

SAIGON – HANOI
COMMERCIAL JS BANK
BOARD OF SUPERVISORS
No: 03/2025/BC-BKS-DHDCD

Hanoi, March 31, 2025

REPORT
ON THE BOARD OF SUPERVISORS PERFORMANCE IN 2024
AND DIRECTIONAL PLAN IN 2025

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

Pursuant to the Law on Credit Institutions No. 32/2024/QH15 dated January 18, 2024, issued by the National Assembly (hereinafter referred to as the 2024 Law on Credit Institutions); Law No. 43/2024/QH15 dated June 29, 2024, issued by the National Assembly, titled "*Law Amending and Supplementing Certain Provisions of the Land Law No. 31/2024/QH15, the Housing Law No. 27/2023/QH15, the Real Estate Business Law No. 29/2023/QH15, and the Law on Credit Institutions No. 32/2024/QH15*" (hereinafter referred to as Law No. 43/2024/QH15), and relevant legal regulations;;

Pursuant to the Charter of Saigon - Hanoi Commercial Joint Stock Bank (SHB), issued under Decision No. 146/2024/QD-HDQT dated May 10, 2024, by the Board of Directors (BOD) of SHB (hereinafter referred to as "SHB Charter");

Pursuant to the Organizational and Operational Regulations of the Board of Supervisors (BOS) of SHB, issued under Decision No. 42/2024/QD-BKS dated May 16, 2024, by the BOS of SHB,

SHB's Board of Supervisors would like to report to General Meeting of Shareholders on the Board of Supervisors performance in 2024 and directional plan in 2025 as follows:

I. THE BOARD OF SUPERVISORS PERFORMANCE IN 2024

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 2024 by the Board of Directors and Chief Executive Officer (CEO) of SHB:

1.1. Oversight over the Board of Directors:

- The BOD closely follows directives and concretizes SHB's 2024 operational strategy as outlined in Report No. 01/BC-HDQT.SHB-DHDCD dated March 29, 2024. This report was approved by the 32nd Annual General Meeting of Shareholders (AGM) in

2024 through Resolution No. 01/NQ-DHDCD dated April 25, 2024 (hereinafter referred to as Resolution No. 01/NQ-DHDCD). In alignment with this resolution, the BOD has detailed its directives to realize SHB's strategic vision, aiming by 2028 to become the most efficient bank, the most preferred digital bank, the leading retail bank, and a top-tier financial institution providing capital, financial products, and services to strategic corporate clients with ecosystems, supply chains, value chains, and green development initiatives. This vision is pursued through the synchronized implementation of SHB's four strategic pillars: institutional and policy framework, human resources, a customer-centric approach, and information technology infrastructure and digital transformation.

- The BOD has directed the CEO to promptly implement Resolution No. 01/NQ-DHDCD and has issued amendments to organizational and operational regulations, working procedures of the BOD, and coordination mechanisms between the BOD, the BOS, and the Board of Management (BOM) of SHB. These adjustments ensure compliance with the 2024 Law on Credit Institutions and other relevant legal provisions. During the period, the BOD also issued resolutions to guide the execution of SHB's strategic initiatives, investments, and key projects, as well as the modernization of the bank, ensuring its business operations develop in depth while maintaining comprehensiveness, efficiency, and legal compliance. Each BOD member actively fulfills assigned duties in each period according to their specific responsibilities, and at regular BOD meetings, members report on the progress of their assigned tasks.

- The BOD continues to uphold its supervisory role as part of senior management in banking operations, as required by the State Bank of Vietnam (SBV). It has overseen the timely resolution of recommendations made by the BOS to the BOD and has directed relevant units to address findings from internal audit reports. The BOD ensures that these corrective actions are communicated to the BOS in accordance with Circular No. 13/2018/TT-NHNN, thereby contributing to the safety and efficiency of SHB's operations and business activities.

- Additionally, the BOD performs other duties and exercises its authority as stipulated in the 2024 Law on Credit Institutions, the SHB Charter, SHB's internal regulations, and other applicable legal provisions.

