



**SAI GON – HANOI
COMMERCIAL JS BANK**

SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

Hanoi, March 30, 2022

No.: 01/BC.SHB-ĐHĐCD

**REPORT ON THE PERFORMANCE OF THE BOARD OF DIRECTORS
TERM 2017 – 2022 AND ORIENTATIONS FOR THE TERM 2022-2027**

To: General Meeting of shareholders

Implementing the Law on Credit Institutions, the Law on Enterprises, the Law on Securities and Charter of Saigon - Hanoi Commercial Joint Stock Bank (SHB), the Board of Directors of SHB (BOD of SHB) would like to report and submit to the General Meeting of Shareholders (GMS) the performance results of SHB's Board of Directors for the term 2017 - 2022, and operational orientations for the 2022-2027 term of BOD of SHB as follows:

I. PERFORMANCE OF SHB's BOD IN 2021 AND IN THE 5 YEAR TERM 2017-2022

In the past 5 years (2017-2021), Vietnam's socio-economic development continued to grow and adapt to the new situation. In the period of 2017-2019, Vietnam's economy prospered with impressive growth, becoming a bright spot in Asia, with an average GDP of over 7% per annum. At the end of 2019 and the beginning of 2020, the Covid-19 pandemic broke out globally; Besides the Covid-19 epidemic, natural disasters, big storms and floods in many central provinces have had a significant impact on the activities of the economy and people's lives, economic growth rate of Vietnam was lowest ever since 2008, yet Vietnam was still one of the countries with highest positive growth in the region and the world.

Stepping into the year 2021, the 4th wave of Covid had a strong impact on the economy and people's lives. Thanks to the high determination of the whole socio-political system, our country has achieved many important achievements, drastically implemented a safe and flexible adaptation roadmap, and effectively controlled the Covid-19 epidemic. Vietnam is one of the countries with highest vaccine coverage rate in the world. Macroeconomic conditions continued to be stable, inflation was controlled, GDP growth reached 2.58%, consumer price index CPI increased by 1.84% compared to 2020.

The State Bank of Vietnam has proactively and flexibly adopted monetary policy instruments, promptly implemented measures to fight against the Covid-19 epidemic and supported businesses, thereby, credit growth of the entire industry reached 12.97%; capital mobilization from credit institutions increased by 8.44%; exchange rate was stable, lending interest rates dropped sharply; SBV has also actively implemented solutions to restructure the system of credit institutions and handle non-performing loans, ensuring system safety;

encouraged non-cash payments; promoted digital transformation in banking activities; ensured operational safety of the entire banking system and credit institutions, significantly contributed to the country's socio-economic development.

Understanding the lifeline role in the economy, SHB has made efforts, together with the banking industry, to support the economy affected by Covid-19, joining hands with the community, sharing with customers through credit incentives, debt restructure, interest rate exemption and reduction, etc., and carried out practical social security activities, accompanied the whole country to prevent and control the epidemic. Under the direction of the Board of Directors, the efforts of the Board of Management and the consensus and determination of the employees in whole system to constantly innovate, create, and turn challenges into opportunities, SHB had a successful year in 2021, accomplished business plan targets assigned by the General Meeting of Shareholders.

1. Implementation results of the Resolution of the General Meeting of Shareholders in 2021 and the 5-year term 2017-2022

For the 5-year term (2017-2022), the Board of Directors has basically completed the resolutions assigned by the General Meeting of Shareholders. The Board of Directors respectfully report to the General Meeting of Shareholders some of the outstanding results achieved in 2021 and the 2017-2022 term as follows:

Complete the business plan:

Trusted by the General Meeting of Shareholders, the Board of Directors for the 2017-2022 term was proactive, flexible, closely followed market developments, focused on forecasting, and offered appropriate solutions for each development stage with a long-term orientation and a competitive differentiation strategy, SHB's business activities in recent years have grown rapidly, sustainably and safely. The Board of Directors of SHB has completed its 5-year strategic development goals with remarkable achievements, reflected in its outstanding growth efficiency, business results that met and exceeded the annual plan set by the General Meeting of Shareholders.

