



SAI GON – HANOI
COMMERCIAL BANK
SUPERVISORY BOARD

No: 03/BC.SHB-DHDCD

Hanoi, March 30, 2022

REPORT
IMPLEMENTATION OF TASKS AND POWERS OF THE SUPERVISORY BOARD
YEAR 2021 AND TERM 2017 – 2022

To: GENERAL MEETING OF SHAREHOLDERS

Pursuant to the Law on Credit Institutions No. 47/2010/QH12 dated June 16 , 2010 of the National Assembly of the Socialist Republic of Vietnam;

Pursuant to the Law Amending and Supplementing a Number of Articles of the Law on Credit Institutions, No. 17/2017/QH14 dated November 20, 2017 of the National Assembly of the Socialist Republic of Vietnam;

Pursuant to Circular No. 13/2018/TT-NHNN dated May 18, 2018 of the Governor of the State Bank of Vietnam (SBV) promulgating the Regulations on the internal control system of commercial banks, foreign bank branches (hereinafter referred to as Circular No. 13/2018/TT-NHNN);

Pursuant to the Charter of Saigon - Hanoi Commercial Joint Stock Bank (SHB) issued together with Decision No. 109/2021/QD-HĐQT dated May 7, 2021 of the Board of Directors (BOD) of SHB (hereinafter referred to as SHB Charter);

Pursuant to the Regulation on organization and operation of the Supervisory Board of SHB issued together with the Decision No. 45/2021/QD-BKS dated May 7, 2021 of the Supervisory Board;

The Supervisory Board of SHB would like to report to the 30th Annual General Meeting of Shareholders (AGM) of SHB on the results of the performance of duties and powers of the Supervisory Board in 2021 and the 2017-2022 term, the operation direction in 2022 and the following term as follows:

Part I

IMPLEMENTATION RESULTS OF TASKS AND POWERS
OF THE SUPERVISORY BOARD IN 2021

- 1. Carrying out supervision on the compliance with provisions of law and the Charter of SHB in the management and governance of the Bank:**

Pursuant to the provisions of law and the Charter of SHB , The Supervisory Board has supervised the compliance with the governance and operational regulations of SHB in 2021 by the Board of Directors, CEO/Executive Person of SHB, the monitoring results are as follows:

1.1. For the Board of Directors:

Board of Directors has fully performed relevant powers and duties in accordance with the law, the Charter of SHB and Internal Regulations on Governance with a sense of responsibility and high efficiency in the management of the SHB system. Specifically:

- Planning and implementing the strategy of banking development, technology modernization and banking digital transformation of SHB.
- The Board of Directors closely followed Resolution No. 01/NQ-ĐHĐCD approved by the General Meeting of Shareholders to direct the CEO to implement and complete the 2021 business plan of SHB.
- Orienting and planning SHB's in-depth business development strategy, ensuring comprehensiveness in development.
- Performing the governing role of the Board of Directors in risk management and internal control activities in accordance with provisions of Circular No. 13/2018/TT-NHNN.
- Attending reviewing meetings of SHB; meetings with Divisions/Departments/Centers at HO organized by the CEO... thereby proposing strategic orientations in line with SHB's operational goals in 2021 and the following years.
- Performing other duties and powers of the Board of Directors in accordance with the law and SHB's Charter.

1.2. For the CEO/Executive Person of SHB:

- Consolidated the organization, assigned tasks to the Deputy CEOs, consolidated the Divisions, Departments and Centers directly under the Head Office to promote and perform duties according to their functions, tasks and powers assigned.
- Following the direction of the Board of Directors, proactively organized the implementation of the business plan in accordance with Resolution No. 01/NQ-DHĐCD approved by the 29th General Meeting of Shareholders to achieve the effectiveness and progress of the 2021 plan set for the entire SHB system.
- Directed units at HO to develop goals, plans, solutions and action plans suitable to the functions and tasks of each unit and SHB's goals in 2021.
- Following the direction of the Board of Directors, SHB has focused on selecting strategic consulting partners for SHB; focused on digital transformation, digital banking. As a result, the strategic consulting firm for SHB has been selected, the newly established SHB Digital Banking Division has also gained e initially successes.
- Actively directed the completion of procedures for SHB to officially transfer SHB shares from the Hanoi Stock Exchange (HNX) to the Ho Chi Minh City Stock Exchange

(HOSE).

- Performed other duties and powers of the CEO in accordance with the law and the Charter of SHB.

