

Hanoi, March 29, 2022

**REPORT OF THE BOARD OF DIRECTORS
ABOUT ITS ACTIVITIES IN 2021 AND
ORIENTATION FOR 2022**

(Submitted to the General Meeting of Shareholders on April 20, 2022 for approval)

With the efforts of employees throughout the system in 2021, An Binh Commercial Joint Stock Bank (ABBANK) has overcome many difficulties, adapted flexibly to achieve business and profit targets, successfully increased the charter capital and maintained good financial safety indicators, optimized costs, improved operational efficiency following the orientation and strategic plan goals for 2021 -2025.

The Board of Directors would like to report to the General Shareholders Meeting (GSM) on the results of the Bank's governance activities in 2021 and the orientation for the 2022 operation plan as follows:

I. PERFORMANCE OF 2021

1. Key business indicators

1.1. Business targets

- Total asset : VND120,862 billion, increasing 4% to 2020's.
- Total deposit 1st market: VND80,547 billion, equal 100% to 2021's.
- Total loans: VND78,640 billion, increasing 3% to 2020's .
- Operating profit before provisions: VND2,733 billion, increasing 45% to 2020's.
- Profit before tax: VND1,979 billion, increasing 45% to 2020's.
- Bad debt ratio: 1.65%.

1.2. Performance of subsidiary

ABBANK Debt Management and Asset Exploitation Company (ABBA): Profit before tax achieved VND45.42 billion. In 2021, the subsidiary transfers dividends to ABBANK VND73.65 billion.

The Board of Directors would like to submit to the GSM the audited financial statements for the financial year ended December 31, 2021 of ABBANK – Specific content has been publicly disclosed on ABBANK's website: <https://www.abbank.vn/thong-tin/bao-cao-tai-chinh.html> and included in the contents of ABBANK's 2021 Annual Report.

2. About the Bank's governance

2.1. Board of Directors Structure for term 2018 – 2022 in 2021:

In 2021, the Board of Directors operates with full 7 members:

1. Mr Dao Manh Khang – Chairman
2. Mr Vu Van Tien – Vice Chairman
3. Mrs Iris Fang – Member
4. Mr Soon Su Long – Member
5. Mr Jason Lim Tsu Yang – Member
6. Mr Nguyen Danh Luong – Independent Member
7. Mr Luu Van Sau – Independent Member.

2.2. Board of Directors's activities:

- a) In 2021, the Board of Directors held regular meetings in person and voted in writing many times to decide many issues on strategies, policies, regulations on governance, risk management, debt settlement in accordance with the provisions of the law and to meet the requirements of the actual operation of ABBANK.
- b) The members have properly performed their assigned functions and tasks; fully participate in activities of the Board of Directors and committees. The Standing Board of Directors has regularly directed and promptly supported the Bank's operations to respond to the epidemic situation.
- c) The Board of Directors has carried out its responsibilities for senior supervision and evaluation of the performance of members of the Board of Directors and the Board of Management in accordance with business governance standards.
- d) In 2021, ABBANK's Board of Directors issued many documents and decisions on Bank policy and governance, including important documents such as:
 - ABBANK's medium-term business plan for the period of 2021 – 2025;
 - Internal Regulation on the Governance, Regulation on the Board of Directors Operation; Regulation on Information Disclosure; Regulation on Project Management; Regulation on Credit Guarantee; Regulations on Information System Safety; Regulations on Capital Contribution and Stock Investment; Policy on Internal Capital Transfer; Regulations on Book Management of ABBANK; establishing and promulgating the Regulation on Organization and Operation of the Digital Banking and Transformation Committee; established Sales and Service Division.
 - Medium-term risk Management Strategy for the period 2021 - 2025; Risk Appetite in 2021; Policies on management of: Credit Risk, Market Risk, Interest Rates on Bank Books Risks, and Concentrated Risks at ABBANK; ABBANK's Stress Test Policy and Scenario.
- e) Selecting the auditor to audit the financial statements, which is Ernst & Young Vietnam Co., Ltd. as authorized by the General Meeting of Shareholders;
- f) Approving the investment and procurement cost plan for the whole system; approving credit extension transactions under the authority of the Board of Directors in accordance with current legal regulations.
- g) Other activities of the Board of Directors are carried out through the Committees of the Board of Directors, the Chairman/Vice Chairman and members of the Board of Directors in accordance with the functions and authority assigned by the Board of Directors.

2.3. Risk Management Committee (RMC) activities

In 2021, the Risk Management Committee maintains a structure consisting of 3 members, of which 2 are non-executive BOD members. The Risk Management Committee held 5 face-to-face meetings with the full participation of its members, handling many issues within the Committee's functions and duties, include the following main contents:

- a) Advising and advising the Board of Directors in completing the system of documents and policies for the management of key risks, risk measurement methods... ensure compliance with legal requirements and towards advanced risk management standards.
- b) Supervising the Board of Management in the implementation of policies, strategies and regulations on risk management on a regular basis, continuously through meetings, reports, and policy reviews.
- c) Monitoring the activities of the Councils under the Board of Management related to risk management through monthly reports and through meetings of the RMC.
- d) Monitoring the activities of CEO by following-up, urging to handle and overcome the shortcomings and limitations related to risk management according to the requirements of the Board of Directors, the SBV, independent audit organization and other functional agencies, through meetings of the RMC.
- e) Supervising the implementation of the Bank's strategic projects and playing the role of the Steering Committee for the projects: Internal Capital Adequacy Assessment Process (ICAAP); Asset-Liability Management (ALM) and review of internal FTP transfer pricing mechanism; Project to build a quantitative risk model for the consumer customer segment.

