

# BOARD OF MANAGEMENT'S REPORT AND ASSESSMENT

## BUSINESS PERFORMANCE ASSESSMENT

*By end 2020, ABBANK's profit before tax reached VND 1,368 billion, fulfilling 101% of the assigned plan, recording the growth rate of 11.3% against 2019.*

Some highlights of ABBANK's 2020 business performance were recorded with orientation to focus on retail banking and proper business solutions and mechanisms, specifically:

### Total operating income in 2020

**3,775** VND billion  
▲ 4.3% yoy

➤ At the end of 2020, total loans to borrowers as economic organizations and individuals obtained VND 69,469 billion, an increase of 10.2% against 2019. Deposit from economic organizations and individuals fulfilled 96.4% of the entire 2020 goal with VND 78,128 billion, recording the growth rate of 4.5% against 2019.

➤ Total operating income in 2020 reached VND 3,775 billion, an increase of 4.3% compared to the 2019 fulfillment.

➤ Cost Income Ratio (CIR) was strictly managed and improved at 50%.

➤ By end 2020, ABBANK's profit before tax reached VND 1,368 billion, fulfilling 101% of the plan assigned by the General Meeting of Shareholders, recording the growth rate of 11.3% against 2019.

### Profit before tax

**1,368** VND billion  
fulfilling 111.3% yoy



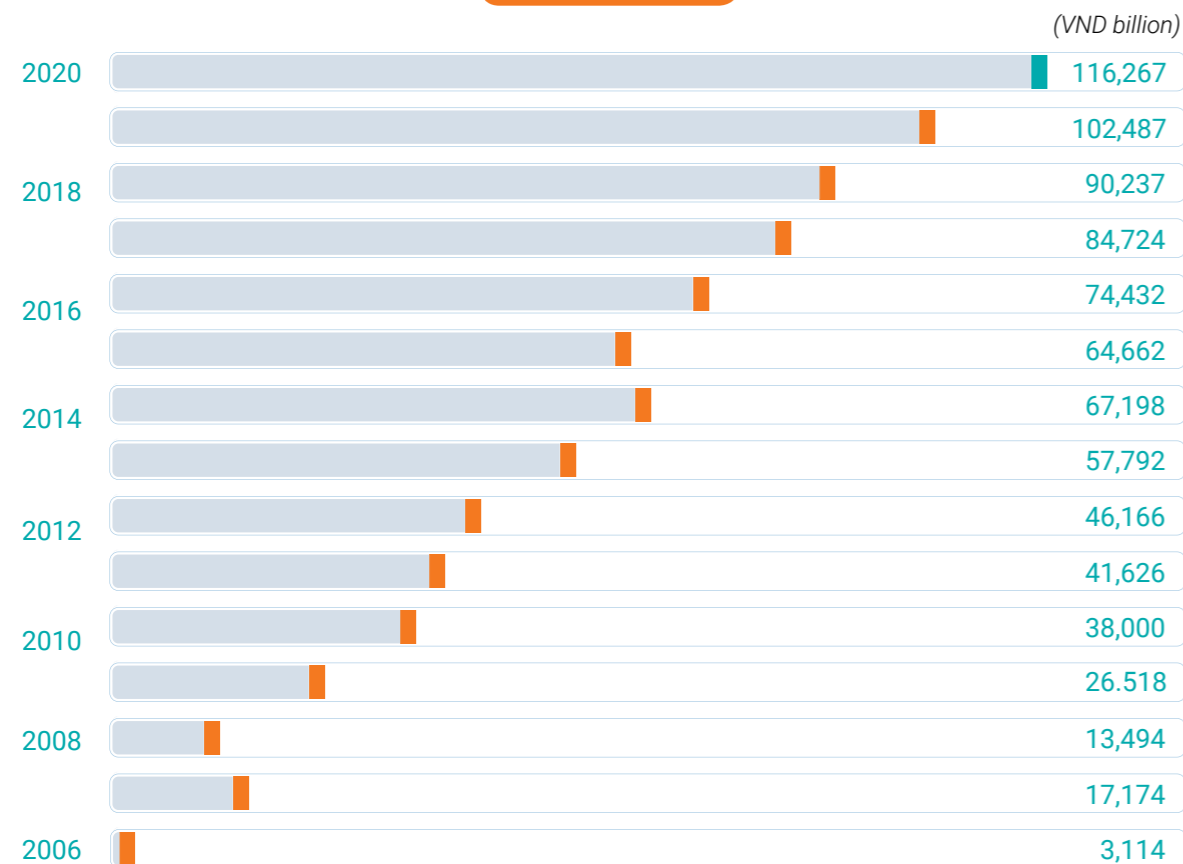
# BUSINESS PERFORMANCE ASSESSMENT (continued)

