

**AUDITED FINANCIAL REPORT 2024;**  
**REPORT OF THE BOARD**  
**OF DIRECTORS ON ITS OPERATION IN 2024**  
**AND ORIENTATION FOR 2025;**



Meeting  
Documents

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*Hanoi, March 26, 2025*

**REPORT OF THE BOARD OF DIRECTORS**  
**ABOUT ITS ACTIVITIES IN 2024**  
**AND OPERATION ORIENTATION FOR 2025**

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

In 2024, although the world economic picture did not fall into recession and showed many positive signs of improvement at the end of the year, in general, the global economic recovery was slow and uneven. Trade between many countries was affected by geopolitical tensions, especially between China and the US, and between Russia and the West. Conflicts in Ukraine and the Middle East not only caused loss of life and property but also negatively affected the global supply chain.

Vietnam's economy in 2024 will maintain a positive recovery momentum with an impressive GDP growth rate (over 7%) compared to the world average (over 3%) thanks to appropriate macroeconomic policy management and joint efforts, including the positive contribution of the banking sector. However, businesses and people still have to face many difficulties and challenges; developments in the real estate market, corporate bonds, and people's concerns about high gold prices... have an impact on the operations of the banking sector.

The global and regional situation is forecast to continue to be complicated and unpredictable in 2025; the increase in US protectionism and instability in international trade relations; our country's economy is forecast to continue its positive growth momentum, with opportunities and advantages but many difficulties and challenges, especially from unfavorable external factors and internal limitations and shortcomings that have lasted for many years, and the impact of natural disasters...

The Board of Directors (BOD) would like to report to the General Meeting of Shareholders (GMS) on the activities in 2024 and the plan orientation for 2025:

**I. PERFORMANCE RESULTS IN 2024**

**1. Key business indicators of ABBANK**

**1.1. Business indicators**

- Total assets: VND 176,619 billion, up 9.04% compared to 2023, reaching 104% of the 2024 plan.

- Total customer mobilization and issuance of valuable papers: VND 109,960 billion, down 4.9% compared to 2023, reaching 97.01% of the 2024 plan.
- Total outstanding credit: VND 110,099 billion, up 7.5% compared to 2023, reaching 94.69% of the 2024 plan.
- Profit before tax: VND 779 billion, up 51.7% compared to 2023, reaching 77.9% of the 2024 plan.
- The ratio of bad debt on the balance sheet is at 2.48%, ensuring below 3% in accordance with the regulations of the State Bank.



The total assets target exceeded the planned target, the growth targets of credit balance and mobilization reached a level approaching the planned target. In particular, the profit before tax target in 2024 reached nearly 78% of the plan, but compared to the actual level in 2024, there was a high growth of 51.7%. The profit result of ABBANK in 2024 did not meet the plan set by the General Meeting of Shareholders due to many objective and subjective reasons. Among them, the increase in bad debt pushed up the cost of provisioning, which was the direct cause of the decline in profits; the operating efficiency of the apparatus was still limited; the capacity to build, organize and implement business solutions and control risks still had many shortcomings and limitations...

### **1.2. Subsidiary's business results**

- An Binh Commercial Joint Stock Bank Debt Management and Asset Exploitation Company Limited (ABBA): achieved pre-tax profit of VND 36.32 billion reaching 92.4% of the 2024 plan.
- ABBA Security Services Company Limited (ABBAS) - A company indirectly owned by ABBANK through ABBA: achieved pre-tax profit of VND 2.84 billion, reaching 100.7% of the 2024 plan.

## **2. Audited Financial Statements of year 2024**

The BOD respectfully submits to the General Meeting of Shareholders the audited financial statements for the fiscal year ending December 31, 2024:

<p><i>Details of the audited financial statements are publicly available on ABBANK's website at: <a href="https://www.abbank.vn/thong-tin/bao-cao-tai-chinh.html">https://www.abbank.vn/thong-tin/bao-cao-tai-chinh.html</a> and are also shown in the 2024 Annual Report.</i></p>	
<p><i>ABBANK's 2024 Annual Report at: <a href="https://abbank.vn/thong-tin/bao-cao-thuong-nien-to-chuc.html">https://abbank.vn/thong-tin/bao-cao-thuong-nien-to-chuc.html</a></i></p>	

### **3. Results of implementing the Resolution of the 2024 Annual General Meeting of Shareholders**

The BOD would like to report the summary results of the implementation of the contents of the 2024 General Meeting of Shareholders' Resolution as follows:

