

## REPORT ON

Vào ngày / on the date: **29 -04- 2021****THE OPERATION OF SUPERVISORY BOARD IN 2021****AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS***(To be submitted to the General Meeting of Shareholders on the 29/4/2021 for approval)***Ladies and Gentlemen****Dear shareholders**

*Pursuant to the Article 45 of the Law on Credit Institutions regarding the duties and powers of the Supervisory Board;*

*Pursuant to the Charter of An Binh Commercial Joint Stock Bank (ABBANK).*

*Based on the operational situation of ABBANK, Report of the Board of Directors, Board of Management and the performance of the Supervisory Board in 2020.*

The Supervisory Board hereby reports to the General Meeting of Shareholders on the results of the implementation of the tasks in 2020 and some recommendations with the following main contents:

**I. SITUATION OF THE SUPERVISORY BOARD'S OPERATION:**

In 2020, the Supervisory Board has organized the implementation of its functions and duties specified in the Law on Credit Institutions, the Charter of ABBANK, the Regulation on the organization and operation of the Supervisory Board.

- Supervisory Board has 3 full-time members. During the year, the Supervisory Board held 4 regular meetings according to the regulations. The meeting content and documents were fully sent to the attending members. Attendees include all members of the Supervisory Board, the Chief of Internal Audit and the extended component including the Heads of Internal Audit Department, members of the Board of Management (when necessary to



discuss related issues). All meetings are recorded in minutes. The recommendations of the Supervisory Board after each meeting were sent to the Board of Directors and the Board of Management for direction and implementation. The results of implementing the recommendations raised by the Supervisory Board are also reported by the Board of Management in regular meetings of the Supervisory Board.

- The opinions of the Supervisory Board have been conveyed to the Board of Directors (BOD) and the Board of Management (BOM) through monthly monitoring reports, opinions raised at the meetings of the Board of Directors, BOM and in written opinions, direct recommendations.
- The relationship between the Supervisory Board and the Board of Directors, the Board of Management was basically implemented in accordance with the provisions of the Law, the Charter and internal regulations of ABBANK.

## II. RESULTS OF IMPLEMENTING A NUMBER OF SPECIFIC TASKS

### 1. Supervision of business activities, compliance with the provisions of law and the Charter of ABBANK; implementation of resolutions of the General Meeting of Shareholders (GMS).

The Supervisory Board has carried out regular supervision through the following specific activities:

The Supervisory Board regularly monitors the implementation of resolutions of the General Meeting of Shareholders, attends and gives opinions at regular meetings of the Board of Directors and BOM's meetings. At the meeting of the Board of Directors, the BOM, the Supervisory Board gave independent opinions and views on business performance data; shortcomings, risks in business activities, governance of ABBANK, from there, proposing recommendations to help the Board of Directors and Board of Management to complete the plan assigned by the General Meeting of Shareholders, the contents to be implemented to overcome the shortages, existing issues. At the same time, for the contents that need to be noted, enhancing the control, the Supervisory Board has made specific recommendations to improve operational efficiency, ensure safe and sustainable growth. In general, in 2020, the Board of Directors and the Board of Management directed and operated the business activities of ABBANK in



accordance with the objectives, in compliance with the provisions of the Law on Credit Institutions and the Charter of ABBANK in governance and administration.

## **2. Results of Supervisory Board monitoring to Internal Audit's activities.**

- The Supervisory Board signed to promulgate processes and policies related to the internal audit activities to ensure compliance with the requirements of Circular 13 / NHNN;
- The Supervisory Board supervised internal audit in all aspects of operations, regularly updated the audit results according to the plan, focusing on annual training every year to improve the professional expertise for the auditing team; the Supervisory Board approved the internal audit performance evaluation in the first 6 months of 2020 and the whole year 2020 of the Internal Audit, this performance is also the ranking result of the Chief of Internal Auditor; evaluate the implementation of professional ethics standards of members of the Supervisory Board, Internal Audit in accordance with current regulations.
- By 2020, the Internal Audit has completed 100% of the audits according to the approved plan. Internal Audit has made recommendations and proposals to improve the operational efficiency of the internal control system, contributing to reducing risks.
- Improving the quality of Internal Audit is one of the contents regularly focused by the Supervisory Board. In particular, the Supervisory Board has directed and guided the Internal Audit to renew the method of risk identification, zoning the data to ensure the right focus, combined with the application of information technology in analysis and early identification of risks to warn and propose a more comprehensive audit scope to ensure continuous auditing.

