



SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

Hanoi, April 3, 2023

## BUSINESS PERFORMANCE 2022

*(To be submitted to the Annual General Meeting of Shareholders 2023 for approval)*

### A. EXECUTIVE SUMMARY

#### I. Summary of market overview in 2022

- GDP in 2022 is estimated to increase by 8.02%, which is the highest increase since 2011-2022; manufacturing, production and other business activities have gradually regained the growth momentum, the Government's socio-economic recovery and development policies have been effective. It is expected that GDP will reach 6.5%; CPI will reach 4.5% according to the National Assembly Resolution for 2023 socio-economic goals.
- The stock market is affected by the global market when many countries implement tight monetary policies, in which the stock market capitalization as of December 2022 decreased by 32.8% compared to the end of 2021.
- Many policies have been reviewed and promulgated to manage the real estate market (lending, tax, land law) to minimize potential risk of bubble in the real estate market. Many tough measures to correct the stock market were taken in 2022.
- Vietnam's economy has a high openness, so it will also face many difficulties and challenges due to the current complicated economic and political situation of the world: the Russia-Ukraine war and the risk of China-Taiwan armed conflict.
- Deposit interest rates on client market and interbank market both increased. Interbank market witnessed a very strong increase compared to the beginning of 2022 and at one time exceeded 7% (O/N tenor) compared to the beginning of the year at just under 1%.
- In the first nine months of 2022, the VND depreciated by about 5% against the USD much lower than the currencies of other countries in the region (TWD: -13.5%; JPY: -25%; Philippine Peso: -13.5%; SGD: -7.5%; ...). The SBV has made efforts to stabilize exchange rate when selling an estimated USD amount of more than US\$20 billion (out of total foreign exchange reserves of approximately US\$110 billion).
- By the end of October 2022, credit growth of the whole industry reached 11.5% compared to 2021 (Source: Economy and Forecast) and it is estimated that credit growth for the whole year 2022 will reach 14.5%.
- GDP recovers rapidly: Vietnam's GDP growth is expected to pick up again to pre-COVID levels (~7%) in 2021, after a sharp decline in 2020 (4-5%).

## II. Summary of key business indicators

Unit: VND billion

Item	Result		Plan	Compared to 2021 result		Compared to 2022 plan	
	2022	2021	2022	+/-	%	+/-	%
Total assets	130,065	120,862	138,250	9,203	108%	(8,185)	94%
Loans (*)	88,529	78,640	92,250	9,889	113%	(3,721)	96%
Client market deposit	91,994	80,547	95,234	11,447	114%	(3,240)	97%
Customer deposit	91,837	79,255	94,081	12,582	116%	(2,244)	98%
Funds from IFC, DEG and NORFUN	157	1,292	1,153	(1,135)	12%	(996)	14%
Total operating income	4,514	4,595	6,800	(81)	98%	(2,286)	66%
Total operating expenses	2,051	1,869	2,420	182	90%	(369)	115%
Net operating profit before provision expenses	2,463	2,726	4,380	(263)	90%	(1,917)	56%
Provision expenses for credit losses	777	747	1,301	30	96%	(524)	140%
<b>Profit before tax</b>	<b>1,686</b>	<b>1,979</b>	<b>3,079</b>	<b>(293)</b>	<b>85%</b>	<b>(1,393)</b>	<b>55%</b>

(\*) Total loans include Corporate Bonds

### Summary of key financial indicators

Item	2022 result	2021 result	2022 plan	Unit
Return on average equity (ROaE)	13.7%	19.3%	23.33%	%/year
Return on average asset (ROaA)	1.34%	1.67%	2.2%	%/year
Profit before tax / Total operating income (Profit margin)	37.3%	43.1%	45.3%	%
Cost income ratio (CIR)	45.4%	40.7%	35.6%	%

Item	2022 result	2021 result	2022 plan	Unit
Capital adequacy ratio (CAR) (*)	11.6%	12.8%	> 8%	%
Asset equity ratio (A/E)	10.0	10.4	9.8	Times
Debt equity ratio (D/E)	9.0	9.4	8.8	Times
Equity asset ratio (E/A)	10.0%	9.6%	10.2%	%
Debt asset ratio (D/A)	90.0%	90.4%	89.8%	%
Loans asset ratio (LAR- credit risk factor)	63.9%	57.2%	66.7%	%
Loans deposit ratio (LDR)	90.4%	87.2%	96.9%	%
Profit before tax/staff	432	511	733	VND million/year

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

### **Key achievements of the year 2022**

In 2022, ABBANK has delivered some key achievements in terms of bank-wide scale growth.

The detailed report on the entire operations of ABBANK in 2022 is detailed in the below attachments, The report's aggregate data is updated by the end of December 31, 2022.

**The Chief Executive Officer respectfully reports and submits to the General Meeting of Shareholders for approval of the 2022 Business Results Report of ABBANK.**

