



*Hanoi, April 3, 2023*

**REPORT ON THE SUPERVISORY BOARD'S ACTIVITIES  
AT ANNUAL GENERAL MEETING OF SHAREHOLDERS IN 2023**  
*(To be submitted to the Annual General Meeting of Shareholders 2023 for approval)*

**Dear valued guests,**

**Dear shareholders,**

- Pursuant to Article 45 of the Law on Credit Institutions on the tasks and authorities of the Supervisory Board;
- Pursuant to the Charter of An Binh Commercial Joint Stock Bank (ABBANK);
- Based on ABBANK's operation situation, on the report of the Board of Directors, the Board of Management and the performance of the Supervisory Board in 2022;

The Supervisory Board of ABBANK would like to report to the General Meeting of Shareholders the results of SB's tasks implementation in 2022 as follows:

**I. RESULTS OF SUPERVISORY BOARD' ACTIVITIES IN 2022**

The Supervisory Board of ABBANK consists of 03 (three) members: Mrs. Nguyen Thi Hanh Tam - Head of Supervisory Board (full-time member) and two members are Mrs. Pham Thi Hang (full-time member). and Mrs. Nguyen Thi Thanh Thai (Part-time member). Under the Supervisory Board is the Internal Auditor with 34 employees.

In 2022, the Supervisory Board organized to fully perform its functions and tasks in accordance with the provisions of the Charter of ABBANK and the Regulation on organization and operation of the Supervisory Board. The main contents have been implemented in 2022 were: Monitoring the compliance with the provisions of the Law, the Bank's Charter in governance and management; Supervising the implementation of the Resolution of the General Meeting of Shareholders; Monitor the implementation of recommendations of the State Bank Inspectorate, closely follow the implementation of the instructions of the State Bank; Perform due diligence on financial statements...

Periodic meetings of the Supervisory Board are convened by the Head of the Supervisory Board, with the full attendance of members. Minutes of meetings of the Supervisory Board are fully prepared and recorded in accordance with regulations. In addition, the Supervisory Board also regularly exchanged and discussed issues arising during the operation.

From the results of operations, the Supervisory Board has given opinions and recommendations to the Board of Directors and the Board of Management on measures to strengthen control, reduce risks, and ensure comply with the provisions of the Law, the Charter of ABBANK and other internal regulations, contributing to improving the quality, operational efficiency and safe and sustainable growth of ABBANK.

The members of the Supervisory Board have fulfilled their assigned responsibilities and tasks; fully attended regular and ad-hoc meetings, discussed and voted on issues and contents within the functions and duties of the Supervisory Board.

Specific monitoring activities:

**1. Monitoring the implementation of the Resolution of the General Meeting of Shareholders**

The results of supervision and audit showed that: in 2022, the Board of Directors and the Board of Management have proactively proposed response solutions in line with the actual situation, drastically implemented measures to promote business to ensure stable development; drastically in handling bad debts, buying back all debts from VAMC. ABBANK has been approved by the State Bank of Vietnam Plan to increase charter capital from retained earnings and issue shares to employees under the ESOP Program according to the Resolution of the General Meeting of Shareholders dated April 20, 2022. Currently, ABBANK is carrying out issuance reporting procedures with the State Securities Commission according to regulations; although completing important business plan targets, ensuring stable operation in the face of difficult fluctuations of the market, the Bank has not yet reached the target of pre-tax profit assigned by the General Meeting of Shareholders and has not yet listed shares on Ho Chi Minh Stock Exchange exchange (HOSE).

**2. Supervising the compliance with the provisions of law and the Charter of the Bank in the management and administration activities of the BOD and BOM:**

- The Board of Directors has issued resolutions and documents directing, orienting goals, business plan in 2022 and key tasks in ABBANK's operations, developing action plans for implementation. synchronously and drastically solutions to implement the goals and plans approved by the General Meeting of Shareholders.

- The BOM has developed and issued internal regulations for professional activities, ensuring the control mechanism, internal audit, and risk management associated with each business process. ABBANK has maintained the criteria on limits and prudential ratios in banking activities in line with the regulations of the State Bank (including criteria on minimum capital adequacy ratio, solvency ratio, capital utilization ratio/mobilized capital, capital contribution limit, share purchase, credit limit, etc.).
- Implement restructuring, rearranging the operating apparatus towards specialization and sticking to core values, especially focusing on customers, arranging and standardizing functions and tasks of departments / sections / center at the Head Office according to the model of 3 lines of protection, improving the quality of risk management and promoting business efficiency.
- Continue to implement projects to upgrade the technology system in order to improve the quality of banking services and provide timely, complete and accurate management information to support the digital transformation process of the bank.

### **3. Coordination of activities between the Supervisory Board and the Board of Directors, the Board of Management and Shareholders**

According to the Internal Regulation on Governance, the Head of the Supervisory Board fully participated in the regular meetings of the Board of Directors; Head of the Supervisory Board and SB members attended the BOM's briefings. The BOD and the BOM ensure the provision of information and documents on the management, administration and business activities of ABBANK, serving the Supervisory Board's controlling activities.

