SOCIALIST REPUBLIC OF VIETNAM
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Hanoi, April 4th, 2022

No: 192/BC-MB-BKS

REPORT OF THE SUPERVISORY BOARD
ON 2022 ANNUAL GENERAL MEETING OF SHAREHOLDERS

To: Shareholders of Military Commercial Joint Stock Bank

Pursuant to the Law on Credit Institutions No. 47/2010/QH12 passed by the National Assembly on June 16, 2010; Law No.17/2017/QH14 amending and supplementing a number of articles of the Law on Credit Institutions passed by the National Assembly on November 20, 2017 and guiding documents;

Pursuant to the Law on Enterprises No. 59/2020/QH14 passed by the National Assembly on June 17, 2020;

Pursuant to the Law on Securities No. 54/2019/QH14 passed by the National Assembly on November 26, 2019;

Pursuant to the Charter of Military Commercial Joint Stock Bank (MB) and the Regulations on Organization and Operation of the MB Supervisory Board;

The Supervisory Board of MB would like to report to the Annual General Meeting of Shareholder the following main contents:

I. THE SUPERVISORY BOARD'S THE PERFORMANCE IN 2021

On the basis of legal regulations, MB's Charter and internal regulations, the MB's Supervisory Board (SB) closely coordinated with the Board of Directors (BOD) and the Board of Management (BOM) in fulfilling responsibilities according to regulations and plans approved by the Annual General Meeting of Shareholders. The 2021 operational results were as follows:

1. Performing the Supervisory Board's plans and activities

- The Supervisory Board performed fully its functions and responsibilities, executed the working programs, ensuring comprehensive and timely supervision. The Supervisory Board successfully completed the supervising tasks conforming to regulations and plans approved by the General Meeting of Shareholders. The supervisory activities focused on: (i) Implementation of the Resolutions of the General Meeting of Shareholders 2021; (ii) Governance/ management activities and high-level supervision of the BOD/Chief executive officer (CEO); (iii) Strategy development and execution; (iv) Financial/business activities /debt collection and handling/network system efficiency; (v) Transactions of MB and related parties; (vi) Risk management; (vii) Internal control system; (viii) High level supervision/direction of MB's Internal Audit (IA) and supervisory activities at subsidiaries; (ix) Covid-19 pandemic prevention and debt restructure to support customers.
- The Supervisory Board organized proactively the working programs and regular meetings according to regulations, ensuring that the supervisory activities at MB and subsidiaries, through MB's representatives being the Head of the Supervisory Board/Supervisor of subsidiaries, were comprehensive and timely.

- Coordinating effectively with the BOD and the BOM in doing the tasks of the Supervisory Board. Details of coordination are in Section II – Coordination mechanism of the Supervisory Board.

2. Directing internal audit activities

2.1 Directing to enhance internal audit capacity at MB

- The Supervisory Board directed, worked with and approved the selection of Deloitte consulting firm to coordinate with MB Internal Audit Department in implementing the Internal audit capacity enhancement project. Accordingly, focusing on developing an internal audit strategy for the period 2022-2026 in agreement with the business strategy of MB and the Group.
- Directing the Supervisory Board of subsidiaries to review and complete the internal audit strategy at the subsidiaries in line with the company's business strategy in the upcoming period.
- Orienting and directing to improve the application of technology in internal audit activities at MB and subsidiaries: (i) Continuing to strengthen the internal audit management software (Teammate Plus); (ii) Orienting subsidiaries to invest in internal audit tools/software.

2.2 Supervising and directing MB internal audit in implementing the 2021 audit plan

- The Supervisory Board directed and high-level supervised internal audit activities. In 2021, under the Supervisory Board's direction, MB's Internal Audit exceeded the approved audit plan. The audit results showed that: Despite being affected by the Covid-19 pandemic, MB's activities still had high growth. The MB's financial accounting information system and internal control system were increasingly strengthened, meeting the regulations of State authorities, good practices and internal management requirements of MB. The remedy of the Supervisory Board and Internal Audit's recommendations were actively and effectively implemented, contributing to further improvement of financial and business efficiency and reducing risks in MB and its subsidiaries.

