



**SAIGON – HANOI
COMMERCIAL
JS BANK**

BOARD OF SUPERVISORS

No: 03/BC-BKS.SHB-DHĐCĐ

Hanoi, March 29, 2024

**REPORT
ON THE BOARD OF SUPERVISORS PERFORMANCE IN 2023
AND DIRECTIONAL PLAN IN 2024**

To: General Meeting of Shareholders of Saigon - Hanoi Commercial Joint Stock Bank

Pursuant to the Law on Credit Institutions No. 47/2010/QH12 dated June 16, 2010 of the 12th National Assembly; Law Amending and Supplementing a Number of Articles of the Law on Credit Institutions, No. 17/2017/QH14 dated November 20, 2017 of the XIV National Assembly and relevant regulations;

Pursuant to the Charter of Saigon - Hanoi Commercial Joint Stock Bank (SHB) issued together with Decision No. 150/2023/QĐ-HĐQT dated June 2, 2023 of the Board of Directors (BOD) of SHB (hereinafter referred to as “SHB Charter”);

Pursuant to the Regulations on organization and operation of the Board of Supervisors (BOS) of SHB issued together with Decision No. 35/2022/QĐ-BKS dated May 4, 2022 of the SHB Board of Supervisors,

SHB's Board of Supervisors would like to report to General Meeting of Shareholders on the Board of Supervisors performance in 2023 and directional plan in 2024 as follows:

I. THE BOARD OF SUPERVISORS PERFORMANCE IN 2023

1. Oversee the regulatory compliance and compliance with SHB Charter in corporate governance and management.

Pursuant to the provisions of law and SHB's Charter, The Board of Supervisors exercised the oversight over the governance and management of SHB in 2023 by the Board of Directors and Chief Executive Officer (CEO) of SHB:

1.1. Oversight over the Board of Directors:

The oversight over the Board of Directors was exercised comprehensively and frequently focusing on orientations and directions of the Board of Directors to the CEO and other Board committees; high-level supervision of the Board of Directors.

It was shown that the Board of Directors directed the Chief Executive Officer to promptly implement Resolution No. 01/NQ-DHĐCĐ of the 31st General Meeting of Shareholders in 2023 (hereinafter referred to as Resolution No. 01/NQ-DHĐCĐ), issued

Resolutions of the Board of Directors to implement business strategies, investments, key projects, modernization to grow business effectively. Members of the Board of Directors proactively carry out assigned tasks from time to time. At periodic meetings of the Board of Directors, each member of the Board of Directors reports on the progress of performing assigned tasks.

- Regarding preventing and combating corruption and crime (PCCC) :
- + The Chairman of the Board of Directors as the Head of the PCCC Steering Committee, directly led Bankwide anti-corruption activities.
- + Based on the regulations on PCCC of the Government and the State Bank of Vietnam (SBV), the Board of Directors has issued SHB regulations on PCCC to create a legal corridor. Any violations and misconducts against the interests of customers and the bank were blow-whistled and handed to the relevant departments for further investigation and necessary discipline. Disciplinary and reward policies in place are to direct and regulate employee conduct in compliance with the law.
- Regarding Anti- Money Laundering (AML):
- + The Board of Directors has directed the development of a regulatory framework on AML in compliance with the AML law.
- + SHB regulations and procedures on AML were promptly issued by the Board of Directors to meet the requirements in accordance with relevant laws and the State Bank of Vietnam on AML.

1.2. Oversight over Chief Executive Officer:

The oversight over CEO was exercised comprehensively and frequently focusing on implementations of the Board of Directors request and other Board committees; high-level supervision and management of the CEO.

It is shown that the CEO has promptly implemented the directions of the Board of Directors, comprehensive business strategy, digital transformation and digital banking transformation in the process of banking modernization. Compliance by senior management in risk management, internal control and capital adequacy ratio in banking operations as prescribed in Circular No. 13/2018/TT-NHNN has been enforced.

- Regarding preventing and combating corruption and crime (PCCC):
- + The CEO as the Deputy Head of the PCCC Steering Committee, assisting Head of the PCCC Steering Committee to lead Bankwide anti-corruption activities.
- + Instruct the PCCC Steering Sub-Committees to implement the Steering Committee programs and plans.
- Regarding Anti- Money Laundering (AML):

- + Internal AML regulatory documents issued by the CEO suit the organizational structure, the Bank size, and operational risk and fully and promptly complied with the AML law and the SBV's regulation.
- + In addition to the regulatory requirements of KYC process and money laundering risk classification, an AML scanning system was adopted to identify and provide early warning of suspicious transactions to timely handle customers appropriately or report to the competent authority. In addition, the CEO also requested to supplement scenarios and criteria to identify prohibited transactions in line with the instructions and directives of the SBV.

