SOCIALIST REPUBLIC OF VIETNAM
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No: 220 /BC-MB-BKS

Hanoi,April 5th ,2021

REPORT OF THE SUPERVISORY BOARD
ON 2021 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 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 2020

In 2020, the Covid-19 pandemic has affected the economy, the banking industry in general and MB in particular. MB Supervisory Board has actively followed the operational plan approved by the Annual General Meeting of Shareholders 2020; Closely coordinated with the Board of Directors (BOD) and the Board of Management (BOM) in implementing responsibilities in compliance with laws and internal regulations; applied best practices to the Supervisory Board 's supervising activities; Successfully fulfilled its tasks in 2020. Details as follows:

1. Performing the Supervisory Board's plan and activities

- MB Supervisory Board cooperated with the BOD, General Director (CEO) to prepare, supplement and consolidate personnel for the Supervisory Board of MB/Subsidiaries to ensure the comprehensive implementation of Supervisory Board's supervision activities. After the 2020 Annual General Meeting of Shareholders, the Supervisory Board held a meeting to elect a Deputy Head of the Supervisory Board and assign tasks to the Supervisory Board members.
- In the year, the Supervisory Board has fully performed its functions and responsibilities, organized and implemented the working programs and regular/irregular meetings according to regulations, ensuring that supervisory activities were comprehensive and timely.
- Performed the supervising tasks in accordance with laws and internal regulations, the supervising results showed that MB's activities complied with law and the resolution of the General Meeting of Shareholders. Through supervisory activities, the Supervisory Board made many recommendations to the BOD and the BOM in order to improve operational efficiency further, focusing on: (i) Carry out the instructions of the Government/SBV/Ministry of Defence on the prevention of Covid pandemic and restructuring of debts/supporting customers impacted by Covid-19; (ii) Continue to review and improve quality of human resources to meet the bank's digital transformation requirements; (iii) Continue to consolidate and enhance the operational efficiency of the network system (branches, transaction offices, overseas representative offices),

subsidiaries; (iv) Strengthen credit quality control and bad debt collection to help MB operate stably and effectively; (v) Implement and complete on schedule MB's strategic/key projects; (vi) Continue to invest in IT system capacity and increase control to ensure security and safety in IT operations; (vii) Strengthen the monitoring related party transactions; (viii) Implement the directions of the State authorities and the recommendations of internal audit focusing on high-risk contents and important advices; (ix) Enhance the education on morality, attitude, compliance, and strictly law-abiding sense for employees.

2. Directing internal audit activities

2.1 Directing to enhance internal audit capacity at MB and subsidiaries

- In 2020, the Supervisory Board has directed the Internal Audit Department to actively work with consulting firms; Organized/oriented/developed and transformed internal audit capacity according to IIA and Basel practices; Added resources and enhanced internal audit capacity of MB and its subsidiaries ensuring the capacity to implement activities along with the development of MB; Researched and implemented solutions according to the Internal audit strategy for the period 2019-2021.

- Oriented the subsidiaries’s internal audit strategy for the period 2021-2025 and the 2021 activities plan of the MB Internal audit, subsidiaries’s Heads of Supervisory Board /Supervisors.

2.2 Supervising and directing MB internal audit in implementing the 2020 audit plan

- Directed and supervised MB Internal audit to complete and exceed the 2020 audit plan. The audit results showed that: MB's operation was stable and growing in spite of Covid-19; Financial accounting information system complied with laws, internal regulations; the internal control system met the SBV’s regulations and MB's internal governance requirements according to advanced practices. Audit results have promptly provided important recommendations/advices that needed to focus in order to comply with regulations, contributing to enhancing operational efficiency and reducing risks for MB.

2.3 Directing control activities at the MB’s subsidiaries

- Directed, oriented and supervised control activities at MB’s subsidiaries via MB's representatives who are the Head of Supervisory Board/Supervisor; comprehensively controlled and supervised all aspects of operations of MB’s subsidiaries on the basis of compliance with laws, internal regulations and plans approved by the General Meeting of Shareholders/Board of Members.

