



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

BÁO CÁO THƯỜNG NIÊN

ANNUAL REPORT

2022

NHÀ XUẤT BẢN THÔNG TIN VÀ TRUYỀN THÔNG



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INFORMATION AND COMMUNICATIONS PUBLISHING HOUSE

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LIST OF ABBREVIATIONS

Abbreviation	Interpretation
ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
BIS	Bank for International Settlements
BOP	Balance of payments
CAR	Capital adequacy ratio
CIs	Credit institutions
CIC	Viet Nam's National Credit Information Center
CPI	Consumer price index
ECB	European Central Bank
Fed	Federal Reserve
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
p.a	Per annum
PCFs	People's Credit Funds
ROA	Return on assets
ROE	Return on equity
RR	Reserve requirement
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 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



Head office, 49 Ly Thai To str, Ha Noi, Viet Nam

▫ The State Bank of Viet Nam is 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 target. The Prime Minister, the Governor of the State Bank of Viet Nam decide on the use of proper instruments and measures to realize national monetary objectives in accordance with the regulation of the Government.

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

**BOARD OF GOVERNORS
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 2022, the world was faced with many big, fast-changing and unpredictable challenges. These included the re-emergence of the COVID-19 pandemic in some places, increasing strategic competition, and climbing up and persistent geopolitical tensions. All affected the world economic recovery, exacerbating global supply chain disruption, resulting in rising international commodity price. Inflation rate increased to its highest level in decades (the IMF estimated global inflation in 2022 to be at the rate 8.7%), forcing central banks to continuously adjust monetary policy stance and increase interest rates on a record high level and tight frequency to cope with the inflation storm. The USD appreciated sharply, and capital flew out of developing and emerging markets. Domestically, the economy was reopened after the social distancing period, economic activities recovered and growth was restored. However, the unpredictable developments of the pandemic and strong fluctuations in international and domestic markets significantly challenged the domestic economic recovery, causing great difficulties for monetary policy management to stabilize the money and FX markets for macroeconomic stability, inflation control and economic recovery support.

In that context, in closely executing the directions of the National Assembly, the Government and the Prime Minister, especially in the resolutions on the implementation of the 2022-2023 Socio-Economic Recovery and Development Program and the 2022 Socio-Development Plan, the SBV closely monitored domestic and global macroeconomic, financial, and monetary developments to promptly, synchronously, and optimally manage monetary policy tools, solutions and banking activities aiming to control inflation, stabilize the macroeconomy, support economic recovery, and ensure the safety of the credit institution system. Solutions were as follows:

First, the SBV synchronously coordinated monetary policy tools for proper monetary regulation, protection of system liquidity, stabilization of the money and FX markets, and flexible and prompt adaption to developments and situations at each time.

During the first 8 months, amidst pressures from rapid and strong global interest rate hikes, continuous USD appreciation in the international market on domestic money and FX markets, based on close monitoring of inflation developments and implementation the direction of the National Assembly and the Government on supporting post-pandemic economic recovery and development, the SBV: (1) refrained from raising policy interest rates to ease interest rate hike pressure, supporting economic recovery; (2) sold foreign currency to reduce excessive fluctuations in the FX market due to adverse impacts from the world market, while meeting the legitimate foreign currency needs of the economy; and (3) flexibly managed open market operations for proper liquidity regulation, supporting the stabilization of interest rates in the first half of the year as well as the stabilization of the FX market when pressures increased.

Since September, domestic and international financial and money markets faced ever greatest pressures in decades. Inflation in some major economies reached the highest levels in 40 years, global interest rates increased sharply exceeding expectations, the USD appreciated to a record level in 20 years, domestic inflationary pressure continued to increase, domestic money and FX markets were affected by combining unfavorable events and developments at home and abroad. To stabilize the macroeconomy, control inflation, ensure money market stability and safety of the CI system, the SBV: **(1)** adjusted policy interest rates in September and October in accordance with the general trend of increasing interest rates worldwide for inflation control, exchange rate stabilization, thus creating room to adapt to market fluctuations and contributing to macroeconomic stability. At the same time, the SBV directed CIs to continue to proactively ensure their financial capacity, reduce operational costs to create room for the reduction of lending interest rates to support businesses and people to overcome difficulties; **(2)** expanded the exchange rate band from $\pm 3\%$ to $\pm 5\%$ to increase exchange rate flexibility, creating space to absorb complex fluctuations from the international market; and **(3)** strengthened operations to ensure money market liquidity, safety of the CI system under the impact of adverse developments, and support the stabilization of FX market.

Second, the SBV deployed solutions to provide credit for economic activities, drastically implemented the Socio-Economic Recovery and Development Program. The SBV managed credit growth to ensure adequate and timely credit grant to production, business and to meet consumption needs with careful attention to inflation risks. It also continued to implement credit solutions that combine growth with credit quality; focused credit on production and priority areas while strictly controlling credit for potentially risky areas. At the same time, the SBV deployed many solutions to remove difficulties, create favorable conditions for businesses and people to access bank credit, contributing to limiting black credit.

In addition, the SBV drastically implemented the solutions and goals set out in the Socio-Economic Recovery and Development Program including a 2% p.a interest rate support scheme financed by the state budget and deployed through the commercial bank system, preferential credit implemented through the VBSP; refinancing of the VBSP to lend to employers to pay wages to layoffs, pay wages to workers to restore production. At the same time, the SBV regularly reviewed and calibrated measures and policies to support people and businesses to ensure their practicality, accessibility and applicability.

Third, the SBV continued to drastically and effectively implement the restructuring of the system of CIs associated with NPL resolution, combined with strengthening inspection, supervision, and risk warning; thereby enhancing the financial intermediary role of the CI system in providing capital and services to the economy while ensuring system safety. Accordingly, the SBV directed CIs to comprehensively consolidate and improve aspects of finance, governance, NPL resolution, and strengthen controlling measures to improve credit quality, business efficiency and competitiveness, enhancing transparency in operations. Hence, the stability and safety of the CI system continued to be maintained; financial capacity and governance quality were gradually improved, approaching international practices.

Fourth, non-cash payments were promoted, digital transformation in the banking system was enhanced through innovation and development of IT infrastructure, thereby improving service quality, and enhancing security and safety of banking operations, effectively promoting banks' role of blood vessels of the economy. In addition, to enable CIs to cut service fees and support customers in overcoming difficulties caused by COVID-19, the SBV continued to extend the time horizon to apply the policy of reducing domestic payment fees through the electronic payment system, cutting fees for credit information exploitation. The SBV also promoted research and improvement of the legal framework to boost digital transformation, technology application in the banking sector, and develop non-cash payments through such solutions as instructing CIs in account opening and card issuance using eKYC, piloting the application of mobile money to pay for goods and services of small value.

Fifth, the SBV continued to effectively and synchronously deploy solutions to manage the gold market; drastically implemented administrative reform and information transparency, promoted communication, improve statistical works, organized training, scientific research, financial supervision, etc. At the same time, the SBV continued to develop and expand bilateral and multilateral relations with other central banks, international financial organizations to receive support, assistances and enhance Viet Nam's position in the international arena.

In general, despite the unprecedentedly complex economic volatility in 2022, with the synchronous coordination of monetary policy tools, measures and banking activities, flexibility and timely adaptation to developments, situation, the SBV made contribution to positive results of the Government's macro management in 2022. The economy recovered well with a growth rate of 8.02%; inflation was controlled at the rate of 3.15%; macroeconomic stability and safety of CIs were maintained. The VND was relatively stable compared to other currencies in the region; on-balance NPL ratio was controlled at 2%. These results continued to strengthen the economy's resilience to difficulties and disadvantages that would still be tremendous in 2023 and the following years.

Governor of the State Bank of Viet Nam

A handwritten signature in black ink, appearing to be 'NT Hong', written in a fluid, cursive style.

NGUYEN THI HONG

DEPARTMENTS AND PUBLIC SERVICE 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 SBV'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 SBV'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 IT in the banking sector and development and application of IT 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>Operational 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 CIs, 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.

PUBLIC SERVICE 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.
<i>Ho Chi Minh City Banking University</i>	Trains and strengthens human resource capacity in the fields of economics, finance-banking at the undergraduate and graduate levels; scientific research, advising in the fields of economics, finance-banking and other professions when approved by competent authorities.

Part I - World and Viet Nam's economy

1. World economy

In 2022, the COVID-19 pandemic was basically controlled worldwide, but it remained develop complicatedly in some countries and territories. Geopolitical tensions flared up and prolonged, worsening global supply chain disruption, pushing up international commodity prices.¹ This context brought huge challenges to the global economy that had just recovered from the pandemic. The world economy was faced with many complex unprecedented developments in many years, such as rising inflation to the highest level for decades, monetary policy was tightened with sharp interest rate hikes in many countries, world economic growth slowed down due to tightening monetary conditions, and the challenge of ensuring social security increased in many countries for high inflation. Many currencies depreciated sharply against to USD,² potentially risking macroeconomic and financial stability. A series of central banks tightened monetary policy more drastically, signaled toughness in inflation control, and at the same time sold foreign currencies to intervene to protect the value of local currencies and stabilize macroeconomy.

1.1. World economic growth

According to the IMF,³ world economic growth rate in 2022 was at 3.5% (2021: 6.3%); global inflation rate increased from 4.7% in 2021 to 8.7% in 2022.

The U.S. economy slowed down with a growth rate of 2.1%, much lower than 5.9% in 2021 because of persistently high inflation, the termination of economic stimulus packages and policy interest hikes. However, the U.S labor market remained positive; unemployment rate was at 3.6%, lower than the natural unemployment rate and the lowest since the beginning of the pandemic. Budget deficit at the end of the fiscal year slumped to 6.5% of GDP from 11.4% of GDP in 2021. Public debt decreased from 126.4% of GDP in 2021 to 121.7% of

“

In 2022, global economic growth slowed down, inflation rate increased sharply, and monetary policy was tightened.

¹ On average, in 2022, compared to 2021, FAO food prices increased by 14.3%; WTI oil price increased by 39.6%.

² CNY depreciated by 9.5%, KRW depreciated by 6.8%, THB depreciated by 4.1%, JPY depreciated 16%.

³ Global Economic Outlook Update, October, 2023, IMF .

GDP in 2022. U.S. inflation increased to the highest level in more than 40 years, at 8.0% compared to 4.7% in 2021.

Euro area's economy experienced growth slowdown with an increase of 3.3% compared to 5.6% in 2021 due to a decline in consumer and investment demands in the context of high inflation. Among major economies, Spain's economy achieved the highest growth rate of 5.8% (2021: 6.4%), followed by Italy (3.7%; 2021: 7.0%); France (2.5%; 2021: 6.4%); Germany (1.8%; 2021: 3.2%). Public debt across the region decreased from 94.8% of GDP in 2021 to 90.9% of GDP in 2022. Inflation rate increased to a record level of 8.4% in 2022 (2021: 2.6%). The entire region's labor market recovered strongly; unemployment rate decreased from 7.7% in 2021 to 6.7%, the lowest for decades thanks to increased labor demand as the economy recovered.

Japan's economy grew at the rate of 1.0%, lower than that of 2.2% in 2021. Public debt was at 260.1% of GDP (2021: 255.1% of GDP). Unemployment rate remained low, at about 2.6% (2021: 2.8%). Inflation rate was 2.5% while it was minus 0.2% in 2021.

Emerging and developing economies grew by 4.1%, a decrease from 6.9% in 2021. The BRICS countries all achieved lower growth on year-on-year basis, in which the growth rate in China, the world's second largest economy reached 3.0% only, significantly lower than the rate of 8.5% in 2021 and lower than target of 5.5%, marking the first time in 40 years that China's GDP did not reach the global average due to the serious impact of the COVID-19 pandemic and real estate market instability. India, Russia, Brazil and South Africa increased by 7.2%, minus 2.1%, 2.9% and 2.1%, respectively (2021: 9.1%, 5.6%, 5.0% and 4.9%). ASEAN-5⁴ countries grew by 5.5% (2021: 4.0%), all of which had good growth with Indonesia, Malaysia, Philippines, Thailand, and Viet Nam growing by 5.3%, 8.0%, 7.6%; 2.6% and 8.02%, respectively. The average inflation rate of emerging and developing economies increased rapidly from 5.9% in 2021 to 9.8% in 2022; in which inflation in the ASEAN-5 group of countries reached the rate of 4.8% compared to 2.0% in 2021.

⁴ Indonesia, Malaysia, the Philippines, Thailand, and Viet Nam.

Global trade slowed down, increasing by only 5.1% after last year's breakthrough growth of 10.9% in the context of rising commodity prices, increasing geopolitical tensions, continued supply chain disruption and China's implementation of Zero-COVID policy.

1.2. Monetary policy management in some countries

Considering inflation control top priority, central banks pushed up the tightening of monetary policy which had started from 2021. For the whole year, over 70 central banks increased interest rates, 367 times with ever highest level and tightest frequency. The USD sharply appreciated in the global market, the world USD index at some points of time exceeded 115 points - the highest level in the last 20 years, and capital flows tended to move out of emerging markets. In that context, in addition to sharply increasing interest rates and signaling tough stance in inflation control, many central banks in developed and developing countries sold foreign currencies to intervene to protect the value of their local currencies and macroeconomic stability. According to the IMF, the world's FX reserves from the beginning to Q3, 2022 decreased by about USD 1.3 trillion - the sharpest decrease since 2020.

In advanced economies, interest rates were raised at a high frequency and a high level. The Fed increased interest rates at the fastest pace in the past 40 years, with 07 consecutive hikes in 2022 from 0-0.25% p.a to 4.25-4.5% p.a. In June 2022, the ECB decided to end the asset purchase and quantitative easing program maintained since the public debt crisis, paving the way for the first interest rate increase in 11 years with 4 interest rate hikes in the second half of 2022. Several other developed economies such as England, Canada and Australia tightened monetary policy, too. On the contrary, Japan was the only developed country that maintained loosening monetary policy to promote growth in the context of slow economic recovery, however, the Bank of Japan also had to sell foreign currency for the first time in many years to stabilize FX market.

In emerging and developing economies, domestic currency depreciation pressures against the USD along with escalating world prices caused inflation to continuously

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In response to escalating inflation, central banks tightened monetary policy drastically, signaled toughness in inflation control and sold foreign currencies to intervene to protect the value of their local currencies against strong pressure and fluctuations.

increase in many countries, meanwhile, large-scale capital outflows potentially risked macroeconomic and financial stability. Therefore, many central banks raised interest rates and sold foreign currencies to control inflation and limit the depreciation of domestic currencies against the USD. In ASEAN, Indonesia increased interest rate 5 times from 3.5% to 5.5%; Malaysia increased interest rate 4 times from 1.75% to 2.75%; Philippines increased 7 times from 2% to 5.5%; Thailand increased the repo rate twice from 0.5% to 1%. In contrast, the People's Bank of China reduced policy interest rates and RR ratio to support the economy during the period of Zero-COVID policy and the negative impact from the developments in the real estate market on the economy.

2. Viet Nam's economy

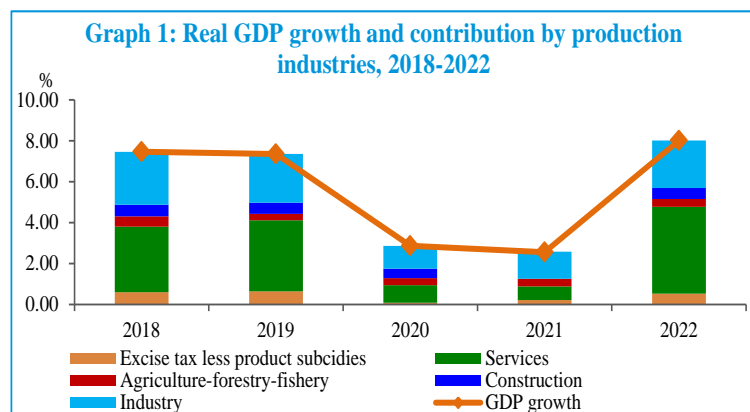
In 2022, the economy reopened after the pandemic, economic activities recovered. Along with the Resolution on the 2022 Socio-Economic Development Plan, the National Assembly and the Government urgently issued Resolution No. 43/2022/QH15 and Resolution No. 11/NQ-CP on the implementation of Socio-Economic Recovery and Development Program during 2022 and 2023, providing a comprehensive program to overcome difficulties, restore and develop the economy in post-pandemic era. However, as a small open economy, there were many challenges for the economic recovery momentum in the face of complex changes in the world combined with internal problems that had been clearly revealed after the difficult period as the result of the pandemic. Under the unified leadership of the Party, the drastic direction of the National Assembly, the Government, the Prime Minister, and the flexible management of ministries and agencies including the SBV to focus on macroeconomic stability, supporting socio-economic recovery and development, there was positive recovery of the domestic economy, the macroeconomy was kept stable, inflation was put under control, major balances were guaranteed. Improved business environment made positive contribution to socio-economic recovery and development, creating trust and support from the people and the business community.

