



## REPORT

ON 2021'S BUSINESS PERFORMANCE

## EXECUTIVE SUMMARY

### 1. Summary of market overview in 2021

#### Summary of key business indicators

Unit: bn VND

| Item                                  | Result        |               | Plan          | Compared to Result 2020 |             | Compared to Plan 2021 |             |
|---------------------------------------|---------------|---------------|---------------|-------------------------|-------------|-----------------------|-------------|
|                                       | 2021          | 2020          | 2021          | +/-                     | %           | +/-                   | %           |
| Total assets                          | 120,862       | 116,267       | 120,217       | 4,595                   | 104%        | 645                   | 101%        |
| Loans                                 | 78,640        | 69,469        | 81,655        | 9,171                   | 113%        | (3,015)               | 96%         |
| <i>Customer</i>                       | <i>69,137</i> | <i>63,446</i> | <i>76,505</i> | <i>5,691</i>            | <i>109%</i> | <i>(7,368)</i>        | <i>90%</i>  |
| <i>Corporate bond</i>                 | <i>9,503</i>  | <i>6,023</i>  | <i>5,150</i>  | <i>3,480</i>            | <i>158%</i> | <i>4,353</i>          | <i>185%</i> |
| Deposit 1st market                    | 80,547        | 80,591        | 87,112        | (44)                    | 100%        | (6,565)               | 92%         |
| <i>Customer</i>                       | <i>79,255</i> | <i>78,128</i> | <i>85,794</i> | <i>1,127</i>            | <i>101%</i> | <i>(6,539)</i>        | <i>92%</i>  |
| <i>Funds from IFC, DEG and NORFUN</i> | <i>1,292</i>  | <i>2,463</i>  | <i>1,318</i>  | <i>(1,172)</i>          | <i>52%</i>  | <i>(27)</i>           | <i>98%</i>  |
| Total income                          | 4,595         | 3,775         | 4,838         | 820                     | 122%        | (243)                 | 95%         |
| Operating expenses                    | 1,869         | 1,893         | 2,205         | (24)                    | 101%        | (336)                 | 115%        |
| Operating profits before provisions   | 2,726         | 1,882         | 2,633         | 844                     | 145%        | 93                    | 104%        |
| Total Credit risk provision           | 747           | 513           | 660           | 234                     | 54%         | 87                    | 87%         |
| <b>Profit before taxes</b>            | <b>1,979</b>  | <b>1,368</b>  | <b>1,973</b>  | <b>611</b>              | <b>145%</b> | <b>6</b>              | <b>100%</b> |

**Summary of key financial indicators**

| Item  | Result 2021 | Result 2020 | Plan 2021 | Unit      |
|---|-------------|-------------|-----------|-----------|
| Return on average Equity (ROaE)             | 19.3%       | 16.5%       | 21.1%     | %/y       |
| Return on average Asset (ROaA)              | 1.67%       | 1.25%       | 1.6%      | %/y       |
| Profit before tax / Revenue (Profit margin) | 43.1%       | 36.3%       | 40.8%     | %         |
| Cost Income Ratio (CIR)                     | 40.7%       | 50.1%       | 45.6%     | %         |
| Capital Adequacy Ratio (CAR) (*)            | 12.8%       | 9.0%        | >8%       | %         |
| Asset Equity Ratio (A/E)                    | 10.4        | 13.2        | 12.1      | Times     |
| Debt Equity Ratio (D/E)                     | 9.4         | 12.2        | 11.1      | Times     |
| Equity Asset Ratio (E/A)                    | 9.6%        | 7.6%        | 8.2%      | %         |
| Debt Asset Ratio (D/A)                      | 90.4%       | 92.4%       | 91.8%     | %         |
| Loans Asset Ratio (LAR- credit risk factor) | 57.2%       | 54.6%       | 67.9%     | %         |
| Loans Deposit Ratio (LDR)                   | 87.2%       | 81.2%       | 95.2%     | %         |
| Profit before tax/staff                     | 511         | 366         | 445       | Mil.VND/y |

(\*)CAR data in the table is calculated according to Circular 41/2016/TT-NHNN.

**Key achievements of the year 2021**

In 2021, ABBANK has achieved positive achievements in terms of profit and growth of the entire line.

The detailed report on the entire operations of ABBANK in 2021 is detailed in the information below. The report's aggregate data is updated by the end of December 31, 2021.

**The General Director respectfully reports and submits to the General Meeting of Shareholders for approval of the 2021 Business Results Report of ABBANK.**