**ON BEHALF OF AN BINH JSC BANK (ABBANK)**

**CHIEF EXECUTIVE OFFICER**

*(Signed)*

**LE THI BICH PHUONG**

## B. REPORT

### I. FINANCIAL PERFORMANCE

#### 1. Business performance of ABBANK

Unit: VND billion

Item		Result		Plan	Compared to 2021 result		Compared to 2022 plan	
		2022	2021	2022	+/-	%	+/-	%
<b>Total asset</b>		<b>130,065</b>	<b>120,862</b>	<b>138,250</b>	<b>9,203</b>	<b>108%</b>	<b>(8,185)</b>	<b>94%</b>
<b>Loan</b>	<b>Total loans</b>	<b>88,529</b>	<b>78,640</b>	<b>92,250</b>	<b>9,889</b>	<b>113%</b>	<b>(3,721)</b>	<b>96%</b>
	Retail banking	43,216	33,174	40,750	10,042	130%	2,466	106%
	SMEs	19,289	16,609	19,900	2,680	116%	(611)	97%
	Wholesale banking	25,874	28,708	31,450	(2,833)	90%	(5,576)	82%
	DATC bond	150	150	150	-	100%	-	100%
<b>Deposit</b>	<b>Total client market deposit</b>	<b>91,994</b>	<b>80,547</b>	<b>95,234</b>	<b>11,447</b>	<b>114%</b>	<b>(3,240)</b>	<b>97%</b>
	Retail banking	55,641	32,091	42,514	23,549	173%	13,127	131%
	SMEs	5,761	5,432	6,082	329	106%	(321)	95%
	Wholesale banking	30,592	43,024	46,638	(12,432)	71%	(16,046)	66%
	<i>In which: Funds from IFC, DEG, Norfund</i>	<i>157</i>	<i>1,292</i>	<i>1,153</i>	<i>(1,135)</i>	<i>12%</i>	<i>(996)</i>	<i>14%</i>
<b>Investment</b>	Government bonds	9,137	6,933	13,307	2,204	132%	(1,299)	90%
	Bonds issued by other domestic credit institutions	2,871	4,942		(2,071)	58%		
	Equity securities	2	2	2	-	100%	-	100%
	Long-term investments	377	377	377	(0)	100%	(0)	100%
	<b>Total</b>	<b>12,388</b>	<b>12,255</b>	<b>13,686</b>	<b>133</b>	<b>101%</b>	<b>(1,299)</b>	<b>91%</b>
<b>Business result</b>	Net interest income	3,737	3,038	3,814	700	123%	(77)	98%
	Net fee income	248	372	1,482	(124)	67%	(1,234)	17%
	Other income	529	1,185	1,504	(657)	45%	(975)	35%
	<b>Total operating income</b>	<b>4,514</b>	<b>4,595</b>	<b>6,800</b>	<b>(81)</b>	<b>98%</b>	<b>(2,286)</b>	<b>66%</b>
	Total operating expenses	2,051	1,869	2,420	182	90%	(369)	115%
	Net operating profits before provision expenses	2,463	2,726	4,380	(263)	90%	(1,917)	56%
	Provision expenses for credit losses	777	747	1,301	30	96%	(524)	140%
	<b>Profit before tax</b>	<b>1,686</b>	<b>1,979</b>	<b>3,079</b>	<b>(293)</b>	<b>85%</b>	<b>(1,393)</b>	<b>55%</b>

Total assets as of December 31, 2022 increased by VND 9,203 billion (equivalent to an increase of 8%) compared to 2021, reached 94% of the plan.

Profit before tax in 2022 decreased by VND 293 billion (equivalent to a decrease of 15%) compared to 2021, only reached 55% of the plan; in which:

- Total operating income decreased by VND 81 billion (equivalent to a decrease of 2%), including:
  - Net interest income increased by VND 700 billion (equivalent to an increase of 23%).
  - Net fee income decreased by VND 124 billion (equivalent to a decrease of 33%).
  - Other income decreased by VND 657 billion (equivalent to a decrease of 55%).
- Total provision expenses for credit losses (including provisions of VAMC bonds) was VND 777 billion, an increase of VND 30 billion compared to 2021. Accordingly, as of 31/12/2022, ABB has no outstanding VAMC bond.

## 2. Analysis of operating costs

*Unit: VND billion*

Operating expenses	Result		Plan	Compared to Result 2021		Compared to Plan 2022	
	2022	2021	2022	+/-	%	+/-	%
1. Taxes and other fees	3	2	2	1	150%	1	150%
2. Personnel expenses	1,028	981	1,400	47	0%	(372)	73%
3. Administrative expenses	461	341	417	120	135%	44	111%
4. Asset expenditure	518	493	547	24	105%	(30)	95%
5. Deposit insurance & Provision for bad debts	41	52	54	(11)	79%	(12)	76%
<b>TOTAL</b>	<b>2,051</b>	<b>1,869</b>	<b>2,420</b>	<b>182</b>	<b>110%</b>	<b>(369)</b>	<b>85%</b>

Bank-wide operating expenses was VND 182 billion higher than 2021 and, when compared to the plan, lower than VND 369 billion; in which:

- Personnel expenses: reduced by 372 billion VND (equivalent to 27% lower than planned) due to on-going improvement in headcount management.
- Asset expenditure: saw a VND 30 billion decrease (equivalent to 5% lower than the plan)
- Administrative expenses: increased by VND 44 billion (equivalent to 11% higher than the plan).