The BOD and the BOM have directed the units to strictly implement and periodically report on the results of the implementation of SB recommendations. The coordination between the Supervisory Board, the Board of Directors and the Board of Management was carried out in accordance with the provisions of law, ABBANK's Charter and internal regulations of ABBANK.

The Supervisory Board fully reported the results of supervision to shareholders at the Annual General Meeting of Shareholders in accordance with the provisions of ABBANK's Charter. In 2022, no shareholder or group of shareholders requested the Supervisory Board to review accounting books, documents or request inspection related to ABBANK's business activities and governance.

### **4. Make, record and update the list of related persons of members of the Board of Directors, members of the Supervisory Board, General Director, shareholders holding at least 5% of the voting shares of ABBANK:**

The Supervisory Board regularly monitors and promptly updates the list of major shareholders, members of the Board of Directors, members of the Supervisory Board, General Director, Executive Members, Chief Accountant and related persons as prescribed. In 2022, the Ms. Iris Fang – Member of the Board of Directors, resigned at her personal wishes and asked not to participate in the activities of the Board of Directors from October 28, 2022.

**5. Evaluation of transactions between the Bank, its subsidiaries and members of the Board of Directors, General Director, other executive member of ABBANK and related persons**

In 2022, contracts and transactions between ABBANK, its subsidiaries and members of the Board of Directors, General Director, other executive members of ABBANK and related persons; transactions between ABBANK and the company in which members of the Board of Directors, General Director and other executive members of ABBANK who are founding members or managers of the business within the last 3 years before the time of the transaction have been reviewed and monitored. These transactions are carried out in compliance with the provisions of the law, and are reported to the management agencies in accordance with regulations.

**6. Credit grants to the subjects specified in Clause 1, Article 127 of the Law on Credit Institutions**

ABBANK does not grant unsecured credit, credit with preferential conditions to the subjects specified in Clause 1, Article 127 of the Law on Credit Institutions 2010 (amended and supplemented).

**7. Implement supervision for Internal Audit**

**Supervising Internal Audit to implement tasks according to the plan in 2022**

As of December 31, 2022, Internal Audit has completed 24 field and thematic audits, reaching 100% of the annual plan.

Through the audit, the Internal Audit promptly made recommendations /advises with important contents to be improved and in compliance with regulations and operational efficiency of the Bank.

Internal audit has independently and objectively reviewed and evaluated the adequacy, effectiveness and efficiency of the internal control system, indicating necessary changes to the internal control system for handling and remediation; well organize the monitoring and reporting of the results of the implementation of the recommendations, ensuring that existing problems and errors are fully and promptly remedied.

### **Supervision of the Supervisory Board for Internal Audit:**

The Supervisory Board supervises the Internal Audit Department in accordance with the provisions of Circular 13/2018/TT-NHNN, ABBANK's Charter, Regulation on organization and operation of the Supervisory Board; approve the annual internal audit plan, supervise the organization and implementation of the audit plan approved by the Supervisory Board.

The Supervisory Board regularly organizes meetings with the leaders of the Internal Audit Department to evaluate the issues recognized through the audit activities, identify the material risks, direct and orient the internal audit work; require internal auditors to comply with professional ethical standards and internal audit processes; grasping difficulties and obstacles for timely resolution; periodically evaluate the activities of the internal audit in order to continuously improve the quality and efficiency of internal audit activities, ensuring the comprehensiveness and professionalism in internal audit activities.

The work of consolidating personnel and improving the quality of activities of the Internal Audit has always been focused by the Supervisory Board. In 2022, it has consolidated and supplemented personnel for the Information Technology Audit Department so that IT audit activities can meet the digitalization situation in banking activities.

Professional training at Internal Audit is maintained regularly with the form of training suitable to the actual situation; the Supervisory Board directed the internal audit to deploy and widely apply software to manage inspection and audit activities, increasing the use of modern audit tools and techniques; accelerate the digital transformation process in internal audit activities, in order to improve the quality and efficiency of internal audit work, orienting to meet the requirements of a modern risk management model.

Continually improve internal policies and regulations of the Supervisory Board and Internal Audit to meet the legal requirements and internal governance objectives of ABBank (Regulations on organization and operation of Internal Audit, Basic standards for the positions of Internal Audit).

The annual audit plan ensures the risk-oriented and comprehensive principles, all activities, processes and parts of ABBANK must be audited: (i) Substantial or high-risk units and processes must be audited at least once a year; (ii) Reviewing the risk update of the Internal Audit during the year and adjusting the plan to suit the actual operation of the Bank and the requirements of laws and regulatory authorities from time to time.