2.1. Economic growth

In terms of economic sector, agriculture-forestry-fishery, industry and construction, and services all recovered. The first two sectors had higher growth rates than the previous 2 years; while service growth reached the highest rate in 12 years

Agriculture-forestry-fishery increased by 3.36%, higher than the growth rate of 3.27% in 2021 mainly thanks to the recovery of the forestry and fishery amidst slowed down agriculture. Forestry increased by 6.13% (2021: 4.62%) thanks to increased output of some perennial industrial trees. Fishery increased by 4.43% (2021: 1.83%) thanks to improving product quality, promoting trade, and diversifying export markets, causing agricultural exports to achieve impressive results (increased 23.1%). Agriculture alone grew by 2.88%, lower than the growth rate of 3.61% of the previous year, mainly due to the decrease in planted area and output.

Industry increased by 7.69%, higher than the rate of 4.47% in 2021. In particular, Processing and manufacturing continued to be important growth momentum of the entire economy with a growth rate of 8.10% (2021: 6.05%). The mining industry recovered, grew by 5.19% after a long period of negative growth since 2016 thanks to the growth of 4.7% and 8.3%, respectively in coal mining output and natural gas.



Source: the GSO, calculations by the SBV

Construction increased sharply by 8.17% after a decrease of 0.34% in 2021. Corresponding to the growth of the construction industry, total social investment capital grew at the rate of 11.2% (2021: 3.3%).

“

Domestic economy grew by 8.02% y-o-y, the highest growth rate in the 2011-2022 period thanks to the recovery of economic activities after 2 years of being heavily affected by the COVID-19 pandemic. On the supply side, recovery took place in all three sectors; in particular, services had the highest growth in the 2011-2022 period. On the demand side, consumption, and investment all recovered, net exports made a positive contribution to economic growth.

Services had a strong recovery with a growth rate of 9.99%, the highest in the 2011-2022 period. A number of market service sectors increased rapidly, contributing greatly to the growth rate of total added value of the entire economy as follows: Wholesale and retail increased 10.15% y.o.y (0.97 percentage points); transportation warehousing industry increased 11.93% (0.69 percentage points); accommodation and food service industry had the highest increase rate among the service sector with an increase of 40.61% (0.79 percentage points); finance, banking and insurance industry increased 9.03% (0.53 percentage points); news and communication increased 7.80% (0.5 percentage points)

Consumption and investment recovered, and net exports made positive contribution to the economic growth

Final consumption had a strong growth after 2 years of being negatively impacted by the COVID-19 pandemic, up by 7.18% - the highest in the 2016-2022 period, mainly thanks to the recovery of private consumption, up by 7.79% compared to 1.95% in 2021, while Government consumption growth slowed down to 3.62% from 4.66% in 2021.

Total asset accumulation increased by 5.75%, higher than the increase of the previous two years, corresponding to the recovery of total social investment, up by 11.2%. Of which, investment by the public, private and FDI sectors increased by 14.6%, 8.9%, and 13.9%, respectively (in 2021 it was minus 2.1%; 7.1%; and minus 1.1%).

Net exports made a positive contribution of 2.62 percentage points to economic growth amidst lower export and import growth with imports growing more slowly than exports. Specifically, exports of goods and services increased by 4.74% (2021: 13.85%) in the context of weak external demand, imports of goods and services increased by 2.77% (2021: 15.83%).

2.2. Labor, income and productivity

According to the GSO, in 2022, the labor force aged 15 and over was 51.7 million people, an increase of 1.1 million people compared to the previous year. The number of male workers was 27.5 million; accounting for 53.2%; and female workers was 24.2 million people, accounting for 46.8%. Unemployment rate in the



Labor and employment recovered in 2022,

working age was estimated to be 2.32% (at Q4, 2022 was 2.32%, an increase of 0.04 percentage points compared to previous quarter; 2021: 3.2%), of which unemployment rate in urban areas was 2.79% (2021: 4.33%), and in rural areas was 2.03% (2021: 2.5%). Unemployment rate in the youth (15-24 ages) in 2022 was estimated to be 7.72% (2021: 8.55%), of which urban areas was 9.7% (2021: 11.91%) and rural areas was 6.68% (2021: 6.76%). Underemployment rate among the working age increased by 2.21% (of which the fourth quarter of 2022 was 1.98%, an increase of 0.06 percentage points compared to the previous quarter; 2021: 3.1%).

In addition to labor market developments, productivity of the entire economy in 2022 at current prices was estimated to reach 188.1 million VND/worker (equivalent to 8,083 USD/worker, an increase of 622 USD compared to 2021.) At constant prices, productivity in 2022 increased by 4.8% thanks to improved qualifications of workers (the rate of trained workers with degrees and certificates in 2022 reaching 26.2%, 0.1 percentage point higher than that in 2021.)

Moreover, in 2022, GDP per capita at current price was estimated to be VND 95.6 million, equivalent to USD 4,110, an increase of USD 393 compared to 2021. In general, in 2022, the average monthly income of paid employees was estimated to be VND 7.5 million VND per month, an increase of VND 992,000 y-o-y. During 2020-2022, basic salary for officials, civil servants, public employees, and the armed forces was maintained at VND 1.49 million from July 1, 2019 according to Decree No. 38/2019/ND-CP dated May 9, 2019. The regional minimum wages were maintained during 2020-2021. On June 12, 2022, the Government issued Decree No. 38/2022/ND-CP regulating the minimum wage for contracted employees, accordingly, the employee's salary was divided into 04 regions, corresponding to VND 4.68 million per month, VND 4.16 million per month, VND 3.64 million per month and VND 3.25 million per month.

2.3. Inflation

In 2022, inflation was put under pressures from complex and unpredictable developments in the global and domestic markets. The sharp increase in global energy and commodity prices negatively affected Viet Nam's

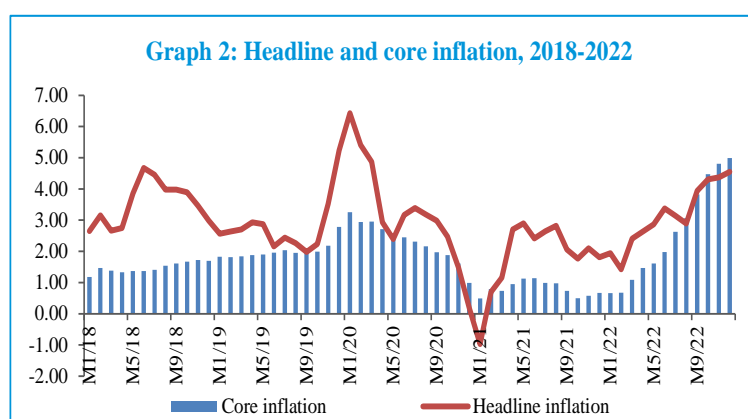
but labor growth tended to slow down in the fourth quarter as the economy was adversely impacted by difficulties in global economic growth and the number of orders decreased sharply during year-end. The average monthly income of paid employees increased compared to the previous year.

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Average CPI in 2022 increased by

3.15%, in line with the target set by the National Assembly in the context of many pressures and uncertainties from the world. Average core inflation was at 2.59%, lower than headline inflation, showing that rising fuel prices was the main reason for the increase in headline CPI.

domestic commodity prices. Along with post-COVID domestic production and consumption demand recovery, inflation followed an increasing trend (on y-o-y basis, inflation rate increased rapidly from 1.94% in January to 4.55% in December, 2022.) Despite increasing pressure for the whole year, inflation was put under control, with an average rate of 3.15%, in line with the target. Viet Nam's success in inflation control in the context of rapid increase global inflation was attributed to the following factors: **(1)** The supply of goods, especially domestic food was guaranteed, average pork price in 2022 decreased by 10.68% compared to 2021, helping to limit the increase of food prices at 1.62%, the lowest since 2018 (in 2021, the price decreased because of the COVID-19 pandemic.) **(2)** The Government postponed the adjustment of the prices of some state-managed goods and services such as electricity, healthcare, education to continue to support people and businesses. **(3)** Solutions on taxes, supply, price support, etc. were synchronously implemented to reduce inflationary pressure. They included reducing VAT for some groups of goods and services from 10% to 8% from February 1, 2022; 50% reduction in environmental protection tax on aviation fuel from January 1, 2022 to December 31, 2022; reduction of 37 fees and charges in the first 6 months of 2022; reducing environmental protection fee for petroleum. **(4)** The proactive, flexible, cautious, and timely management of monetary policy by the SBV, along with the Government's steadfastness and success in ensuring macroeconomic stability, inflation control in recent years have helped limit pressures from increasing inflation expectations. These factors eliminated the impact of the 11.27% increase in the transport price due to the sharp increase in world fuel prices.



Source: the GSO

Meanwhile, core inflation tended to increase rapidly in 2022 due to the sharp increase in the price of house rental and vehicles, along with the strong recovery of domestic consumer demand and the impact of increasing input raw materials and fuel prices to other commodities.⁵ On average, for the whole 2022, core inflation rate was 2.59%, lower than headline inflation, reflecting that fuel prices were the main cause of the increase in headline CPI.

2.4. State budget revenues and expenditures

*State budget revenues*⁶ increased by 28.6% compared to plans, reaching about 19.1% of GDP (2021: increased by 16.8% compared to the estimate and reaching 18.5% of GDP). State budget revenue progress was high in most revenues, especially revenues from crude oil and from export and import increased sharply compared to plans. Domestic revenues accounted for the highest proportion of total state budget revenue (about 80%) and exceeded the plans by 22.7% (2021: exceeded the plans by 15.1%). Crude oil revenue exceeded plans by 176.7% (2021: increased by 92.4% compared to plans.) Revenue from imports and exports exceeded the estimate by 43.4% (2021: increased by 20.9% compared to the plans).

State budget expenditures exceeded the National Assembly plans by 6.1% (2021: exceeding plans by 3%). Of which, capital expenditure exceeded plans by 16.3% (2021: 8.1%); current expenditures were 0.8% lower than plans (2021: exceed plans by 1.7%).

State budget deficit was lower than plans in both absolute and relative value, reaching 352,830 billion VND, equivalent to 3.71% of GDP compared to the surplus of 3.41% GDP in 2021.

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State budget revenues were higher than plans thanks to good revenues as the economy recovered in 2022, typically revenues from crude oil and from imports and exports. Meanwhile, state budget expenditures were lower than plans. Revenue progress was higher than expenditure progress, causing the state budget deficit to improve.

⁵ On y-o-y basis, core inflation rate increased rapidly from 0.66% in January 2022 to 4.99% in December 2022. On average in 2022, compared to 2021, rental housing prices increased by 0.72% (2021: decrease by 1.41%); restaurant services prices increased by 4.94% (2021: 2.09%); prices of the vehicles also increased again at the rate of 1.05% after decreasing in 2020 and 2021...

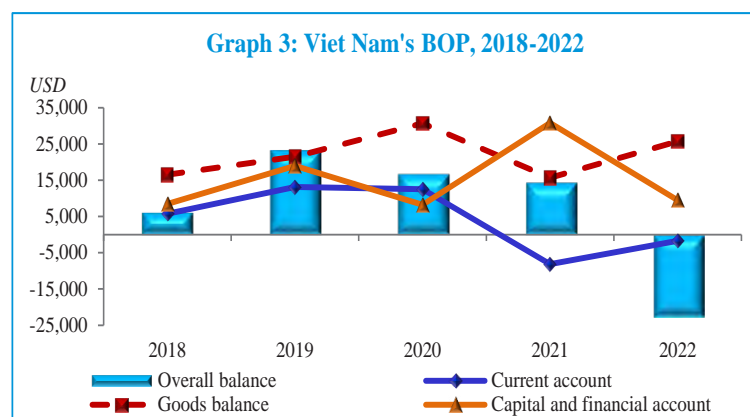
⁶ State budget data for 2022 was the estimated number according to Report No. 46/TTr-BTC submitted to the Government on March 31, 2023 on the additional assessment report on the performances of state budget implementation in 2022 and state budget estimate for 2023. Based on the above data source on the state budget, the SBV itself calculated the ratio of state budget revenues and expenditures to GDP using the adjusted GDP announced by the GSO. The ratio of state budget deficit to GDP was announced by the Ministry of Finance.

2.5. Balance of payments



Overall balance in 2022 was in deficit, reversing from the surplus of USD 14.3 billion in 2021 in the context of global economic uncertainties, with the USD appreciating sharply compared to most currencies in the world.

Overall balance was in deficit of about USD 22.7 billion, a reversal from the surplus of USD 14.3 billion in 2021. In the context of rising interest rates on the international market and USD appreciation compared to most other currencies, the increasing tendency of foreign currency hoarding and transferring abroad resulted in the overall balance to shift to a high deficit in 2022.



Source: the SBV

Current account was in deficit of USD 1.07 billion or 0.26% of GDP, significantly improved compared to the deficit of USD 8.15 billion in 2021 or 0.37% of GDP thanks to a high surplus of goods balance and strong recovery of service exports after a long period of negative impacts from the COVID-19 pandemic. *Balance of goods*⁷ had a surplus of USD 25.72 billion, an increase of 64% compared to the surplus of USD 15.67 billion in 2021, just below the record level of USD 29.68 billion in 2020. *Trade balance*⁸ was in surplus of USD 12.4 billion or 3.3% of export turnover, 3.7 times higher than that of USD 3.3 billion in 2021 or 1.0% of export turnover. Although 2022 witnessed total export and import turnover reaching a record high (USD 730.2 billion), an increase of 9.1% compared to 2021, the growth rates of exports and imports were both lower on y-o-y basis. *Services balance* had a deficit of USD 12.6 billion in 2022, down by 18% compared to the deficit of USD 15.4 billion in 2021, thanks to service export revenues started to recover, reaching USD 12.9 billion, an increase of almost

⁷ Goods balance is the difference between exports of goods at FOB prices and imports of goods at FOB prices.

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

2.5 times compared to USD 5.26 billion in 2021; while service imports reached USD 25.5 billion, an increase of 23.6% compared to 2021. *Current transfers* had a surplus of USD 5.56 billion, down by 46.1% compared to 2021 mainly due to fluctuations in private remittances.

Capital and financial accounts had a surplus of USD 9.5 billion, lower than that of USD 30.8 billion in 2021. *Net FDI* reached USD 15.23 billion, slightly decreased compared to USD 15.28 billion in 2021. *Net foreign indirect investment* reached a surplus of USD 1.5 billion, a sharp increase compared to the surplus of USD 281 million in 2021. *External debt* was in surplus of USD 6.07 billion, an increase of 11.6% compared to the surplus of USD 5.44 billion in 2021, with mixed developments across terms. Net short-term debt was in surplus of USD 3.9 billion, a sharp increase of 48.5% compared to the surplus of USD 2.64 billion in 2021. Net medium and long-term debt and repayment had a surplus of USD 2.16 billion USD, down by 23.1% compared to the surplus of USD 2.8 billion in 2021. *Cash and deposits* were in deficit of USD 13.4 billion, reversing from the large surplus of USD 8.06 billion in 2021.

2.6. Financial and monetary developments

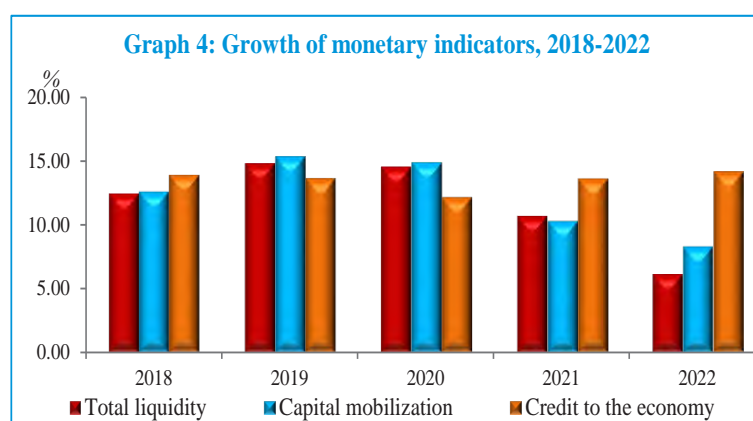
Monetary developments

In 2022, M2 increased by 6.15% compared to end-2021, lower than the growth rate of 10.66% in 2021. In the context of domestic monetary and foreign exchange market being under great pressure from the world, much needed to hold foreign currency, the SBV had to sell foreign currency to limit excessive volatility in exchange rates, ensuring stability of money and foreign exchange market, contributing to macroeconomic stability. Meanwhile, slow public investment disbursement amidst good state budget revenues causing a large amount of money to be deposited in the State Treasury's accounts in the banking system without being released to the economy was the main factor of lower M2 growth. The main factor supporting M2 growth was credit with growth rate of 14.18% (2021: 13.61%) in the context of increased demand for funding for production and business to recover the economy.

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M2 growth was low in the context that a large amount of money had been deposited in the State Treasury's account in the banking system without being released to the economy. The SBV intervened to stabilize the FX market in the face of great pressure from

the world market. Meanwhile, higher credit growth compared to 2021 contributed to supporting the recovery of economic growth.

