



NGÂN HÀNG NHÀ NƯỚC VIỆT NAM
THE STATE BANK OF VIET NAM

BÁO CÁO THƯỜNG NIÊN

ANNUAL REPORT

2021

NHÀ XUẤT BẢN THÔNG TIN VÀ TRUYỀN THÔNG



NGÂN HÀNG NHÀ NƯỚC VIỆT NAM
THE STATE BANK OF VIET NAM

BÁO CÁO THƯỜNG NIÊN

ANNUAL REPORT

2021



NHÀ XUẤT BẢN THÔNG TIN VÀ TRUYỀN THÔNG
INFORMATION AND COMMUNICATIONS PUBLISHING HOUSE

TABLE OF CONTENTS

List of graphs and tables	iii
Abbreviation list	iv
Status and functions of the State Bank of Viet Nam	v
Management board of the State Bank of Viet Nam	vii
Forewords by the Governor	ix
Departments and Administration units of the State Bank of Viet Nam	xii
■ Part I – World and Viet Nam’s economy	1
1. World economy	1
1.1. World economic growth	1
1.2. Monetary policy management in some countries	3
2. Viet Nam’s economy	4
2.1. Economic growth	5
2.2. Labor, income and productivity	8
2.3. Inflation	9
2.4. State budget revenue and expenditure	11
2.5. Balance of payment	12
2.6. Financial and monetary developments	13
2.7. Operations of credit institutions	20
■ Part II – State Bank of Viet Nam's management	25
1. Management of monetary policy	25
2. FX management	28
3. Banking inspection and supervision	30
4. Macroprudential supervision of the financial system	34
5. Legislation	34
6. Issuance and vault operation	36
7. Payment operation and digital transformation	37
8. Credit information	41
9. Communication and information transparency	44
■ Part III – Internal Governance	45
1. Internal audit	45
2. Human resources and trainings	45
3. Scientific research work	48
4. Statistical work	48
5. Information Technology	49

■ Part IV – International Cooperation	51
1. International economic integration	51
2. Cooperation with international financial and monetary institutions	53
3. Bilateral cooperation	56
■ Appendix	58
Appendix 1: Interest rates announced by the SBV	59
Appendix 2: Open market operations	59
Appendix 3: Required reserve ratio	60
Appendix 4: Balance of payment	61
Appendix 5: VND/USD exchange rate	62
Appendix 6: Domestic gold prices	62
Appendix 7: Consumer price index	63
Appendix 8: Monetary and credit indicators	64
Appendix 9: Gross domestic product	64

LIST OF CHARTS AND TABLES

List of graphs

Graph 1: Real GDP growth and contribution to GDP by sector, 2017-2021	6
Graph 2: Headline inflation and core inflation, 2017-2021	10
Graph 3: Viet Nam's Balance of payment, 2017-2021	12
Graph 4: Growth of monetary indicators, 2017-2021	14
Graph 5: Deposit growth, 2020-2021	15
Graph 6: Deposit by banks, 2021	15
Graph 7: Credit to the economy by banks, 2021	15
Graph 8: Credit growth, 2020-2021	16
Graph 9: Average deposit and lending interest rates, 2017-2021	17
Graph 10: Average VND interbank interest rate, 2017-2021	18
Graph 11: VND/USD exchange rate, 2021	19
Graph 12: Transaction fluctuation of interbank electronic payment system, 2017- 2021	37
Graph 13: Number of borrowers' records in CIC's database, 2017-2021	41
Graph 14: Number of credit information reports provided by CIC for credit institutions, 2017-2021	42

List of tables

Table 1: Credit institution system in Viet Nam as of December 31, 2021	21
Table 2: Basic indicators	22
Table 3: CAR of credit institutions and foreign bank branches	23
Table 4: Credit institutions' ratios	24

ABBREVIATION LIST

Abbreviation	Explanation
ADB	Asian Development Bank
AIIB	The bank at Asian Infrastructure Investment Bank
BIS	Bank for International Settlement
CAR	Capital Adequacy Ratio
CIC	Viet Nam's National Credit Information Center
CPI	Consumer Price Index
ECB	European Central Bank
Fed	Federal Reserves
FDI	Foreign Direct Investment
FX	Foreign Exchange
GSO	General Statistics Office
IBEC	International Bank for Economic Co-operation
IIB	International Investment Bank
IMF	International Monetary Fund
M2	Total liquidity
NPL	Non-performing loan
OMO	Open Market Operation
PCFs	People's Credit Funds
RR	Reserve Requirement
ROA	Return on Assets
ROE	Return on Equity
SBV	State Bank of Viet Nam
SOCBs	State-owned commercial banks
USD	U.S. dollar
VAMC	Viet Nam's Asset Management Company
VBSP	Viet Nam's Bank for Social Policy
VND	Viet Nam dong
WB	World Bank
WTO	World Trade Organization
y-o-y	Year on year
y-t-d	Year to date

STATUS AND FUNCTIONS OF THE STATE BANK OF VIET NAM



Headquarters, 49 Ly Thai To Str., Ha Noi, Viet Nam

❑ The State Bank of Viet Nam was a ministerial-level agency of the Government, Central Bank of the Socialist Republic of Viet Nam which performs state management over monetary, banking activities and foreign exchange; plays the role of a central bank issuing banknotes, acts as the bank of credit institutions and the monetary service provider for the Government.

Summary of Article 2, 2010 Law on the State Bank of Viet Nam

❑ The national monetary policies include national decisions of state authorities on the currency value stabilizing objectives represented by inflation target, use of proper instruments and measures to fulfill the set objectives.

Clause 1, Article 3, 2010 Law on the State Bank of Viet Nam

❑ The National Assembly determines annual inflation targets reflected by the consumer price index and supervises the implementation of the national monetary policies.

Clause 2, Article 3, 2010 Law on the State Bank of Viet Nam

❑ The Government submits to the National Assembly for decision on annual inflation targets. The Prime Minister, the Governor of the State Bank decides to use proper instruments and measures to realize monetary objectives in accordance with the regulation of the Government.

Clause 4, Article 3, 2010 Law on the State Bank of Viet Nam

**MANAGEMENT BOARD
OF THE STATE BANK OF VIET NAM**



Ms. Nguyen Thi Hong
Governor



Mr. Dao Minh Tu
Standing Deputy Governor



Mr. Nguyen Kim Anh
Deputy Governor



Mr. Doan Thai Son
Deputy Governor



Mr. Pham Tien Dung
Deputy Governor



Mr. Pham Thanh Ha
Deputy Governor



Governor
Nguyen Thi Hong

Forewords by the Governor

In 2021, the COVID-19 pandemic continued to complicatedly develop, resulting in the uncertainty and difficulty of global economic recovery. Global supply chain disruption remained to be a drag, pushing up prices of basic goods and logistics costs. Soaring inflation took place in many countries and territories. In that context, many central banks scaled down monetary policy easing and raised interest rates to control inflation and prevent financial instability risks. In Viet Nam, the fourth COVID-19 outbreak seriously affected many aspects of socio-economic life, eroding the resilience of businesses and people, putting pressure on the social security network and challenging the management of monetary policy of the SBV for the stabilization of the macroeconomy, money and FX markets and support of economic recovery.

Against that backdrop, thanks to the proactive and flexible anticipation of negative impacts of shocks to the economy, in executing the directions of the Government and the Prime Minister, the banking sector, right from the beginning of the year, implemented synchronized and effective solutions to monetary policy and banking activities management to control inflation, stabilize the macro-economy, concentrate all resources to promptly support and remove difficulties for production activities of businesses and people, contributing to economic recovery, as follows:

First, managing monetary policy tools in proactive, flexible and synchronous manner to properly regulate the currency, ensure system liquidity, stabilize the money market, and provide sufficient and timely capital to support economic recovery. Interbank interest rate was kept at low level, enabling credit institutions to reduce lending interest rate. As a result, despite severe impact of the pandemic, the macro economy remained stable, economic growth pace in 2021 reached 2.56 percent, average CPI inflation rate was kept low at 1.84 percent; major economic balances were ensured; money and FX markets operated smoothly and stably.

Second, maintaining low policy interest rates, facilitating the reduction of market's lending interest rate. After three interest rate cuts in 2020, the SBV kept the policy interest rates at low levels in 2021 in combination with regulation of money market liquidity, and directed credit institutions to continue to proactively balance their financial capacity and cut operation costs to focus all resources on reducing lending interest rates to support businesses and people to overcome difficulties.

Third, ensuring the adequate and timely supply of credit to meet production, business and consumption needs of the economy; flexibly adjusting credit growth targets for credit institutions in order to associate credit growth with quality

improvement; direct credit to production, priority fields; strictly controlling credit to potentially risky areas; implementing many solutions to remove difficulties and facilitate businesses and people to access bank credit, contributing to limiting black credit.

Fourth, flexible managing FX rate, closely following the market, macro and monetary balances and monetary policy objectives; at the same time, synchronously and flexibly combining solutions to regulate VND liquidity, being active in communication and intervention via purchase and selling of foreign currencies with credit institutions. As a result, FX market was stable, market liquidity was ensured, the legal foreign currency needs of the economy were fully and promptly met; The SBV was able to buy foreign currency to accumulate the State FX reserves.

Fifth, promptly issuing and deploying many solutions to remove difficulties and support those affected by the COVID-19 pandemic; allowing credit institutions to restructure debt repayment terms, exempt or reduce interest and fees, while keeping loan categories unchanged, thus removing difficulties in lending to customers; implementing refinancing programs under the direction of the Government and the Prime Minister (refinancing VBSP to lend to employers for wage payment of employees that temporarily losing their jobs, of production restore; refinancing credit institution after the credit institution's lendings to Vietnam Airlines Corporation) At the same time, the SBV regularly reviewed and adjusted measures and policies so that supports given to people and businesses were practical, accessible and easy to use.

Sixth, continuing to drastically and effectively implement restructuring of the credit institution system in association with NPL resolution, combined with strengthening inspection, supervision and risk warning; thereby enhancing the role of financial intermediary of the credit institution system in providing capital and services to the economy along with ensuring system safety. In the context that the COVID-19 pandemic has had negative impact on the economy, the SBV instructed credit institutions to assess NPL status to develop NPL resolution plans in line with COVID-19 developments, actively improve asset quality, and control and limit newly arising NPLs. As a result, the stability and safety of the credit institution system continued to be maintained; financial capacity, governance quality gradually improved in approaching international practices; system liquidity was ensured, credit quality was enhanced, and on-balance NPL ratio was kept at below 2.0 percent.

Seventh, promoting non-cash payment and digital transformation in the banking system through innovation and development of information technology infrastructure, thereby improving service quality, enhancing safety and security of banking operations, effectively promoting the banks' role as blood vessels in providing capital for the economy. In addition, in order to facilitate credit institutions to reduce service fees and support customers to overcome difficulties caused by the COVID-19 pandemic, the SBV continued to extend the time to apply the policy of reducing domestic payment fees through the Internet Banking Electronic Payment System, and fee of credit information processing.

Eighth, in addition to the above solutions and policies, the SBV continued to effectively and synchronously implement solutions to manage the gold market; drastic implementation of administrative reform, information transparency, promotion of communication; renovation and improvement of statistical work, organization, training, scientific research, financial supervision... At the same time, the SBV continued to boost and expand bilateral and multilateral relations with other central banks, international financial institutions to receive support and enhance Viet Nam's position in the international arena.

2022 was the first year of the Government's implementation of the 2022-2023 Socio-Economic Development and Recovery Program. Accordingly, there was a heavy political task posed to the banking industry in general and the SBV in particular. The SBV as well as the banking sector on one hand needed to stay focus on inflation control and macroeconomic stabilization, on the other hand, needed to give support to economic recovery. In inheriting important and comprehensive achievements in recent years and with the close attention and direction of the Party and the State, the close coordination of ministries, agencies and local authorities, the SBV and the banking sector will continue to join their hands with businesses and people to overcome difficulties, make every effort to fulfill the tasks entrusted by the Party, the State and people, laying a solid foundation for the successful implementation of the tasks set out in the Socio-Economic Development Plan for 2022 and the Five-Year Socio-Economic Development Plan for 2021-2025.

Governor of the State Bank of Viet Nam



NGUYEN THI HONG

DEPARTMENTS AND ADMINISTRATION UNITS OF THE STATE BANK OF VIET NAM

<i>Monetary Policy Department</i>	Advises and assists the Governor of the SBV in determining instruments in carrying out national monetary policy such as refinancing window, interest rate, exchange rate, reserve requirements, open market operations, and others for the conduction of national monetary policies.
<i>Foreign Exchange Management Department</i>	Advises and assists the Governor in carrying out state management function over foreign exchange, foreign exchange activities and gold trading in accordance with applicable laws and regulations.
<i>Payment Department</i>	Advises and assists the Governor in carrying out the state management function over payment and settlement of the economy in accordance with applicable laws and regulations.
<i>Economic Sectoral Credit Department</i>	Advises and assists the Governor in carrying out the state management function over bank credit to economic sectors in accordance with applicable laws and regulations.
<i>Forecasting and Statistics Department</i>	Advises and assists the Governor in carrying out forecasting and statistics in accordance with applicable laws and regulations.
<i>International Cooperation Department</i>	Advises and assists the Governor in carrying out the state management function over international cooperation and integration within the State Bank's scope of management in accordance with applicable laws and regulations.
<i>Monetary and Financial Stability Department</i>	Advises and assists the Governor in stabilizing the monetary and financial systems within the State Bank's scope of state management.
<i>Internal Audit Management</i>	Advises and assists the Governor in carrying out internal audits and control over the SBV Units' operations.
<i>Legal Affairs Department</i>	Advises and assists the Governor in conducting state management via laws in the fields of monetary, banking operations and foreign exchange.
<i>Finance and Accounting Department</i>	Advises and assists the Governor in the SBV financial, accounting operations, capital investments, conducting the state management function over accounting, finance, and capital investments in the banking sector.
<i>Personnel and Organization Department</i>	Advises and assists the Governor and the SBV's Party Committee on human resources management, staffing, management and use of civil servants, officials, remunerations and others within the SBV's scope of management as stipulated in applicable laws and regulations.

<i>Emulation and Rewarding Department</i>	Advises and assists the Governor in carrying out the state management function on emulation and rewarding in the banking sector in accordance with applicable laws and regulations.
<i>Communication Department</i>	Advises and assists the Governor in managing and organizing communication activities in the banking sector that relate to the SBV's state management function.
<i>SBV Office</i>	Advises and assists the Governor in his leadership over banking activities, implements the SBV's administrative reform, manage archive and administrative works of the banking system in accordance with applicable laws and regulations.
<i>Banking Information Technology Department</i>	Advises and assists the Governor in carrying out the state management function over information technology in the banking sector and development and application of information technology in the SBV.
<i>Issue and Vault Department</i>	Advises and assists the Governor in carrying out the state management and central bank functions over currency issuance and vault operations in accordance with applicable laws and regulations.
<i>Administration Department</i>	Assists the Governor in managing public assets (excluding those transferred to income-generating administrations) assigned by the Governor and administrative and logistic activities in Hanoi and Ho Chi Minh city including: managing assets, finance, technical infrastructure, security, and taking care of living conditions and healthcare of the SBV staff.
<i>Central Banking Department</i>	Advises and assists the Governor in conducting central banking operations.
<i>Banking Supervision Agency</i>	A General Department level agency of the SBV. It Advises and assists the Governor in implementing state management function over credit institutions, foreign bank branches, as well as inspection, complaint and denunciation resolutions, anti-corruption and anti-money laundering, deposit insurance. It conducts administrative and professional inspections and banking supervision in the areas under the SBV's state management. It conducts anti-money laundering and counter-terrorism financing in accordance with applicable laws and regulations and as assigned by the Governor.
<i>Municipal and provincial branches</i>	Advises and assists the Governor in implementing the state management function over monetary, banking and foreign exchange operations in their local areas. They conduct several central banking operations as delegated by the Governor.

ADMINISTRATIVE UNITS AND UNITS ESTABLISHED BY THE GOVERNOR

<i>Banking Strategy Institute</i>	Undertakes researches and builds banking development strategies, projects and plans; organizes researches, development and control of the implementation of banking science and technology missions in meeting the SBV's requirements in accordance with applicable laws and regulations.
<i>Viet Nam's National Credit Information Center</i>	A public administrative agency. It undertakes the function of national credit registration. It collects, processes, stores and analyzes of credit information; prevents and minimizes of credit risk; conducts credit marking and rating of legal entities and individuals within Viet Nam's territory in serving the SBV's state management in accordance with the SBV's rules and applicable laws and regulations.
<i>Banking Times</i>	A speaker and social forum of the banking sector. It disseminates the Party's orientation and guidelines, the State's legislation and policies, and banking operations in accordance with the SBV's rules and applicable laws and regulations.
<i>Banking Review</i>	A speaker and professional forum on banking theories, operations, science and technology. It disseminates the Party's orientation and guidelines, the State's legislation and policies, banking operations and achievements in banking science and technology and other relevant areas in accordance with the SBV's rules and applicable laws and regulations.
<i>Banking Training School</i>	Trains and strengthens human resource capacity; provides with staff of the SBV and the banking sector with up-to-date professional knowledge and skills.
<i>Banking Academy</i>	Trains and strengthens human resource capacity in the fields of economic and banking-finance at intermediate, college, undergraduate and graduate levels and in other areas as authorized.

Part I - World and Viet Nam's economy

1. World economy

In 2021, global economy recovered thanks to the accelerated universalization of vaccines, but there was an uneven recovery pace between countries in the context of complicated developments of the COVID-19 pandemic with many new variations. World commodity and raw materials prices jumped to the highest levels in many years (in which, food price reached the highest level in the past 10 years; the average price of WTI oil in 2021 increased by 74.1 percent y-o-y). Global trade recovered thanks to increased demand, but there remained supply chain disruption making it difficult for transportation, and along with the increasing trend of global prices, production costs and inflation were pushed up globally. On the financial market, on y-t-d basis, the USD-Index increased by 6.7 percent; gold price decreased by 3.6 percent. International organizations continuously lowered their global growth forecasts. In that context, central banks promptly shifted to narrowing monetary easing and raising interest rates from the second half of 2021 to deal with inflation risk and increased financial instability.