- The supervising and auditing results at subsidiaries showed that: (i) Subsidiaries operated in compliance with laws and internal regulations; (ii) Achieved good business results in spite of Covid -19 impact, the total profit before tax of subsidiaries reached VND 1,418.8 billion, increased 19.4% compared to 2019. Companies maintained their position in the market, complied with financial safety indicators as prescribed.

3 Results of supervising bank’s activities in 2020

The supervising results showed that: MB's operations complied with law, the financial statements gave a true and fair view of MB’s business results, complied with the regulations on preparing and presenting financial statements. MB's safety ratios are maintained, stabilized better than those regulated. MB strives and strictly implements the Resolutions of the General Meeting of Shareholders with high quality. Detail as follows:

3.1 Supervising MB’s business results

Facing the difficulties and challenges of the Covid 19 pandemic, MB's BOD and BOM actively implemented innovative, flexible, appropriate business solutions and successfully completed the assigned plan. Bank’s operational results were as follows:

- Completed and exceeded the plan on key financial indicators approved by the General Meeting of Shareholders: (1) Bank’s profit before tax was 9,698 billion dong (exceed the plan and equivalent to 104.4% of profit before tax in 2019). Consolidated profit before tax reached VND 10,688 billion (exceed 18.9% of the plan, increased 6.5% compared to 2019); (2) The scale criteria (total assets, loans and advances to customers and deposits from customers) have all met and exceeded the plan and previous year. Credit growth of 23% compared to 2019, the Bank maintained the top 4 on asset size, top 5 on profit before tax; (3) The efficiency indicators have achieved the plan: ROE, ROA were in the top of the market; (4) CIR was well managed; (5) Credit quality was strictly controlled, provisions for credit risk were fully made according to the regulations: (i) MB's NPL ratio was 0.92%, lower than planned. NPL ratios for each customer segment, industry/economic sector were controlled according to internal management policies; (ii) The Bank’s coverage ratio of bad debts reached 158.9%, ensuring better prevention of arising credit risks.

- Digital transformation aligned with the direction, transactions via digital channels increased strongly: The number of new users on MB App and MB Biz channels reached ~ 2 million users; The number of transactions on digital channels reached 90 million and 3 times higher than 2019.

3.2 Supervising of governance activities

- In 2020, the BOD organized and performed its responsibilities in accordance with laws and internal regulations; Performed well the role of high-level supervision to CEO and BOM; Directed the BOM to implement and exceed the plan assigned by the General Meeting of Shareholders, directed the timely development of scenarios to respond to Covid-19, ensuring safe working conditions for employees, effectively support customers affected by Covid in accordance with the SBV's direction.

- Consolidated the Bank's organizational structure in the direction of digital transformation for the upcoming period. Approved many important policies, strategies and regulations of MB and subsidiaries, including: Information disclosure regulations of MB; Anti-Money Laundering, Counter-Terrorism Financing and embargo compliance policy at MB; Credit risk management strategy; Regulation on on-going business management; Regulations on decentralization and approval scope of the BOD ...

- Timely oriented and approved the planning for human resources of the top 50; Appointed and rotated qualified personnel for senior and middle-level management of MB and subsidiaries.

- Approved and directed the BOM to drastically implement MB's strategic/key projects such as: Information Technology (IT), Risk Management, data ..., ensuring to enhance capacity of governance, meet the SBV’s requirements and approach Basel standards.

- Directed to complete the procedures of paying 2019’s dividends, increasing charter capital and dividing treasury shares according to the resolution of the General Meeting of Shareholders.

- Directed to relocate and open the headquarters No. 18 Le Van Luong, ensuring the safety and stability of working conditions for employees, enhancing image and position of MB.

- Directed the preparation of business plans 2021 of MB and subsidiaries, oriented and directed subsidiaries to develop strategies for the period of 2021-2025 in line with MB’s strategic objectives.

- Committees under the BOD actively operated and advised the BOD on contents under the authority of the BOD.

3.3 Supervising of management activities

Following the resolution of the 2020 General Meeting of Shareholders, the directions of the BOD, the strategy for 2017-2021 and the plan for 2020, the BOM implemented flexibly and creatively business solutions, completed the key targets for 2020 in the situation of Covid-19 pandemic with the following main contents:

- Directed the implementation of business solutions in all segments (individual customer, SME and CIB), promoting credit growth with the focus on stable industries and sectors.