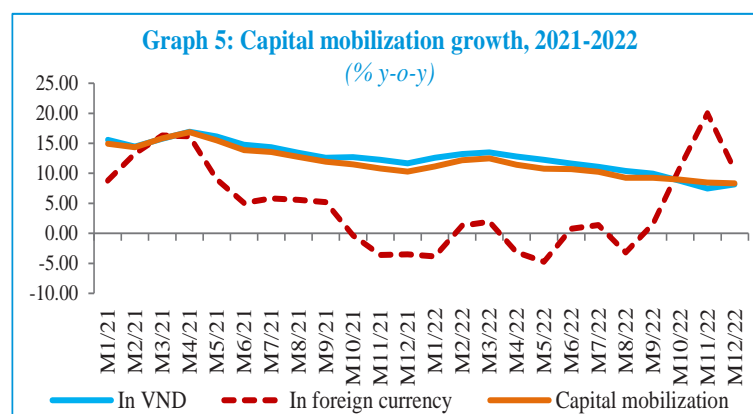


Source: the SBV

Capital mobilization by the banking system went down continuously from 2019 to 2022, foreign currency deposits increased again

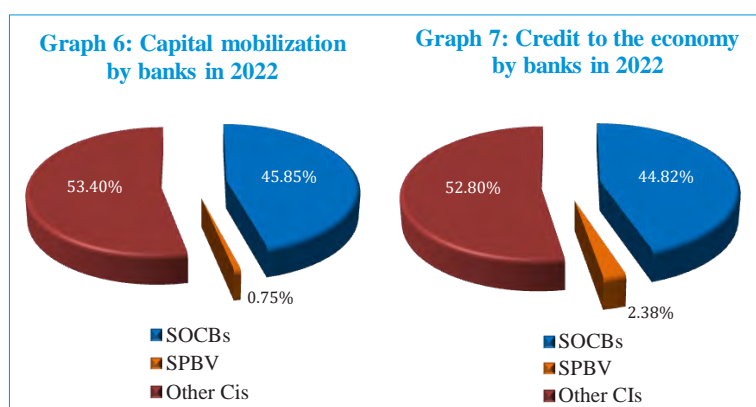
Capital mobilization of the entire system increased by 8.34% compared to the end of 2021 - continuously decreasing from 2019 to 2022 (2019: 15.37%; 2020: 14.9%; 2021: 10.3%); of which, VND mobilization increased by 8.16% (2021: 11.67%), foreign currency mobilization increased by 10.5% (2021: decreased by 3.5%).

Regarding structure, capital mobilization by SOCBs and the VBSP increased, while by the other CIs went down⁹: Capital mobilization by SOCBs (excluding the VBSP) accounted for 45.85% of the entire system (2021: 45.53%); the VBSP accounted for 0.75% (2021: 0.67%); other CIs accounting for 53.4% (2021: 53.8%).



Source: the SBV

⁹ Including joint stock commercial banks, 100% foreign owned banks, joint-ventured banks, foreign bank branches, non-bank CIs (finance companies, leasing companies), PCFs.

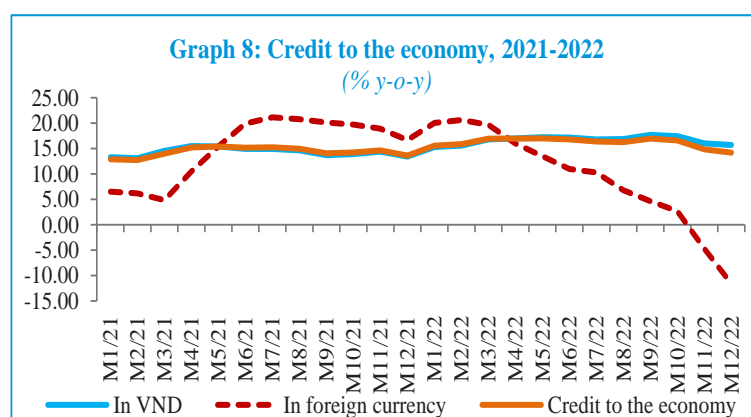


Source: the SBV

Credit growth was associated with improving credit quality, supporting socio-economic recovery and development without subjectivity to inflation risks.

Credit to the economy¹⁰ increased by 14.18% compared to end-2021 (2021: 13.61%); of which, VND credit increased by 15.71% (2021: 13.44%), foreign currency credit decreased by 11.62% (2021: 16.69%). Credit continued to be focused on production and business areas and those that formed economic growth momentum, thereby contributing to controlling inflation and supporting economic growth recovery.

In terms of structure, credit provision by other CIs and VBSP tended to increase while that by SOCBs decreased. Credit outstanding of SOCBs (excluding the VBSP) accounted for 44.82% of the entire system's outstanding (2021: 45.27%); VBSP accounted for 2.38% (2021: 2.37%); other CIs accounted for 52.8% (2021: 52.36%).



Source: the SBV

¹⁰ Credit outstandings exclude credit provided under trust contracts and the VAMC special bonds.

Interest rate

VND Interest rate

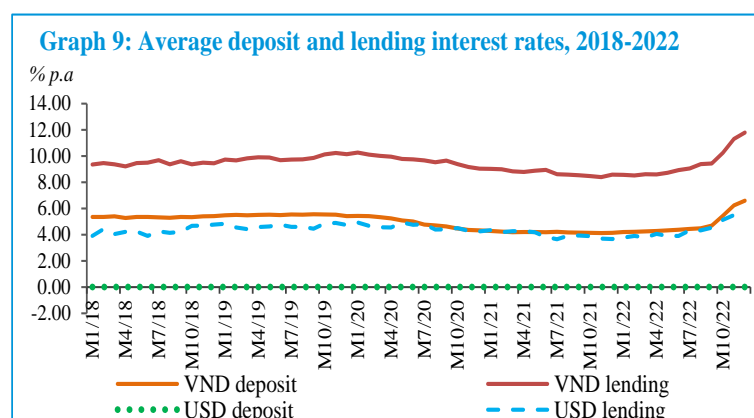


Market interest rates tended to increase in the context that domestic interest rates were under increasing pressures from world interest rates and rising domestic inflation.

Deposit and lending interest rates of CIs were in increasing trend in the context that domestic interest rates were put under rising pressure from world interest rates and rising domestic inflation. As of end-2022, average VND deposit interest rate ranged from 0.2% to 0.6% p.a for demand and less than 01-month term; 5.3% to 5.8% p.a for deposits of 01-month to less than 06-month terms; 6.2% to 7.6% p.a for deposits of 06-month to 12-month terms; 6.0% to 7.4% p.a for deposits of over 12-month to 24-month terms, and 6.9% to 7.2% p.a for deposits of over 24-month terms. The average lending interest rate for new and old outstanding loans ranged from 9.0% to 10.7% p.a; the average VND short-term lending interest rate for some industries and fields was about 4.7% p.a, lower than the maximum short-term lending interest rate according to the regulations of the SBV (5.5% p.a). In general, the average VND deposit interest rate was 5.42% p.a, up by 1.51% p.a compared to end-2021; the average VND lending interest rate was 10.19% p.a, up by 1.51% p.a compared to end-2021.

USD interest rate

USD interest rates moved in accordance with the Government's policy and the SBV's direction on anti-dollarization and limitation of FX hoarding. As of end-2022, the USD deposit interest rate of CIs was 0% p.a for deposits of individuals and institutions according to regulations of the SBV. The average USD lending interest rate of domestic commercial banks for new and current outstanding loans ranged from 3.9% to 5.4% p.a for short-term and 5.8% to 5.9% p.a for medium- and long-term.



Source: the SBV

Interbank money market

The scale of the interbank market continued to be expanded, especially lending and deposit activities

Total interbank lending and deposit turnover in VND reached VND 58,194 trillion, in USD converted to VND was VND 12,527 trillion, an increase of 73% and 59%, respectively compared to 2021. Compared to lending and deposit, the turnover of termed purchase and selling of valuable papers between CIs was smaller, reaching VND 796 trillion in 2022.

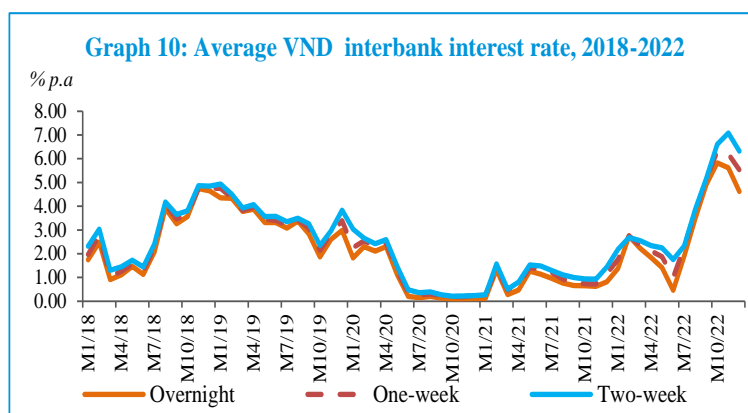
Regarding term structure, a major of interbank transactions in 2022 were at less than 01-month terms with focus on overnight and 01-week. Overnight transaction turnover in VND for the whole year reached VND 50,862 trillion, in USD converted to VND reached VND 9,790 trillion, accounting for 87% and 78%, respectively of the total annual trading volume.

Interbank interest rate went up because of pressures from the world and domestic economy

In the first half of 2022, the average interbank interest rate was relatively low for abundant system-wide liquidity. However, in the second half of 2022, it tended to increase relatively strongly to cope with increased pressure from FX market and the trend of increasing domestic inflation and volatility in Q4, 2022. For the whole year on average, overnight, 01-week and 02-week interest rates were at 3.04%, 3.42% and 3.76% p.a, respectively.

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Interbank interest rates increased due to pressures from the world and domestic economies, and the scale of the interbank market continued to be expanded.



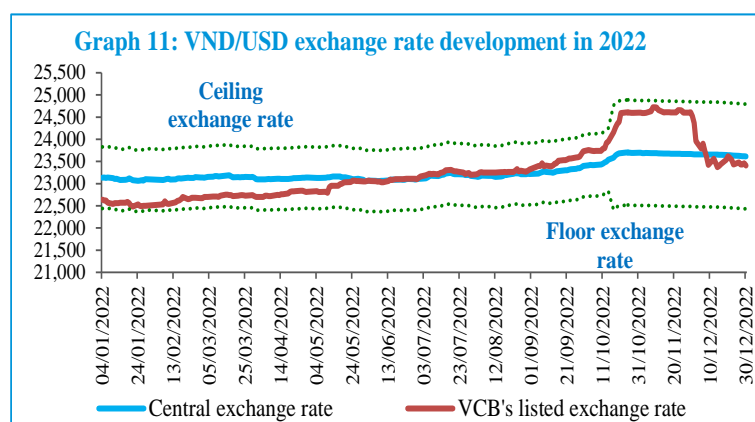
Source: SBV

FX market



FX market operated smoothly, legal foreign currency needs were fully and promptly met; VND was one of the few currencies with the lowest volatility compared to other currencies in the region.

Pressure from the world market, especially the Fed's 05 consecutive interest rate hikes, on the domestic FX market was high in 2022. The VND/USD exchange rate on the interbank market increased rapidly from VND 22,814 to about VND 23,900 per USD in September, 2022, an increase of 4.75% compared to end-2021. In particular, since October, 2022, negative information about the financial and banking markets had adverse impact on market sentiment and liquidity, causing the VND/USD exchange rate to increase rapidly. However, the largest depreciation of VND in 2022 remained below the 10%-to-30% depreciation of currencies of many countries in the region and the world. From mid-November, 2022, thanks to the SBV's synchronous and flexible monetary policy management measures, especially the adjustment of spot exchange rate band and flexible adjustments of intervention exchange rate to limit FX speculation and hoarding combined with solutions on interest rate management, regulation of VND liquidity and easing pressures from international financial market, the FX market was stabilized again, interbank exchange rate tended to gradually decrease to surrounding VND 23,600 per USD by end-2022.



Source: SBV

Gold price



Domestic gold prices fluctuated

In 2022, domestic gold bar price fluctuated in line with international gold price developments but with a faster increase and slower decrease. At the beginning of the year, domestic gold bar was traded at VND 61.1 million per tael on average. From end-

February, geopolitical tensions and global inflation increased while global stock markets declined, causing an increasing demand for safe haven assets, pushing world gold prices up sharply. Against that backdrop, on March 8, 2022, domestic gold prices jumped to a record level of VND 73.3 million per tael, an increase of 20% compared to end-2021. Since the end of September, the Fed stepped up its interest rate hikes, causing the USD to appreciate against most currencies, domestic gold prices decreased in line with international gold prices. On December 30, 2022, the average SJC gold bar price was around VND 66.3 million per tael, down by 9.5% compared to March 8, 2022 and up by 8.5% compared to the beginning of 2022; the difference between domestic and international gold prices was VND 13.9 million per tael.

strongly in line with international gold price movements but with a faster increasing and slower decreasing rate, widening the spread between domestic and international gold prices. 2022 saw international and domestic gold prices set their highest prices in many years.

Securities market

After a sublime year in 2021, the VN-Index continued to maintain at its historic peak in the first 3 months of 2022. Subsequently, however, the market continuously went down and was among the most deeply slumping markets in the world. On November 15, 2022, the VN-Index closed at 911.9 only, the lowest level of the year, down by 40.34% compared to the record high of 1,528.57 on January 6, 2022, down by 39.13% compared end-2021 and down by 20.23% y-o-y. As of December, 2022, market capitalization on all HOSE, HNX and UPCOM reached about VND 5.22 quadrillion, equivalent to 54.94% of GDP (2021: 92.47% of GDP¹¹), the HOSE alone reached 42.23% (2021: 69.51%). The average transaction value on HOSE and HNX reached VND 32.56 trillion and VND 1.99 trillion, respectively, an increase of 19.92% on HOSE and a decrease of 65.72% on HNX compared to 2021.¹² Net purchase of securities by foreign investors, including stocks and bonds, was VND 13.12 trillion compared to net sales of VND 4.1 trillion in 2021.¹³

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In 2022, securities market experienced a year of changing. VN-Index was one of the strongest fluctuating indexes in the world.

¹¹ Calculation is based on the stock market capitalization value announced by the State Securities Commission on its portal.

¹² Calculation based on the average transaction value announced by the State Securities Commission on its portal.

¹³ Data published by the State Securities Commission on its portal.



Financial and governance capacity of CIs continued to be strengthened. CIs kept improving prudential ratios, strengthening risk management in line with the law and international practices. System liquidity continued to be guaranteed and credit quality was improved.

2.7. Operations of CIs

As of end-2022, the CI system included 04 commercial banks with state ownership of over 50%, 03 compulsorily acquired commercial banks, 01 Social Policy Bank, 01 Development Bank, 28 joint-stock commercial banks, 02 joint-venture banks, 09 100% foreign owned banks, 50 foreign bank branches, 26 finance and leasing companies, 01 Cooperative Bank, 1,181 PCFs and 04 microfinance institutions.

Table 1: Viet Nam's CI system as of December 31, 2022

No.	Type of CI	2021	2022
1	SOCB	4	4
2	Compulsorily acquired bank	3	3
3	Social Policy Bank	1	1
4	Viet Nam Development Bank	1	1
5	Joint-stock commercial bank	28	28
6	Joint-venture bank	2	2
7	100% foreign owned bank	9	9
8	Foreign bank branches	51	50
9	Finance and leasing companies	26	26
10	Cooperative Bank	1	1
11	PCF	1,181	1,181
12	Microfinance institution	4	4

Source: the SBV

CIs continued to strengthen their financial capacity and scale up their operations

In 2022, CIs continued to strengthen their financial capacity and scale up their operations; solutions to NPL resolution were deployed synchronously with measures to control and prevent new NPLs, contributing to maintaining the on-balance NPL ratio at below 2.0%. Governance and risk management capacity of CIs was gradually improved, approaching international practices and in accordance with the conditions of domestic market. System liquidity remained stable, and CIs strictly complied with regulations on prudential ratios and limits. Hence, business performances of CIs continued to be improved. As of end-2022, total assets of the entire

system reached VND 18.28 quadrillions, an increase of 14.5% y-o-y; total chartered capital reached VND 878.1 trillion, an increase of 13.02% y-o-y.

Table 2: Basic indicators

Type of CI	Total assets		Chartered capital		Ratio of short-term deposit to medium and long-term loans (%)	Ratio of outstanding loans to total deposits (%)
	VND billion	± %	VND billion	± %		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
SOCBs	7,679,166	19.03	190,433	5.75	26.17	80.64
Social Policy Bank	300,553	15.77	22,185	16.63		
Joint-stock commercial banks	8,000,502	11.86	469,409	19.26	30.71	75.36
Joint-ventured, foreign banks	1,770,764	8.67	146,414	5.66		40.30
Finance, leasing companies	310,877	19.49	39,165	9.17	42.03	
Cooperative Bank	49,799	1.28	3,030	0.00	16.10	67.67
PCF	164,241	3.41	6,357	12.33		
The whole system	18,275,093	14.50	876,993	13.04	25.56	74.35

Source: the SBV

Note:

- Data was made based on December 2022 accounting reports and statistical reports of CIs, 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.