1.1. World economic growth

According to the IMF,¹ world economic growth rate in 2021 stood at 6 percent (2020: -3 percent); global inflation rate jumped from 3.2 percent in 2020 to 4.7 percent in 2021.

The US economy rebounded with a growth rate of 5.7 percent - the highest since 1984, an impressive reversal from a decline of 3.4 percent in 2020 thanks to the effectiveness of large-scale economic stimulus packages and low interest rate policy. The US labor market improved, the unemployment rate stood at 5.4 percent - the lowest since the beginning of the pandemic. Budget deficit at the end of the fiscal year was at 12.4 percent of GDP. Public debt decreased from 134.3 percent of GDP

“

World economy continued to recover in 2021, but inflation risk increased due to soaring commodity prices.

¹ IMF's World Economic Outlook, October, 2022

in 2020 to 127.8 percent of GDP in 2021. Inflation rate increased sharply, from 1.2 percent in 2020 to 4.7 percent in 2021.

The Eurozone's economy recovered strongly with a growth pace of 5.2 percent (2020: -6.1 percent), reaching the same size as it was before the COVID-19 pandemic. Among major economies, France achieved the highest growth rate of 6.8 percent (2020: -7.9 percent); Italy increased by 6.6 percent (2020: -9 percent); Spain increased by 5.1 percent (2020: -10.8 percent); Germany increased by 2.6 percent (2020: -3.7 percent). The region's public debt increased from 97.3 percent of GDP in 2020 to 97.4 percent of GDP in 2021. Inflation rate across the region increased from 0.26 percent in 2020 to 2.6 percent in 2021. Unemployment rate decreased to 7 percent from 8.2 percent in 2020 thanks to increased labor demand when the economy recovered.

Japan's economy recovered and achieved positive growth rate for the first time in 3 years, at 1.7 percent (2020 and 2019: -4.6 percent and -0.4 percent, respectively) thanks to a strong recovery in consumer spending and exports increased. Public debt stood at 263.1 percent of GDP (2020: 259 percent of GDP). Inflation rate was at -0.2 percent (2020: 0 percent).

Emerging and developing countries grew by 6.6 percent (2020: -1.9 percent). The BRICS all achieved high/good growth rates, of which China's growth rate was positive for the second consecutive year, reaching 8.1 percent (2020: 2.2 percent). India, Russia and Brazil, respectively, increased by 8.7 percent, 4.7 percent and 4.6 percent (2020: -6.6 percent, -2.7 percent and -3.9 percent, respectively). ASEAN-5² as a whole grew by 3.4 percent (2020: -3.4 percent) in which all economies had good growth rates (Indonesia, Malaysia, Philippines, Thailand and Viet Nam respectively increased. 3.7 percent; 3.1 percent; 5.7 percent; 1.5 percent and 2.56 percent.) The average inflation rate of the group of emerging and developing countries was at 5.9 percent, up from 5.1 percent in 2020.

² Including Indonesia, Malaysia, Philippines, Thailand and Viet Nam.

Global trade made a strong breakthrough with an increase of 10.1 percent after decreasing by 7.8 percent in 2020 in the context of high commodity prices, ease of COVID-19 prevention measures and demand recovered strongly thanks to economic stimulus packages.

Global investment recovered. Global FDI increased by 64 percent from USD 963 billion in 2020 to USD 1582 billion in 2021, surpassing pre-COVID-19 levels. The recovery was mainly in developed countries with the ever strongest FDI increase (up by 134 percent to almost USD 746 billion in 2021); while developing countries recovered more modestly (up by 30 percent to almost USD 837 billion).

1.2. Monetary policy management in some countries

In the first half of 2021, central banks continued to maintain loosening monetary policy to support the economic recovery amidst the emerge of new variants of the COVID-19 virus. However, the economic recovery was uneven and the supply “bottlenecks” were slowly removed, causing inflation and risks of financial instability to increase, particularly in developed economies, triggering the trend of narrowing monetary easing in the second half of 2021. Increasing trend of interest rate was accelerated since the middle of the third quarter of 2021 with a total of 113 interest rate hikes and only 14 interest rate cuts worldwide in 2021. In October, 2020, the IMF recommended that countries should not lose price stability gains achieved in recent years and need to be ready to act quickly to respond to inflation risks amidst faster-than-expected economic recovery.

As for developed countries, rapid universalization of COVID-19 vaccine accelerated the recovery and reopening of economies. Demand increased amidst supply shortage caused inflation to soar to record highs, prompting central banks to withdraw monetary easing measures soon. Central banks of Australia, Canada, and New Zealand began to reduce the size and end their asset purchase programs from the second quarter of 2021. Although the Fed maintained interest rate at close to 0 percent, asset purchase amount was cut by USD 15

“

In response to soaring inflation and risks of financial instability, central banks quickly shifted monetary policy stance from “maintained easing” in the first half of the year to “narrowing easing and raising interest rates” in the second half.

billion in November, 2021, continued to be cut by USD 30 billion since December, 2021. The Fed's asset purchase program was expected to terminate in March, 2022. The ECB reduced the size of monthly asset purchases under the Pandemic Emergency Purchase Program (PEPP) from the fourth quarter of 2021. In December 2021, the Bank of England became the first G7 central banks to raise interest rates and was expected to continue to increase interest rate sharply in 2022.

As for emerging and developing countries, in the context of negative pandemic developments, central banks continued to maintain monetary policy easing to support the economy. However, the trend of strong narrowing monetary policy easing in developed countries triggered the trend of capital flow reverse in emerging markets in the second half of 2021. In that context, many central banks have raised interest rates and intervened to stabilize markets. Notably, the Central Banks of Indonesia and the Philippines directly purchased government bonds to finance the state budget and ensure the smoothness of the bond market. The Central Bank of China reduced RR ratio and lowered interest rates to support the economy under the impact of the “Zero-COVID” policy and real estate market crisis.

2. Viet Nam's economy

In 2021, there was a recovery trend in the world economy when countries promoted COVID-19 vaccination programs, but new variants affected the economic recovery momentum. Domestically, 2021 was an important year with many important events. It was the first year to implement the Resolutions of the 13th National Congress of the Party, the 10-year Socio-economic Development Strategy for 2021-2030 and 5-year plan for 2021–2025, meanwhile, the outbreak of COVID-19 pandemic from end-April with a new variant with a rapid and dangerous spread and complicated developments in many localities, particularly in key economic localities such as Ha Noi, Bac Ninh, Bac Giang, Da Nang, Ho Chi Minh City, Binh Duong, Dong Nai, Long An, Can Tho... seriously affected people's lives, people's safety and socio-economic development,

causing economic growth in the third quarter of 2021 to have the deepest decline since Viet Nam's quarterly GDP calculation and announcement. In addition, the pandemic caused global value chain disruption, pushing up the price of production materials that formed a significant challenge for production and business activities. Against that backdrop, under the unified leadership of the whole political system and the drastic direction and administration of the Government, the Prime Minister issued timely decisions of pandemic prevention and control and socio-economic development. In particular, Resolution No. 128/NQ-CP dated October 11, 2021 issuing temporary regulations on “*safe adaptation to, flexible, effective control of the COVID-19 pandemic*”, along with policies to ensure safety and security, social welfare, consensus of all levels, agencies and localities, consensus, support, sharing and active participation of all classes of people, business community. As a result, the economy maintained its growth rate, although it did not achieve the set target, social security was ensured, the macro-economy was stable, and inflation was controlled at a low level.

2.1. Economic growth

By economic industry, on y-o-y basis, the industry-construction and service sectors had a lower growth rate. Meanwhile, the agriculture - forestry - fishery sector had a higher growth rate, clearly demonstrating the role of the pedestal of the economy in difficult times, ensuring the supply of food and essential goods, and an important facility to implement the safety and security of the people during the pandemic

Agro - forestry - fishery increased by 3.27 percent, higher than the increase of 3.04 percent in 2020 mainly thanks to the strong recovery of the agriculture and forestry while the growth of the fishery slowed down. The agricultural sector increased by 3.61 percent (2020: 2.83 percent) thanks to relatively favorable weather and good crop yields. The forestry sector increased by 4.62 percent (2020: 1.62 percent) thanks to high wood prices. However, the fishery's growth rate slowed down, reaching 1.83 percent (2020: 4.06 percent) mainly due to the complicated

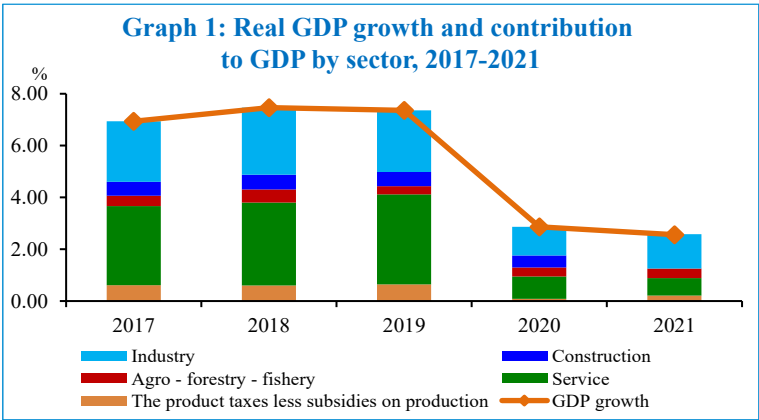
“

The domestic economy was seriously affected in the third quarter when the Delta mutation broke out, GDP in the third quarter decreased by 6.03 percent - the deepest decrease since Viet Nam calculated and announced quarterly GDP. However, the economy recovered in the fourth quarter

as the pace of vaccination was accelerated, helping to reopen the economy. Economic growth in 2021 reached the rate of 2.56 percent. From the supply side, agriculture-forestry-fishery, processing and manufacturing industry increased, however, mining, tourism services, accommodation, transportation, warehousing, wholesale-retail... were remained greatly affected. On the demand side, consumption, import and export all recovered but investment slowed down.

developments of the COVID-19 pandemic, affecting the production - processing - consumption supply chain. (In Q3, fishery decreased by 3.09 percent y-o-y).

Industry increased by 4.47 percent, higher than the growth rate of 3.77 percent in 2020. Of which, the processing and manufacturing field increased by 6.05 percent (2020: 4.99 percent) and continued to be the growth engine of the whole economy. The mining industry dropped by 7.88 percent due to a 5.7 percent drop in crude oil production and a 19.4 percent drop in gaseous natural gas.



Source: GSO, SBV's calculation

Construction decreased by 0.34 percent, considerably lower than the growth of 7.15 percent in 2020, of which a drop of 9.4 percent in the third quarter mainly due to the impact of the COVID-19 pandemic caused the declining growth rate of gross social investment, down to 3.2 percent (investment by the public and the FDI sectors decreased by 2.9 percent and 1.1 percent, respectively; while that of the private sector kept its good growth rate of 7.2 percent).

Services grew at the rate of 1.57 percent. It was the sector that had been hit the most by the pandemic. The negative growth of some service sub-industries accounting for a large proportion made the reduction the overall growth rate of the service sector and the whole economy. The wholesale and retail increased by 0.5 percent y-o-y, making a contribution of 0.04 percentage point in the growth rate of total added value of the whole economy; transportation and warehousing decreased



by 3.11 percent, making a decline of 0.17 percentage point; accommodation and restaurant services dropped by 20.21 percent, making a decline of 0.46 percentage point. On the contrary, the healthcare service and social assistance achieved the highest growth rate in the service sector with an increase of 41.01 percent, contributing 0.47 percentage point; finance, banking and insurance increased by 9.5 percent, contributing 0.47 percentage point; information and communication increased by 5.08 percent, contributing 0.29 percentage points.

Consumption, import and export all recovered, but investment growth slowed down

Final consumption recovered and grew at 2.33 percent after posting a 16-year low increase in 2020 (0.5 percent), mainly driven by a recovery in private consumption with an increase of 1.95 percent (2020: 0.38 percent) although people's income was lower than the same period. Government consumption increased by 4.66 percent, higher than the increase of 1.24 percent in 2020 for a growth of 4.0 percent in current expenditures (2020: 1.9 percent).

Total assets accumulation increased by 3.96 percent (2020: 4.11 percent), corresponding to the slower growth of total social investment capital at 3.2 percent. While investment by the private sector maintained a relatively high growth rate of 7.2 percent, investment by the public and FDI sectors continued to be heavily affected by the pandemic, with a decrease of 2.9 percent and 1.1 percent, respectively.

Net exports made a negative contribution to economic growth (-2.08 percentage points) with the recovery of both exports and imports but the faster growth rate of import resulted in a higher trade deficit compared to the same period. In particular, exports of goods and services increased by 13.85 percent (2020: 4.06 percent), imports of goods and services increased by 15.83 percent (2020: 3.28 percent). In the context of the complicated developments of the COVID-19 pandemic, import and export activities in 2021 remained the bright spot of the economy thanks to the recovery of the world economy and the increased demand for input materials for production.

2.2. Labor, income and productivity



Despite the improvement in the labor and employment in the fourth quarter of 2021, for 2021 as a whole, the unemployment rate and underemployment rate remained increase, and people's income was lower than 2020 due to the impact of the COVID-19 pandemic.

According to the GSO, in 2021, the labor force aged 15 and over reached the scale of 50.5 million people, including: 27 million male employees, accounting for 53.5 percent; female employees were 23.5 million people, accounting for 46.5 percent. The unemployment rate at working age was estimated to be 3.22 percent (the highest was in the third quarter: 3.98 percent), of which urban unemployment rate was 4.42 percent, rural unemployment rate was 2.48 percent (those data in 2020 were 2.48 percent, 3.88 percent, 1.75 percent, respectively). The youth unemployment rate (from 15-24 years old) in 2021 was estimated to be 8.48 percent, of which that in urban area was 11.91 percent and rural area was 6.76 percent. The underemployment rate in the working age increased by 3.1 percent (in 2020: 2.51 percent), especially in the third quarter, it increased by 4.46 percent.

Labor productivity of the whole economy at current prices in 2021 was estimated to be VND 171.3 million/worker (equivalent to USD 7,398/worker, an increase of USD 538 compared to 2020.) At constant prices, labor productivity in 2021 increased by 4.71 percent thanks to the improvement of workers' qualifications (the percentage of trained workers with diplomas and certificates in 2021 reached 26.1 percent, higher than the rate of 25.3 percent in 2020).

The scale of the economy in 2021 achieved VND 8,479,667 billion; GDP per capita was VND 86.1 million per year, equivalent to USD 3,717 (an increase of about USD 165 compared to 2020.) However, the average income per person per month was lower (the average monthly income of salaried workers was estimated to be VND 6.6 million, down by VND 45,000 compared to the previous year. According to the Population Living Standards Survey in 2021, the average income per person per month in 2021 at current prices was estimated to be about VND 4.2 million, down by VND 73,000 compared to 2020.) The base salary for cadres, civil servants, public employees and the armed forces was maintained at VND 1.49 million per month from July 1, 2019 according to Decree No. 38/2019/ND-CP dated May 9, 2019. Between 2020 and 2021, the regional minimum wage was kept



unchanged and continued to be implemented according to Decree No. 90/2019/ND-CP dated November 15, 2019; accordingly, the salary paid to employees was divided into 04 regions, equivalent to VND 4.42 million per month; VND 3.92 million per month; VND 3.43 million per month and VND 3.07 million per month.

2.3. Inflation

Inflation in 2021 was put under much pressure from the complicated movements of the international and domestic markets. The prices of world raw materials, fuel and freight rates increased, along with supply disruptions, the sentiment of holding goods increased in the context of social distancing in provinces and cities in implementing Directive No. 16/CT-TTg,³ causing prices of some commodity groups to increase sharply compared to the same period.⁴ However, the COVID-19 pandemic caused a sharp decrease in the demand for many items, thereby significantly eliminating the increasing pressure on inflation from the above commodity groups. The average CPI inflation rate in 2021 was 1.84 percent, in line with the target set by the National Assembly. The supporting factors to control inflation in 2021 were: (1) The average price of food items in 2021 decreased by 0.54 percent y-o-y (the price of pork decreased by 10.52 percent, that of chicken decreased by 0.28 percent) causing the Food price index to decrease by 0.54 percent; (2) The Government implemented programs to support people and businesses facing difficulties due to the COVID-19 pandemic such as: reducing electricity prices and electricity bills for customers of Viet Nam Electricity in the fourth quarter of 2020 (implemented in January 2021) and in August-September 2021 (in localities where

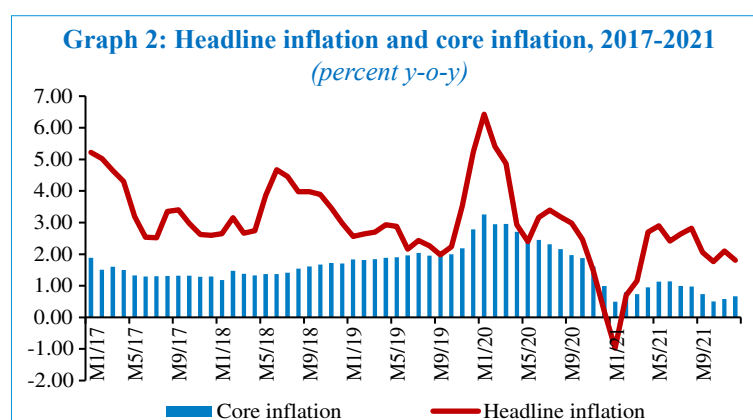
“

The consumer price index (CPI) in 2021 increase by 1.84 percent on average, which was the sixth consecutive year at lower level than the target set by the National Assembly. Core inflation remained stable, averaging 0.81 percent.