- Credit control and debt collection measures were implemented drastically, the debt reminder was automated; Restructured debts and supported customers affected by Covid-19.

- Digital transformation continued to be strongly deployed, digital marketing programs were strengthened, branding was promoted, moving customer to digital channels was priority (through MB App and MB Biz). The development of customers, accounts, Apps, cards was creatively deployed through new card business models (MB Connect account package and new Signature product). The implementation of these programs has brought positive results in mobilizing demand deposits. The Bank's total demand deposits increased by 22% compared to 2019.
- Human resource management and performance management solutions to increase productivity were improved.
- Directed to improve customer service quality, automate processes, apply robotic in process improvement, increase labor productivity.
- Directed the units to closely coordinate with State authorities, implemented many large community programs to uphold the spirit of charity and spread the value of knowledge and humanity in the society.
- With the above efforts and results, MB and its units/individuals received many merits and awards such as: Certificate of Merit from the Prime Minister, title of Emulation Soldier in the Banking sector, Certificate of Merit from the Governor of the SBV, IT Sao Khue Awards…. The bank also reached the top 30 largest enterprises in Vietnam (up 7 ranks compared to 2019) and was honored as one of the enterprises with highest contributions to the state budget.

3.4. Appraising financial statements and supervising MB financial results

- MB Supervisory Board has directed the MB Internal audit/Head of Supervisory Board/Supervisor of subsidiaries to supervise and appraise financial statements in accordance with laws and MB's internal regulations. After the financial statements appraisal, the Supervisory Board discussed and closely coordinated with the Senior Management Committee and the BOM on the implementation of Supervisory Board's recommendations. The Supervisory Board supervised the independent audit on MB's 2020 financial statements. The results showed that Ernst&Young, an independent audit company, has performed an independent role, and given an unqualified opinion for MB's 2020 financial statements. The MB's financial statements were in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions and the relevant statutory requirements applicable to financial reporting.
- Through supervising financial statements and safety indicators, the Supervisory Board assessed that MB complied with the regulations on financial security and successfully completed the business plan approved by the General Meeting of Shareholders. The profit before tax in 2020 was higher than 2019, maintaining the position in TOP enterprises with pre-tax profit over VND 10,000 billion *(detailed financial results are in the attached appendix).*

4 Attention contents

Besides the achieved results mentioned above, the Supervisory Board recommended that the BOD/BOM should continue to direct/implement and strengthen the following contents:

4.1 For MB: (i) Service revenue/net revenue ratio has not completed the plan; (ii) The efficiency and quality of the network system has been improved, however unevenly at transaction points, including the cause of Covid-19.

4.2 For subsidiaries: (i) Promote strongly digital transformation in accordance with the Bank's transformation; (ii) Continue to consolidate organizational structure and optimize resources.

II. COORDINATION MECHANISM OF SUPERVISORY BOARD

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

- Discussed with the BOD and BOM about the Supervisory Board's operational plan, the mechanism for supervising, working/exchanging information periodically on the results of activities and supervision of the Supervisory Board. The Supervisory Board agreed with the

BOD/BOM about the risk-based internal audit plan, the mechanism of reporting/providing audit results, the results of following up of audit recommendations.

- The Supervisory Board met periodically with the BOD/BOM, through which the BOD/BOM agreed with the recommendations/suggestions of the Supervisory Board and promptly directed the units to implement the recommendations of the Internal audit to strengthen the MB internal control system.
- The BOD promptly informed the Supervisory Board about meetings of the BOD and the Committees under the BOD; The Supervisory Board assigned members to fully participate in the meetings and give opinions/recommendations to the BOD when making decisions on matters under its authority, contributing to improving the efficiency of corporate governance and risk management. Besides, the BOD and the BOM actively supported the Supervisory Board in organizing and implementing the activities of the Supervisory Board and internal audit.
- General Director directed leaders of strategic/key projects of MB to inform the Supervisory Board about the meeting on project implementation results in order to promptly give independently comment on projects.