2. Reviewing and re-issuing internal regulations of the Supervisory Board and Internal Audit Division:

In 2021, the Supervisory Board reviewed and promptly issued a number of documents to replace the old documents in accordance with the Charter of SHB and other provisions of law such as: Regulation on organization and operation of the Supervisory Board; Working mechanism and assignment of tasks of the Supervisory Board; Regulation on organization and operation of Internal Audit Division and Internal Audit Process...

3. Performing internal audit function of the Supervisory Board:

- The Supervisory Board comprehensively leads the activities of the Internal Audit Division in compliance with the Charter of SHB, the Regulation on organization and operation of the Internal Audit Division and other internal regulations of SHB and relevant laws; Directs, administers and supervises the activities of the Internal Audit Division.
- Supervises and directs the Internal Audit Division to organize and complete the Internal Audit plan in 2021 of the Supervisory Board; promptly detects shortcomings, violations and propose, recommend to competent authorities to consider and resolve, contributing to SHB's safe and effective business operations, in accordance with the law, regulations of the State Bank and internal regulations of SHB .

4. Appraising SHB's financial statements:

4.1. *Based on data to check and compare:*

- a)** SHB's financial statements are prepared according to the provisions of Decision No. 16/2007/QĐ-NHNN dated April 18, 2007 of the State Bank, Circular No. 49/2014/TT-NHNN dated December 31, 2014 of the State Bank; Circular No. 22 /2017/TT-NHNN dated December 29, 2017 of the State Bank and relevant regulations of the State Bank, including :
 - Balance sheet in 2021 - according to Table No. B02/TCTD-HN.
 - Report on Business Performance in 2021 - according to Table No. B03/TCTD-HN.
 - Statement of cash flows in 2021 - according to Table No. B04/TCTD-HN.
 - Notes to the financial statements for the year 2021 - According to Table No. B05/TCTD-HN.
- b)** SHB's 2021 financial statements have been audited by the Independent Auditing Firm - KPMG Vietnam Co., Ltd.
- c)** Some other relevant documents.

4.2. Confirmation of preparation of interim financial statement for the first 6 months of 2021, financial statement of 2021; SHB's basic financial indicators in 2021 and capital adequacy ratio in 2021 :

- a) **BKS confirmed:** SHB's financial statement for the first six months of 2021 and financial statements for 2021 of SHB are prepared in strict accordance with regulations of the State Bank of Vietnam, in accordance with Vietnamese accounting standards and current regulations of the law on accounting, and properly and appropriately presented the financial position and business activities of SHB.
- b) **Basic financial indicators for 2021 (as of December 31, 2021 according to audited financial statements):**

Unit: VND billion

No.	Targets	Implemented as of December 31, 2020	Implemented as of December 31, 2021	Rate (%) increased (+), decreased (-) compared to the implementation as of December 31, 2020	Consolidated plan for 2021 according to Resolution 01/NQ-DHDCD dated April 22, 2021
(1)	(2)	(3)	(4)	(5)=[(4)-(3)]/(3)	(6)
1	Total assets	412,680	506,604	22.8%	460,214
2	Authorized capital	17,510	26,674	52.3%	26,674
3	Mobilized capital from primary market (<i>Deposits from customers, Issuance of valuable papers, capital from priority markets</i>)	338,129	378,441	11.9%	388,549
4	Credit balance	316,670	368,514	16.4%	361,003
5	Profit before tax	3,268	6,260	91.6%	6.128
6	NPL ratio	1.83%	1.69%	-7.7%	< 2%

- b) **SHB's capital adequacy ratio as of December 31, 2021: 11.86% , achieving the target of 10% assigned by Resolution 01/NQ-DHDCD of the General Meeting of Shareholders .≥**

5. Remuneration for the Board of Directors and Supervisory Board in 2021:

The total remuneration for the Board of Directors and Supervisory Board in 2021 within the budget of the remuneration fund for the Board of Directors and Supervisory Board was approved by the 29th General Meeting of Shareholders in Resolution 01/NQ-DHDCD.