³ Directive No. 16/CT-TTg dated March 31, 2020 of the Prime Minister on the implementation of urgent measures to prevent and control the COVID-19 pandemic

⁴ On average, in 2021, on y-o-y basis, the price of gasoline increased by 31.74 percent, leading to an increase in the price index of the Traffic group by 10.52 percent; gas prices increased by 25.89 percent, housing maintenance materials prices (cement, iron, steel, sand, etc.) increased by 7.03 percent, causing the price index of housing, electricity, water, fuel and construction materials to increase by 1.76 percent; rice price increased by 5.79 percent, leading to a 5 percent increase in the Food Price Index.

social distancing was implemented in accordance with Directive No. 16/CT-TTg), continue to postpone the roadmap to increase the price of medical services in 2021; (3) Domestic commodity market was greatly affected by the COVID-19 pandemic, which restricted production, business and trade activities, and the demand for tourism, accommodation, food and other services. Other services fell sharply (airfares decreased by 21.15 percent, package tour prices decreased by 2.32.) Final consumption in 2021 increased by 1.43 percent only, the lowest since 2005; total retail sales of consumer goods and services decreased by 3.8 percent and by 6.2 percent if calculated at constant price (2020: decrease by 3.0 percent); (4) With the determination and close direction of the Government and the close coordination of ministries, agencies and local authorities in market administration, price control, inflation, disease prevention, balance between supply and demand in the domestic commodity market was guaranteed, the price level of goods did not have large fluctuations; (5) The SBV's reasonable and consistent monetary policy management along with the Government's success in controlling inflation in recent years anchored inflation expectations at a low level.



Source: GSO

Core inflation stood at a low level due to weak demand in the economy, combined with a significant slowdown in the price of Rental Housing and Out-of-Family Dining.⁵ The

⁵ On average, in 2021, on y-o-y basis, rental housing prices decreased by 1.41 percent (increasing by 1.91 percent in 2020); the price of food and drink out of the family increased by 2.09 percent (in 2020 it increased by 7.18 percent). In addition, the Vehicle group continued the downward trend in its price in 2020, decreased by 0.31 percent on average in 2021 (in 2020 by 0.49 percent).

average core inflation rate in 2021 was 0.81 percent, showing that flexible monetary policy management had positively contributed to reducing pressure on average CPI inflation while reasonably supporting economic growth. Inflation continued to be controlled, creating a solid foundation to maintain the business community's confidence in the business environment, contributing to attracting foreign investment.

2.4. State budget revenue and expenditure

*State budget revenue*⁶ was 16.8 percent higher than the estimate, reaching about 18.5 percent of GDP (in 2020: 1.9 percent lower than the estimate and reaching 18.8 percent of GDP). State budget revenue was high because most of the revenue items exceeded the estimate, especially the revenues from crude oil and from import and export activities increased sharply compared to the estimate. Domestic revenue accounted for the biggest proportion of total state budget revenue (83 percent) and exceeded the estimate by 15.1 percent (in 2020: 0.2 percent exceeded the estimate.) Crude oil revenue exceeded the estimate by 92.4 percent (in 2020: 1.7 percent lower than the estimate.) Revenue from import and export exceeded the estimate by 20.9 percent (in 2020: 14.7 percent lower than the estimate).

State budget expenditure exceeded the estimate by 3.0 percent (in 2020: 1.5 percent lower than the estimate). In which, capital expenditure was 8.1 percent higher than the estimate (in 2020: 15.5 percent higher the estimate); current expenditure exceeded the estimate by 1.7 percent (in 2020: 9.2 percent lower than the estimate).

State budget deficit was lower than the estimate in both absolute and relative terms, reaching VND 286,487 billion, equivalent to 3.41 percent of GDP (in 2020: VND 216,406 billion, 3.44 percent of GDP).

⁶ State budget figures for 2021 were estimates made according to the Report No. 65/TTr-BTC submitted to the Government's Standing Committee on March 30, 2022 on the Report on additional assessment of the results of the implementation of the State budget in 2021, the actual implementation situation of state budget estimate in 2022. State budget data for 2020 was according to the Government's Report No. 82/BC-CP dated March 22, 2021 to be submitted to the National Assembly. Based on the above state budget data, the SBV calculated the ratio of state budget revenue/GDP and state budget expenditure/GDP using adjusted GDP data published by the GSO. The ratio of state budget deficit to GDP was announced by the Ministry of Finance.

“

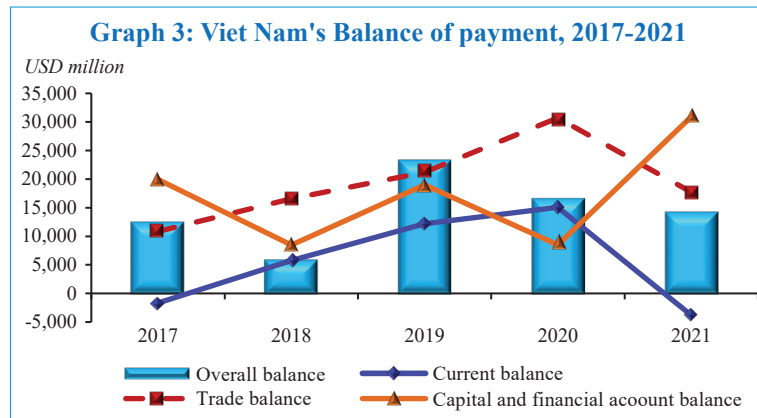
State budget revenue was higher than the estimate because of positive development in most of the revenue items thanks to the economic recovery from the fourth quarter of 2021. Meanwhile, state budget expenditure kept increasing higher than the estimate because the Government had to continue to carry out the spending tasks for socio-economic development, while supporting the economy to overcome difficulties caused by the COVID-19 pandemic. The progress of revenue is higher than that of expenditure, and state budget deficit was improved compared to the estimate.

2.5. Balance of payment

“

Overall balance of payment in 2021 had a surplus for the sixth consecutive year thanks to the domestic economy's maintenance of growth rate, trade balance and foreign investment inflows continued to be in surplus, facilitating FX reserves accumulation.

Overall balance of payment had a surplus of USD 14.3 billion, the sixth consecutive year of surplus, creating an abundant supply of foreign currency in the FX market, thanks to which the SBV acquired foreign currencies from credit institutions to build up the state FX reserves.



Source: SBV

Current account balance turned to a deficit of USD 3.8 billion after 3 consecutive years of high surplus, mainly due to the narrowing of the surplus in goods balance and a sharp decline in service exports as tourism and aviation activities continued to be frozen because of the COVID-19 pandemic. *The balance of goods*⁷ had a surplus of USD 17.7 billion, down by 42.4 percent compared to the surplus in 2020 (USD 30.7 billion). *Trade balance*⁸ had a surplus of 4.08 billion USD, only one fifth of the surplus in 2020 (19.9 billion USD) in the condition that imports recovered strongly and outstripped the growth rate of exports. *The balance of services* had a record deficit of USD 15.7 billion, mainly due to a sharp decline in service export revenues (service exports in 2021 decreased by 51.7 percent compared to 2020, while import service exports increased by 8.5 percent compared to 2020). *The balance of income* had a deficit of USD 16.1 billion, up by 8.6 percent compared to the deficit of USD 14.8 billion in 2020. *Current transfers* had a surplus of USD 10.3 billion, up by 9.2 percent compared to the surplus of USD 9.45 billion in 2020.

⁷ The balance of goods is the difference between exports of goods at FOB price and imports of goods at FOB price

⁸ Trade balance is the difference between exports of goods at FOB and imports of goods at CIF.

Capital and financial account balance had a record surplus of USD 30.9 billion, 3.6 times higher than the surplus of 8.49 billion USD in 2020 mainly because businesses and credit institutions increased external debt in the context that interest rates in the international market were at a record low. Net FDI reached USD 15.36 billion, down slightly from 15.42 billion USD in 2020. *Net foreign indirect investment* had a surplus of USD 281 million, reversing from the deficit of USD 1.26 billion in 2020. *External debt* reached a surplus of USD 5.44 billion, a sharp increase compared to the surplus of USD 2.36 billion in 2020, external debt increased in all terms. *Money and deposits* had a surplus of USD 8.06 billion, reversing from a deficit of USD 8.05 billion in 2020.

2.6. Financial and monetary developments

Monetary developments

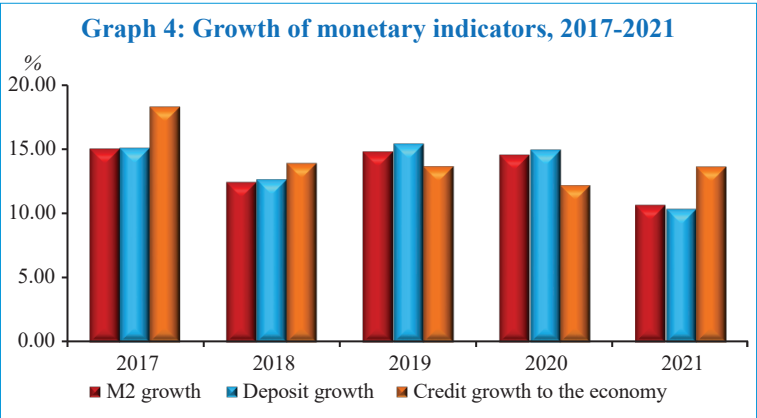
In 2021, in the context that the economy is severely affected by the COVID-19 pandemic lasting for the second consecutive year, the SBV continued to manage monetary policy proactively and flexibly, ensuring liquidity for the banking system, ensure capital availability to support economic growth recovery. Accordingly, M2 increased by 10.66 percent y-t-d, lower than the increase of 14.53 percent of 2020. Lower M2 growth compared to 2020 was mainly due to: **(1)** The amount of the SBV's net purchase of foreign currency to accumulate the state FX reserves in 2021 was significantly lower than in 2020, along with the SBV's move to FX purchase on forward contracts, causing a lagging injection of corresponding amount of VND and causing less rapid M2 growth; **(2)** The government reduced borrowing from the banking system and strongly increased deposits at the SBV in the context of good state budget revenue, lower-than-estimate government spending and slow disbursement of public investment due to the social distancing measures nationwide (in 2021, the disbursed state budget capital reached 94.94 percent of the plan assigned by the Prime Minister, lower than the disbursement result in 2020 (97.46 percent));⁹ **(3)** Credit

“

Total liquidity was properly regulated. Capital mobilization decelerated; credit growth was associated with credit quality improvement, in line with the economy's ability to absorb capital and the policy and direction of monetary policy management, thereby contributing to support economic growth recovery.

⁹ Data in Report No. 2156/BC-BKHDT dated April 1, 2022 of the Ministry of Planning and Investment to the Government on the results of the implementation of the 2021 public investment plan and the implementation of the annual public investment plan 2022.

growth - the main factor supporting M2 growth in the first half of the year - slowed down in the third quarter of 2021 due to the impact of the fourth wave of the COVID-19 pandemic (2021: credit growth of 13.61 percent, 2020: 12.17 percent); (4) Income of people and businesses reduced by the pandemic, along with the banking system’s maintenance of low interest rates to support the economy, leading to the growth of capital mobilization in the whole system strongly decreased compared to 2020, at 10.3 percent (2020: 14.9 percent). In addition, the positive development of electronic payment means in the context of the pandemic has also somewhat limited the amount of cash circulating in the economy.



Source: SBV

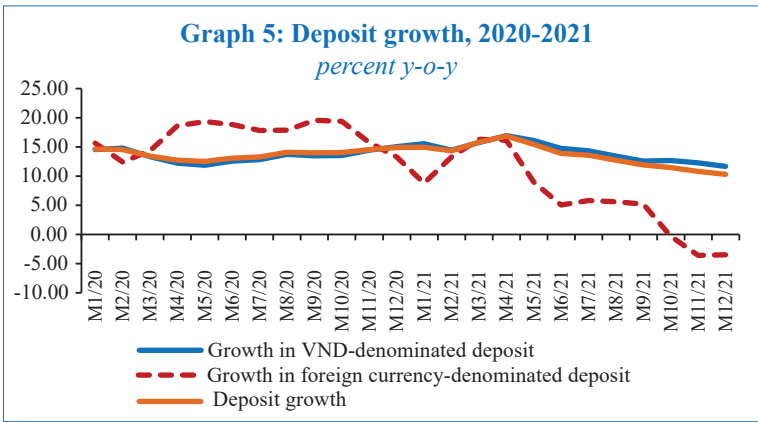
Capital mobilization of the banking system went down, in particular, foreign currency deposits decreased after 4 consecutive years of growth

Capital mobilization of the whole system increased by 10.3 percent y-t-d (2020: 14.9 percent); in which, VND deposits increased by 11.67 percent (2020: 15.06 percent), foreign currency deposits decreased by 3.5 percent (2020: 13.27 percent). Foreign currency deposits decreased after 4 consecutive years of growth, thereby causing dollarization in terms of deposits (foreign currency deposits/M2 ratio) to decrease from 8 percent in 2020 to 6.98 percent in 2021.

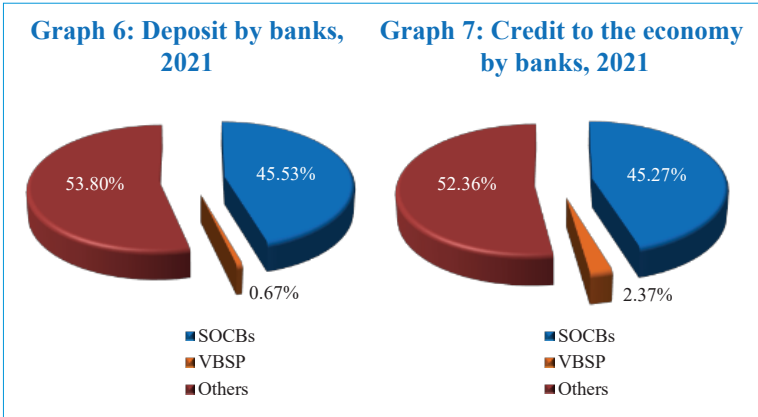
*The proportion of capital mobilization of State-owned commercial banks increased, while that of other groups of credit institutions and VBSP decreased:*¹⁰ capital mobilization

¹⁰ Including joint stock commercial banks, 100% foreign-owned banks, joint venture banks, foreign bank branches, non-banking credit

of State-owned commercial banks (excluding VBSP) accounted for 45.53 percent of system-wide (2020: 44.46 percent); VBSP accounted for 0.67 percent of system-wide mobilization (2019: 0.69 percent); other credit institutions accounted for 53.8 percent (2020: 54.85 percent).



Source: SBV



Source: SBV

Credit growth was associated with credit quality improvement, in line with the policy of renovating the economic growth model, contributing to controlling inflation and supporting economic growth recovery

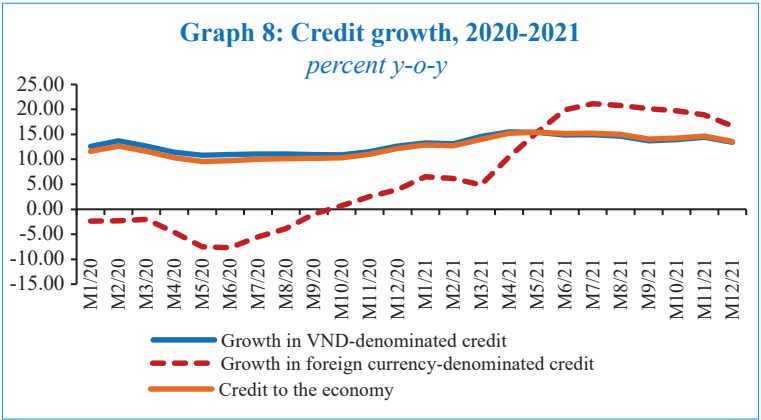
Credit to the economy¹¹ increased by 13.61 percent y-t-d (2020: 12.17 percent); in which, credit in VND increased by 13.44 percent, credit in foreign currency increased by 16.69 percent. Unlike the evolution of dollarization in terms of deposits, dollarization in terms of loans (foreign currency credit/M2 ratio) tended to increase from 4.13 percent in 2020 to 4.36 percent in 2021, but still

institutions (financial companies, financial leasing companies), people's credit funds.

¹¹ Credit outstandings exclude credit extension under trust contract and VAMC special bond balance.

below 5 percent. Credit to the economy continued to be focused and allocated by credit institutions in production and business sectors, which are the driving forces of economic growth, thereby contributing to controlling inflation and supporting economic growth recovery.

Credit structure to the economy tended to increase for other groups of credit institutions while decreasing for State-owned commercial banks and VBSP: Credit outstandings of State-owned commercial banks (excluding VBSP) accounted for 45.27 percent of total credit outstandings (2020: 46.2 percent); VBSP accounted for 2.37 percent (2020: 2.46 percent); other credit institutions accounted for 52.36 percent (2020: 51.34 percent).



Source: SBV

Interest rate developments

VND interest rate

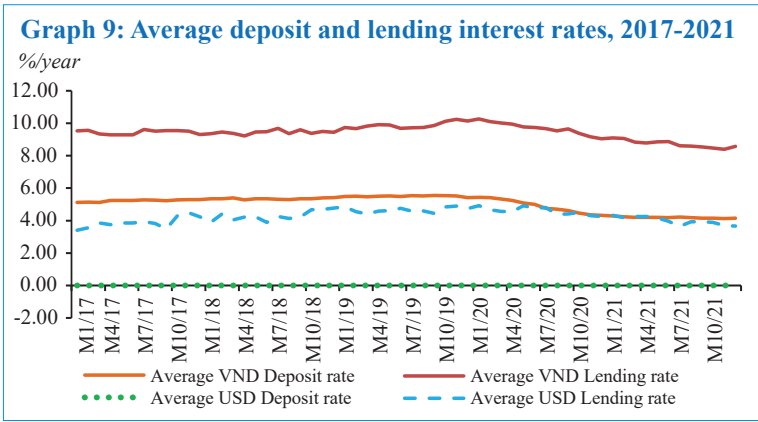
The deposit and lending interest rates of credit institutions tended to decrease, in line with the SBV’s policy management. As of end-2021, the average VND deposit interest rate was at 0.1-0.2 percent p.a for demand deposits and deposits with terms of less than 1 month; 3.3-3.5 percent p.a for deposits with terms from 1 to less than 6 months; 4.2-5.7 percent p.a for deposits with term from 6 to 12 months; 5.3-6.5 percent p.a for deposits with terms from over 12 months to 24 months and 6.1-6.9 percent p.a for deposits with terms of over 24 months. The average lending interest rate for new and current loans with outstanding balance was 7.6-9.2 percent p.a; the average short-term VND lending interest rate for some industries and fields was about 4.3 percent p.a, lower than the maximum short-term lending interest rate prescribed

“
Market interest rates tended to decrease according to the trend of the SBV’s policy management to support the economy.

by the SBV (4.5 percent p.a). Accordingly, on y-t-d basis, the average VND deposit interest rate decreased by about 0.58 percent p.a; decreased by about 0.82 percent p.a.