1.2. Oversight over Chief Executive Officer:

- The implementation of SHB's 2024 business targets, as outlined in Report No. 02/BC-BDH.SHB-DHDCD dated March 29, 2024 of the CEO and approved by the General Meeting of Shareholders (GMS) through Resolution No. 01/NQ-DHDCD, has been carried out effectively. The CEO has directed SHB's business units to execute the strategy in phases, aligning with the 2024–2028 transformation roadmap. By the end of 2024, most of the business targets have been achieved, with the charter capital increase reaching VND 36,629 billion as of December 31, 2024, representing 90.09% of the 2024 target. As of March 14, 2025, SHB successfully completed the capital increase, reaching VND 40,657,739,010,000, fulfilling 100% of the 2024 plan.

- Following the directives of the BOD, the CEO has implemented SHB's strategic vision toward the 2028 goal of becoming the most efficient bank, the most preferred digital bank, the leading retail bank, and a top-tier financial institution providing capital, financial products, and services to strategic corporate clients with ecosystems, supply chains, value chains, and green development initiatives. This vision is being realized through the synchronized execution of SHB's four strategic pillars: institutional and policy framework, human resources, a customer-centric approach, and IT infrastructure and digital transformation. Specific policies and solutions have been implemented for each phase and period, focusing on key business solutions for 2024, including governance and operational management solutions, green finance and sustainable development initiatives, customer development strategies, policy and risk management mechanisms, organizational and human resource restructuring, and IT and digital transformation advancements.

- The CEO has maintained the senior management's supervisory role within the authority granted by the SBV, ensuring risk management, internal control, and internal capital adequacy assessment in banking operations. Timely corrective actions have been taken based on the BOS recommendations, and the CEO has reported the results of these actions to the BOS in accordance with Circular No. 13/2018/TT-NHNN, contributing to SHB's safe and efficient operations.

Personnel changes within SHB's Executive Board in 2024 include:

- + Ms. Hoang Thi Mai Thao resigning as Deputy CEO as of October 1, 2024;
- + Mr. Luu Danh Duc resigning as Deputy CEO as of December 18, 2024.

Additionally, the CEO has fulfilled other duties and exercised powers as stipulated in the 2024 Law on Credit Institutions, the regulations of the SBV, SHB's Charter, SHB's internal regulations, and other applicable legal provisions.

2. Results of monitoring the indicators according to the provisions of the Law on Credit Institutions 2024:

- 2.1. *The supervision of the approval and execution of investment projects, fixed asset purchases and sales, contracts, and other transactions under the decision-making authority of the General Meeting of Shareholders (GMS) and the Board of Directors (BOD) until December 31, 2024:*** SHB has not engaged in any transactions exceeding the authority limits set by the BOD (10% of charter capital) and the GMS (20% of charter capital), in accordance with regulations.
- 2.2. *The monitoring of (i) shareholders holding 1% or more of SHB's charter capital and (ii) related persons of BOD members, BOS members, the CEO, and shareholders holding at least 1% of SHB's charter capital (pursuant to Article 49 of the 2024 Law on Credit Institutions and based on shareholder-submitted information as of December 31, 2024):*** confirms that all such individuals and entities comply with legal ownership limits.
- 2.3. *The supervision of SHB's compliance with operational safety restrictions, as stipulated in Chapter VII of the 2024 Law on Credit Institutions:***