**An Binh joint stock commercial bank (ABBANK)**

**Chief Executive Officer**

*(Signed)*

**NGUYEN MANH QUAN**

## REPORT

### I. FINANCIAL PERFORMANCE

#### 1. Business performance of ABBANK

Unit: bn VND

| Item               |                                  | Result         |                | Plan           | Compared to Result 2020 |             | Compared to Plan |             |
|--------------------|----------------------------------|----------------|----------------|----------------|-------------------------|-------------|------------------|-------------|
|                    |                                  | 2021           | 2020           | 2021           | +/-                     | %           | +/-              | %           |
| <b>Total asset</b> |                                  | <b>120,862</b> | <b>116,267</b> | <b>120,217</b> | <b>4,595</b>            | <b>104%</b> | <b>645</b>       | <b>101%</b> |
| <b>Loan</b>        | <b>Total loans</b>               | <b>78,640</b>  | <b>69,469</b>  | <b>81,655</b>  | <b>9,171</b>            | <b>113%</b> | <b>(3,015)</b>   | <b>96%</b>  |
|                    | Consumer                         | 33,174         | 29,223         | 35,051         | 3,951                   | 114%        | (1,877)          | 95%         |
|                    | SMEs                             | 16,609         | 15,079         | 18,618         | 1,530                   | 110%        | (2,009)          | 89%         |
|                    | Corporate                        | 28,708         | 25,018         | 27,835         | 3,690                   | 115%        | 873              | 103%        |
|                    | DATC bonds                       | 150            | 150            | 150            | 0                       | 100%        | 0                | 100%        |
| <b>Deposit</b>     | <b>Total deposits 1st market</b> | <b>80,547</b>  | <b>80,591</b>  | <b>87,112</b>  | <b>(44)</b>             | <b>100%</b> | <b>(6,565)</b>   | <b>92%</b>  |
|                    | Consumer                         | 32,091         | 36,188         | 41,714         | (4,097)                 | 89%         | (9,623)          | 77%         |
|                    | SMEs                             | 5,432          | 4,658          | 4,483          | 773                     | 117%        | 949              | 121%        |
|                    | Corporate                        | 43,024         | 39,745         | 40,915         | 3,279                   | 108%        | 2,109            | 105%        |
|                    |                                  | 1,292          | 2,463          | 1,318          | (1,172)                 | 52%         | (27)             | 98%         |
| <b>Investment</b>  | Government bonds                 | 6,933          | 4,390          | 2,429          | 2,544                   | 158%        | 4,504            | 285%        |
|                    | Bonds issued by Cis              | 4,942          | 7,048          | 400            | (2,106)                 | 70%         | 4,542            | 1236%       |

| Item                    |                                     | Result        |               | Plan         | Compared to Result 2020 |             | Compared to Plan |             |
|-------------------------|-------------------------------------|---------------|---------------|--------------|-------------------------|-------------|------------------|-------------|
|                         |                                     | 2021          | 2020          | 2021         | +/-                     | %           | +/-              | %           |
|                         | Bonds issued by economic entities   | 10,631        | 7,535         |              | 3,096                   | 141%        |                  |             |
|                         | Equity securities                   | 2             | 2             |              | 0                       | 100%        |                  |             |
|                         | Long-term investment                | 377           | 443           | 443          | (66)                    | 85%         | (66)             | 85%         |
|                         | <b>Total</b>                        | <b>22,886</b> | <b>19,419</b> | <b>3,272</b> | <b>3,468</b>            | <b>118%</b> | <b>19,614</b>    | <b>699%</b> |
| <b>Bussiness result</b> | Net interest income                 | 3,038         | 2,345         | 3,205        | 693                     | 130%        | (167)            | 95%         |
|                         | Net service income                  | 372           | 209           | 673          | 163                     | 178%        | (301)            | 55%         |
|                         | Other incomes                       | 1,185         | 1,221         | 960          | (36)                    | 97%         | 225              | 123%        |
|                         | <b>Total income</b>                 | <b>4,595</b>  | <b>3,775</b>  | <b>4,838</b> | <b>820</b>              | <b>122%</b> | <b>(243)</b>     | <b>95%</b>  |
|                         | Operating expenses                  | 1,869         | 1,893         | 2,205        | (24)                    | 101%        | (336)            | 115%        |
|                         | Operating profits before provisions | 2,726         | 1,882         | 2,633        | 844                     | 145%        | 93               | 104%        |
|                         | Total Provisions for credit risk    | 747           | 513           | 660          | 234                     | 54%         | 87               | 87%         |
|                         | <b>PBT</b>                          | <b>1,979</b>  | <b>1,368</b>  | <b>1,973</b> | <b>611</b>              | <b>145%</b> | <b>6</b>         | <b>100%</b> |

Total assets as of December 31, 2021 increased by VND 4,595 billion (equivalent to an increase of 4%)

Profit before tax in 2021 increased by 611 billion VND (equivalent to an increase of 45%) compared to 2020. In which:

- Total income increased by VND 820 billion (equivalent to an increase of 22%), including:
  - Net interest income increased by VND 693 billion (equivalent to an increase of 30%) compared to 2020.
  - Income from service activities increased by VND 163 billion (equivalent to a increase of 78%).
  - Other income decreased by VND 36 billion (equivalent to 3% decrease) compared to 2020.
- Total provision for credit risk (including provisions of VAMC bonds) was VND 747 billion, an increase of VND 234 billion compared to 2020.

In general, the business results of the whole year of 2021 achieved good results with profit before tax in 2021 of VND 1,979 billion.

## 2. Analysis of operating costs

*Unit: Bn VND*

| Operating expenses   | Result         |                | Plan           | Compared to Result 2020 |             | Compared to Plan 2021 |             |
|--|----------------|----------------|----------------|-------------------------|-------------|-----------------------|-------------|
|  | 2021           | 2020           | 2021           | +/-                     | %           | +/-                   | %           |
| 1. Taxes and other fees  | 1.6            | 1.8            | 2.0            | (0.2)                   | 110%        | (0.4)                 | 121%        |
| 2. Expenses for staff  | 980.9          | 919.1          | 1,169.8        | 61.8                    | 93%         | (188.9)               | 116%        |
| 3. Expenses for management activities                          | 341.3          | 403.9          | 481.9          | (62.6)                  | 116%        | (140.6)               | 129%        |
| 4. Expenses for assets   | 493.3          | 469.0          | 473.8          | 24.3                    | 95%         | 19.5                  | 96%         |
| 5. Expenses for reserve & deposit insurance and other reserves | 51.9           | 99.1           | 77.7           | (47.2)                  | 148%        | (25.8)                | 133%        |
| <b>TOTAL</b>   | <b>1,868.9</b> | <b>1,892.9</b> | <b>2,205.2</b> | <b>(24.0)</b>           | <b>101%</b> | <b>(336.2)</b>        | <b>115%</b> |

Operating expenses of the whole bank is similar to that of 2020, which is 336 billion lower compared to the plan, of which:

- Staff cost: reduced by 189 billion VND (equivalent to 16% lower than planned) thanks to the effective control of the average number of employees.

