

**VIETNAM ASIA COMMERCIAL
JOINT STOCK BANK****SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness**

No: /2025/BC-HĐQT

*Hanoi, 05th April 2025***DRAFT****REPORT OF THE BOARD OF DIRECTORS**

Attn: General Meeting of Shareholders

The Board of Directors “BOD” of Vietnam Asia Commercial Joint Stock Bank (VAB) respectfully report to the esteemed shareholders on the 2024 performance of the BOD and the operational orientation for 2025 as follows:

I. GLOBAL AND VIETNAMESE ECONOMIC SITUATION IN 2024

In 2024, the global situation remained complex with risks and uncertainties. However, the world economy gradually stabilized with the improvement of trade, lower inflation, financial markets, and labor market recovery. The estimated global economic growth reached 3.2%, equivalent to that of 2023.

Vietnam’s GDP grew by 7.09% in 2024, a high level, ranking second only to the years 2018, 2019, and 2022 in the period 2011–2024. The GDP at current prices in 2024 reached VND 11,511.9 trillion, with per capita GDP at VND 114 million (USD 4,700). As of December 31, 2024, total money supply increased by 9.42% compared to the end of 2023, lower than the 10.34% growth of the previous year. Deposits from credit institutions grew by 9.06%, while credit growth reached 13.82%, surpassing the 11.48% growth rate of 2023. The State Bank of Vietnam (SBV) adopted a flexible approach in monetary policy and exchange rate management, guiding credit institutions to reduce deposit interest rates and cut management costs to lower lending rates, thereby promoting economic growth. Interest rates on new VND-denominated loans ranged from 6.7% to 9.0% per year, while short-term lending rates for priority sectors stood at 3.8% per year, below the 4% cap set by SBV. The SBV also intervened in the exchange rate by selling USD from foreign exchange reserves to meet the economy’s foreign currency demand while issuing short-term treasury bills to regulate capital flows. By year-end, the central exchange rate for VND/USD was 24,355 VND, increasing by 1.97% compared to the end of 2023.

II. 2024 OPERATIONAL PERFORMANCE OF VAB**1. Business performance in 2024**

In 2024, VAB achieved significant milestones in digital transformation, such as biometric authentication, launching the electronic credit approval and management system (ILOS), and implementing the IBPM electronic approval system. Additionally, VAB continuously introduced new products and programs with substantial incentives, including free international money transfers, special savings programs, and zero-fee promotional campaigns. Notably, VAB initiated several support programs for businesses, such as signing an indirect lending framework agreement with the Small

and Medium Enterprise Development Fund (SMEDF) and offering preferential interest rates for businesses affected by Typhoon Yagi at only 5.5% per year.

1.1. Financial result 2024

VAB demonstrated solid growth in financial efficiency and scale. Key financial metrics improved compared to the previous year, achieving 5/6 financial targets approved by the General Meeting of Shareholders (GMS) under Resolution No. 02/2024/NQ-ĐHĐCĐ dated 28th April 2024. The specific financial results are as follows:

Unit: billion dong, %

No.	Key metrics	2023 actual	2024 actual	2024 target	% Target achieved
1	Total assets	112,196	119,832	116,988	102%
2	Deposits from customers and valuable papers issued	87,181	92,434	92,027	100%
3	Loan to customers (*)	69,190	79,916	79,918	100%
4	Profit before tax	917	1,086	1,058	103%
5	Charter capital	5,400	5,400	7,505	72%
6	Non - performing loan ratio	1.59%	1.37%	<3%	Completed

(*) The credit growth plan was adjusted according to the credit limit assigned by the SBV in official letters No. 10167/NHNN-CSTT (31st December 2023), No. 7194/NHNN-CSTT (28th August 2024), and No. 9790/NHNN-CSTT (28th November 2024).