USD interest rate

The USD interest rate moved in line with the Government's policy and the SBV's orientation on limiting dollarization. As of end-2021, the USD deposit interest rate of credit institutions was at 0 percent p.a according to the regulations of the SBV; the average USD lending interest rate for new and current loans with outstanding balance was at 2.0-3.2 percent p.a for short-term and at 3.2-4.4 percent p.a for medium and long term.



Source: SBV

Interbank money market

The scale of the interbank market continued to expand, especially lending and depositing activities in VND

Total outstandings of loans and deposits in VND on the interbank market reached VND 33,636 trillion, in USD converted to VND was VND 7,872 trillion, up by 95 percent and 12 percent respectively compared to 2020. Compared to lending and depositing, the amount of buying and selling of term valuable papers among smaller credit institutions reached VND 858 trillion in 2021, up by 14 percent compared to 2020.

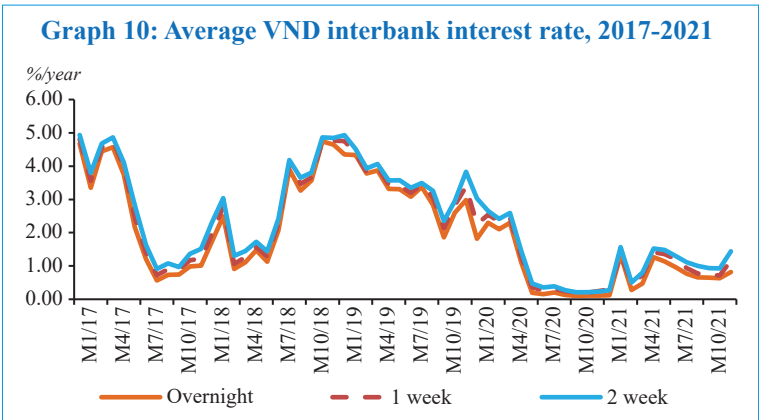
In terms of maturities, transactions on the interbank market in 2021 continued to be mainly at under 1 month, focusing on overnight and 1-week terms. Overnight trading volume in VND for the whole year reached VND 26,130 trillion, in USD converted to VND reached VND 5,469 trillion, accounting for 77 percent and 69 percent of the total trading volume of the year, respectively.

“

Interbank interest rates were relatively stable at low levels, and the size of the interbank market continued to expand.

Interbank interest rates were relatively stable at low levels

Compared to the common level in recent years, the interbank interest rates in 2021 were relatively stable at low levels because of abundant liquidity in the system thanks to the inheritance of a good liquidity position from end-2020 and the system continued to be complimented with VND from the sale of foreign currency by credit institutions to the SBV. On average, for the whole year, VND interest rates of overnight, 1-week, and 2-week terms were at 0.76 percent p.a, 0.93 percent p.a and 1.07 percent p.a, respectively.



Source: SBV

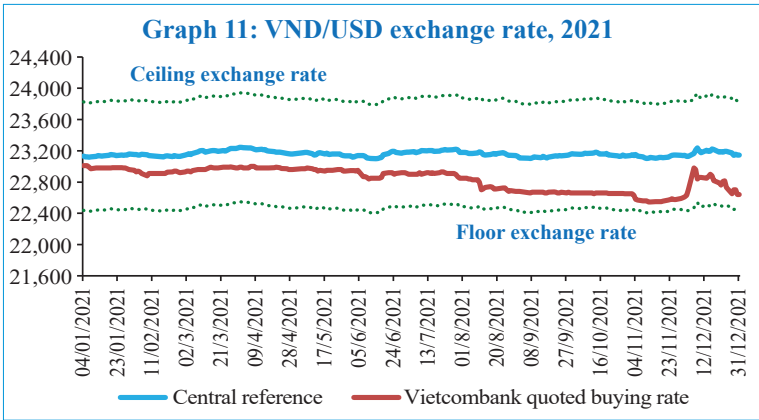
FX market developments

From the beginning of 2021, the SBV implemented a plan to purchase foreign currency on 6-month forward contract, reducing the frequency of intervention and gradually lowering the forward buying exchange rate, creating conditions for the exchange rate to move more flexibly while absorbing abundant foreign currency in the market, ensuring the smooth operation of the FX market. After relatively stable movements in the first 7 months, from August 11, 2021, the domestic exchange rate tended to decrease when the SBV actively stopped foreign currency purchase on forward contract, shifting to purchase on spot contracts and gradually lower the buying exchange rate to match market conditions, and at the same time giving VND liquidity support in the context of complicated developments of the COVID-19 pandemic. In the early days of December 2021, the market exchange rate tended to increase rapidly due to the unfavorable balance of supply and demand of foreign

“

In some periods, FX market was put under pressure from fluctuations in the international market, but in general, the market was stable thanks to a solid macroeconomic foundation and proactive and flexible monetary policy management solutions of the SBV.

currencies and the market adjusted expectations about the Fed’s monetary policy narrowing roadmap. However, after the SBV listed the intervening selling rate at 23,150 VND/USD on December 8, 2021, it was ready to sell foreign currencies to support liquidity and stabilize the market and the interbank exchange rate tended to decrease again. As of end-2021, the central exchange rate increased by 0.06 percent y-t-d, the VND/USD interbank exchange rate decreased by 1.32 percent y-t-d. The FX market was stable, market liquidity was smooth, the legal needs of the economy of FX purchase and selling were fully and promptly met, and the SBV bought a large amount of foreign currency to accumulate the State FX reserves.



Source: SBV

The FX market was maintained stably thanks to the solid domestic macroeconomic foundation, favorable foreign currency supply and demand; the central exchange rate mechanism continued to be effective in creating conditions for the market exchange rate to move flexibly and in line with market conditions, supporting the absorption of external shocks to the economy and to limit speculation and holding of foreign currencies.

Gold price

In 2021, domestic gold bar price fluctuated according to international gold price movement; except for the period from June to September 2021, the domestic gold price was almost unchanged, remaining around VND 57 million per tael because most gold shops were closed under the regulations on social distancing while the price of gold remained unchanged. International gold

“

Domestic gold price fluctuated according to international gold price movements,

except when the whole country implemented social distancing.

“

Viet Nam's security market achieved impressive results and continuously conquered new heights in 2021.

“

Credit institutions continued to strengthen and improve financial and governance capacity; improve prudential ratios, risk management in accordance with law and

price fell sharply, causing the difference between domestic and international gold prices to increase. From October, 2021, provinces and cities throughout the country began to reopen, domestic gold price increased in accordance with international gold price. As of December 31, 2021, domestic gold was traded at VND 61.25 million per tael, an increase of about 9 percent y-t-d; the difference between domestic and international gold prices remained at VND 10.7 million per tael.

Security market

In 2021, despite being affected by the COVID-19 pandemic, Viet Nam's stock market generated impressive results, attracting the attention of domestic and foreign investors. VN-Index was at the lowest level of 1,023.94 points on January 28, 2021 (down by 7.24 percent y-t-d). After that, the market recovered for the rest of the year and continuously conquered new highs, the VN-Index reached 1,500.81 points on November 25, 2021, the highest in 21 years. Market capitalization of stocks on all three exchanges (HOSE, HNX, UPCoM) reached about VND 7.76 quadrillion, equivalent to 125 percent of GDP (2020: 87.7 percent of GDP). In 2021, the average trading value per session on HOSE and HNX reached VND 19,539 billion and VND 2,798 billion, respectively, an increase of 204.1 percent and 288.1 percent, respectively compared to 2020.¹² In 2021, net selling by foreign investors reached more than VND 62,431 billion (in 2020: more than VND 19,721 billion).¹³

2.7. Operations of credit institutions

As of end-2021, the credit institution system consisted of 04 commercial banks with over 50 percent of charter capital held by the State; 03 compulsory acquired commercial banks; 01 VBSP; 01 Development Bank; 28 commercial banks; 02 joint venture banks; 09 100% foreign-owned banks; 51 foreign bank branches; 26 finance and leasing companies; 01 Cooperative Bank; 1,181 PCFs and 04 microfinance institutions.

¹² Market capitalization and average trading value/session are calculated based on data published by the State Securities Commission.

¹³ Market information report data for December 2020 and December 2021 of the State Securities Commission.

**Table 1: Credit institution system in Viet Nam
as of December 31, 2021**

No.	Type	2020	2021
1	State-owned commercial banks	4	4
2	Compulsory acquired banks	3	3
3	Social Policy Bank	1	1
4	Viet Nam Development Bank	1	1
5	Joint-stock commercial banks	28	28
6	Joint-ventured banks	2	2
7	100% foreign-owned banks	9	9
8	Foreign bank branches	50	51
9	Finance, leasing companies	26	26
10	Cooperative Bank	1	1
11	People's credit funds	1,181	1,181
12	Microfinance institutions	4	4

Source: SBV

Financial capacity of credit institutions continued to be strengthened, their size continued to be expanded

In 2021, financial capacity of the credit institution system continued to be strengthened and their sized was expanded; solutions to handle NPLs were implemented in accompanying with measures to control and prevent new NPLs from arising, contributing to maintaining the on-balance NPL ratio at below 2 percent; governance and risk management capacities of credit institutions were gradually improved, approaching international practices and in accordance with the conditions of the domestic market. System liquidity was kept stable, regulations on limits and prudential ratios were strictly complied by credit institutions; business performances of credit institutions continued to be improved. As of end-2021, the system's total assets reached VND 15.96 quadrillion, an increase of 13.85 percent y-o-y; total charter capital of the whole system reached VND 775.8 trillion, an increase of 17.44 percent y-o-y.

As of end-2021, system-wide ROA and ROE were 1.21 percent and 14.65 percent, respectively (2020: 0.98 percent and 12.24 percent, respectively). The CAR ratio of the group of banks applying Circular No. 41/2016/TT-NHNN was 11.51 percent; the group of banks applying

international practices. System liquidity continued to be ensured, credit quality was improved.

Circular No. 22/2019/TT-NHNN was 10.12 percent; and the group of banks applying Circular No. 23/2020/TT-NHNN was 19.31 percent. The average liquidity reserve ratio reached 17.95 percent; most credit institutions met prudential ratios and limits of operation in accordance with the law.¹⁴

Table 2: Basic indicators

Types of credit institutions	Total equity		Chartered capital		Short-term deposit to medium-and long-term lending (percent)	Lending to deposit (percent)
	VND billion	± %	VND billion	± %		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
SOCBs	6,451,584	11.39	180,078	15.98	27.16	81.13
Social Policy Bank	259,606	10.03	19,023	4.12		
Joint-stock commercial banks	7,152,208	18.16	393,604	24.11	26.31	70.22
Joint-ventured, foreign banks	1,629,531	7.02	138,570	5.55		41.50
Finance, leasing companies	260,177	13.59	35,877	17.41	37.03	
Cooperative Bank	49,168	12.57	3,030	0.00	13.43	52.50
People's credit funds	158,833	10.92	5,659	11.96		
The entire system	15,961,107	13.85	775,840	17.44	23.97	72.11

Source: SBV

Note:

- Data was made based on December 2021 accounting reports and statistical reports of credit institutions, foreign bank branches (excluding micro-finance institutions);
- State-owned commercial banks include: Viet Nam Bank for Agriculture and Rural Development, Viet Nam Joint Stock Commercial Bank for Industry and Trade, Joint Stock Commercial Bank for Foreign Trade of Viet Nam, Joint Stock Commercial Bank for Investment and Development of Viet Nam, Viet Nam Construction Joint Stock Commercial Bank, Global Petroleum One-Member Commercial Bank Limited, Ocean One-Member Commercial Bank Limited;
- Data in columns (6), (7) do not include Social Policy Bank and PCFs (not subject to report);
- The ratio of short-term deposit to medium-and long-term lending of joint-venture and foreign banks is not valid because they did not use short-term capital for medium and long-term lending.

¹⁴ Except for some weak credit institutions that were in the restructuring process.

Table 3: CAR of credit institutions and foreign bank branches

No.	Types of credit institutions	Regulatory Capital		Minimum capital adequacy ratio (percent)
		VND billion	± percent	
(1)	(2)	(3)	(4)	(5)
1	Group of banks applying Circular No. 41/2016/TT-NHNN	1,195,377	36.9	11.51
1.1	SOCBs	366,909	73.6	8.96
1.2	Joint-stock commercial banks	609,910	33.1	11.88
1.3	Foreign banks' branches	218,588	7.6	18.99
2	Group of banks applying Circular No. 22/2019/TT-NHNN	180,566	-36.2	10.12
2.1	SOCBs	110,417	-48.0	10.21
2.2	Joint-stock commercial banks	59,361	0.2	9.20
2.3	Foreign bank branches	8,048	11.0	25.65
2.4	Cooperative Bank	2,740	-33.9	10.71
3.	Group of non-banks applying Circular No. 36/2014/TT-NHNN	51,481	17.32	19.31
3.1	Finance, leasing companies	51,481	17.32	19.31

Source: SBV

Note:

- The above data are sourced from Balance Sheet Reports and Statistic Reports of Credit Institutions and foreign banks' branches in December 2021 (excluding microfinance institutions);
- State-owned commercial banks include: Viet Nam Bank for Agriculture and Rural Development, Viet Nam Joint Stock Commercial Bank for Industry and Trade, Joint Stock Commercial Bank for Foreign Trade of Viet Nam, Joint Stock Commercial Bank for Investment and Development of Viet Nam, Viet Nam Construction Joint Stock Commercial Bank, Global Petroleum One-Member Commercial Bank Limited, Ocean One-Member Commercial Bank Limited;
- Regulatory capital and CAR have excluded those banks with negative regulatory capital.

System liquidity continued to be ensured, credit quality was improved

Liquidity risk: Liquidity of the whole system was guaranteed, FX transactions took place smoothly, legal foreign currency needs were fully and timely met.

Credit risk: In the context of adverse impact of the COVID-19 pandemic on the domestic economy, eroding financial and debt repayment capacity of enterprises, the SBV directed credit institutions to synchronously implement measures to control and prevent new NPLs

from arising, contributing to improving credit quality and keeping on-balance NPL ratio of the credit institution system at a safe level of less than 2 percent. In 2021, the credit institution system handled VND 151.95 trillion of bad debts, of which credit institutions using risk provisions to handle accounted for 47.1 percent, debt repayment by customers accounted for 30.2 percent and sold to VAMC accounted for 12.6 percent. Regarding NPL resolution according to Resolution No. 42/2017/QH14 of the National Assembly, accumulated from August 15, 2017 to the end of December 2021, the whole credit institution system handled VND 380.2 trillion of bad debts.

Table 4: Credit institutions' ratios

Unit: percent

	ROA	ROE
SOCBs	0.89	15.84
Social Policy Bank	0.47	2.60
Joint-stock commercial banks	1.65	19.13
Joint-ventured, foreign banks	0.66	4.83
Finance, leasing companies	1.56	8.12
Cooperative Bank	0.36	4.37
People's credit funds	0.82	12.48
The whole system	1.21	14.65

Source: SBV

Note:

- The above data are sourced from Financial Statements in December 2021 (unaudited);
- State-owned commercial banks include: Viet Nam Bank for Agriculture and Rural Development, Viet Nam Joint Stock Commercial Bank for Industry and Trade, Joint Stock Commercial Bank for Foreign Trade of Viet Nam, Joint Stock Commercial Bank for Investment and Development of Viet Nam, Viet Nam Construction Joint Stock Commercial Bank, Global Petroleum One-Member Commercial Bank Limited, Ocean One-Member Commercial Bank Limited;
- ROE and ROA has eliminated banks with negative Equity.

Part II – State Bank of Viet Nam's management

In implementing the Government's direction in Resolution No. 01/NQ-CP dated January 01, 2021, the State Bank of Viet Nam issued Directive No. 01/CT-NHNN dated January 07, 2021 setting goals and tasks for the entire banking sector in 2021: *“Proactively and flexibly manage monetary policy, in close coordination with fiscal and other macroeconomic policies to control inflation in line with the 2021 target of 4 percent on average, supporting macro-economic stabilization, contributing to the recovery of economic growth, and maintaining the stability of the money and FX markets. In 2021, the direction of M2 growth target was about 12 percent; credit growth target was about 12 percent with adjustment in line with actual developments and situations. Reasonable credit growth associated with credit quality improvement, focusing on production and priority areas. Strictly control credit to potentially risky areas. Continue to remove difficulties in credit provision to the people and businesses affected by natural disasters and pandemics.”*

1. Management of monetary policy

Reasonable monetary regulation, ensuring system liquidity, stabilizing the money market, ensuring capital availability to support economic growth recovery

In accordance with the Government's direction, money market movements and capital situation of credit institutions, the SBV actively and flexibly operated open market operations, closely coordinated with fiscal policy for reasonable monetary regulation, ensuring system liquidity, stabilizing the money market, proactively responding to the COVID-19 pandemic and supporting economic growth recovery of. Accordingly, the SBV put a bid offer for termed purchase of valuable papers through daily open market operations with the offer interest rate at 2.5 percent p.a, applying volume bidding method, announcement of volume and interest rate to signal the stabilization of the money market. The volume and duration of the offer was adjusted accordingly, on some

“

Proactively, flexibly and synchronously manage monetary policy tools to control inflation, contributing to ensuring macro-economic stability, and support economic growth recovery; while ensuring system liquidity, maintaining a stable money market.

days adjacent to the Tan Suu Lunar New Year, the SBV actively increased the offered volume for valuable papers to give liquidity support to credit institutions to meet the needs of payment and cash of residents and economic entities, stabilize the money market. From November 15, 2021, the SBV flexibly adjusted the bid offer maturity to 91 days, to signal support for economic growth recovery and remove difficulties for production and business activities due to the impact of the COVID-19 pandemic.

Keeping policy interest rates unchanged

After three interest rate cuts in 2020, the SBV kept the policy interest rates unchanged in 2021, in order to facilitate the reduction of capital costs for people, businesses and the economy. At the same time, the SBV continued to direct credit institutions to minimize expenses, adjust business plans and profit targets to focus on reducing lending interest rates for old and new loans to support businesses and people to overcome difficulties.

