

ANNEX 11

PROPOSAL ON AMENDMENTS TO REGULATION ON THE ORGANIZATION AND OPERATIONS OF THE SUPERVISORY BOARD

Attention: VPBANK's Annual General Meeting

The Regulation on the Organization and Operations of VPBank's Supervisory Board was formulated in line with VPBank's Charter and approved by the AGM 2018. VPBank's current Charter was developed according to Law on Credit Institutions 2010 and implementation guidance.

On May 18, 2018, the State Bank of Vietnam issued Circular No 13/2018/TT-NHNN dated May 18, 2018 on the internal control systems of commercial banks and foreign banks' branches. On March 12, 2018, the government issued Decree No 42/2018/NĐ-CP, declaring the Decree No 59/2009/NĐ-CP dated July 16, 2009 on the organization and operation of commercial banks null and void. As a result, the bank amended the provisions in its Charter in conformity with the said changes.

Given the revised Charter, the Regulation on the Organization and Operations of the Supervisory Board shall be reviewed and revised in line with VPBank's Charter.

Given the aforementioned rationales, it is proposed that the AGM pass the resolution on the amendments and supplements to Regulation on the Organization and Operations of the Supervisory Board as follows:

1. Passing of the amendments and the revised Regulation on the Organization and Operations of the Supervisory Board in full.
2. Authorization for the Supervisory Board to make decisions on issues related to the amendments and supplements to Regulation on the Organization and Operations of the Supervisory Board as stipulated in paragraph 1 above including the addition, clarification and revision of the contents and rearrangement of the articles, clauses and paragraphs in accordance with legal regulations and actual situation.
3. Authorization for the Supervisory Board to review and decide on the amendments and supplements to Regulation on the Organization and Operations of the Supervisory Board if necessary in view of actual situation and ensure governance and management efficiency during the interval between two AGMs.

**P.P. SUPERVISORY BOARD
HEAD OF SUPERVISORY BOARD**

(signed)

Ngo Phuong Chi

**PROPOSED AMENDMENT AND SUPPLEMENTATION OF
REGULATION ON THE ORGANIZATION AND OPERATIONS OF THE SUPERVISORY BOARD 2019**

I. DEFINITIONS AND ABBREVIATIONS:

1. **Law on Enterprises:** Law on Enterprises No. 68/2014/QH13 passed by the National Assembly on November 26, 2014;
2. **Law on Credit Institutions (CI):** Law on Credit Institution No. 47/2010/QH12 dated June 16, 2010 of the National Assembly;
3. **Law Amending and Supplementing Law on Credit Institutions:** the law amends and supplements a number of articles of law on credit institutions No. 17/2017/QH14 dated 20 November 2017
4. **Decree 59:** Decree No. 59/2009/ND-CP on the organization and operations of commercial banks dated July 16, 2009;
5. **Circular 13:** Circular 13/2018/TT-NHNN dated May 18, 2018 on internal control systems of commercial banks and foreign banks' branches;

Note: In the following table:

- The items removed from effective regulation are UNDERLINED in “Current regulation” column below.
- The proposed amendments and supplements to effective regulation are written in *ITALIC* in “Proposed amendment/supplement” column below.

II. AMENDMENTS AND SUPPLEMENTS TO REGULATION ON THE ORGANIZATION AND OPERATIONS OF THE SUPERVISORY BOARD:

No.	Amended articles/clauses	Current regulation	Proposed amendment/supplement	Reasons for amendments and supplementation
1	List of Reference documents	<u>Pursuant to Decree No. 59/2009/ND-CP on the organization and operations of commercial banks dated July 16 issued by the Government</u>	Remove reference to Decree 59 and supplement Circular 13 in all referenced items of the whole document.	Decree 59/2009 / ND-CP has been invalidated; add references related to Circular 13.

