

No. 2024/CV-VPB

Hanoi, April 02, 2024

REPORT OF THE INDEPENDENT MEMBER OF THE BOARD OF DIRECTORS

1. Activities of independent member of the Board of Directors

VPBank had 01 independent member of the Board of Directors (BOD). In 2023, the independent member of the BOD participated in 04 quarterly meetings of the BOD; Provide objective and independent opinions on reports and proposals at meetings and issues submitted to the Board of Directors in writing. Participate in approving transactions with related parties and supervise the activities of the Board of Management (BOM) through reports of the Board of Supervisors, internal audit, financial reports and other reports and documents compiled by the BOM.

2. Evaluation of the structure and operational organization of the BOD 2023

- The BOD of VPBank had 05 members, of which 4/5 are independent and non-executive members. All members have the necessary qualifications and long-term experience to participate effectively; Provide objective comments on the Bank's operations.
- The BOD's meetings in 2023 were held in accordance with the prescribed procedures. The meeting materials were sent to the members to read and make timely comments and contributions. In which, the main contents of meetings discussed strategies, business orientations, corporate culture, and major investment proposals/projects which affect the Bank's operations. The discussions and debates between the BOD and the BOM in such meetings were open, logical and frank.
- The written reports and proposals getting the comments from the BOD for all other fields under the authority of the BOD are organized and implemented according to a clear and transparent process.
- The BOD established supporting committees: Human Resources Committee and Risk Management Committee. These committees performed oversight functions and provided expert advice to the BOD for their respective sectors. Accordingly, the Risk Management Committee advises the BOD to promulgate risk appetite and risk management strategies; Supervise the Bank's processes and policies on risk identification and management, supervise and monitor the work results of the BOM related to the implementation of risk management policies. Human Resources Committee advises the BOD on approving human resource management policies, the Bank's organizational structure, responsibilities related to the Bank's salary and bonus system and the salary and bonus mechanism, appointment, nomination... the BOD, CEO, BOM...
- In addition, the Bank has Supervisory Board (and Internal Audit Department) perform internal audit functions independently and objectively. Review and perform internal control functions/apparatus in accordance with legal and the bank's regulations.

- The BOD assigned tasks to BOD members to perform supervisory roles for the activities of the BOM, subsidiaries... in accordance with the professional qualification and experience of the members in order to maximize the efficiency/contribution ability of the BOD to the bank's operations.
 - In 2023, The BOD also implemented major tasks according to the Resolutions of the Annual General Meeting (AGM): selling 15% of equity stake to foreign strategic investors, ESOP programs, dividend payment, etc. Strictly comply with remuneration payments to the BOD as approved by the AGM and according to internal consensus mechanism.
 - 2023 is challenging year for the Bank and especially VPBank SMBC Finance Company Limited. In addition to supervision and orientation, VPBank's BOD gave directions, led and coordinated very closely with VPBank's BOM and the Company's Member Council to find solutions to remove obstacles, stabilize and strengthen the Company's operating situation. However, given the difficult business conditions from the macro environment and the distinct business model focusing on high-risk customer segments, the business plans were adjusted according to the respective scenarios through regular meetings and monitoring with the BOM. Nevertheless, since the business plan was submitted to the AGM once at the beginning of the year, the proposed targets were not in line with the actual situation, the Bank and its subsidiaries have not fulfilled the approved business targets in 2023.
3. Evaluate the role and supervision activities of the BOD towards the CEO and the BOM:
- The BOD assign members to participate in monthly meetings of the BOM to grasp information, regularly and closely monitor the implementation of business plans and the strategies. Timely provide guidance and major policies appropriate to the actual situation.
 - The BOD performed the role of monitoring the bank's operations through daily, weekly, monthly, quarterly business activity reports and other reports/proposals arising from the BOM. BOD's members are assigned to supervise specialized areas (financial investment, risk management, information technology; or members appointed to represent capital contributions at subsidiaries...) fully implemented all assigned obligations, update/report to the BOD relevant information when necessary.
 - The BOD also monitored compliance with laws and internal regulations of the BOM, review and evaluated compliance risks and business results through reviewing and processing information from reports of the Board of Supervisors and Internal Audit on the Bank's units.
 - The assigned BOD members performed supervision through participating in meetings/reports of the Risk Management Committee, Human Resources Committee... and reporting/presenting the BOD for approval over the contents within its authority.

Conclusion:

- The BOD fully and seriously implemented the functions and duties of the BOD as stipulated in the Charter and relevant laws.
- With a high sense of responsibility, solidarity, and cooperation to carry out tasks with the highest efforts, the BOD implemented drastic solutions in monitoring, orienting, and directing the BOM to carry out the Resolutions of the AGM and Resolutions of the BOD.

- With expected business plans, the BOD needs to have more detailed analysis and forecasts to ensure that the proposed plans are feasible and reasonable.

INDEPENDENT BOD MEMBER

Nguyen Van Phuc