## TOTAL ASSETS

Total assets as of 31 December 2020 obtained VND 116,267 billion, an increase in VND 13,780 billion (equivalent to 13.4%) against the end of 2019 and fulfilling 97% of the 2020 plan. The increase in total assets was mainly originated from loans to customers, accounting for 54% of total assets in the entire system. In parallel with the scale development, ABBANK's asset quality was always assured and Capital Adequacy Ratio (CAR) was maintained over 8% as prescribed by SBV.

**Total assets**  
**116,267** VND billion  
 ▲ 13.4% yoy

### TOTAL ASSETS



Remarks: Disclosures were based on Audited Separated Financial Statements

## LOANS TO CUSTOMERS

The proportion of ABBANK's retail banking was increased, contributing nearly 70% to ABBANK's outstanding debt balance structure in 2020.

With retail banking-centered orientation, ABBANK's recent credit operations were flexibly developed with a series of supporting policies and incentive programs for borrowers. As a result, as of 31 December 2020, total loans obtained VND 63,446 billion, an increase of 11.4% against the end of 2019 and fulfilling 98.4% of the 2020 goals. Among which, loans to individual customers were recorded with the growth rate of 16%, putting the individual loans exceeding VND 29,000 billion. Loans offered to SMEs were recorded with the growth rate of 21%. Generally, the retail banking sector increased its proportion to nearly 70% of the loan structure in 2020. Such proportion was increased over 4% against 2019.

### LOANS TO CUSTOMERS

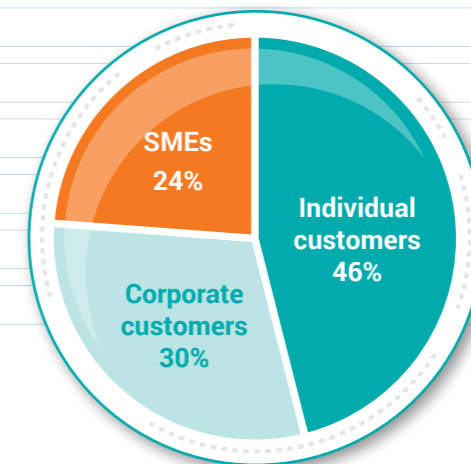
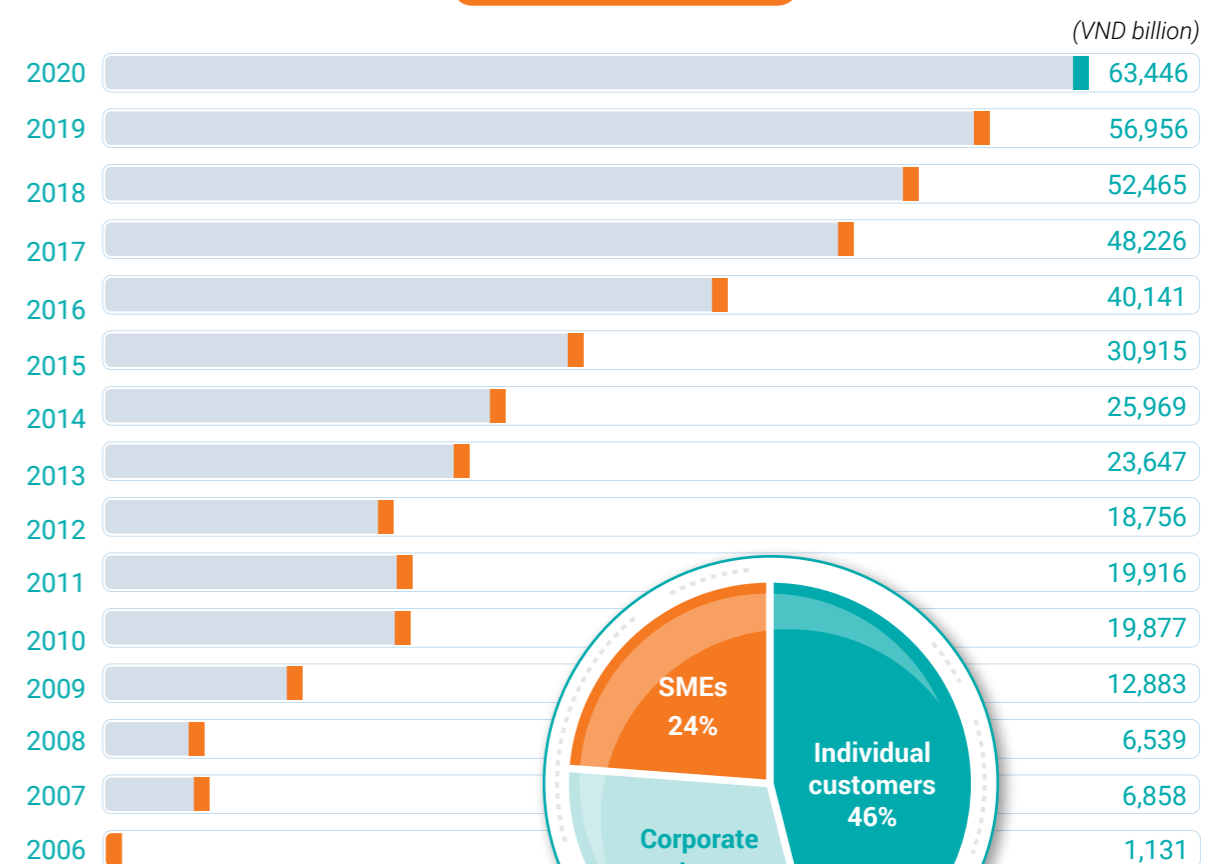