- Property cost saw a VND 19.5 billion increase (equivalent to 4% higher than the plan)
- Expenses for public service management: VND 140.6 billion reduction (equivalent to 29% lower than the plan).

## II. BUSINESS RESULT

### 1. Consumer Banking

#### 1.1 Completion of annual business targets 2021

Unit: Bn VND

| Item               | Result    |           | Plan   | Compared to Result (%) | Compared to Plan (%) |
|--------------------|-----------|-----------|--------|------------------------|----------------------|
|                    | 2021      | 2020      | 2021   | 2020                   | 2021                 |
| Deposit            | 32,091    | 36,188    | 41,714 | 89%                    | 77%                  |
| Loan               | 33,174    | 29,223    | 35,051 | 114%                   | 95%                  |
| No. Customer       | 1,201,895 | 1,071,554 |        | 112%                   |                      |
| No. Debit Card     | 110,246   | 89,887    |        | 123%                   |                      |
| No. ATM            | 218       | 218       |        | 100%                   |                      |
| No. POS            | 1,215     | 1,198     |        | 101%                   |                      |
| NFX                | 30        | 6         |        | 500%                   |                      |
| Mobilebanking user | 137,454   | 42,159    |        | 326%                   |                      |

#### Achievements 2021

##### a) POLICIES AND PRODUCTS:

Strategy implementation "Customer-centric", the Retail Banking Division (RBD) has adjusted policies and products to suit each specific customer segment; such as "Flexible business loans, House with high liquidity " Therefore, RBD development has been achieved the following positive results:

- Loan in 2021 increased by net **3,951 billion**, exceeding **14%** compared to the same period in 2020.
- NXF got tremendous growth, reaching **32 billion, 5 times higher than in 2020**.
- Bancassurance fee reached **45 billion** in the first 6 months of the year (especially the highest month reached 23 billion in sales, the highest ever, there are units with over 1 billion APE/month)

##### b) TECHNOLOGY:

Along with the strategy of "Customer centric", Technology is also a top priority of the Bank and RBD has launched many high-tech products and improved customer experience such as:

- Integrate more functions to diversify products and services on the digital platform "AB Ditizen": Opening account via **eKYC**, integrate Visa Visa DebitCard, PIL online, QR payment, buying airline tickets/movie tickets/train tickets/car tickets, Billing , VnShop,

choosing specific digital account online, etc. So, Mobilebanking users increased by 326% compared to 2020.

- Leading Mobilebanking market with “Opening account have also Letter & Number” solution, which was positively happy by Customers and Salesforce. In just 6 months from 18-Jun-2021 to 31-Dec-2021, the revenue has reached 45 billion, contributing a significant proportion to the service revenue of the Bank.

### c) BUSINESS PROMOTION:

In addition to policy and product revisions, RBD also focused on improving the sales productivity & organizing business promotion programs in 2021, specifically:

- Organized "**Direct Sales Day**" across the Bank & Roadshow "**Digital Citizen - Ditizen overwhelmed the streets**", 10,459 new customers added, 6,342 new combo AB Ditizen and Visual Card opened.
- Organized **60** training classes on Investment Products across the Bank.
- Developed **20** salecontest programs for Salesforce.
- Organized **35** Talkshows on topics of sales skills & sales problems, training/sharing on "**Skills of sales on Covid**".
- In 2021, with the goal of accompanying customers to overcome the Covid-19 pandemic, RBD has actively deployed loan programs to support customers to restore business activities as well as ensure consumer demand. With an interest rate of only **6.8%**, the Division has completed serving **16,485 customers**, loans amounting to more than **37,000 billion VND**.

Consistently following the Bank's general strategic direction, the Division will continuously strive to bring more new programs/solutions more suitable to the needs of each segment, enhancing the customers experience, and always accompany with business units/sales to enter 2022 with a new mindset that is stronger and more effective.

## 2. Corporate Banking

### 2.1 Achievements of annual business targets 2021

Unit: Bn VND

| Items                                   | Results |        | Plans  | Compared to Results | Compared to Plans |
|---|---------|--------|--------|---------------------|-------------------|
|   | 2021    | 2020   | 2021   | 2020                | 2021              |
| Deposits                                | 43,024  | 39,745 | 40,915 | 108%                | 105%              |
| Lending                                 |         | 25,018 | 27,835 | 115%                | 103%              |
| Services Fees (including guarantee fee) | 167     | 101    | 189    | 166%                | 88%               |

Note:

- Deposit includes value papers issued VND Bil 11,400; IFC, DEG, Norfund: 1,292 Bil VND
- Lending including Corporate Bonds



## 2.2 Key achievements in 2021

### a) As for the business:

- Lending: Although facing consequences of Covid-19 pandemic, corporate lending increased 115% against 2020 to VND 28,708 bill and achieved 103% the plan of 2021, that contributed to bank lending growth. Besides, corporate lendings focus on those customers with strong financials, operating in those sectors with potential of development and less impacted by pandemics.
- Deposits: Corporate deposits of VND 43,024 bill, increased 108% against 2020 and achieved 105% the plan of 2021. Corporate business division continue to build policy to maintain high ratio of average current deposits to lower the costs of funds costs, that enable to decrease borrowing rates for those companies have been impacted by Covid pandemic.
- Services fees: Corporate service fees increased strongly 66% against 2020 to VND 167 bills, but only achieved 88% plan of 2021. This strong growth of service fees due to deeply implementing services as financial consulting, assets managements, customized cash management for groups of corporations, big corporations, strategic partners...