- ***Regarding business results and implementation of profit before-tax targets:***  
The detailed content has been presented in Part 1 above.
- ***Regarding the allocation of funds and distribution of profits after-tax in 2023:***  
Pursuant to the Resolution of the 2024 Annual General Meeting of Shareholders, the BOD has issued a document to allocate from profits after-tax in 2023 to the reserve fund to supplement charter capital by 5%; financial reserve fund by 10%, welfare reward fund by 10%. The remaining profits after-tax after the allocation of funds will be retained and not distributed in accordance with the Resolution of the General Meeting of Shareholders.
- ***Regarding the selection of an organization to audit the financial statements:***  
Pursuant to the authorization of the General Meeting of Shareholders according to the Resolution of the 2024 Annual General Meeting of Shareholders, the BOD has approved KPMG Company Limited (KPMG) to audit the Financial Statements of ABBANK for the fiscal years 2024 and 2025.
- Other contents according to the decision of the General Meeting of Shareholders have been fully implemented and in accordance with the Resolution of the 2024 Annual General Meeting of Shareholders.

### **4. The Bank's Governance**

#### **4.1. Structure of the BOD, term 2023 – 2027**

At the annual meeting on April 28, 2023, the General Meeting of Shareholders elected 7 members of the BOD for the new term (including 02 independent members and all members are non-executive members). The BOD elected the Chairman and Vice Chairman positions in accordance with regulations. In 2024, the BOD operates with all 7 members.

#### **4.2. BOD' Activities**

- In 2024, ABBANK's BOD held 04 meetings. In addition, based on the Regulations on Operation of the BOD and the Regulations on Approval the BOD' Decisions, the Board members voted via email to decide on many contents under the authority of the BOD in accordance with the provisions of law, the Charter and the Bank's internal regulations.
- The BOD and its members have fully and correctly performed their functions and duties as prescribed with a high sense of responsibility. The Standing BOD has directed and supported the Bank's activities.

- The BOD has performed its responsibilities of high-level supervision and evaluated the performance of the BOD and the Board of Management (BOM) members according to corporate governance standards.
- In 2024, the BOD issued many documents and decisions on policies and governance, including important documents such as:
  - Adjusting the Organizational Structure of ABBANK and Regulations on functions, tasks and organizational structure of Divisions/Units at the Head Office
  - Regulation on the Work Architecture System and Regulations on the Remuneration Architecture System;
  - Issuing Regulation on bonus regimes at An Binh Bank;
  - Issuing Regulation on lending of An Binh Bank;
  - Issuing Regulation on customer guarantees;
  - Issuing Regulation on organization and operation of credit approval levels at ABBANK;
  - Issuing Regulations on letters of credit and other business activities related to letters of credit;
  - Issuing Regulation on factoring and other services related to factoring;
  - Issuing Risk Appetite for 2024;
  - Approving the ICAAP Report 2024;
  - Issuing the Capital Adequacy Ratio Compliance Policy; Regulate the limits and safety ratios in operations; Issue the Credit Risk Provision Policy;
  - Approving the Proposal for the Fraud Prevention Program at ABBANK; Approving the Regulations on Anti-Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction;
  - Issuing Regulation on the Information System Security;
  - Approving the Proposal to open new Branches and Transaction Offices of An Binh Bank in 2024-2025;
  - Issuing Regulation on network operation management;
  - Approving transactions with insiders and related persons of insiders.

#### ***4.3. Risk Management Committee (RMC)'s Activities***

In 2024, the organizational structure and personnel of the RMC will comply with the regulations of the State Bank and the internal regulations of ABBANK. The Committee consists of 3 members, all of whom are non-executives and 01 member is an independent member of the BOD. The activities of the RMC in 2024 include the following main contents:

- The RMC has directly met 4 times with the full participation of members, the Supervisory Board, the CEO and related functional units. In addition, the RMC also directly held meetings on many topics to discuss, give opinions and make

recommendations to the BOM, which have been implemented in practice to help manage and minimize risks more proactively and effectively.

