



## **ANNUAL REPORT**

**RHB SECURITIES VIETNAM COMPANY LIMITED**

**For the year 2021**

**Hanoi, 01 April 2022**

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## **I. GENERAL INFORMATION**

### ***1. General Information***

#### **Overview**

Trading Name: RHB Securities Vietnam Company Limited (formerly known as Vietnam Securities Corporation)

Business Registration Certificate No. 0103014784 dated 27 November 2006 issued by Hanoi Department of Planning and Investment.

Securities Establishment and Operation License No. 126/GP-UBCK dated 29 January 2019 issued by State Securities Commission of Vietnam to change the name from Vietnam Securities Corporation to RHB Securities Vietnam Company Limited and to convert from a joint-stock company to a single limited liability company.

Charter capital: VND 135,000,000,000

Owner's equity as at 31 December 2021: VND 171,966,327,856

Address: Floor 15, IDMC My Dinh Building, 15 Pham Hung Street, My Dinh 2 Ward, Nam Tu Liem District, Hanoi.

Phone number: 024.39446066

Fax number: 024.39446070

Website: [www.rhbsecurities.vn](http://www.rhbsecurities.vn)

#### **Incorporation and development process**

Formerly known as Vietnam Securities Corporation (“VSEC”), it received the license to operate as a securities company through the Business License No. 21/UBCK-GPHDKD issued by State Securities Commission (“SSC”) issued on 8 December 2006.

On 20 January 2009, RHB Investment Bank, Malaysia (“RHBIB”) became a strategic partner of the VSEC through the acquisition of 49% of the stake in VSEC.

On 14 October 2010, VSEC was granted the additional self-trading business activity license by SSC through Business License No. 356/UBCK-GPHDKD.

On 9 February 2018, RHBIB signed the Sale and Purchase Agreement to acquire the remaining 51% of the stake in VSEC. Subsequently, SSC approved the transaction on 17 October 2018.

SSC had on 9 January 2019 granted its approval for the conversion of the legal form of VSEC from a joint-stock company to a single-member limited liability company.

Subsequently, SSC had on 29 January 2019 granted VSEC a license for establishment and operation (“New License”) as a single-member limited liability company and approved the change in name from Vietnam Securities Corporation to RHB Securities Vietnam Company Limited (the “Company” or “RHBSVN”).

RHBIB had on 19 February 2019 completed the Acquisition following the full payment of the purchase consideration to the vendors.

RHBSVN was granted the Amended License No. 55/GPDC-UBCK dated 25 September 2019 to change the Legal Representative to Mr. Ng Weng Seng.

RHBSVN was granted the Amended License No. 10/GPDC-UBCK dated 19 February 2020 to relocate its office to Floor 15, IDMC My Dinh Building, 15 Pham Hung, My Dinh 2 Ward, Nam Tu Liem District, Hanoi.

RHBSVN was granted the latest Amended License No. 59/GPDC-UBCK dated 10 September 2020 to change the Legal Representative to Mr. Lee Ming How.

## ***2. Business Lines and Business Location***

RHBSVN is licensed to operate in the following lines of business:

- a. Securities Brokerage
- b. Securities Self-trading
- c. Securities Investment Advisory

RHBSVN is also licensed to operate in Securities Depository.

In addition, the Company began offering Share Margin Financing and Cash Advance facilities in June and August 2021 respectively.