In the past 5 years, SHB has always maintained its 5-year development strategy with remarkable achievements, reflected in its outstanding growth efficiency, achieved business results and always maintained a high growth rate compared with other Private Commercial Joint Stock Banks, specifically: Total Assets increased by 2.1 times; Charter capital increased by 2.4 times; Total outstanding loans increased by 2.1 times; Deposits from customers grew at a high rate and maintained a continuous upward momentum, in the context of increasingly fierce competition in the capital mobilization market, in which total capital mobilization from financial institutions and individuals increased by 2.1 times; Profit before tax as of December 31, 2021 reached VND 6,260 billion, increased by 5.4 times; Asset quality was always strictly controlled in compliance with SBV's regulations; SHB has handled all VAMC bonds and outstanding debts of Vinashin after merging with HBB.

Completing the adjustment of operating time at the establishment and operation license of Saigon - Hanoi Commercial Joint Stock Bank from 40 years to 99 years.

Regarding SHB's divestment in Saigon - Hanoi Commercial Joint Stock Bank Finance Company Limited (SHBFC): In 2021, SHB and Thai investor – Bank of Ayudhya Public Company Limited (Krungsri) have successfully signed a contract of 100% capital transfer. The agreement to sell 100% of the capital of SHB in SHBFC to Krungsri Bank – Thailand has brought a significant capital surplus to SHB's shareholders, as well as improving the financial capacity and position of SHB. Currently, the parties are continuing to implement the procedures according to the agreed roadmap.

The completion of transferring SHB shares from Hanoi Stock Exchange to Ho Chi Minh City Stock Exchange has also brought many new opportunities for shareholders and investors.

(Details are stated in the Business Performance Report for 2021 and Business Plan for 2022 presented at the AGM)

- Next, the Board of Directors respectfully report to the General Meeting of Shareholders a number of contents that have achieved positive results and need to be continued in 2022 and for the term 2022 - 2027.

- + The transformation of operation model of Saigon - Hanoi Laos One Member Bank Limited (SHB Laos) and Saigon - Hanoi Public Bank Limited (SHB Cambodia): The transformation of the operating model of SHB Laos and SHB Cambodia must comply with the provisions of the respective host country's laws and relevant Vietnamese laws. Currently, the bank has been looking and choosing partners to match its strategic direction and meet the legal requirements of the two sides, but progress has been affected by the context of the Covid 19 epidemic. The proposed transformation of the operating model of SHB Laos and SHB Cambodia will continue to be implemented as approved by the 2021 General Meeting of Shareholders in Proposal No. 07/TTr-HĐQT dated April 1, 2021;
- + Capital increase from additional share issuance for foreign investors and foreign strategic investors: In 2021, many foreign investors expressed their interest and desire to invest in SHB. Currently, SHB is in the process of negotiation and continuous implementation *(Details according to the proposal and plan presented at the General Meeting).*

2. Evaluation on the performance of duties of the Board of Directors in 2021 and the 5-year term 2017-2022

In the 2017-2022 term, with the motto of "**Serving from the Heart - Aspiration to lead**", SHB's Board of Directors has implemented governance duties in accordance with its commitments to the General Meeting of Shareholders to bring the highest benefits to shareholders and customers. SHB always aims to build a good corporate culture, a professional working environment, and a unanimous determination to achieve the Bank's strategic goals.

- Governance and supervision activities of the Board of Directors

The Board of Directors of SHB for the 2017-2022 term was elected at the 25th Annual General Meeting of Shareholders (in 2017) with 07 members. During the tenure, some members of the Board of Directors have resigned for personal reasons. Therefore, to ensure compliance with the Law on Credit Institutions and relevant provisions of the law, the Annual General Meetings of Shareholders has added members to the Board of Directors. Up to now, the Board of Directors maintains 07 members, including 01 independent member, in accordance with the provisions of current laws.

During the tenure of the Board of Directors, the Board of Directors conducted periodical meetings, and extraordinary meetings, collected opinions of members of the Board of Directors by voting and issued resolutions and decisions to implement the resolutions assigned by the General Meeting of Shareholders and performed the business activities in a timely and effective manner.

