

REPORT

ANNUAL GENERAL MEETING OF SHAREHOLDERS FY2021

HO CHI MINH CITY SECURITIES CORPORATION

Subject: FY2021 Business and Financial Performance

The Board of Management would like to submit 2021 business and financial performance for the consideration and approval of the shareholders at the Annual General Meeting.

A. Business performance of HSC in 2022

In 2021, HSC achieved record-high business results with a pre-tax profit of VND1,430 billion, which translates to a 117% growth yoy and a 119% of the year plan.

- Total revenue reached the record level of VND3,368 billion, up 112% yoy.
- Operating expenses increased by 108% yoy which was lower than the revenue growth of 112% as fixed costs were well controlled and only increased by 26% yoy. Cost to revenue ratio reached 58%, which was similar to 2020 level.
- Earnings per share (EPS) reached VND3,760, which increased by 116% yoy.
- Return on capital (ROE) reached 23.8%, significantly higher than that in 2020 (12.1%).

Business performance (VND billion otherwise stated)	2021	2020	YoY
Revenue (*)	3,368	1,592	112%
Operating expenses (*)	1,938	932	108%
Profit before tax	1,430	660	117%
Profit after tax	1,147	530	116%
Return on average equity (ROE)	23.8%	12.1%	
Earnings per share (EPS) – (VND)	3,760	1,738	116%
Book value pershare (VND)	16,022	14,557	10%

(*) Profit and loss are presented on a net basic for comparison purpose.

Detailed business performances of major businesses are as follows:

Revenue structure (VND billion)	2021	2020	YoY
Securities brokerage fee	1,390	621	124%
Margin loan interest income	1,179	550	114%
Proprietary investments	722	369	95%
Financial advisory service fee	47	38	23%
Other revenue	30	13	131%
Total revenue	3,368	1,592	112%

1. Securities Brokerage Services

Securities brokerage services remain the core business of HSC. In 2021, revenue from brokerage fees reached VND1,390 billion, up by 124% yoy and accounting for 41% of HSC's

revenue (2020: 39%). This impressive result was mainly driven by the sharp increase in brokerage fees on the underlying stock market. Specifically:

- Revenue of securities brokerage services provided to retail investors increased sharply to VND969 billion, an increase of 156% yoy. HSC has been able to maintain its strong position in the high-net-worth client segment underpinned by its strong team of highly qualified professionals, exceptional service quality and large margin lending capacity.
- Revenue of securities brokerage services provided to institutional investors reached VND421 billion, up 74% yoy. HSC's market share in this segment was stable at 24%.

2. Margin Lending

HSC's margin loan balance increased sharply to nearly VND13,700 billion, which increased by 59% over the last year balance and accounted for approximately 7% of the total margin loan balance of the market. Interest income from margin loans was nearly VND1,180 billion, which was a record-high level and accounted for 35% of total revenue of HSC in 2021.

We still strictly adhered to our prudent approach to margin lending and regularly assessed the risks of securities in our margin loan portfolio. The portfolio is currently comprised of only 60 names, which are the largest stocks in the market that have high liquidity and of companies with strong fundamentals.

3. Financial Advisory Services

2021 continued to be a challenging year for the Financial Advisory business as the Covid-19 pandemic disrupted the progress of almost all corporate financial advisory deals. However, the business still was able to deliver encouraging revenue of VND46.5 billion, an increase of 23.6% yoy. Furthermore, the Investment Banking division successfully secured various new deals, promising good growth prospect of fee revenue in 2022.

4. Proprietary Investments and Treasury Management

HSC's proprietary investments primarily focus on market-making activities for exchange-traded funds (ETF) and market-making for covered warrants. These two businesses have relatively low risk while could potentially generate attractive returns. In 2021, HSC's proprietary trading portfolio delivered a rate of return of 30%, better than that in 2020 of 25%.

• Market-making activities for ETFs and covered warrants

- Market making activities for ETF index funds recorded good results in 2021 with a profit of VND153 billion. At the end of 2021, the total asset value (AUM) managed by the two ETFs that HSC is amongst the market makers for, E1VFN30 and Diamond, was about VND24,400 billion.
- The covered warrant business delivered impressive growth in 2021 with a profit of VND162 billion, an increase of more than five times yoy. In 2021, HSC was the second largest player in the market in terms of warrant trading value with a market share of 23%.

• Treasury Management

In 2021, the Treasury Management division well accomplished its roles in raising and mobilizing capitals to help HSC optimize capital structure and costs of capital. Specifically, the division successfully raised nearly US\$150 million of unsecured loans from foreign financial institutions, bringing HSC's total USD-denominated unsecured loans to nearly US\$200 million. The division has also been working with prospective international lenders for new debt financing packages in 2022.

B. Financial position

- Total assets reached VND24,370 billion as at the end of 2021, an increase of nearly 100% compared to that at the end of 2020. The balance was primarily comprised of margin loans and short-term deposits.
- In 2021, HSC actively sought short-term debt financing, from both domestic and international banks to finance for high margin loan demand. The debt-to-equity ratio as at the end of 2021 was 2.3 times (31/12/2020: 1.8 times).
- The newly raised equity capital was just available for disbursement at the end of 2021. Therefore, the capital will be put to work and contribute to business performance of HSC in 2022.

STT	Balance sheet (VND billion)	31/12/2021	31/12/2020	YoY
A	Current assets	24,187	12,308	97%
I	Financial assets	24,187	12,118	99%
1	Cash and cash-equivalents	7,199	207	3380%
2	Financial assets	2,372	3,061	-23%
3	Margin loans	13,690	8,586	59%
4	Other receivables	854	264	223%
II	Other current assets	72	190	-62%
B	Long-term assets	182	181	1%
	Total assets	24,369	12,489	95%
A	Liabilities	17,044	8,048	112%
I	Short-term liabilities	17,044	8,048	112%
1	Short-term borrowings	15,040	6,717	124%
2	Other payables	2,004	8,042	-75%
B	Owners' equity	7,325	4,440	65%
I	Owner's equity	7,325	4,440	65%
	Total resources	24,369	12,489	95%

Above is 2022 business plan of Ho Chi Minh City Securities Corporation for the consideration and approval of shareholders at the Annual General Meeting.

FOR AND BEHALF OF HSC
CHIEF EXECUTIVE OFFICER



TRINH HOAI GIANG



To:

- As above-mentioned
- BOD Office for archiving