3. Directing supervisory activities at the subsidiaries

- The MB's Supervisory Board directed and oriented the supervisory and control activities at subsidiaries, via MB's representatives being the Head of Supervisory Board/Supervisor, in compliance with laws, internal regulations and plans approved by the General Meeting of Shareholders/Board of Members.
- The results of supervision and control at the subsidiaries showed that: (i) The activities of the subsidiaries basically complied with laws; (ii) Governance and management activities continued to be improved according to good practices; (iii) Business results of subsidiaries had a good growth, Profit before tax of 6 subsidiaries in 2021 reached VND 2,326.2 billion, increasing 64% compared to 2020; (iv) Basically, subsidiaries maintained their position and brand in the market, strengthened the internal control system, risk management and digital transformation in line with the Group's overall orientation.

4. Results of supervising bank's activities in 2021

In 2021, the macroeconomics was severely affected by the Covid-19 pandemic, thanks to the vaccine strategy, the pandemic was gradually controlled, the economy progressively recovered. GDP increased by 2.58%, CPI increased by 1.84% over the previous year. Banking business activities faced many difficulties, restructured debt increased due to customers being affected by the Covid-19 pandemic. Under the orientation and direction of the BOD and the determination of the BOM, MB flexibly deployed many innovative business solutions, operated safely and effectively, and complied with legal regulations.

4.1 Supervising the results of strategy implementation 2017-2021

2021 is the last year of the 5-years strategy for the period of 2017-2021, MB completed 100% of its strategic goals. Many targets were completed ahead of schedule, such as: the Group’s digital transformation, enhancing corporate governance capacity and operational efficiency of subsidiaries, strengthening customer relationships, building two outstanding risk management foundations and information technology. MB exceeded the profit target, reaching the Top 4, Group’s profit before tax reached VND 16,527 billion, 4.53 times higher than 2016, of which the Bank's profit before tax increased ~ 4 times, subsidiaries’ profit increased ~ 7.4 times, the efficiency indicators of ROE, bad debt ratio, operating expenses/net revenue being at the top of the market.

The results of the indicators are at the attached appendix.

4.2 Supervising MB’s business results

- The supervising results showed that many financial indicators exceeded the plan, including: (i) Bank’s profit before tax was VND 14,398 billion (exceeding the plan by 12% and 1.5 times higher than 2020). The group's consolidated profit before tax reached VND 16,527 billion (exceeding the plan by 12.4%, 1.5 times higher than 2020); (ii) Scale indicators (total assets, loans and deposits from customers) had strong growth. Credit growth and deposits from customers increased by 24.6% and 23.7% respectively compared to 2020. Current Account Savings Account (Casa) grew significantly. MB is one of the banks with the highest ratio of Casa/total customer deposits in the market; (iii) The efficiency indicators (ROE, CIR) achieved the plan; (iv) Credit quality was strictly controlled. Consolidated NPL ratio was 0.9% (Bank was 0.68%). The Bank's bad debt coverage ratio reached 349%, being at the top of the market.
- Service activities were promoted, non-interest income increased in all regions. Labor productivity continued to improve, increased 1.6 times compared to 2020.
- MB's operational safety indicators were controlled conforming to internal governance requirements and in compliance with legal regulations.