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 implemented in accordance with MB Charter, internal regulations and relevant laws. The total remuneration and operating budget are within the limit approved by the General Meeting of Shareholders.

IV. ORIENTATIONS OF THE SUPERVISORY BOARD IN 2021

With efforts to control the pandemic in Vietnam as well as in many parts of the world, the Vietnamese economy is expected to recover in 2021. Vietnam's GDP growth is forecast at 6.5%. For the banking sector only, the SBV will continue to manage the monetary policy flexibly, interest rates and exchange rates will be maintained stably, credit growth is estimated at ~ 12% in 2021. In addition, NPLs and the SBV's capital adequacy regulations that take effect in 2021 will continue to be a focus for banking system.

1. Orientations for operation

- Internal control and audit activities at MB and its subsidiaries are in accordance with advanced practices and apply international standards, carry out in compliance with laws and internal regulations.
- Innovate, apply technology and improve the operational efficiency of the control system and Internal Audit at MB and its subsidiaries in accordance with MB Group's digital transformation orientation.

2. Operation plan for 2021

2.1 Continuing to strengthen and innovate the organization and deployment of supervising activities at MB and its subsidiaries.

2.2 Conducting financial statements appraisal periodically 6 months and 1 year in accordance with regulations.

2.3 Performing the supervisory duties in accordance with law, the MB’s Charter, and Resolution of the General Meeting of Shareholders

2.4 Directing and supervising at high level the internal control and audit activities at MB and subsidiaries and other tasks.

Details of the 2021 operation plan of the Supervisory Board have been discussed with the BOD and the BOM.

V. RECOMMENDATIONS OF THE SUPERVISORY BOARD

Based on the operation results of the Supervisory Board in 2020 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:

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

2. Recommendations to the Board of Directors, Board of Management

- Review, evaluate and continue implementing solutions to comprehensively complete the MB’s strategy for the period 2017-2021. Early research and formulate orientations for upcoming period, including models of MB and subsidiaries
- Continue to invest in infrastructure, digital platform solutions; accelerate the digital transformation process, enhance the efficiency of the ecosystem in MBGroup, ensuring higher competency, better risk control, reaching the target of No.1 in digital platform, top 3 in retail banks in Vietnam market.
- Direct to carry out solutions to increase the proportion of service revenue in the total bank income and to enhance the efficiency of transaction points and quality of customer service.
- Direct subsidiaries to soon complete the strategy of a new phase, continue to strengthen the organization, optimize resources to enhance business efficiency. Review and consolidate systems for capacity enhancement, especially IT systems in accordance with MB's orientation, ensuring to meet digital transformation requirements, together with IT security, safety, and efficiency activities.
- Fully implement the instructions of the Government, the Ministry of Defence, the SBV in preventing and responding to the Covid-19 pandemic, restructuring debt/supporting customers affected by Covid-19 and other activities.
- Continue to implement and complete the recommendations of the Supervisory Board in the period.

On behalf of the Supervisory Board, I would like to express my sincere thanks to the SBV, 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. /.

B/O. THE SUPERVISORY BOARD

Head of the Supervisory Board

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

Le Thi Loi

APPENDIX
RESULTS OF MB BUSINESS ACTIVITIES

Unit: VND billion

No	Indicators	2020 Plan	2020 Result	Compared to 2019	Compared to 2020 plan
1	Total assets	Increased ~ 8%	494,982	120.3%	Exceeded
2	Charter capital	Increased ~ 18%	27,988	118.0%	Completed
3	Deposits from customers	Consistent growth	355,751	121.7%	Exceeded
4	Loans and advances to customers	Increased ~ 12%	325,713	122.9%	Exceeded
5	Non-performing loan ratio	Max 1,9%	1.09%	2019 ~ 1.2%	Exceeded
6	Profit before tax	Decreased ~ 10%	10,688	106.5%	Exceeded
	of which Bank's separate result		9,698	104.4%	Exceeded
7	Dividend rate (*)	11% - 15%	Expected ~ 35%		Exceeded

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

B/O. THE SUPERVISORY BOARD

Head of the Supervisory Board

(Signed & Sealed)

Le Thi Loi