Keeping VND and foreign currency RR ratios stable

The RR ratio for VND deposits was maintained at 3 percent for demand and less-than-12-month deposits, 1 percent for deposits with terms of 12 months and above. For foreign currency deposits, the RR ratio was maintained at 8 percent for demand and less-than-12-month deposits, 6 percent for deposits with terms of 12 months and above and 1 percent for deposits of credit institutions abroad.

Maintaining refinance in line with the objectives of monetary policy management and the Government's instructions

The refinancing instrument was operated in accordance with the instruction of the Government, the operating objectives of the State Bank and the capital needs of the credit institutions. Accordingly, in the context of the COVID-19 pandemic, there were still many complicated developments, affecting the domestic socio-economy, following the direction of the National Assembly, the Government and the Prime Minister, the SBV continued to refinance the VBSP to allow employers to borrow money to pay work stoppage wage to employees according to Resolution No. 42/NQ-CP and Decision No.



15/2020/QD-TTg;¹⁵ refinance VBSP to lend to employers to pay work stoppage wages to employees, pay wages to restore production according to Resolution No. 68/NQ-CP and Decision No. 23/2021/QD-TTg;¹⁶ refinancing the credit institutions after their lends to Viet Nam Airlines Corporation - JSC.¹⁷

Managing the exchange rate flexibly and appropriately, keeping the FX market stable

In 2021, the SBV managed the exchange rate and FX market in line with macroeconomic, inflation developments, market movements and monetary policy objectives, specifically: **(1)** continuing to announce central rates on daily basis based on reference to domestic and foreign market movements, macroeconomic, monetary balances and monetary policy objectives; **(2)** flexible implementation of market interventions (including spot and forward interventions) to stabilize the FX market. During periods of abundant FX supply, the SBV actively and flexibly purchased foreign currency from credit institutions and converted into VND to support economic development and ensure smooth operation of the FX market; and at the same time accumulating FX reserves, consolidating national financial and monetary security. During periods of exchange rate pressure, the SBV promptly communicated, offered an appropriate intervention plan and was ready to sell foreign currencies to support liquidity and stabilize the market; **(3)** synchronous and flexible combination of other solutions and tools (liquidity regulation, VND interest rate...).

¹⁵ The program has been implemented since 2020 in accordance with Resolution No. 42/NQ-CP dated April 9, 2020 of the Government on measures to support people facing difficulties due to the COVID-19 pandemic (amended, supplemented and supplemented by Resolution No. 154/NQ-CP dated October 19, 2020) and Decision No. 15/2020/QD-TTg dated April 24, 2020 providing for the implementation of policies to support people facing difficulties due to COVID-19 pandemic (amended and supplemented by Decision No. 32/2020/QD-TTg dated October 19, 2020).

¹⁶ Resolution No. 68/NQ-CP dated July 1, 2021 of the Government on a number of policies to support employees and employers facing difficulties due to the COVID-19 pandemic and Decision No. 23/2021/QD-TTg dated July 7, 2021 of the Prime Minister stipulating the implementation of a number of policies to support employees and employers facing difficulties due to the COVID-19 pandemic.

¹⁷ Resolution No. 135/2020/QH14 dated November 17, 2020 of the National Assembly on the 10th session of the XIV National Assembly. Resolutions of the Government (No. 24/NQ-CP on July 29, 2020; No. 44/NQ-CP on December 17, 2020; No. 194/NQ-CP on December 31, 2020) on solutions remove difficulties for Viet Nam Airlines Corporation - Joint Stock Company due to the impact of the COVID-19 pandemic.

Managing credit growth in tandem with improving credit quality, fully and promptly meeting capital needs of the economy with the focus on production and business activities, tightly managing credit to potentially risky areas; continuing to remove obstacles and assist consumers affected by the COVID-19 pandemic

On the basis of the economic growth target for 2021 set by the National Assembly and the Government, the SBV set and adjusted credit growth target in accordance with the actual situation and developments. Consequently, the SBV implemented solutions to control the volume and growth of credit in 2021 in tandem with credit quality improvement, achieving the target of controlling inflation, supporting the recovery of economic growth; focusing credit on production and business sectors; and strictly controlling credit for potentially risky sectors. In contributing to the reduction of black credit, the SBV directed credit institutions to implement numerous measures to remove obstacles and create favorable conditions for businesses and individuals to access bank credit, such as renewing and improving lending processes and procedures; diversifying credit programs and products suited to different economic sectors and subjects; promoting the application of technology in the context of the pandemic; reviewing, and cutting down many fees on customers. At the same time, the SBV continued to organize conferences to connect bank-business efficiently nationwide, conducted field surveys, received and immediately resolved difficulties and issues faced by individuals and enterprises.

2. FX management

Strengthen the construction and completion of the legal framework on the management of FX and gold market

“

Continued to develop the legal framework for FX and gold market management; the

The SBV continued to improve the legal framework for FX activities and to update the legal regulation document system to reflect current conditions. This helped to create an adequate and synchronized legal framework and make it possible for organizations and individuals to undertake FX activities in accordance with the law, making it possible for organizations and individuals to



access economic benefits from these activities. At the same time, the SBV issued Circular No. 15/2021/TT-NHNN dated September 30, 2021¹⁸ in amendment of a number of articles on gold trading. This made it possible for foreign-invested businesses to use the national one-stop system to get licenses to import gold materials to make gold jewelry and fine arts, saving money and time for businesses. This Circular got rid of one administrative procedure and simplified a number of rules about documentation and procedures in gold trading.

Thanks to the said measures, despite complicated developments in international gold price in 2021 and rising domestic gold price, the domestic gold market was relatively stable without speculation and price making behaviors, thus the price of gold bars went down and their attractiveness reduced. The SBV didn't have to use foreign currencies to buy gold on the market for intervention. Goldenization of the economy was limited, and some gold capital has been turned into money for socio-economic development.

Management of current transactions

The management of current transactions continued to move toward liberalization in line with international commitments. At the same time, the SBV continued to implement policies to limit the use of foreign currencies domestically to carry out the policy of limiting, moving towards dedollarization, and increasing people's trust in the VND. In line with the trend of integration, the policy to attract remittances remained open to encourage and facilitate remittance inflows, helping the domestic economy grow, improve Viet Nam's balance of payment, and boost the State FX reserve accumulation. The SBV also kept working on ways to bring foreign currency sources into the open banking system through foreign currency collection and exchange management policies, remittance policies and regulations, credit institutions' policies on purchase and selling of foreign currencies in cash with individuals, policies on managing cross-border payments, etc.

*management
of current
transactions, capital
transactions,
management of FX
reserves and gold
market continued
to be effectively
implemented.*

¹⁸ Circular No. 15/2021/TT-NHNN dated September 30, 2021 amending and supplementing a number of articles of Circular No. 16/2012/TT-NHNN dated May 25, 2012 guiding a number of articles of Decree No. 24/2012/ND-CP dated April 3, 2012 of the Government on the management of gold trading activities.

Management of capital transactions

FX management for activities related to foreign investment was carried out in the direction of facilitating Viet Nam to attract capital flows related to foreign investment, which subsequently contributed to the nation's continued economic growth and an improvement of balance of payment. Direct and indirect investment overseas was closely and cautiously managed in the way of encouraging domestic investors to take advantage of investment opportunities overseas while ensuring careful monitoring of capital outflows and prioritizing the concentration of domestic economic development resources.

In addition, the SBV continued to closely monitor and manage non-public guaranteed external debt and debt service of enterprises in line with the goal of the country's external debt management, ensuring the net external debt and debt service limit of enterprises to stay within the external debt cap set by the Prime Minister. At the same time, the SBV worked with the Ministry of Finance to propose to the Prime Minister to adjust the 2021 public debt and debt service plan to timely support enterprises to have chances to add more capital to recover their production and business activities.

Management of the State FX Reserves

The SBV continued to fulfill its goal of the State FX reserve accumulation under favorable market conditions through flexible and synchronous management of monetary tools. At the same time, the SBV deployed measures to stabilize the exchange rate and FX market in line with the goals of macroeconomic and monetary policy management. It also implemented effective and synchronous solutions to manage the FX market. As a result, the SBV continued to purchase foreign currency to accumulate the State FX reserves, forming a source for intervention when it was required.

3. Banking inspection and supervision

Inspection and supervision activities

The inspection work was kept innovated in the direction of comprehensive inspection of legal entities by combining and using risk-based inspection methodology.

The goal was to effectively focus inspection resources on objects and fields with high potential risks and easy to occur negativities and misconducts so that violations of credit institutions could be quickly found, stopped, and strictly addressed. In 2021, the SBV carried out 1,067 inspections and examinations; made 157 decisions to impose administrative fines against firms, credit institutions, and people total fine amount of VND 12.2 billion.

The supervision was innovated in the following directions: **(1)** Improving the effectiveness of micro- and macro-prudential supervision by deploying new risk monitoring tools and methods associated with the promotion of operationalisation and application of technical infrastructure, information technology, and database on the operation of the system of credit institutions and foreign bank branches; **(2)** Improving the ability to detect, analyze, give early warnings and propose measures to prevent risks and crises in order to ensure the safety and stability of the monetary, financial, and banking systems and prevent the risk of violating the banking law by credit institutions and foreign bank branches; **(3)** Closely coordinating between offsite and onsite supervision, licensing and issuance of regimes and policies.

Based on the offsite and onsite supervision results, the SBV issued documents directing and rectifying credit institutions and foreign bank branches on issues related to insurance business and agents; compliance with regulations on prudential limits and ratios; acceleration of NPL resolution according to Resolution No. 42/2017/QH14 of the National Assembly; credit extension for investment and trading in stocks and real estate; and regulating consumer lending activities of finance companies; ensuring safety in payment service provision...

Licensing management

In 2021, the SBV granted a license to establish 01 foreign bank branch in Ho Chi Minh City; and at the same time, processed applications for licenses to establish new foreign bank branches of foreign credit institutions in accordance with Circular No. 40/2011/TT-NHNN dated December 15, 2011.



The SBV continued to implement drastic and synchronous solutions for banking inspection and supervision, solutions to restructuring the credit institution system and NPL resolution, pushing up the application of Basel II standards and ensuring prudent and efficient operations following those standards.

Anti-money laundering

Under the close guidance of the Government and the Steering Committee on Anti-Money Laundering, the SBV closely coordinated with other ministries and agencies in implementing many important tasks such as reviewing the implementation of Prime Minister's decisions on the National Action Plan on AML/CFT;¹⁹ developing an action plan for the next phase; defending to get the approval of the Asia-Pacific Group's mutual evaluation of Viet Nam's AML/CFT mechanism; and studying and preparing documents to submit to relevant authorities to amend and supplement the Law on AML.

In addition, the SBV continued to focus on collecting and processing reports in accordance with the law, transferring suspicious transaction information, exchanging and providing information to local and foreign competent authorities; while at the same time, strengthening international cooperation, developing an information technology system for AML/CFT, contributing to crime prevention, protecting the national financial - monetary security and the safety of the banking system.

The implementation of the 2016-2020 Master Plan on Credit Institutions System Restructuring in association with Non-performing Loan Resolution (Master Plan 1058) and the study and development of the Master Plan in the period 2021-2025; implementing and ensuring prudential and efficient operations according to international standards of Basel II

Continuing to accelerate the implementation of credit institution system restructuring in association with NPL resolution

Following the goals and orientations stated in Master Plan 1058 and Resolution No. 42/2017/QH14 of the National Assembly, the SBV continued to closely monitor credit institutions in the implementation of the approved restructuring plans to request for review and adjustment of the plans in accordance with the actual operation, overcome the shortcomings and weaknesses; promptly handle difficulties and problems arising during the implementation of the plan; at the same time, monitor

¹⁹ Decision No. 2112/QĐ-TTg dated November 25, 2014; Decision No. 474/QĐ-TTg dated April 30, 2019.



and supervise the handling of bad debts as well as control the credit quality of each credit institution. As a result, the operation of the credit institution system continued to be maintained in a safe and stable manner. The credit institution system continued to grow steadily in terms of size; the financial capacity of the credit institutions was consolidated with gradual increase of charter capital over the years; non-performing ratio on the balance sheet was controlled below 2 percent; credit institutions raised their awareness and pay more attention to risk management and enhanced transparency of operational information in accordance with the law.

In addition, in order to continue the credit institutions system restructuring, focus on handling weak credit institutions, speed up NPL resolution, and improve the financial capacity of credit institutions, in 2021, the SBV coordinated with credit institutions, other ministries and agencies to review the implementation of the 2016-2020 Master Plan on Credit Institution System Restructuring in associated with NPL Resolution and study and develop the 2021-2025 Master Plan on Credit Institution System Restructuring in associated with NPL Resolution. Based on the direction of the Party, the Government and the comments of relevant ministries and agencies, the SBV would finalize the draft Master Plan and submit it to the Prime Minister for approval and implementation in the coming time.

Ensuring safe and efficient operations according to Basel II international standards

As stipulated in Circular No. 41/2016/TT-NHNN dated December 30, 2016 and Circular No. 13/2018/TT-NHNN dated May 18, 2018, until currently, most credit institutions had complied with capital adequacy ratio (CAR) according to Circular No. 41/2016/TT-NHNN (Basel II standard approach on capital requirements). As of end-December 2021, there were 81 credit institutions and foreign bank branches that have met the CAR requirements according to Circular No. 41/2016/TT-NHNN²⁰ and 12 commercial banks and foreign bank

²⁰ Kienlongbank, PG Bank reported their CARs following the templates of Circular No. 41/2016/TT-NHNN; however, these two banks are still reviewing, upgrade and complete their input database system to ensure full implementation of CAR requirements per regulations in Circular No. 41/2016/TT-NHNN.

branches (including a number of commercial banks that have approved restructuring plans associated with bad debt settlement in the 2016-2020 period) reported that they would apply Circular No. 41/2016/TT-NHNN from January 01, 2023 at the latest. In addition, the SBV coordinated with the consultants of the Project on Banking regulation and supervision support (BRASS) to build, test and complete the Compliance Monitoring Dashboard Tool (CMD Tool) to support the monitor and supervision of the Basel II implementation by credit institutions and foreign bank branches.

4. Macroprudential supervision of the financial system



The SBV continued to implement the Systematic Risk Monitoring Regulation, gradually completing the macroprudential policy framework, creating a legal basis to help prevent systemic risks and minimize negative impacts on the economy.

The SBV continued to implement the Regulation on systematic risk monitoring (according to Decision No. 2563/QĐ-NHNN dated December 31, 2016); updating the database for the monitor of financial stability indicators; analysis and assessment of risks to financial stability; conducting financial systemic risk surveys; stress-testing the resilience of the banking system against external shocks, especially in the context of the COVID-19 pandemic; preparing thematic reports, surveying the current status and the needs RegTech of credit institutions; completing the set of indicators to assess the safety and stability of the financial and monetary market and pilot the analysis and assessment of financial stress and vulnerability using This set of indicators. At the same time, implementing the action plan of the banking sector on the National Financial Inclusion Strategy to 2025, with orientation to 2030 and the Government's guidelines and policies on actively participating in the 4.0 Industrial Revolution, in 2021, the SBV has completed the Thematic Report that assesses "The impact of digital finance on financial inclusion in the context of the COVID-19 pandemic: Experiences from countries and suggestions for digital finance management policy for Viet Nam"; and research reports on the financial stability framework and the legal framework for macroprudential supervision for the banking and financial system in the context of the 4.0 industrial revolution.

5. Legislation

Law making

In 2021, the SBV continued to focus on improving the institutional framework for banking operations. Specifically,

the SBV, in accordance with its authority, developed, issued and submitted to competent authorities to Issue 32 legal documents including 02 Government's decrees, 02 Prime Minister's decisions, 28 Governor's Circulars, providing legal foundation for: **(1)** Implementing policies to support individuals and businesses affected by COVID-19 pandemic under the direction of the Government; **(2)** Strengthening and enhancing banking supervision operation; **(3)** Improving regulations on organization and operation of credit institutions; **(4)** amending regulations on foreign exchange, gold, payment, etc. On the other hand, in 2021, the SBV has evaluated the implementation of Resolution No. 42/2017/QH14 on pilot resolution of non-performing loans of credit institutions and Directive No. 32/CT-TTg dated July 19, 2017 of the Prime Minister. The SBV proposed the Government to propose 02 options: **(i)** Developing a Law on non-performing loan resolution with simplified procedures or **(ii)** Extending the validity duration of Resolution No. 42/2017/QH14.

Legal documents issued in 2021 improved the banking legal framework, better enabling a timely and effective implementation of policies that support individuals and businesses in difficulties due to the COVID-19 pandemic; better strengthening the state management in the monetary and banking sectors, laying an important legal foundation for the SBV to manage monetary policy, ensure safety, and accelerate the process of restructuring and improving the soundness of the credit institution system.

Review and organization of banking legal documents

In 2021, 41 legal documents was reviewed; 19 documents was completely invalidated and 29 documents was partially invalidated.

Law enforcement in the banking sector

In order to improve the effectiveness of banking law enforcement, the SBV has focused on the following tasks: **(1)** Regularly updating and monitoring the implementation of newly issued legal documents including 16 decrees and 02 decisions of the Prime Minister; evaluating and reviewing the implementation of 10 laws, 01 ordinance, 02 resolutions, 01 project and 09 decrees; **(2)** Monitoring law enforcement by thematic issues in order to propose issuance of guiding documents or amendment, supplements or promulgation of new legal documents to



Legislation and law enforcement continued to be strengthened to improve the legal framework for monetary and banking operations, contributing to the enhancement of state management efficiency as well as improving transparency and unification of the legal system for banking sector.

meet management requirements, thereby improving the consistency and transparency of the legal system.

6. Issuance and vault operation

Cash issuance and regulation

“

Effectively implement issuance and vault operation, ensuring safety for the system and monetary security.