## II. BUSINESS RESULT

### 1. Retail Banking (RB)

#### 1.1 Completion of annual business targets 2022

Unit: VND billion

Item	Result		Plan	Compared to result (%)		Compared to plan (%)
	2022	2021	2022	2021	2022	
Bal Deposit	55,641	32,091	42,514		173%	131%
Bal Lending	43,216	33,174	40,750		130%	106%
No, Customer	1,565,937	1,201,895			130%	
No, Credit Card	14,236	12,000	25,000		116%	57.3%
No, POS	1,500	1,215			123%	
NFX	133	32	60		415%	221%
Mobilebanking user	734,275	137,454			530%	

#### 1.2 Achievements in 2022

##### - Payment Solutions:

In 2022, in line with “Customer Centricity” strategy, ABBANK has strives for continuous development and improvement on payment solutions and utilities to be more convenient together with a better experience for our targeted customers:

- Improve offerings with payment solutions based on digitalization process: ABBANK has carried out series of improvements on digital platform such as online transactions, payment via QR code, etc., to better serve our customers through all stages of their financial lives (from signing up account, card payment, online savings, etc.). Especially, eKYC feature has enabled customers to have a smart payment solution package with just a few steps using AB Ditizen application. This feature not only helps to simplify the customer verification process, but also helps customers to save time going to the branch while enables the bank to optimize the operating costs,
- 2022 is considered a pivotal year for ABBANK in acquiring new-to-bank customers digitally, ABBANK has successfully implemented the program "Download app now - Cash in hand" with more than 150,000 new customers within 3 months of implementation.
- In aspect of card payment, besides special offers for existing customers, ABBANK has continuously cooperates with card partners such as Visa, Napas and other partners of different sectors in payment eco-system such as technology, supermarkets, e-commerce, entertainment, tourism, etc, to build and execute a variety of relevant preferential programs for domestic and international debit card and credit card to meet unmet needs of different targeted segments hence enabled the bank to engage and deepen the relationship of customers.

- **Deposit Solutions:**
  - The volume of TD has been increased remarkably led by effective promotional campaigns throughout the year, together with variety of online savings products with attractive incentives and care policies offered for Priority customers,
  - In 2022, as part of our continuous efforts to offer our customers a greater range of products and services, TD products have also been modified to be more flexible and convenient for different segments, besides the bank has started to build activities that can lead to change in behaviour of our customers from using offline TD to online TD through several relevant incentive / promotional programs focusing on online activities.
- **Lending Solutions**
  - By classifying customer segments, ABBANK has restructured all key credit products with the motto: Serving multiple purposes & segments; Shorten the application processing process; Minimizing credit risk for Banks & Borrowers while still ensuring the best competitiveness in the market, Understanding deeply the guiding and macro-financial orientation of the State Bank, ABBANK especially supported for businesses & manufacturing areas, actively reducing lending interest rates to these particular customers and those who are facing difficulties in production or business activities in industries prioritized to recover from the epidemic...

## 2. Wholesale Banking (WB)

### 2.1 Achievements of annual business targets 2022

*Unit: Bn VND*

Items	Actual		Plan	Compared to result (%)	Compared to plan (%)
	2022	2021	2022	2021	2022
Deposits	30,592	43,024	46,638	71%	66%
Loan (*)	26,024	28,858	25,451	90%	102%
Net Fee Income (NFI)	148	167	437	89%	34%
Net Forex Income (NFX)	27	20	60	134%	45%
Active customers	1,792	1,582	1,629	113%	110%

(\*) including Corporate Bonds

### 2.2 Key achievements in 2022

#### a) Business results:

- **Credit:** the outstanding balance of Wholesale Banking segment has been proactively maintained at a stable level, focusing on traditional customers, strategic customers who have potential for retail banking development, Applying the core value of "flexibility to

adapt" in credit growth management, right in the first months of the year, WB had exploited unused credit room of the Bank to maximize the scale of outstanding loans in order to increase income from lending interest and then gradually shift to retail segment when required, As a result, the average outstanding balance of the banking segment still achieved the growth of 13% over the same period, while the ending balance only reached 90% compared to 2021.

- **Deposit:** in 2022, the capital market has face with many challenges, corporate customers have increasingly use their own capital to reduce financial costs and mitigate risks in deposit activities, Therefore, the deposit balance of the WB segment has decreased, reaching only 71% over the same period, however, the proportion of CASA remained at 25% of the total deposit
- **NFI & NFX:** the limit in lending has also affected other transactions of customer via the Bank, especially from loan customers, Therefore, NFI of 2022 is just 89% of 2021, reaching VND 148 billion, Meanwhile, NFX has a fairly high growth rate of 134% compared to 2021, reaching VND 27 billion,
- **Number of active customers:** at the end of 2022, the number of active customers reached 1,792, increased 13% compared to 2021 and reaching 110% of the 2022 plan

#### **b) Product and solution developments**

- WB continues to develop electronic payment products such as:
  - o Developing a new feature on Internet Banking 24/7 fast money transfer for corporate customers to meet the needs of customers for fast and convenient payment, as well as in compliance with the policy of non-cash project of the State Bank of Vietnam;
  - o Participating, building and developing banking products in Omni Channel – multi banking channel to meet the requirements of remote, cashless transactions;
  - o Having signed an agreement with the State Department of Treasury to implement electronic bilateral payments in collection of tax, customs, registration tax payments, receipts that are made over the bank counter, through the channel of electronic tax payment, 24/7 electronic customs payment to ensure fast and convenient tax payment for corporate customers;
  - o Building and developing cash management products customized in accordance with specific requirements of a group of corporations, corporations, and strategic partners to help businesses to manage its cash more efficiently with real time funds of main accounts and sub-accounts.
- With the role of business leader in 2022, wholesale banking has developed its businesses through value chains/ecosystems, Thus, we have developed and improved the package of products and services for the value chain, ecosystem such as financing product packages for building contractors, Viettel's contractors and contractors of the strategic partners, Besides of getting business from large corporate customers, the wholesale banking also contributes to the develop business for retail, SMES banking, This activity will continue to be one of the focus of development of the wholesale banking in 2023.