4.3 Supervising governance activities

In 2021, BOD organized and carried out the tasks effectively, complied with the provisions of laws and internal regulations, actively directed and high level supervised the BOD’s activities, specifically:

- The BOD directed the assessment of the 2017-2021 strategy and the development of the MB’s strategy for 2022-2026 with a vision to 2030; Approved the Group’s strategy and MB’s business plan for 2022; Approved the subsidiaries's strategic orientation for 2022-2026 and the subsidiaries's business plans for 2022.
- The BOD directed the review/design/improvement of MB's internal document system, approved the issuance/amendment of many important internal regulations; Updated/adjusted internal regulations in line with new laws effective in 2021.
- The BOD actively directed the implementation of the resolutions of the MB's General Meeting of Shareholders in 2021 such as: (i) Increasing charter capital; (ii) Finalizing 2021’s

financial settlement; (iii) Finding and seizing merger and acquisition opportunities; (iv) Finding investment opportunities for key projects in the South…

- Directing and approving the significant investment in IT, digital transformation and key projects, in line with business strategy.
- Directing to improve risk management capacity, meeting the requirements of State authorities and towards good governance practices.
- Directing to focus on building and developing high quality human resources to meet MB's innovation requirements.
- Committees under the BOD executed the plan in accordance with regulations, effective consulting the BOD.
- Directing and supervising Covid-19 pandemic prevention at MB and its subsidiaries, ensuring the safety and business continuity. Directing the BOD to actively carry out charitable activities, support the Government/Ministry of Health, provinces and cities in the prevention of the Covid-19 pandemic.

4.4 Supervising of management activities .

The Board of Management (BOM) followed closely the directions of the BOD, implemented drastically business initiatives to successfully complete the strategy for 2017-2021 and the 2021 plan. Key solutions included:

- Completing and submitting to the BOD for approval of the Group Strategy for 2022-2026 with 11 strategic initiatives, approving the bank's business plan for 2022.
- Directing strong digital transformation in 2021, MB attracted 6.3 million new customers, accumulating 12.9 million customers by December 31, 2021; 391 million transactions made via digital channels. Digital channel revenue reached ~ VND 3,000 billion, completed 109% of the plan, increased by 33% over the same period of 2020.
- Implementing drastically creative solutions, business models, promoting credit growth in association with management and control of credit quality, especially restructural debt due to the impact of the Covid pandemic.
- Decisively deploying solutions to increase current account savings account (CASA), reduce capital costs, and enhance business efficiency.
- Increasing MB's IT capacity as directed by the BOD, meeting the scale for 20 million customers, developing 258 new features on APPs, applying Robotics for 45 operating processes.
- Being proactive and flexible in organizing and implementing Covid-19 prevention and control to ensure safety and effectiveness and business continuity.

5. Appraising financial statements, supervising MB financial results and related parties's transactions

- Appraising financial statements in compliance with laws and MB's internal regulations. The results showed that: Ernst &Young, an independent audit company, performed an independent role, and gave an unqualified opinion for MB's 2021 financial statements. The 2021 financial statements were in accordance with accounting standards and the relevant statutory requirements.
- Supervising transactions and contracts between MB and related parties to ensure compliance with regulations.

- Through supervising and appraising financial statements, MB's financial statements accurately and timely reflect the Bank's financial position and business results in accordance with accounting standards and current regulations. MB's operational safety indicators were controlled conforming to laws and MB internal management requirements, exceeding the business plan approved by the General Meeting of Shareholders/BOD.

Financial results according to the Appendix attached to this report

6. Attention contents

Besides the achievements mentioned above, the Supervisory Board recommends that the BOD/BOM should continue to implement the followings:

6.1 For MB: (i) The second and third charter capital increase needs to be continued following the plan. MB’s headquarters investment in the southern area was not completed due to objective factors, although MB made great efforts to implement; (ii) Strengthening the control of operational risks throughout MB’s networks and the early warning activities.

6.2 For subsidiaries: (i) Accelerating digital transformation at some subsidiaries to keep up with MB; (ii) Increasing the efficiency of cross-selling between subsidiaries and MB.