- Profit before tax reached 1,086 billion dong, up 18.4% year-over-year (increasing by 169 billion dong), achieving 103% of the target set in Resolution No. 02. The return on average equity (ROE) was 10.29%.
- Total assets reached 119,832 billion dong, achieving 102% of the 2024 target and increasing by 6.8% year-over-year. Deposits from customers and valuable papers issued reached 92,434 billion dong, achieving 100% of the target and increasing by 6% from the previous year. Credit outstanding reached 79,916 billion dong, rising by 15.5% year-over-year and utilizing 100% of the SBV- assigned credit growth limit.
- VAB strengthened credit risk assessment, enhanced fund utilization monitoring, and accelerated debt recovery, keeping non-performing loans (NPLs) under control. By the end of 2024, total NPLs were 1,091 billion dong, with the NPL ratio dropping slightly by 0.22% to 1.37%, remaining below the 3% regulatory threshold. Additionally, VAB optimized its credit portfolio, leading to a significant reduction in accrued interest income to total loans (from 11.16% at the end of 2023 to 5.43% at the end of 2024). Debt classification, provisioning, and risk management comply with legal regulations (detailed in the audited financial statements submitted to the Annual General Meeting of Shareholders for approval).
- Owner's equity reached VND 8,857 billion, an increase of VND 860 billion compared to 2023. Of this, charter capital remained at VND 5,400 billion, unchanged from 2023. VAB did not increase charter capital in 2024 due to unfavorable stock market conditions, low liquidity, and low average transaction value of shares. To protect shareholders' interests, VAB deferred its capital increase plan.

- Tier2 Capital: In 2024, VAB continued issuing 7-year private bonds to increase Tier-2 capital, successfully raising VND 754 billion to meet business capital needs and enhance financial safety ratios. By the end of 2024, the total outstanding Tier-2 bonds issued by VAB reached VND 1,000 billion.
- With its financial achievements in 2024, VAB was rated B2 with a stable outlook for the fourth consecutive year by the international credit rating agency Moody's.
- VAB complies with operational safety limits as regulated by Vietnamese Law and the State Bank of Vietnam (SBV).

1.2. Risk management

- VAB has continuously enhanced its internal control system to identify, prevent, and promptly address emerging risks. The bank has maintained strict compliance with SBV regulations on capital adequacy ratios, safety limits, and risk control.
- It has also updated internal policies to align with the latest legal changes, including the 2024 Law on Credit Institutions ("Law on Cis") and the 2024 Land Law. VAB continued implementing Basel II standards, particularly Circular 41 and ICAAP frameworks, to meet SBV requirements.
- Complete the development of regulations related to asset management and credit granting processes, and review and process records in the suspicious transaction alert system (indicating potential fraud, scams, or legal violations).

1.3. Human resources

As of December 31, 2024, VAB had 1,557 employees, an increase of 16 from the previous year, reaching 92.8% of the planned headcount (1,678 employees). The bank expanded recruitment channels, strengthened professional and soft skills training for both new and existing employees, and enhanced communication on VAB's code of professional ethics and workplace culture. Additionally, VAB reviewed, revised, and supplemented the Recruitment Regulations, Appointment and dismissal regulations, performance-based salary policy, labor rules, and collective labor agreement. Moreover, VAB adjusted performance-based salary policies, continued implementing periodic salary evaluations and adjustments, as well as annual employee benefits policies. The VAB Nextgen and Talent Pool programs for succession planning were also maintained.

1.4. Information Technology and Digital Transformation

In line with VAB's IT development strategy until 2025 - with a vision toward 2030, VAB continues to prioritize investments and technological advancements to enhance operational efficiency, ensure system stability, and enable flexible scalability. The adoption of advanced technology platforms facilitates faster and more accurate transaction processing, enhances customer experience with secure and safe services, and ensures compliance with anti-money laundering regulations. This serves as the foundation for VAB to expand its product portfolio, develop new service channels, and strengthen its competitive edge in the market.

Card services and digital banking

- Upgraded the VAB – EZ Mobile app, supporting the growth of online savings, service payments, and online shopping transactions.
- Promoted the utilization of customized 8-digit accounts and nickname accounts.
- Developed a password reset function on the digital banking platform to enhance security and safeguard customers' legitimate rights and benefits.

Application of digital technology in operations

- Developed applications related to human resource management and online training.
- Upgraded the internal approval process program via iBPM.
- Deployed the iLOS system for credit approval and document management.
- Implemented customer authentication solutions and biometric data collection.
- Upgraded the Anti-Money Laundering (AML) system.