Location of business: Hanoi, Vietnam

## ***3. Governance Model, Business Organization and Managerial Apparatus***

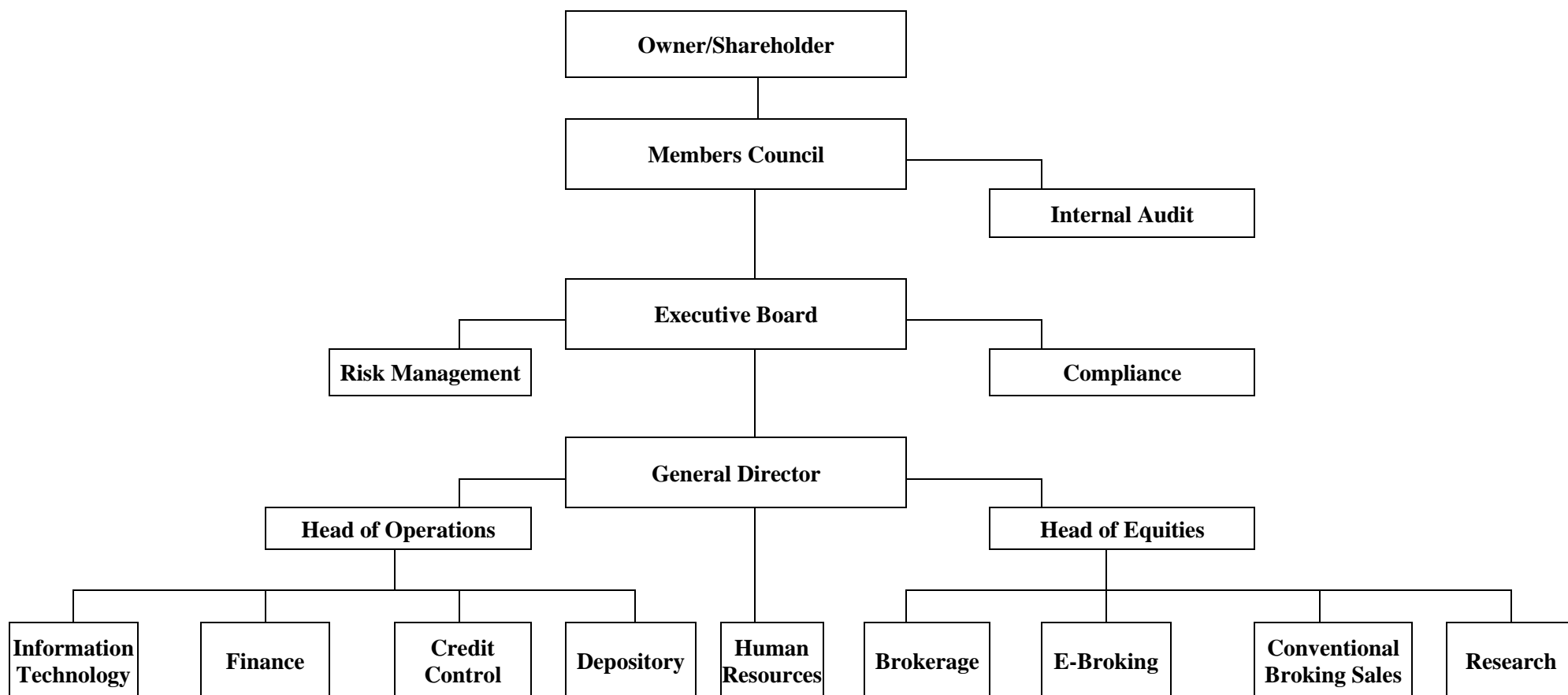
- a. Governance Model:

Before 30 December 2021: Members Council, Board of Supervisors, Executive Board and General Director

After 30 December 2021: Members Council, Executive Board and General Director

- b. Management structure: per the Organizational Chart below.
- c. Subsidiaries, Associated Companies: Nil

**ORGANIZATIONAL CHART OF RHB SECURITIES VIETNAM COMPANY LIMITED**  
**WHOLLY-OWNED BY RHB INVESTMENT BANK BERHAD, MALAYSIA**  
**(AS AT 31 DECEMBER 2021)**



#### **4. Development Orientations**

##### **- Primary Objectives**

To be a leading Digital Broking House in Vietnam and generate sustainable operating profit in all business areas.

##### **- Medium-Term and Long-Term Growth Strategies**

1. To grow equities broking business by developing a strong online trading presence via cost effective strategy and digital transformation.
  - i) To set up new e-broking division, targeting the young and middle income group by connecting and engaging via social media platform.
  - ii) To establish Share Relationship Officer (SRO) by targeting young talents to jump start business growth on equities trading and margin financing.
  - iii) To accelerate digital initiatives towards a fully digitalized and robust trading platform
  - iv) To scale up newly launched margin loan book prudently and to launch attractive share margin promotion campaign to attract new clients.
  - v) To enhance Investment Advisory Service by setting up a retail equities research analyst team to provide latest market updates and stock investment recommendations.
2. To establish a representative office in Ho Chi Minh City to drive online trading business.

##### **- Sustainable Development Goals (Environment, Society and Community) and Short-term and Mid-term Programs**

To promote sustainable development and corporate sustainability and actively support the transition towards green economies and green industries.

#### **5. Risk**

Risk is managed through a process of ongoing identification, measurement and monitoring, subject to limits and other controls. Major risk exposures include market, credit, operational and liquidity risks.

##### **5.1 Market Risk**

The Company's market risk is mainly from bank deposits due to fluctuations in interest rates. The interest rate dropped from above 7% (24-month or 12-month term) to 4.7% - 5.15% (12-month term). As such, the Company's revenue from interest income will be lower and have an adverse impact on our income.

The Company's funds are placed in fixed deposits for a minimum of 12 months instead of shorter tenors, with well-established banks where the interest rates offered are less volatile and with strong credit standing.

## ***5.2 Credit Risk***

The Company's credit risk arises from share margin financing, cash advance, and bank deposits.

The Company began offering share margin financing and cash advance facilities to clients in 2021. Margin accounts position remained healthy with zero unsecured losses. Margin positions are closely monitored by the Credit Control department. For cash advance facilities, advances to clients are reimbursed (recovered) on time and monitored closely by the Credit Control department.

Although there is a risk of banks defaulting in respect of the funds placed in fixed deposits, the Company has identified banks with strong credit ranking, and as such, places its funds with well-established banks.

## ***5.3 Operation Risk***

Being in the securities business, the Company faces potential operational risk due to trading errors. This is mitigated to a large extent by the requirement for all Brokerage staff to strictly adhere to the relevant guidelines when receiving orders or instructions for other services from clients.

Similarly, for clients' money transfers to be credited to their respective bank accounts, staff are to follow the AA Matrix guidelines.

In addition to this, the trading and accounting systems also incorporate a maker-checker feature to mitigate errors.