2. Review and reissue internal regulations of the Board of Supervisors and Internal Audit Division (IAD):

In 2023, the Board of Supervisors has reviewed and promptly issued a number of internal regulations in accordance with SHB's Charter, other provisions of law as well as SHB's strategic direction, i.e.: Regulations on professional ethical standards of members of the Board of Supervisors; Internal Audit Process and Decision to amend a number of forms in the Internal Audit Process; Regulations on follow-up of recommendations of the BOS and the IAD ; Decision to amend and supplement the Regulations on organization and operation of the IAD ; Regulations on handling Internal Audit violations; Internal Audit Handbook .

3. Implement the Internal Audit (IA) function of the Board of Supervisors:

- The Board of Supervisors managed the IAD in compliance with SHB's Charter, Regulations on organization and operation of the IAD and other internal regulations of SHB and relevant laws; Directly lead, manage and supervise the activities of the IAD.
- Supervise and direct the IAD to organize and complete the 2023 IA plan of the Board of Supervisors to timely detect violations and recommend competent authorities to resolve them to ensure prudent, compliant and effective business in accordance with the law, the State Bank of Vietnam and SHB's internal regulations. In which:
 - + Regarding preventing and combating corruption and crime (PCCC): Audited compliance with PCCC at business units at the audited units.
 - + Regarding Anti-Money Laundering (AML): Perform AML audits at SHB; AML-related audit was also included in other regular audit scope at business units,.
- Ensure the utilization of the IA management software to improve IA quality and optimize resources.
- Through periodic and ad hoc reports from the Internal Audit Division as well as monitoring reports and audit findings from the IAD, the BOS exercised regular oversight over business operations as well as financial performance, liquidity, capital adequacy... to ensure stable and prudent operation.

4. Meetings of the Board of Supervisors:

In 2023, the Board of Supervisors worked in accordance with the law and SHB's Charter with 3/3 full-time members. Members of the Board of Supervisors perform and completed their assigned tasks well.

By December 31, 2023, the Board of Supervisors held 04 regular quarterly meetings to evaluate performance and define plan for the next period. Participants of meetings: 100% members of the Board of Supervisors. Minutes were taken at all meetings and archived as a basis for monitoring and evaluating BOS performance.

5. Carry out other tasks and authorities of the Board of Supervisors:

- Evaluate half-year and annual financial statements audited by an independent audit firm.
- Maintain regular inspection of accounting books, other documents and exercise oversight of SHB's operations through directing the IAD to carry out audits as per the IA Plan and other ad hoc audits in 2023.
- Coordinate with the Office of the Board of Directors to prepare, archive and update the list of major shareholders and members of the Board of Directors, members of the Board of Supervisors, members of the Board of Management and related people. In 2023, these above-mentioned persons purchased SHB shares, total of which did not exceed the ratio as prescribed by law and the SBV.
- Prepare periodic/ad hoc reports submitted to SBV/BOD in accordance with the provisions of law and SHB regulations.
- Other tasks and authority of the BOS as requested.

6. Evaluate SHB's 2023 consolidated financial statements:

The BOS, in line with its duties and authority, evaluated SHB's financial statements audited by DELOITTE Vietnam – an independent audit firm. The Board of Supervisors evaluations are as follows:

- The financial statements and accounting information, prepared in accordance with the regulations of the State Bank of Vietnam, Vietnamese accounting standards and relevant regulations of law on accounting, accurately and faithfully represented the financial position and business performance of SHB.
- SHB's financial statements accurately reflected SHB's financial position and business results; SHB's prudence indicators were under control and Related-party transactions carried out in accordance with legal and SHB internal regulations.

The consolidated financial indicators in 2023 (as of December 31, 2023) of SHB were voted and approved by Resolution 01/NQ-DHĐCĐ as follows: Total assets: 630,501 billion VND; Charter capital: 36,194 billion VND; Total deposit: 497,417 billion VND; Total outstanding loan: 455,718 billion VND; Non-performing loan ratio: 2.70%; Profit before tax: 9,239 billion VND.

7. Remuneration for the Board of Directors and Board of Supervisors in 2023:

In 2023, members of the Board of Directors and Board of Supervisors will receive remuneration based on their performance and the Bank's business performance to ensure the use of remuneration funds and operating budgets of the Board of Directors and Board of Supervisors within the limit approved by the General Meeting of Shareholders in 2023, in accordance with SHB's Charter, SHB's internal regulations, and relevant legal regulations. Remuneration and operating budget of the Board of Directors and Board of Supervisors are reported/disclosed in SHB's 2023 audited financial statements (attached to the General Meeting of Shareholders documents).

