



**SAI GON – HANOI**  
**COMMERCIAL JS BANK**  
**SUPERVISORY BOARD**

No: 03/BC.BKS.SHB-DHDCD

*Hanoi, March 22, 2023*

**REPORT**  
**OPERATION RESULTS OF THE SUPERVISORY BOARD IN 2022**  
**AND ORIENTATION OF OPERATION IN 2023**

**To: GENERAL MEETING OF SHAREHOLDERS**

Pursuant to the Law on Credit Institutions No. 47/2010/QH12 dated June 16, 2010 of the 12th National Assembly ;

Pursuant to the Law on amending and supplementing a number of articles of the Law on Credit Institutions, No. 17/2017/QH14 dated November 20, 2017 of the 14<sup>th</sup> National Assembly;

Pursuant to Circular No. 13/2018/TT-NHNN dated May 18, 2018 of the Governor of the State Bank of Vietnam (SBV) promulgating 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. 82/2022/QD-HDQT dated May 4, 2022 of the Board of Directors (BOD) of SHB (hereinafter referred to as the Charter of SHB) and relevant legal regulations;

Pursuant to Resolution No. 01/NQ-DHDCD dated April 20, 2022 approved by the 30th Annual General Meeting of Shareholders (AGM) of SHB and the term 2022 - 2027 (hereinafter referred to as Resolution No. 01/NQ-DHDCD);

Pursuant to the Regulation on organization and operation of the Supervisory Board of SHB issued together with the Decision No. 35/2022/QD-BKS dated May 4, 2022 of the Supervisory Board of SHB,

The Supervisory Board of SHB would like to report to the 31st Annual General Meeting of Shareholders (AGM) of SHB on the performance of the Supervisory Board in 2022 and the operation orientation in 2023 as follows:

## **Part I**

### **PERFORMANCE RESULTS OF THE SUPERVISORY BOARD IN 2022**

#### **1. To supervise the compliance with the provisions of law and the Charter of SHB in the management and administration of SHB :**

Pursuant to the provisions of law and the Charter of SHB, the Supervisory Board has supervised the compliance with the governance and administration of SHB in 2022 by the Board of Directors and the CEO/ Executive person of SHB, the monitoring results are as follows:

##### ***1.1. The Board of Directors:***

- The Board of Directors closely directed the timely implementation of Resolution No. 01/NQ-DHDCD, the resolutions of the Board of Directors during the period, in order to develop SHB's business activities in depth, ensuring comprehensiveness and efficiency.
- Focused on implementing the Bank's development strategy to ensure comprehensiveness; directed the implementation of digital transformation and digital banking in the process of banking modernization.
- Members of the Board of Directors actively performed their assigned tasks from time to time according to the Resolutions on assignment of tasks to members of the Board of Directors. At the quarterly Board of Directors meeting, each member of the Board of Directors had a report on the results of supervision and governance under their assigned tasks for other members of the Board of Directors to comment.
- Performed the monitoring role of the Board of Directors in risk management, internal control and internal assessment of capital adequacy in banking operations in accordance with Circular No. 13/2018/TT-NHNN.
- Performed other duties and powers of the Board of Directors in accordance with the law and SHB's Charter.

##### ***1.2. The CEO/ Executive person:***

- Complied with the provisions of law and the Charter of SHB in the operation of the CEO/ Executive person; focused the implementation of 4 pillars and 12 key tasks of business development in 2022 synchronously throughout the entire SHB system.
- Following the direction of the Board of Directors, the CEO/ Executive person have actively organized the implementation of the 2022 business plan in the entire SHB system in accordance with Resolution No. 01/NQ-DHDCD with positive results. Complied with the resolutions and directions of the Board of Directors, contributing to the safe and effective business activities of SHB.

- Strengthened the organizational model of Divisions, Departments and affiliated Centers at SHB Head Office under the management authority according to their assigned functions, tasks and powers.
- Complied with the supervisory role of senior management for risk management, internal control and internal assessment of capital adequacy in banking operations as prescribed in Circular No. 13/2018/TT-NHNN.
- Implemented the strategy of banking development, technology modernization and bank digital transformation of SHB under the direction of the Board of Directors.
- Performed other duties and powers of the CEO in accordance with the law and the Charter of SHB.