For early detection of errors, end-day checking is performed by the designated staff on all trades as the trading volume is manageable.

## ***5.4 Liquidity Risk***

RHBSVN continues to ensure proper liquidity management in accordance with the required guidelines.

The Company's Financial Safety Ratio as at 31st December 2021 was 573.45%, which is significantly above the minimum regulatory financial safety ratio of 180% set by SSC and therefore this risk is insignificant to the Company.

## II. OPERATION FOR THE YEAR 2021

### 1. Situation of Production and Business Operations

		<b>2021 VND</b>	<b>2020 VND</b>
<b>I</b>	<b>OPERATING INCOME</b>		
	Income from HTM financial assets	8,119,800,501	12,238,322,631
	Interest income from loans and receivables	111,537,285	-
	Brokerage fee income	374,323,007	62,608,943
	Other operating income	408,727	20,257,184
	<b>Total operating income</b>	<b>8,606,069,520</b>	<b>12,321,188,758</b>
<b>II</b>	<b>OPERATING EXPENSES</b>		
	Brokerage fee expenses	(3,465,681,267)	(1,624,657,637)
	Custody service expenses	(2,519,107)	(9,062,145)
	Other operating expenses	(1,445,611,771)	(1,110,650,341)
	<b>Total operating expenses</b>	<b>(4,913,812,145)</b>	<b>(2,744,370,123)</b>
<b>III</b>	<b>FINANCIAL INCOME</b>		
	Interest income from demand deposits	15,663,679	11,706,700
	<b>Total financial income</b>	<b>15,663,679</b>	<b>11,706,700</b>
<b>IV</b>	<b>FINANCIAL EXPENSE</b>		
	Foreign expense losses	(4,910,722)	(218,542,390)
	<b>Total financial income</b>	<b>(4,910,722)</b>	<b>(218,542,390)</b>
<b>VI</b>	<b>GENERAL AND ADMINISTRATION EXPENSES</b>	<b>(10,295,041,723)</b>	<b>(15,346,292,134)</b>
<b>VII</b>	<b>OPERATING RESULT</b>	<b>(6,592,031,391)</b>	<b>(5,976,309,189)</b>
<b>VIII</b>	<b>OTHER INCOME AND EXPENSES</b>		
	Other income	29,833,321	55,312,177
	Other expenses	(4,031,235)	(1,552,830)
	<b>Net other income</b>	<b>25,802,086</b>	<b>53,759,347</b>
<b>IX</b>	<b>NET ACCOUNTING LOSS BEFORE TAX</b>	<b>(6,566,229,305)</b>	<b>(5,922,549,842)</b>
	Realised loss	(6,566,229,305)	(5,922,549,842)
<b>X</b>	<b>BUSINESS INCOME TAX</b>	-	-
	Business income tax - current	-	-
<b>XI</b>	<b>NET LOSS AFTER TAX</b>	<b>(6,566,229,305)</b>	<b>(5,922,549,842)</b>

The Company recorded a net loss of VND 6.5 billion for the financial year ended 31 December 2021 mainly due to a 33.6% decrease in interest income from fixed deposits with banks. Fixed deposit interest income contributed to 95% of total income in 2021.



The Company undertook the following key initiatives to drive its future growth:

- Expansion of Equities Sales Staff and Digital Marketing Team;
- Digitalization of account opening process through eKYC and settlement process;
- Enhancement to the web-based trading platform and mobile application.

## **2. Organization and Human Resources**

- Members Council and Management Personnel

### **Members Council**

<b>Name/Position at the beginning of the period</b>	<b>Name/Position at the end of the period</b>	<b>Date of Appointment</b>
1. Chan Kong Ming/ Chairman of the Council	1. Syed Ahmad Taufik Albar/ Chairman of the Council	07/06/2021
2. Tan Kheak Geai/ Member of the Council	2. Chan Kong Ming/ Member of the Council	19/10/2020
3. Lee Ming How/ Member of the Council	3. Tan Kheak Geai/ Member of the Council	29/01/2019
	4. Lee Ming How/ Member of the Council	01/01/2020

### **Management Personnel**

- **Mr. Lee Ming How: General Director/Legal Representative**  
Born: 1974  
Education: Graduated from University of Hertfordshire  
Experience: Has been with RHB Banking Group since 2002  
Appointed as General Director of the Company on 10 September 2020
- **Ms. Do Thi Phuong Lan: Chief Accountant**  
Born: 1976  
Education: Graduated from University of Commerce  
Experience: Joined the Company in 2008  
Appointed as the Chief Accountant of the Company on 02 March 2018
- **Mr. Nguyen Cuong Viet: Head of Information Technology**  
Born: 1983  
Education: Master of Business Administration, National Economics University  
Experience: Joined RHBSVN in 2021  
Appointed as Head of IT Department on 06 September 2021
- **Ms. Dang Thi Thu Nga: Head of Human Resources**  
Born: 1981  
Education: Graduated from Hanoi Law University  
Experience: Joined RHBSVN in 2009  
Appointed as Head of Human Resources on 01 December 2009