Along with financial and governance capacity improvement and operation scale-up, in 2022, CIs focused on developing restructuring plans associated with NPL resolution, filling gaps, and improving financial and governance capacity in accordance with the law and international practices. As of end-2022, ROA

and ROE of the entire system were 1.38% and 15.83%, respectively (higher than 2021 levels of 1.20% and 14.70%, respectively.) The CAR of the group of banks applying Circular No. 41/2016/TT-NHNN was 11.68%, of the group of banks applying Circular No. 22/2019/TT-NHNN was 10.44%, and of the group of CIs applying Circular No. 23/2020/TT-NHNN was 18.07%. The average liquidity reserve ratio reached 18.5%; most CIs met prudential ratios and limits according to the law.¹⁴

Table 3: CAR of CIs and foreign bank branches

No.	Type of CI	Equity capital		Minimum capital adequacy ratio (%)
		VND billion	± %	
(1)	(2)	(3)	(4)	(5)
1	Group of banks applying Circular No. 41/2016/TT-NHNN	1,404,901	17.53	11.68
1.1	SOCBs	427,931	16.63	9.16
1.2	Joint-stock commercial banks	726,938	19.19	12.01
1.3	Joint-ventured, foreign banks	250,031	14.40	19.16
2	Group of banks applying Circular No. 22/2019/TT-NHNN	159,176	9.16	10.44
2.1	SOCBs	127,717	15.67	10.63
2.2	Joint-stock commercial banks	28,559	16.02	9.63
2.3	Cooperative Bank	2,900	5.84	10.67
3.	Group of non-banks applying Circular No. 36/2014/TT-NHNN	54,850	6.44	18.07
3.1	Finance, leasing companies	54,850	6.44	18.07

Source: the SBV

Note:

- The above data are sourced from Balance Sheet Reports and Statistic Reports of Credit Institutions and foreign banks' branches in December 2022 (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.

¹⁴ Except for some weak CIs that are in the process of restructuring and CIs that are in transitioning period regarding some capital adequacy ratios and limits according to the law.

Table 4: CIs' ratios*Unit: %*

Type of CI	ROA	ROE
SOCBs	1.08	19.44
Social Policy Society	0.55	3.20
Joint-stock commercial banks	1.78	17.82
Joint-ventured, foreign banks	1.32	9.23
Finance, leasing companies	0.90	5.20
Cooperative Bank	0.39	4.63
PCFs	0.95	13.40
The whole system	1.38	15.83

*Source: the SBV**Note:*

- Data according to the 2022 Financial Report;
- Does not include micro CIs.
- State-owned commercial banks include: Viet Nam Bank for Agriculture and Rural Development, Viet Nam Joint Stock Commercial Bank for Industry and Trade, Viet Nam Joint Stock Commercial Bank for Foreign Trade, Viet Nam Joint Stock Commercial Bank for Investment and Development, Viet Nam Construction Joint Stock Commercial Bank, Global Petroleum One Member Limited Commercial Bank, Ocean Commercial Bank Limited;
- Eliminate CIs with negative equity when calculating ROA and ROE.

System liquidity and credit quality continued to be guaranteed

Liquidity risk: Due to the impact of complicated developments internally and externally, system liquidity was put under high pressure at some times, especially in the fourth quarter. However, the SBV promptly took measures to support and relieve liquidity pressure and stabilize the money market. For the whole year 2022, system liquidity was basically guaranteed and system safety was maintained.

Credit risk: In the context that the COVID-19 pandemic and adverse world macroeconomic developments had negative impact on the domestic economy, reducing the financial and debt service capacity of businesses, the SBV directed CIs to synchronously deploy measures to resolve NPLs, control and prevent new NPLs, contributing to improving credit quality and maintaining the on-balance NPL ratio of the CI system at 2%. In 2022, the entire system of CIs handled

VND 205.1 trillion of NPLs, of which 54.14% were handled by CIs' risk provisions, and 32.04% were handled by customers' debt repayment, and 9.7% were sold to the VAMC. Regarding NPL resolution in accordance with Resolution No. 42/2017/QH14 of the National Assembly, from August 15, 2017 until the end-December, 2022, the entire CI system handled VND 412.4 trillion of NPLs. In 2022, the SBV advised the Government to propose to the National Assembly to extend the deadline of Resolution 42 and at the same time, research and legislate on the basis of inheriting, supplementing and improving Resolution 42 to create a stable and sustainable legal framework for NPL resolution by CIs.

Part II - Policy management of the State Bank of Viet Nam

In implementing the direction of the National Assembly and the Government in the Resolutions on the 2022 Socio-Economic Development Plan and implementing the Socio-Economic Recovery and Development Program,¹⁵ the SBV issued Directive No. 01/CT-NHNN dated January 13, 2022, setting out goals and tasks for the entire banking industry in 2022 as follows: *“Proactive and flexible management of monetary policy, in close coordination with fiscal and other macroeconomic policies to control inflation in accordance with the 2022 target of about 4% on average, contributing to macroeconomic stability, supporting economic growth recovery, and promptly adapting to developments on domestic and foreign markets. In 2022, credit growth is targeted at about 14% with adjustment in accordance with actual developments and situation. Reasonable credit growth is associated with improving credit quality, focusing on production and priority areas, supporting socio-economic recovery and development. Tightly control credit to potentially risky areas. Continue to remove credit difficulties for people and businesses affected by the COVID-19, natural disasters and pandemics”*. At the same time, the SBV drastically implemented the assigned tasks and solutions in the Socio-Economic Recovery and Development Program.

1. Monetary policy management

Reasonable monetary regulation, system liquidity reservation, money market stabilization, and capital preparedness to support economic growth recovery

In closely following the direction of the National Assembly and the Government, the monetary policy goals of the SBV, developments in the monetary market and the working capital situation of CIs, the SBV proactively and flexibly managed open market operations, closely coordinating with fiscal policy for proper monetary

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*Actively, flexibly,
and synchronously
manage monetary
policy tools to
control inflation,
contributing to
maintaining
macroeconomic*

¹⁵ Resolution No. 32/2021/QH15 of the National Assembly dated November 12, 2021; Resolution No. 43/2022QH15 of the National Assembly dated January 11, 2022; Resolution No. 01/NQ-CP of the Government dated January 8, 2022; Resolution No. 11/NQ-CP of the Government dated January 30, 2022.

stability, and supporting economic growth recovery; ensuring system liquidity, maintaining a stable money market; deploying the 2% interest rate support package worth VND 40,000 billion from the state budget through the banking system.

regulation, ensuring system liquidity, stabilizing the money market to control inflation and support economic growth recovery. Accordingly, the SBV continued to make daily offers to purchase valuable papers with appropriate volumes and terms to signal capital support for CIs, contributing to supporting economic recovery. The volume and term of bids were adjusted appropriately, at times when the payment needs of the banking system and the economy increase such as during the Calendar and Lunar New Year. In particular, since October 2022, in facing with adverse information affecting the operations of the banking system, the SBV increased the volume of offers to buy valuable papers through open market operations to inject capital to support liquidity for CIs to meet cash payment needs of people and economic organizations, stabilizing psychology, stabilizing the money market, ensuring the safety of the system of CIs. In addition, since June 2022, in response to unfavorable developments on international and domestic markets affecting exchange rate management, the SBV issued SBV bills with reasonable terms and volumes for monetary control and implementation of monetary policy goals.

Flexible management of interest rate in line with developments

For almost the first 9 months of 2022, policy interest rates was kept unchanged by the SBV in the context of rapidly increasing world interest rates and climbing up domestic inflation pressures, thus enabling CIs to access capital from the SBV at low cost. However, since the end of September 2022, the negative impacts on the monetary and banking sectors changed very quickly; global inflation was anchored at a high level, the Fed continuously and rapidly adjusted policy interest rates and was about to continue to increase soon, the USD has appreciated sharply, increasing pressure on interest rates and domestic exchange rate, creating pressure on inflation. Against that backdrop, to control inflation, stabilize the macro-economy and the currency, and ensure the safety of the banking system, the SBV raised interest rates with an increase of 0.8-2% p.a in September and October 2022. To be more detailed: *(1)* The SBV raised refinancing interest rate from 4% p.a to 6% p.a; rediscount rate from 2.5% p.a to 4.5% p.a, overnight lending interest rates in interbank electronic payments and lending to compensate capital shortages in clearing payments of the SBV from 5% p.a

to 7% p.a. (2) The SBV raised the maximum interest rate for VND deposits of institutions and individuals at CIs, for demand deposits and term deposits of less than 1 month from 0.2% p.a to 1.0% p.a, for deposits termed from 1 month to less than 6 months from 4% p.a to 6% p.a. (3) The SBV raised the maximum short-term VND lending interest rate from 4.5% p.a to 5.5% p.a. At the same time, the SBV directed CIs to do their best efforts to cut operating costs, administrative procedures, and unnecessary expenses to have room to reduce lending interest rates, thus supporting businesses and people to overcome difficulties.

Keeping VND and FX RR ratios unchanged

RR ratio for VND deposits was maintained at 3% for demand deposits and with terms of less than 12 months, 1% for deposits with terms of 12 months and above. As for foreign currency deposits, the RR ratio rate is maintained at 8% for demand deposits and with terms of less than 12 months, 6% for deposits with terms of 12 months and above and 1% for CIs' oversea deposits.

Continuing to refinance in accordance with the objectives of monetary policy management and the Government's policies

The refinancing tool was operated in accordance with the Government's policies, the SBV's operating objectives and the capital needs of CIs. Accordingly, the SBV refinanced CIs for liquidity support, refinanced the VBSP for lending to employers to pay salaries to employees according to Resolution No. 68/NQ-CP and Decision No. 23/2021/QD-TTg.¹⁶

Managing exchange rates flexibly and appropriately, keeping FX market stable

In 2022, in the context of exchange rates and FX markets being under great pressure due to strong and increasing fluctuations on international market, the SBV flexibly implemented the following measures to stabilize the FX market and exchange rate, contributing

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 regulating the implementation of a number of policies to support employees and employers facing difficulties due to the COVID-19 pandemic.

to macroeconomic stability. (1) The SBV gradually created room for exchange rates to move flexibly in accordance with market conditions and macroeconomic fundamentals, thereby absorbing external shocks, controlling market sentiment and expectation and foreign currency holding. (2) The SBV flexibly intervened into the market through FX selling, adjusting buying/selling intervention rates, and net selling of foreign currencies to CIs to meet liquidity needs and stabilize market sentiment, contributing to limiting strong market fluctuations in each period. (3) In proactively adapting to unpredictable developments and major market pressures, on October 17, 2022, the SBV expanded the USD/VND spot exchange rate band from $\pm 3\%$ to $\pm 5\%$, thus creating room for greater exchange rate flexibility and better absorbing internal and external shocks. Exchange rate management coordinated synchronously with other monetary policy tools such as interest rates, VND liquidity to ease pressure from global market.

Managing credit growth in association with credit quality improvement, fully and promptly meet capital needs of the economy; drastically deploy a 2% interest rate support package worth VND 40,000 billion from the state budget through the banking system

Based on the economic growth target for 2022 set by the National Assembly and the Government, the SBV developed directional credit growth target with adjustment in accordance with developments and the actual situation.¹⁷ Accordingly, the SBV managed credit to support economic recovery, meeting capital needs for production and business without being subjective to inflation risks. The SBV focused credit on production, business and priority areas while strictly controlling credit for potentially risky areas. Besides, the SBV instructed CIs to deploy many solutions to overcome difficulties, create favorable conditions for businesses and people to access bank credit, contributing to limiting black credit such as innovating, improving processes, loan procedures, diversifying credit programs and products for them to be suitable for different subjects and economic sectors, promoting technology application in the context of pandemics; reviewing and cutting many

¹⁷ The credit growth target was determined at about 14% at the beginning of the year and by December 5, 2022, it was raised by 1.5 -2% across the system.

fees for customers. At the same time, the SBV continued to effectively deploy bank-business connection conferences nationwide, field surveys, receiving and promptly resolving issues faced with people and businesses.

In terms of supporting businesses and people, after the issuance of Decree No. 31/2022/ND-CP dated May 20, 2022 on interest rate support from the state budget given to loans to enterprises, cooperatives, and business households, the SBV issued: **(1)** Circular No. 03/2022/TT-NHNN dated May 20, 2022 instructing commercial banks to support interest rates according to regulations; **(2)** Directive No. 03/CT-NHNN dated August 16, 2022 on promoting the implementation of the interest rate support program; **(3)** Documents guiding the accounting of interest rate support, answering issues within the scope of the SBV's state management. **(4)** The SBV organized 04 national conferences to thoroughly grasp, communicate, and unify the implementation of policies from central to local levels, and at the same time answered and removed difficulties and obstacles in the process of implementing policies.

2. FX management

Strengthening the development and improvement of the legal framework on FX and gold market management

The SBV continued to improve the legal framework on FX activities and renew legal documents in accordance with actual conditions, contributing to creating a complete and synchronous legal corridor, creating favorable conditions for institutions and individuals to carry out FX activities according to the law, ensuring their right to access to economic benefits from these activities. Accordingly, in 2022, the SBV issued 06 circulars in the field of FX management. Those new documents have contributed to the improvement of the legal framework on FX management, meeting the actual needs and management requirements of the State, synchronizing the legal system that regulate FX activities, limiting cases of taking advantage to commit illegal acts in the field of FX. In addition, the SBV upgraded a number of administrative procedures to level 3 and 4 public services to minimize the administrative procedure compliance time and cost, facilitating organizations and individuals

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The legal framework for FX and gold market continued to be improved. Accordingly, current and capital transactions, FX reserves and gold market continued to be managed effectively.

to flexibly implement administrative procedures in many forms.

Managing current transactions

Current transaction continued to be managed in the direction of liberalization in accordance with international commitments. At the same time, the SBV continued to implement policies to limit the use of foreign currencies domestically with the aim at limiting, moving toward ending dollarization, and increasing people's confidence in the VND. The policy on attracting remittances continued to be open in consistent with the integration trend for encouraging and facilitating remittance inflows, contributing to domestic economic development and improving Viet Nam's BOP. In addition, the SBV continued to implement solutions to attract foreign currency sources into the banking system through foreign currency exchange management policies, remittance policies, and foreign currency buying and selling between authorized CIs and individuals, regulations on selling foreign currencies to authorized CIs, border payment management policies, etc.

Managing capital transactions

FX management for foreign investment activities was carried out in the direction of facilitating the attraction of foreign investment capital inflows, contributing to supporting economic growth and improving the BOP. Direct/indirect investment abroad was managed closely and cautiously, on one hand supporting domestic investors to take advantage of investment opportunities abroad, on the other hand ensuring close supervision of capital outflows, prioritizing resources for domestic economic development.

In addition, the SBV continued to closely monitor and manage nonpublic guaranteed external borrowing and debt repayment by enterprises in consistent with the nation's external debt management goals, ensuring that enterprises' net self-external borrowing and debt repayment was kept within the external debt limit approved by the Prime Minister, hence ensuring either compliance with national external debt safety targets or meeting enterprises' capital needs. In parallel, the SBV continued to improve the legal framework on managing nonpublic guaranteed external borrowing and debt repayment of enterprises without public guarantee in

the following directions: (1) Strengthening the capacity to monitor external borrowing and debt repayment to ensuring the realization of goal of managing enterprises' self-external borrowing and debt payment; (2) Streamlining administrative procedures to support businesses in accessing external loans; (3) Improving the reporting mechanism, renewing and applying online external borrowing and debt repayment reporting system, helping to reduce costs for businesses and improve the quality of statistical reports for monitoring levels and management of external loans.

Managing FX reserves

In 2022, with the scale of FX reserves that had been significantly accumulated in previous periods, amidst unfavorable domestic market developments, the SBV prepared resources to meet foreign currency needs and ensure market liquidity, contributing to macroeconomic stability and controlling inflation. At the same time, the SBV promptly adjusted the structure, standards, and limits for reserve investment to on the one hand be consistent with developments in the domestic and international financial markets, on the other hand ensure compliance with the principles of conservation, liquidity, profitability in FX reserves management.

3. Banking inspection and supervision

Inspection and supervision activities

Inspection continued to be renewed following the direction of combining consolidated and risk-based inspection approaches, aiming to effectively focus inspection resources on subjects and fields with high potential risks, on those that could easily cause negativity and violations to promptly detect, prevent, and strictly handle violations of CIs. In 2022, the SBV conducted 1,420 inspections and examinations, issued 227 decisions on administrative sanctions against CIs, businesses, and individuals with a total fine of VND 22.4 billion.

In addition to inspection, supervision continued to be paid attention, which was seen in: (1) Supervision continued to focus on monitoring and assessing risks in the operations of CIs in addition to their compliance with prudential regulations in operations; (2) Supervision was implemented in close coordination with inspection, licensing and regimes and policies making; (3) The

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The SBV continued to drastically and synchronously deploy solutions on banking inspection and supervision; solutions to restructure the CI system associated with NPL resolution; promote the implementation of and ensure safe and effective operations

*in accordance with
Basel II standards.*

SBV worked with CIs to require them to strengthen governance, internal control, and NPL resolution, minimize operational risks and strictly comply with legal regulations.