In 2021, the SBV's cash regulation encountered various challenges in the context of complicated pandemic and the social distancing requirement was applied in many localities for a long time. Based on the cash demand forecast of the economy and the need to replace unqualified money for circulation, the SBV planned money printing for 2021, thereby, maintaining reserves in the whole system at a safe and efficient level. At the same time, based on the situation of revenue, expenditure, and balance of funds, the SBV was proactive in cash regulation, promptly met the needs of localities in terms of value and denomination structure during the high demand in Lunar New Year. The cash supply for credit institutions and the State Treasury in localities was well performed by the SBV's branches to timely serve cash demand for local socio-economic development. In addition, the SBV continued to promote the collection and exchange of unqualified cash in circulation, requesting its units to pay more attention to inspection and supervision for this activity in order to improve the quality of cash in circulation. As a result, the amount of unqualified cash in circulation to the system for the whole year increased by 16 percent compared to 2020.

Vault safety operation

In 2021, the SBV continued to improve the legal basis and efficiency of vault operation and ensured regulations to meet practical requirements. Accordingly, Circular No. 19/2021/TT-NHNN dated November 24, 2021 amending and supplementing a number of articles of Circular No. 01/2014/TT-NHNN regulating delivery, preservation and transportation cash, precious assets and valuable papers was issued. Regular and ad-hoc inspection of the SBV branches in provinces, cities and credit institutions was strengthened to ensure safety in monetary and vault operations. The discipline in administration and compliance with regulations on vault safety operation was paid attention. The inspection by SBV and internal inspection of credit institutions were enhanced including specific sanctions for cases of violations.

Counterfeit money prevention and protection of the national currency

The SBV promptly analyzed, evaluated, informed and warned about new types of counterfeit money in the banking system, closely coordinated with functional units to exchange information, training skills to distinguish counterfeit money and submitted to the Government for approval of a Decree on prevention of counterfeit money to protect Viet Nam’s national currency to ensure the legal basis and strengthen coordination among relevant ministries and agencies.

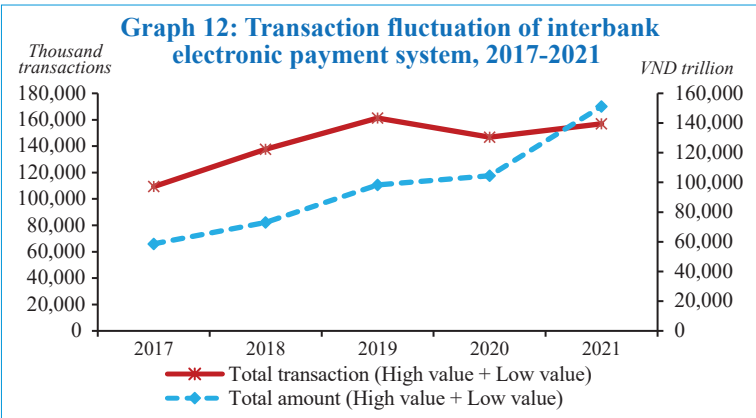
7. Payment operation and digital transformation

Payment system modernization

Interbank electronic payment system

The interbank electronic payment system operated stably, with transaction scale and quantity increasing more and more, meeting the needs for payment and money transfer of member units as well as promoting quick, convenient, accurate, safe and secured payment. As of end-2021, the interbank electronic payment system had connected with 302 member units under 101 members participating in the system, including: 64 member units of the State Treasury, 64 member units of the SBV and 174 member units under 99 member credit institutions. The total number of transactions via the interbank electronic payment system reached 157 million with the value of VND 151.2 quadrillion (increased by 6.9 percent and 44.57 percent y-o-y, respectively).

“
The payment system continued to be modernized with stable, safe, convenient, and secured operation, well serving the need for payment in the economy.



Source: SBV

Financial transaction clearing and switching system

In 2021, the electronic clearing and switching system for financial transactions operated smoothly. About 2.29 billion transactions valued VDN 24.61 quadrillion were processed, an increase by 82.56 percent and 128.31 percent, respectively as compared to 2020. In addition to the electronic clearing and switching system, from the beginning of July 2020, Viet Nam National Payment Joint Stock Company (Napa's) officially launched the Automatic Clearing House (ACH), which accommodates 24/7 continuous operation, multi-channel and multi-facility transaction processing to serve the needs of money transfer, retail payment transactions and payment for utility services. In 2021, the ACH System handled 24.06 million transactions with a value of 455.88 trillion VND (an increase of 610.45 percent and 747.80 percent respectively compared to 2020).

Card payment activities

As of end-2021, 20,404 ATMs, 323,572 POS, over 90,000 active QR code payment acceptance points and more than 119 million cards have been in circulation nationwide. The number of transactions via POS reached about 410.56 million with a value of about 704.51 trillion VND, an increase of 13.35 percent and 13.78 percent, respectively compared to 2020; the number of transactions using bank cards achieved about 502 million with a value of about VND 1,055 trillion, up by 25.7 percent and 21.16 percent respectively compared to 2020; the number and value of transactions via ATM tended to decrease gradually, reaching about 949.27 million with a value of more than VND 2.7 quadrillion, equivalent to a decrease of 7.57 percent and 2.76 percent compared to 2020, respectively.

Payment via electronic payment channels

In 2021, payment using electronic payment channels maintained a high growth rate with the participation of 81 payment service providers that offered their services via the internet and 47 institutions utilized mobile phone channel. The number of transactions via the internet was almost 707.38 million with a value of VND 36.77 quadrillion, up by 48.8 percent and 32.6 percent, respectively compared to 2020; 2.08 billion transactions



conducted via mobile phone worth over 23.6 quadrillion, up by 76 percent and 87.5 percent respectively compared to 2020; and 23.59 million transactions using QR code channel at a value of VND 21.69 trillion (up 45 percent and 125.5 percent respectively compared to the end of 2020).

In addition, to promote electronic payment for public services, the SBV directed the entire banking sector to actively implement many solutions to promote electronic payment for public services. In September 2020, Napa's as a clearing and switching unit, completed the connection with the National Public Service Portal that enables customers of 40 member banks to make online payments. After more than 20 months of implementation, over 675,000 online payment transactions worth over 1,000 billion VND were conducted for 06 service groups: (1) Fees and charges; (2) Household and individual tax; (3) Administrative violation penalties in road transport; (4) Health insurance and social insurance; (5) Electricity bills; (6) Court fee advance. To date, on average, about 80,000 payment transactions equivalent to more than 150 billion VND are performed monthly.

Promotion of digital transformation in banking activities to provide innovative, safe and convenient products and services to customers.

The SBV studied to issue and implement a number of important policies to promote digital transformation in the banking sector such as: (1) Submitting to the Government and the Prime Minister for the issuance of: Scheme on non-cash payment period 2021-2025 (Decision No. 1813/QĐ-TTg dated October 28, 2021), Decision on piloting the use of telecommunications accounts to pay for goods and services of small value (Mobile-Money) (Decision No. 316/QĐ-TTg dated March 9, 2021); (2) Issuing regulations on card issuance by electronic method - eKYC²¹; Directive No. 02/CT-NHNN dated January 13, 2022 on promoting digital transformation and ensuring information security and safety in banking activities; (3) Issuing Decision No.

²¹ Circular No. 17/2021/TT-NHNN dated November 16, 2021 amending and supplementing a number of articles of Circular No. 19/2016/TT-NHNN on bank cards. In 2020, the SBV issued Circular No. 16/2020/TT-NHNN guiding the opening and usage of payment accounts by electronic methods.

810/QD-NHNN dated May 11, 2021 approving the Banking Sector Digital Transformation Plan towards 2025 with orientation to 2030, with the approach that people and customers are the central of actions, the digital transformation activities of credit institutions are associated with increasing utilities, customer experience and providing products in the way of process automation and professionals optimization; (4) Establishing a Steering Committee on Digital Transformation of Banking Sector chaired by the Governor of the SBV (Decision 1977/QD-NHNN dated December 10, 2021).

In 2021, 95 percent of commercial banks developed and implemented the strategy on digital transformation, among which many banks achieved over 90 percent of transactions on digital channels. The 4.0 technologies (artificial intelligence - AI, Machine Learning - ML, Big Data, blockchain, etc.) were studied and deployed in many professionals activities. Many operations were completely digitized (savings, term deposits, opening and usage of payment accounts, bank cards, e-wallets, money transfer, human resource management, accounting – finance. etc.). Banks continued to strengthen their cooperation with suppliers of goods, service and public services to establish a digital ecosystem, thereby providing a seamless and convenient service experience to customers. The opening of eKYC online accounts were implemented in the end of March 2021 and by the end of December 2021, 24 banks officially opened eKYC payment accounts with about 3.37 million active payment accounts. Many banks focused on enhancing capacity in information security for digital transformation (data loss and disclosure prevention, quick response to network security incidents, awareness of human resource safety and security, connected devices security, network attacks prevention, etc.)²².

Payment operations management and payment systems oversight

The management of payment activities and oversight of payment systems of the SBV focused on

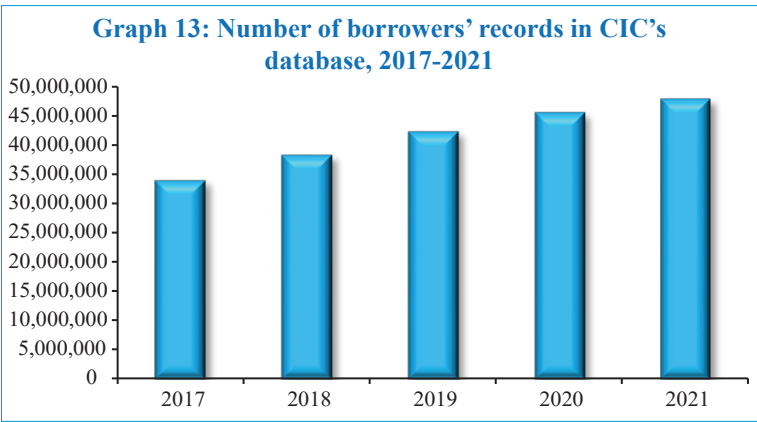
²² 80 percent of banks were ready for information security readiness for digital transformation.

the following tasks: (1) Daily online monitoring and overseeing the National Interbank Electronic Payment System; (2) Regularly monitoring the operation of ATM and POS systems through various channels; (3) Periodically monitoring other important payment systems such as: Foreign currencies payment system, Securities transaction payment system, clearing and financial transaction switching systems; (4) Strengthening the supervision of payment intermediary service provision to ensure the safety and efficiency of the payment system. In addition, in order to promote innovative solutions while ensuring risk control, maintaining financial stability, and protecting consumers, the SBV submitted to the Government for the promulgation a Decree on Non-cash payment and approvment of proposal on developing a Decree on a Sandbox of Fintech in banking sector.

8. Credit information

Credit information operations continued to be maintained stably, actively supporting the direction and management of monetary policy and banking activities; contributing to speeding up the digital transformation of the banking industry; affirming the position, role and significance of credit information in Viet Nam’s financial infrastructure, creating momentum to support the post-pandemic economic growth recovery, and contributing to the overall development of the country.

Development of national credit information database



Source: the SBV

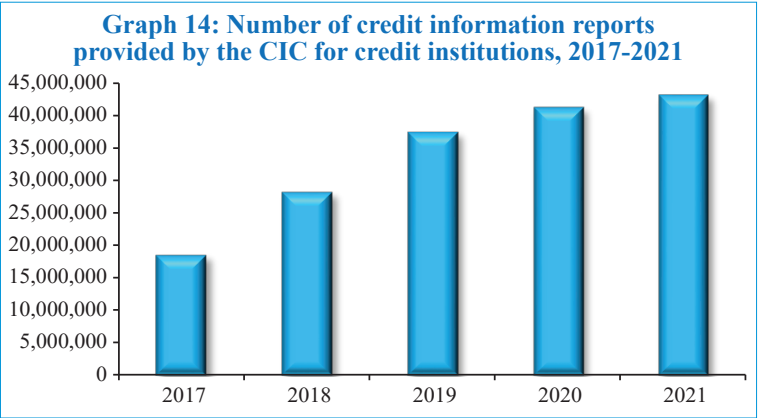
CIC continued to maintain the traditional data source from 100 percent of credit institutions, 1,181 PCFs operating in 57 provinces/cities, 04 official microfinance

Effectiveness enhancement in the operations of Viet Nam’s National Credit Information Center contributed to information transparency and ensure system safety in banking activities.

institutions and 51 voluntary organizations participating in credit information activities; actively expanding the collection of alternative information from non-banking sectors agencies, retail companies, etc. In 2021, credit information coverage continued to be improved, increased more than 2.8 million of customer loan records compared to that disclosed in 2020, increasing the total number of customers in the national credit information database to over 47.9 million of customers (over 11.4 million of new loan applications).

Provision of credit information

CIC provided timely information for the direction and management of the SBV, facilitated the advising, inspection and supervision of banking operations of functional units (providing information of more than 1 million customers to units, agencies, and branches of the SBV in provinces and cities, an increase of 46 percent compared to 2020.) At the same time, CIC provided high-quality credit information services to credit institutions (providing over 43.2 million of credit reports and value-added products such as credit ratings, credit scoring; information and data packages for credit institutions for risk management and Basel II compliance purposes with an automation rate of 87 percent).



Source: SBV

In addition, CIC promoted direct service to borrowers through the Borrower Connection Portal (on website and smartphone application platform). After the CB 2.0 credit scoring model was completed, CIC’s borrower credit information product was updated, added information such as credit scoring, credit relationship



information, collaterals, etc. As a result, in 2021, CIC provided almost 113.9 thousand exploits of credit information reports to borrowers through the Borrower Connection Information Portal.

At the same time, in order to support credit institutions to reduce operating costs, contributing to reducing loan interest rates, facilitating for people and businesses to access credit, and share difficulties with customers affected by the COVID-19 pandemic, CIC continued to effectively implement the following solutions: (1) Reducing twice the price of products and services; (2) Providing free information and credit reports to VBSP in order to support their lending programs to pay salaries to employees with job termination due to the impact of the COVID-19 pandemic; (3) Promptly guiding credit institutions to report information about the borrowers with debt restructuring without changing loan category in accordance with circulars on credit institutions and foreign bank branches' restructuring of loan repayment terms, exemption or reduction of interest, fees, and keeping loan categories unchanged to support customers affected by the COVID-19 pandemic.²³

Applying new technology in business activities

To implement the Banking Sector Digital Transformation Plan to 2025, with an orientation towards 2030, the CIC issued Decision No. 296/QD-TTDD dated December 28, 2021 on the CIC's Digital Transformation Plan to 2025, with an orientation towards 2030, focusing on researching, improving the performance of credit information database, improving the quality of input data collection and processing in order to improve the quality of information and finding solutions to increase data processing speed. In 2021, CIC continued to successfully implemented the information provision methods (Host to Host) with credit institutions (the number of reports through This method increased by over 6 percent compared to 2020;) at the same time, the CIC actively supported credit institutions to transform and exploit information, promoted consulting and supporting credit institutions on the new information supply channel.

²³ Circular No. 01/2020/TT-NHNN dated 13/3/2020; Circular No. 03/2021/TT-NHNN dated April 2, 2021; Circular No. 14/2021/TT-NHNN dated September 7, 2021 amending and supplementing a number of articles of Circular No. 01/2020/TT-NHNN.



Information and communication activities continued to achieve important results, becoming increasingly proactive and professional, creating the confidence of businesses and people in monetary policy management and banking activities, making a positive contribution to the overall performance of the industry.

9. Communication and information transparency

Communication activities of the SBV continued its focus on such assignments as: (1) Strengthening state management of communication in the banking system; (2) Propagating guidelines and policies of the Party, the State and the Government on monetary policy management and banking activities, including policies to support people and businesses affected by the COVID-19 pandemic; (3) Responding promptly to concerning issues of the press, public and voters, contributing to improve public confidence; (4) Coordinating with related agencies/units in implementing social welfare activities of the banking sector, including supporting the prevention and control of COVID-19 and the Vaccine Fund; (5) Organizing efficient implementation of regulations on providing SBV statement and press release to ensure information transparency in accordance with the provisions of law and international commitments... In order to implementing information policy transparency and effectiveness, SBV focuses on developing communications campaigns before, during and following the implementation of new mechanisms/policies; besides, communication methods are regularly renewed and diversified. The SBV's portal focused on the task of information transparency in accordance with international commitments; provided official information of the SBV on operating mechanisms, policies, results and orientations related to the monetary - banking sector; well performed the role of integrating information into online public services of the SBV, actively supporting administrative reform and implementing e-Government.

Financial education programs such as “Good money, wise money”, “Smart kids”, “Smart money” and “Tay hom chia khoa” were constantly being innovated and diversified in both content and format, receiving positive feedback from the public and widespread to the community. These activities helped improve the public's access to banking products and services, prevent black market situation and at the same time, contributed to the implementation of National Financial Inclusion Strategy and the Government's projects such as the schemes on promoting non-cash payment, improvement of the accessibility of banking services for the economy, promotion of payment via banks for public services, etc...

Part III – Internal Governance

1. Internal audit

In 2021, the SBV continued implementing internal audit and control effectively according to Circular No. 06/2020/TT-NHNN dated June 30, 2020 regulating internal audit and control of the SBV. Accordingly, the SBV conducted internal audit and unannounced inspection 35 times at 32 departments, agencies and branches of the SBV. The audit emphasized on assessment of potentially risky areas (safety and security of information systems, management, inspection and supervision of credit institutions, especially the People's Credit Fund, security of assets at vaults and funds, financial management, construction investment, assets procurement, etc.). In addition, the SBV continued to provide instructions to its units to efficiently perform their internal self-inspection and control in order to rectify existing shortcomings, supplement and improve internal processes and regulations, improve its efficiency and effectiveness in management and administration; ensure applicable laws and regulations compliance, operate in thrift and anti-iste manner; enhance SBV's safe and effective operations.

“

Internal audit and control continued to focused on issues with potential risks to enhance the quality and safety of the SBV's operation.

2. Human resources and trainings

Headcounts and staffing

The SBV continued its review and adjustment of organizational structure in a streamlined and efficient manner, focusing on the following issues: **(1)** Review functions, tasks, powers and organizational structure of SBV's units in order to arrange and amend for further improvement; **(2)** Actively coordinate with the Ministry of Home Affairs and related units to develop and finalize the draft decree of the Government defining the functions, tasks, powers and organizational structure of the SBV (replacing Decree No. 16/2017/NĐ-CP) to submit the Government; **(3)** Issue a Decision defining the functions, tasks, powers and organizational structure of the Information Technology Center of the VBSP.