### b) Product developments

- ABBANK continues to invest heavily to upgrade, to develop high tech products, services to follow the trend of Omnichannel Banking and meet the customers needs of online transactions during Covid pandemics.
- ABBANK has been building and carrying out the customised cash management services for groups of corporations, big corporations, strategic partners...to help them having efficiently managed the pool cash, to manage cash of the concentrated and distributed accounts at the realtime.
- Ebanking services with 4 control layers has been developed to meet the high standard of safety required by group of Coporation, big corporation for online transactions.
- The payment channels as Electronic Tax Payment, Elctronics Customs Payments 24/7 are maintained and developed to meet corporation needs of government tax payments
- With the development of bond market, ABBANK focus on updating of consulting services, bond investments, bond distribution and agency services.
- In addition to development of high tech products, services, ABBANK build, develop products to targets customers as as contractors to EVN, contractors to Ministry of Police and Ministry of Defence, contractors to Viettel Group, contractors to strategic parners, contractors using government funds, industrial real estates sectors..

## 3. SMEs Banking

### 3.1 Results of completing the year business targets 2021

Unit: Bn VND

| Item  | Result |        | Plan   | Compared to Result | Compared to Plan |
|---|--------|--------|--------|--------------------|------------------|
|   | 2021   | 2020   | 2021   | 2020               | 2021             |
| Deposits                                    | 5,432  | 4,658  | 4,483  | 117%               | 121%             |
| Loans                                       | 16,609 | 15,079 | 18,618 | 110%               | 89%              |
| Service revenue (Excluded credit guarantee) | 75     | 43     | 88     | 174%               | 86%              |
| Credit guarantee revenue                    | 70     | 61     | 114    | 114%               | 61%              |
| Trade service revenue (USD mil)             | 432    | 395    |        | 109%               |                  |

### 3.2 Significant achievements of SMEs in 2021

#### a) Products and service:

- SMEs division continues to review, re-planning SMEs pecialized product line according to 2 customer segment groups: small and medium (SE&ME) and micro SMES (SSE). New product helps to deal with issues such as: Optimized processing time, shortened list of documents, simplified procedures, more suitable to reality of business model and the credit needs of segments. In addition, ABBANK also specially implemented more preferential policies on margin ratio/deposit for L/C, guarantee, increased loan to value ratio (LTV) of collateral, etc. to show gratitude to SMEs customers who have transacted with ABBANK for 2 years or more.
- Deploying product Packages on financing to contractors of Viettel, EVN, the Ministry of Public Security, Ministry of National Defense, bidding packages with state budget capital, contractors of strategic partners with many incentives on type of collateral, LTV, deposit for L/C issuance, guarantee, service fee, ....
- Launching policies of accepting collateral as property rights arising from lease/leaseback contracts in industrial parks and industrial zone in key areas, such as Bac Ninh, Hung Yen, Dong Nai, Binh Duong, Long An, ...

#### b) Business development programs:

- Many interesting and competitive interest rate incentive programs with a total limit of up to 5,600 billion VND were deployed to create more tools for sales such as: "Nhan von uu dai, kinh doanh sieu lai", "SMEs tiep von dau tu", "Tang truong ngoai thuong, huong tron uu dai",... in addition, there is also promotion package on account for SMEs with the highlight of of exempting and reducing more than 10 types of service fees within 6 months.

**c) Internal emulation program:**

- Implement synchronously business promotion programs: “New Customer – Excited Gift”; “Increasing loan – Breaking success”; “Increasing CASA – Get unlimited commissions”; “Increasing service fee – Get full commissions”; “International payments – Excited to compete”, ... It provides incentives for sales, contributing to the improvement of SMEs labor efficiency, up 52% from 2020.

**d) Business Support Activities/ Solutions:**

- Review of Guarantee Policies (with Risk Department);
- Deploy 6 courses of theory and skills, 4 courses of news products and services, combined with the coaching times about the topic: guarantee, operation skills for the SRMs in each areas.
- Periodically or irregularly organize inter-departmental meetings to promptly solve problems arising during the operation.
- Business Development Directors' Team: Regularly support business units in approaching, appraising customers, processing and protecting documents before credit approval levels.

**4. Investment and Interbank**

- Ensure the bank's liquidity and comply with safety ratios as required by State Bank of Vietnam.
- Concentrate on trading interest rates, foreign exchange, derivatives to capture market opportunities for profitability.
- Actively seeking partners, expanding relationships in the interbank market, especially foreign banking partners.
- In 2021, ABBANK has successfully issued a notional amount of 11.000 billion VND bond with tenor 2-3 year, with interest rate ranging from 2.8% -4.0% annually to the market.