2	Article 1. Role of Supervisory Board	1. Supervisory Board is an organ elected by voting at the Annual General Meeting (AGM) and <u>has the function of supervising VPBank's operations to accurately assess business operations and financial standing of VPBank.</u>	Supervisory Board is an organ elected by voting at the Annual General Meeting (AGM) <i>which conducts internal audit and reviews compliance with legal regulations, internal regulations, charter, resolutions and decisions of the AGM and the BOD.</i>	Article 44 of Law on credit institutions 2010; Article 13 of Circular 13/2018/TT-NHNN; Charter of VPBank
3	Article 2. Tasks and powers of the Supervisory Board (Clause 2)	2. To issue internal regulations of the Supervisory Board. To review all internal regulations of the Supervisory Board, important accounting and reporting policies on an annual basis.	2. To issue internal regulations of the Supervisory Board <i>according to legal regulations issued from time to time.</i> To review all internal regulations of the Supervisory Board, important accounting and reporting policies on an annual basis.	Amend in line with Article 68, 69 of Circular 13
4	Article 2. Tasks and powers of the Supervisory Board (Clause 4)	4. <u>To be liable for issues related to Internal Audit function according to the SBV's regulations.</u>	4. <i>To make decisions on the organizational structure, tasks and powers of the internal audit unit according to legal regulations</i>	Amend as result of the invalidation of Decree No. 59/2009/NĐ-CP, update and supplement in line with Clause 1, Article 68 of Circular 13.

5	Article 2. Tasks and powers of the Supervisory Board (Clause 5)	5. To appraise annual and biannual financial statements of VPBank, <u>including financial statements audited by independent audit firms</u> . To report to the AGM on appraisal results of annual financial statements, on the results of assessment of reasonability, legality, truthfulness and prudence in accounting, statistics and preparation of financial statements. The Supervisory Board may consult with the Board of Directors (BOD) before submitting reports and proposals to the AGM	5. To appraise annual and biannual financial statements of VPBank. To report to the AGM on appraisal results of financial statements, on the results of assessment of reasonability, legality, truthfulness and prudence in accounting, statistics and preparation of financial statements. The Supervisory Board may consult with the Board of Directors (BOD) before submitting reports and proposals to the AGM	Amend as result of the invalidation of Circular 59/2009/NĐ-CP, update and supplement in line with Clause 4, Article 45 of Law on Credit Institutions.
6	Article 2. Tasks and powers of the Supervisory Board (Clause 6)	6. Within 15 days from the end of the examination, the Supervisory Board shall have to report and explain matters requested to be examined to <u>the BOD</u> and the requesting shareholder(s) or group(s) of shareholders. <u>The examination by the Supervisory Board as stipulated in this clause shall not obstruct or interfere with normal management and administration of VPBank's business operations</u>	6. Within 15 days from the end of the examination, the Supervisory Board shall have to report and explain matters requested to be examined to the requesting shareholder(s) or group(s) of shareholders.	Amend as result of the invalidation of Decree 59/2009, update and supplement in line with Clause 4, Article 45 of Law on Credit Institutions
7	Article 2. Tasks and powers of the Supervisory Board		<i>Add paragraph 7: 7. Periodically the BOD on behalf of the AGM to approve the independent auditing firm (s) to audit the bank's financial statements, consult the Supervisory Board;</i>	Ref to Clause 1, Article 22 of Decree 71/2017/NĐ-CP guidelines on

				corporate governance of public companies
8	Article 2. Tasks and powers of the Supervisory Board	<p><u>12. On an annual basis, Supervisory Board must instruct internal audit function to independently and objectively review and assess the internal control system and inform the BOD and the CEO on the internal control system, make recommendations to correct and improve the internal control system.;</u></p> <p><u>13. To approve internal audit policy; approve and revise internal audit plan based on discussions with the CEO and agreement with the Chairman of the BOD.</u></p>	<p><i>13. Supervise internal audit unit's execution according to legal regulations; supervise and assess the professional ethics standards of members of the Supervisory Board, internal auditors and other activities according to legal regulations and internal regulations of the Supervisory Board;</i></p> <p><i>14. Issue annual internal audit plan as requested by the head of Internal Audit after consulting the Board of Directors and the Chief Executive Officer;</i></p>	<p>Amend and supplement paragraph 13 in line with Article 13 of Circular 13.</p> <p>Amend and supplement paragraph 14 in line with Article 70 of Circular 13.</p>
9	Article 2. Tasks and powers of the Supervisory Board (Clause 15)		<p>Add paragraph 15.</p> <p><i>15. Approve Internal Audit's report on self-assessment results and approve report(s) on internal audit results to submit to the Board of Directors and the Chief Executive Officer;</i></p>	<p>Add paragraph 15 in line with paragraph 72.1.a of Circular 13.</p>
10	Article 2. Tasks and powers of the Supervisory Board	N/A	<p><i>18. Have the rights to use independent consultants and access as well as receive sufficient, accurate and timely information and documents relating to the management and</i></p>	<p>Add in line with Clause 3, Article 45 of Law on</p>