8. Supervise related party transactions (RPT):

Regular supervision of RPT which involved members of the Board of Directors and Board of Management of SHB has demonstrated that:

- RPT that involve businesses whose founders or managers are members of the Board of Directors, Board of Directors of SHB, Chief Financial Officer, Chief Accountant and related persons of that member comply with the provisions of law on size, content, limit and transaction value.
- There is no RPT between SHB and enterprises in which members of the Board of Directors or Board of Management are founders or in the management in the last 03 years prior to the transaction.

9. Coordination between the Board of Supervisors and the Board of Directors, CEO and shareholders:

9.1. Coordination between the Board of Supervisors and the Board of Directors and CEO:

The coordination between the Board of Supervisors with the Board of Directors and CEO ensures full compliance with the provisions of law and SHB to achieve business growth of SHB, i.e.:

- The Board of Supervisors has closely coordinated with the Board of Directors/Chief Executive Officer in implementing Work plan of the Board of Supervisors; Annual internal audit plan; High-level supervision mechanism of the Board of Supervisors; Mechanism for exchanging and providing information between the Board of Supervisors and the Board of Directors/Chief Executive Officer. In addition, the Board of Directors/Chief Executive Officer also creates favorable conditions for the Board of Supervisors to fully perform its functions and tasks in accordance with the law.
- The Board of Supervisors submit quarterly recommendations and proposals to remedy and enhance the internal control system. Recommendations and proposals of the Board of Supervisors submitted to the Board of Directors/Chief Executive Officer were presented in periodic or ad hoc reports as needed such as the quarterly performance reports of the Board of Supervisors, the Board of Supervisors report on potential risks for SHB, internal audit findings approval reports, etc.
- The Head of the Board of Supervisors participated in regular meetings of the Board of Directors and the Risk Management Committee. Through regular meetings and work agenda, the Board of Directors/Chief Executive Officer were timely informed of the

recommendations of the Board of Supervisors and the IAD, and directed relevant departments to implement the recommendations Board of Supervisors and IAD.

- The Board of Directors provides timely information and consults with the Board of Supervisors as an independent oversight body on matters under the authority of the Board of Directors to support effective decision-making for the Board of Directors in order to further improve the efficiency of the corporate governance. At the same time, feedback from the CEO/relevant departments also improve the efficiency of the Board of Supervisors and IAD.
- Potential risk findings in accordance with the provisions of SHB's Charter and Internal Regulations on SHB Governance were regularly reported to the CEO who needed to promptly provide necessary reports and information to the Board of Supervisors; Monitor and direct the unit to promptly take corrective actions as per recommendations of the Board of Supervisors and report on results, contributing to ensuring safety for SHB operations.

9.2. *Coordination between the Board of Supervisors and shareholders:*

- The Board of Supervisors prepares an annual report on the performance of the Board of Supervisors to submit to the General Meeting of Shareholders, a Proposal to obtain the General Meeting of Shareholders' opinions on selecting an independent audit firm to audit the 2023 financial statements, and submits to the General Meeting of Shareholders for approval of Regulations on Organization and Operation of the Board of Supervisors and other relevant regulations (if any) in accordance with the legal regulations.
- The Board of Supervisors coordinates with the Office of the Board of Directors to prepare and periodically update the list of founding shareholders, major shareholders and related persons of members of the Board of Directors, members of the Board of Supervisors, and Chief Executive Officer of SHB in accordance with the law and regulations and SHB Charter.

II. DIRECTIONAL PLAN OF THE BOARD OF SUPERVISORS IN 2024.

Pursuant to the duties and authority of the Board of Supervisors specified in the Charter and other internal regulations of SHB, the Board of Supervisors has established its directional plan in 2024 as follows:

1. Oversee the compliance of the Board of Directors and CEO of SHB with the provisions of law and SHB's Charter and the implementation of the approved Resolution of the 32nd SHB Annual General Meeting of Shareholders in 2024. Supervise the updating, amendment, supplement and issuance of new SHB Charter, Regulations on organization and operation of the Board of Directors, internal regulations on corporate governance (*after submitting to the General Meeting of Shareholders for approval and the Board of Directors authorized to sign for promulgation*) as well as other policy documents under its authority to issue in accordance with the Law on Credit Institutions No. 32/2024/QH15 dated January 18, 2024, Decrees and Circulars of the Government, SBV and relevant ministries and state agencies.

