.3% to 405.53 billion USD, while imports increased by 16.7% to 380.76 billion USD, leading to a trade surplus of 24.77 billion USD.

2024 marked a positive turning point in the recovery and growth of the Vietnamese economy.

In 2024, the State Bank of Vietnam continued to implement flexible monetary policies to maintain favorable conditions for businesses and people. Specifically, the bank implemented 03 operating interest rate adjustments, amount to reduction of 1% to 1.5%/year. These adjustments not only helped reduce financial pressure for credit institutions but also encouraged the reduction of lending interest rates, thereby directly supporting production, business, and consumption activities.

In 2024, consumer lending activities showed signs of strong recovery compared to the previous year. The growth rate of consumer lending reached about 4.5% compared to the end of 2023, reflecting the increased consumer's confidence in consumer finance products. Despite many challenges, the non-performing loan ratio in consumer credit was maintained at a controlled level at around 3%, thanks to effective monitoring and risk management measures from financial institutions.

Thanks to a series of economic support policies and flexible adjustments by the State Bank, Vietnam's GDP growth in 2024 is estimated to reach about 7.09%, exceeding the 5.05% rate in 2023. This growth was driven by significant improvements in production, investment, and economic restructuring with a focus on developing key industries, along with a good recovery in import and export activities.

Overall, 2024 presented a positive economic picture with effective monetary policies, improved consumer credit activities, and strong GDP growth, marking a solid step forward for the Vietnamese economy on the path of integration and sustainable development.



## 2. Business performance results in 2024

VietCredit's business results in 2024 are as follows:

Unit: Million VND/%

Indicators	Plan 2024	Actual 2024	Actual/ Plan 2024
Total assets	6.333.763	8.163.104	129%
Total mobilized capital	5.209.801	7.016.853	135%
Credit balance for customers	5.183.092	6.299.656	122%
Profit before tax	51.057	-155.668	-305%
NPL	12,90%	5,02%	161%
Total operating income	1.645.000	1.019.527	62%
Operating expenses	706.227	466.826	66%

**Compared to the 2024 plan, overachieved indicators include the following:**

- **Total assets** recorded **8.163** trillion VND, reaching 129% of the 2024 plan and increasing by 19.2% compared to the same period in 2023.
- **Total mobilized capital** recorded nearly **7.017** trillion VND, corresponding to the business scale and reaching 135% of the plan; increasing by 21.9% compared to the end of 2023.
- **Credit balance for customers** (after W/O) by the end of 2024 recorded **6.300** trillion VND, reaching 122% of the plan; increasing by 36.3% compared to the end of 2023.
- **The non-performing loan (NPL)** ratio of the entire portfolio after W/O is **5.02%**.
- **Operating expenses** recorded **466** billion VND, reaching 66% of the plan, decreasing by 19% compared to the same period last year due to restructuring and streamlined operation and cost reduction.

**Underachieved indicators include:**

- **Total operating income (TOI)** reached 1,019 billion VND, achieving only 62% of the 2024 plan due to: In process of restructuring the business model from traditional lending products to digitalised approach, VietCredit closed all its client-facing networks nationwide from June and halt disbursement on traditional channels starting from September, resulting in a continuous sharp decrease in outstanding consumer loans through domestic credit cards in 2024, leading to a corresponding decrease in interest and fee income. Digitalised lending have grown strongly since November 2024, but in such short period, its contribution to total operating income is limited.
- **Profit before tax (PBT) in 2024** recorded a loss of 155 billion VND: The positive growth in outstanding loans of the DLC digital business center and its effective operating costs



management has yet to immediately offset the decrease in total operating income from traditional lending products. This is the main reason why VietCredit incurred loss in 2024 and did not meet the assigned plan.

- **Minimum Capital Adequacy Ratio (CAR) and Liquidity Coverage Ratio:** VietCredit complies with the regulations in Circular No. 23/2020-TT-NHNN dated 2020-12-31, risks are strictly managed, bringing financial stability, supporting safe and effective business operations.