- **Mr. Nguyen Duc Minh: Head of Credit Control**  
 Born: 1982  
 Education: Master of Business Administration, Ha Noi University of Science & Technology  
 Experience: Joined RHBSVN in 2020  
 Appointed as Head of Credit Control on -16 November 2020
- **Mr. Mai Duy Long: Head of Brokerage**  
 Born: 1982  
 Education: Graduated from California Miramar University with Master of Business Administration  
 Experience: Joined RHBSVN in 2013  
 Appointed as Head of Brokerage on 8 April 2013
- **Mr. Luu Quang Minh: Head of Marketing**  
 Born: 1991  
 Education: Graduated from London Metropolitan University with Master of Finance  
 Experience: Joined RHBSVN in 2021  
 Appointed as Head of Marketing on 17 May 2021
- **Ms. Tran Hue Anh: Head of Risk Management**  
 Born: 1995  
 Education: Graduated from University of Gloucestershire with Master of Accounting-Finance  
 Experience: Joined RHBSVN in 2021  
 Appointed as Head of Risk Management on 13 September 2021.

- Changes to the Members Council/Management Personnel during the year:

- The new Chairman of the Members Council was appointed on 7 June 2021, which increased the number of the Members to four in 2021.
- The new Heads of IT and Risk Management Departments were appointed to replace two resignees; meanwhile, the new Head of Marketing is a new position.

- Number of employees

Summary of employee policies and changes during the year:

As of 31 December 2021, the Company had 26 employees.

### **Human Resource Management**

The Company views its personnel as its most valuable asset and thus, focuses its efforts on corporate culture activities to build a strong team. It is equally committed to develop its resources through intensive training, review of and adjustment to the remuneration policy based on staff competencies and achievements, development of appropriate wage and bonus propositions to

ensure fairness, and competitiveness amongst industry peers to attract qualified personnel to RHBSVN.

### **Recruitment policy**

The Company has in place a formalized recruitment process to identify and hire the right candidates for the right jobs. The process adheres to the principles of transparency, integrity, equality and professionalism to enhance personnel retention after probationary periods:

1. The recruitment of employees (for all categories, e.g. permanent, temporary or casual) will be based on operational and business needs of the Company and the need to comply with regulatory requirements, such as securities practitioners' brokerage and financial analysis licenses.
2. Wherever possible, vacancies should be filled by qualified employees with relevant experience and qualification.
3. Where the vacancies cannot be filled internally, external recruitment shall comply with the HR Approving Authority Matrix.

### **Training policy**

Training activities at RHBSVN are implemented through on-the-job training, e-learning/webinars and offline sessions/workshops. Ensuring the staff are kept up-to-date with job knowledge and skills to enhance work efficiency and adaptability, especially against the backdrop of the COVID-19 pandemic, is a priority for Management.

### **Salary and bonus policies for employees**

The Company's remuneration policy is based on fairness, equality and competitive advantage against industry peers in the general labour market. In addition, performance reviews are conducted twice a year, in the middle of the year and at the end of the year to evaluate the work progress and to provide timely and essential support.

## ***3. Investment Activities, Project Implementation***

### **a) Major Investments**

The Company had no major investment project in 2021 and focused on the implementation of the new Front-End (Web Trading and Mobile App) trading platform and Back-Office system.

### **New Trading System Project Implementation**

The project of the new Front-End (Web Trading and Mobile App) trading platform and Back-Office system officially began in October 2020, in two phases. The project was successfully completed with all deliverables received from the vendor in September 2021.

### **b) *Subsidiaries and Affiliates***

The Company does not have any subsidiaries nor affiliated companies.

#### 4. Financial Status

##### a) Financial Status

No.	Details	2021 VND	2020 VND	Variance %
1	<b>Total Assets</b>	174,027,019,967	183,421,844,603	-5.12%
2	<b>Total Liabilities</b>	2,060,692,111	4,889,287,442	-57.85%
3	<b>Total Income</b>	8,651,566,520	12,388,207,635	-30.16%
4	<b>Total Expenses</b>	15,217,795,825	18,310,757,477	-16.89%
5	<b>Profit Before Tax</b>	(6,566,229,305)	(5,922,549,842)	10.87%
6	<b>Profit After Tax</b>	(6,566,229,305)	(5,922,549,842)	10.87%

##### b) Key Financial Indicators

Indicators	2021	2020	Note
<i>1. Capital scale</i>			
- Charter Capital	135,000,000,000	135,000,000,000	
- Total assets	174,027,019,967	183,421,844,603	
- Financial Safety ratio	573.45%	569.72%	
<i>2. Operating results</i>			
- Cash deposits		NA	In accordance with regulations, we do not accept cash deposits
- Lending	111,537,285	NA	The Company began offering Share Margin Financing and Cash Advance from 2021
- Debt collection		NA	There are no debts outstanding due to the Company
- Outstanding debts		NA	There are no debts outstanding due to the Company
- Bad debt		NA	There are no debts outstanding due to the Company
- Overdue outstanding underwritten debt/ Total outstanding debt Ratio		NA	There are no debts outstanding due to the Company

- Overdue outstanding debts/ Total debt Ratio		NA	There are no debts outstanding due to the Company
- Bad debt/Total debt Ratio		NA	There are no debts outstanding due to the Company
3. Solvency(times)			
- Short term solvency	78.2	36.0	
- General solvency	84.4	37.5	

## **5. Shareholders Structure, Change in the Owner's Equity**

a) Shares: None shares/securities issued.

b) Shareholders structure

The Owner of the Company is RHB Investment Bank Berhad, incorporated in Malaysia.