## **3. Self-assessment report on the performance of the Supervisory Board and its members.**

During the reporting period, the Supervisory Board has fully performed the functions and duties in accordance with the provisions of Laws, ABBANK Charter, some specific issues are:

- The Head of the Supervisory Board has participated in all regular meetings of the Board of Directors, participated in all full-line meetings of the BOM.
- The Supervisory Board directly directs the operation of the Internal Audit, the operational orientation of the Internal Audit according to international standards, is flexible in actions in accordance with the operational objectives of ABBank, focuses on the risk orientation, enhances the advisory role to Board of Directors and Board of Management.
- The Supervisory Board regularly monitors, supervises and promptly updates the list of major shareholders, Board of Directors members, Supervisory Board members, General Director, the executive members and Chief Accountant and related persons according to the provisions of the Decree. No. 155/2020 / ND-CP. Review and supervise the credit granting approval for these subjects in accordance with the provisions of law.
- Discuss with the independent auditing firm about the financial statements audit results and evaluate the internal control system of the Bank. Complete the issuance of internal regulations of the Supervisory Board and Internal Audit in accordance with regulations.
- Supervisory Board members have successfully completed their assigned duties and tasks, participated in discussions and unanimously voted through issues and contents within the functions and tasks of the Supervisory Board.

#### **4. Activities of the Board of Directors, General Director**

##### ***a. Activities of the Board of Directors***

The Board of Directors currently has 7 members, the organizational structure and full assignment are executed in accordance with the law and ABBank's charter.

In 2020, the Board of Directors has hold many meetings and collected voting opinions by written circulation when necessary to promptly make decisions related to management, business strategy, risk management, settlement of debts and issuing policies in accordance with reality, oriented according to the resolution of the General Meeting of Shareholders, on the basis of compliance with the provisions of law.



The Committees under the Board of Directors have well performed their roles, functions and duties, advised the Board of Directors to complete the system of documents and policies to manage key types of risks in the Bank. The issues related to personnel, salary, remuneration, bonus and remuneration policies for employees; constructing important projects of the Bank; issued the resolution approving the strategic objective of the period 2021 - 2025 of ABBANK.

***b. Activities of the General Director (Chief Executive Officer)***

The General Director actively implemented the business plan, closely directed all aspects of the bank's operations. He assigned specific tasks to every member of the Board of Management, deployed monthly action plans, propose solutions to overcome limitations, control safety ratios.

He maintained monthly meetings with the full participation of the Board of Directors' representatives, Supervisory Board, Board of Management, Directors of Divisions and Head of Business Units to evaluate the entire activities of the previous month, announce the work of the next month and listen to, receive directions and suggestions from the Board of Directors as well as difficulties and problems from the business units, from which to propose appropriate business solutions.

The General Director has developed a medium-term strategic plan based on the goals approved by the Board of Directors and has well prepared for the implementation of a number of important projects in the coming time.

The General Director has fully performed the supervision of senior management in accordance with the provisions of **Circular 13/2018/TT-NHNN**. Councils under the Board of Management are well maintained and effectively operated.

***c. Monitoring results for the Board of Directors, the Board of Management.***

The Board of Directors, General Director has carried out the supervision of senior management in accordance with the provisions of **Circular 13/2018/TT-NHNN**, all supervision activities have been independently assessed by Internal Audit for compliance with the mechanism, policies and internal regulations on senior management supervision, internal control, risk management and capital adequacy

assessment of the Board of Directors, General Director. This evaluation report was sent to the State Bank of Vietnam in accordance with regulations. Accordingly, the Bank has completed the internal control system according to 03 independent lines of protection, the organizational structure, duties and powers of the Board of Directors, General Director have been completed in accordance with the regulations in Law on Credit Institutions and in accordance with **Circular 13**; Internal control, risk management, and internal audit were assessed effective and met the set requirements; Internal assessment of capital adequacy is entering the final steps of the process of perfecting the system to ensure meeting the requirements of Circular 13.

**5. Credit granting to the subjects specified in Clause 1, Article 127 of the Law on credit institutions.**

ABBANK did not grant credit to the subjects specified in Clause 1, Article 127 of the Law on credit institutions (as amended and supplemented under Law No. 17/2017 / QH14 dated December 27, 2017).

