

04

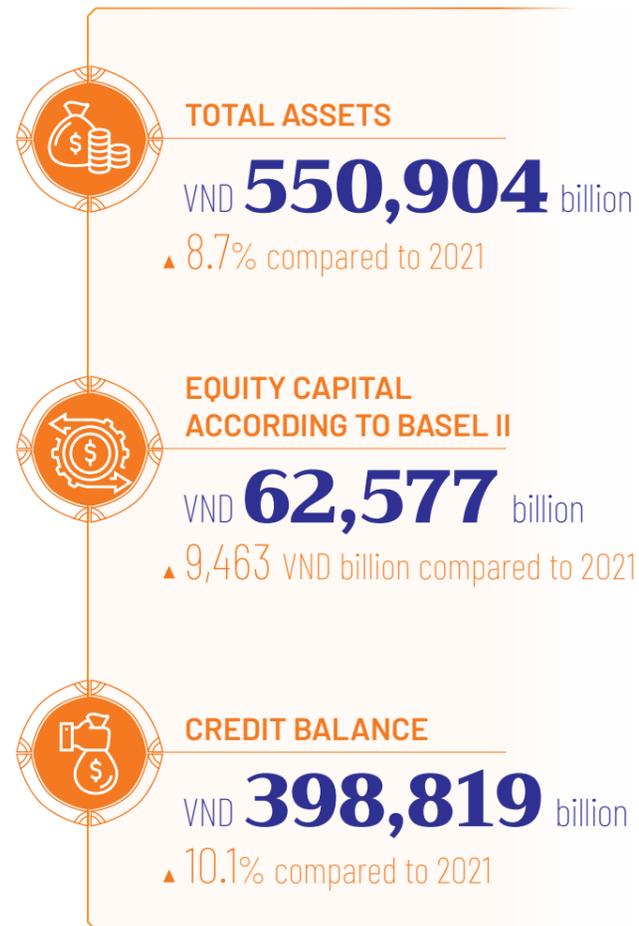
ASSESSMENT OF THE BOARD
OF DIRECTORS ON BUSINESS
PERFORMANCE



4.1. EVALUATION OF THE BOARD OF DIRECTORS

2022 continues to be a year of many challenges for the Vietnamese economy in general and the banking system in particular. However, this is also an opportunity for rapidly transforming financial institutions like SHB to strengthen their foundation, internal resources, and maintain the growth momentum in a sustainable and effective way to create a stepping stone for a new growth phase, affirming its leading position in the market.

- The preceding Board of Directors (2017-2022) performed their assigned tasks until the end of April 20, 2022 and successfully directed the organization of the 2022 Annual General Meeting of Shareholders and term 2022-2027 of SHB. The Board of Directors for the new term (2022-2027) was elected at the General Meeting of Shareholders on April 20, 2022 with 06 members. The Board of Directors always closely followed all business activities of the bank, oriented, monitored, directed and supervised the Board of Management to implement the business plan in 2022 in accordance with the Resolution approved by the General Meeting of Shareholders.
- The Board of Directors properly carried out its roles and responsibilities in developing and issuing a system of internal management regulations, so as to create a unified and transparent governance mechanism, effectively controlled and supervised operations of the governance model, contributing to ensuring the interests of shareholders and harmonizing the interests of stakeholders including customers, employees and shareholders. SHB has been performing well in corporate governance, ensuring its organizational structure and operation in accordance with the provisions of the Enterprise Law, the Law on Credit Institutions and the Bank's Charter.
- The Board of Directors of SHB has oriented activities for 2022 and the following years for the Board of Management and the whole system to complete the strategic objectives for the bank's development based on 04 main pillars, namely: Institutional reform, and consolidation of regulations and procedures; Taking customers and the market as the focus; Strengthening the organization and personnel; Upgrading IT platform and digital transformation. Accordingly, the Board of Directors has directed to focus on promoting institutional and mechanism reform, streamlining the internal document system and strongly restructuring the Head Office in terms of organizational structure, improving the quality of human resources development and training.



In addition, in 2022, the Board of Directors of SHB established a Business Administration Committee under the CEO to separate functions of planning, directing, managing and operating business from functions of implementing and executing business activities, thereby improving the connection and system management among the Head Office and business units following the philosophy of "Management by goals", with consistent direction, comprehensive and synchronous management in business development policies.

- Continuing to ensure the interests of shareholders, in 2022, SHB has completed the payment of dividend for 2021 in shares at the rate of 15%.
- As a bank that completed all three pillars of Basel II ahead of schedule, in 2022, SHB has completed the preparation of the foundations for the transition to advanced capital calculation (FIRB) and the application of IFRS 9, completed the development and implementation of upgrading the liquidity risk management tool according to Basel III standards. This is the basis for the bank to continue to develop a sustainable and comprehensive business strategy, a corridor for risk management and effective use of capital.
- In the past year, SHB was rated at B1 by Moody's, with a positive outlook. With prestige and financial capacity, SHB continued to be a trusted partner of many international financial institutions such as IFC, ADB, WB... with the value of contracts up to billions of USD.