### 3. SMEs Banking

#### 3.1 Results of completing the year business targets 2022

Unit: VND billion

Item	2022 result	2021 result	2022 plan	2022 result compared to 2021 result (%)	2022 result compared to 2022 plan (%)
Loans	19,289	16,609	19,900	116%	97%
Deposits	5,761	5,432	6,082	106%	95%
Total service expenses (including credit guarantee)	141	124	288	113%	49%
Net interest income	645	555	904	116%	71%
Net revenue after risks	748	616	990	122%	76%

#### 3.2 Key achievements of SMEs in 2022

With the strategic goal of becoming one of Vietnam's leading commercial banks in the retail sector, along with the change of ABBANK's new five core values, the SMEs division, in 2022, has shifted strongly to the business orientation of "Customer-centricity" from mobilization solutions, payment services to credit.

##### ○ **Credit:**

- Despite the limitation of credit growth, ABBANK has been trying to prioritize its partnership with SMES enterprises with a 16% increase in end-to-end debt outcome compared to 2021,
- Continuous improvement of products, specialized product sets to improve service quality and customer experience: simplify records, procedures and shorten processing times.
- Focusing on exploiting strategic sub-segments, promoting and developing solutions according to target customers, industries, chains and ecosystems such as: Funding package for construction contractors, Funding package for Viettel contractors, Financing package for comprehensive partner contractors and business programs for import and export clients, etc.
- On time support solutions together with supporting customers in the management of financial costs: interest rate incentive program with a total limit of up to 9,000 billion VND, as well as promote the deployment of 2%/year interest rate support to customers meeting the conditions according to government regulations.

##### ○ **Deposit and payment services:**

- The capital market in 2022 is challenging volatility, which strongly affected the source of capital mobilization, Thus, ABBANK has continuously adjusted and implemented its policies, flexible solutions with SMES end-to-end deposit increased slightly by 6% compared to 2021, the average deposits increased by 22%, with payment deposits (CASA) increasing by 24%,

- The limitation of credit growth also partially limits a portion of the growth of service fees from the credit customers group, nevertheless, the profit from service charge fees in 2022 reached a growth of 13% compared to 2021.
- In 2022, with the motto of constant improvement in products, services, and experiences for SMES customers, ABBANK has developed the feature of opening an account registration on the website for SMEs, fast transferring money 24/7 on Internet Banking, implemented bilateral connection to the State Treasury and charges the sea port infrastructure,
- In addition, ABBANK is currently in the initial stage of building a seamlessly integrated multi-channel transaction platform - Omni Channel – shifting its products and services to mainly digital channels: opening online accounts, domestic and foreign money transferring, payment utilities, online foreign currency trading, etc, offering customers more choices with a better experience in using our products and services,
- ABBANK has also deployed customer care incentive programs through different campaigns: “Free money transfer on Internet Banking”, “Account incentive package for SMES enterprises”: exempt from more than 9 service fee items within 6 months, free payroll service, etc,
- In line with the growth orientation, ABBANK aims to maintain an effective of portfolio management and control, with net revenue after risks reached 748 billion VND and an increase of 22% compared to 2021, In addition to implementation of the business plan for 2022, ABBANK has built platform and foundations that are able to accelerate the growth of SMES in 2023, deliver business strategy by 2025 in line with its core value of “Customer-centricity”,

#### 4. Investment and Interbank

- Ensure the bank’s liquidity and comply with safety ratios as required by State Bank of Vietnam,
- Actively seeking partners, expanding relationships in the interbank market, especially foreign banking partners,
- In 2022, ABBANK has successfully issued a notional amount of VND 800 billion bond with tenor of 3 years and interest rate ranging from 4,4-5,8% annually to the market,

#### 5. Debt settlement

Results of bad debt recovery and handling according to international standards by December 31, 2022.

*Unit: VND billion*

Principal	Interest	Collect converted assets	Others	Total
<b>1,445</b>	<b>267</b>	<b>584</b>	<b>333</b>	<b>2,629</b>

- In 2022, ABBANK handled and recovered of VND 2,629 billion of bad debt and problem debt, reaching 138,4% of the whole year plan (1,900 billion VND), This very positive

result has contributed to reducing bad debt ratios and improving overall business performance of ABBANK,

- As of December 31, 2022, all bad debt ratios were well controlled by ABBANK, specifically: On-balance sheet bad debt ratio was controlled at 2.19%, guaranteed to be less than 3% in accordance with regulations of the State Bank; The ratio of bad debt on the balance sheet, unresolved VAMC selling debt and potential debt becoming bad debt were 2.60%, successfully fulfilling the control target at below 3.3% assigned to ABBANK by the State Bank in 2022.

**6. ABBANK's asset quality as of 31/12/2022:**

*Unit: VND million*

Loans classification of ABBANK	Outstanding loan balance
Standard loans	77,986,208
Special-mention loans	1,658,835
Sub-standard loans	540,524
Doubtful loans	420,714
Loss loans	1,404,371
<b>Total</b>	<b>82,010,652</b>

**7. Provision for loans to customers has been accounted for the Dec, 2022 as follows:**

- Specific provision: VND 421,988 million
- General provision: VND 604,545 million

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

- Used provision: ABBANK used VND 909.05 billion of provision to write off bad debts, including VND 67.61 billion of provision to write off on-balance sheet debt and VND 841.45 billion of provision to write off debt purchased back from VAMC,
- Write-off: ABBANK have recovered VND 217.43 billion of written off bad debts; handling and recovering VND 69.03 billion of bad debts sold to VAMC

**III. RESULT OF OPERATION - ORGANIZATION**

**1. Risk management**

In order to improve the roles and responsibilities of risk management and measurement in 2022:

- a) The organizational structure of the Risk Management Division was amended and supplemented:
  - Credit Management function for Credit Risk Management Department with the main task of performing credit reporting, debt classification and provisioning,,,
  - Established integrated risk management department with the following tasks: Managing risk models, risk measuring tools; Managing risk management systems; Organizing and implementing projects to modernize risk management,

- b) SSD Division: Established Operational Risk Management, Compliance and Debt Management Department with the task of operational risk management, regional debt compliance and management, debt collector by phone calls

### **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) On the Credit Risk measurement model, Internal credit rating system:
- ABBANK has built and implemented the internal credit rating system since 2010,
  - Credit rating system for SMEs with revenue ranging from 25 to 200 billions dong using statistical quantitative methods go live in 2021, in 2022, ABBANK implemented re-testing the accuracy, efficiency and suitability of the model and will make corrections in 2023;
  - Since 2022, ABBANK has gradually applied customer behavior data analysis, customer understanding, enhanced intelligent risk management associated with models, tools, and data to serve fast and accurate business decision making from management planning to operations.
  - + ABBANK go live risk datamart in 04/2022, thereby we completed building credit risk scorecard (Application scorecard and Behavior scorecard); Probability of Default; Loss Given at Default; Exposure at default; Early warning model with retail banking segment,
  - + ABBANK is implementing model to the CE system to apply it in operations of the Bank in order to optimize and enhance the automation of the credit granting process for retail banking customer,
- 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; based on that, ABBANK implemented timely solutions to detect the operational activities, as well as to reduce risk 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, 2022 is 11.94%, the average level in 2022 is 12.49%, the highest is 13.11%, 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, 2022 is 21.75% (the level prescribed by the State Bank of 10%), the average rate is 17.84%, the highest rate is 24.10% , the lowest is 11,96%, 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) Reviewing documents before and after issuing, amending a number of documents on operational risk management, including: Process of Risk & Control Self-AssesSMEsnt (RCSA); Regulation on launching new product,product operating in a new market; the Regulation on Incident Management and Data Collection (IMDC), Procedures on fire protection and prevention, Process of Response to Diseases, etc,
- b) Remote monitoring has brought positive effects, timely detecting operational errors/system errors/lack of checkpoint in business processes to help units early identify risks and have appropriate adjustment solutions.
- c) Business Continuity Plan (BCP): Conduct drills to respond to armed robbery incidents at business units to help Units proactively prepare resources and willingness to respond to incidents, Continue to perform the task of coordinating activities and responding to the epidemic situation in the new situation, Organize training classes on Business Continuity Plan,
- d) Strengthening communication throughout the system, successfully building an internal website on risk management communication at ABBANK.

## **2. Credit evaluation & approval business:**

### **1.1. Collateral Evaluation Business (CEP):**

- a) Set up and Go-live the Collateral evaluation system/software,
- b) Actively evaluating and announcing a delayed of using evaluation by external organization to limit the risks in the context of Real-Estate market turbulence,
- c) At the same time, actively review – control and enhance the management, co-ordinate with External Evaluation Units to manage and limit the risk on business in 2023 and following years,

### **1.2. Credit Evaluation Business (CEB):**

- a) SMEs Credit Evaluation Business:
  - Co-operating to build the Business Model of SMES Divisions,
  - Shortening the SLA,
  - Training on SMES risk identification capacity,
- b) Personal/Retail Credit Evaluation Business:
  - Building the Handbook/Method on Risk identification for internal officers,
  - Building the FTR measurement system of all Business Units,
  - Building the CE system (Automatic Approval),
  - Building ETE Credit Processes for Personal Customers,
  - Building the product – financial solution for Personal Customers,
  - Building the business model for Personal Customers,
  - Training/Guide for credit risk identification & evaluation for Personal Customers,
- c) Wholesales Credit Evaluation Business:
  - Reviewing and adjusting checklist for Wholesales Customers,
  - Shortening the SLA,
  - Adjusting the guide for credit evaluation of 6C,
  - Building CRM system,

### **1.3. Credit Approval Business (CAB):**

- a) LOS system/software project: Attending the stage of LOS 2,0 development,
- b) Setting up a section specialize in data/efficiency administration, Credit evaluation & approval quality.

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

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

- a) Participate in Data management projects, Smartform, practise DRP and ABBANK's projects,
- b) Coordinate with Banking Technology Division and partner Base to continue to complete the requirements of the Switchboard: Golive Videocall feature on May 15, 2022, golive line Priority customers on June 19, 2022.

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

- a) Customer-centric transformation: Transforming the operating model by customer segment to increase customer experience by reducing the time to process documents but still ensuring risk management, The structure of the Credit Admin Center after changing includes: Retail Credit Processing Department, Small and medium enterprise Credit Processing Department, Wholesales Banking Credit Processing Department, Credit Operation Department,
- b) Adjust the Document rotation system and T24 system in line with the customer-oriented credit culture.