Regarding headcount management, under the direction of Prime Minister on reduction of headcounts (a decrease of approximately 1.5 percent per year in the SBV's

“

The SBV's organization continued to be structured in streamlined, efficient and effective manner in line with the Party and Government's policies. The quality of human resources at unit level had been improved. Staff trainings

and capacity building were moving towards international practices and standards.

headcounts), based on the headcounts of civil servants and public employees assigned by the Ministry of Home Affairs, the SBV approved the plan to assign headcounts to the SBV's units as follows: (1) Regarding the headcounts of civil servants, departments and agencies at SBV Head Office and its 63 branches in provinces and cities, the SBV assigned headcounts to departments and agencies at the SBV's Headquarters and 63 branches in provinces and cities depending on the workload and complexity of the work; (2) Regarding public servant headcounts, the SBV approved the plan to provide employees and labor contracts to the non-business units of the SBV. The SBV proactively balanced the management and utilization of headcounts economically and strictly within the headcounts quota assigned by the Ministry of Home Affairs and without over-staffing; at the same time, developed an overall and detailed annual roadmap. As of end-2021, the headcounts of civil servants of the whole SBV's system downsided by 10.02 percent and the headcounts of public employees of the SBV's non-business units reduced by 10.08 percent compared to 2015, in accordance with the guidelines of the Party and Government. In addition, the SBV promptly issued documents on reduction of headcounts in the banking sector and instructed the whole system to strictly implement²⁴; promoted propaganda and comprehensive education to civil servants and public employees on the objective, opinion, meaning and requirement of civil servants and public employees reduction and restructuring in order to improve responsibility, unify awareness and action, building consensus in the implementation.

Regarding the recruitment of civil servants, the SBV focused on researching and developing recruitment plan following the Scheme on employment position of SBV units with an emphasis on innovation and improvement of recruitment quality. At the same time, in order to further improve the transparency and objectivity of the recruitment work and shorten time and costs of recruitment exam arrangements and meet the Government's administrative reform requirements, the SBV continued to emphasize on information technology

²⁴ Decision No. 1162/QĐ-NHNN dated June 02, 2016 of the Governor of the SBV improving the Project "Reduction of headcounts of the SBV, period 2016-2021"; Document No. 1498/NHNN-TCCB dated March 11, 2021 instructing the implementation of headcounts reduction policy in the SBV's units", etc.

application in recruitment work in form of computer-based multiple-choice exams; building a system of multiple-choice questions, interviews for all areas of general knowledge, concentration and major, with diversity of forms, types of questions, easy-to-difficult levels, and regularly updated and supplemented, etc.; exams results were publicly uploaded on the website of the SBV.

Regarding personnel utilization, the SBV focused on implementing the following solutions: **(1)** Reviewing, amending, supplementing, developing and submitting to the Governor for the issuance of new circulars, regulations on personnel management such as issuing Code of conduct for civil servants, public employees of the SBV, issuing Regulation on standards for management and leadership titles of the SBV's units; finalizing draft Regulation on decentralization of management, rotation, appointment, re-appointment, removal, resignation, dismissal, transfer, secondment, Regulation on quality assessment and classification of civil servants, public employees under the management of the SBV, etc...; **(2)** Continuing to research, develop and apply advanced human resource management tools, apply information technology and improve working methods of the SBV's staff.

Training and retraining

The implementation of the 2020 Training and Retraining Plan ensured the required progress, met practical needs and followed the principle: "*job-based position requirements*". The training courses were designed in accordance with reality, were organized in a timely manner, thereby receiving the support and high appreciation of students and the SBV heads of departments. In 2020, the SBV's training and retraining activities was kept being promptly adaptive to the COVID-19 pandemic through enhancing online training, promoting the application of information technology in training and development, development and maintenance of new forms of training such as online video conference system, E-learning and virtual classrooms. In 2021, the SBV organized 84 training courses; the total number of cadres, civil servants and officials was 5,564 turns of students within 723.5 training days. Training programs were standardized with clear objectives, suitable training subjects, closely linked with competency frameworks, job positions and human resource development requirements in banking sector. At the same time, the SBV focused

on mobilizing, cooperating and taking advantage of international support financial resources for training and retraining activities through cooperation programs and projects with IMF, SEACEN, ADB, WB, JICA, SECO, ATTF-Luxembourg, GIZ, etc.

3. Scientific research work

The SBV chaired and implemented 05 state-level projects; approved and implemented 18 scientific research tasks at ministerial-level; 06 scientific research tasks at elementary level, focusing on the following issues: (1) Improving the legal framework for the management and administration of banking operations; (2) Researching scientific and practical arguments to support the operation of monetary policy, credit and exchange rate; (3) Modernizing banking governance and strengthening the soundness of the credit institution system; (4) Researching to support the objective of improving the efficiency and effectiveness of banking inspection and supervision activities; (5) Strengthening research and development of application of modern banking technology in operation management and development of banking services; (6) Other research contents to support the operation of banking system.

In 2021, given the influence of the COVID-19 pandemic, the SBV organized 01 sectorial level scientific conference on “Consumer protection used financial services - International and practical experience in Viet Nam” and 01 online scientific talk show “Experience in implementing RegTech, SupTech and recommendations to Viet Nam” in coordination with Trade and Investment promotion Agency under the Ministry of Entrepreneurship, Trade and Innovation of Ireland. The contents discussed at the seminars focused on exploiting new problems posed to the banking sector, originating from the practical requirements of the SBV’s policy management with high applicability, contributed to accomplish the banking sector objectives.

4. Statistical work

In order to improve the quality of statistical data, the SBV focused on urging, checking and guiding credit institutions to make statistical reports to ensure accuracy, timeliness and completeness for analysis, forecasting and management of monetary policy. In addition, the SBV stepped up the rectification and handling of violations,

“

Scientific and technological activities of the banking sector continued to closely follow the goals and tasks set for the banking sector and made significant contributions to theoretical and practical research for the operation of the banking sector.

“

Statistical work of the SBV continued to be enhanced and developed, contributing to the direction and administration.

ensuring discipline in the process of implementing regulations on statistical reporting.

The SBV continued to officially carry out online monetary statistical surveys, timely completed and ensured the quality of the carried out its works including Monthly Inflation Expectations, Quarterly Business Trends, Periodic Credit Trends every 6 months for credit institutions; pilot survey of inflation expectations for economists on a quarterly basis. The survey results were timely for analysis, forecasting, planning and administration of monetary policy and management of banking operations. In addition, the SBV has continued to compile, update the information and data base on macroeconomics, domestic and international financial markets, contributing to the analysis, planning and administration of monetary policy.

5. Information technology

Strengthening the state management of information technology

The SBV issued many guiding documents to gradually improve the legal framework on information technology activities; to standardize information technology activities according to international standards, practices and government regulations. In particular, in the context of the COVID-19 pandemic, the SBV directed units in the whole banking sector to proactively develop and implement response plans, ensuring the safe maintenance of IT-based operations and promote cashless payment services on the cyberspace, meeting the requirements in the new situation. Facing complex cyber security developments, the SBV synchronously implemented many policies and solutions, combined with strict inspection and supervision of the IT system; organized rehearsals of risk situations close to actual operations and implement risk treatment plans to ensure safety for information systems at each level. As a result in 2021, the banking industry did not have any cybersecurity incidents and was evaluated by the Ministry of Information and Communications as one of the ministries and branches that did a good job in ensuring network information security.

Development and modernization of the SBV's information technology system

“

Strengthening the state management of information technology, promoting IT development and modernization, ensuring system security and safety.

In 2021, in the context of complex pandemic developments, the SBV implemented many solutions to support online working and document processing on the Edoc system via the Internet; implement a stand-by plan to ensure continuous operation of the SBV's information technology systems. Accordingly, the whole IT infrastructure and operational information systems of the SBV are maintained and operated to ensure continuous and safe operation, meeting the SBV's professional requirements such as the core banking system, accounting and budgeting, Reporting system and Centralized Data Warehouse, Treasury and Issuance Management system, interbank payment system (IBPS), SWIFT payment system... As a result, in 2021, the IBPS correctly and safely handled nearly 160 million transactions VND with the total amount of more than VND 151,000 trillion (increased by 6.9 percent in quantity and 44.6 percent in value compared to 2020), settled approximately 28,000 foreign currency with the total value about USD 69 billion (increased by 1,002 percent in quantity and 1,138 percent in value compared to 2020). Through OMO system, 251 bidding sessions were done, supporting the SBV management operation requirement. The Reporting System and Data Warehouse received about 11,000 reports per day (33,499 reports a day at peak time) from nearly 130 credit institutions headquarters, 1,181 People's Credit Funds, 63 municipal and provincial SBV Branches and microfinance organizations, thereby provided timely data for the day-to-day management of banking operations of the SBV.

In addition, in order to push-up the application of Industry 4.0 technologies, the SBV continued to promote the research and application of new technologies into the actual operations to automate operations, and continuously monitored the SBV's IT infrastructure, early detected risks and minimized disruptions to the operation of information systems such as: piloting an automatic monitoring and management system for the IBPS based on big data and AI technology; pilot studying facial recognition technology for the SBV's single sign-on system; robotic researching for operational automation; studying ISO 20022 telegram standard for the IBPS...

Part IV – International Cooperation

In 2021, the SBV's international cooperation activities continued to be effectively implemented amidst continued complicated developments of COVID-19 and virtual platform being employed by most of cooperation activities. International cooperation in the banking sector recorded numerous remarkable highlights, the SBV continued to focus on developing and advancing relations with international partners, enhancing mobilization of financial and technical resources that provide counsels to the SBV and Viet Nam, thereby positively contributing to stabilization of macroeconomic conditions, promoting integration process and advancing national position in the international arena.

“

*More inclusive
integration into
global and regional
economy*

1. International economic integration

In 2021, the SBV continued to focus on promoting traditional friendship and comprehensive cooperation in the banking sector between Viet Nam and member countries of the ASEAN, ASEAN+3, APEC, WTO, SEACEN... thereby contributing to strengthening regional and international monetary-banking cooperation. In addition to cooperating with central banks of ASEAN countries to promote and effectively implement traditional cooperation subjects, the SBV also demonstrated a leading role in proposing new cooperation initiatives on pressing issues and topics that are drawing attention regionally and the globally, such as green banking and sustainable development. At the 2021 ASEAN Finance Ministers and Governors Meeting (AFMGM), the Sustainable Banking Principles initiative proposed and developed by the SBV was endorsed with consensus and appreciation of leaders from ASEAN countries, contributing to advancing Viet Nam's image and reputation in the multilateral cooperation forum. This was one of the important initiatives to realize of the ASEAN member countries' the common commitment to transition towards sustainable development.

Within the framework of ASEAN+3, cooperation activities were not limited to the existing cooperation frameworks, but expanding continuously to enhance the readiness of the Chiang Mai Initiative Multilateralization (CMIM) with a view to being able to promptly assist member countries. After the revised CMIM Agreement took effect,

in 2021 the SBV proactively coordinated with the ASEAN+3 Macroeconomic Research Organization (AMRO) to amend and finalize Guidelines for Implementation of CMIM agreement serving as the basis for realization of local currency swap process in order to meet the member countries' demand for liquidity support in local currencies.

In capacity as Chairman of SEACEN for 2021-2022, in 2021, the SBV started to take over the role of host person for important SEACEN events, such as the SEACEN Board of Governors Meeting (BOG) and sideline high-level conference with the topic of financial system digitalization that took place in December 2021.

Within the WTO framework, the SBV actively researched and provided suggestions to continuously improve legal framework, thereby creating a solid basis for effective banking sector integration. The SBV coordinated with relevant ministries to prepare and provide information for the second Trade Policy Review session within the framework of the Agreement establishing the WTO. The large number of questions and the active participation of WTO members at the Review session showed their great interest in Viet Nam's trade and investment policies. At the same time, the SBV actively participated in discussions and assessments on economic-financial developments, policy responses of countries to consult and propose appropriate policy measures, thereby contributing to the promotion of multilateral economic cooperation, service market expansion, and strengthened regional and international monetary-banking cooperation at multilateral forum.

The SBV continued to proactively participate in the process of negotiating, signing and implementing free trade agreements (FTAs) including contents related to the banking sector (such as negotiating UK's accession to CPTPP, approving the ASEAN FTA (ATISA); developing implementation plan for FTA between Viet Nam and the United Kingdom of Great Britain and Northern Ireland (UKFTA) and monitoring and implementing issued action plans: those of CPTPP, EVFTA, and VUKFTA to name a few. Besides, the SBV also actively participated in the negotiation process to upgrade the signed FTAs, such as the ASEAN - Australia - New Zealand FTA (AANZ), to further enhance the benchmarks of international commitments related to integration process. The expansion of partnerships with FTA partners has been an important

factor to the deepened cooperation in banking and finance sector, creating a status of intertwined interests, expanding the market, taking advantage of capital, technology, knowledge and managerial experience for diverse and sustainable development of the Viet Nam's banking sector.

2. Cooperation with international financial and monetary institutions

The SBV continued to well undertake the representative role of the Government of Viet Nam at such international financial and monetary institutions as the IMF, WB, ADB, AIIB, IBEC, and IIB through maintaining and developing cooperation, enhancing consultation, policy communication, thereby tightening relations with these international organizations.

The year 2021 was the time when international monetary and financial institutions developed and implemented many new and important policies for member countries. In capacity as representative agency of the Government at those institutions, the SBV actively researched, proposed and expressed perspectives on new policy orientations; reported to the Prime Minister and proposed appropriate policy measures for Viet Nam in order to contribute to the harmonization of donors' policies in line with socio-economic development policy priorities of the Government. In addition, amidst COVID-19 pandemic, the SBV actively participated in policy dialogues among Central Banks/Ministries of Finance of other countries and international organizations to consult, share relevant experiences and update policy measures of other countries with the purpose of obtaining policy spillover and resonant effect for the region.

In relation with the IMF, the SBV continued to work closely with the IMF Office in Viet Nam and the SEAVG Group Office to exchange, update information and data, and actively participated in the IMF's activities. In the context of COVID-19 spreading over the world, the IMF has continuously developed forecasting reports and economic scenarios relating to the pandemic, thereby providing policy advice to the Government, the SBV and other ministries and agencies on the solutions to the economy, fiscal, banking and monetary issues. The SBV actively coordinated with the IMF in developing and implementing the Emergency Capital Increase for its members. Accordingly, the IMF allocated additional SDRs worth USD 650 billion to member countries to provide financial support in response to the crisis caused by the COVID-19 pandemic. In addition, the SBV also proactively coordinated with relevant ministries to

“

*Enhancing
cooperation and
strengthening
position in
international
financial and
monetary
institutions*

work with the IMF's Staff Visit and proposed, mobilized and received new technical assistances from the IMF in the areas of statistics, monetary policy, financial sector stabilization, etc.

In relation with the BIS, 2021 was marked as the first year Viet Nam being an official member of this organization. The SBV developed and implemented an Action Plan to join and cooperate with the BIS in its activities and affiliated committees. Every 2 months, the SBV's Governor joined with the Governors of other BIS member central banks in a meeting to discuss and share information, views and experiences on economic developments, currencies of countries, and emerging issues which have impacts on the monetary and financial operations such as central bank digital currency (CBDC), climate change, digital assets, Defi, green finance, monetary policies to cope with the impact of the Covid pandemic, and the impacts of geopolitical tensions on global and regional monetary and banking activities. Besides the Governors' activities, the SBV has also actively participated in research and exchange with committees and units under the BIS such as the Irving Fisher Committee, and participated as a founding member of the BIS Innovation Hub, the Asian Consultative Council (ACC), and the Asian Research Network (ARN), etc.

In relation with the AIIB, in 2021, Viet Nam continued to affirm its role as a responsible member of the AIIB's Board of Directors, actively participating in the bank's governance, representing the voice of the Country group, and also acted as a bridge to promote cooperation between Viet Nam and the AIIB. Amid the ongoing COVID-19 pandemic, Viet Nam and the other members of the Board of Directors requested the AIIB Leadership to study and finalize the draft Interest Rate Reduction Mechanism to support underdeveloped member countries, while ensuring that it exerts no further pressure/influence on the performance of existing activities of the Bank. Receiving a high appreciation by the AIIB's Board of Directors and Leadership, in the current term, the Vietnamese representative was also elected as the Vice Chairman of the AIIB's Audit and Risk Committee, directly participating in the control, regulation and supervision of the AIIB's implementation of regulations on audit, risk management, portfolio quality/credit quality management, and capital adequacy level, etc.

In 2021, the AIIB approved a loan of USD 95 million, which was co-financed by the AIIB and Natixis Bank, for the refinancing of the 125 MW Dakdrinh Hydropower Plant Project. This project was a remarkable step to open up the AIIB's funding for Viet Nam, helping to



meet energy development needs without adding burden on public finances since the project was run by private sector; and provide opportunities to support renewable energy development while improving environmental and social standards in the solar energy sector in Viet Nam.

In relation with the WB, in 2021, the SBV mobilized and signed to receive the 02 technical assistance projects (1) “*Viet Nam Scaling up Energy Efficiency for Industrial Enterprises Project*” worth about USD 11.3 million and (2) “*Investigation on the use of time fund*” worth about USD 520,000; and the Project on Strengthening Community Preparedness and Response for the COVID-19 pandemic and Other Infectious Diseases worth approximately USD 2.75 million. Moreover, the SBV signed a Cooperation Agreement between the SBV and the International Finance Corporation (IFC) on Enhancing Women’s Leadership in the Banking Industry, worth about USD 335,000, to promote the role of female leaders in the Banking industry by recognizing outstanding female leaders with influential initiatives and to build a learning and sharing platform for good practices on gender equality among banks in Viet Nam; and also signed a Memorandum of Understanding (MOU) between the SBV and the German Sparkassenstiftung for International Cooperation (DSIK) on cooperation for the period 2021-2024 as a basis for DSIK to support and coordinate with the SBV to perform a number of tasks set out in the National Financial Inclusion Strategy to 2025, with a vision to 2030. Currently, the SBV was implementing technical assistance “*Strengthening the Development and Soundness of the Banking Sector in Viet Nam*” funded by the State Secretariat for Economic Affairs (SECO) and entrusted through the World Bank with a value of about USD 7.2 million in order to strengthen the development and soundness of the banking sector, handle existing and structural limitations in the banking system, aiming to meet international standards and contribute to macroeconomic - economic stability; provide technical support on comprehensive finance and anti-money laundering, funded by the Korea Trust Fund (KTF) and entrusted through the World Bank with a value of USD 850,000, focusing on supporting the SBV to strengthen payment and microfinance, implement, monitor and evaluate the National Financial Inclusion Strategy, and update the National Risk Assessment on Anti-Money Laundering and Terrorism Financing.