Chart of outstanding debt balance structure

Remarks: Disclosures were based on Audited Separated Financial Statements

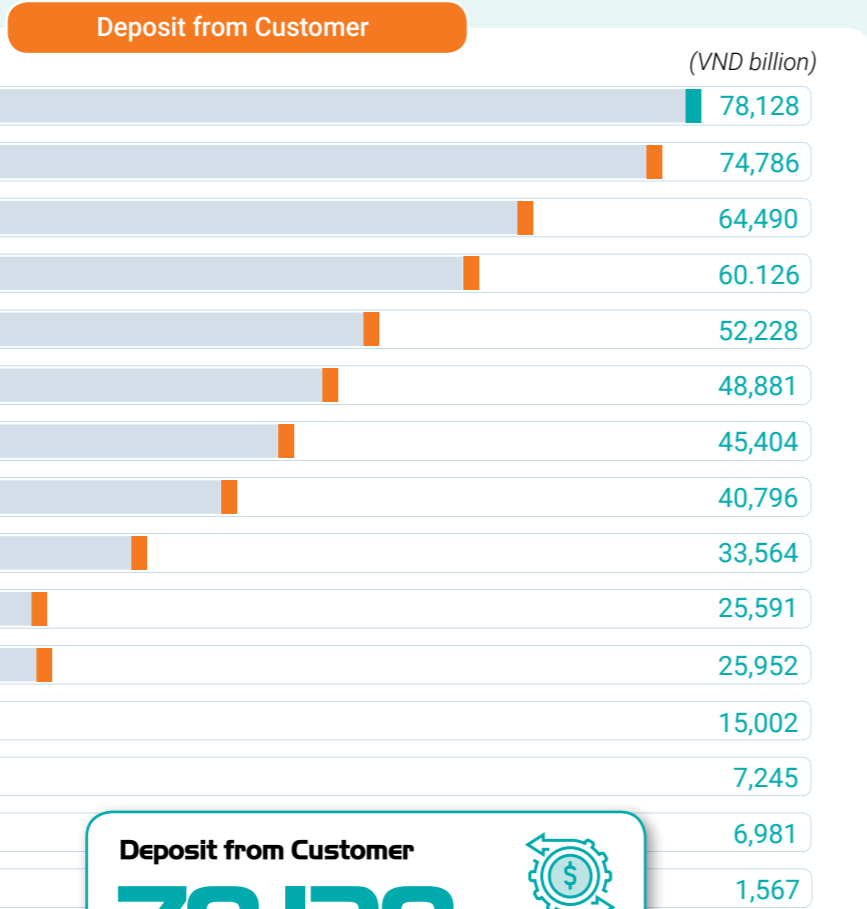
# BUSINESS PERFORMANCE ASSESSMENT (continued)

## DEPOSIT FROM CUSTOMER

Deposit from individual customers and SMEs obtained 53% of the deposit structure, showing that the transformation to retail banking is relatively equivalent to ABBANK credit operations.