### 3. Results of 2024 operational management

2024 continued to be a challenging year but also opened up many opportunities for the global economy in general and Vietnam in particular. With the recovery of the global supply chain, along with the flexible management policies of the Government, the Vietnamese economy has made positive progress. However, pressure from inflation, high capital costs, and complicated developments in the international financial market still pose significant challenges to domestic business activities. In the consumer finance sector, credit demand has shown signs of recovery, but has not yet returned to the high growth rate as in the pre-pandemic period. According to the Vietnam Banks Association (VNBA), the disbursement rate of consumer loans in 2024 has improved compared to the previous year, but there are still many difficulties in controlling bad debts and improving asset quality.

In that context, VietCredit continued to maintain a flexible adaptation strategy to overcome market fluctuations. The company has promoted digitalization in operating processes, optimized financial technology to improve operational efficiency and enhance customer experience. At the same time, VietCredit focuses on strict risk management, flexibly adjusting the credit portfolio to ensure financial safety in a volatile period. Besides, the company continues to invest in human resource development, specialized in training, and enhancing competitiveness to be ready to seize opportunities in the following years. These efforts have helped VietCredit not only stabilize operations but also create a solid foundation for sustainable development in the future.

- **Digital Lending Center (DLC):** DLC was established on 2024-05-10. After 06 months of operation, the outstanding balance of digital loans - DLC as of 2024-12-31 recorded 1,155 billion VND, accounting for 18.3% of the total portfolio outstanding loan balance. Digital loans will continue to grow strongly and is expected to account for a large proportion of the total outstanding balance in 2025. DLC's business results contributes positively, confirming that the strategy in changing in business model is heading to the right direction. In 2025, with the improvement of technology, expansion of channel, and diversification of products, profits from digital loan products will make a breakthrough and play a leading role in the Company's overall business results.



- **Technology Application Activities:**

- IT will be a strategic focus, promoting comprehensive digitization, operational optimization, and enhancing the digital financial experience. The security system is upgraded to international standards such as ISO 27001, PCI DSS, and applies real-time cybersecurity monitoring to detect and handle risks promptly.
- VietCredit focuses on IT human resource development with specialized training programs in AI, Cloud, Cybersecurity, DevSecOps, combined with competitive compensation policies to attract talent. IT infrastructure is upgraded with Disaster Recovery and High Availability solutions to ensure stable system operation, building a Data Warehouse to optimize data storage and exploitation, and restructuring the system for flexible integration with digital partners.
- The company also promotes process digitization, applying RPA to automate operations, exploiting AI, Machine Learning, Big Data, and LLM in data analysis, credit scoring, and customer demand forecasting. With this orientation, VietCredit commits to improving operational efficiency, information security, and providing a modern and optimal financial experience for customers.

- **Bad Debt sold to VAMC and Debt settlement under the Restructuring Plan: In 2024, the Company actively handled debts sold to VAMC and debts under the Restructuring project with a total collection amount of 35,308,854,644 VND. Details are as follows:**

- Thong Nhat Sheet Steel Joint Stock Company (TNFS): 35,308,854,644 VND, higher than the 15,000,022,920 VND collected in 2023, thanks to closely following customers' business plan and cash flow to have the best debt recovery plan.
- Ngan Trung Trading Service Co., Ltd.: The company repurchased the debt from VAMC due to TPĐB VAMC B-0519951 due on 2024-12-24. At the same time, the company used the provision with the amount of 13,000,000,000 VND after buying the debt from VAMC.
- Med-Aid Cong Minh Joint Stock Company: The company hired an organization specializing in asset auction to carry out the debt auction procedures. It is currently in the process of handling the auction procedure.

- **Debt Selling Activities:** In 2024, the Company sold overdue debts with a total outstanding balance equivalent to 1.259 trillion VND (original outstanding balance equivalent to 747 billion VND), generating 332 billion VND in revenue.

- **Human Resources Activities:**

- Closely following the Company's business orientation, the Human Resources Management Department has proactively consulted and adjusted the organizational structure and personnel policies suitable for each development stage.