Owner as of 31 December 2021	Place of incorporation	% Charter Capital	Effective date
RHB Investment Bank Berhad	Malaysia	100	29 Jan 2019

c) Change in the Charter capital: Nil.

d) Transaction of treasury stocks: Nil.

e) Other securities: Nil.

## **6. Environment, Social Governance (ESG) Report**

### **6.1. Environmental impact**

Total direct and indirect GHG emission: GHG emission is associated with electricity and petrol use only.

Measures and initiatives to reduce GHG emission: Nil.

### **6.2. Management of raw materials**

a) The total amount of raw materials used for the manufacture and packaging of the products as well as services of the Company during the year: Not applicable.

b) The percentage of materials recycled to produce products and services of the Company: Not applicable.

### **6.3. Energy consumption**

- a) Energy consumption - directly and indirectly: Electricity consumption bill for 2021 was estimated at VND 284 million.
- b) Energy savings through initiatives of efficient energy usage: energy-saving initiatives to reduce electricity and water are regularly promoted at the workplace. Employees are encouraged to contribute innovative solutions towards corporate sustainability.
- c) Report on energy saving initiatives (providing products and services to save energy or use renewable energy); report on the results of these initiatives: Nil.

### **6.4. Water consumption**

- a) Water supply and amount of water used: The information is not available since clean water is supplied by the Building Management for public use.
- b) Percentage and total volume of water recycled and reused: Nil.

### **6.5. Compliance with environmental protection laws**

- a) Number of times fines were imposed on the company for failing to comply with laws and regulations on the environment: Nil.
- b) The total amount of fines imposed for failing to comply with laws and regulations on the environment: Nil.

### **6.6. Policies related to employees**

- a) Number of employees, total wages of employees

The Company had 26 employees as at 31 December 2021 (31 December 2020: 22 employees) with the total salary and related expenses as below:

	<b>2021</b>	<b>2020</b>
	<b>VND</b>	<b>VND</b>
<b>Salary and related expenses</b>	9,128,110,584	12,989,548,296

- b) Labour policies to ensure health, safety and welfare of employees

The Company organizes annual health checks for all employees and ensures its employees are covered under the insurance scheme and welfare contributions in accordance with regulations. All employees are part of an in-house Union and hold frequent events to foster good relationship among themselves.

- c) Training employees

The Company regularly organizes formal trainings for employees on Company policies and procedures, including making it compulsory for all staff to complete “E-Learning” programmes to enhance their knowledge and skill sets.

In 2021, internal trainings by local Compliance and Risk Management Departments as well as regional training by Regional Departments of RHB Banking Group were conducted virtually for all staff. Topics included Market Manipulation, Risk Management, Anti-Money Laundering/Counter-Financing of Terrorism, as well as Ethics and Whistleblowing.

The average number of training hours per year, according to staff categories:

No.	Classified	Type of Training	No. of Courses	Learning Hours /Per Year
1	Existing Staff	Class Room Training	2	03 Hours
		Mandatory E-learning	2	07 Hours
2	New Staff (Joined on 2021)	Class Room Training	2	03 Hours
		Mandatory E-learning	9	10 Hours

As part of its staff development initiative, the Company also encourages employees to actively take up securities/professional external training courses through an attractive sponsorship policy.

#### ***6.7. Report on responsibility for the local community***

The community investments and other community development activities including financial assistance to community service: Nil.

#### ***6.8. Green capital market activities under the guidance of the SSC: Nil.***

### **III. REPORT AND ASSESSMENTS OF THE EXECUTIVE BOARD**

#### ***1. Assessment of Operating Results***

##### **Business results**

In 2021, the Company focused on changing the new core trading platform together with the go-live of the new mobile trading application, the launch of two new products for customers and recruitment of the equities sales team to drive business growth.

1. The Company recorded a loss of VND 6.5 billion against a budgeted profit of VND 46.7 million in 2021. The main cause was due to lower interest income from fixed deposits with banks and higher operating expenses. The loss was an increase of 10.9% from VND 5.9 billion in 2020 to VND 6.5 billion in 2021.
2. 95% of its income was derived from interest income arising from its funds (capital) being placed in fixed deposits.
3. General and administrative expenses decreased from VND 15.3 billion in 2020 to VND 10.3 billion in 2021, mainly due to decreases in Management's salaries and expenses.