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

- a) In 2022, ABBANK is honored to receive the "Trade Deal of the Year" award by ADB for Banks with active trade finance activities and typical transactions,
- b) ABBANK is one of the first 5 banks in Vietnam to successfully implement the SWIFT Payment Prevalidation solution, allowing banks to verify whether the data in their payment instructions is accurate and matches the specific requirements in the beneficiary country before sending the International payment Order, helps minimize the risk of payment failure due to inaccurate data,
- c) Coordinate with Business Divisions to review all International payment and Trade finance products, create competitive advantages, bring strong growth, increase value by 70% and increase fees by 143% compared to 2021

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

- a) ABBANK is one of the domestic banks participating in the implementation with NAPAS, officially golive with the 24/7 interbank fast transfer system at the counter for personal customers and 24/7 interbank fast transfer using account numbers for business customers on Internet Banking, to improve the customer services and to meet customers' satisfactory experience,
- b) Automatic approval of money transactions on the interbank payment system to help customers receive money quickly,
- c) Expand foreign currency payment channels on the interbank payment system,
- d) Participate in the TTBC automatic statistical reporting project according to Circular 35/2015/TT-NHNN dated on 31/12/2015 Regulations on statistical reporting regime applicable to credit institutions and expenditures of the offshore bank branches

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

- a) ABBANK was awarded “Leadership in payment volume growth 2022”
- b) The card system is certified for compliance with the PCI DSS card data security standard of 2022 issued by QSA CMC Cyber Security
- c) Completing the project to connect with BC Card organization - Korea (ABBANK’s card to pay on ATM/POS of BC Card)
- d) Successfully upgraded the 3D-Secure multi-level protection system to version 2,0 for card system
- e) Successfully deploying EPIN: Saving costs, reducing risks, increasing security for both ABBank and customers, **Reduce 95%** of PIN operating costs for Banks
- f) Successfully implemented the payment of cards directly to the customer at the required address, reducing the time to transfer the card to the customer from more than 4 days to 1-3 days depending on the location, increasing the security of card information.
- g) Successfully implemented the work of saving electronic documents, meeting the requirements of management, storage and retrieval of scientific and logical documents, reducing printing cost.

#### **4. Banking technology**

- a) Transforming the Bank's digital capacity with key projects to support labor productivity improvement, covering the Bank's fields of operation:
- b) ABBANK completed project implementation with partner McKinsey; Consulting on Information Technology (IT) strategy, completed the planning of an IT strategy for the period of 2021-2025 with 24 strategic initiatives (SI), of which 12 SI directly serve business activities and 12 SI improves infrastructure capacity and IT resources, Outputs of the Project achieved consensus from the Board of Directors and the Board of Managers,
- c) In 2022, ABBANK has actively implemented strategic solutions for business operations, bringing the best customer experience and enhancing IT capabilities such as digital business platform (Omni-channel), system customer relationship management (CRM), DevSecOps platform, and convert IT applications to the cloud platform,
- d) Synchronizing solutions to support credit operations including debt management and reminder software, asset valuation software and building credit rating models for the individual customer segment combined with LOS system,
- e) Business operation support system: E-Invoice application for Accounting, internal communication page on Risk Management at ABBANK, Identity Management - IDM Project (integrated with key systems mainly AD).
- f) Strengthening the information security with Data Loss Prevention (DLP) projects for Office 365; Deploying a security vulnerability detection system; using network security services (SOC), Upgrade privileged account management system and Firewall system at Primary Data Center and Backup Data Center; periodic security assessments for applications and continue to maintain ISO 27001:2013 and PCI DSS certifications,



## 5. Digital transformation

Outstanding achievements of Digital Banking transformation observed in 2022

- a) In the first quarter of 2022, ABBank cooperated with McKinsey to develop short-term and long-term transformation plan in digital and technology; based on this project, many digitization activities have started in 2022 and will be continued thru out 2023,
- b) ABBank has integrated a number of user-friendly features and priorities on AB Ditizen – a mobile banking application for Individual customers, For example, Beautiful selected Account, more than 50,000+ accounts have been opened by our customers,
- c) Attracting a large number of new customers: the number of retail customers using mobile banking in 2022 increase 3 times compared to 2021 and the number of transaction activities on digital channels increase 2,5 times compared to 2021,
- d) Transactions of SMES customers using digital channels also increased by 1,5 times,
- e) In total, ABBank achieved sales of more than 230 billion VND through AB Ditizen mobile banking application

ABBANK always focuses on and promotes solutions to modernize payment infrastructure and improve connectivity:

- Upgrade and modernize the interbank payment system (IBPS), aiming to operate according to international principles and standards,
- Work closely with Napas to deploy, upgrade and expand the Electronic Switching and Clearing System for Retail Point Payment (ACH) transactions towards establishing a unified and synchronous payment infrastructure, To have the ability to integrate and connect different industries and fields,
- Support new payment methods and payment models: payment via VNPAY-QR, e-wallet top-up, money transfer via VietQR, etc,

## 6. Network and brand development activities

### a) Network Development Activities:

- As of December 31, 2022, ABBANK's network has a total number of 165 transaction points, of which: 35 branches and 130 transaction offices at 34 cities/provinces nationwide,
- In 2022, ABBANK has focused on renovating facilities, installing billboards with the most modern materials at ABBANK's branches and transaction offices to improve ABBANK's brand identity and to create a better experience for customers,
- Regarding the development of transaction points, ABBANK plans to develop new branches and transaction offices to key area, especially the cities/provinces in the northwest region with good growth rate as well as being highly appreciated for their business and investment environment,

### b) Branding activities

With brand positioning as Friendly Retail Bank, responsible to the community and business strategy “**Customer is the focus**”, in 2022, ABBANK has focused on implementing a few brand campaigns which enabled the bank engage with our customers directly, in specific:

- Managing and developing brand reputation through proactive media campaigns on the press/social networks, cooperation activities/newspaper advertising, Thereby, the ABBANK brand appears regularly with timely, positive content, closely following the policies and guidelines of the governing body, The press channel is the main information channel, with newspapers, magazines, television and radio with high and prestigious information following such as: Vietnam News 19h, VTV's Business Finance Newsletter, VTC, Hanoi TV Station, Vietnam news agency... Newspapers with a long history such as Nhan dan, Lao dong, Thanh Nien, Tuoi Tre, Tien Phong, Nguoi Lao dong,, Newspapers/news sites providing specialized information such as Website of the State Bank of Vietnam, Banking Times, Times Saigon Economic Newspaper,, Newspapers, news sites such as Vnexpress, Dan Tri, CafeF,,
- Proactive advertising on Digital platforms, applications, as well as on physical advertising channels such as billboards at business units, advertising through elevator screens at apartments, direct marketing at large commercial shopping centers,... ABBANK's branding activities are perceived to be closely linked with its marketing promotional campaigns such as: *Free all in (AB Ditizen); Tai khoan so dep – Dac loc tam*;... Since then, ABBANK has gradually built a modern digital bank image, catching up with trends, optimizing the utility provided to customers,
- ABBANK's branding activities are diversified on many channels such as Facebook, Instagram, Tiktok,... as well as rejuvenating content to reach young customers. With the post-epidemic economic situation, branding activities aim to go in depth, with clear messages to reach target customers directly;
- Marked as one of the banks that deploy social responsible activities regularly which have also gradually embeded into the corporate culture, in 2022, ABBANK continues funding for Education, Health, and Environment programs through such as Tet An Binh with the goal of contributing to greener Vietnam, protecting soil and combating saltwater intrusion, Cap la yeu thuong, An Nghiep Scholarship Fund for university students, supporting The Central Crime Prevention Fund, sponsoring healthcare, building houses of gratitude and developing social security in localities such as Dien Bien, Son La, Gia Lai;
- Branding visibility activities at the transaction points network are implemented with focusing on renovating facilities strategy, installing signs with the most modern materials at transaction points to improve brand identity and create a better experience for customers: recognizable signs, convenient facilities from the parking area to the transaction counter, consulting space for Priority customers,...
- Internal communication activities remain key focus in the bank in order to have continous engagement and communication with all employees about the Bank's informations, activities and strategies, thereby strengthening the bonding between each employee with

the bank – deliver the promise of “One ABBANK - One Voice” – with the purpose of deliver values to our customers.

- In the period of streamlining and cost-effective management, ABBANK's branding activities in 2022 aimed to increase sympathy and harmony of customers thereby the ABBANK's brand image amongst target customers has been improved. That helps ABBANK brand stand out from other commercial banks of the same size, resulted in an increase in customers bonding as well as in the possibility of introducing ABBANK to their friends and relatives. This statement is clearly reflected in the report of Banking Brand Health published at the end of 2022 conducted by Mibrand, the index of "brand preference" and "willingness to pay high price to experience the service" both have good growth compared to 2021; Accordingly, ABBANK ranks 13th out of 30 non-state banks in Vietnam, Besides, through in-depth surveys, the Bank also continued to be honored as the "Best Company to work for in 2022" by Asia Human Resources Magazine Asia (HR Asia) voted.

## **7. HR division**

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 of the Bank's strategy.

### **7.1 Talent acquisition**

- a) In 2022, recruitment activities have contributed to meet more than 95% of ABBANK's staffing needs, especially timely meet resources of business branches to ensure the planned business development and quality resources for priority functions in new Divisions at the Head Office, such as Sales & Service Division, Digital Banking Division, Strategy and Development Division,...
- b) About sourcing activities and employer branding: work closely and effectively used recruitment website partners, Recruitment Team collaborated with Marcom to launch An Nghiep project, signed comprehensive cooperation agreements with prestigious universities, ABBANK continues to promote 2021 achievements through the following programs: ABBANK Tour, internship program, job fairs, future ABBANKers which aims to promote employer branding and create opportunities for graduating students to be trained, to have practical experience, to approach a professional, dynamic and creative working environment and to seize the opportunity to become an ABBANKer in the future. In addition, in order to increase recruitment brand awareness, ABBANK continued to exploit and increase the coverage of job posting boards in social media, such as: Facebook, LinkedIn, Instagram, thereby receive quality CV pool as well as positive feedback.
- c) For the purpose of creating favorable conditions for each employee to have opportunity to contribute to ABBANK's development, Recruitment Team launched ERP – Employee Referral Program in 2022, The program has gained interest from ABBANKers, thereby

motivate employee to refer potential candidates who are capable and suitable for ABBANK culture.

## **7.2 Talent training and development**

ABBANK focuses on the goal of digital transformation, retraining as well as capacity building training for employees is an extremely important task, especially in the context of many fluctuations and drastic changes from both the external market and the internal ABBANK's transformation.

Last year, based on the key strategies proposed by the Bank's Board of Directors to become "Vietnam's leading joint stock commercial bank focusing on retail" and the selection of five new core values, the training and development activities have gradually inherited and completed certain foundations for applying digital transformation and information technology in teaching, learning, and program development, management and implementation for faster and more efficient process improvement. In order to adapt to the new normal and encourage the need for non-stop learning, Training and Capacity Development (HR Training & Development) has applied the Microsoft ecosystem (Teams, Sharepoint, Forms, Outlook, Stream ,,,) to organize online classes, E-learning, exams, tests, exercises. The 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. New training regulations are also updated and officially issued from 2022, to encourage more training activities, towards a self-training and developing organization.

Besides, improving the quality of the workforce in terms of expertise and skills is the central task of ABBANK, ABBANK organized more than 670 courses, more than 88,000 learning sessions, equivalent to 219,360 hours of training in 2022. In 2022, training activities are structured and covered in general for each level, with more detail to the subjects, from newcomers to senior staff, from managers to staff, and even potential employees. Many programs have been effectively built and implemented and created great resonance such as potential managers, Cultural Journeys, Compliance Exams, Compulsory Training of the whole bank,...