- The RMC has advised and proposed to the BOD important policies and orientations on risk management and supervised the CEO/BOM in implementing and deploying activities related to risk management and handling and overcoming existing problems and limitations in risks according to the requirements and recommendations of the Inspection and Supervision Agency - State Bank of Vietnam and the BOD.
- The RMC has commented on important documents, methodologies, construction, verification and application of credit risk models submitted by the BOM to the BOD.
- The RMC has regularly monitored risks through risk limits, risk reporting records, capital management reports, risk management reports, credit and non-credit monitoring reports, reviewing the activities of the Board of Management's councils, warning about the Bank's safety level according to the regulations of the State Bank and ABBANK; and every month, the RMC has made recommendations to the CEO/BOM to improve the activities of the BOM's councils.
- In addition, the RMC has completed other tasks according to the organization and operation regulations such as: advising the BOD on approving risk management policies, risk appetite, assessing the suitability and effectiveness of policies, regulations and models; advising the BOD on approving the policy of providing new products; Propose communication plans to strengthen/raise awareness of risk management culture across the system, contributing to improving the quality of risk management across the entire the Bank.

#### **4.4. Human Resources Committee (HRC)'s activities**

In 2024, the HRC has 3 members, of which two-thirds (2/3) of the members are not executives. The structure and operation of the HRC are in accordance with the regulations of the State Bank and the internal regulations of ABBANK.

The main activities of the HR Committee in 2024 include:

- Consulting and advising the BOD on issues related to personnel, salary, remuneration, bonuses and other welfare policies of ABBANK. The HRC has supported evaluation, review and recommendation to the BOD to recruit, appoint, dismiss and transfer key staff of the Bank under its authority.
- Providing opinions on the organizational structure, functions and tasks of the Headquarters and business units; the compensation architecture system, the work architecture system of ABBANK... before the BOD issues it.
- Advising the BOD on training and developing human resources, building a working environment, and improving employee compensation.
- In 2024, in addition to providing direct and written consultation to the BOD, the HRC also held meetings to grasp the situation of human resources activities

and action plans of the Human Resources Management Division in the coming time to help the BOD supervise the human resources management of the entire Bank, thereby providing instructions to the BOM in activities to optimize resources, bringing efficiency to ABBANK.

- In addition, the HRC advised the BOD on other issues related to human resources management according to the functions and tasks of the Committee...

#### **4.5. Strategy Committee (SC)'s Activities**

SC members include all members of the BOD. In 2024, the SC carried out activities, including:

- Directing, supervising related units; providing orientations, strategic goals, identifying ABBANK's strategic initiatives and implementation steps.
- Supporting the transformation of the customer-oriented business model, transforming the organizational structure of business units towards a customer-centric orientation.
- Directing the building of corporate culture through continuing to implement a series of activities in the Cultural Journey.
- The members of the SC who are Standing BOD Members regularly participate in meetings of the BOM and Project Committees to implement the Bank's Projects such as: Omni Channel Project to promote digital transformation, build a risk management model, ... and provide timely guidance to help the Projects deploy in the right direction and achieve the set goals...
- Monitor, support the BOM in implementing the Strategic Plan and strategic initiatives and implementing the Bank's transformation.

#### **4.6. The Transformation and Digital Banking Committee (TDC)'s Activities**

The activities of the TDC in 2024 focus on key areas to support the Bank's transformation strategy:

- The TDC has advised the BOD and made proposals and recommendations as well as worked with the BOM on plans to understand customer segments, thereby building appropriate solutions and products, optimizing sales models, improving human resources capacity, monitoring the implementation of business plans, strengthening risk management, debt settlement activities, and improving service quality, focusing on activities to enhance customer experience, enhancing proactive communication activities to enhance brand reputation with the goal of ensuring that the Bank's activities are implemented in line with the customer-centric strategic orientation, towards the goal of sustainable development.
- The TDC supports the BOD, Divisions/Units in building the foundation for the development of projects related to digital transformation, IT projects, incident handling procedures... and provides timely guidance and recommendations to promote the transformation activities and safe and effective business operations

of the Bank. In particular, TDC supported and accompanied and closely directed the OmniChannel Project Management Office, helping ABBANK for the first time launching digital banking application built and developed by its own internal resources with different experiences on a modern, safe digital platform for corporate customers (ABBANK Business application from July 2024) and individual customers (ABBANK application from December 2024).

The TDC ceased to operate from January 15, 2025 and was replaced by the ESG Sustainable Development Strategy Committee with a more comprehensive goal and role related to the orientation of building, implementing and monitoring the sustainable development strategy; activities; programs and initiatives related to the environment, society and governance (Environmental, Social, & Governance - ESG) of ABBANK and closely supporting the orientation to focus on the Bank's core activities, growth on a sustainable foundation and prioritizing support for retail development.