Deposit continued to maintain its increasing trend in 2020. The deposit balance obtained VND 78,128 billion, an increase of 4.5% against the end of 2019. A Deposit was also assigned with the key role in the Bank's capital resource structure to maintain 67% in the past years, decrease 4% against the end of 2019.

The entire system's deposit operations were driven by factors, namely making use of traditional sales channels and development of new sales channels in combination with suitable interest rate and sales policies for each period. Like other operations, the deposit service from individual customers and SMEs segment were also focused to expand with high density in the deposit from customer structure, obtaining 53% at the end of 2020. It proved that the transformation to the retail banking sector is relatively matched with the credit operations.



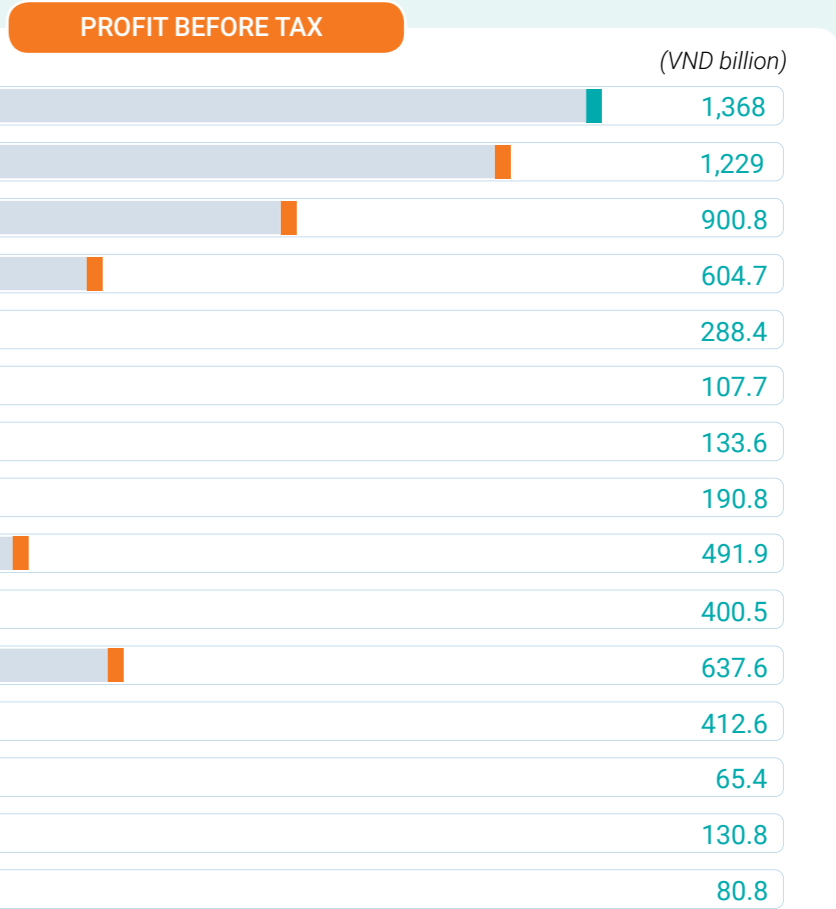
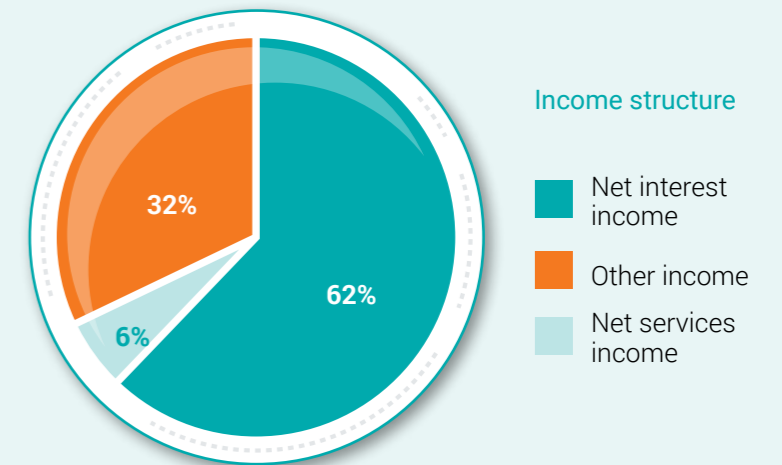
Remarks: Disclosures were based on Audited Separated Financial Statements