In addition, training communication is also focused and deployed regularly in order to build an active learning community through diverse and multi-dimensional communication channels.

Specifically, a number of activities, programs and projects in 2022 have been implemented, including:

- Organized over 670 training courses with different forms such as classroom training, E-learning, professional activities
- Updated title training programs for Customer Relations (RM, SRM; PRM), Tellers, new hired supervisor, potential business managers,...
- On Boarding Program for all new employees when joining ABBANK in order to have the most basic knowledge about ABBANK overview,
- Successfully organized 06 full-service compliance contests: Transactions at the Counter – Checking the professional knowledge of the “operation line” during the operation at the

Transaction Counter; Treasury operations - Checking knowledge of the treasury as the basis for the authorization of the treasury when the Head of the Unit is absent or busy with unexpected work; Data Administration – Check the basic knowledge of database staff,

- Building a Learning Data Management System (LMS) for data management in training management, improving accuracy, timeliness and maximizing automation in data management train,
- Develop, issue and apply updated training regulations
- Building and developing the **Training Portal** on the Sharepoint platform to help employees actively search and get 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: Gratitude - The Value of Inheritance

Training and Development at ABBANK always strives to give employees the best support to help them complete their jobs. New hired ABBANKers feel welcome and soon become familiar with ABBANK's environment through the Onboard training program - A multi-modal training program. During their work at ABBANK, employees often exchange and improve their abilities through training classes on professional knowledge and skills training.

All projects on the transformation journey involve and are closely linked to training, 2022 is a year of strong transformation with the participation of inter-divisions projects, outstanding changes from process, structure and system.

Training with digital transformation accompanied by the Board of Managers and employees also gradually changed their mind of accessing technology for work. This shows that the BOM and BOD are very interested in and invested in ABBANKers, demonstrating the core value of "Human resources is an asset".

### **7.3 Talent engagement**

- a) In 2022, ABBANK continues to improve the system of Human Resource Management policies to ensure team cohesion, create fairness and transparency, and employees are assured of long-term work at ABBANK. A series of important policies and procedures have been adjusted in the direction of streamlining procedures but still ensure the correctness and completeness of regulations such as: Labor regulations, regulations/processes of recruitment, Labour Contract and Personnel Management,...
- b) ABBANK conducts assessment according to modern Balanced Scorecard methods, adjusts and standardizes the system of key performance indicators in order to consistently perform the evaluation of employee. The system of key evaluation indicators is clearly implemented to each employee, ensuring timely monitoring and recording of staff

achievements, cases where works have not been completed are recorded for timely warning and support, ensuring labor productivity of each individual,

- c) For the management and organization of employees, ABBANK focuses on arranging the right people, the right jobs and ensuring business objectives. In 2022, ABBANK completes the transformation of the new organizational structure at most headquarters units under the strategy of "Customer Focus" according to the new core values of ABBANK. Especially, redesigning the new Sales – Service model in all business units to improve customer experience, towards optimizing consulting efficiency and increasing the depth of customer relations to increase the rate of sales force completing the plan,
- d) ABBANK aims to develop employees in the spirit of cohesion, timely encouragement and reward, contributing to promoting the capacity of each ABBANKer in contributing value to the overall development of ABBANK: The program "May Star" rewards and awards badges to employees with full working time of 5 years, 10 years, 15 years,... In order to recognize employees with long-term dedication at ABBANK, the program rewards employees with high achievements for many consecutive years, recognizing and honoring employees who have contributed and made efforts to complete excellent personal tasks at ABBANK,
- e) ABBANK constantly reforms a number of points in the salary policy, especially for direct business personnel and business units such as the application of salary according to labor productivity to motivate and recognize the effectiveness of each employee;
- The epidemic situation has affected all organizations and enterprises nationwide, but ABBANK still considers periodic salary increase adjustments for employees, issues ESOP, applies preferential loan policies to recognize the contributions and dedication of employees to ABBANK, In addition, there is income support during the time employees are infected, organizing timely vaccination and maintaining other ABBANK care remuneration regimes,

## 8. Strategic projects implemented

No,	Project	Status
<b>Implemented in 2022</b>		
<b>I</b>	<b>Projects/Innovations to serve ABB's business</b>	
1	Omni-channel Digital Platform	Finished contractor selection and signed contract on December 2022, Currently implementing Project phase 01 for the corporate customer group,
2	Customer Relationship Management - CRM	Completed and officially put into operation: + Phase 01: November 2022 + Phase 02: December 2022 Currently implementing Phase 03 and expected to Golive in March 2023,
3	Data Management Solution - Data Lake	Finished contractor selection and signed contract on December 2022, Currently undergoing parallel implementation with “Cloud Infrastructure” project in order to build 03 Usecases for Business analysis,

No,	Project	Status
4	Credit-rating Model Building	Completed in July 2022,
5	Credit Engine Solution	Finished contractor selection and signed contract on July 2022, Currently implementing and expected to Golive the entire project in April 2023,
<b>II</b>	<b>Technology Infrastructure Capacity Improvement Projects</b>	
6	Supervisory and Monitoring system	Completed reviewing current banking supervisory system, Currently cooperating with partners to implement POC monitoring system,
7	Cybersecurity Strengthening	Deploying solutions to scan, evaluate and manage information security weaknesses of application and system solutions on on-premises environment,
8	Cloud Infrastructure	Completed, Currently providing infrastructure for Data Lake, Omni-channel projects to develop the system,