2.4. Human Resources Committee (HRC) activities

The Human Resources Committee structure has 3 members, of which the Chairman and one member is a member of the Board of Directors. The main activities of the Human Resources Committee in 2021 are as follows:

- Advise the Board of Directors on the issues related to personnel, income policy according to labor productivity and other remuneration policies to bring efficiency to ABBANK while ensuring accuracy and fairness for employees; Evaluate and propose to the Board of Directors on the recruitment, appointment and dismissal of senior managers.
- Giving opinions on improving the organizational structure of the Bank and the functions and tasks of the Divisions / Departments / Sections.
- Advising the Board of Directors in training and developing human resources, building a working environment and innovative and creative corporate culture to attract new qualified human resources from outside.
- Advise the Board of Directors on assessment the performance of the Board of Management, key units and staff at ABBANK.
- Work with consulting partners and proposed the Board of Directors to adjust ABBANK's core values in line with the customer-centric strategic orientation.

- Organize a meeting to discuss and give opinions on the HR Strategy for the period of 2021 - 2025 for the Board of Management to develop, complete and submit to the Board of Directors for approval.

2.5. Strategy Committee (SC) activities

The Strategy Committee includes all members of the Board of Directors. In 2021, the Strategy Committee met and organized many working sessions between the members of the Strategy Committee and the BOM to listen to reports, discuss, exchange, direct and contribute ideas in the implementation of the strategies, important projects of the Bank:

- Reviewing and adjusting ABBANK's strategic goals for 2021 - 2025;
- Implementing important projects of the Bank such as: Information Technology Development Strategy Project, consulted by McKinsey; and other detailed strategic projects for the period 2021 - 2025 of ABBANK.

2.6. Transformation and Digital Banking Committee (TDC) activities:

On September 15, 2021, the Board of Directors established the Transformation and Digital Banking Committee (TDC) with the main function of advising and supporting the Board of Directors in policy formulation, implementing transformation projects and initiatives, technology and digital banking of the Bank. Since the establishment until the end of 2021, the TDC hold 7 direct meetings with the Board of Management and many meetings with related units. The TDC has made the following important recommendations:

- Solutions to complete the plan in 2021;
- Business planning and KPI implementation for 2022;
- Establishment of Sales and Service Division, Strategy and Development Division, Product Council and fine-tuning the organizational structure of relevant Divisions/Departments/Sections;
- Implementation of the initiative Organizational Culture combined with internal communication;
- Implementation methodology of building ecosystem to promote exploiting strengths of cross-selling products and services;
- Recommendations on adjusting the Business Continuity Plan in the new situation;

All of these Recommendations have been implemented by the BOM, bringing initial positive results for the Bank.

3. Regarding transactions with related persons:

In 2021, transactions between ABBANK and related persons have been submitted to the Board of Directors for approval according to its authority in accordance with the laws and ABBANK's Charter. Summary of transactions with related parties shown in the Audited Financial Statements for 2021 and published on ABBANK's website: www.abbank.vn.

4. Result of monitoring CEO and BOM

- 4.1. Regarding the completion of financial targets assigned by the General Meeting of Shareholders, the Board of Directors: The CEO directed and managed the Bank's activities in accordance with functions and duties; assigned the tasks of the BOM members appropriately, reviewed the list of products in focus priority on key products and services with high efficiency, proposed solutions to overcome limitations, control ratios to ensure operational safety, ensure the schedule of implementation of the plan, fulfilling the profit before tax target assigned by the GSM and the Bank's important business plan targets. The Board of Management was also able to promote business units to play the role of profit centers, reducing the number of loss-making business units. Credit quality control and debt settlement worked well.
- 4.2. Regarding the management: In difficult conditions due to the epidemic, the Board of Management actively and flexibly adjusted operations according to the location, applying the anti-epidemic personnel subsidy, stabilizing the business, taking good care of customers, the debt settlement exceeded the plan, business was slow in the middle of the year but made a breakthrough in the fourth quarter and reached the profit target.

5. The result of increasing charter capital of ABBANK

Pursuant to the provisions of law; Resolution of the General Meeting of Shareholders, Plan to increase ABBANK's charter capital; the written approval of the State Bank of Vietnam, the Certificate of the share offering registration, the written confirmation of the issuance dossier of the State Securities Commission, ABBANK has successfully implemented and ensured full compliance with the regulations. relevant regulations in both charter capital increases. Phase 1: Offering additional shares to existing shareholders and issuing shares under the ESOP Program ends on December 31, 2021 with ABBANK's charter capital increased from VND 5,713,113,550,000 to VND 6,969. 998,530,000 VND. Phase 2: Issuing shares to increase share capital from owners' equity (dividing bonus shares) has been implemented immediately after phase 1, and ended on February 11, 2022 with the charter capital of ABBANK continuing increased from 6,969.998,530,000 VND to 9,409,470,820,000 VND.