**5. Debt collection**

Recovery – settlement from NPLs and bad debt in 2021:

*Unit: VND billion*

| Whole system | Principal       | Interest      | Collateral    | Total           |
|--------------|-----------------|---------------|---------------|-----------------|
|              | <b>1,441.39</b> | <b>184.26</b> | <b>344.78</b> | <b>1,970.43</b> |

- In 2021, ABBANK recovered VND **1,970.43** billion from settling NPLs and problem debts, reaching **119%** of the whole year plan (*VND 1,650 billion*). This positive result contributed to reducing the NPLs ratio and improving the overall business performance of ABBANK.
- As of December 31, 2021, ABBANK well controlled all bad debt ratios, specifically: The on-balance sheet bad debt ratio was controlled at **1.65%**, guaranteed to be less than 3% in

accordance with the SBV's regulations; The ratio of bad debt on the balance sheet, unresolved bad debts from VAMC and potential debts becoming bad debts were **3.5%**, successfully fulfilling the control target at below 3.6% assigned by the Deputy Governor of the State Bank to ABBANK.

#### 6. ABBANK's asset quality as of 31/12/2021:

(unit: million VNĐ)

| Loans classification of ABBANK | Outstanding loan balance |
|--------------------------------|--------------------------|
| <i>Standard loans</i>          | 65,372,339               |
| <i>Special-mention loans</i>   | 1,994,898                |
| <i>Sub-standard loans</i>      | 334,497                  |
| <i>Doubtful loans</i>          | 418,614                  |
| <i>Loss loans</i>              | 863,651                  |
| <b>Total</b>                   | <b>68,983,999</b>        |

#### 7. Provision for loans to customers has been accounted for the Dec. 2021 as follows:

- Specific\_Provision : VND 300,019 million
- General Provision : VND 510,901 million

#### 8. Used provision for write-off

In 2021, ABBANK used the provision to write off VND **773** billion of bad debts (VND **208** billion of bad debts on-balance sheet and VND **565** billion of bad debts bought back from VAMC). ABBANK recovered VND **204** billion of bad debts sold to VAMC and VND **169** billion of written off bad debts in the off- balance sheet in 2021.”

### **III. RESULT OF OPERATION - ORGANIZATION**

#### **1. Risk management**

##### **1.1. Credit risk management & credit supervision**

- a) Improve the system of policy processes to ensure compliance with legal regulations: risk appetite, credit development orientation, credit risk limit, documents related to credit policy.
- b) Projects implemented during the year: Reorganize the centralized credit approval model; improving the scoring model, customer rating system according to Basel standards; Completed updating and implementing the scoring and Credit Rating according to the new scoring model for the SME customer segment and is implementing the Project of Building

quantitative risk models for the S&T segment along with the Building Risk Data Warehouse (Risk Data mart).

- c) Control and monitor operational safety indicators and give timely warnings on compliance with risk limits; provide adequate information and report on credit risk to the State Bank (SBV) and relevant units.
- d) Perform debt classification, calculate credit risk provisions, monitor debt structure according to Circular 01/2020/TT-NHNN and other amendments and supplements of the State Bank to support customers. products affected by the Covid-19 pandemic.
- e) Post-credit monitoring activities are carried out regularly and continuously, helping ABBANK to detect early signs of violations in credit extension activities. On that basis, take timely solutions to correct operational activities, as well as minimize risks for ABBANK.

### 1.2. Market risk management

- a) The Bank has implemented the CAR calculation system (RWA system) since December 2019 as required by Circular 41/2016/TT-NHNN. Thereby, the calculation result of ABBANK's capital adequacy ratio as of December 31, 2021 is 12.79%, the average level in 2021 is 11.42%, the highest is 12.84%, always above the requirement. SBV's demand is 8%.
- b) Completing the market risk management framework according to the provisions of Circular 13/2018/TT-NHNN and Circular 41/2016/TT-NHNN through the full issuance of Policies, Regulations, Procedures, Limit risk, separate Business Book and Bank Book to unify and improve the efficiency of market risk management. The re-evaluation of market risk status was carried out by ABBANK during the day and at the end of the day.
- c) The measurement of market risk value on the Trading Book and the effectiveness of the Business Book portfolio is controlled daily, using blocking points and supported by an information technology system (IT). ). The Bank controls the Maximum expected loss value of open foreign currency positions at the end of the day (Value at risk) for the entire foreign currency portfolio held.
- d) ABBANK constantly develops and completes a set of tools to measure and set market risk limits based on risk appetite and business strategy, net open position limit and stress test ( Stress Test) to build a suitable set of market risk limits for ABBANK.

### 1.3. Payment risk

- a) ABBANK maintains a liquidity position that is always at a safe level higher than the requirements of Circular 22/2019/TT-NHNN. Specifically, the ratio of liquidity reserves as of December 31, 2021 is 18.13% (the level prescribed by the State Bank of 10%), the average rate is 18.45%, the highest rate is 26.06% , the lowest is 14.55%. Other prudential ratios are always higher than those prescribed by the State Bank.
- b) ABBANK completed the liquidity risk management framework by selecting PwC Vietnam Co., Ltd. to advise on liquidity risk management including interest rate risk on the Bank Book. The project has brought positive effects in management and operation in accordance with advanced world practices such as the monitoring of Basel III ratios, solvency LCR and stable capital ratio. NSFR medium and long term.

### 1.4. Operational risk management

- a) Overall review, adjustment and issuance of most of the Regulations on operational risk management, typically the development of regulations on risk management and risk limits,

Risk management regulations for operations non-cash payments, processes on operating risk management tools.