			<i>governance of the credit institution in order to carry out assigned tasks and powers.</i>	Credit Institutions.
11	Article 4. Tasks and powers of the Head of Supervisory Board	Article 4. Tasks and powers of the Head of Supervisory Board <ol style="list-style-type: none"> 1. To organize the implementation of tasks and powers of the Supervisory Board according to this Regulation 2. To prepare the meeting agendas of the Supervisory Board <u>in consideration of issues and areas of interest of members of the Supervisory Board regarding to the tasks and powers of the Supervisory Board; to convene and chair meetings of the Supervisory Board.</u> 5. ... Require to record his/ her opinions in the meeting minutes of the BOD if his/ her opinions are different from resolutions and decisions of the BOD and report to the AGM <u>upon request.</u> 10. <u>To require the BOD, the CEO and other managers to provide relevant information to report to the Supervisory Board</u> 	Article 4. Rights and obligations of the Head of supervisory board <ol style="list-style-type: none"> 1. To organize the implementation of tasks and powers of the Supervisory Board according to this Regulation 2. To prepare the meeting agendas of the Supervisory Board <i>based on comments of members of the Supervisory Board regarding to the tasks and powers of the Supervisory Board</i>; to convene and chair meetings of the Supervisory Board. 6. ... Require to record his/ her opinions in the meeting minutes of the BOD if his/ her opinions are different from resolutions and decisions of the BOD and report to the AGM. <p>Remove paragraph 10.</p>	Amend as result of the invalidation of Decree 59/2009/NĐ-CP, amend and supplement in line with Article 46 of Law on Credit Institutions.
12	Article 5. Tasks and Powers of Members of Members of	Article 5. Tasks and Powers of Members of Supervisory Board	Article 5. Tasks and Powers of Members of Supervisory Board	<i>Amending as result of the invalidation of</i>

	<p>Supervisory Board</p>	<ol style="list-style-type: none"> 1. <u>To perform the tasks and powers of members of Supervisory Board according to legal regulations, the Charter, and internal regulations of the Supervisory Board in an honest, prudential manner and for the interests of VPBank and shareholders</u> 2. <u>To elect, relieve from duty, or remove from office the Head of Supervisory Board</u> 4. To supervise business operations and check accounting books, assets, financial statements and to put forth remedial measures against <u>mistakes/wrongdoings, if any.</u> 5. To report to the Head of Supervisory Board any unusual financial activities and be <u>personally</u> liable for such assessment and conclusion 6. To attend meetings of the Supervisory Board; discuss and vote on matters under assigned tasks and powers of the Supervisory Board, except for matters with conflict of interest. 	<ol style="list-style-type: none"> 1. <i>To comply with legal regulations, Charter of the credit institution and the internal regulations of the Supervisory Board in an honest and prudent manner in the interests of VPBank and its shareholders.</i> <p><i>Add paragraph 2:</i></p> <ol style="list-style-type: none"> 2. <i>To comply with professional ethics standards applicable to members of the Supervisory Board as requested by law and other regulations of the Supervisory Board</i> 3. <i>To elect a member of the Supervisory Board as the Head of the Supervisory Board.</i> 5. To supervise business operations and check accounting books, assets, financial statements and to propose solutions. 7. To report to the Head of Supervisory Board any unusual financial activities and be liable for such assessment and conclusion; 8. To attend meetings of the Supervisory Board; discuss and vote on matters under assigned tasks and powers of the Supervisory Board, except for matters with conflict of interest. 	<p><i>Decree 59, update according to Article 47 of Law on Credit Institutions.</i></p> <p><i>Add Clause 2 in line with Article 67 of Circular 13.</i></p>
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13	Article 10. Automatic loss of position	<p>1. A member of the Supervisory Board shall automatically lose his/her position in the following cases:</p> <p><u>c) Being a representative of the contributed capital of an organization of which the legal capacity is terminated;</u></p> <p><u>e) Being deported from the territory of Socialist Republic of Vietnam as per court ruling;</u></p>	<p>1. A member of the Supervisory Board shall automatically lose his/her position in the following cases:</p> <p>c) <i>Being the representative of the equity stake of the institutional shareholder which legal capacity is terminated;</i></p> <p><i>e) Being deported from the territory of Socialist Republic of Vietnam;</i></p>	<i>Amend as result of the invalidation of Decree 59, update according to Article 35 of Law on Credit Institutions.</i>
14	Article 11. Removal from Office and Relief from Duty	<p>c) Having submitted a letter of resignation (detailing the reason for such resignation);</p> <p>e) <u>As deemed necessary by competent agencies;</u></p>	<p>c) Having letter of resignation sent to the Supervisory Board;</p> <p>Remove paragraph e</p>	<i>Amend as result of the invalidation of Decree 59, update according to Article 36 of Law on Credit Institutions.</i>
15	Article 13. Organizational structure of the Supervisory Board	<p>Article 13. Organizational structure of the Supervisory Board</p> <p>2. The term of the Supervisory Board is five years. The office term of the Board’s members is five years at most. Supervisory Board member can be re-elected or re-appointed for an unlimited number of terms. The office term of an added or replaced member for <u>those automatically losing position, relieved from duty or dismissed</u> is the remaining term of the</p>	<p>Article 13. Organizational structure of the Supervisory Board</p> <p>2. The term of the Supervisory Board is five years. The office term of the Board’s members is the same as the term of the Supervisory Board. Supervisory Board member can be re-elected or re-appointed for an unlimited number of terms. The office term of an added or replaced member is the remaining term of the Supervisory Board. The Supervisory Board of the previous term shall operate until the</p>	<i>Amend as a result of the invalidation of Decree 59, update according to Article 44 of Law on Credit Institutions.</i>