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- In the Digital Transformation orientation, HR has implemented personnel restructuring to optimize the workforce and improve labor productivity. As of 2024-12-31, the total number of employees is 210, a decrease of 981 people (82%) compared to the same period in 2023. Although the number of employees decreased by 85%, labor productivity and total disbursement have increased significantly, surpassing the previous direct sales model.
- In addition, HR has proposed restoring and supplementing basic welfare regimes to motivate and encourage employees to stay with and accompany the Company on its sustainable development journey.

## **II. BUSINESS PLAN IN 2025**

### **1. Business Environment in 2025**

Based on the global and domestic economic situation, along with forecast analysis reports from domestic experts, the Board of Directors identifies some challenges for business operations in 2025 as follows:

#### **a. Domestic and international production and investment situation, interest rates, exchange rates, and inflation**

##### **Global:**

Globally, concerns about a US economic recession are increasing, impacting Asian markets. US bond yields have fallen sharply, leading to expectations that the Federal Reserve (Fed) will cut interest rates this year. However, the Organisation for Economic Co-operation and Development (OECD) advises central banks to be cautious about lowering interest rates as inflation in the service sector remains persistent.

##### **Domestic:**

- In the first two months of 2025, the free USD exchange rate increased by nearly 3% and continued to reach a new high. The main reason is the difference in monetary policy between the US Federal Reserve (FED) and the State Bank of Vietnam (SBV). The FED maintains high interest rates to control inflation, while the SBV applies a flexible monetary policy to support economic growth. According to KBSV's forecast, the exchange rate at the end of 2025 could reach about 26,000 VND/USD, a 2% increase compared to 2024.
- Import and export activities in the first two months of 2025 showed positive signs. Total export turnover increased by 8.4% over the same period in 2024, with the US continuing to be Vietnam's largest export market. Key commodities such as computers, electronic products, and components achieved the highest export value, although down 17.4% compared to the previous month, reaching 6.05 billion USD.



- However, in February, Vietnam recorded a rare trade deficit of 1.55 billion USD, mainly due to a 40% increase in imports and a 25.7% increase in exports compared to the same period last year.
- Foreign direct investment (FDI) inflows into Vietnam remain stable. In 2023, realized FDI reached 23.18 billion USD, a 3.5% increase compared to the previous year.
- This trend is expected to continue in 2025, with many new projects licensed in manufacturing and high-tech sectors.
- Inflation is forecast to remain stable in 2025. Prices of staple goods remain stable thanks to a secure supply and moderate consumer demand, despite an increase in the minimum wage. The National Assembly approved the decision on wage reform in 2024, and the Government continues to maintain fiscal stimulus packages to support the economy. The essential consumer goods sector is expected to benefit from domestic consumer demand, as the consumer confidence index begins to recover.
- Deposit and lending interest rates are forecast to remain low and stable. However, the economy's capacity to absorb capital remains uncertain and has not shown clear signs of improvement compared to 2024, due to the slow recovery in credit demand.

#### **b. Consumer demand**

Consumers continue to tighten spending, prioritizing essential needs such as healthcare and education, and continuing to limit spending on luxury goods (mobile phones, travel, clothing, jewelry, etc.).

## **2. Business orientation in 2025**

### **a. 2025 Business Plan**

To respond flexibly in operational management, the Board of Directors has developed a business scenario for 2025 with the policy of boldly experimenting with major changes under strict, continuous, and timely control. Urgently change the organizational structure to thoroughly reduce operating costs.

The proposed scenarios for 2025 are as follows:

*Unit: million VND, %*

<b>Metrics</b>	<b>Actual 2024</b>	<b>Plan 2025</b>	<b>Growth 2025/2024</b>
Total assets	8.163.104	12.505.735	53,20%
Total mobilized capital	7.016.853	10.975.455	56,42%
Outstanding loan balance	6.299.656	11.790.827	87,17%

- Domestic credit card consumer lending	1.837.486	1.080.505	(41,20%)
- Electronic lending	1.357.118	10.209.253	652,27%
- Corporate lending	767.779	501.069	(34,74%)
Operating income	1.019.527	1.724.125	69,11%
Profit before tax	(155.668)	300.000	-
NPL	5,02%	8,5%	

## b. Operational Orientation

To achieve the above targets, VietCredit focuses on promoting digital transformation and applying advanced technology throughout all products, services, and risk management, identifying this as the core factor for sustainable development, upgrading the technology platform, and optimizing customer experience.