Board of Directors has assigned specific tasks to each member of the Board of Directors, the Board of Directors regularly participated in meetings with the Executive Board, Divisions/Departments/Centers, and Business Units in the system to grasp the operation situation and activities of the units, promptly removed difficulties arising in the operation of the Bank, creating motivation to promote business development. At the same time, the Board of Directors supervised the Bank's activities on a regular basis through periodic reports and reports/proposals from the Executive Board. In addition, supervision was also carried out through reviewing and processing information from reports prepared by the Supervisory Board and Internal Audit Division. As a result, management and supervision activities are always implemented effectively, ensuring safe and sustainable development;

Activities of independent members of the Board of Directors who do not participate in management: Performed the roles, functions and duties of independent members of the Board of Directors, and at the same time were assigned to manage and supervise the activities of the Risk Management Division; Information Technology Division and Digital Transformation Center under the Board of Directors;

Activities of the subcommittees under the Board of Directors, including: Human Resources Committee; Risk Management Committee; Internal Security Department; Research and Development Department; Digital Transformation Center: Committees, Department/Centers under the Board of Directors are established and operate according to the Regulation on organization and operation of each unit issued by the Board of Directors. The Committees advise and assist the Board of Directors effectively in human resources and risk management, information technology, digital transformation and regularly report to the Board of Directors on issues within the scope of responsibility of each unit in order to ensure that the Board of Directors is provided with the most complete and comprehensive information on the Bank's operation, in accordance with the provisions of law and the Resolutions of the General Meeting of Shareholders.

- Directing the implementation of the strategy

The Board of Directors has established Steering Committees led by the Chairman of the Board of Directors to promptly orient and supervise the Executive Board to drastically implement and promote business activities. Particularly, the Steering Committee for Banking Development Strategy, Technology Modernization and Banking Digital Transformation has selected the world's leading consulting firms to develop SHB's development strategy, and accompany the bank in its innovation and modernization journey; Debt Handling Steering Committee has implemented solutions and measures to recover bad debts and overdue debts; developed a manual to guide relevant units throughout the system in debt collection, strengthen the inspection work before, during and after lending in order to improve credit quality throughout the system, bringing impressive results in SHB's business activities, meeting and exceeding the planned targets approved by the General Meeting of Shareholders.

Over the past years, SHB's Board of Directors has directed to focus on (i) promoting institutional and mechanism reform, streamlining internal document system (regulations, processes, policies, products) in accordance with the provisions of law and international practices; (ii) serving business development on the principle of taking customers as the center, exploiting diverse Ecosystem/chain financing customer files; (iii) Strongly restructuring the Head Office in terms of organizational structure, improving the quality of human resources development, training and supplementing the Executive Board's personnel, promoting the role of the Executive Board/Divisions/Departments/Centers at the Head Office in management and administration, focusing on strictly inspecting and controlling risks in all areas of SHB's business activities; (iv) Breakthrough in digital transformation/Digital banking through information technology projects. Oriented to in-depth investment in technology, digital transformation and developed many customer-centric utility products and services with high technology content. In particular, SHB's application of Smart Robot - a product of AI into service provision has marked a new step for SHB on the journey of digital banking development, constantly improving customer experience.

- Transparency in information disclosure and constantly increases shareholder benefits

Information disclosure activities are strictly implemented by SHB in accordance with the provisions of the law on securities and the stock market, helping shareholders and investors to fully and timely grasp information about SHB.

SHB always ensures shareholders' interests by paying annual dividends in shares, the average dividend payment rate of 5 years (from 2017 to 2021) is 11.3% (*Expected to pay dividend of 15% in shares for 2021 (Details according to the proposal at the meeting)*). The current number of shareholders has increased 2.5 times compared to 2017 (at the time of closing the list to attend the General Meeting of Shareholders), there were many times when SHB had about 80,000 shareholders, showing interest and trust of shareholders and investors for the safe and sustainable development of SHB.