## **5. Transactions with related parties**

In 2024, transactions between ABBANK and related parties were submitted to the BOD for approval under the authority in accordance with the provisions of law and ABBANK's Charter. The summary of transactions with related parties is shown in the 2024 Audited Financial Report and is published on ABBANK's website: [www.abbank.vn](http://www.abbank.vn).

## **6. Results of supervision of the CEO and the BOM**

- The BOD supervises the BOM through daily, monthly, quarterly business activity reports and other reports/proposals arising from the BOM;
- During the year, the BOD has provided instructions, orientations and set out key tasks for each period, thereby helping the BOM take specific actions, operate business activities closely following the goals, strengthen control of the asset portfolio structure to ensure harmony between the goals of financial efficiency and operational safety, increase profits with risk control, expand credit with bad debt control, etc.
- The BOD's supervision over the BOM is also carried out through the supervision function of the BOD's Committees in each field of operation in accordance with the functions and tasks of each Committee.
- For activities under the authority of the BOD to review and decide, the CEO reports and submits to the BOD for consideration. On that basis, the BOD will make decisions for the CEO to implement.
- In addition, based on the Reports of the Internal Audit (IA) under the Supervisory Board, the BOD has given instructions to the BOM on specific issues recommended by the IA, promptly overcoming existing problems,



consolidating and improving the effectiveness of governance, risk management and comprehensive supervision of the Bank's operations.

## **II. OPERATION ORIENTATION FOR 2025**

### **1. Business targets for 2025**

- Total assets reach VND 200,000 billion, up 13% compared to 2024.
- Mobilization from customers and issuance of valuable papers reach VND 115,458 billion, up 5% compared to 2024.
- Outstanding credit balance reaches VND 127,810 billion, up 16% compared to 2024 (adjusted according to the credit growth management mechanism of the State Bank).
- Profit-before-tax reaches VND 1,800 billion, up 31% compared to 2024.

### **2. Some key points on management capacity enhancement**

In 2025, the BOD will focus on directing, supervising and supporting the implementation of the business plan according to the following orientations and priorities:

- 2.1. To focus on promoting strong business right from the first months and quarters of the year, regaining a good growth rate for ABBANK with the close supervision, direction and support of the BOD and the ESG Sustainable Development Strategy Committee in the direction of focusing on the Bank's core activities, growing on a sustainable foundation.
- 2.2. Based on macroeconomic policies and directions of the Government and the State Bank, take full advantage of favorable and positive economic conditions and business opportunities, proactively and quickly exploit the potential of existing customers, expand new customers, increase asset size, increase credit balance from the beginning of the year, increase revenue from monetary and credit services, and banking-related services; deploy solutions to exploit customers in the low-risk production and business sectors, serving the Government's economic development programs, FDI, public investment; assign specific and clear business targets to each HO Division/Unit, and Business Units to promote implementation.
- 2.3. Deploy and complete the review and arrangement of the Headquarters organizational structure, ensuring:
  - a) Streamlining, efficiency, effectiveness and efficiency based on rearranging the functions/functional groups of current Divisions; effectively arranging and reducing personnel.

- b) Reducing the number of Headquarters focal points and reducing intermediate levels from the Headquarters to the Business Units.
  - c) Linking the responsibility of the Headquarters Units to the business results of ABBANK and the joint responsibility of the Units, operating and supporting Divisions for business results when evaluating, paying income and remuneration to enhance the support and control of the Headquarters Units to practically contribute to business results.
- 2.4. To reorganize the sales network model to suit the reality of ABBANK, overcome current weaknesses, limitations and shortcomings. The reorganization of Business Units will be implemented according to the following orientations:
- a) Strengthen the direct sales force at business units in conjunction with the assigned profit target
  - b) Improve efficiency and ensure smooth direction and management from the CEO directly to the Business Units. Heads of Business Units receive business targets and are responsible to the CEO and the CEO is responsible for business results to the BOD.
  - c) Liberate the sales capacity of Business Units. Business Units conduct comprehensive sales of customer segments according to their capacity; enhance autonomy, clarify the responsibilities of each Business Unit and support each other in clusters of Business Units.
  - d) Business Units are given more initiative in exploiting customer services and organizing sales; At the same time, strengthen the supervisory role of the Headquarters Divisions and the support responsibility of the focal Branches at each Business Unit cluster.
  - e) Review, arrange, and streamline the levels and intermediary positions with limited roles in promoting and supporting business to improve efficiency and clarify the responsibilities. Competent intermediary personnel must receive business targets and conduct assessments based on business results as the basis for income payment, ensuring fairness according to actual contributions.
- 2.5. Improve the capacity and quality of credit assessment, appraisal and approval to promptly detect and handle risks, problems, violations of the law, and violations of internal regulations in credit granting activities. Review, strictly, fully and correctly implement legal regulations, comply with procedures related to valuation, mortgage acceptance and management of collateral of borrowers, regularly monitor the status of collateral to promptly detect changes and fluctuations, thereby having appropriate solutions for collateral management and loan management; regularly check,