The products and strategic orientations for 2025 are as follows:

Product	Cash loans for individuals (digital lending)	Domestic credit card	Micro SME (mSME) and SME lending
<b>Objective</b>	<ul style="list-style-type: none"> <li>• Increase market share in consumer lending.</li> <li>• Optimize operating costs and improve risk management efficiency.</li> </ul>		<ul style="list-style-type: none"> <li>• Meet the need for additional business capital.</li> <li>• Optimize the lending model based on actual cash flow.</li> </ul>
<b>Target audience</b>	<ul style="list-style-type: none"> <li>• Customer groups that do not have access to bank credit services, especially freelancers, workers, and office staff with average income.</li> </ul>	<ul style="list-style-type: none"> <li>• Domestic credit cards with low limits, easily accessible to the majority of customers.</li> </ul>	<ul style="list-style-type: none"> <li>• Business households</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>• Use AI Scoring for fast credit assessment, minimizing NPL ratio.</li> <li>• Integrate diverse digital payment channels, helping customers repay loans conveniently.</li> </ul>	<ul style="list-style-type: none"> <li>• Link with the Napas system to expand card acceptance at POS, ATMs, and e-commerce platforms.</li> <li>• Apply the BNPL (Buy Now, Pay Later) model to meet new consumer trends.</li> </ul>	<ul style="list-style-type: none"> <li>• Use data analysis from cash flow, accounting, and e-invoices to evaluate customers and assess financial status.</li> <li>• Connect APIs with banks and fintech companies to optimize disbursement and debt collection processes.</li> </ul>



The operational tasks to deploy and develop the above products need to apply technology & AI for optimization to improve operational efficiency and expand the customer base, and optimize personnel costs. The role of digital transformation and AI & big data application helps build an automatic credit rating model, helps reduce bad debt ratios, connects data from telecommunications, e-commerce, insurance, and bank accounts for a comprehensive customer assessment, deploys Machine Learning to adjust loan limits based on credit history, behavior, and financial capacity of customers, develops the VietCredit Digital Lending application, allowing customers to borrow money and manage loans entirely online; integrates eKYC and Smart Contract to shorten application processing time.

With these strategic orientations, VietCredit expects to better meet customers' financial needs while affirming its position in the Vietnamese financial market.

### **c. Bad Debt Settlement Plan**

- In 2025, the Company aims to continue effectively handling and recovering bad debts which have been sold to VAMC and bad debts repurchased from VAMC. The specific plan for each bad debt is as follows:
  - Med-Aid Cong Minh Joint Stock Company: The Company implements a starting price reduction and continues to implement the plan to auction the debt at the auction practice organization.
  - Thong Nhat Sheet Steel Joint Stock Company: work periodically with customers to achieve the goal of recovering the debt by 2025-06-30 at the latest, while creating conditions for interest waivers and reductions for customers to settle the debt.
  - Ngan Trung Trading and Service Co., Ltd.: the debt has been accepted by the Court, the Company continues to work with the Court during the litigation process. In parallel with the litigation procedure, the Company works with the property owner and the customer to release the mortgage or sell parts of the asset.
- For the ship being collateralised assets: The Company continues to lease CFC01 and CFC02 vessels; Implement the auction of CFC 04 and CFC 05 vessels in 2025.
- Regarding the debt selling plan in 2025, the Company submits a plan to sell bad debts amount to 989 billion VND in principal.

### **Conclusion**

Dear General Meeting, 2024 brought many challenges and fluctuations to the global and domestic economies. VietCredit has proactively adjusted its strategy, adapting quickly to market fluctuations to try to complete the goals and tasks assigned by the Annual General Meeting of Shareholders.

For 2025, we recognize that the economy will still face many challenges. However, we decide to focus on the following goals and strategies: developing target customers and diversification, focusing



Sincerely!

**Recipient:**

- *Members of the Board of Directors, BOS;*
- *Archived: VT, BOD Office.*



**Ho Minh Tam**