1.5. Business network, brand communication, and community engagement

In 2024, VAB focused on restructuring its business network by completing the relocation of five business units and renovating 15 business unit offices. As of December 31, 2024, VAB's operational network consisted of 98 locations, including the headquarters, 24 branches, and 73 transaction offices.

Brand recognition

- Throughout 2024, VAB upgraded and standardized its brand identity at storefronts and transaction counters.
- Regularly reviewed and assessed the efficiency and infrastructure of business units to promptly address relocations and renovations, ensuring optimal business performance and customer service.

Brand Communication Activities

- Adjusted the brand identity towards modernization, minimalism, and digitalization to enhance brand consistency and recognition.
- Developed marketing activities linked to community engagement, reinforcing corporate social responsibility (CSR) initiatives, strengthening the brand image, and fostering long-term customer trust and loyalty.
- Focused on corporate culture development and VAB brand building through internal and customer communication programs, bringing the VAB brand and culture closer to the public.

Community Responsibility

- In addition to business operations, VAB engaged in community activities such as organizing blood donation events with active participation from employees and carrying out charitable programs in areas where VAB business units operate.
- Implemented various support measures, from interest rate reductions to social welfare programs, to assist citizens and businesses in overcoming difficulties, stabilizing their lives, and recovering after Typhoon Yagi. This included:
 - ✓ Loan interest support programs for customers in affected regions.

- ✓ Direct customer support initiatives.
- ✓ A donation of 500 million VND from VAB and an additional 300 million VND contributed by employees to support disaster victims.

1.6. Board of Directors' supervision of the CEO and Executive Board

The Board of Directors (BOD) highly appreciated the efforts and achievements of the Executive Management in 2024:

- The CEO and Executive Board effectively implemented the strategic directives set by the BOD, achieving the assigned business targets. Total assets, pre-tax profits, and the performance of key financial metrics surpassed expectations.
- The risk management and operational systems were strengthened and operated efficiently, ensuring security and stability.
- Business and management strategies were timely adjusted to align with economic and social developments, as well as the policies of the State Bank of Vietnam (SBV) and the BOD.
- Recruitment and training initiatives ensured the workforce met operational demands, with strong employee retention strategies in place.
- IT systems were continuously invested in and managed effectively to ensure security and meet customer demands.
- Business unit offices and transaction points were renovated and upgraded, enhancing VAB's brand identity and fostering customer trust.

1.7. In 2024, VAB conducted transactions with related parties in full compliance with disclosure regulations.

(Detailed transactions are reported in VAB's 2024 Corporate Governance Report, available on VAB's website).

1.8. Information disclosure compliance under the Law on Credit Institutions

- VAB ensured compliance with disclosure requirements concerning BOD members, Supervisory Board members, the CEO, and Deputy CEOs as stipulated in Article 49 of the Law on Credit Institutions.
- Information about individuals and organizations holding 1% or more of VAB's charter capital was disclosed on VAB's website and reported to the SBV as required.

1.9. Implementation of VAB's restructuring plan until 2024

Based on the "VAB Restructuring Plan Associated with bad debt resolution for 2021-2025" approved by the 2023 General Meeting of Shareholders (GMS), VAB submitted quarterly progress reports to the SBV.

- Key achievements by the end of 2024 included: Completion of 7 out of 10 restructuring targets: Total assets reached 102.4% of the plan. Outstanding credit balance achieved 103.3% of the plan. Market 1 funding reached 100.7% of the plan. Owner's equity achieved 102% of the plan. Profit before tax reached 114.4% of the plan. On-balance-sheet bad debt ratio remained below 3%. Three financial targets requiring further focus in 2025 include: Increasing charter capital. Raising the

proportion of non-credit income in total revenue, enhancing the Capital Adequacy Ratio (CAR).

- In 2025, VAB will continue to aggressively implement solutions to archive the targets set in the Restructuring plan for the 2021 – 2025 period.

1.10. Disclosure of borrowers as per Article 135 of the Law on CIs

In accordance with Circular No. 09/2024/TT-NHNN (dated 28th June 2024), VAB reported to the GMS on loans granted to restricted credit recipients as of December 31, 2024:

- No transactions were conducted with external auditors, inspectors, accounting officers, major shareholders, or subsidiaries, as stipulated under Article 134.
- Credit granted to credit approval officers (excluding credit cards): 18.8 billion dong.
- The total outstanding credit granted to restricted entities accounted for 0.18% of VAB's regulatory capital, well below the 5% limit.