**2. Reviewed and re-issued the internal regulations of the Supervisory Board and Internal Audit Division:**

In 2022, the Supervisory Board has reviewed and promptly issued a number of documents to replace the old documents to be consistent with the Charter of SHB and other provisions of law, specifically: 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; Internal audit process; Regulations on monitoring and inspecting the implementation of recommendations of the Supervisory Board and Internal Audit Division at SHB; Regulations on professional ethics of Internal Auditors.

**3. Performed internal audit function of the Supervisory Board:**

- The Supervisory Board comprehensively led the activities 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; Directly gave direction, managed and supervised the activities of the Internal Audit Division.
- Supervised and directed the Internal Audit Division to organize and complete the internal audit plan in 2022 of the Supervisory Board; promptly detected shortcomings, violations and proposed recommendations to competent for consideration and solution, contributing to SHB's smooth and safe business operations, in accordance with the law, the State Bank and SHB's internal regulations.

**4. Appraisal of SHB's financial statements:**

**4.1. Data bases to inspect 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; Circular No. 27/2021/TT-NHNN

dated December 31, 2021 of the SBV and relevant regulations of the SBV, including:

- 2022 Balance sheet - according to Schedule B02/TCTD-HN.
  - Report on Business Performance in 2022 - according to Schedule No. B03/TCTD-HN.
  - Cash flow statement in 2022 - according to Schedule No. B04/TCTD-HN.
  - Notes to Financial Statements for 2022 - according to Schedule No. B05/TCTD-HN.
- b) SHB's 2022 financial statements as audited by an Independent Auditor - KPMG Vietnam Co., Ltd.
- c) Some other relevant documents.

**4.2. Confirmation of the interim financial statements for the first 6 months of 2022, financial statements of 2022 of SHB:**

Board of Supervisors confirmed SHB's financial statements for the first six months of 2022 and financial statements for 2022 of SHB are prepared in strict accordance with the regulations of the State Bank of Vietnam, in accordance with Vietnamese accounting standards and current regulations of law on accounting, and properly and appropriately presented the financial position and business activities of SHB.

**4.3. SHB's basic financial indicators in 2022 :**

The basic financial indicators for 2022 of SHB as of December 31, 2022 according to the audited financial statements are as follows:

*Unit: billion*

No.	Criteria	As at December 31, 2022	Ratio (%) increased (+), decreased (-) compared to the period of December 31, 2021	Consolidated data plan in 2022 according to Resolution 01/NQ-DHDCD dated 20/4/2022
1	Total assets	550,904	8.74%	569,610
2	Charter capital	30,674	15.00%	36,459
3	Total mobilized capital	491,183	6.85%	504.539
4	Credit balance	398,819	10.10%	421,715
5	NPL ratio	2.81%	66.86%	< 1.30%
6	Profit before tax	9,689	54.78%	11.686
7	CIR	22.70%	-6.45%	≤ 24.50%
8	ROE	24.70%	17.55%	≥ 26.63%

**5. Remuneration for the Board of Directors and Supervisory Board in 2022:**

Total remuneration for the Board of Directors and Supervisory Board in 2022 is within the budget of the remuneration fund of the Board of Directors and Supervisory Board as approved by the 30th General Meeting of Shareholders and the term 2022 - 2027 in Resolution 01/NQ-DHDCD.