- (i) There have been no violations regarding prohibited credit extensions, credit extension limitations, credit extension caps, or shareholding limits, as stipulated in Articles 134, 135, 136, and 137 of the 2024 Law on Credit Institutions.
 - (ii) SHB has maintained compliance with capital adequacy ratio requirements in accordance with Clause 1, Article 138 of the 2024 Law on Credit Institutions, as well as Circular No. 41/2016/TT-NHNN dated December 30, 2016, Circular No. 22/2019/TT-NHNN dated November 15, 2019, Circular No. 09/2024/TT-NHNN dated June 28, 2024, issued by the SBV, and relevant internal regulations of SHB.
 - (iii) In adherence to Article 139 of the 2024 Law on Credit Institutions, SHB does not engage in real estate business, except in cases permitted by the law (as stipulated in Article 139 Law on Credit Institutions 2024).
 - (iv) ***Compliance with Article 140 of the 2024 Law on Credit Institutions, ensuring the security of electronic transactions in banking operations:*** In 2024, SHB issued regulations governing electronic banking transactions for corporate and individual customers, adhering to the provisions of the Electronic Transactions Law No. 20/2023/QH15 and Circular No. 15/2024/TT-NHNN on non-cash payment services.
 - (v) ***Compliance with Article 141 of the 2024 Law on Credit Institutions regarding the rights and obligations of controlling companies:*** SHB has strictly adhered to legal requirements in fulfilling its responsibilities as a capital-contributing member, shareholder, and owner of its subsidiaries and affiliates, including SHB Cambodia, SHB Laos, SHB Asset Management & Debt Recovery Company, and SHB Finance.
 - (vi) ***Compliance with Article 142 of the 2024 Law on Credit Institutions on capital contributions and share purchases among subsidiaries, affiliates, and controlling companies:*** SHB strictly complied with the SBV's regulations, SHB's subsidiaries/affiliates have not engaged in any transactions involving capital contributions or share purchases of SHB. In line with Resolution No. 01/2024/NQ-DHDCD, on November 4, 2024, the SHB Board of Directors approved Resolution No. 27/2024-NQ-HDQT, authorizing SHB, as a 50% capital-contributing member of SHB Finance, to sell/transfer its remaining stake in SHB Finance. The transferee is Bank of Ayudhya Public Company Limited, and the transaction will be executed upon SBV approval.
 - (vii) ***Compliance with Article 143 of the 2024 Law on Credit Institutions regarding the preparation of a contingency plan in the event of early intervention:*** SHB is currently developing the required remedial plan, ensuring implementation within the timeframe prescribed in Clause 7, Article 143 of the 2024 Law on Credit Institutions.
3. **Review and reissue of internal regulations of the BOS and Internal Audit Division:**
- In 2024, the SB reissued the regulations on the organization and operation of the SB to align with the 2024 Law on Credit Institutions, which was approved by the 32nd

AGM in 2024. These regulations also conform to SHB's Charter, other legal provisions, and SHB's operational directions.

- The BOS instructed the Internal Audit Division (IAD) to review, update, and revise internal regulations, internal audit procedures, and operational processes to ensure compliance with the 2024 Law on Credit Institutions, SBV's legal documents, and practical requirements in line with SHB's IAD activities. These documents were submitted to the SB for review and approval, including the regulations on the organization and operation of the IAD, the IAD procedures, and SHB's IAD manual.

4. Implementation of internal audit functions by the BOS:

- The BOS directed the IAD to execute the 2024 Internal Audit Plan, allowing for the timely detection of issues and violations, while providing recommendations to relevant authorities to address and resolve them. This process contributes to ensuring SHB's operations are safe, effective, and legally compliant with SBV regulations and SHB's internal rules.
- The BOS maintained oversight and directed the IAD to perform audits in accordance with the requirements and recommendations of the Banking Inspection and Supervision Agency, as well as SBV's provincial and municipal branches.
- The BOS instructed the effective utilization of internal audit management software systems to improve audit quality and optimize the IAD's resources.
- The IAD continued to report regularly and upon request to the competent authorities, as stipulated in Circular No. 13/2018/TT-NHNN and SHB's internal regulations regarding internal audit operations.

5. Meetings of the BOS:

- In 2024, the BOS adhered to the legal and SHB Charter regulations, with 100% of members being full-time professionals. Each member actively organized and executed their respective tasks as assigned.
- As of December 31, 2024, the BOS held four quarterly meetings to evaluate the results of the past period and outline the activities for the next period. All BOS members participated in these meetings. The minutes of each meeting were recorded and stored as a basis for tracking and evaluating performance.