2. Board of Directors' activities in 2024

2.1. Governance activities

The BOD conducted monthly and quarterly meetings in compliance with the Law on Credit Institutions, the Enterprise Law, and VAB's Charter. Additional meetings, thematic discussions, and written consultations were held for matters within the BOD's authority. The BOD actively supervised the Executive Team's implementation of 2024 business objectives assigned by the GMS, with key directives including:

- Driving business growth and aligning operations with the SBV's monetary policies.
- Optimizing funding balance and ensuring financial safety.
- Enhancing service quality and customer experience to support business expansion.
- Encouraging employee engagement and innovation through system-wide competitions.
- Strengthening IT security and digital transformation initiatives.
- Updating internal regulations in compliance with new laws, including the 2024 Credit Institutions Law and Land Law.

- In 2024, VAB's BOD consisted of five members, including one independent member, one BOD member serving as Deputy CEO, and three non-executive members, ensuring compliance with Article 69 of the Law on CIs.

- The Chairman, Board Members, and Committees under the BOD have adhered to regulations and fully executed their responsibilities by closely monitoring all aspects of the bank's operations. The BOD has made timely decisions and directives within its authority to support governance and business operations, enhancing operational efficiency, competitiveness, and laying the foundation for VAB's sustainable development in 2025.

2.2. Structure and Organization of VAB

The management structure of VAB follows a model consisting of the General Meeting of Shareholders, the Board of Directors, the Supervisory Board, and the CEO, in compliance with Clause 1, Article 40 of the Law on CIs and Point a, Clause 1, Article

137 of the Enterprise Law. VAB's operational structure includes functional units, advisory bodies, and executive departments under the BOD, Supervisory Board, and CEO. By the end of 2024, the Executive Board reviewed and evaluated the operational structure to streamline and enhance efficiency, supporting VAB's business activities while ensuring effective risk management.

2.3. *Committees and councils under the BOD*

The BOD of VAB has Committees (such as the Human Resources Committee, Risk Management Committee, Strategy Committee, etc.) that serve as advisory bodies, assisting the BOD in carrying out its functions and authorities in specific areas. These specialized committees are managed by assigned BOD members, operating actively and effectively. Regular and ad-hoc meetings are conducted as per the regulations of each committee to address matters within their authority and oversee operations in compliance with laws and VAB's internal regulations.

2.4. *Performance evaluation of BOD members*

BOD members: Mr. Phuong Thanh Long – Chairman, Mr. Phan Van Toi – vice Chairman, Mr. Tran Tien Dung, and Mr. Nguyen Hong Hai have successfully fulfilled their roles as BOD members, accomplishing assigned tasks and overseeing operations within the Committees under the BOD.

Independent BOD member: Mr. Le Hong Phuong has completed his assigned duties while maintaining his independence in decision-making, ensuring the bank operates in compliance with laws and its charter, aligning with the directives of the General Meeting of Shareholders and the BOD.

2.5. *Evaluation by the Independent BOD Member on BOD Activities*

The current BOD consists of five members, including one independent member for the 2023-2028 term. In 2024, the BOD promptly issued Resolutions and Decisions to effectively implement the 2024 General Meeting of Shareholders' resolutions, contributing to the bank's overall achievements. Matters under the BOD's jurisdiction were openly discussed and voted on during meetings, with management-related information being consistently accessible and addressed. The Independent BOD Member assesses that the BOD's operations in 2024 were effective and of high quality, complying with laws, the bank's charter, and internal regulations.

2.6. *Report on Remuneration, Operational Costs of BOD and Supervisory Board, and CEO Salary*

The total remuneration and bonuses paid to the BOD and Supervisory Board in 2024 amounted to 9,075,190,000 dong (*Nine billion, seventy-five million, one hundred ninety thousand dong*).

Detailed information on remuneration, salaries, bonuses, and other benefits for the BOD members, Supervisory Board, and CEO is presented in the 2024 audited financial statements published on VAB's website.