6. Perform other duties and powers of the Supervisory Board:

- The Supervisory Board participates in the Internal Audit Management Software Project Committee, in which the Head of the Supervisory Board is the Head of the Project Steering Committee and the full-time Supervisory Board member is the Project Supervisor. Up to now, the internal audit management software has been completed and put into use .
- Maintains regular organization of inspection of accounting books, other documents and management and operation of SHB by directing SHB Internal Audit Division to conduct audits in accordance with the Annual Internal Audit Plan in 2021.
- Coordinates with the Office of the Board of Directors to make, keeps and updates the list of major shareholders and members of the Board of Directors, members of the Supervisory Board, members of the Executive Board of SHB and related people. In 2021, these subjects have contributed share capital to SHB not exceeding the capital contribution ratio prescribed by law and the State Bank.
- Conducts quarterly meetings of the Supervisory Board in 2021 to evaluate the performance of assigned tasks and powers of the Supervisory Board in each quarter and set out directions and tasks of the Supervisory Board in the next period.
- Implements periodical/extraordinary reports to the SBV/BOD in accordance with Law and SHB.
- Other tasks and powers of the Supervisory Board when they arise.

Part II

IMPLEMENTATION OF TASKS AND POWERS OF THE BOARD OF SUPERVISORY TERM 2017 - 2022

1. Carrying out supervision of compliance with the provisions of the law and the Charter of SHB in the management and operation of the SHB system:

1.1. For the Board of Directors:

During the 2017 - 2022 term, the Board of Directors has fully performed the powers and duties assigned in accordance with the provisions of the Charter of SHB; resolutions of the annual General Meeting of Shareholders of SHB; in accordance with the regulations of the State Bank and relevant laws with a sense of responsibility and high efficiency in the administration of the SHB system. As a result, SHB's operations have always strictly complied with the provisions of SHB's Charter, regulations of the State Bank and other legal documents related to banking management and operations.

- Maintaining compliance with Regulations on organization and operation of the Board of Directors of SHB issued from time to time. Directing and implementing the entire organizational structure and personnel of SHB at the Head Office and units under SHB. Promulgating many internal Regulations and Regulations to create a legal corridor to ensure smooth, safe, effective SHB's operations and strictly comply with regulations of the State Bank and relevant laws.

- Assigning tasks to members of the Board of Directors in order to carry out specific tasks to perform the duties and powers of the Board of Directors specified in the Charter of SHB and relevant legal documents as well as the Resolutions and Decisions of the Board of Directors.
- Maintaining quarterly meetings to evaluate the work of the Board of Directors, evaluating the business results of SHB in the period; approving the Business Plan for the next period submitted by the CEO to the Board of Directors; approving a number of other contents under the decision-making authority of the Board of Directors in SHB's operations.
- The Chairman of the Board of Directors regularly attends meetings with the Executive Board, with the presence of the Directors of Divisions/Departments/Centers at the Head Office, Directors of the Business Center, branches, to promptly provide strategic direction in the management of SHB's business activities.
- The Board of Directors has performed other tasks as authorized by the General Meeting of Shareholders of each year during the 2017-2022 term, in accordance with the provisions of the Charter of SHB and relevant regulations of law.

1.2. For the CEO/ Executive Person of SHB:

- Assigning tasks to Deputy CEOs, strengthening Divisions, Departments and Centers at Head Office to promote and perform duties according to their assigned functions, tasks and powers to implement fully, sufficiently and promptly the resolutions and decisions of the General Meeting of Shareholders and the Board of Directors of SHB. Establishing and maintaining an effective internal control system in accordance with SHB's regulations and laws .
- Directing the review of internal mechanisms and regulations of SHB, in order to build new or amend and supplement contents and regulations that are no longer appropriate, creating a legal corridor for the operation of SHB in compliance with the provisions of law and avoids possible risks.
- Directing units at HO to develop annual goals, plans, solutions and action plans suitable to the functions and tasks of each unit and SHB's goals in each year and in medium and long-term.
- Directing, reviewing and promptly solving problems in business activities at SHB's units; directing the Divisions, Departments and Centers at the Head Office to promote the role of vertical system management in the SHB system to quickly review and solve problems in operation at the units, contributing to smooth business activities of units in the SHB system.
- Performing other duties and powers of the CEO for the 2017 - 2022 term in accordance with the law and SHB's Charter.

2. The coordination among the Supervisory Board and the Board of Directors, CEO and shareholders:

During the 2017-2022 term, in implementing its functions and duties, the Supervisory Board has always cooperated with the Board of Directors, CEO and shareholders, specifically as follows:

2.1. *Coordination with the Board of Directors:*

- The Supervisory Board, together with its assisting unit, the Internal Audit Division, contributed to timely implement the BOD's requests in auditing, inspecting and supervising the Bank's activities; proposing and consulting on problems and solutions to improve the internal control system, contributing to ensuring the safety and efficiency of the Bank's operations.
- Attending quarterly meetings of the Board of Directors. At the meetings, the Supervisory Board reports on the operation of the Board during the period.
- Every 6 months/year, the Supervisory Board sends a report to the Board of Directors on the performance of assigned tasks and powers of the Supervisory Board, the appraisal results of the semi-annual and annual consolidated financial statements as prescribed in the Charter of SHB.
- Carrying out other coordination contents according to the Internal Regulations on SHB's governance from time to time.