- b) The development and implementation of a set of remote monitoring indicators also brought many encouraging results, timely detecting operational errors/errors, supporting verticals to self-identify and reduce minimize risks.
- c) Regarding Business Maintenance (BCP): Finalize Regulations on Business Maintenance Planning, promulgate Regulations on setting up response teams to meet timely handling of risks risks arising during the Covid-19 pandemic. Completing well the coordination of limited activities at the BOS and HO, ensuring uninterrupted customer care and business activities, and having timely support policies for employees. In 2021, BCP completed rehearsals at some business units about armed robbery situations to help employees be proactive in handling situations.
- d) Strengthen communication throughout the system, design and develop internal web on risk management communication at ABBANK and warn customers of forms of fraud through online transactions.

## **2. Credit appraisal and approval**

### **2.1 Property appraisal**

- a) Developed and issued regulations on quality supervision and management of hiring independent valuation units
- b) Ongoing construction of TTTS software – Price warehouse: specifically, the bidding schedule has been completed and the contractor has been selected, and the procedures for signing the contract are being completed with the software construction contractor.
- c) Especially during the outbreak of the Covid-19 epidemic, in order not to disrupt business operations, the Bank has issued a number of flexible regulations on valuation to ensure that the negative impacts of the epidemic are minimized. , specifically as:
  - Promulgating apartment price brackets in Hanoi, Ho Chi Minh City, Da Nang and Can Tho.
  - Promulgating regulations on handling the actual appraisal of customers and assets of the Credit Power & Development Division during the Covid epidemic.

### **2.2 Credit appraisal:**

#### **a) Credit appraisal of SMEs:**

Adjust the list of credit applications for each customer segment, develop regulations on quick re-grant for SMEs; develop regulations for appraisal and approval at the business unit, and at the same time coordinate with the Retail Banking Division, SME, and Whole Sales Banking Division to develop and issue a form of submission and check list related to debt restructuring for customers affected by Covid.

#### **b) Credit appraisal of Individual Customers:**

Building flexible business loans to supplement working capital for Individual Customers.

#### **c) Credit appraisal of Corporate customers:**

- Develop and issue Guidelines on assessment/appraisal of medium and long-term projects to support the access and handling of project investment documents.
- Adjusting the Evaluation Guidelines according to the 6C principle in a concise way, contributing to increasing productivity and reducing costs for the system with key criteria focusing on analysis and evaluation.

- Training: Implement training on the system-wide customer plan on appraisal guidelines according to 6C - the core document in the Bank's credit work.

### **2.3 Credit approval:**

- a) LOS software project: Phase 1.5 has been completed, improving and developing missing features for phase 1 of Science and Technology.
- b) Complete centralized appraisal and approval of the whole system at Head Office.
- c) Establishing an AdminLOS team to receive the LOS system from the project board to administer and operate the system.
- d) Establishment of performance management (performance) segment for credit appraisal and approval.
- e) Establishment of quality management for credit appraisal and approval.

## **3. Operations and Customer Service**

### **3.1. Customer service center:**

- a) Exceeded the business plan of Operation: ~107%
- b) Complete golive of Smartform Phase 3 project on schedule:
  - Respond to requests for a single software for the team at the Counter
  - Reduce transaction time with customers: Data entry time is reduced by 1-3 minutes, system processing time is reduced by 10 seconds
- c) Completed the implementation of the title of Consultant at 165 businesses.
- d) Coordinate with Banking Technology Division and partner Base to continue to complete the requirements of the Switchboard Phase 1 golive on January 19, 2021 and continue to build Phase 2.
  - Complete features on ContactCenter system: OI, Recording, KB, CRM, reporting system, missed call management, telephony productivity.
  - Limiting errors about loss of recording files and data connection features with internal systems (CoreBanking/Card/eKYC) for customer identification/verification and support.
  - Measurable SLAs participating in the customer feedback processing flow.
- e) Completing the implementation of centralized fund model (HUB) and fund management software (Flexash) (March 2021).
  - Centralize personnel, reduce operating costs
  - Manage the refund/refill processes at the beginning of the day, the end of the day, and the day
  - Manage inventory limit in real time (reducing average cost of goods sold by ~ 17% compared to 2020).

### **3.2. Credit Operations Center:**

- a) Completed 09 utilities to complete the T24 system and the document circulation systems
- b) Increased centralization of Credit Operations: 100% of credit operations are performed at the Credit Culture Center in order to increase the quality of transaction execution provided to customers by reducing the application processing time but still ensure risk management due to the participation of legal personnel in controlling, managing records and performing accounting.
- c) Golive the new document circulation systems system, in line with the customer-focused LC process.



- d) Collaborate with Science and Technology department to build Savings book mortgage loan flow at ABBANK in an automatic way.

### **3.3. International Payment Center:**

- a) Complete 13 utilities on T24.
- b) Completing the survey phase of the project Building an online international money transfer system, as part of DB's project, towards a modern and convenient international payment service technology solution for customers. In addition, ABBANK also registered with SWIFT to implement the Payment Prevalidation solution, which allows banks to verify that the data in their payment instructions is accurate and matches the specific requirements in the customer's country. before sending an international payment instruction, helping to reduce the risk of payment failure due to incorrect data.
- c) Coordinate with Dealteam and Retail Banking Division to review and modify international payment products, trade finance for both corporate and individual customers, conduct product training, promote product sales while controlling transaction risk.

### **3.4. Domestic Payment Center:**

- a) Complete 23 utilities on T24.
- b) ABBANK is one of ten domestic banks participating in the implementation of NAPAS, officially going live the ACH fast money transfer system phase 1 from May 27, 2021, adding quick money transfer service at the counter, improving High quality service and customer experience.
- c) Participate in data management projects, Smartforms, DRP drills and ABBANK's projects
- d) Research and develop, apply new technologies such as RPA, OCR, .. in payment activities.