### **Report to the SBV and the supervision, handling and overcoming of shortcomings and limitations of the Supervisory Board and Internal Audit at the request of the authorities.**

In 2022, under the direction of the Supervisory Board, the Internal Audit has complied and timely made periodic reports, and at the same time coordinated with ABBank's units to make reports to SBV every time as required. In 2022, the Supervisory Board received the conclusion report No. 473/KL-Department II.2 dated April 22, 2022 from the inspection team of the State

Bank of Vietnam, right after that on April 29, 2022 the Supervisory Board held a meeting to review the related responsibilities related to the contents mentioned in the inspection conclusion as well as meeting with the Internal Audit on May 3, 2022 to deploy the works after the inspection conclusion.

## **8. Perform financial statement appraisal and monitor financial results**

The Supervisory Board appraised ABBANK's 2022 financial statements (audited by an independent auditor, Ernst & Young Vietnam Co., Ltd.) and confirmed the following results:

- The consolidated financial statements for 2022 fully reflected the business performance and financial situation of ABBANK and its subsidiaries, presented according to the reporting formats prescribed by the SBV on reporting regimes on financial statements for credit institutions, in accordance with Vietnamese accounting standards and current regulations of the State.

- The consolidated financial statements for 2022 reflected a true and reasonable view in all material aspects of the financial position of ABBANK and its subsidiaries as at December 31, 2022.

The basic criteria of capital and assets as of December 31, 2021 and business results of ABBANK in 2021 are as follows:

1. Total assets: VND130,147 billion
2. Equity: VND13,053 billion
3. Total profit before tax: VND1,702.4 billion
4. Income tax: VND345.7 billion
5. Profit after tax: VND1,356.7 billion

## **II. REMUNERATION, OPERATION COSTS AND OTHER BENEFITS OF SUPERVISORY BOARD**

Remuneration and operating expenses of the Supervisory Board are summarized in the Report on remuneration and operating expenses of the Board of Directors and Supervisory Board in 2022 and presented by the Board of Directors. Remuneration and expenses complied with the provisions of Article 172 of the Enterprise Law, the Charter of ABBANK and within the limit approved by the General Meeting of Shareholders.

## **III. ORIENTATION AND OPERATION PLAN IN 2023**

With the Bank's strong operations and digital transformation trends, the Supervisory Board's operation orientation in 2023 is:

- Internal inspection and audit need to continue to strengthen and consolidate, in order to timely and comprehensively identify and control key risks in banking activities, focus on investing resources to control these risks on network security, information safety and security.

- Continue to strengthen measures to supervise the implementation of recommendations of inspection, examination and audit delegations, in order to overcome existing problems and errors, and ensure safe and effective banking operations.
- Innovating and applying technology to improve the effectiveness of supervision and audit in the general trend of digital transformation of the Bank.

On the basis of functions and duties as prescribed by Law, Charter, Regulation on organization and operation of the Supervisory Board and the Bank's business plan and operational orientation as above. The activities of the Supervisory Board in 2023 are as follows:

- Performing the internal supervision function in governance and administration activities in compliance with the provisions of the Law and the Bank's Charter.
- Perform the supervisory function for the Internal Audit.
- Supervising the implementation of the Resolution of the General Meeting of Shareholders in 2023.
- Review financial statements periodically as regulated.
- Direct to organize the effective implementation of the audit plan in 2023.
- Other duties as prescribed.

## **II. SUGGESTION AND RECOMMENDATION**

### **1. Recommendations to the Board of Directors, Board of Management:**

On the basis of monitoring activities and for ABBANK to meet the targets of stable growth, the Supervisory Board recommends to the Board of Directors and the Board of Management a number of key contents as follows:

- The Board of Directors and the Board of Management continue to direct the units to further strengthen the control and grasp the situation of customers to take appropriate credit management measures. Strictly control the credit portfolio, focusing on the recovery of bad debts, debts that have been dealt with off-balance sheet risks, ensuring credit quality to achieve the set targets.
- Speeding up the implementation progress and closely monitoring information technology development projects to ensure safety and security; strengthen the application of information technology in providing banking services, in operating, managing, analyzing and preventing risks; focusing on risk management solutions in developing modern service delivery channels and applying digital technology; strengthen anti-money laundering measures.
- Further strengthen the propaganda and training to continue to improve the culture, the awareness of compliance with regulations and professional ethics rules.

## **2. Recommendations to the General Meeting of Shareholders:**

Pursuant to the provisions of law and the actual situation, the Supervisory Board proposes to the General Meeting of Shareholders to:

- Approve ABBANK's 2022 financial report, which has been independently audited by Ernst & Young Vietnam Co. Ltd. and appraised by the Supervisory Board.
- Authorize the Board of Directors to choose one of the four prestigious international auditing firms including: Auditing Company PWC; Company Deloitte Vietnam; Ernst & Young Vietnam Co., Ltd or KPMG Vietnam Co., Ltd. to act as independent auditor for ABBANK's financial statements in 2023.

Respectfully submitted for approval.

Wishing all shareholders good health, happiness and success. Wishing the meeting a great success!

**On behalf of Supervisory Board  
Chief**

*(Signed)*

**Nguyen Thi Hanh Tam**