

Hanoi, March 12, 2024

**REPORT OF THE BOARD OF DIRECTORS
ABOUT ITS ACTIVITIES IN 2023
AND OPERATION ORIENTATION FOR 2024**

(Submitted to the Annual General Meeting of Shareholders for approval)

Dear Shareholders

In 2023, the world situation has continued to develop complicatedly, unpredictably, conflicts, risks and instability increase in many regions... In the country, opportunities, advantages, challenges were intertwined, but difficulties and challenges were more. Vietnam's full-year GDP growth rate of 5.05% is lower than the set target of 6.5%, but the positive point is that inflation was controlled, the investment and business environment has improved; major sectors and fields of the economy have continued the recovery trend; production and business activities had positive changes, the currency market and exchange rate have been stable; lending rates continue to fall. In addition, Vietnam also faced a number of limitations and inadequacies such as high inflationary pressure, production and business activities in some industries and fields facing difficulties, bad debts tended to increase...

In that overall context, the money market and operations of Vietnam's banking industry in general and An Binh Commercial Joint Stock Bank in particular in 2023 have been greatly affected and had many difficulties and challenges; It is forecasted that difficulties will continue to drag on into 2024 when the global economic context and Vietnam have not really prospered.

Below we would like to report to the General Meeting of Shareholders on the activities of the Board of Directors (BOD) in 2023 and its orientation of the 2024's:

I. ABOUT THE PERFORMANCE IN 2023

1. Key business indicators

1.1. Business indicators (to be confirmed by Auditor)

- Total asset: VND 161,977 billion, up 25% compared to 2022, reaching 118% of the 2023 plan.

- Total deposit: VND 100,054 billion, up 18.9% compared to 2022, reaching 107% of the 2023 plan.
- Total lending: VND 102,448 billion, up 15.7% compared to 2022, reaching 105.2% of the 2023 plan.
- Profit before tax: VND 513 billion, down 69.6% compared to 2022, reaching 18.2% of the 2023 plan
- On-balance sheet NPL ratio was at 2.17%, ensuring less than 3% in accordance with regulations of the SBV



ABBANK's profit before tax in 2023 fell sharply compared to the plan, first of all because the planning work was not close to reality; has divested interest on maturing unpaid investment bonds, divested interest on loans due to overdue debts; provision for credit risks to be set aside increased. In addition, in the past year, the Bank has also devoted a lot of resources to implementing transformation to improve operational efficiency... The BOD takes responsibility before the General Meeting of Shareholders for the business results in 2023 that had not met the target on profit before tax according to the Resolution assigned by the General Meeting of Shareholders. With the determination to transform the system, ABBANK has cooperated with the prestigious transformation consulting organization McKinsey to design and implement a 5-year development roadmap 2024 – 2028 with the expectation of bringing the Bank back to the group of banks with good service quality, operational safety and good growth in the future.

1.2. Subsidiary's business results

- An Binh Commercial Joint Stock Bank Asset Exploitation and Debt Management Company (ABBA): achieved pre-tax profit of 72.64 billion VND, increased 22.87% compared to 2022, reaching 101.08% of the 2023 plan.
- ABBA Security Services Company Limited (ABBAS) - Company indirectly owned by ABBANK through ABBA: achieved pre-tax profit of 5.51 billion VND, reaching 169.28% to the 2023 plan.

2. Audited Financial Statements of year 2023

The BOD respectfully submits to the General Meeting of Shareholders the audited financial statements for the fiscal year ending December 31, 2023:

<p><i>Details of the audited financial statements are publicly available on ABBANK's website at: https://www.abbank.vn/thong-tin/bao-cao-tai-chinh.html and are also shown in the 2023 Annual Report.</i></p>	
<p><i>ABBANK's 2023 Annual Report at: https://abbank.vn/thong-tin/bao-cao-thuong-nien-to-chuc.html</i></p>	

3. Results of implementing the Resolution of the 2023 Annual General Meeting of Shareholders

The BOD would like to report on the summary results of the implementation of the contents of the Resolution of the 2023 Annual General Meeting of Shareholders as follows:

- ***Regarding business results and implementation of pre-tax profit targets:*** Detailed content has been presented in part 1 above.
- ***Regarding the implementation of share issuance under the Employee stock Ownership Plan (ESOP Program):*** In 2023, ABBANK has not issued shares of the ESOP Program to sell to employees due to the unfavorable stock market situation and the decline in ABB share price. Issuing shares in that context will not achieve the goal of increasing incentives to attract and retain talent, and the issuance will hardly succeed. Therefore, ABBANK has not implemented the ESOP share issuance under the Capital Increase Plan approved by the General Meeting of Shareholders.
- ***Regarding the approval of the restructuring plan associated with bad debt settlement in the period 2021-2025:*** Pursuant to the authorization of the General Meeting of Shareholders in the Resolution of the 2023 annual meeting, the BOD has approved the restructuring plan associated with bad debt settlement for the period 2021-2025 in order to implement the requirements and directions of the Prime Minister and the SBV and is implementing the plan in accordance with the strategic orientation, practice of ABBANK and closely follow the requirements and directions of the SBV.
- ***Other contents as decided by the General Meeting of Shareholders*** have been fully implemented and in accordance with the Resolution of the 2023 Annual General Meeting.

4. About the Bank's governance

4.1. Structure of the Board of Directors, term 2023 – 2027

The Annual General Meeting of Shareholders on April 28, 2023 elected 7 members of the BOD for the new term (comprised of 2 independent members and all members are non executive members), the BOD elected the positions of Chairman and Vice Chairman according to regulations. In 2023, the BOD operated with 7 members:

1. Mr. Dao Manh Khang – Chairman
2. Mr. Vu Van Tien – Vice Chairman,
3. Dato' John Chong Eng Chuan – Member
4. Mr. Foong Seong Yew – Member
5. Mr. Nguyen Danh Luong – Member
6. Mr. Tran Ba Vinh – Independent Member
7. Mrs. Do Thi Nhung – Independent Member

4.2. Board of Directors' activities

- The BOD held face-to-face meetings and voted via email according to the Regulation on operation of the BOD and the Regulation on approval decisions of the BOD to decide many issues on business strategy, policies and to promulgate regulations on organizational governance, operations, risk management, and debt handling in accordance with the provisions of laws.
- The BOD members have properly performed their assigned functions and tasks with a high sense of responsibility; fully participate in the BOD activities and Committees. The Permanent Member has regularly directed and promptly supported the Bank's operations according to strategic directions and plans, responding flexibly to economic fluctuations.
- The BOD has performed high-level supervision responsibilities and evaluated the performance of BOD and BOM members according to corporate governance standards.
- In 2023, the BOD has issued many documents and decisions on policy and management, including important documents such as:
 - Model Risk Management policy;
 - Regulations on debt trading;
 - Issue internal credit rating system;
 - Guarantee regulations for customers;
 - 2023 Risk Appetite;
 - Interest rate risk management policy on banking books;
 - Liquidity risk management policy;

- Regulations on buying and selling corporate bonds;
- Operational risk management policy;
- Lending regulations to customers;
- Regulations on the organization and operation of the Human Resources Committee;
- Regulations on Anti-Money Laundering at ABBANK...

4.3. Risk Management Committee' activities (RMC)

In 2023, RMC consisted of 3 members, all of whom are non-executives, and one of them is an BOD's independent member. The organizational and operational structure of RMC ensures compliance with regulations of the SBV and internal regulations of ABBANK.

- The Committee has held 4 regular face-to-face meetings and many thematic meetings to make plans and recommendations to the BOD to direct and the BOM to implement to minimize and limit risks for ABBANK.
- The Committee has carried out risk monitoring through risk limits, risk report, warnings on the safety level of the Bank in accordance with regulations of the SBV and of ABBANK. At the same time, through the review and thematic discussion on bad debt ratio control, credit orientation for each customer segment... RMC has made recommendations to the BOM regarding risks arising during operations to implement and adjust management solutions.
- In addition, the RMC advised and proposed to the BOD on approval risk management policies and supervised the BOM in implementation of risk management policies approved by the BOD; advised the BOD on approval regulation on the development, construction, deployment, operation and testing of models as well as calibrate the models; reviewed, analyzed and issued warnings about ABBANK's safety against potential risks and measures to prevent and control risks in financial activities; supervised the activities of the Councils under the BOM and strategic projects of the Bank and make appropriate recommendations.