Based on inspection and supervision outcomes, the SBV issued documents to direct and rectify CIs and foreign bank branches on issues related to business activities and insurance agents; guarantee provision, corporate bond issuance agents, compliance with regulations on prudential limits and ratios, credit granting to private economic groups, large real estate corporations and related persons, credit granting for participation of land use right auctions, corporate bond investment, provision of services related to corporate bonds and customers with outstanding loans in risky fields such as real estate, securities...

Licensing management

In 2022, the SBV received and processed 02 applications to establish 100% foreign owned banks, 14 applications to establish new foreign bank branches of foreign CIs according to the provisions of the Circular. No. 40/2011/TT-NHNN dated December 15, 2011, 01 application to establish 01 credit information service provider according to Decree No. 58/2021/ND-CP dated June 10, 2021. At the same time, the SBV continued to license the establishment of branch networks of commercial banks according to Circular No. 21/2013/TT-NHNN dated September 9, 2013. Through monitoring the management and licensing of commercial bank branches, the network of newly established branches of the commercial bank system had no longer concentrated in big cities but have expanded throughout the provinces. Some commercial banks have developed their networks of transaction offices in the mountainous areas in the North, Central, Central Highlands and Southwest.

Anti-money laundering

Anti-money laundering and terrorist financing continued to achieve many important results, contributing to preventing and combating domestic and international crimes, protecting national financial and monetary security and the safety of the banking system. With the close direction of the Government and

the Anti-Money Laundering Steering Committee, the SBV closely coordinated with ministries and agencies in implementing many important tasks including (1) Developing and finalizing the Law on Anti-Money Laundering then reporting the Government to submit to the National Assembly for approval on November 15, 2022 to overcome limitations and gaps in the 2012 Law on Anti-Money Laundering, ensuring the consistency of the legal system, consistent with international treaties and commitments to which Viet Nam is a member and ensuring feasibility in the context of Viet Nam; (2) Implementing the Government's commitments to international organizations and Viet Nam's membership obligations in the Asia-Pacific Group on Anti-Money Laundering (APG); (3) Advising the Prime Minister on issuing decisions to establish national risk assessment working groups on anti-money laundering and terrorist financing (NRA).

Besides, the SBV continued to focus on collecting and processing reports according to the law, transferring suspicious transaction information, exchanging, and providing information to competent domestic and foreign authorities. At the same time, the SBV strengthened international cooperation, set up IT systems for anti-money laundering, contributing to preventing and combating crime, protecting national financial and monetary security and safety of the banking system.

Developing and organizing the implementation of the 2021-2025 Master plan on “Restructuring the CI System associated with NPL Resolution”; implementing and ensuring safe and effective operations according to Basel II standards

Continuing to promote the restructuring of the CI system associated with NPL resolution

Based on wrapping up the implementation of the 2016-2020 Master plan on Restructuring of the CI System associated with NPL Resolution, the SBV developed and submitted to the Prime Minister for approval the 2021-2025 Master plan on restructuring the CI System associated with NPL Resolution (Decision No. 689/QĐ-TTg dated June 8, 2022). To synchronously implement the goals, tasks and solutions stated in the Master plan, the SBV issued the Banking Industry Action Plan (Decision No. 1382/QĐ-NHNN dated August 12, 2022). In addition,

the SBV issued a document requesting CIs to conduct a comprehensive review and assessment of financial situation and operations, identifying difficulties, challenges, shortcomings, limitations that needed to be handled, and developing solutions to restructuring associated with NPL resolution during 2021-2025 period as well as roadmaps to ensure compliance with the Master plan. Besides, the SBV continued to direct and guide each CI to develop its own restructuring plan associated with NPL resolution for 2021-2025 period. Hence, the safe and stable operation of the CI system continued to be maintained. The CI system continued to scale up, charter capital gradually increased over the years, financial capacity of CIs was strengthened, NPL ratio continued to be maintained at a safe level, CIs raised awareness and paid more attention to improving risk management, increasing information transparency in accordance with the law.

Implementing and ensuring safe and effective operations according to Basel II standards

In order to improve the legal framework for the implementation of Basel II in Viet Nam, the SBV issued Circular No. 41/2016/TT-NHNN dated December 30, 2016 providing guidance on capital adequacy according to the Basel II Standardized Approach and Circular No. 13/2018/TT-NHNN dated May 18, 2018 regulating the internal control system of commercial banks and foreign bank branches, contributing to strengthening the ability to control, detect, prevent, warn and promptly handle violations and risks of the banking system. Accordingly, most CIs had applied the CAR according to Circular No. 41/2016/TT-NHNN (Standardized Approach of Basel II standards). As of December 31, 2022, there were 87 commercial banks and foreign bank branches that had applied CAR as prescribed in Circular No. 41/2016/TT-NHNN.

4. Macroprudential supervision of the financial system

The SBV continued to implement the System Risk Supervision Regulation (according to Decision No. 2563/QĐ-NHNN dated December 31, 2016), update the database for the monitoring of developments in financial stability indicators, analyzing and assessing risks affecting financial stability, conduct financial system risk surveys,



The SBV continued to implement the Systemic Risk Supervision

implement tests of the banking system's resilience to external shocks, improve the legal framework for financial stability, and macro-prudential policies and tools to prevent systemic risks and minimize negative impacts on the economy.

5. Legislation

Law making

In 2022, law making, improvement of institutional and legal framework, monetary and banking activity policies and mechanisms continued to be focused with many new points. Accordingly, the SBV chaired and coordinated with relevant ministries and agencies to develop and finalize a number of bills, advised and reported to the Government to submit to the National Assembly for issuance of Resolutions on issues of significant importance to the banking industry such as: (1) The Law on Anti-Money Laundering (amended) which was adopted by the National Assembly on November 15, 2022; (2) Resolution No. 63/2022/QH15 dated June 16, 2022 of the National Assembly on the extension of the maturity of all provisions of Resolution No. 42/2017/QH14 from August 15, 2022 to December 31, 2023; (3) Completion of documents on the Law on CIs (amended) based on reviewing, summarizing and improving the 2010 Law on CIs and Law No. 17/2017/QH14, including the legalization of NPLs and collateral resolution regulations as stipulated in Resolution 42/2017/QH14.

At the same time, in 2022, the SBV, according to its authority, developed, issued and submitted to competent authorities for issuance of 32 legal documents including 03 Government decrees, 01 Prime Minister's decision and 27 circulars, creating a legal basis for: (1) Implementing policies to support people and businesses facing difficulties due to the COVID-19 pandemic under the direction of the Government, (2) Strengthening and improving banking inspection and supervision, (3) Improving regulations on organization and operation of CIs; (4) Regulating FX activities, money transfers abroad, payments, etc.

In general, legal documents issued in 2022 helped further improve the banking industry's legal system, laying a foundation for timely and effective implementation

Regulation, gradually improving the macroprudential policy framework to create a legal basis to help prevent systemic risks and minimize negative impacts on the economy.

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Legislation and law enforcement continued to be promoted to improve the legal framework for monetary and banking activities, contributing to enhancing the efficiency of state management, improving transparency and consistency of legal system for the banking sector.

of policies to support people and businesses in tough situation due to the COVID-19 pandemic, contributing to strengthening state management in the monetary and banking sectors, creating an important legal framework for the SBV to manage monetary policy, ensuring safety and promoting the restructuring and improving the health of the CI system.

Examination, revision, and systematization of banking legal documents

In 2022, the SBV examined and processed 41 legal documents, reviewed, and announced 28 documents of full invalidity and 26 documents of partial invalidity.

Banking law enforcement

To improve banking law enforcement effectiveness, the SBV: (1) Regularly updated and monitored the execution of newly issued legal documents of the National Assembly, the Government, and the Prime Minister (about 15 documents); (2) Implemented topical monitoring of the execution of laws to propose issuance of instructive documents, or amendment, supplementation or issuance of new legal documents according to authority to meet management requirements, thereby improving the consistency and transparency of the banking legal system (about 35 documents); (3) Reviewed, commented on the signing and approval of international treaties related to the banking sector.

6. Issue and vault operation

Cash issuance and regulation



Effectively implement issue and vault operation, ensure system safety and monetary security.

Based on the forecast of the economy's cash demand and the need to replace disqualified banknotes, the SBV developed a money printing plan for 2022, thereby maintaining cash reserves throughout the system at a safe and effective level. At the same time, based on the situation of revenues, expenditures and cash balance, the SBV proactively regulated cash, hence promptly meeting the localities' value and denomination needs in times of increased demand during the Lunar New Year and in situations of suddenly increasing liquidity needs; there was no shortage of cash nationwide. At local level, SBV branches supplied CIs and the State Treasuries in the areas with cash without cash payment arrears or postponement when there was customers' need. Those branches timely

met cash needs for local socio-economic development. In addition, the SBV continued to promote the collection, exchange, and selection of disqualified banknotes, required units throughout the banking industry to pay more attention to inspection and supervision of this activity to improve the quality of cash in circulation. As a result, the volume of recalled disqualified banknotes increased by 40% compared to 2021.

Vault safety

In 2022, the SBV continued to improve the legal foundation and efficiency of vault operations and ensured regulations to be more suitable to practical requirements. In addition, the SBV strengthened regular and unexpected inspections of SBV branches and CIs to ensure monetary and vault safety, raised the sense of responsibility, strengthened discipline in management and compliance with regulations on vault safety, strengthened inspection and examination, internal inspection of CIs, and had specific sanctions for violations. The SBV coordinated with the Ministry of Public Security in preventing and combating bank robbery, ensuring security and safety of banking operations and social security, order and safety.

Counterfeit money prevention, confrontation, and protection of the national currency

The SBV promptly analyzed, appraised, and provided timely information and warnings about newly appearing types of counterfeit money, closely coordinated with other authorities to exchange information and provide professional training in distinguishing authentic/counterfeit money. In addition, the SBV developed a Decree on counterfeit money prevention and confrontation as well as protection of Viet Nam's currency to ensure the legal basis and strengthen coordination between relevant ministries and agencies.

7. Payment operation and digital transformation

Payment system modernization

Electronic interbank payment system

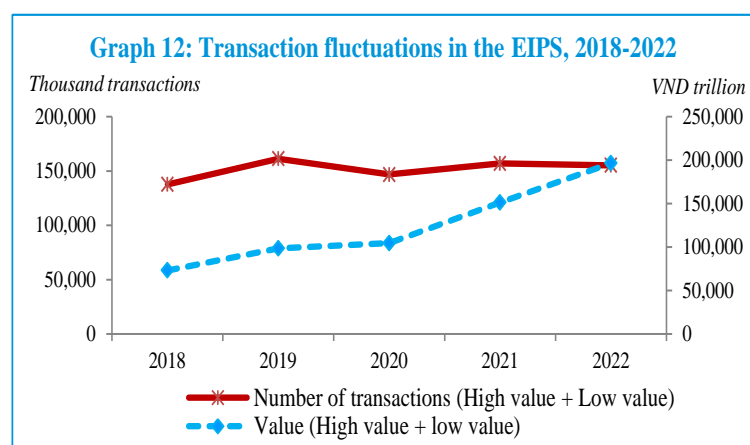
The electronic interbank payment system (EIPS) continued to be invested and modernized to meet people's increasing electronic payment needs. The operation of the EIPS was stable. While there was a decrease in transaction volume, transaction value remained increase,

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*The payment system
continued to be*

*modernized
with stable, safe,
convenient, and
secured operation,
well serving the
need for payment in
the economy.*

thus meeting the payment and money transfer needs of member units, while promoting fast, convenient, accurate, safe, and secured payment activities. As of end-2022, the SBV's EIPS had connected with 257 units of 101 members participating in the system, including: 19 member units of the State Treasury, 64 member units under the SBV and 175 member units from 99 member CIs. Total number of transactions through the EIPS reached almost 155.19 million with a value of nearly VND 191.3 quadrillion (down by 1.11% in quantity and up by 29.90% in value compared to 2021.)



Source: the SBV

Financial transaction clearing and switching system

In 2022, the electronic financial transaction clearing and switching system operated stably and smoothly. It handled about 4.9 billion transactions with a value of VND 48.2 quadrillions (an increase of 114.89% and 95.96%, respectively compared to 2021.) In addition to the electronic financial transaction clearing and switching system, from the beginning of July 2020, the National Payment Corporation of Viet Nam (Napas) had officially put into operation the automated clearing house (ACH) with 24/7 operation, processing multi-channel and multi-media transactions, serving the needs of money transfer, retail payment transactions, and payment of utility services. With 14 member banks, in 2022, the ACH System processed 105.06 million transactions with a value of VND 1,853.56 trillion (an increase of 336.67% and 306.59% respectively compared to 2021).

Card payment

As of end-2022, there had been 21,038 ATMs and 410,743 POS nationwide and more than 145.2 million

cards in circulation. The number of transactions via POS reached more than 623.21 million with a value of about VND 1.03 quadrillion (an increase of 51.66% and 46.10%, respectively compared to 2021.) The number of transactions by bank card reached 2.22 billion with a value of about VND 4.8 quadrillion (up by 39.12% and 9.49%, respectively compared to 2021.) Transaction via ATM reached about 1.07 billion in volume with a value of more than VND 3.07 quadrillion (an increase of 12.45% and 12.50%, respectively compared to 2021).

In addition, to promote non-cash payments, the SBV issued Circular No. 17/2021/TT-NHNN dated November 16, 2022 regulating bank card activities, including regulations on eKYC-applied bank card issuance, actively contributing to the development of card payment services with many utilities and safety for people; in particular, people in rural and remote areas could access banking services without having to go to bank transaction points. After more than 01 year of implementing Circular No. 17/2021/TT-NHNN, as of end-2022, there had been 22 card issuing institutions nationwide deploying eKYC-applied card issuance with about 10.8 million active cards issued with eKYC; the number of transactions via eKYC-applied cards reached more than 89.1 million with a value of more than VND 106.1 trillion.

Payment activities via electronic channels

In 2022, payment activities via electronic channels maintained at a high growth compared to 2021. The number of transactions via internet channels reached more than 1.40 billion with a value of more than VND 55.25 quadrillion (up by 98.54% y-o-y and 50.24% y-o-y, respectively.) The number of transactions via mobile phone reached almost 5 billion with a value of more than VND 48.84 quadrillion (an increase of 139.32% y-o-y and 106.54% y-o-y, respectively.) The number of transactions via QR code reached almost 76.76 million with a value of more than VND 74.62 trillion (up by 225.36% y-o-y and 243.92% y-o-y, respectively).

To promote electronic payments for public services, the SBV also directed the entire banking industry to actively deploy many solutions to promote electronic payments for public services. As of end-2022, there had been more than 4 million online payment transactions

made on the National Public Service Portal with an amount of more than VND 3.53 trillion. There were about 61% of social insurance and unemployment beneficiaries receiving benefits through personal accounts in urban areas¹⁸, of which: pensions and monthly social insurance benefits reached 42% (an increase of 5% compared to 2021); one-time social insurance benefits reached 92% (up by 7% compared to 2021); unemployment benefits reached 96% (up by 3% compared to 2021).

Promoting digital transformation in banking activities to provide innovative, safe and convenient products and services to customers

In close compliance with the policies and orientations of the Politburo, the Government and the Prime Minister on proactively participating in the 4.0 Industry and implementing the national digital transformation program,¹⁹ the SBV proactively did the following jobs: **(1)** The SBV issued and organized the implementation of Projects, Programs, and Plans to promote digital transformation in banking activities such as Project to Develop Non-Cash Payments in Viet Nam for the 2021-2025 Period, Banking Industry Digital Transformation Plan to 2025 with orientation to 2030, the SBV's Digital Transformation Plan in 2022; the SBV's Plan to implement Decision No. 06/QD-TTg dated January 6, 2022 of the Prime Minister approving the Project to develop the resident database, electronic identification and authentication for national digital transformation between 2022 and 2025 with vision to 2030; Directive No. 02/CT-NHNN dated January 13, 2022 on promoting digital transformation and ensuring information security and safety in banking activities. **(2)** The SBV developed and submitted to the Government a draft Decree on non-cash payments and a draft Decree on sandbox mechanism for financial technology (Fintech) activities in the banking sector. **(3)** The SBV instructed

¹⁸ Exceeding the target set for public services by the end of 2025 which is 60% of people receiving pensions, social insurance benefits, and unemployment benefits in urban areas are paid through non-commercial payment methods.