### **3.5. Anti-money laundering:**

- a) Participate in consulting/training on products of the Center for Remittances - Science and Technology Division to ensure strict compliance with anti-money laundering.
- b) Support to look up information/consultation for Dealteam transactions.
- c) Coordinate with the International Payment Center to review foreign currency remittance documents for the purpose of family allowance/service fee payment/settlement fee payment.

## **4. Banking technology**

Transforming the Bank's digital capacity with key projects to support labor productivity improvement, covering the Bank's fields of operation:

- a) Credit operations support system: LOS 1.5 loan management solution, SMEs credit rating system, CIC centralized credit information management software project.
- b) Business support system at the counter: Flexcash fund management software, Smarform phase 3 counter transaction software, ACH cash transfer software
- c) System-wide user support software: Office 365.
- d) Especially, at the end of 2021, ABBANK will implement the project with partner McKinsey (completed in January 2022). Outputs of the Project achieved consensus from the Board of Directors and the Board of Directors.

## **5. Network and brand development activities**

### **a) Network Development Activities:**



- As of December 31, 2021, ABBANK's network has a total of 165 transaction points, of which: 35 branches and 130 transaction offices.
- In 2021, the relocation of ABBANK's Head Office has been completed from Ho Chi Minh City. Ho Chi Minh to City. Hanoi, creating favorable conditions for ABBANK in providing products and services, serving and exploiting customers in the northern markets more effectively.

**b) Brand Development and Marketing activities**

- According to Mibrand's report (2021), ABBANK is ranked first in terms of growth rate of customer recommendation factor in the banking industry, which means that the percentage of customers who refer ABBANK to relatives and friends is increasing, higher than other banks. This shows that the brand promotion strategy associated with utility technology products and services has achieved positive results. ABBANK's brand health index is also rated by Mibrand as the top 10 strongest banks (excluding big4). In addition, ABBANK is also in the Top 10 for brand growth in the Finance - Banking industry, announced by YOUgov.
- ABBANK continues to make its mark as a responsible bank to the community when continuously announcing social security support activities during the Covid-19 epidemic with a total funding value of VND 13.3 billion for agencies, departments, medical units: Donate 200 ventilators to the Ministry of Health, equivalent to 10 billion VND; Donated 2 ambulances to the Ministry of Public Security, equivalent to 3.1 billion VND; Calling to support 165 million VND for the medical team of Hanoi Medical University to participate in the fight against the epidemic in Binh Duong; Sponsored 200 houses for poor households in Dien Bien province worth 10 billion VND.
- ABBANK won the Asia's Best Working Environment award announced by HR Asia for the second year in a row.
- Implement many marketing activities for products and services / Promotion programs and support business units with many large programs with high efficiency exceeding KPIs such as: Roadshow Digital Citizen - Ditizen flooded the street; Nice digital account; Free all in; Priority card.... In which, the promotion and communication activities are budgeted with various forms, achieving 100% of advertising KPIs and communication values. Earn 10 times the cost.
- Actively control information about ABBANK on platforms and handle incidents promptly and effectively.
- Implement many activities with various forms of internal communication to attract the attention of employees such as: ABBANK Choice Award system; An Binh's cover dance contest; ABBANK Family Photo Contest – The fulcrum of love...; contributing to enhancing ABBANK's cultural values and creating cohesion within the bank.

**6. Human Resource Management**

The HR strategy with 3 pillars Attracting, Developing and Engaging Talents (BUY-BUILD-BIND) for the period 2022-2025 has been approved by the Board of Directors to meet sufficient resources in both quality and quantity for implementation. bank strategy. In

particular, the important factor is changing the mindset to put employees at the center of all activities and development during their journey at ABBANK.

**a) Attracting talent:**

- In 2021, recruitment activities have met 91% of the human resource needs of the entire system, especially key positions at the Head Office, with priority given to the areas of business development and administration. in order to supplement ABBANK's high-quality staff, and at the same time ensure the strength for the Bank's business units and core operations.
- Regarding the creation of human resources: despite the impact of the Covid-19 epidemic, ABBANK actively participated in a number of online job fair programs organized by the University of Technology, Ho Chi Minh City (Huteach). , University of Finance and Marketing and University of Banking organized to communicate and attract candidates. ABBANK has also implemented the Student Internship Program to create opportunities for students to have practical experiences, access a professional, dynamic and creative working environment, and immerse themselves in the working atmosphere. job and seize the opportunity to become an official human resource of ABBANK in the future. ABBANK's recruitment brand in 2021 is also improved and enhanced by increasing the reach rate on social networking sites such as Facebook, LinkedIn, Instagram, etc.
- At ABBANK, each staff member has the opportunity to experience jobs suitable to their professional capacity, and is given all the conditions to contribute their own initiatives to continuously improve the quality and efficiency of work. part of increasing labor productivity and promoting ABBANK's business activities.

**b) Talent training and development**

- ABBANK focuses on the goal of digital transformation, retraining as well as advanced skills training for employees is an extremely important task, especially in the context of the negative impacts of the COVID-19 pandemic. 19 is limiting workers' opportunities for skill development.
- Last year, based on the key task set out by the Bank's Board of Directors as "Focusing on development for business divisions and business titles", training & development has gradually been implemented. Currently applying digital transformation and information technology in teaching, learning, program development, management and implementation, and many other areas to help improve processes faster and more efficiently. In order to adapt to the new normal and encourage the need for non-stop learning, the E-learning and Development Center has applied the Microsoft ecosystem (Teams, Sharepoint, Forms, Outlook, Stream ...) in organizing online classes, E- learning, exams, tests, exercises. The thorough application of Microsoft in training management and implementation has brought a new wave of employees participating in training, innovating experiences and making optimal use of ABBANK's available resources.
- In addition, improving the quality of the team in terms of expertise and skills is a central task of the team building work at ABBANK. ABBANK has organized more than 440 courses, for 29,955 trainees, equivalent to 92,135 training hours in 2021. In addition to focusing on providing professional guidance and skills for employees in the Covid era, ABBANK also equipped knowledge to change the mindset for the Executive Board to adapt to the new era

such as Agile Mindset for Leader, Cultural Journey as well as improving Human Resource Management for Human Resources Division.