**6. Performed other duties and powers of the Supervisory Board:**

- Periodically informed the Board of Directors and CEO of the internal control system; gave recommendations and proposals to amend and improve the internal control system.
- Maintained regular inspection of accounting books, other documents and management and administration of SHB's operations by directing SHB Internal Audit Division to conduct audits in accordance with the Internal Audit Plan and other irregular inspections and audits in 2022 .
- Coordinated with the BOD's office to prepare, record and update the list of major shareholders and members of the Board of Directors, members of the Supervisory Board, CEO of SHB and related persons. In 2022, these subjects have contributed share capital to SHB not exceeding the capital contribution ratio prescribed by law and the State Bank.
- Implemented quarterly meetings of the Supervisory Board in 2022 to evaluate the performance in the period and orientation in the next period.
- Implemented periodical/ad hoc reports to the SBV/BOD in accordance with the Law and SHB's regulations.
- Other tasks and powers of the Supervisory Board as arose.

**Part II**

**ORIENTATION OF THE SUPERVISORY BOARD IN 2023**

Pursuant to the duties and powers of the Supervisory Board prescribed in the Charter and other internal regulations of SHB, the Supervisory Board has developed and specified the operation orientation in 2023 as follows:

1. Carry out the surveillance on the BOD and CEO in compliance with the provisions of the law and the Charter of SHB in the management and administration of SHB and the implementation of the Resolution of the 31st Annual General Meeting of Shareholders of SHB in 2023.
2. Continue to review the internal regulations of the Supervisory Board and the Internal Audit Division of SHB to amend/supplement to suit the actual conditions and the provisions of the law (if necessary).
3. Perform the Internal Audit function of the Supervisory Board: The Supervisory Board comprehensively leads the Internal Audit Division's activities in compliance with SHB's Charter, Regulations on organization and operation of the Internal Audit Division, and other internal regulations of SHB and applicable laws; Directly

controls and supervises the activities of the Internal Audit Division, and directs the Internal Audit Division to fully implement the 2023 Internal Audit Plan on schedule with high quality.

4. Periodically inform the Board of Directors and CEO of the internal control system; make recommendations and proposals to amend and improve the internal control system.
5. Annually appraise the financial statements for the first 6 months of the year and the whole year; Fully and promptly prepare periodic reports to the SBV and SHB's Board of Directors in accordance with regulations.
6. Check accounting books, other documents and inspect the management and operation of SHB.
7. Make a list of major shareholders and related persons of BOD members, members of the Supervisory Board, and CEO, and coordinate with the BOD's Office in making, recording 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 provisions of the law.

### **Part III**

#### **RECOMMENDATIONS AND PROPOSALS OF THE SUPERVISORY BOARD**

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

- 1. For the Board of Directors of SHB:**
  - Continue to direct the whole Bank to plan a strategy to realize the goal of SHB in the period of 2022-2027 of becoming the leading bank in terms of efficiency and technology among commercial banks in Vietnam, on the basis of developing and implementing the roadmap and solutions synchronously and appropriately through the years.
  - Direct the CEO of SHB and functional units under the Board of Directors to continue consulting, reviewing, updating, amending, supplementing and enhancing the system of internal documents of SHB in accordance with the law and SHB, contributing to improving efficiency in banking operations.
  - Direct the CEO to organize the implementation of SHB business plan in 2023 as approved at the Resolution of the 31st Annual General Meeting of Shareholders of SHB in 2023.
- 2. For the CEO of SHB:**
  - Continue to organize the implementation of the strategy to realize the goal of SHB in the period of 2022-2027 of becoming the leading bank in terms of efficiency and technology among commercial banks in Vietnam, on the basis of of developing and implementing the roadmap and solutions synchronously and appropriately through the years.

- Follow the direction of the Board of Directors, continue to review, update and strengthen the system of internal documents of SHB in accordance with the provisions of the law and SHB, contributing to improving operational efficiency of the Bank.
- Direct the units under the management of the Board of Management to correct and overcome the shortcomings and violations as proposed and recommended by the Supervisory Board and Internal Audit.

Above is the Report on the performance of the Supervisory Board in 2022 and the operation orientation in 2023, the Supervisory Board of SHB would like to submit to the 31st Annual General Meeting of Shareholders of SHB for consideration./.

Respectfully submitted!

***Recipients:***

- As above (for reporting);
- BOD (for acknowledgement);
- CEO (for acknowledgement);
- Filed at SB.

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

**Pham Hoa Binh**