III. OPERATIONAL ORIENTATION FOR 2025

1. Economic outlook for 2025

The GDP growth target is set at 8.0% or higher, with the consumer price index (CPI) expected to increase by 4.5-5.0%, ensuring strict inflation control. Total social investment capital is projected to rise, requiring an emphasis on capital efficiency for sustainable development. The SBV aims for 16% credit growth to support economic recovery. Banking sector profitability is expected to continue rising, driven by expanding credit and improved net interest margins (NIM). However, the banking sector still faces challenges, particularly credit risk, market risk, and operational risk due to global economic volatility. A flexible monetary policy, risk control, and sustainable growth promotion will be critical for Vietnam's economic and banking sector stability in 2025.

2. BOD's strategic directions for 2025

Based on the achievements of 2024, the BOD's 2025 strategy will focus on the following areas:

- (i) Implementation of VAB's 2025 action plan, aligned with Directive No. 01/CT-NHNN and Directive No. 02/CT-NHNN from the SBV regarding monetary policy, digital transformation, and banking security.
- (ii) Diversifying funding sources, optimizing low-cost capital, expanding financial institution partnerships, and increasing non-term deposits to enhance NIM and CIR while reducing lending rates.
- (iii) Shifting credit allocation, focusing on retail, small businesses, micro-enterprises, and project-based lending.
- (iv) Leveraging technology for product and service development, enhancing payment systems, digital banking platforms (e.g., Omni Channel), and innovative payment solutions to boost service income.
- (v) Enhancing credit quality management, controlling, recovering, and minimizing new non-performing loans (NPLs) to maintain an NPL ratio below 3%, per State Bank directives.
- (vi) Completing stock listing and increasing charter capital, following the 2025 General Meeting of Shareholders' capital increase plan.
- (vii) Investing in technology and security, upgrading IT infrastructure, cybersecurity, and anti-money laundering software to meet regulatory requirements.
- (viii) Strengthening risk management and compliance, ensuring ethical business practices and adherence to internal policies and regulatory standards.
- (ix) Reviewing and restructuring branch networks, aligning with Circular 32/2024/TT-NHNN, and adapting to regulatory and strategic changes.
- (x) Executing VAB's restructuring plan for 2021-2025, in line with approved strategies for handling non-performing assets.
- (xi) Updating internal policies, ensuring compliance with new regulations under the 2024 Law on Credit Institutions, Land Law, and related decrees.

(xii) Optimizing the executive structure, strengthening human resources for business expansion, refining salary mechanisms, and improving employee benefits to attract and retain talent.

(xiii) Enhancing corporate culture programs to strengthen employee engagement.

(xiv) Expanding community engagement initiatives, enhancing VAB's brand recognition and social responsibility efforts.

(xv) The BOD remains committed to strategic execution, risk management, and sustainable growth to position VAB as a leading financial institution in 2025 and beyond.

(xvi) Key business targets for 2025:

Unit: billion dong, %

No.	Key metrics	2024 actual	2025 plan	Growth rate
1	Total assets	119,832	128,381	7.1%
2	Deposit from customers and valuable papers issuance	92,434	101,007	9.3%
3	Loan to customers ^(*)	79,916	88,110	10.3%
4	Profit before tax	1,086	1,306	20.3%
5	Charter capital	5,400	11,582	114.5%
6	Non-performing loan ratio	1.37%	<3%	-

() Note: Credit growth in 2025 will be flexibly adjusted according to SBV's assigned credit growth limit).*

This report presents the BOD's review of 2024 performance and the strategic direction for 2025. Our goal is to build VAB into a high-quality, transparent, secure, and sustainable financial institution, becoming a trusted partner for shareholders and customers. The BOD, Executive Board, and all VAB employees are committed to successfully executing the development strategy. We look forward to continued trust, support, and cooperation from our valued shareholders.

The BOD hereby proposes to the General Meeting of Shareholders./ 

Recipients:

- Shares holders;
- Member of BOD, Supervisory Board;
- Office of the BOD (record keeping).

**ON BEHALF OF THE
BOARD OF DIRECTORS
CHAIRMAN**

Phường Thành Long