2.2. *Coordination with the Executive Board:*

- The Supervisory Board has requested the CEO, as well as the heads of units of SHB to provide information and support resources, other necessary conditions suitable for the operation of the Supervisory Board and the assisting unit - the Internal Audit Division according to the functions, duties, powers and responsibilities of the Supervisory Board and the Internal Audit Division, in compliance with the relevant current internal regulations of SHB and the law.
- The Supervisory Board timely discussed with the Executive Board and listened to the feedback of the Executive Board.
- Carrying out other coordination contents according to the Internal Regulations on SHB's governance from time to time.

2.3. *Coordination with shareholders:*

During the 2017 - 2022 term, the Supervisory Board has monitored and evaluated the observance of internal regulations, legal provisions, the Charter of SHB and the implementation of guidelines and resolutions of the General Meeting of Shareholders; controlled and evaluated the observance of internal regulations, provisions of law, Charter, resolutions of the General Meeting of Shareholders, the Board of Directors.

3. *Review and re-issue the internal regulations of the Supervisory Board and Internal Audit Division :*

During the 2027-2022 term, the Supervisory Board annually reviewed the internal regulations of the Supervisory Board and the Internal Audit Division to update, amend, supplement or issue new documents to be in line with legal regulations. SHB's law, Charter and other internal regulations of SHB. Specifically:

- The Supervisory Board has issued the Regulation on organization and operation of the Supervisory Board from time to time on the basis that it has been voted and approved by the General Meeting of Shareholders in accordance with the law and the State Bank and the Charter of SHB from time to time. Along with each re-issue of the regulation on organization and operation of the Supervisory Board, the Supervisory Board also issued the working mechanism and assignment of tasks for the members of the Supervisory Board during the term.
- The Supervisory Board directed to review and re-issue the rules and regulations in internal audit activities:
- + Re-issued the Regulation on the organization and operation of the Internal Audit Division of SHB from time to time in accordance with the regulations of the State Bank and the Regulation on the organization and operation of the Supervisory Board from time to time.
- + Issued updates to the Internal Audit Process in accordance with each period.
- Promulgating internal regulations in internal audit activities in accordance with the provisions of Circular No. 13/2018/TT-NHNN of the State Bank.

4. Performing internal audit function of the Supervisory Board:

- Advising the Board of Directors in developing the Project to restructure the Internal Audit Division.
- The Supervisory Board leads, directs, and supervises the operation of the Internal Audit Division in compliance with SHB's Charter, the Regulation on organization and operation of the Internal Audit Division, and other internal regulations of SHB and relevant laws.
- Issuing the annual Internal Audit Plan according to the provisions of Circular No. 13/2018/TT-NHNN .

5. Appraisal of SHB's financial statements :

During the 2017 - 2022 term, the Supervisory Board carried out the appraisal of Financial statements for the first 6 months of the year and annually, complying with the law and SHB's Charter. At the Annual General Meeting of Shareholders, the Supervisory Board fully reported on the results of the appraisal of the financial statements, assessing the reasonableness, legitimacy, truthfulness and the level of prudence in accounting, statistics and preparation of financial statements.

6. Periodically notifying the Board of Directors and CEO about the internal control system; making recommendations and suggestions to correct and improve the internal control system:

Through the supervision on senior management of the Supervisory Board and the results of the Internal Audit, during the tenure of the Supervisory Board, the Supervisory Board has participated in written comments, reports or directly at the periodic meetings of the Board of Directors, Risk Management Committee, and Executive Board... to propose and recommend to the Board of Directors, CEO of SHB amending, supplementing and

replacing a number of internal regulations of SHB in accordance with the provisions of law, the State Bank in order to contribute to perfecting SHB's internal control system.

7. Remuneration for the Board of Directors and Supervisory Board for the 2017-2022 term:

Annual remuneration for the Board of Directors and Supervisory Board in the 2017-2022 term is within the budget of the remuneration fund of the Board of Directors and the Supervisory Board approved by the Annual General Meeting of Shareholders in the Resolution of the General Meeting of Shareholders .