¹⁹ In Resolution No. 52/NQ-TW of the Politburo on a number of guidelines and policies to proactively participate in the 4.0 Industry and Decision No. 749/QD-TTg of the Prime Minister approving the National Digital Transformation Program, *Banking is identified as a field that has social impact and is related to people in their daily activities, a field with fastest perception changes that brings about efficiency, helps save costs and needs to digitaly transform first.*

the bank account opening and card issuance using eKYC, helping customers access and utilize payment services without having to go to banks' transaction counters. **(4)** The SBV coordinate with the Ministry of Public Security and the Ministry of Information and Communications (MIC) to pilot the use of telecommunications accounts to pay for goods and services of small value - Mobile Money according to Decision No. 316/QĐ-TTg dated September 9, 2021 of the Prime Minister.

Thanks to the SBV's efforts, in 2022, digital transformation in banking activities achieved remarkable results. SBV was ranked the first in network information security, second in institutional building and fourth in digital transformation according to the Digital Transformation Index (DTI) of the Ministry of Information and Communications.²⁰ 95% of CIs had been developing and implementing digital transformation strategies, many of which had achieved a ratio of over 90% of transactions did via digital channels; some CIs had good operating efficiency thanks to active digital transformation, reducing the cost-to-income ratio (CIR) to 30%, approaching the rate that many regional and international banks had been moving toward in their digital transformation efforts. CIs and payment intermediary service providers focused on investing and developing IT systems, operating and business processing platforms based on technology and data to be able to reach customers. They also designed and provided safe and convenient banking products and services in a customer-centric manner, aiming to provide outstanding transaction experiences for customers. Advanced digital technologies such as cloud computing, big data, robotic process automation (RPA), artificial intelligence/machine learning (AI/ML),... were researched and applied to optimize and simplify business processes, improve operational efficiency and customer transaction experience.

Management of payment activities and supervision of payment systems

The management of payment activities and supervision of payment systems of the SBV focused on the following tasks: **(1)** Daily online monitoring and supervision of the

²⁰ Digital transformation assessment index report of the Ministry of Information and Communications, 2021.

National EIPS; (2) Regular monitoring of ATM and POS system operations through many different channels; (3) Periodic supervision of other important payment systems such as: foreign currency payment system, securities transaction payment system, financial transaction clearing and switching system; (4) Strengthening of supervision of payment intermediary service provision activities to ensure safety and efficiency of the payment system. In 2022, the management of payment activities and supervision of payment systems contributed to minimizing arising risks, ensuring safe, smooth and effective operation of payment systems to meet payment needs.

8. Green banking activities



Synchronously and effectively deploying solutions on green credit and green growth.

Sticking to the goals of the National Strategy on Green Growth and the National Action Plan on Green Growth, the SBV focused on: (1) Coordinating with ministries and agencies to develop and improve mechanisms and policies on green credit and green growth, such as: incentive mechanism and roadmap for green credit in Decree No. 08/ND-CP dated January 10, 2022 of the Government, criteria on environment and confirmation for projects granted green credit, issuance of green bonds, credit in the resources for implementing the National Action Plan on Green Growth; (2) Issuing Circular No. 17/2022/TT-NHNN dated December 23, 2022 guiding environmental risk management in credit granting of CIs and foreign bank branches in Viet Nam; (3) Organizing discussions to collect opinions from CIs on the draft Decision of the Prime Minister stipulating environmental criteria and certifying projects to be granted green credit and allowed to issue green bonds; (4) Continuing to implement solutions to encourage and concentrate bank credit capital for projects, production and business plans, and investment in industries/fields that minimize and adapt to climate change, implementing programs to give housing support to the poor to prevent climate change. As of end-2022, credit outstanding for green projects reached VND 500,524 billion (an increase of 12.96% compared to end-2021,) accounting for more than 4.2% of total credit outstanding across the economy with main focused on green agriculture, renewable and clean energy. Credit outstanding for environmental and social risks assessment reached more than VND 2,359 trillion (an increase of 27.69% compared to end-2021,)

accounting for over 20% of the total credit outstanding to the economy with more than 1.2 million credit grants.

9. Credit information

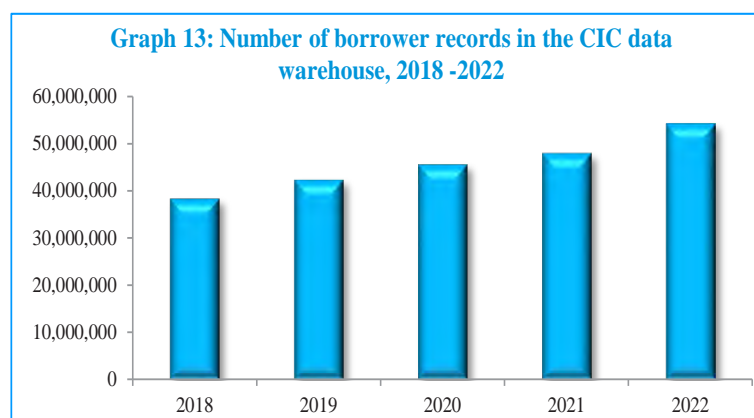
Credit information activities continued to be maintained stably, actively supporting the management of monetary policy and banking activities; contributing to accelerating the digital transformation of the banking industry. The position, role, and importance of credit information to Viet Nam's financial infrastructure were affirmed, creating momentum to support post-pandemic economic growth recovery, contributing to the overall development of the country.

Developing a national credit information database

The CIC continued to maintain traditional data sources from 100% of CIs, almost 1,162 PCFs, 04 official microfinance institutions; at the same time expanded non-traditional sources of information from ministries, agencies and 55 voluntary organizations participating in credit information activities. The CIC actively expanded the collection of alternative information from units outside the industry, retail companies, etc. To improve the quality of the credit information database, the CIC developed and launched new business processes to improve capacity on processing and updating data automatically, promptly detect data errors, unqualified data, and coordinate with CIs to make corrections. In 2022, credit information coverage continued to be improved, increasing by more than 6.3 million loan customer records, bringing the total number of customer records updated and stored in the national credit information database to over 137 million of more than 54.2 million customer records, reaching a rate of 78.19% of the adult population.

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The effectiveness of the CIC's activities continued to be improved, contributing to information transparency and ensuring system safety.

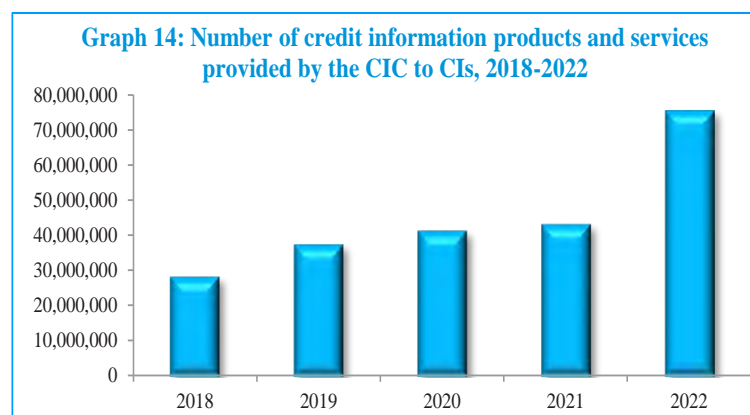


Source: the SBV

Credit information provision

The CIC provided timely information to serve the policy management of the SBV, supporting the advisory, inspection, and supervision of banking activities by functional units (providing information on almost 1.6 million customers for SBV units, departments, agencies and branches.) At the same time, the CIC provided high-quality credit information services to CIs (providing over 75.5 million credit reports and value-added products such as credit ratings, credit scoring; information and data packages to serve risk management purposes, complying with Basel II with an automation rate of 97%).

Along with services to the SBV and CIs, CIC promoted direct services for borrowers through the Borrower Connection Portal (on website and smartphone application platform). After the finalization of CB 2.0 natural person credit scoring model, the CIC deployed an additional product named *“Enterprises’ self-registration for credit rating”* on the Borrower Connection Portal to create favorable conditions for customers to look up their own credit rating reports. To facilitate customers to monitor their own credit information and improve access to credit, the CIC maintained a free support policy, even in cases where customers report multiple times per year. As a result, in 2022, the number of loan needs connected through the Borrower Connection Portal reached 224,709 customers, an increase of 89% compared to end-2021.



Source: the SBV

At the same time, to support CIs in reducing operating costs, contributing to cutting lending interest rates, facilitating people and businesses to access credit, and sharing difficulties with customers affected by the

COVID-19 pandemic, the CIC continued to effectively implement solutions: **(1)** Extending the policy of 50% deduction of fees for credit information services for CIs with an amount of over 162.3 billion VND in 2022 and 655.7 billion VND cumulatively from 2020 to June 30, 2022; **(2)** Providing free products to VBSP to check the condition of having no NPLs at CIs arising before January 23, 2020 to support VBSP in granting credit to preschool facilities, non-public primary schools affected by the COVID-19 pandemic according to Decision No. 11/2022/QĐ-TTg dated April 27, 2022.

Application of new technology in professional activities

In implementing the Banking Industry Digital Transformation Plan to 2025, with vision to 2030, the CIC issued Decision No. 296/QĐ-TTĐ dated December 28, 2021 on CIC's Digital Transformation Plan to 2025, with vision to 2030, focusing on researching and improving the performance of the credit information database, improving the quality of input data collection and processing to improve information quality, and developing solutions to speeding up information response. In 2022, the CIC continued to successfully deploy the Host-to-Host direct information supply channel with CIs (H2H connection rate to CIs in 2022 reached 43.3%).²¹ At the same time, the CIC also actively supported CIs in converting information exploitation, promoting the consultations and supporting of CIs on new information provision channels.

10. Communication and information transparency

In 2022, the SBV's communication work was implemented in a professional, effective, and creative manner, improving information transparency, meeting the SBV's information requirements and implementation of international commitments. The SBV's communication activities continued to focus on such tasks as **(1)** Strengthening state management of communication in the banking system; **(2)** Communicating guidelines and policies of the Party, the State and the Government, management of monetary policy and banking operations, including policies to support people and businesses, support economic

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Communication continued to achieve important results, becoming increasingly proactive and professional, creating trust from businesses and people in the management of

²¹ This rate does not include small-scale CIs, foreign bank branches, PCFs and microfinance institutions.

monetary policy and banking activities, thus actively contributing to overall performances of the entire industry.

recovery, and promote banking activities, non-cash payment and digital transformation of the banking industry, application of population data in banking operations; (3) Responding promptly to issues raised by the press, public opinion and voter concern, contributing to enhancing public trust; (4) Continuing to coordinate and hold financial education communication programs, seminars, conferences, and discussions on topics of public interest, and organize tournaments related to financial and banking knowledge for students nationwide; (5) Organizing and properly implementing the SBV's regulations on announcements and information provision, ensuring information transparency in accordance with the law and international commitments. To implement policies in smooth and effective manner as well as to bring them into life, the SBV focused on communication before, during and after the introduction of new mechanisms and policies; communication methods were regularly renewed, diversified, especially with the application of digital transformation, with the target audience being young people, people in remote and rural areas, and vulnerable groups in society. The SBV's electronic information portal well performed its task of information transparency according to international commitments, provided official information from the SBV on mechanisms, policy management, performances and directions related to the monetary and banking sector. It also well performed the role of integrating online public service information of the SBV, actively supporting administrative reform, and implementing e-Government.

In addition to communication activities, financial education programs such as “Wise Money”, “Understanding Money Correctly”, “Smart Money”, “Fund Regulator”, etc. were constantly renewed, created and diversified in both contents and formats, positively received by the public, creating a spillover effect in society, thereby improving access to banking products and services for the public, contributing to limiting black credit. At the same time, those programs contributed to the active implementation of the National Financial Inclusion Strategy and Government Projects such as the Project on Promoting Non-Cash Payments, the Project on Improving Access to Banking Services, the Project to Promote Payment of Public Services Through Banks; National Digital Transformation Program to 2025, vision to 2030...

Part III - Internal governance

1. Internal audit

In 2022, internal control and audit continued to be deployed effectively by the SBV according to Circular No. 06/2020/TT-NHNN dated June 30, 2020 regulating internal control and internal audit of the SBV. Accordingly, the SBV conducted 44 audits and unscheduled examinations at 31 units, departments, agencies and branches of the SBV. Those audits and examinations focused on reviewing and evaluating activities and operations with potential risks including central banking operations, monetary and financial stability, safety and security of information systems, management, inspection and supervision of CIs, safe management of vault assets, financial management, construction investment, asset procurement, etc. In addition, the SBV continued to direct units to strengthen the implementation of self-examination and internal control to promptly address shortcomings in operations, supplement and improve internal processes and regulations, improve management efficiency and effectiveness, ensure compliance with legal regulations as well as thrift practicing and waste prevention, contributing to improving the quality, efficiency, and safety of the SBV's operations.



Internal control and audit continued to focus on potentially risky fields of profession, contributing to improving the quality, efficiency, and operational safety of the SBV.

2. Human resources and trainings

Organizational structure, payrolls and job positions

In implementing the Party's guidelines and policies and the Government's resolutions on organizational structure arrangement and streamlining, the SBV advised the Government to issue Decree No. 102/2022/ND-CP dated December 12, 2022 regulating the functions, tasks, authorities and organizational structure of the SBV, contributing to improving the operational efficiency of the SBV. A new point in the organizational arrangement of the SBV according to Decree No. 102/2022/ND-CP was the merger of the Emulation and Commendation Department into the Personnel Department; the Banking Training School into the Banking Academy; and the establishment of a new Department of FX Reserve Management. The number of divisions at Departments



The SBV's organization continued to be structured in streamlined, efficient and effective manner in line with the Party and the State'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.

and Bureaus at the SBV Headquarters decreased from 59 to 45.

As for payrolls, 2022 was the first year to implement the Government's staff streamlining roadmap for the 2022-2026 period. Accordingly, the SBV strictly limit its headcounts to be within the payrolls assigned by the Government without any payroll exceeds. Based on payrolls for civil servants and staff at public service units assigned by the Ministry of Home Affairs in 2022, the SBV approved the plan to assign payroll to units in compliance with principles of **(1)** Assigning payrolls according to workload as for the SBV branches and according to the functions, tasks, and work characteristics of each unit as for the SBV Departments, Bureaus, units at central-level and public service units managed by the SBV, and **(2)** Inheriting the assigned payrolls of the previous year, making appropriate adjustment to limit sudden impacts on the operations of each unit.

In addition, in implement Decree No. 62/2020/ND-CP dated June 1, 2020 of the Government on job positions and civil servant payroll, Decree No. 106/2020/ND-CP dated September 10, 2020 of the Government on job positions and the number of people working in public service units, in 2022, the SBV issued 02 circulars guiding job positions, including **(1)** Circular No. 19/2022/TT-NHNN dated December 30, 2022 of the Governor of the SBV guiding the positions of civil servants with banking profession in administrative agencies and organizations in the banking industry and field, and **(2)** Circular No. 21/2022/TT-NHNN dated December 30, 2022 guiding job positions at leader, managerial and specialized professional titles in public service units in the banking sector.

In addition to payroll and job position, the SBV concentrated its recruitment activity on study and development of recruitment plans based on closely following units' projects on job positions, with concentration on renovating and improving the quality of recruited officials. At the same time, to further improve transparency and objectivity in recruitment, shorten the time and cost of organizing examinations and meet the Government's administrative reform requirements, IT application in entrance examinations was paid attention by the SBV through arranging computer-based multiple-

choice exams, developing and regularly updating multiple choice and interview question banks for all areas ranging from general, professional to specialized knowledge with diverse forms, question types, levels from easy to difficult. Exam results were disclosed on the SBV's portal.

Regarding the use of cadres, civil servants, and public employees, the SBV focused on reviewing and issuing regulations and instructions to concretize regulations on the list and period for job rotation applied to civil servants and public employees that were not at leader or managerial levels under the SBV, regulations on planning as well as continued to improve other related ones. Job positions were arranged in a way that promoted the capacity and strengths of staff, minimizing the phenomenon of shortage of leadership and management staff.

Training and fostering

Improvement of quality and efficiency continued to be a focus in the SBV's training and fostering activities, thereby contributing to improving the quality of human resources of the SBV. Accordingly, in 2022, the SBV paid attention to (1) Implementing human resource development projects such as: Expert training project, Project on setting up a team of part-time lecturers, human resources development component of the Development Strategy of the Banking Sector, (2) Researching and reviewing regulations to issue a Project on training and fostering the SBV's source staff for the period 2022-2025, with an orientation to 2030 to make a comprehensive capacity improvement of the SBV staff in planning, hence creating a source of reputable staff with ethical qualities and professional qualifications to be appointed to leader and managerial positions at the SBV, (3) Designing and organizing training and fostering programs with new and diversified contents meeting practical requirements and conditions such as digital transformation and information security through diverse formats from offline, online, seminars and learning from practice. In 2022, the SBV organized 331 training and fostering courses for 7,761 officials, civil servants, and public employees, reaching 207.7% of the plan. In addition, the SBV also focuses on mobilizing, cooperating, and taking advantage of international support for training and fostering activities through cooperation programs and projects with the

IMF, the SEACEN, the ADB, the WB, the JICA (Japan), the GIZ (Germany), the SECO (Switzerland), the CIDA (Canada), the FSS (Korea), the ATTF (Luxembourg), Australian Government Scholarship, Central Banks of Germany, Singapore, Sweden, Thailand, Malaysia, etc. Training and fostering courses with new professional content and lectured by foreign experts with extensive knowledge and practical experience helped SBV staff equip, update and improve professional knowledge.