		Supervisory Board. The Supervisory Board of the previous term shall operate until the Supervisory Board of the new term takes over its work.	Supervisory Board of the new term takes over its work	
16	Article 14. Business relationships	<p>With the Board of Directors (BOD):</p> <p>The Supervisory Board shall attend BOD meetings, raise opinions and recommendations, but shall not vote on BOD resolutions. The Board shall regularly inform the BOD about Supervisory Board's operations, consult the BOD before submitting reports, conclusions and recommendations, and directly report to the AGM.</p> <p>The Supervisory Board shall closely collaborate with the BOD in the operations. The Board's members are provided with documents and data required for their works by the BOD. <u>Supervisory Board works as an objective and independent body in controlling and supervising VPBank's business – management - governance activities. At the same time, the Supervisory Board is responsible for coordinating with the BOD to monitor the process of handling violations in accordance with the recommendations of Supervisory Board after each inspection and</u></p>	<p>With the Board of Directors (BOD):</p> <p>The Supervisory Board shall attend BOD meetings, raise opinions and recommendations, but shall not vote on BOD resolutions. The Board shall regularly inform the BOD about Supervisory Board's operations, consult the BOD before submitting reports, conclusions and recommendations, and directly report to the AGM.</p> <p><i>The BOD shall implement the Supervisory Board's recommendations to the BOD in the internal audit report (if any) and inform the Supervisory Board about the result of implementation.</i></p>	<i>Amend in line with paragraph 65.2.b of Circular 13</i>

		<u>examination.</u>		
17	Article 14. Business relationships	<p>With the CEO/ Managers of branches, and functions</p> <p>The CEO/Managers of branches are under the monitoring and supervision of the Supervisory Board about their tasks. The CEO/Managers of branches shall provide necessary reports, documents and information periodically or ad-hoc (as requested by the Supervisory Board) to the Supervisory Board; and shall monitor and steer the functions to correct and handle violations, including their own, as recommended by the Supervisory Board after each inspection.</p>	<p>With the CEO/ Managers of branches, and functions</p> <p>The CEO/Managers of branches are under the monitoring and supervision of the Supervisory Board about their tasks. The CEO/Managers of branches shall provide necessary reports, documents and information periodically or ad-hoc (as requested by the Supervisory Board) to the Supervisory Board; and shall monitor and steer the functions to correct and handle violations, including their own, as recommended by the Supervisory Board after each inspection.</p> <p><i>The CEO shall receive internal reports on internal audit, implement the Supervisory Board's recommendations to the CEO in the internal audit report (if any), and inform the Supervisory Board about the result of implementation.</i></p>	<i>Amend in line with paragraph 65.3.a of Circular 13</i>
18	Execution term	This Regulation shall supersede the Regulation on organization and operations of Supervisory Board issued under Decision No.796/2015/QC-BKS	This Regulation shall supersede the Regulation on organization and operations of Supervisory Board issued under Decision No. 354/2018/QC-BKS dated May 18, 2018 and	<i>Align with the above-mentioned amendments</i>

			Decision No. 1005/2018/QD-BKS on amendments and supplements to Regulation on organization and operations of Supervisory Board.	
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