- SHB always accompanies customers and the community in social security activities

Along with business development, SHB always actively implements solutions to prevent, combat and respond to natural disasters and epidemics, accompanying customers and the community in social security work. In 2021, following the direction of the Government, the Ministry of Health, the SBV, ... The Board of Directors directed the implementation of solutions and measures to ensure safety, efficiency and continuous business operation, sharing with customers through preferential credit policies, interest exemption/reduction, supporting customers to restore production and business; and at the same time is a pioneer enterprise accompanying the whole country in the fight against the Covid-19 pandemic and timely medical support. With the initiative, actively joining hands with the community, SHB was awarded the Certificate of Merit by the Prime Minister for outstanding achievements in the prevention of the Covid-19 epidemic .

With the above achievements, in the past years, SHB has continuously won many noble titles and awards honored by the Party, State, prestigious domestic and international organizations: Second-class Labor Medal; Third-class Labor Medal awarded by the President; For many years in a row, the bank was honored Top 10 most prestigious banks in Vietnam; Top 10 Large-cap Companies with Best Annual Report honored by Ho Chi Minh City Stock Exchange and Hanoi Stock Exchange; Top 50 best enterprises in Vietnam; Top 500 banks with the largest global brand value and many other prestigious awards...

3. Remuneration for the Board of Directors and Supervisory Board

The use of the remuneration fund and operating budget of the Board of Directors and the Supervisory Board in the years 2017 - 2022 is always within the limits approved by the Annual General Meeting of Shareholders.

In 2021, the General Meeting of Shareholders approved the policy on remuneration for the Board of Directors and Supervisory Board with a maximum rate of 1% of Profit after tax; The total remuneration of the Board of Directors and the Supervisory Board has been spent, corresponding to 67% of the plan approved by the General Meeting of Shareholders.

It is expected that the total budget of the Board of Directors and Supervisory Board Remuneration Fund in 2022 will be 0.6% of SHB's consolidated profit after tax in 2022.

II. DEVELOPMENT ORIENTATION OF SHB IN 2022 AND TERM 2022 - 2027

1. SHB's goals for the period of 2022-2027

The goal in the next 5 years is that SHB will become 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. To become 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 the period 2017-2021, 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.

2. Business development orientation

The Board of Directors of SHB has oriented activities for 2022 and the following years for the Executive Board and the whole system to be determined to complete the strategic goals of the bank's development based on four main pillars as follows:

- Renovating regulations and processes: Streamlining the system, perfecting SHB's internal regulations, processes and documents. Digitalizing credit process, digitalizing customer journey, effectively controlling coordination, centralizing customer management.
- Strengthening the organization and personnel: 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.
- Customers are the focus: 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.
- Upgrading the IT 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
Transforming from people themselves, towards digitizing internal processes and processes related to serving customers, improving operational efficiency.

SHB's Board of Directors has directed the implementation of initiatives and measures to achieve strategic goals in 2022 with the motto "Serving from the Heart - Aspiration to lead" and the core value "Confidence, Self-Reliance, Intellectual, Whole-hearted, Integrated, Victory" as a solid foundation for breakthroughs in the following years. SHB continues to strengthen its financial capacity, ensure compliance with operational safety indicators in accordance with SBV's regulations, and improve investment capacity, expand its network in line with business development goals, and bring the best benefits to customers, shareholders, and the Bank itself. At the same time implement the Government's orientation on socio-economic development and closely follow the direction of the State Bank on implementing key tasks of the banking sector.

The Board of Directors of SHB for the term 2017 - 2022 has successfully completed the tasks assigned by the General Meeting of Shareholders, would like to thank all Shareholders, State management agencies, relevant departments, customers, the Executive Board and all employees of SHB have trusted and accompanied the Board of Directors in the process of performing their duties during the past 5 years.

The Board of Directors of SHB for the 2017-2022 term believes that the new Board of Directors elected at the 2022 General Meeting of Shareholders will continue to promote its achievements with the foundation established through 29 years of continuous development, along with shareholders' support, the unity in the direction of the Board of Directors and the Executive Board, the enthusiastic and effective support from the authorities, customers, shareholders, and the solidarity and determination to innovate, the creativity of all staff, SHB will continue to grow strongly and become one of the leading banks in Vietnam in terms of efficiency and technology.

Wishing you health and success.

**PP. BOARD OF DIRECTORS
CHAIRMAN OF THE BOARD**