II. COORDINATION MECHANISM OF SUPERVISORY BOARD

The Supervisory Board cooperated with the BOD, BOM in performing the responsibilities as stated in laws and internal regulations:

1. With BOD

- Closely coordinating with the BOD/BOM and agreeing on the following contents: (i) Operation plan of the Supervisory Board; (ii) Audit strategy for 2022-2026 and annual internal audit plan; (iii) High-level supervision mechanism of the Supervisory Board, mechanism for exchanging/providing information between the Supervisory Board and the BOD/BOM. The Supervisory Board communicated periodically to the BOD/BOM on the internal audit and the Supervisory Board’s supervision results, the Chairman of BOD directed the BOM to correct the shortcomings and recommendations of the Supervisory Board and Internal Audit.
- The Supervisory Board/ Members of the Supervisory Board fully participated in the periodic meetings of the BOD/Committees under the BOD. Through periodic meetings and work programs, the BOD/BOM were promptly aware of the recommendations of the Supervisory Board/Internal Audit and made correction instructions/revision plans.
- The BOD promptly informed the Supervisory Board about the contents under the BOD’s authority (including transactions with related parties). The Supervisory Board provided independent and objective opinions to advise and support the decision-making of the BOD, further improve the efficiency of governance and management at MB.

2. With BOM

- The Supervisory Board discussed/worked with the BOM on the supervision activities of the Supervisory Board such as: (i) Coordinating in the preparation of annual internal audit and internal control plans; (ii) Coordinating in the implementation of related programs among the three lines of defense to ensure quality and optimizing resources; (iii) Discussing with the BOM on the preparation of the annual year-end closing, promptly recommend the BOM to review and correct issues related to the year-end closing work and the preparation of financial statements.

- Directing units to review and enhance the information and reporting system for the Supervisory Board. Coordinating tightly in internal and external inspection programs.
- The BOM promptly informed the Supervisory Board about strategic execution and key projects of MB; Actively supported the Supervisory Board in high-level supervision activities of the Supervisory Board and internal audit activities.

III. REMUNERATION AND OPERATING COSTS OF THE SUPERVISORY BOARD

The Supervisory Board members are entitled to remuneration, salary, bonus and other benefits associated with the position, performance and the annual business results of the Bank. Remuneration and operating expenses of the Supervisory Board are in compliance with MB’s Charter, internal regulations and relevant laws. The total remuneration and operating budget were within the limit approved by the General Meeting of Shareholders.

IV. ORIENTATIONS OF THE SUPERVISORY BOARD IN 2022

With efforts to control the pandemic in Vietnam and many countries around the world, Vietnam's economy is forecasted to grow by 6-6.5 percent. Inflation will be controlled below 4%. Monetary policy is managed flexibly by the State Bank of Vietnam. Credit growth is expected to reach 14%. In addition, the requirements for capital adequacy, system safety and promotion of digital transformation will also be prioritized by the banks in the coming period.

1. Orientations for operation

- Internal control and internal audit at MB and its subsidiaries transform their capacity associated with the orientation/transformations of MB's strategy for the period 2022-2026, and the vision of "MB becoming a digital enterprise, leading financial group”.
- MB's operations comply with legal regulations, internal regulations and apply advanced practices to internal supervision and audit activities at MB and the subsidiaries.

2. Operation plan for 2022

2.1 Strengthening the organization and activities of internal control and audit: (i) Strengthening the internal audit organization in line with MB's strategy for the period 2022-2026 (including MB in foreign countries); (ii) Coordinating with the BOD to strengthen the organization and personnel of the Supervisory Board at subsidiaries having the General Meeting of Shareholders - term 2022-2026.

2.2 Carrying out the appraisal of financial statements 6 months and year-end in compliance with regulations.

2.3 Continuing to enhance supervision activities of transactions with related parties in consonance with regulations.

2.4 Performing supervisory duties in accordance with the provisions of laws, the Charter and the Resolutions of the General Meeting of Shareholders. The supervision focusing on: (i) Organization and implementation of MB and subsidiaries’ 2022-2026 strategy; (ii) Results/effectiveness of business plan execution at MB, branch network, subsidiaries; (iii) Compliance and risk management, especially emerging risks (if any); (iv) High-level supervisory activities of the BOD and CEO in accordance with regulations; (v) Implementation of the Resolutions of the General Meeting of Shareholders/BOD; (vi) The prevention and control of the Covid pandemic pursuant to regulations.