The proceeds from the offering and issuance of shares have supplemented to increase the size of working capital, meet the demand for sufficient capital to develop business, provide services, implement strategic initiatives and investment in information technology; improve financial capacity, ensure compliance with regulations of the SBV and international standards on risk management; and meet the criteria of independent rating organizations.

II. ORIENTATION FOR 2022

At the end of 2021, under the direction of the Board of Directors, the Board of Management has basically completed the set of business plan targets for 2022 based on the medium-term growth plan until 2025 with 5 specific objectives:

- Top 5 in terms of ROE in the ranking of commercial banks;
- Income from retail (Retail and SME) accounts for at least 70% of total net income from market 1, domestic and international service revenue accounts for at least 20% of total net income;

- Attracting and reaching 2 million individual customers;
- The average number of products used by more than 1 customers is at least 3 products;
- Modern corporate governance according to international standards.

The Board of Directors directs the implementation of business targets for profit growth with specific action plans assigned to the BOM and business units focusing on the following areas:

- Focusing on increasing outstanding loans on home loan products, production and business, services (insurance, international money transfer, bonds). Deploying priority customer segmentation model, deeply exploiting mass customers.
- Shifting the proportion to the small and medium enterprise customer segment.
- Deeply exploiting customers of the Group chain, promoting investment and trading in corporate bonds.
- Deeply exploiting customers of the group-of-enterprise chains, bond-related services.
- Effectively deploying activities of Sales & Service Division to coordinate and support branches and sub-branches and business divisions.
- Implement digital transformation activities according to the results of Information Technology Strategy Consulting Project advised by McKinsey.
- Implement the application of salary payment based on productivity.
- Improve automatic reporting capacity in risk management and general management.

1. Financial target in 2022

- Total asset: VND138,250 billion.
- Total deposit from customers: VND94,081 billion.
- Total lending: VND92,250 billion (*to be adjusted according to SBV approval at each period*).
- Profit before tax : VND3,079 billion.

(Details are presented in the CEO Report)

ABBANK's key tasks in 2022 and medium-term strategic orientation until the end of 2025 are to focus on customer satisfaction, improve service capacity, and develop specialized products, differentiate and master mass products to increase the number of customers using ABBANK's products and services, ensure asset quality and proactively avoid risks for sustainable growth; proactively respond to risky situations such as crises, war, epidemics, natural disasters...; promote the effectiveness of bad debt recovery achieved in recent years, achieve the set financial targets and enhance the Bank's brand image.

2. Governance

The Board of Directors expects that its operation in 2022 will focus on the following main contents:

- 2.1. Regularly directing, supervising and supporting the BOM and the entire system to focus their efforts, actively implement plans, promote business to achieve the plan goals in 2022

according to the adjusted strategic orientation of "Customer-centric" and stick to the strategic goals, the medium-term business plan (2021-2025).

- 2.2. Strengthen the direction and implementation of the orientations and requirements of the State Bank for the operation of credit institutions in Directive 01/CT-NHNN dated January 13, 2022 by the SBV on the key tasks of banking sector in 2022.

III. PROPOSAL

1. The Board of Directors respectfully requests the General Meeting of Shareholders to approve:
 - 1.1 . Report on activities in 2021 and operational orientation in 2022 of the Board of Directors with the above contents and audited financial statements for the financial year ended December 31, 2021 of ABBANK.
 - 1.2 Approving the listing of ABB shares at the Ho Chi Minh City Stock Exchange.
2. In order to proactively and promptly resolve arising problems (if any) during the period between the two General Shareholders Meeting, the Board of Directors would like to submit to the General Shareholders Meeting for approval the specific authorization to the Board of Directors. :
 - 2.1. Authorize the Board of Directors to decide on additional business lines in line with the Bank's business strategy and in association with the business plan approved by the GSM; carry out procedures and dossiers for updating and supplementing business lines in accordance with law;
 - 2.2. Authorize the Board of Directors to consider and adjust the business plan in accordance with the actual situation and the direction of state management agencies;
 - 2.3. Authorize and assign the Board of Directors to decide and list ABB shares on the Ho Chi Minh City Stock Exchange, specifically:
 - Decide on the time to list ABB shares (transfer from UpCOM);
 - Carry out necessary documents and procedures to list ABB shares;
 - Decide on other arising issues related to the implementation of listing ABB shares.

The Board of Directors is responsible for reporting the results of the implementation of the above authorized work contents (if any) to the GSM at the nearest meeting.

Respectfully submitted to the General Meeting of Shareholders for approval and assign the Board of Directors to direct and organize the implementation.

**ON BEHALF OF THE BOARD OF DIRECTORS
CHAIRMAN**

(Signed)

Dao Manh Khang