3. Scientific research work



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.

In 2022, the SBV approved the implementation of 32 ministerial-level research tasks and 04 grassroots-level research tasks with focused on the following issues: (1) Improvement of the legal framework for managing and regulating banking operations, (2) Doing research on scientific and practical arguments to support the monetary policy, credit, and exchange rates management, (3) Application of science and technology, infrastructure development and efficiency improvement of payment system, (4) Modern banking governance and healthy CI system, (5) Doing research on supporting the improvement of banking inspection and supervision efficiency and effectiveness, (6) Enhancement of researches on the application of modern banking technology in managing operations and developing banking services, (7) Other research topics to support the operation of the banking system. In addition, the SBV continued to promote the dissemination of scientific and technological research results through the Banking Science and Technology Information Portal, supporting units, departments, and agencies under the SBV, universities and commercial banks to easily access to research results in the banking industry.

Also in 2022, the SBV organized national and international seminars as well as other events related to science and technology activities, typically the Banking Industry Science and Technology Council Conference summarizing activities of the 2015-2020 term and setting out directions and tasks for the next term; the event “Digital Transformation Day” included a scientific conference “Strengthening Connections, Promoting Digital Transformation in the Banking Sector” combined with exhibition of typical products and services on

the application of science and technology, digital transformation.

4. Statistical work

To improve the quality of statistical reporting, the SBV urged, checked, and guided CIs to ensure accuracy, timeliness and completeness of their statistical reports to serve the SBV's analysis, forecasting and monetary policy management. In addition, the SBV rectified to ensure discipline in complying with statistical reporting regulations.

At the same time, online statistical surveys continued to be officially carried out by the SBV. Monthly inflation expectation survey, quarterly business trend survey, semi-annual credit trend survey among CIs, and pilot quarterly inflation expectation survey among economic experts were completed in timely manner while their quality was ensured. Survey outcomes promptly served the work of analysis, forecasting, monetary policy and banking activity management. Besides, information together with database on macroeconomics, domestic and international financial markets, were kept updating by the SBV, which made contribution to the analysis, monetary policy formulation and management.

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

5. Information technology

Strengthening the state management of IT

In 2022, the SBV issued Decisions and documents for directing and guiding the implementation of tasks assigned by the Government and the Prime Minister to gradually improve the legal framework on IT and standardize IT activities in accordance with international standards, practices, and Government regulations. Those documents included (1) The SBV's e-Government Architecture version 2.0; (2) 2022 Digital Transformation Plan of the SBV; (3) 2022 Operation Plan of the Banking Industry Digital Transformation Steering Committee; (4) Project on raising awareness, popularizing skills and developing national digital transformation human resources by 2025, with a vision to 2030; (5) Plan of the Banking sector to coordinate with the Ministry of Information and Communications (MIC) to implement the Project on indicators to evaluate the level of digital transformation of businesses and support enterprises in

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

digital transformation; (6) Plan of the Banking industry to implement the National Strategy for the Development of Digital Economy and Digital Society until 2025, with a vision to 2030 according to Decision No. 411/QĐ-TTg dated March 31, 2022 of the Prime Minister; and (7) Plan of the Banking Sector to Implement Decision No. 06/QĐ-TTg dated January 6, 2022 of the Prime Minister.

Along with legal and regulatory framework improvement and standardization of IT activities, many policies and solutions were synchronously implemented by the SBV against the backdrop of complex developments in cyber security. Accordingly, the SBV combined strict inspection with supervision of IT systems. It also organized rehearsals of risk situations in closely following actual operations and implemented risk addressing plans to ensure the safety of IT systems at each level. As a result, in 2022, no cyber security incident took place in the banking industry, and the SBV was evaluated by the MIC as one of the ministries and agencies that did well in protecting cyber security.

Developing and modernizing the IT system of the SBV

In 2022, the entire IT infrastructure and professional information systems of the SBV, including core banking, accounting, and budgeting system, reporting system and centralized data warehouse, issue and vault management system, EIPS, SWIFT Payment system were maintained and operated with ensuring continual and safe operations, meeting the professional requirements of the SBV. As a result, in 2022, the EIPS accurately and safely processed almost 155 million transactions with a total value of over VND 196 quadrillion (down by 1.11% in volume and increased by 29.9% in value compared to 2021,) almost 52,700 foreign currency transactions with a total value of about USD 131.7 billion (an increase of 98.04% in volume and 102.71% in value compared to 2021.) The open market information system conducted 430 auctions, supporting the SBV's monetary policy management requirements. The Reporting System and Centralized Data Warehouse received about 11,000 reports per day and 34,000 reports per day in peak time from 1,484 units, thus providing promptly data for the SBV's daily management of banking operations.

In implementations Decision No. 06/QD-TTg dated January 6, 2022 approving the Project to develop application of population database, electronic identification, and authentication to serve national digital transformation in the 2022-2025 period, vision to 2030 (Project 06), the SBV completed the integration between the population database with the SBV's Public Service Portal. The SBV's exploitation of the national population database was to clean up the credit information database, connect and share open data of the SBV with the State Audit. Besides, the SBV directed CIs to actively coordinate with the Ministry of Public Security to deploy and complete the integration testing of chip-based ID card authentication to authenticate customers, withdraw money at ATMs, and put them into operation at a number of branches in Ha Noi city and Quang Ninh areas.

Moreover, to promote the application of Industry 4.0 technologies, in 2022, the SBV continued to promote research and application of new technology into the actual operations of the SBV to automate operations and continuous supervision of the SBV's IT infrastructure, proactively detect risks early, and minimize disruptions to information systems. Accordingly, the SBV (1) Completed operational testing of the EIPS with parallel operation between the main data center and the backup data center, expected to officially operate in 2023, (2) Researched and tested face ID products and technology to apply in accessing the IT system of the SBV, and (3) Researched the ISO 20022 standards to apply to the EIPS.

Part IV - International cooperation

In 2022, the SBV's international cooperation activities were implemented effectively amidst complicated developments of the COVID-19 pandemic. The SBV continued to focus on maintaining and developing relationships with international partners; increasing mobilization of financial and technical assistances as well as policy advice. At the same time, international economic integration in the banking sector continued to be promoted, thus enhancing Viet Nam's position in the international arena. Hence, remarkable results were achieved in international cooperation activities of the banking industry. Accordingly, position of Viet Nam's banking industry had increasingly been affirmed. The banking industry had pushed up its demonstration of active role in implementing multilateral cooperation activities, boosting the process of financial and banking services liberalization through the participation in negotiations and signing of free trade agreements (FTAs), accessing to and promoting cooperation with global economic and financial institutions such as the IMF, the WB, the ADB, the AIIB, the BIS to grasp new trends and development drivers, take advantage of policy advices, attract resources for development and promote economic reform towards the standards of emerging markets. Besides, the SBV continued to participate in intergovernmental committees, the Banking Working Group with such partner countries as Laos, Cambodia.

1. International economic integration

In 2022, the SBV continued to proactively implement international economic integration in the banking sector, notably strengthening traditional friendship and comprehensive cooperation within the frameworks of the ASEAN, the ASEAN+3, the APEC, the WTO, the SEACEN, etc. through the development and implementation of initiatives related to central bank operations and the interconnection of the financial service sector, hence ensuring maximum benefits from collaborative initiatives to be promoted. Remarkable results from cooperative initiatives had contributed to strengthening financial inclusion in the region, promoting further capital accounts liberalization in the



*Deeper integration
into global and
regional economy*

ASEAN region, and promoting intra-ASEAN payment connectivity, capital flows towards the goal of multilateral connectivity within the ASEAN. At these forums, the SBV had made active contribution to the process of setting a vision, general guidance documents and implementing in practice connections between networks on capital markets, financial markets, and bilateral and multilateral payment networks with partners.

Within the ASEAN+3 framework, the SBV actively coordinated with the ASEAN+3 Macroeconomic Monitoring Regional Office (AMRO) and ASEAN+3 countries to regularly discuss on amending the Chiangmai Initiative Multilateralization Agreement (CMIM) Implementation Guide to make update in accordance with market developments, such as reference interest rates and new interest rate differentials for the CMIM Agreement, and the supplementation of third-party currency swaps to improve readiness and strengthen CMIM's support mechanism in the new context, thereby helping to provide more options for members to enhance financial stability.

As Chair of the SEACEN in 2022, the SBV together with the SEACEN effectively held SEACEN activities such as training, capacity building and research that received high appreciation from SEACEN members. In particular, the SBV successfully hosted important events of the SEACEN such as the 21st SEACEN Executive Committee (EXCO) Meeting and sideline high-level seminar between September 15 and 16, 2022 in Da Nang. Under the chairmanship of the SBV's leaders, SEACEN members approved many important contents about the SEACEN's operational plan and strategy in 2023 and discussed issues of concern of central banks such as macro-financial stability, capital flow management and challenges for emerging economies.

As for post-WTO economic integration, the SBV continued to improve the legal framework to direct the banking industry's activities to follow the roadmap of deep WTO integration. Relating to the banking sector, the SBV fully implemented the review and information provision to develop a Trade Policy Review Report, thereby contributing to improving compliance with WTO principles and Viet Nam's commitments in

multilateral trade agreements, enhancing transparency and understanding of Viet Nam's trade policies and practices.

At the same time, the SBV continued to actively participate in negotiating and executing FTAs with regards to the banking sector, including negotiations to upgrade the AANZFTA, negotiations for the UK to join the CPTPP, ASEAN-Canada FTA negotiations. The negotiation and implementation of commitments focused on the following main areas: **(1)** Commitments on the legal environment for the operation and provision of banking and financial services, **(2)** Commitments on market opening for the provision of authorized financial services, **(3)** Commitments on payments, money transfers, measures to protect the BOP and other commitments that affect the process of monetary policy and exchange rates management, **(4)** Special exceptions to ensure the independence and autonomy of central banks in monetary policy management and assistances of the poor and remote areas, and **(5)** Exceptions in the process of restructuring the banking system and testing new financial services. In addition, the SBV also actively participated and provided relevant information in market economy explanation sessions with the aim to persuade the U.S. to recognize Viet Nam's market economy status. In this process, the SBV was in charge of the issues relating to exchange rate mechanism, level of current account and capital account liberalization, and banking sector reform.

2. Cooperation with international financial and monetary institutions

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

The SBV continued to maintain and develop cooperation with financial, monetary, and banking institutions as well as well undertake the representative role of the Government of Viet Nam and protect the country's interests at the IMF, the WB, the ADB, the AIIB, the IIB, the IBEC and the BIS.

As for the relationship with the IMF, after 2 years of interruption due to the COVID-19 pandemic, in 2022, the IMF resumed the offline Article IV Mission to Viet Nam. In the context of unpredictable changes globally in 2022, the IMF made a series of notes on Viet Nam's economic

growth scenarios, assessing the impact of international events on Viet Nam, thus providing the Government, the SBV, relevant ministries and agencies with policy advices. Amidst difficulties arising in the domestic banking and financial system in the last months, the IMF provided the SBV with information and international experiences in addressing financial instability for reference in the process of planning relevant policy measures.

In the field of technical assistance (TA) and training, the IMF resumed offline TA missions in such areas as monetary policy, internal audit, organized 02 regional training courses on nowcasting models and macroeconomic diagnostics. Besides, the IMF received SBV officials to participate in training courses at the Capacity Development Office in Thailand (CDOT), Singapore Training Institute (STI), the Office for Asia-Pacific (OAP), South Asia Regional Technical Assistance and Training Center (SARTTAC) on a variety of topics in such fields as forecasting, statistics, monetary policy management, payments, virtual/digital money/assets. Moreover, the SBV continued to closely coordinate with the IMF Office in Viet Nam and the Southeast Asia Voting Group Office to exchange and update information and data, and actively participate in IMF activities.

As for relationship with the BIS, cooperation with BIS continued to be promoted and achieved important results. In 2022, for the first time, SBV staff was selected to participate in a 3-month secondment program (from September 1 to November 30, 2022) at the BIS Asian Representative Office to perform research task on improving the legal framework for the promotion of digital banking in Viet Nam. The selection of SBV staff on the one hand showed that the BIS highly appreciated the research capacity of the staff, on the other hand, made it an opportunity for the secondee to interact, study, discuss and work directly with experts and researchers, accessing the BIS's rich sources of information and data, thereby improving professional qualifications, and contributing to policy advisory work. In addition, the SBV contributed research on the implementation of sustainable banking principles in Viet Nam for the organization of the 14th Asian Research Network (ARN) Seminar cohosted by BIS and the Bank of Korea. Along with research activities, the SBV participated in a series

of projects under the BIS Innovation Hub (BISIH) in such fields as cross-border payments, central bank digital currency. This participation was of important significance in further improving cooperation and understanding of new payment technologies that the BIS had been developing and deploying as well as supporting central banks in designing, monitoring, and managing new payment systems and technologies.

In addition, in fulfilling BIS membership, the Governor of the SBV attended the 92nd BIS Annual General Meeting, exercised the right to vote to pass Meeting Resolutions, and attended bimonthly Governor-level meetings to discuss and share information and experiences on global economic and financial developments and policy management in the context of instability, global challenges, decentralized finance, controlling inflation and inflation expectations inflation, wages and labor market, etc. The SBV also actively attended the BIS Emerging Market Deputy Governor's Meeting on crypto/digital currency/digital currency, and the Monetary Policy Operating Procedures (MPOP) Meeting to discuss the monetary policy framework in the context of tightening global financial conditions and the impact of climate change. At the same time, the SBV actively participated in research and exchange activities with committees and units under the BIS such as attending the Annual Meeting of the Irving Fisher Committee (IFC), participating in discussions within the working groups under the BISIH, the Asian Consultative Council (ACC).

Regarding relationship with the WB, right after the successful control of the COVID-19 pandemic, many high-level delegations from the WB came to Viet Nam to meet with leaders of the National Assembly, the State, the Government, the SBV and other Ministries. They included the Delegation led by Ms. Manuela V. Ferro, WB Vice President in March, 2022, and the Delegation led by Mr. Axel van Trotsenburg, WB CEO in July, 2022. In 2022, the SBV chaired the negotiation and signing of the Grant Agreement for the Project “Improved Delivery of Legal Aid for The Poor and Vulnerable” worth USD 2.5 million, financed by the WB from the funding sources of Japan Social Development Fund (JSDF). The SBV also signed with the International

Finance Corporation (IFC) (1) Amended Cooperation Agreement on “Promoting Women Leadership in The Banking Sector” to extend the Agreement until June 30, 2023 for the conduction of surveys on the current status of women in the banking industry as well as the barriers and opportunities in effectively improving gender balance for female leaders in the banking industry, and (2) Memorandum of Understandings on “Green and Sustainable Banking Development” for the 2022-2026 period with the aim to support the SBV in developing tools to monitor the implementation of regulations on environmental and social risk management. Currently, the SBV had been implementing the TA on “Improved Development and Soundness of Viet Nam’s Banking Sector” worth about USD 7.2 million funded by the State Secretariat for Economic Affairs of Switzerland (SECO) and entrusted through the WB to strengthen the development and health of the banking sector, handle shortcomings and structural limitations for meeting international standards and contributing to macroeconomic and financial stability.

Regarding relationship with the ADB, the SBV coordinated with the ADB to successfully deploy the TA on “COVID-19 Relief for Women-led Small and Medium-Sized Enterprises” worth USD 5 million and “Promoting Transformative Gender Equality Agenda in Asia and the Pacific” worth USD 4 million. At the same time, the SBV continued to carry out other TAs in the fields of green finance, fintech, and financial inclusion. In 2022, the SBV mobilized an aid from the SECO and the JICA worth USD 7 million (entrusted funding through ADB) within the TA “Expanding Financial Inclusion and Climate Finance”. This TA project would commence in mid-2023 with the goal of promoting the application of fintech to solve financial inclusion challenges and support the banking industry to promote green credit, green banking through policy advice and capacity building. Meanwhile in 2022, the SBV coordinated with the ADB, relevant agencies and local authorities to successfully develop the National Partnership Strategy between Viet Nam and the ADB for the 2023-2026 period.