4.4. Human Resources Committee (HRC)'s activities

In 2023, the HRC consisted of 3 members, and 2 of 3 members are non-executives. The structure and operation of HRC complied with the regulations of the SBV and internal regulations of ABBANK. The main activities of the Human Resources Committee in 2023 include:

- Advise the BOD on issues related to human resources, salary, remuneration, bonuses and other remuneration policies of ABBANK. The HRC supported the

search of candidates, evaluated, reviewed, and proposed to the BOD on recruitment, appointment, dismissal, and transfer of key positions of the Bank under its authority.

- Advise and propose to the BOD to approve the list of personnel expected to be elected as members of the BOD to submit to the SBV for approval before submitting to the General Meeting of Shareholders to elect members of the BOD of ABBANK for the term 2023 - 2027 in accordance with regulations.
- The HRC gave opinions on improving the Bank's organizational structure according to McKinsey's advice and the functions and tasks of the Divisions, Head Office units, and business units.
- Advised the BOD on training and developing human resources, building a working environment, and improving remuneration for employees.
- Provided opinion and advice to the BOD on performance evaluation of the BOM, units and key staff at ABBANK.
- Advised the BOD in supervising the implementation of 2023 human resource plans to attract, develop and engage talent, optimize budget and improve resource efficiency.
- In addition, the HRC gave advice to the BOD on other issues related to human resource management according to the functions and duties of the Committee...

4.5. Strategy Committee's activities

SC members are members of the Board of Directors. In 2023, the SC carries out activities according to the tasks specified in the Operational Regulations of the Strategy Committee including:

- Supporting implementation the key project "Refreshing Banking Strategy", with the advice and companionship of McKinsey - a global strategic management consulting company, and members of the BOD are also members of the Strategy Committee who have participated in directing, supervising and accompanying relevant units, providing direction and strategic goals, thereby helping to identify strategic initiatives and steps. deployed to create a solid foundation for ABBANK's development in the next period;
- Providing directions on transforming the business model towards customers, transforming the organizational structure of business units toward the customer-centric orientation.
- Directing to build of corporate culture through continuing to implement activities in the Cultural Journey Program.
- Members of the Strategy Committee who are standing members of the BOD regularly participate in meetings of the BOM and Projects' PMO implement the

Strategic Renewal Project with the advice of McKinsey, the Omni Channel Project to help promote digital transformation, build risk models... and provide timely guidance to help projects implement in the right direction and achieve the set goals.

- Supervising, supporting and accompanying the BOM in implementation the Strategic Plan and strategic initiatives and implementing the Bank's transformation.

4.6. Digital Banking and Transformation Committee (TDC) 's activities

The Committee's activities in 2023 focused on key areas to support the bank's transformation strategy, including:

- Regarding business activities: The TDC has actively monitored and closely urged the implementation of the instructions of the BOD and supported the BOM on issues related to promoting business activities of the Bank including: understanding customers plan, thereby building appropriate solutions and products, optimizing sales models, strengthening human resources capacity, monitoring the implementation of business plans, strengthening risk management, debt handling activities, and improving service quality, focusing on activities to increase customer experience, enhancing proactive communication activities to enhance brand reputation with the goal of ensuring banking activities. The company implements the correct strategic orientation with customers as the focus, towards the goal of sustainable development.
- Building the foundation: TDC supported the BOM, Divisions/Units in implementing strategic initiatives that McKisney has advised, including building the foundation for the goal of developing the Digital Banking Division and projects related to digital transformation, information technology projects, sales and service model projects, projects related to systematization of credit documents, troubleshooting procedures... provide timely guidance and recommendations to promote safe and effective transformation and business operations of the Bank.
- For the Bank's Strategy of period 2024 - 2028: TDC also worked with the BOM and the Strategy & Development Division directly with McKinsey review and update Review ABBANK's 5-year strategic orientation: evaluated the Bank's current position, financial capacity, management and operations capacity, organizational structure, customer portfolio, sales model..., analyze strengths, weaknesses as well as challenges and opportunities as a basis for making recommendations on goals, strategies, and effective implementation methods to achieve phase strategic goals.