- supervise and evaluate the use of loans, customers' ability to repay debts, and strictly control credit granting to areas with potential risks. Resolutely implement solutions to minimize the occurrence of new group 2 debts and bad debts.
- 2.6. Continue to implement actively and proactively risk management; ensure compliance with capital safety ratios and limits; consolidate and enhance the effectiveness and efficiency of risk defense lines.
  - 2.7. Strengthen the organization, prioritize resources and improve efficiency in controlling, urging, collecting debts and handling bad debts; resolutely, by all means, have specific plans to handle each bad debt to achieve the targets set out in the Restructuring Plan associated with handling bad debts for the period 2020-2025; consider assigning specific collection targets to each employee in charge of bad debt collection.
  - 2.8. Review and streamline personnel throughout the system to improve operational efficiency, arrange personnel in accordance with the streamlined organizational structure; at the same time, ensure sufficient human resources for business development.
  - 2.9. Implement practical actions and solutions in assigning targets, evaluating in conjunction with implementing income and incentive policies to ensure fairness according to results, actual contributions, dedication and responsibility of employees, bringing trust, encouragement and dedication of employees; replace employees with low working efficiency and actual contributions; focus on building a learning environment, internal training activities, improving employee capacity; improve the quality of communication work; continue to build corporate culture associated with ABBANK's core values.
  - 2.10. Continue to implement the orientation of promoting digital transformation, doing business on digital platforms and expanding the digital ecosystem, developing payment services on mobile devices, utility tools connecting digital banks and businesses; deploying applications of software platforms applying smart technology to optimize management and operation processes; saving costs and optimizing resources; expanding markets, customers, personalizing the user experience of banking services, improving the ability to detect fraud, forecast risks, and enhance security and confidentiality. In addition, assess the trends and opportunities of applying information technology in leading business in the banking sector, assess the leading and driving impacts of information technology in reshaping business models and restructuring resources, thereby building a master plan for applying innovative and creative information technology in line with the

Bank's development strategy, ensuring practical priorities to promote business activities, improve operational efficiency in accordance with the Bank's actual resource conditions; at the same time, gradually create a solid, correct and synchronous technology foundation for sustainable development, keep up with technology development trends, and create breakthroughs for development.

- 2.11. Ensure smooth and continuous operations. Strengthen periodic and unscheduled self-inspections of compliance with treasury safety regulations of branches and transaction offices in the system; promptly rectify and overcome shortcomings and perfect internal processes and regulations.
- 2.12. Review strategic goals and initiatives to consider adjusting and developing action plans to suit reality and harmonize short-term, medium-term and long-term goals.

In addition to the above key tasks, the BOD also focuses on directing and supervising the full and serious implementation of the State Bank's instructions in Directive 01/CT-NHNN dated January 20, 2025 on key tasks of the banking sector in 2025.

The BOD requests the CEO to develop a specific action plan to implement the annual business plan and the above key tasks on a quarterly and monthly basis to ensure feasibility and serve as a basis for the BOD to direct and supervise the implementation.

The BOD assigns the ESG Sustainable Development Strategy Committee to assist the BOD in directing, supervising and regularly urging all aspects of the BOM in organizing the implementation of the 2025 Business Plan. At the same time, the BOD performs a high-level supervisory role over the CEO in implementing the Business Plan as well as organizing the implementation of other Resolutions of the General Meeting of Shareholders and the BOD to ensure safe and sustainable development in accordance with the general strategic direction and regain good growth momentum as well as complete the planned goals set for 2025 in particular.

### **III. PROPOSAL**

1. The BOD respectfully requests the General Meeting of Shareholders to approve the audited Financial Statements of ABBANK for 2024; The BOD's Report on 2024 activities and orientations for 2025 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:

- a) 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.
- b) 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**