As for relationship with the AIIB, the SBV completed the role of Constituency Director at the

AIIB for a two-year term from July 1, 2020 to June 30, 2022.²² This was the first time Viet Nam took this position at a large international organization on a part-time basis. Despite taking on this role in the context of many challenges to the Bank's operations in general and member countries in particular due to the impact of the COVID-19 pandemic and the Russia-Ukraine conflict, the SBV made its efforts to overcome difficult and successfully complete assigned tasks. The representative of Viet Nam (the SBV) was recognized by all countries in the Constituency as having the ability to lead the Constituency, being reputable, responsible, professionally, and making effective and practical contributions to the Constituency in particular and the Bank's operations in general. As the Constituency Director, the SBV endeavored to balance and harmonize the position differences among members, effectively handled the expression of the Constituency's views on sensitive issues. The success of the SBV during its term helped the Constituency to be evaluated as one of the Constituencies with effective coordination and important voice in the 12 members of the AIIB Board of Directors. The Constituency was evaluated to be active to participate and to make meaningful contributions at discussion sessions of the Board of Directors and professional committees under the Board of Directors. In particular, as a member of the Audit and Risk Committee, the representative of Viet Nam (the SBV) was among those who actively contributed opinions and participated in the activities of the Committee, and was trusted and elected as a member of the Committee Deputy Chair from September 2021, and subsequently Committee Chair from March 2022. After completing the term of Constituency Director, the representative of Viet Nam (the SBV) continued to hold the position of Advisor to Constituency Director from July 1, 2022, effectively promoting the role and professional advantages of a central bank representative in supervising and providing comments on the Bank's financial and risk management activities.

²² The Constituency that Viet Nam participates in at the AIIB includes Australia, Cook Islands, New Zealand, Singapore and Viet Nam, referred to as Constituency No. 7 or ACNSV Group.

As for the relationship with the IIB and the IBEC, the SBV continued to participate in developing/amending regulations on governance and professional operations to further improve the efficiency of Banks' operations, approval of loans/investments to member countries and relevant third countries. In the context that the operations of the two banks were heavily affected by geopolitical crisis related to the Russia-Ukraine conflict in 2022,²³ the SBV actively coordinated with the Board of Directors of the IBEC and the IIB as well as other member countries to closely and regularly monitor the situation and consider and handle many arising problems of the two Banks, thereby helping the IIB and the IBEC overcome the crisis and maintain liquidity and gradually stabilized the operations of the two Banks. Meanwhile, the SBV coordinated closely with the two Banks and other shareholders to handle the withdrawal of some member countries on the basis of minimizing adverse impacts on operations of the two Banks while ensuring the national interests of Viet Nam in particular as well as those of member countries in general.

In addition, in 2022, the SBV increased working with international partners like the WB, the ADB, the IFC, the AFD, the DSIK, the ASEAN to mobilize assistances in view of ensuring their suitability with important tasks of the banking industry with the following focuses: **(1)** Supporting the SBV to implement assigned tasks in the National Financial Inclusion Strategy to 2025, with a vision to 2030, particularly in such important areas as payments, microfinance, financial literacy, fintech; and **(2)** Promoting assistances towards implementing green growth and green finance development tasks, contributing to helping Viet Nam fulfill its commitments at the 2021 United Nations Climate Change Conference (COP26). In addition to outstanding cooperation activities with the ADB and the IFC to support the realization of the goals of green growth, financial inclusion and sustainable development as discussed above, the SBV actively coordinated to implement activities within the ASEAN, the ASEAN+3 and the APEC cooperation initiatives such as building a sustainable financial classification system

²³ The IBEC and the IIB were unable to access financial markets and faced the risk of loss of liquidity and insolvency. The financial and risk indicators of the IBEC and the IIB were reduced and seriously affected.

(ASEAN Taxonomy), developing an ASEAN Green Roadmap (ASEAN Green Map), sustainable banking principles, developing a roadmap and training program for 2022-2023 on sustainable finance for ASEAN countries. In August, 2022, the SBV coordinated with the Banking Working Group (BWG) to co-host a conference on attraction of resources to support the implementation of green and sustainable development goals, thereby helping participating parties exchange information, share experiences and practices at home and abroad, and propose effective solutions to support the Government in attracting and mobilizing resources to realize goals of green and sustainable development as well as Viet Nam's commitments at COP26.

In addition, the SBV actively researched and promoted the mobilization of non-public capital for the private sector from such international financial institutions as the ADB, the AIIB, the IBEC, the IIB, the IFC, and Multilateral Investment Guarantee Agency (MIGA). This formed an important resource for investment in national development, gradually replacing public investment capital from the state budget in the future. Notably, the SBV actively coordinated with ministries and agencies to submit to the Government for issuance of Decision No. 12/2022/QĐ-TTg dated May 9, 2022 regulating process, procedures, and authority to grant Letter of Objection, No Objection to activities of international financial institutions with regards to the private sector in Viet Nam. This was a great effort of the SBV in setting up procedures for issuing Letters of Objection/No Objection to investments by international financial institutions to ensure their consistence with the Government's investment orientation.

3. Bilateral cooperation



Bilateral cooperation continued to be strengthened and promoted.

In implementing the Party's and Government's policies and orientations on strengthening international integration, despite impacts of the COVID-19 pandemic, the SBV continued to promote bilateral cooperation with partners in many regions around the world, implement many new initiatives and activities within working groups, improve efficiency and improve the depth and substance of relations with traditional and strategic partners such as Laos, Cambodia, China, Thailand, Korea, Russia.

The SBV established regular policy dialogue channels with partner countries to exploit and promote potential areas of cooperation. To be more detailed, the SBV coordinated with the Bank of the Laos PDR to organize Bilateral Meeting combined with a professional exchange program and cultural sports exchange on the occasion of the 60th anniversary of the diplomatic relations between Viet Nam and Laos and the 45th anniversary of the Treaty of Friendship and Cooperation between the two countries, contributing to further tightening the relationship between the two central banks as well as the two countries' banking systems, facilitating trade and investment activities between Viet Nam and Laos. Besides, the SBV together with the Bank of Thailand set up a launching ceremony of QR-based retail payment connection between Viet Nam and Thailand on the occasion of President Nguyen Xuan Phuc's official visit to Thailand in November 2022. At the ceremony, Deputy Governors of the two central banks experienced cross-border payment services with QR codes. Aiming at providing a cheaper, faster, safer, more convenient payment method with the promotion of the use of local currency, this payment service was a vivid demonstration of effective cooperation between authorities, businesses and commercial banking systems of Viet Nam and Thailand in the context of rapid economic and financial technology changes.

Next, the SBV coordinated with the National Bank of Cambodia to implement a bilateral QR-based payment system connection project between the Viet Nam and Cambodia. The two central banks had completed the pilot of one-way acceptance connection in Viet Nam and were expected to complete the two-way connection in 2023. At the same time, the SBV signed 03 Memorandums of Understandings/Cooperation Agreements with other central banks and banking supervision agencies of other countries. Those Memorandums of Understandings/Cooperation Agreements created an important framework for multi-faceted cooperation between the SBV and other central banks and monetary authorities in such areas as banking inspection and supervision, anti-money laundering, financial innovation, and payment systems. In addition, through forums and bilateral cooperation committees between the Government and other countries,

the SBV proactively proposed cooperation contents in the banking sector to establish an information exchange mechanism on legal framework and market information to support and encourage Vietnamese commercial banks to learn, connect and establish correspondent banking relations in foreign markets.

A horizontal graphic element consisting of a light gray rounded rectangle with a blue border. The word "APPENDIX" is centered within the gray area in a bold, black, serif font.

APPENDIX

APPENDIX 1: INTEREST RATES ANNOUNCED BY THE SBV

Unit: % p.a

Time	Interest rate refinancing	Interest rate rediscount	Overnight lending interest rate in interbank electronic payment
December 2021	4.00	2.50	5.00
January 2022	4.00	2.50	5.00
February 2022	4.00	2.50	5.00
March 2022	4.00	2.50	5.00
April 2022	4.00	2.50	5.00
May 2022	4.00	2.50	5.00
June 2022	4.00	2.50	5.00
July 2022	4.00	2.50	5.00
August 2022	4.00	2.50	5.00
September 2022	5.00	3.50	6.00
October 2022	6.00	4.50	7.00
November 2022	6.00	4.50	7.00
December 2022	6.00	4.50	7.00

Source: the SBV

APPENDIX 2: OPEN MARKET OPERATIONS

Bid	2022
Number of sessions	259
Term (days)	7; 14; 28; 91
Number of members	1,068
Average bidding volume/session (VND billion)	3,794
Average winning sales/session (VND billion)	2,853
Interest rate (% p.a)	2.5-6.0
Bidding method	Interest rate
Ask	2022
Number of sessions	75
Term (days)	7; 14; 28; 56
Number of members	492
Average bidding volume/session (VND billion)	29,509
Average winning sales/session (VND billion)	15,840
Interest rate (% p.a)	0.3-6.0
Bidding method	Interest rate

Source: the SBV

APPENDIX 3: REQUIRED RESERVE RATIO (*)

Unit: %

Effective time	VND DEPOSIT (**)		FOREIGN CURRENCY DEPOSITS (****)				Credit institutions' overseas deposits (***)
	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 CIs	Viet Nam's Bank for Agriculture and Rural Development (VBARD), Cooperative Bank	Other CIs	
May 2011	3	1	5	6	3	4	
June 2011	3	1	6	7	4	5	
September 2011	3	1	7	8	5	6	1

(*) Excluding PCFs, microfinance institutions apply the required reserve ratio of 0 percent for all types of deposits; policy banks apply the required reserve 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 required reserve ratio than the above required reserve 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 required reserves 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 required reserve for CIs and guiding documents that are amended, supplemented before February 2020; (2) Circular number 30/2019/TT-NHNN dated December 27, 2019 from March 2020 until now.

Source: the SBV

APPENDIX 4: BALANCE OF PAYMENT

Unit: Million USD

	2021	2022
A. CURRENT ACCOUNT	-8,150	-1,074
Goods: Export F.O.B	336,167	371,304
Goods: Import F.O.B	320,495	345,587
<i>Goods (net)</i>	15,672	25,717
Services: Export	5,262	12,900
Service: Import	20,657	25,524
<i>Service (net)</i>	-15,395	-12,624
Investment income (Primary income): Receipts	982	2,321
Investment income (Primary income): Payment	19,731	22,049
<i>Investment income (Primary income) (net)</i>	-18,749	-19,728
Current transfers (Secondary income): Receipts	13,568	12,213
Current transfers (Secondary income): Payment	3,246	6,652
<i>Current transfers (Secondary income) (net)</i>	10,322	5,561
B. CAPITAL ACCOUNT	0	0
Capital account: Receipts	0	0
Capital account: Payment	0	0
C. FINANCIAL ACCOUNT	30,837	9,470
Direct Investment Abroad: Assets	-3 77	-2,674
Direct Investment in Viet Nam: Liabilities	15,660	17,900
<i>Direct Investment (net)</i>	15,283	15,226
Portfolio Investment Abroad: Assets	10	2
Portfolio Investment in Viet Nam: Liabilities	271	1,510
<i>Portfolio Investment (net)</i>	281	1,512
Other Investment: Assets	- 627	-13,663
Cash and deposits	- 792	-13,750
Credit Institutions	2,141	-4,750
Other sectors	- 2,933	-9,000
Loans	0	0
Trade credit and advances	0	0
Other receivables/payables	1 65	87
Other Investment: Liabilities	15,900	6,395
Cash and deposits	8,851	325
Credit Institutions and the SBV	8,331	184
Other sectors	520	141
Borrowing and repayment of external debts	5,439	6,070
Short term	2,637	3,195
Debt	33,283	37,494
Amortization	- 30,646	-33,579
Long term	2,802	2,155
Debt	1 5,162	15,620
Government's debt	1,777	1,693
Private debt	13,385	13,927
Amortization	- 12,360	-13,465
Repayment of Government	- 2,430	-2,747
Repayment of Privatization	- 9,930	-10,718
Trade credit and advance payment	0	0
Other receivables/payables	0	0
SDR	1,610	0
<i>Other Investment (net)</i>	15,273	-7,268
D. ERRORS AND OMISSIONS	- 8,398	-31,141
E. OVERALL BALANCE	14,290	-22,745
F. RESERVES AND OTHER ITEMS	- 14,290	22,745
Reserve assets	- 14,290	22,745
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

2022	Exchange rate at the end of the month			Average exchange rate for the month		
	Central exchange rate	Vietcombank's listed exchange rate		Central exchange rate	Vietcombank's listed exchange rate	
		Buy	Sell		Buy	Sell
January	23,099	22,500	22,780	23,100	22,553	22,833
February	23,140	22,670	22,950	23,115	22,530	22,810
March	23,100	22,700	22,980	23,153	22,722	23,002
April	23,140	22,815	23,095	23,114	22,776	23,056
May	23,057	23,050	23,330	23,127	22,964	23,244
June	23,110	23,135	23,415	23,082	23,082	23,362
July	23,176	23,200	23,480	23,189	23,240	23,520
August	23,219	23,320	23,600	23,191	23,082	23,545
September	23,400	23,730	24,010	23,296	23,511	23,791
October	23,695	24,599	24,879	23,568	24,157	24,015
November	23,665	24,520	24,800	23,679	24,627	24,859
December	23,612	23,410	23,730	23,644	23,588	23,879

Source: the SBV, Vietcombank.

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

APPENDIX 6: DOMESTIC GOLD PRICE

Unit: VND Million/tael

2022	Gold price end-month	Average gold price in the month
January	62.15	61.51
February	65.55	63.80
March	68.50	68.53
April	70.00	69.42
May	68.80	69.28
June	68.60	68.57
July	68.20	66.70
August	66.20	66.71
September	66.25	66.10
October	65.90	66.39
November	66.90	66.94
December	66.30	66.57

Source: the SBV

APPENDIX 7: CONSUMER PRICE INDEX

Unit: %

Year	Time	January	February	March	April	May	June	July	August	September	October	November	December
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	2.98
	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	-0.25
	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	2.98
	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	3.54
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	5.23
	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	1.40
	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	5.23
	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	2.79
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	0.19
	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	0.10
	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	0.19
	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	3.23
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	1.81
	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	-0.18
	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	1.81
	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	1.84
2022	Year to date	0.19	1.20	1.91	2.09	2.48	3.18	3.59	3.60	4.01	4.16	4.56	4.55
	Month on month	0.19	1.00	0.70	0.18	0.38	0.69	0.40	0.005	0.40	0.15	0.39	-0.01
	Year on year	1.94	1.42	2.41	2.64	2.86	3.37	3.14	2.89	3.94	4.30	4.37	4.55
	Average year on year	1.94	1.68	1.92	2.10	2.25	2.44	2.54	2.58	2.73	2.89	3.02	3.15

Source: the GSO

APPENDIX 8: MONETARY AND CREDIT INDICATORS

Items	2021	March 2022	June 2022	September 2022	December 2022
Closing balance (VND billion)					
1. Total liquidity	13,402,097	13,864,061	13,908,338	13,832,397	14,226,792
2. Deposit of resident economic entities and individuals	11,882,371	12,287,842	12,447,399	12,479,920	12,873,882
3. Claims to the economy	10,444,078	11,067,408	11,429,411	11,598,108	11,925,239
Annual percentage change					
1. Total liquidity	10.66	3.45	3.78	3.21	6.15
2. Deposit of resident economic entities and individuals	10.30	3.41	4.76	5.03	8.34
3. Claims to the economy	13.61	5.97	9.43	11.05	14.18

Source: the SBV

APPENDIX 9: GROSS DOMESTIC PRODUCT

Year	GDP at Current Price (VND billion)	GDP Growth* (percent)	GDP Per Capita (VND thousand)
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
2022	9,513,327	8.02	95,600

Source: the GSO

Note: * Calculated based on 2010 constant prices

BÁO CÁO THƯỜNG NIÊN

ANNUAL REPORT

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Giám đốc - Tổng Biên tập

TRẦN CHÍ ĐẠT

Chịu trách nhiệm bản thảo

Phó Giám đốc - Phó Tổng Biên tập

NGÔ THỊ MỸ HẠNH

Biên tập: NGUYỄN LONG BIÊN

NGUYỄN THỌ VIỆT

Thiết kế: NGÔ NHỊ LƯƠNG

TRẦN HỒNG MINH

Publishing and contents responsibility

Director - Editor-in-Chief

TRAN CHI DAT

Typescript responsibility

Deputy Director - Deputy Editor-in-Chief

NGO THI MY HANH

Editors: NGUYEN LONG BIEN

NGUYEN THO VIET

Designer: NGO NHI LUONG

TRAN HONG MINH

In 220 cuốn, khổ 20,5 x 29 cm, tại Công ty TNHH In Thương mại và Dịch vụ Nguyễn Lâm

Địa chỉ: Số 352 đường Giải Phóng, Thanh Xuân, Hà Nội

Xác nhận đăng ký xuất bản số: 3923-2023/CXBIPH/3-129/TTTT

Quyết định xuất bản số: 501/QĐ-NXB TTTT ngày 15/12/2023

In xong và nộp lưu chiểu tháng 12 năm 2023

ISBN: 978-604-80-8792-0

Printed 220 copies, size 20,5 x 29 cm, at Nguyen Lam Printing -Trading and Service Co., Ltd

Add: No. 352 Giai Phong Road, Thanh Xuan Dist., Ha Noi City

Publishing Plan: 3923-2023/CXBIPH/3-129/TTTT

Publishing Decision: 501/QĐ-NXB TTTT dated 15/12/2023

Completed and Registered in December 2023

ISBN: 978-604-80-8792-0



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

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ANNUAL REPORT
2022

ISBN: 978-604-80-8792-0



9 786048 087920



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SÁCH KHÔNG BÁN