6. Execution of other BOS duties and authorities:

- The BOS executed the instructions from the Governor of SBV regarding its duties and directed the IAD to implement the provisions of Announcement No. 273/TB-NHNN dated August 31, 2023, regarding the Governor's conclusions at the online conference on internal control and audit in 2023, and Announcement No. 400/TB-NHNN dated November 15, 2024, regarding the Governor's conclusions on internal control, audit, and supervision in credit institutions for 2024.
- The BOS carried out other duties and responsibilities as prescribed by the 2024 Law on Credit Institutions and SHB's Charter in each period..

- The BOS submitted regular and extraordinary reports to the SBV and the Board of Directors as required by law, SBV regulations, and SHB's internal guidelines.
- Performed other duties and responsibilities as necessary when issues arose.

7. Assessment of SHB's 2024 Consolidated Financial Statements:

The BOS has conducted a periodic review of SHB's 2024 financial statements, which were audited by Deloitte Vietnam. Based on the interim (first six months of 2024) and full-year 2024 financial statement assessments, the BOS confirms the following:

- The financial statements (FS) and accounting information system were prepared in accordance with SBV regulations, compliant with Vietnamese Accounting Standards (VAS) and other applicable legal provisions on accounting. They fairly and accurately reflect SHB's financial position and business performance.
- SHB's financial statements provide a truthful and timely representation of the bank's financial status and operational results. SHB's prudential ratios have been effectively monitored, and all transactions with related parties have been conducted in compliance with legal and internal regulations.

The key consolidated financial indicators for 2024 (as of December 31, 2024) as have been approved by Resolution No. 01/NQ-DHDCD as follows:

No.	Indicator	Actual as of 31/12/2024 (VND Trillion)	2024 Consolidated Plan as per Resolution 01/NQ- DHDCD dated 25/4/2024 (VND Trillion)	% Completion vs. Plan (as of 31/12/2024) as per Resolution 01/NQ- DHDCD dated 25/4/2024
1	Total Assets	747,478	701,000	106.63%
2	Charter Capital ⁽¹⁾	40,657	40,658	100%
3	Total credit outstanding ⁽²⁾	533,984	518,555	102.98%
4	NPL ratio	2.40%	< 3%	Target Met
5	Pre-Tax Profit	11,569	11,286	102.51%

Whereas:

⁽¹⁾ On December 30, 2024, SHB received approval from the SBV to increase its charter capital through a stock issuance for dividend payment. The dividend distribution was completed in February 2025, and in March 2025, the increase in charter capital to VND 40.657 trillion was officially recorded in SHB's financial statements.

⁽²⁾ Credit growth was adjusted in accordance with SBV's approval, while Customer deposits were aligned with actual credit growth to optimize the balance sheet.

8. Compensation, operating expenses, and other benefits of the BOS and its members in 2024:

The compensation, operating expenses, and other benefits for the BOS and its members in 2024 were within the budget allocated from the 2024 Compensation Fund for the BOD and the BOS. This budget was approved by Resolution 01/NQ-DHDCD.

Detailed information has been disclosed in SHB's 2024 consolidated financial statements, which were audited by Deloitte Vietnam.

9. Supervision of transactions between SHB and its stakeholders:

The BOS conducted regular supervision of transactions involving SHB, its subsidiaries, and related parties, as well as transactions between SHB and businesses where SHB's Board members or executives are founders or managers. The supervision results confirmed that:

- Transactions between SHB and related parties, including major shareholders, insiders, and their related persons, were conducted in compliance with legal regulations regarding scope, content, limits, and transaction values.
- Transactions between SHB and companies where members of the BOD, BOS, CEO, or other senior managers are founders, board members, or executive directors were in accordance with legal requirements concerning scope, content, limits, and transaction values.