2. Review the internal regulations of the Board of Supervisors and the SHB IAD to amend/supplement them to suit the prevailing situation and legal regulations, especially upon the effective date (July 1, 2024) of the Law on Credit Institutions No. 32/2024/QH15 with additional requirements for the Board of Supervisors and IAD; Issue regulations on organization and operation of the Board of Supervisors (*after submitting to the General Meeting of Shareholders for approval and authorizing the Board of Supervisors to sign and promulgate*) in accordance with the Law on Credit Institutions No. 32/2024/QH15, Decrees and guiding Circulars of the Government and SBV.
3. Perform the IA function of the Board of Supervisors: The Board of Supervisors shall manage comprehensively lead the IAD in compliance with SHB Charter, Regulations on organization and operation of the IAD, and other internal regulations of SHB and relevant laws; Supervise the IAD. Direct the IAD to complete the 2024 IA Plan objectives on schedule, including:
 - Regarding PCCC: In audit at business units, continue to include PCCC in compliance audits.
 - Regarding AML: Carry out AML audits and supervision on the process and results of AML audits in accordance with legal regulations. Continue to include AML audit in SHB's 2024 internal audit plan.
4. Direct the IAD to independently and objectively review and evaluate the internal control system and notify the Board of Directors and CEO about the internal control system, make recommendations to remedy and enhance the internal control.
5. Monitor SHB's financial and business performance, evaluate SHB's half-year and annual financial statements in 2024; Report to the General Meeting of Shareholders on the results of financial statement evaluation; Evaluate the quality of accounting practice, statistics and preparation of financial statements.
6. Comply with remuneration and operational budget and other benefits of the Board of Supervisors and each member of the Board of Supervisors in accordance with the provisions of SHB's Charter.
7. Hold meetings of the Board of Supervisors; Supervise the Board of Directors and CEO in implementing recommendations of the Board of Supervisors.
8. Supervise the approval and implementation of investment projects, purchase and sale of fixed assets, contracts and other transactions under the authority of the General Meeting of Shareholders and the Board of Directors in 2024.
9. Supervise compliance with regulatory regulations on prudent operations in accordance with the provisions of the Law on Credit Institutions.
10. Supervise SHB's RPT.
11. Prepare, update and archive the list of founding shareholders within 05 years from the date of becoming founding shareholders, shareholders owning 01% of charter capital

or more and related persons of members of The Board of Directors, members of the Board of Supervisors, Chief Executive Officer of SHB, shareholders owning 01% or more of charter capital.

12. Reinforce the coordination between the Board of Supervisors and the Board of Directors, CEO and shareholders to improve the effectiveness of the Board of Supervisors. Prepare a Proposal to the General Meeting of Shareholders for the selection of an independent audit firm for the 2024 Financial Statements.
13. Carry out other duties and authority of the Board of Supervisors in accordance with the provisions of SHB's Charter, the Regulations on the organization and operation of the Board of Supervisors and the relevant legal regulations.

III. RECOMMENDATIONS AND PROPOSALS OF THE BOARD OF SUPERVISORS.

Based on the performance results of the Board of Supervisors in 2023 and the operation of SHB, the Board of Supervisors would like to recommend and propose as follows:

1. For the SBV:

The Law on Credit Institutions No. 32/2024/QH15 dated January 18, 2024 by the National Assembly has been issued and takes effect from July 1, 2024. Therefore, we respectfully request the SBV to ask the Government to promptly issue a relevant decree and the SBV itself and other governing ministries to issue follow-up circulars and instructions as the basis for credit institutions to ensure timely compliance with the regulatory requirements .

2. For the Board of Directors and Chief Executive Officer of SHB:

- The Board of Directors and the Chief Executive Officer are to implement Clause 1, Section II of this Report.
- Continue to direct Bankwide strategic plan of prudent and sustainable growth that should be innovative, differentiated and flexibly adjusted accordingly from time to time. Realize the vision by 2028 becoming “the most efficient bank, the most popular digital bank, the best retail bank and the leading bank in financing the ecosystem, supply chain and green sectors of strategic clients; Vision by 2035 becoming one of the region’s leading retail bank, green bank and digital bank ” by building and implementing proper and synchronized yearly action plan.
- Direct relevant departments to review, update, amend, supplement and enhance SHB's internal document system that no longer comply with legal requirements and SHB regulations to improve operational efficiency and promptly issue updated document management to create a legal corridor for the Bank's operations, including PCCC and AML .
- Direct the organization and implementation of SHB business plan in 2024 approved by the Resolution of the 32nd SHB Annual General Meeting of Shareholders.

- Continue to direct, implement and complete the implementation of corrective actions and remedies according to proposals and recommendations of the Board of Supervisors and IAD.

The SHB Board of Supervisors respectfully submits the Report on the performance of the Board of Supervisors in 2023 and the directional plan 2024 to the 32nd Annual General Meeting of Shareholders of SHB for approval. / .

Recipients:

- As above-mentioned (for report);
- Board of Directors (for your information);
- CEO (for your information);
- Archived at BOS.

**PP. THE BOARD OF SUPERVISORS
HEAD OF THE BOARD OF SUPERVISORS**
(signed and sealed)

Pham Hoa Binh