Revenues VND	Actual	Budget	Amount	Variance (%)	Actual
	FY 2021 VND (Audited)	YTD DEC VND			FY 2020 VND (Audited)
	1	2	3=1-2	4=3/2	
Net Interest Income	8,119,800,501	5,627,313,100	2,492,487,401	44.29%	12.250.029.331
Non Interest Income	531,766,019	16,918,614,870	-16,386,848,851	-96.86%	138.178.304
<i>Net Brokerage Fee</i>	<i>374,323,007</i>	<i>11,278,952,681</i>	-10,904,629,674	-96.68%	62.608.943
<i>Margin Interest Income</i>	<i>111,537,285</i>	<i>5,639,662,189</i>	-5,528,124,904	-98.02%	-
<i>Other Income</i>	<i>45,905,727</i>	-			75.569.361
<b>Total Income</b>	<b>8,651,566,520</b>	<b>22,545,927,970</b>	<b>-13,894,361,450</b>	<b>-61.63%</b>	
Human resources	-9,319,123,748	-	4,536,852,899	-32.74%	(12.989.548.296)
Establishment Cost	-2,390,950,336	13,855,976,647	1,713,605,643	-41.75%	(1.060.207.492)
Marketing Cost	-278,506,231	-4,104,555,979	1,713,605,643	-41.75%	(1.060.207.492)
Admin and General Cost	-278,506,231	-1,795,120,928	1,516,614,697	-84.49%	(675.218.673)
Other Operating Expenses	-2,065,763,238	-1,902,329,482	-163,433,756	8.59%	(2.472.669.697)
Total Expenses	-1,163,452,272	-841,278,527	-322,173,745	38.30%	(1.113.113.319)
	-15,217,795,825	-	7,281,465,738	-32.36%	(18.310.757.477)
<b>PBT</b>	<b>-6,566,229,305</b>	<b>46,666,407</b>	<b>-6,612,895,712</b>	<b>14170.57%</b>	<b>(5.922.549.842)</b>

## 2. Financial situation

### 2.1. Assets

	2021	2020	Variance (%)
<b>Total Assets</b>	174,027,019,967	183,421,844,603	-5.12%

The Company's total assets decreased by 5.12%, from VND 183.4 billion in 2020 to VND 174 billion in 2021.

### 2.2. Liabilities

	2021	2020	Variance (%)
<b>Total Liabilities</b>	2,060,692,111	4,889,287,442	-57.85%

The Company's total liabilities decreased by nearly 58% from nearly VND 4.9 billion in 2020 to roughly VND 2 billion in 2021.



### ***3. Improvements in Organizational Structure, Policies and Management***

In 2021, the Company was in the progress of adopting more group-wide policies to align with RHB Banking Group's standards and to facilitate continuous improvement among all staff and operational efficiency for business expansion and future growth.

It also completed the formulation of necessary policies and procedures in the second quarter of 2021 before the launch of two new products.

### ***4. Development Plans in Future***

RHBSVN's focus in 2022 will be to undertake the following key initiatives to build a strong foundation for sustainable growth together with a good corporate governance structure:

1. Grow retail brokerage business by recruiting high performing incentive dealers and brokers, and digital marketing team to promote and acquire clients for online trading
2. Prudently grow the Share Margin Finance and Cash Advance business
3. Capture opportunities from cross-border deals by leveraging RHBIB's regional expertise
4. Improve Management's and licensed staff's skillsets and code of ethics through continuous training and where necessary, recruit additional staff with the required expertise
5. Continue to improve risk management and corporate governance practices that are consistent with those of Group and adopt the best market practices where feasible
6. Grow RHBSVN's brand name and awareness in Vietnam by investing in digital marketing

### ***5. Assessment Report on Environmental and Social Responsibility***

#### **a) Assessment on environmental indicators**

The Company is making continuous efforts to conserve energy, paper and water in its workplace in line with the Group's culture.

In 2021, RHBSVN undertook various activities such as Energy-saving programs and limiting energy use and minimise material usage to help increase awareness on environmental protection, evoke love to nature. As a business in the field of investment – finance – securities, RHBSVN has insignificant direct impact on the natural environment. In 2021, RHBSVN promoted digital transactions which saved a significant amount of paper and ink, thereby reducing environmental issues and lowering overall costs.

Water is used at RHBSVN for primary purposes such as drinking, sanitation, and cleaning. Our company's staff are always aware of the importance of this resource and try to conserve water usage where possible.

#### **b) Assessment on employee issues**

There are no significant issues among employees. As a responsible employer, RHBSVN ensures that its employees are well cared for in terms of financial rewards, work environment, career progression and upscaling their skillsets and knowledge.

The Management of RHBSVN adopts an open concept for staff to voice their grievances and concerns. In addition, there is pillar reporting structure with our Head Office (RHBIB) Management staff, thus providing an avenue for issues to be escalated to higher levels. More importantly, this allows staff to gain more knowledge and better understand the practices and work culture of RHB Banking Group, and thus ensure consistency in practices across the Group.

c) Assessment on corporate responsibility towards the local community

RHB Banking Group firmly believes that a responsible corporation is one that gives back to the community in which it operates. It is also one that conducts its business responsibly.

In order to achieve our vision to be a leading multinational financial services group, we must consider the social, economic and environmental impacts when we make our business decisions.

With that commitment in mind, the Group aims to operate sustainably, while ensuring that all our initiatives produce a positive impact on all stakeholders - shareholders, employees, customers, partners, the community.