8. Perform other duties and powers of the Supervisory Board :

- During the term, the Supervisory Board maintains a regular checking accounting books, other documents and the management and administration of SHB's operations by directing the Internal Audit Division of SHB to carry out audits according to the annual Internal Audit Plan .
- Coordinates with the Office of the Board of Directors to make, keep and update the list of major shareholders and members of the Board of Directors, members of the Supervisory Board, members of the Executive Board of SHB and related people. During the term of the Supervisory Board, these subjects contributed share capital to SHB not exceeding the capital contribution ratio prescribed by law and the State Bank.
- Conduct quarterly meetings of the Supervisory Board to evaluate the performance of assigned tasks and powers of the Supervisory Board of each quarter and set out directions and tasks of the Supervisory Board in the next period.
- Implement periodical/extraordinary reports to the SBV/BOD in accordance with Law and SHB.
- Other tasks and powers of the Supervisory Board when they arise.

Part III

OPERATION ORIENTATION OF THE SUPERVISORY BOARD IN 2022 AND THE FOLLOWING TERM

Pursuant to the duties and powers of the Supervisory Board specified in the Charter and other internal regulations of SHB, the Supervisory Board develops and specifies the operation direction in 2022 and the term 2022 - 2027 of the Supervisory Board as follows:

- 1.** Carry out supervision of compliance with the provisions of law and the Charter of SHB in the management and governance of SHB .
- 2.** Issue and review the internal regulations of the Supervisory Board and the Internal Audit Division of SHB to suit the actual conditions and the provisions of law.
- 3.** Perform the Internal Audit function of the Supervisory Board: the Supervisory Board comprehensively leads the activities of the Internal Audit Division in compliance with SHB's Charter, Regulations on organization and operation of the Internal Audit Division, and other internal regulations of SHB and relevant laws; Direct, manage and supervise

the activities of the Internal Audit Division. Issue the annual Internal Audit Plan and direct the Internal Audit Division to implement the Internal Audit Plan fully and on schedule with high quality.

4. Periodically notify the Board of Directors and CEO of the internal control system; make recommendations and proposals to correct and improve the internal control system.
5. Annually, appraise the financial statements of the first 6 months and the whole year; Fully and promptly prepare periodic reports to the SBV and SHB's Board of Directors as prescribed.
6. Check accounting books, other documents and supervise other management operations of SHB.
7. Make a list of major shareholders and related persons of members of the Board of Directors, members of the Supervisory Board, and the CEO, and coordinate with the Office of the Board of Directors in making, storing and updating changes to this list.
8. Perform other powers and duties of the Supervisory Board in accordance with the Charter, internal regulations of SHB and the provisions of law such as: Maintain quarterly meetings of the Supervisory Board as prescribed; Contribute ideas to draft institutional documents of SHB; attends periodic meetings of the Board of Directors, Risk Management Committee, and Executive Board when invited to the meeting; Consider to submit to the General Meeting of Shareholders to select an independent audit unit SHB's annual financial statements etc....

Part IV

RECOMMENDATIONS AND PROPOSES OF THE SUPERVISORY BOARD

The Supervisory Board has a number of recommendations and recommendations to the Board of Directors and CEO of SHB as follows:

1. For SHB Board of Directors:

- The Board of Directors continues to direct the SHB system to implement the Banking Development Strategy, Technology Modernization and Banking Digital Transformation of SHB.
- Continue to direct the CEO to review and strengthen the system of regulations and professional processes, contributing to improving operational efficiency and ensuring safe, effective business activities and sustainable development, in accordance with the law.

2. For the CEO/Executive Person of SHB:

- Following the direction of the Board of Directors, continuing to direct the units under its management to review and perfect the system of regulations and professional processes, contributing to improving operational efficiency and ensuring safe business activities. effective and sustainable development, in accordance with the law.
- Following the direction of the Board of Directors, continuing to organize the implementation of SHB's Banking Development Strategy, Technology Modernization and Digital Transformation.

Above is the Report on the performance of tasks and powers of the Supervisory Board in 2021 and the 2017-2022 term; Operation direction of the Supervisory Board in 2022 and the term 2022 - 2027, SHB's Supervisory Board would like to submit the 30th Annual General Meeting of Shareholders of SHB./.

Respectfully!

Receipt:

- As above (for reporting);
- Board of Directors (for reporting);
- CEO/Executive Person (for information);
- Archived.

**ON BEHALF OF THE
SUPERVISORY BOARD
HEAD OF THE BOARD**

Pham Hoa Binh