5. Regarding transactions with related persons

In 2023, transactions between ABBANK and related persons have been submitted to the BOD for approval according to authority in accordance with the provisions of law and ABBANK's Charter. Summary of transactions with related parties is shown in the 2023 Audited Financial Report and published on ABBANK's website: www.abbank.vn

6. Results of supervision for the Chief Executive Officer (CEO) and Board of Management (BOM):

The BOD performed the role of supervising the activities of the CEO and the through participating in regular meetings with the BOM such as business meetings, briefing meetings, and extraordinary meetings. In addition, the BOD also supervises the activities of the BOM through activities of the BOD's Committees, reports of the Internal Audit / Board of Supervisors, periodic reports of the BOM at the meetings of the BOD and other reports as required, in details:

- Regarding the implementation of financial targets:

According to the business results report, in 2023 ABBANK did not meet the financial plan approved by the General Meeting of Shareholders. However, the BOD noted that the bright spot is that debt handling has been done well, and the X10 business promotion program has brought positive effects. The BOM has implemented on schedule the rearrangement of branches, promoted the implementation of the regional business management model and enhanced the role of profit centers in business units, however, the BOM had not yet been applied effective solutions to reduce the number of loss-making business units and this needs to be handled more thoroughly in 2024.

- Regarding management:

The CEO has directed and managed the Bank's activities according to its functions and tasks; assigning tasks to members of the BOM, in a difficult context efforts have been made to propose business solutions, overcome limitations, and control ratios to ensure operational safety and liquidity in the context of the current situation in the economic situation as well as many currency market's fluctuations.

II. ORIENTATION OF 2024'S ACTIVITIES

The set of business plan targets for 2024 is built based on the 5-year growth plan 2024-2028 with specific goals by the end of 2028 to achieve:

- Total assets: VND 420,000 billion
- Profit before tax: VND 8,200 - 10,000 billion

- Market capitalization: VND 57,000 - 68,000 billion

To achieve this aspiration, ABBANK has identified 5 strategic priorities:

- Streamline and simplify lending: ensuring excellent credit capacity from start to finish in lending to individual and small and medium enterprise (SME) customers;
- Scale CASA & fee income: Drive customer attraction, activation and engagement;
- Strengthen risk management & technology: strengthen technology capabilities and foundation risk management for business, business coordination models and information technology;
- Solidify organization and talent model: narrow gaps in talent models and build organizations that promote efficiency;
- Seed new growth engines: evaluate and create new revenue sources to drive sustainable growth.

1. Business targets for 2024

- Total assets reach 170,000 billion VND, up 4.95% compared to 2023.
- Mobilization from customers reached 113,349 billion VND, an increase of 13.3% compared to 2023.
- Outstanding credit debt reaches 116,272 billion VND, expected to increase 13.5% compared to 2023 (adjusted according to the credit room allowed by the SBV from time to time).
- Pre-tax profit reached VND 1,000 billion, up 94.9% compared to 2023.

2. Business direction and management capacity enhancement

In 2024, the BOD will focus on directing the following priority contents:

- 2.1 Direct the implementation of phase 2 of the Strategic Renewal Project, effectively implementing ABBANK transformation initiatives according to the roadmap and strategic goals for the period 2024-2028 with the support, advice and accompany of McKinsey, strengthen the foundation and create new growth premises for the Bank in the following years. The BOD directs the BOM to focus on efforts to promote business activities, closely follow and concretize business targets and financial targets for 2024 on a monthly and quarterly basis; assign KPIs to each Business Division, each unit, and individual; direct, urge, implement, control and evaluate to ensure completion of assigned 2024 plan targets.
- 2.2 Increase the scale of total profitable assets, while controlling the asset portfolio structure to ensure harmony between financial efficiency goals and operational safety, increasing profits with risk control, and expanding credit together with bad debt control; provide the best service to Customers and comply with the law.