## **IV. CORPORATE GOVERNANCE**

### ***1. Members Council***

#### **1.1. Members and Structure of the Members Council:**

<b>No.</b>	<b>Members</b>	<b>Position</b>	<b>Date of Appointment/ Dismissal</b>
<b>1</b>	Syed Ahmad Taufik Albar	Chairman of the Council	Appointed on 07/06/2021
<b>2</b>	Chan Kong Ming	Member of the Council	Appointed on 19/10/2020
<b>3</b>	Tan Kheak Geai	Member of the Council	Appointed on 29/01/2019
<b>4</b>	Lee Ming How	Member of the Council	Appointed on 01/01/2020

#### **1.2. Committees under the Members Council: Nil.**

#### **1.3. Activities of the Members Council:**

Members Council convened four meetings in 2021 with 100% attendance of all the Members. All resolutions of the Members Council adopted in a physical meeting or by way of written consent during the year, are listed as follows:

No.	Resolution/Decision No.	Date of issuance	Content
1	01/2021/NQHDTV/RHBSVN	25/1/2021	To delegate authority to Mr. Lee Ming How, General Director cum Legal Representative of RHBSVN on the Company's behalf as the Account Holder of 02 (two) Client Trust Monies Accounts opened at Vietcombank and Techcombank
2	01/2021/NQHDTV/RHBSVN-M	22/2/2021	<ul style="list-style-type: none"> <li>To provide the status in respect of the fraudulent international calls charged in March 2020 by VNPT</li> <li>To approve the revised Terms of Reference of RHBSVN Management Committee (MANCO)</li> <li>To note compliance matters, risk management matters, financial and operational performance review, status of IT Department's initiatives in the reporting period</li> <li>To note the Minutes of RHBSVN Management Committee (MANCO) Meetings No. 8/2020, No.9/2020 and No.1/2021</li> </ul> <p>To authorise Mr. Lee Ming How, Daniel who is a member of the Members Council based in Vietnam, to sign the Members Council Meeting Minutes and Resolution passed on behalf of the Chairman due to the COVID-19 Global Pandemic situation</p>
3	02/2021/NQHDTV/RHBSVN	4/3/2021	Performance bonus/incentive for 2020 and salary increment effective January 2021
4	03/2021/NQHDTV/RHBSVN	12/3/2021	To approve the audited Financial Statements and Financial Safety Ratio Report for the year ended 31st December 2020
5	04/2021/NQHDTV/RHBSVN	18/3/2021	To approve the opening of one new account used for financing margin and advance payment facility for clients at BIDV
6	05/2021/NQHDTV/RHBSVN	2/4/2021	To approve the Compliance Work Plan for the year 2021
7	06/2021/NQHDTV/RHBSVN	2/4/2021	To approve the Share Margin Facility and the Stock Grading Methodology used for the Share Margin Facility
8	07/2021/NQHDTV/RHBSVN	2/4/2021	To approve the third revision of RHBSVN Approving Authority Matrix for Brokerage & Depository
9	08/2021/NQHDTV/RHBSVN	2/4/2021	To approve Annual Report for the year 2020
10	09/2021/NQHDTV/RHBSVN	28/4/2021	To approve Advancing Payment Facility

11	10/2021/NQHDTV/ RHBSVN	20/5/2021	To approve the new authorised bank signatories
12	02/2021/NQHDTV/ RHBSVN-M	11/6/2021	<ul style="list-style-type: none"> <li>• To provide the status in respect of the fraudulent international calls charged in March 2020 by VNPT</li> <li>• To approve the Proposed Revision to the Empowerment granted to Management Committee and Senior Management for RHBSVN</li> <li>• To approve Risk Appetite Setting 2021</li> <li>• To approve Material Risk Assessment 2021</li> <li>• To note compliance matters, risk management matters, financial and operational performance review, status of IT Department's initiatives in the reporting period</li> <li>• To note Internal Audit Report of RHBSVN</li> <li>• To note the Minutes of RHBSVN Management Committee (MANCO) Meetings No. 2, No.3 and No.4/2021</li> <li>• To authorise Mr. Lee Ming How who is a Member of the Members Council based in Vietnam, to sign the Members Council Meeting Minutes and Resolution passed on behalf of the Chairman due to the COVID-19 Global Pandemic situation</li> <li>• To consent to the Second Revision to the Company Charter for recommendation to the Owner of RHBSVN</li> </ul>
13	11/2021/NQHDTV/ RHBSVN	11/6/2021	To approve the opening of Intermediary Account for Deposits for Trading of Securities for Foreign Clients at BIDV
14	12/2021/NQHDTV/ RHBSVN	28/6/2021	To approve the reappointment of PricewaterhouseCoopers (Vietnam) Limited as the external financial auditors of RHBSVN for the financial year 2021
15	13/2021/NQHDTV/ RHBSVN	30/6/2021	To approve the new authorised bank signatories
16	14/2021/NQHDTV/ RHBSVN	13/7/2021	To approve the Risk Management Process for Advancing Payment Facility Service
17	15/2021/NQHDTV/ RHBSVN	3/8/2021	To approve the closure of one capital account maintained with CIMB
18	16/2021/NQHDTV/ RHBSVN	14/8/2021	To approve the reviewed Interim Financial Statements and Financial Safety Ratio Report as at 30/6/2021