- Along with business activities, SHB well performed its environmental and social responsibilities, including developing green credit in accordance with international and domestic standards on environmental protection, energy saving, resources. SHB is also a bank that always actively implemented community responsibilities with a series of practical and meaningful social security programs such as supporting the prevention and control of epidemics, hunger eradication and poverty reduction, and improvement of people's living standards. Engraved with the philosophy of "attaching social responsibility in business", since the outbreak of the epidemic, SHB has been one of the pioneering commercial banks joining with the Government and the community in fighting epidemics by social contributions: is one of the pioneering organizations to support the Vaccine Fund; offered for free millions of Covid-19 rapid test kits to customers, partners, employees and localities in the fight against the epidemic; supported frontline agencies and hospitals to fight the epidemic and provided practical support to localities. Also, SHB always accompanied businesses to overcome difficulties. SHB is one of the commercial joint stock banks that carried out the highest interest rates cut to support Covid-19 inflicted customers and was also one of the pioneering joint stock commercial banks to participate in the 2% interest rate support program from the State budget as well as reducing interest rates on loans to businesses, cooperatives and business households recovering after the pandemic.



4.2. EVALUATION OF THE BOARD OF DIRECTORS ON THE PERFORMANCE OF THE BOARD OF MANAGEMENT

The bank has a dedicated management team with many years of experience, including reputable experts with decades of experience in investment, business administration, banking and finance. Most of the Board of Directors members have over 20 years of experience in the fields of investment, business administration, banking and finance, and especially have worked at SHB for over 10 years, showing a high level of stability on the Bank's leadership team. Led by a dedicated and experienced management team, in 2022 SHB has achieved outstanding business results and was honored with many awards from domestic and international agencies and organizations.

Under the timely direction and orientation from the Board of Directors, the Board of Management of SHB has completed the guidelines, policies and resolutions approved by the General Meeting of Shareholders and the Board of Directors. Specifically, the Board of Management has performed its duties and powers with a high sense of responsibility, flexibly operated operations and closely directed the units, provided timely solutions and proposals to the Board of Directors to help ensure all activities at each unit in the whole system are fully, promptly, safely, effectively, and properly checked and controlled in accordance with the provisions of law.

4.3. BUSINESS PLANS AND ORIENTATIONS OF THE BOARD OF DIRECTORS

With the goal by 2027 of becoming the No. 1 bank in terms of efficiency and technology among commercial banks in Vietnam and by 2035, SHB shall become a leading modern retail bank in the region, an investment bank providing the most effective capital for key sectors of the economy, the Board of Directors of SHB has determined an appropriate strategy for each period, which is flexible, creative and different.

On the basis of learning from past experiences, inheriting and promoting from the achievements gained, in order to realize the long-term strategic goals, the Board of Directors has selected strategic consulting partners, the world's leading strategic consulting firms to accompany SHB in developing plan and supervising the implementation of the Bank's development strategy.

2023 is also a year marking an important milestone when SHB celebrates its 30th anniversary of establishment and accompanying the country's development. With a long history, strong internal potential, and a team of determined, enthusiastic leaders and employees, creative and flexible to adapt, 2023 promises continuously be a breakthrough and transformative year with powerful transformation, realizing huge aspirations of SHB people, bringing more values to customers, shareholders, and the community, contributing to the prosperity and development of the country. The Board of Directors of SHB has oriented activities for 2023 and the following years for the Board of Management and the whole system to be determined to complete the strategic goals of the bank's development based on four main pillars:

(i) Regulations, mechanism; (ii) Human Resources; (iii) Customer-centricity; (iv) IT Platform and Digital Transformation.

Specifically:

- **Regulations and mechanism:** Streamlining the system, perfecting SHB's internal regulations, processes and documents. Digitalizing credit process, digitalizing customer journey, effectively controlling coordination, centralizing customer management.
- **Human Resources:** improving human resources management capability, improving system administration, training, and management capacity, reward, discipline, KPI, labor productivity; building a corporate culture towards working efficiency; Attracting and retaining talent.
- **Customer-centricity:** SHB's products, identity, policies, organizational structure, people, technology, cultural activities, etc. all aim at serving customers, satisfying and matching customers, suitable for each customer segment according to the characteristics of the region. Developing strategic initiatives to make the most of the customer files and customer ecosystem and supply chain; offering differentiated values with the right products/services.
- **Information Technology Platform and Digital Transformation:** Modernizing the information technology system, automation, creativity, flexibility, connecting with the ecosystem and strategic partners in the future. Paying special attention to digital transformation, building a digital culture, transforming people themselves, towards digitizing internal processes and processes related to serving customers, improving operational efficiency.