10. Coordination Between the Board of Supervisors, the Board of Directors, the CEO, and Shareholders:

The coordination mechanism between the BOS, BOD, CEO, and shareholders adheres strictly to legal regulations, SBV directives, SHB's internal governance policies, and other related internal regulations. Specifically:

10.1. Coordination between the BOS and the BOD and CEO:

- The BOS collaborates with the BOD and the CEO in implementing key initiatives such as the BOS's operational plan, the annual internal audit plan, the BOS's senior-level supervision mechanism, and the exchange and information-sharing framework between the BOS, BOD, and CEO. The BOD and CEO facilitate the BOS in fully executing its functions and duties in compliance with legal regulations, the SBV directives, and SHB's internal regulations.
- The BOS actively proposes, advises, and provides recommendations to the BOD and CEO regarding the continuous improvement and refinement of SHB's internal control system, ensuring synchronized and efficient operations in accordance with the evolving legal and SBV requirements. The BOD and CEO direct relevant departments to promptly address and rectify any identified shortcomings or violations.
- The Head of the BOS participates in all regular meetings of the BOD and the Risk Management Committee. Through these meetings and periodic working sessions, the BOD and CEO gain timely insights into the BOS's and Internal Audit's recommendations, enabling them to issue directives for necessary adjustments and corrections.
- The BOD ensures timely communication and seeks input from the BOS on matters within its jurisdiction. The BOS provides independent and objective opinions, aiding the BOD in making informed decisions and further enhancing corporate governance and operational efficiency at SHB. Concurrently, the BOD incorporates the BOS's and

Internal Audit's recommendations into its directives for the CEO and relevant departments.

- The BOS maintains regular communication with the CEO regarding potential risks identified in SHB's operations, as stipulated in SHB's Charter and Internal Governance Regulations. The BOS requests the CEO to provide timely reports and necessary documents and oversees corrective actions to address violations in accordance with the BOS's recommendations. The BOS also monitors implementation outcomes to ensure SHB's operational safety.

10.2. Coordination between the BOS and Shareholders:

- In accordance with the functions and authority of the BOS as prescribed by law, the SBV, SHB's Charter, and internal regulations, the BOS oversees corporate governance, operational management, and internal audits. The BOS consistently evaluates compliance by SHB's units and individuals with internal policies, legal regulations, and SHB's Charter at each stage. Additionally, the Board ensures adherence to Resolution No. 01/NQ-DHDCD dated April 25, 2024, from SHB's 32nd Annual General Meeting of Shareholders (AGM), as well as the implementation of the 2024 business plan approved by the AGM. The BOS monitors SHB's compliance with Chapter VII of the 2024 Law on Credit Institutions, which sets restrictions to ensure the safety of credit institutions. The BOS also oversees the BOD resolutions on role assignments for BOD members and participates in periodic meetings of SHB's Risk Management Committee.
- The BOS works closely with the BOD Office to compile and regularly update the tracking list of founding shareholders, major shareholders, and related parties of the BOD members, BOS members, and the CEO. The BOS ensures that SHB adheres to all legal and regulatory requirements, as well as the Charter.

II. ORIENTATION OF THE BOARD OF SUPERVISORS' ACTIVITIES FOR 2025

Based on the 2024 Law on Credit Institutions, Law No. 43/2024/QH15, regulations of the SBV, applicable legal provisions, SHB's Charter, and relevant internal regulations, the BOS outlines the following key focus areas for 2025:

1. The BOS will supervise SHB's governance and operations to ensure compliance with legal regulations, SBV's directives, SHB's Charter, and resolutions/decisions of the AGM and BOD. It will oversee the execution of the 33rd AGM's resolutions, SHB's 2025 business plan, and approved financial targets, as well as monitor the implementation of SHB's strategic business objectives in each period.
2. SHB's internal control system will be closely monitored to ensure it is continuously updated and refined across the organization in compliance with the 2024 Law on Credit Institutions, Law No. 43/2024/QH15, and guiding regulations from the SBV and government decrees.