- 2.3 Focus and prioritize resources on the Bank's core activities, effectively grow credit to increase income from loan interest and support increased banking service fees, increase non-credit revenue sources use. Focus on improving, simplifying and shortening credit granting processes and procedures. Deploying solutions to connect the national population database according to the direction of the SBV to serve business activities.
- 2.4 Improve the responsibility and capacity of all levels and units and the effectiveness of debt management and control; minimize the generation of bad debt; ensure the bad debt ratio for customer loans is below 3%. Strengthen resources, solutions, and organize and coordinate bad debt recovery and handling of collateral to recover capital.
- 2.5 Implement organizational restructuring proactively and according to an appropriate roadmap. Consolidate functions, tasks, organizational apparatus, and personnel of Head Office units to well meet the implementation of strategic goals and medium-term strategic plans for 2024 - 2028. Review, evaluate and implement solutions to improve the efficiency of the management organization model, network operation and operations of business units; optimize, support, strengthen capacity and reorganize weak units, violations, and business losses for many years.
- 2.6 Continue to implement active and proactive risk management; ensure operational safety ratios. Regularly review and improve the system of regulatory documents, credit processes, and decentralization of approval authority to be effective, quick, and consistent with reality. Consider expanding the use of professional valuation services to value collateral on the basis of proactive control and assessment of partners' capacity and performance quality and ABBANK's synchronous management solutions. Maintain a culture of compliance, strengthen the role of the internal control system, and improve the professional ethics of employees.
- 2.7 Ensure sufficient human resources to meet business requirements. Promote the development of a project to evaluate operational efficiency based on profits and build a remuneration policy mechanism based on profit results, commensurate with the level of contribution, enthusiasm and responsibility of employees; at the same time, ensure fairness in recognition and evaluation to encourage creativity, breakthroughs, and the dedication of the team; replacing personnel with negative attitudes and low work efficiency; improve discipline and compliance. Pay attention to training and fostering activities to improve staff capacity. Building a corporate culture associated with the Bank's core values.

2.8 Consolidate and improve the effectiveness of the positive impact of communication work. Implement internal communication well so that the entire system clearly understands strategic goals and action plans; at the same time, fully and regularly update the staff on ongoing activities and achieved results of the Bank, spreading inspiration, increasing engagement, trust and promptly encouraging efforts in the future. the whole system. Enhance the effectiveness of external communication, enhance ABBANK's reputation and brand image among the public. Proactively capture, handle and promptly respond to public opinion on arising issues related to the Bank's operations.

2.9 Prioritize promoting digital transformation, applying advanced technology solutions and creative business models to develop a variety of products, services and utilities on digital platforms and digital ecosystems. Digital transformation needs to ensure the 3 following requirements: i) originate from business needs and create a foundation for development and outstanding Customer experience ii) serve strategic and breakthrough goals and iii) feasibility in arranging and coordinating resources and achieving expected business performance. Ensure good security, safety, and confidentiality of ABBANK's information technology and data systems. Effectively deploy strategic projects and fundamental IT projects. Ensure review and rationalization of work processes and business processes before applying IT and digitizing work processes.

2.10 In addition, the BOD also focuses on directing and arranging necessary resources to fully and seriously implement the contents and requirements of the SBV in Directive 01/CT-NHNN dated January 15, 2024 on the key tasks of the banking industry in 2024, including ensuring:

- Strictly comply with the operating instructions of the Government, the Prime Minister, and the Governor of the SBV on currency, foreign exchange, banking operations and assigned planning targets.
- Seriously and effectively implement the Bank Restructuring Project associated with bad debt handling for the 2021-2025 period, improving financial capacity, ensuring operational safety and strengthening governance and management capacity of the bank.
- Develop modern payment services, continue to deploy solutions to promote non-cash payments. Implement tasks and solutions according to the Banking industry information technology development strategy to 2025, orientation to 2030, Banking industry digital transformation plan; project to develop non-cash payments in Vietnam for the period 2021 - 2025.

- Strictly comply with regulations and instructions of the SBV on ensuring treasury safety.
- Regularly inform, propagate and guide customers to use safe payment services and comply with legal regulations; advise and warn customers about criminal methods and tricks, preventative measures, and ensure safety and security in using banking services.
- Fully implement other instructions of the Government and the SBV.

III. PROPOSAL

1. The BOD respectfully requests that the General Meeting of Shareholders to approve ABBANK's 2023 audited financial statements; report on the BOD activities in 2023 and orientation for 2024 as presented above.
2. In order to proactively resolve issues that arise (if any) during the period between two General Meetings of Shareholders, the BOD respectfully submits to the General Meeting of Shareholders through authorization for the BOD to decide on the following contents:
 - 2.1. Decision to add additional business lines in accordance with ABBANK's retail business strategic orientation; carry out procedures and documents to update and supplement business lines according to the provisions of law.
 - 2.2. Review and adjust business plans to suit the actual situation and direction of state management agencies.

The BOD respectfully reports and propose the General Meeting of Shareholders to approve.

**ON BEHALF OF THE BOD
CHAIRMAN**

(Signed)

Dao Manh Khang