19	03/2021/NQHDTV/ RHBSVN-M	8/9/2021	<ul style="list-style-type: none"> <li>• To approve Addendum of Contract for Transfer of the Right of Use of FLEX Software</li> <li>• To approve Proposed SMF Campaign</li> <li>• To approve RHBSVN Local Addendum to Group Risk Management Framework</li> <li>• To approve the appointment of Key Risk Management Personnel at RHBSVN</li> <li>• To endorse updated proposed Second Revision to the Charter of RHBSVN</li> <li>• To note compliance report, risk management matters, financial performance, business performance and status of IT Department's initiatives in the reporting period</li> <li>• To note Minutes of RHBSVN Management Committee (MANCO) Meetings No. 5, No.6 and No.7/2021</li> <li>• To authorise Mr. Lee Ming How who is a Member of the Members Council based in Vietnam, to sign the Members Council Meeting Minutes and Resolution passed on behalf of the Chairman due to the COVID-19 Global Pandemic situation</li> </ul>
20	17/2021/NQHDTV/ RHBSVN	21/10/2021	To approve the re-appointment of the General Director cum Legal Representative
21	18/2021/NQHDTV/ RHBSVN	19/11/2021	To approve use of Internet Banking Services for the Company's selected existing bank accounts maintained at BIDV, Vietcombank and Techcombank and the list of bank authorized signatories for the Internet Banking Services

22	04/2021/NQHDTV/ RHBSVN-M	10/12/2021	<ul style="list-style-type: none"> <li>• To approve the revised office rental effective 1st May 2022</li> <li>• To approve Semi-Annual Revision of Risk Appetite Setting (“RAS”) 2021</li> <li>• To approve Revised Compliance Risk Assessment (“CRA”) Methodology</li> <li>• To approve the extension of time for completing RHBSVN Local Addendums to Group AML/CFT Policy and Group Sanction Policy</li> <li>• To note compliance report, risk management matters, financial performance, business performance and status of IT initiatives in the reporting period</li> <li>• To deliberate the establishment of Ho Chi Minh City Branch</li> <li>• To note Minutes of RHBSVN Management Committee (MANCO) Meetings No. 8, No.9 &amp; No.10/2021</li> <li>• To authorise Mr. Lee Ming How who is a Member of the Members Council based in Vietnam, to sign the Members Council Meeting Minutes and Resolution passed on behalf of the Chairman due to the COVID-19 Global Pandemic situation</li> </ul>
23	19/2021/NQHDTV/ RHBSVN	15/12/2021	To authorise Mr. Lee Ming How, General Director cum Legal Representative of RHBSVN, to sign relevant documents and papers for the purpose of updating new bank authorized signatories for the bank account maintained at Vietcombank

1.3. Activities of Independent Members of Members Council: Nil.

1.4. The list of Members of Members Council possessing Corporate Governance Certificates.  
The list of Members of Members Council participating in Corporate Governance training programs in the year.

## **2. Board of Supervisors**

2.1. Members and structure of the Board of Supervisors:

The Board of Supervisors has been dissolved effective 30 December 2021 by the Resolution of the Owner of the Company, RHBIB. Before the dissolution, the Board of Supervisors had two Members:

<b>No.</b>	<b>Members</b>	<b>Position</b>
<b>1</b>	Tan Boon Ching	Head of the Board of Supervisors
<b>2</b>	Cap Thi Thu Hanh	Member of the Board of Supervisors

## 2.2. Meetings of the Board of Supervisors

Before the dissolution on 30 December 2021, the Board of Supervisors did not hold any meeting in 2021.

## 3. *Transactions, remunerations and benefits of the Members Council and General Director*

### 3.1. Salary, rewards, remuneration and benefits

	2021 VND	2020 VND
<b>Gross salaries and other benefits</b>	2,604,737,709	7,555,387,180

### 3.2. Share transactions by insiders: Nil.

### 3.3. Contracts or transactions with insiders: Nil.

3.4. Assessing the implementation of regulations on corporate governance: The Company has ensured its compliance with the regulations on corporate governance as prescribed in the Company Charter and applicable laws and requirements as well as adopted the best governance practices of RHB Banking Group.

## V. FINANCIAL REPORT

### 1. *Independent Auditors' Opinion*

The Company's external auditors, PwC expresses the audit opinion on its audited Financial Statements for the year ended 31 December 2021 that the RHBSVN's financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, the results of its operations, its cash flows and changes in equity for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on the preparation and presentation of financial statements applicable to securities companies operating in Vietnam.

### 2. *Audited Annual Financial Statements*

The audited Financial Statements for the financial year ended 31 December 2021 including the Statement of Financial Position; Statement of Comprehensive Income; Statement of Cash Flows; Notes to the Financial Statements and the audited Financial Safety Ratio Report as at 31 December 2021 were submitted to the relevant regulators and published on the Company's website [www.rhbsecurities.vn](http://www.rhbsecurities.vn) on 14 March 2022. The audited Financial Statements are also attached to the 2021 Annual Report.

*Legal Representative of RHBSVN*

*-Signed and stamped-*

**Lee Ming How**

*General Director*