3. The BOS will also focus on strengthening the Internal Audit Division (IAD) by overseeing and directing the IAD to complete the 2025 Internal Audit Plan as approved by the BOS. In this process, operational shortcomings, internal control weaknesses, and violations due to subjective reasons will be identified, with recommendations for corrective actions or, in serious cases, escalation to legal authorities.
4. The role of internal audit in remote supervision will be enhanced to improve early-warning mechanisms and minimize risks in SHB's banking operations.
5. The BOS will conduct semi-annual and annual evaluations of SHB's financial statements to ensure transparency, prudence, and compliance in accounting, reporting, and financial disclosures.
6. Monitoring SHB's compliance with Chapter VII of the 2024 Law on Credit Institutions will be a key priority, focusing on credit restrictions, capital contribution and shareholding limits, safety ratios, electronic banking transaction security, risk management for subsidiaries and affiliated companies, and the development of remedial plans for early intervention scenarios.
7. The BOS will continue to focus on implementing the directives of the Governor of the SBV regarding its responsibilities. It will also oversee and direct the IAD to execute tasks in accordance with SBV's Notice No. 273/TB-NHNN dated August 31, 2023, on the conclusions of the Governor at the online conference on internal control and audit in 2023, as well as Notice No. 400/TB-NHNN dated November 15, 2024, regarding the Governor's conclusions on internal supervision, audit, and inspection of credit institutions in 2024.
8. To enhance shareholder monitoring and board participation, the BOS will maintain an updated list of shareholders holding 1% or more of SHB's charter capital and related parties of BOD, BOS members, and the CEO. It will attend regular and ad-hoc meetings of the BOD, CEO, and Risk Management Committee while enhancing coordination between the BOS, BOD, CEO, and shareholders.
9. The BOS will maintain regular meetings and oversee the BOD and CEO in the implementation of its recommendations.
10. The BOS will strengthen coordination with the BOD, CEO, and shareholders to enhance the effectiveness of its operations.
11. Perform other duties and exercise powers as outlined in the SHB Charter, the BOS's operating regulations, and relevant legal provisions.

III. RECOMMENDATIONS AND SUGGESTIONS OF THE BOARD OF SUPERVISORS

Based on the results of the BOS's activities in 2024 and the operational situation of SHB, the BOS has the following recommendations and proposals for the BOD and CEO of SHB:

- Ensure compliance with legal regulations and the SHB Charter in the governance and management of SHB, as well as the implementation of the SHB business plan for 2025, which was approved by the 33rd AGM of SHB.
- Provide the BOS with timely, comprehensive information, data, activity reports, governance reports, directives from the BOD/CEO, and official documents from regulatory authorities, so that the BOS can perform its duties fully in the supervisory role.
- Within the scope of responsibility and authority, focus on the personnel management of the BOS, Internal Audit (IA), and Internal Control (IC) to ensure the quantity and quality of staff and their independence in effectively carrying out control, audit, internal checking, and supervision tasks, specifically aimed at identifying risks at SHB in a timely manner.
- Strengthen the application of technology and support tools to ensure the accuracy of information systems and their connectivity with relevant departments, enabling the identification of customers and early warning of risks.
- Direct relevant units to continue advising on the review, update, modification, and improvement of SHB's internal documentation that is no longer in line with legal regulations and SHB's policies, in order to enhance operational effectiveness. Additionally, within the scope of authority, the timely issuance of these documents should be considered to create a legal framework for the bank's activities.
- Continue to direct the implementation and completion of necessary amendments and corrective actions as per the suggestions and recommendations of the BOS and IA.

The above is the Report on the results of the BOS's activities in 2024 and the operational directions for 2025, which the Board of Supervisors of SHB respectfully submits to the 33rd Annual General Meeting of Shareholders of SHB for review and approval./.

Recipients:

- As above-mentioned (for report);
- BOD (for acknowledgement);
- CEO (for acknowledgement);
- Filed at BOS.

**PP. THE BOARD OF SUPERVISORS
HEAD OF THE BOARD OF SUPERVISORS**



TRƯỞNG BAN KIỂM SOÁT
Phạm Hòa Bình