In relation with the ADB, the SBV cooperated with the ADB to implement the technical assistance Project “*Support*

to reduce the impact of the COVID-19 pandemic for women-led small and medium sized enterprises” funded by the ADB with a value of USD 5 million and the technical assistance Project “Promoting gender equality reform program in the Asia-Pacific region” worth 4 million USD; and continued to carry out other technical assistance activities in green finance, Fintech, financial inclusion, etc. The SBV had been proposing the ADB to provide technical assistance resources to develop financial products for chain lending, green finance and green bonds. In addition, the SBV coordinated and supported the ADB to promote investments in the private sector such as developing procedures and authority to Issue Letters of Objection/Non-Objection to private sector activities of international financial institutions in Viet Nam, and to consult with local authorities to seek investment cooperation opportunities and finalize the National Partnership Strategy for the period of 2022-2025 for the private sector, without the Government’s guarantee.

In relation with IIB/IBEC, the SBV continued to well implement the role of supervision and general management of IIB/IBEC’s activities and actively participated in the reform efforts of these two banks. The SBV has involved in the processes of policy making, operation orientation, internal regulation development, loan approval, investment activities and other important activities of IIB/IBEC, thereby helping IIB/IBEC achieve the set strategic goals and bring IIB/IBEC’s activities more and more in line with modern international practices. Moreover, in 2021, the SBV continued to undertake its role as the focal point to coordinate with relevant agencies to implement Viet Nam’s capital contribution to IIB pursuant to the Capital Increase Program for IIB for the 2018-2022 period. The SBV had always been bringing high expertise into its involvement in IIB/IBEC activities, demonstrating the role and responsibility of a shareholder country to these two banks and actively contributing to the improvement of quality and development of the two banks’ operations, while contributing to promoting cooperation between Viet Nam and IBEC/IIB as well as enhancing Viet Nam’s position in the two banks and the international community.

3. Bilateral cooperation

In line with the Party and Government’s orientation and direction on strengthening international integration, in 2021, the SBV, despite being subject to impact by the complicated developments of COVID-19 pandemic,



*Bilateral
cooperation*



continued to promote bilateral cooperation with different partners in multiple regions, initiated cooperation activities within working groups/taskforces, developed and deepened cooperation with traditional and strategic partners (Laos, Cambodia, China, Thailand, Korea, and Russia), highlighted by the performance of the Working Group between the SBV and BOT on cooperation in creating an interoperable payment linkage in the retail sector using the technology of quick response code (QR code). Specifically, the interoperable QR Code for retail payment linkage between Viet Nam and Thailand was launched at the end of March 2021, creating a convenient and safe payment channel for the people of the two countries when traveling, either to Viet Nam or Thailand.

*continued to be
strengthened
and promoted.
strengthened and
promoted.*

Regarding international memorandums and agreements, up to now, the SBV signed 82 Memorandums of Understanding (MOUs)/Memorandums of Agreement (MOAs) with central banks and banking supervisory authorities. These MOUs/MOAs have laid down the important foundation for promoting cooperation between the SBV and central banks, monetary and banking authorities in areas of mutual interest, such as banking supervision, settlements and payments, human resource capacity building and financial innovation.

In the relation with the important partners, the SBV had actively been the focal point connecting relevant Ministries with the US Treasury in the technical discussion on the “*Macroeconomic and FX policies of major trading partners of the United States*” report published by the US Treasury and the investigation of currency undervaluation under Section 301 of the Trade Act of 1974 initiated by the United States Trade Representative (USTR). In dialogue with the relevant US agencies, the SBV always affirmed its consistent policy of not using exchange rate policy to create unfair competitive advantages in international trade; and SBV’s management of monetary policy aimed to control inflation and contribute to ensuring macroeconomic stability.

Moreover, the SBV, through bilateral cooperation forums and committees between the Government and other countries, actively proposed cooperation aspects in the banking sector to establish a mechanism for exchanging information on legal frameworks and markets in order to facilitate and encourage commercial banks in Viet Nam to explore and establish connections and agent networks in foreign markets.

The word "APPENDIX" is centered within a light gray, horizontally-oriented rounded rectangle. This rectangle is flanked on both its left and right sides by blue, semi-circular shapes that resemble the ends of a pill or capsule. The entire graphic has a subtle drop shadow.

APPENDIX

APPENDIX 1: INTEREST RATES ANNOUNCED BY THE SBV

Unit: percent p.a

Time	Refinancing rate	Rediscount rate	Overnight interbank lending rate
December 2020	4.00	2.50	5.00
January 2021	4.00	2.50	5.00
February 2021	4.00	2.50	5.00
March 2021	4.00	2.50	5.00
April 2021	4.00	2.50	5.00
May 2021	4.00	2.50	5.00
June 2021	4.00	2.50	5.00
July 2021	4.00	2.50	5.00
August 2021	4.00	2.50	5.00
September 2021	4.00	2.50	5.00
October 2021	4.00	2.50	5.00
November 2021	4.00	2.50	5.00
December 2021	4.00	2.50	5.00

Source: The SBV

APPENDIX 2: OPEN MARKET OPERATIONS

Bid	2021
Number of sessions	251
Maturity (day)	7; 14; 91
Number of Bidders	34
Average bid volume per session (VND billion)	244
Average success volume per session (VND billion)	244
Interest rate (percent per annum)	2.5
Bidding method	Volume
Ask	2021
Number of sessions	-
Maturity (day)	-
Number of bidders	-
Average bid volume per session (VND billion)	-
Average success volume per session (VND billion)	-
Interest rate (percent per annum)	-
Bidding method	-

Source: The SBV

Note: In 2021, the SBV did not offer SBV bills, creating favorable liquidity conditions in the money market to support the economy during the COVID-19 pandemic.

APPENDIX 3: REQUIRED RESERVE RATIO (*)

Unit: percent

VND DEPOSIT (**)		FOREIGN CURRENCY DEPOSITS (****)				Credit institutions' overseas deposits (***)
Effective time	Demand and less than 12 month deposits	12 month and up deposits	Demand and less than 12 month deposits		12 month and up deposits	
			Viet Nam's Bank for Agriculture and Rural Development (VBARD), Cooperative Bank	Other credit institutions		
5/2011	3	1	5	6	3	4
6/2011	3	1	6	7	4	5
9/2011	3	1	7	8	5	6
						1

(*) Excluding PCFs, microfinance institutions apply the RR ratio of 0 percent for all types of deposits; policy banks apply the RR ratio according to the Government's regulations (which was currently 0 percent).

(**) Credit institutions with an average density of lending for agricultural and rural development of 40 percent and over may apply lower RR ratio than the above RR ratio as prescribed by the SBV on guiding the implementation of measures to operate monetary policy tools to support credit institutions to lend for agricultural and rural development (which was currently Circular No. 14/2018/TT-NHNN dated May 29, 2018).

(***) Credit institutions operating in Viet Nam calculate RR for deposits received from foreign credit institutions (credit institutions established and operating abroad) as of September 2011 (according to Circular No. 27/2011/TT-NHNN) August 31, 2011).

(**) (****) Deposits in VND and in foreign currencies of the core deposits subject to the RR are specified in: (1) Regulations on RR for credit institutions and guiding documents that are amended, supplemented before February 2020; (2) Circular No. 30/2019/TT-NHNN dated December 27, 2019 from March 2020 until now.

Source: The SBV

APPENDIX 4: BALANCE OF PAYMENT

Unit: USD million

	2020	2021
A. CURRENT ACCOUNT	15,060	-3,811
Goods: Export F.O.B	282,629	336,311
Goods: Import F.O.B	251,921	318,613
<i>Goods (net)</i>	30,708	17,698
Services: Export	7,600	3,673
Service: Import	17,887	19,407
<i>Service (net)</i>	-10,287	-15,734
Investment income (Primary income): Receipts	1,428	982
Investment income (Primary income): Payment	16,245	17,079
<i>Investment income (Primary income) (net)</i>	-14,817	-16,097
Current transfers (Secondary income): Receipts	11,427	13,568
Current transfers (Secondary income): Payment	1,971	3,246
<i>Current transfers (Secondary income) (net)</i>	9,456	10,322
B. CAPITAL ACCOUNT	0	0
Capital account: Receipts	0	0
Capital account: Payment	0	0
C. FINANCIAL ACCOUNT	8,485	30,914
Direct Investment Abroad: Assets	-380	-300
Direct Investment in Viet Nam: Liabilities	15,800	15,660
<i>Direct Investment (net)</i>	15,420	15,360
Portfolio Investment Abroad: Assets	4	10
Portfolio Investment in Viet Nam: Liabilities	-1,260	271
<i>Portfolio Investment (net)</i>	-1,256	281
Other Investment: Assets	-8,436	-627
Cash and deposits	-8,447	-792
Credit Institutions	-5,687	2,141
Other sectors	-2,760	-2,933
Loans	0	0
Trade credit and advances	0	0
Other receivables/payables	11	165
Other Investment: Liabilities	2,757	15,900
Cash and deposits	397	8,851
Credit Institutions	141	8,331
Other sectors	256	520
Borrowing and repayment of external debts	2,360	5,439
Short term	4	2,637
Debt	26,925	33,283
Amortization	-26,921	-30,646
Long term	2,356	2,802
Debt	11,480	15,162
Government's debt	2,015	1,777
Private debt	9,465	13,385
Amortization	-9,125	-12,360
Repayment of Government	-1,826	-2,430
Repayment of Privatization	-7,98	-9,930
Trade credit and advance payment	0	0
Other receivables/payables	0	0
SDR	0	1,610
<i>Other Investment (net)</i>	-5,679	15,273
D. ERRORS AND OMISSIONS	-6,913	-12,813
E. OVERALL BALANCE	16,632	14,290
F. RESERVES AND OTHER ITEMS	-16,632	-14,290
Reserve assets	-16,632	-14,290
Claims on and borrow from the IMF	0	0
Special Finance	0	0

Source: The SBV

APPENDIX 5: VND/USD EXCHANGE RATE

Unit: VND/USD

2021	Exchange Rate end-month			Average Exchange Rate in the month		
	Central reference Rate	Average Rate of Vietcombank		Central reference Rate	Average Rate of Vietcombank	
		Buying	Selling		Buying	Selling
January	23,160	22,960	23,140	23,137	22,984	23,164
February	23,130	22,920	23,100	23,138	22,924	23,104
March	23,244	22,990	23,170	23,196	22,970	23,150
April	23,158	22,960	23,140	23,202	22,981	23,161
May	23,135	22,945	23,145	23,159	22,956	23,151
June	23,178	22,920	23,120	23,141	22,896	23,096
July	23,180	22,850	23,050	23,199	22,907	23,107
August	23,130	22,680	22,880	23,160	22,749	22,949
September	23,162	22,660	22,860	23,126	22,667	22,867
October	23,131	22,650	22,850	23,155	22,657	22,857
November	23,139	22,600	22,800	23,127	22,576	22,776
December	23,145	22,640	22,920	23,179	22,782	23,038

Source: The SBV, Vietcombank.

Note: Listed Exchange Rate was the amount of VND to exchange with 1 USD

APPENDIX 6: DOMESTIC GOLD PRICES

Unit: VND Million/tael

2021	Gold Price end-month	Average Gold Price in the month
January	56.50	56.32
February	56.15	56.43
March	54.30	55.35
April	55.48	55.24
May	57.00	56.09
June	56.55	56.86
July	57.05	57.06
August	57.05	56.83
September	56.55	56.82
October	58.15	57.63
November	60.30	59.61
December	61.30	61.03

Source: The SBV

APPENDIX 7: CONSUMER PRICE INDEX

Unit: percent

Year	Time	January	February	March	April	May	June	July	August	September	October	November
2017	Year to date	0.46	0.69	0.90	0.90	0.37	0.20	0.31	1.23	1.83	2.25	2.38
	Month on month	0.46	0.23	0.21	0.00	-0.53	-0.17	0.11	0.92	0.59	0.41	0.13
	Year on year	5.22	5.02	4.65	4.30	3.19	2.54	2.52	3.35	3.40	2.98	2.62
	Average year on year	5.22	5.12	4.96	4.80	4.47	4.15	3.91	3.84	3.79	3.71	3.61
2018	Year to date	0.51	1.24	0.97	1.05	1.61	2.22	2.13	2.59	3.20	3.54	3.24
	Month on month	0.51	0.73	-0.27	0.08	0.55	0.61	-0.09	0.45	0.59	0.33	-0.29
	Year on year	2.65	3.15	2.66	2.75	3.86	4.67	4.46	3.98	3.98	3.89	3.46
	Average year on year	2.65	2.90	2.82	2.80	3.01	3.29	3.45	3.52	3.57	3.60	3.59
2019	Year to date	0.10	0.90	0.69	1.00	1.50	1.41	1.59	1.87	2.20	2.79	3.78
	Month on month	0.10	0.80	-0.21	0.31	0.49	-0.09	0.18	0.28	0.32	0.59	0.96
	Year on year	2.56	2.64	2.70	2.93	2.88	2.16	2.44	2.26	1.98	2.24	3.52
	Average year on year	2.56	2.60	2.63	2.71	2.74	2.64	2.61	2.57	2.50	2.48	2.57
2020	Year to date	1.23	1.06	0.34	-1.21	-1.24	-0.59	-0.19	-0.12	0.01	0.09	0.08
	Month on month	1.23	-0.17	-0.72	-1.54	-0.03	0.66	0.40	0.07	0.12	0.09	-0.01
	Year on year	6.43	5.40	4.87	2.93	2.40	3.17	3.39	3.18	2.98	2.47	1.48
	Average year on year	6.43	5.91	5.56	4.90	4.39	4.19	4.07	3.96	3.85	3.71	3.51
2021	Year to date	0.06	1.58	1.31	1.27	1.43	1.62	2.25	2.51	1.88	1.67	2.00
	Month on month	0.06	1.52	-0.27	-0.04	0.16	0.19	0.62	0.25	-0.62	-0.20	0.32
	Year on year	-0.97	0.70	1.16	2.70	2.90	2.41	2.64	2.82	2.06	1.77	2.10
	Average year on year	-0.97	-0.14	0.29	0.89	1.29	1.47	1.64	1.79	1.82	1.81	1.84

Source: The GSO

APPENDIX 8: MONETARY AND CREDIT INDICATORS

Items	2020	3/2021	6/2021	9/2021	2021
Outstanding (VND billion)					
1. Total liquidity	12,110,606	12,349,751	12,647,703	12,879,090	13,402,097
2. Deposit of resident economic entities and individuals	10,772,685	10,923,915	11,243,611	11,422,349	11,882,371
3. Credit to the economy	9,192,566	9,463,868	9,784,937	9,917,032	10,444,078
Annual percentage change					
1. Total liquidity	14.53	1.97	4.43	6.35	10.66
2. Deposit of resident economic entities and individuals	14.90	1.40	4.37	6.03	10.30
3. Credit to the economy	12.17	2.95	6.44	7.88	13.61

Source: The SBV

APPENDIX 9: GROSS DOMESTIC PRODUCT

Year	GDP at Current Price (VND billion)	Real GDP Growth (percent)	GDP Per Capita (VND thousand)
2013	4,473,656	5.54	49,602
2014	4,937,032	6.42	54,132
2015	5,191,324	6.99	56,288
2016	5,639,401	6.69	60,476
2017	6,293,905	6.94	66,753
2018	7,009,042	7.47	73,482
2019	7,707,200	7.36	79,881
2020	8,044,386	2.87	82,437
2021	8,479,667	2.56	86,083

Source: The GSO

BÁO CÁO THƯỜNG NIÊN

ANNUAL REPORT

2021

Chịu trách nhiệm xuất bản, nội dung

Giám đốc - Tổng Biên tập

TRẦN CHÍ ĐẠT

Publishing and contents responsibility

Director - Editor-in-Chief

TRAN CHI DAT

Biên tập: NGUYỄN LONG BIÊN

NGUYỄN THỌ VIỆT

Editors: NGUYEN LONG BIEN

NGUYEN THO VIET

Thiết kế: NGUYỄN MẠNH HOÀNG

TRẦN HỒNG MINH

Designer: NGUYEN MANH HOANG

TRAN HONG MINH

In 330 cuốn, khổ 20,5 x 29 cm, tại Công ty TNHH In và Dịch vụ
Thương mại Phú Thịnh
Địa chỉ: Lô B2-2-5-KCN Nam Thăng Long, Bắc Từ Liêm, Hà Nội
Xác nhận đăng ký xuất bản số: 4119-2022/CXBIPH/4-125/TTTT
Quyết định xuất bản số: 512/QĐ-NXB TTTT ngày 16/12/2022
In xong và nộp lưu chiểu tháng 12 năm 2022
ISBN: 978-604-80-7274-2

Printed 330 copies, size 20,5 x 29 cm, at Phu Thinh Printing and
Service Trading Co., Ltd
Add: B2-2-5-Nam Thang Long Industrial zone, Bac Tu Liem District,
Ha Noi City
Publishing Plan: 4119-2022/CXBIPH/4-125/TTTT
Publishing Decision: 512/QĐ-NXB TTTT dated 16/12/2022
Completed and Registered in December 2022
ISBN: 978-604-80-7274-2



NGÂN HÀNG NHÀ NƯỚC VIỆT NAM
THE STATE BANK OF VIET NAM

BÁO CÁO THƯỜNG NIÊN

ANNUAL REPORT

2021

ISBN: 978-604-80-7274-2



9 786048 107274 2



SÁCH KHÔNG BÁN