**6. Evaluate the coordination of activities between the Supervisory Board and the Board of Directors, the Board of Management and the shareholders.**

The coordination of activities between the Supervisory Board and the Board of Directors, the Board of Management and the shareholders is considered effective, ensuring independence and continuity. Especially on activities such as:

- The Supervisory Board was fully and promptly provided with documents and information on the management, administration and business activities of the bank in accordance with regulations.
- The Supervisory Board fully participated in regular meetings of the Board of Directors, Board of Management.
- Supervisory Board regularly discussed with Board of Directors members, Board of Management members on the issues related to governance and administration;
- The Supervisory Board had regularly updated the volatile situation in the list of major shareholders.

- The recommendations of the Supervisory Board sent to the Board of Directors, the Board of Management were seriously considered and promptly responded to.

### **III. SALARY, REMUNERATION, OPERATION EXPENSES OF THE SUPERVISORY BOARD**

Remuneration and operating expenses of the Supervisory Board were aggregated with the Board of Directors operating expenses remuneration report, presented by the Board of Directors at this meeting and presented in the Bank's audited financial statements.

### **IV. OPERATIONAL, FINANCIAL AND BUSINESS RESULTS OF ABBANK**

ABBANK's 2020 financial statements have been audited by an independent auditor, Ernst & Young Vietnam Company Limited and reviewed by the Bank's Internal Audit. The Bank's 2020 consolidated and separate financial statements have honestly and reasonably reflected on all key aspects of the Bank's financial situation as at 31 December 2020. The Bank's financial statements are consistent with the accounting standards and regime applicable to credit institutions in Vietnam and relevant legal regulations.

Business results in 2020 are reflected in the consolidated financial statements as follows:

- Total assets: VND116,367 billion
- Equity: 8,911 billion
- Business results:
  - + Net profit before provision for credit risks: VND1,917 billion
  - + Total profit before tax: VND1,403 billion
  - + Corporate income tax: VND285.5 billion
  - + Profit after tax: VND1,117.7 billion

In which, after-tax profit of the Bank: VND1,091.6 billion.

### **V. OPERATION OF THE SUPERVISORY BOARD IN 2021**

Based on the personnel situation, strategy and operational orientation of ABBANK, the Supervisory Board determined that the activities of the Supervisory Board focused on a number of key tasks as follows:

1. Continue to promote the role of senior management supervision for Internal Audit
2. Capacity building for the activities of Internal Audit; focus on consolidating the missing personnel and adding personnel for information technology audits.
3. Supervising the operations of ABBANK in compliance with the provisions of the law and the Charter of ABBANK.
4. Supervising the Board of Directors, Board of Management in the safe and effective management and operation of ABBANK's operations; proposing and recommending issues on internal control systems, supervision of senior management for internal control and risk management systems.
5. Conducting inspection and supervision of the effectiveness of the internal control system as required by Circular 13/2018 / TT-NHNN through directly directing the activities of internal audit, with emphasis on public regular reports and periodic reports ensure that the banking situation is always promptly communicated to related parties.
6. Verifying financial statements, evaluating the legality, reasonableness, truthfulness and prudence in accounting, statistics, and making financial statements.
7. Supervising information disclosure and shareholders relations of a listed company.

## **VI. RECOMMENDATIONS**

On the basis of the results of the supervision of business activities, governance and administration of the Board of Directors and the Board of Management, the figures of the Financial Statements in 2020, the Supervisory Board proposes and recommends to the General Meeting of Shareholders on the Reports of the Supervisory Board in 2020:

1. Approve the consolidated financial statements, the separate financial statements of ABBANK in 2020, which were independently audited and reviewed by Ernst & Young Vietnam Co., Ltd., and appraised and reviewed by the Supervisory Board;
2. Approve the report of the Supervisory Board on its operational results in 2020 and orientation for 2021 activities;



3. Propose the General Meeting of Shareholders to authorize the Board of Directors to select one of the four prestigious international auditing firms including: PWC Auditing Company; Deloitte Vietnam Company; Ernst & Young Vietnam Company Limited or KPMG Vietnam Company Limited, as an independent auditor that audits the 2021 Financial Statements for ABBANK.

Above is the report of the Supervisory Board on summarizing ABBANK operation in 2020. With the common goal for ABBANK to improve organizational efficiency, operational management and sustainable development, we respectfully submit to the General Meeting of Shareholders for approval of the Supervisory Board's report.

We wish all shareholders good health, happiness and success. We wish the conference a great success!

**ON BEHALF OF SUPERVISORY BOARD**

**HEAD**

*(Signed)*

**NGUYEN THI HANH TAM**