- In addition, training communication is also very focused and deployed regularly to build an active learning community through diverse and multi-dimensional communication channels.
- Specifically, a number of activities, programs and projects implemented in 2021 include:
  - ✓ Organized over 440 training courses with different forms such as classroom training, e-learning, professional activities.
  - ✓ Update title training programs for RM, SRM GDV, KSV for new recruits
  - ✓ On Boarding program for all new employees when joining ABBANK to have the most basic knowledge about ABBANK overview
  - ✓ Successfully organized 06 full-service compliance contests: Transactions at the Counter – test the professional knowledge of the operating line during the operation at the counter; Treasury operations - checking the knowledge of the treasury as a basis for the authorization of the treasury when the operator is absent or unexpectedly busy; Data management - check the basic knowledge of the database staff
  - ✓ Building an LMS system for data management in training management, improving accuracy, timeliness and maximizing automation in training data management
  - ✓ Building and developing the Training Portal on the Sharepoint platform to help employees actively search and capture information about the program framework, classes, training events, etc.
  - ✓ Issue monthly Training Newsletter via email to summarize monthly training activities and encourage training participation through categories such as Typical Trainer and Typical Trainee.
  - ✓ Organized Internal Lecturer Appreciation Ceremony with the theme: Lighting up the Argument Transformation Journey

Training & Development at ABBANK always strives to give employees the best support to help them complete their jobs. New employees joining An Binh House all feel welcome and soon get acquainted with ABBANK's environment through the Integration Training program - a training program combining multi-modality. During their work at ABBANK, employees often exchange and improve their abilities through training classes on professional knowledge and skill training. Activities on corporate culture have also been implemented, typically the Cultural Journey Workshop taking place in November 2021. Responding to the spirit of "No one is left behind" and in order to quickly adapt and improvise to the Covid-19 pandemic, the implementation of a series of Pandemic Improvisation Workshops is considered to be extremely timely and well received. received many positive feedbacks from business operators. Such training activities are the basis for employees to develop to their full potential during their work at ABBANK.

### c) **Connecting talents**

- In order to have a fairer and more transparent evaluation system for employees' work results, ABBANK implemented the assessment according to modern methods of Balanced Scorecard, adjusted and standardized the system of performance indicators. for the consistent implementation of staff appraisals. The system of job evaluation criteria has also been

developed and applied from the highest levels of leadership to each employee. This is the basis for assessing the level of work completion and labor productivity of each individual.

- For management and staff organization, ABBANK focuses on arranging the right people, in the right jobs and ensuring business goals, quickly responding to the evolution of the epidemic to ensure the safety of employees. , while maintaining business operations and serving customers. 2021 is also the year ABBANK completes the transformation and centralizes a number of tasks related to: centralization of treasury, credit operation, credit appraisal and debt settlement to implement and operate the project. Project "Improving the organizational and operational efficiency of ABBANK".
- ABBANK aims to develop staff in the spirit of cohesion, timely encouragement and reward, contributing to promoting the capacity of each ABBANKer in making valuable contributions to the overall development of ABBANK.
- ABBANK is constantly reforming a number of points in its salary policy, especially for direct sales personnel and Business Units such as the application of salary based on labor productivity to motivate and recognize the effectiveness of employees. each employee;
- The epidemic situation has affected all organizations and businesses in the country, but ABBANK still considers adjusting salary increases periodically for employees, issues preferred shares, applies preferential loan policy to recognize the contributions and dedication of employees to the Bank. In addition, there are income supports during the time when employees are infected, timely vaccination and maintenance of other ABBANK care benefits.

## 7. Strategic projects implemented

| No.                      | Project  | Status   |
|--------------------------|--|--|
| <b>Completed in 2021</b> |  |  |
| 1                        | SmartForm project phase 3  | Completed, go-live on 04/12/2021.  |
| 2                        | LOS 1.5 for the Individual customer segment                      | Project "LOS" Credit Flow is in phase 1.5, completed SLA development, automatic file division and integration with V-Office went live April 2021.<br>Agree on the implementation plan: carry out 2 actions in parallel: Transfer technology and find contractors to develop new BPM solutions. |
| 3                        | IT Strategy Consulting Project                                   | Completed the project with partner McKinsey in January 2022. Obtain consensus from the Board of Directors and the Board of Directors.  |
| 4                        | Centralized credit information management software project (CIC) | Golive in November 2021 according to notice number 510/TBNB-TGD.   |
| 5                        | ALM Methodology Project  | Completed in 2021  |
| 6                        | Internal Capital Adequacy Assessment Process (ICAAP) Project     | Completed in 2021  |

| No. | Project   | Status            |
|-----|---|-------------------|
| 7   | Implement Advanced Security Stage 1 (Deployment of APT - Target Attack Prevention System) | Completed in 2021 |
| 8   | Security solution and data loss prevention for Cloud Microsoft Office365                  | Completed in 2021 |