2.5 Directing and supervising internal audit, directing internal supervision activities at subsidiaries.

2.6 Performing other duties as prescribed by laws and internal regulations.

V. RECOMMENDATIONS OF THE SUPERVISORY BOARD

Based on the operation results of the Supervisory Board in 2021 and the situation of banking industry in general and MB in particular, the Supervisory Board proposes to the General Meeting of Shareholders, the BOD and the BOM as follows:

1. Recommendations to the General Meeting of Shareholders:

- Approving the report of the Supervisory Board, the BOD and the BOM at the General Meeting of Shareholders.

2. Recommendations to BOD, BOM.

- Keeping efforts to increase the Bank's charter capital in order to strengthen management/business capacity.
- Continuing to invest in IT capacity, effective digital transformation solutions and new business models, exploit the comprehensive strength of MB and its subsidiaries.
- Preparing and developing qualified human resources to meet MB's 2022-2026 strategy requirements and orientation to 2030.
- Reviewing and strengthening the network system following the new strategy, further enhancing the operational efficiency of the network system.
- Strictly following the directions of the Government, the Ministry of National Defense and the State Bank of Vietnam in the prevention and response to the Covid-19 pandemic; the debt restructuring and the supporting of customers affected by the Covid-19 pandemic and other activities.
- Directing the implementation of the recommendations of the Supervisory Board/ Internal Audit.

On behalf of the Supervisory Board, I would like to express my sincere thanks to the State Bank of Vietnam, Ministry of Defense, the regarding organizations, the Shareholders, the BOD, the BOM for always facilitating us to implement duties and responsibilities.

The Supervisory Board would like to wish you health, happiness and success!

Sincerely. /.

Recipients:
- *General Meeting of Shareholders;*
- *Board of Directors;*
- *Supervisory Board;*
- *General Director, Board of Management;*
- *Save: BOD Office, Supervisory Board*

B/O. THE SUPERVISORY BOARD
Head of the Supervisory Board

(Signed and seal)

Le Thi Loi

APPENDIX

RESULTS OF MB & SUBSIDIARIES BUSINESS ACTIVITIES

1. Results of the 5-year strategy for 2017-2021

Unit: VND billion

Indicators	2016	2021	Growth (CAGR %)	5-year cumulative increase
Profit before tax	3,651	16,527	35.3%	4.53 times
Charter capital	17,127	37,783	17.1%	2.21 times
Total assets	256.259	607,140	18.8%	2.37 times
Loans and advances to customers	153,884	405,923	21.4%	2.64 times
Deposits from customers	194,849	440,040	17.7%	2.26 times
Market capitalization (estimated)	22,836	109,193	36.7%	4.78 times

2. The 2021 business results

Unit: VND billion

No	Indicators	2020	2021	2021 compared to 2020	2021 compared to plan
1	Total assets	494,982	607,140	122.7%	Exceeded 5%
2	Charter capital	27,988	37,783	135.0%	~ 97.7%
3	Deposits from customers	355,751	440,040	123.7%	Exceeded 5.3%
4	Loans and advances to customers	325,713	405,923	124.6%	Exceeded 4.1%
5	Non-performing loan ratio	1.09%	0.9%	Decreased	Exceeded the plan
6	Profit before tax	10,688	16,527	1.6 times	Exceeded 12.4%
	of which Bank's separate result	9,698	14,398	1.5 times	Exceeded 12%
7	Dividend rate	15%	35%		

(Source: Consolidated financial statements of MB audited by Ernst & Young Vietnam)