**Deposit from Customer**  
**78,128** VND billion  
 ▲ 4.5% against the end of 2019

## PROFIT BEFORE TAX

Closing 2020, the Bank's profit before tax reached VND 1,368 billion, an increase in VND 139 billion, equivalent to the growth rate of 11.3% against 2019, fulfilling 101% against the assigned plan.

The positive growth of profit before tax was the result of increased operating income combined with tight cost controls.



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## FINANCIAL POSITION

### ASSETS

At the end of 2020, total assets achieved VND 116,267 billion, an increase of VND 13,780 billion, equivalent to an increase of 13.4% against the end of 2019 as outstanding debt balance increased VND 6,490 billion, corresponding to an increase in the credit balance, i.e., VND 6,441 billion. Among which, deposits from individual customers and economic organizations increased VND 3,342 billion, equivalent to increase of 4.5% against 2019, facilitating significant credit growth. This proved that the flexibility in using financial resources offers higher performance and big profit to the Bank.



**Deposits from individual customers and economic organizations increased**

**3,342** billion  
VND



**Credit balance increased**

**6,441** billion  
VND

### LIABILITIES

Deposits and loans were actively increased from Credit Institutions (CIs) to satisfy the fund demand. However, the proper financial resource structure was still assured to be well - matched with SBV orientation. An Increase in financial resources to be mobilized from the interbank market aimed to improve the working capital sources, serving for the short-term fund uses, creating the feasible loan turnover and offering higher profit to the Bank. Particularly, bond business and loans were significantly enhanced in both markets in 2020 to increase interest income and others.

## IMPROVEMENTS ON ORGANIZATION STRUCTURE, POLICIES & MANAGEMENT

### ORIENTATION TOWARDS FOCUSED MANAGEMENT TO IMPROVE SERVICE QUALITY AND OPERATING PROCEDURE

2020 was marked with ABBANK's active IT launch and application in most of the HR management, HR review system, online training, etc., to increase the efficiency and accuracy, reducing HR costs. HR management policies such as recruitment, salary and remuneration, emulation and rewards, job management, labor discipline management, training and development were gradually renovated, systematized and closely associated with the business, facilitating to improve the organization's governance capacity.

ABBANK continued to implement the centralized management direction, aiming at improving service quality and operational process. Consequently, the organizational structure of business units was gradually improved, focusing on business activities, streamlining operational activities, ensuring transparency and professionalism during operation.





## ENVIRONMENTAL INDICATOR-RELATED ASSESSMENT

With guideline on orienting loans to renewable and clean energy projects or investors, low-carbon production and consumption sectors and natural resource economical sectors to contribute to environmental protection, improving the natural resources and energy efficiency, ABBANK always made great efforts to green the Bank's affair organization and management to minimize the impacts on environment by strictly controlling operating cost and effectively using the available resources.

The Green Banking Campaign activities were focused to be launched through the use of energy efficient equipment such as lighting, HVAC, printer, paper, water, and green space development. Especially, the program mobilized and propagandized to apply "Green

Lifestyle, Zero Waste" with 5 Rs (Refuse - Reduce - Reuse - Recycle - ROT) to develop a healthy lifestyle to facilitate natural preservation, environmental protection and more importantly, protection of people health.

Activities for Green Environment were also actively designed and developed by ABBANK to raise the high awareness for all ABBANKers as well as our Shareholders/Partners and Customers about environmental protection tasks, gradually changing the behaviors adversely affecting the living environment, having a high sense of properly use and saving of natural resources, environmental protection and improvement, upholding an environmental friendly civilized lifestyle for sustainable development, equality and social progress.

## LABOR-RELATED ASSESSMENT

ABBANK constantly reformed a several points in the salary policy, especially for the personnel directly engaged in business and the Business Unit; career roadmap for key positions and support to develop personal career development plans are deployed and implemented effectively, succession profiles for key positions are also developed and issued to prepare the timely succession resources, serving development needs.

ABBANK frequently held new employee training programs, both staffs and managers in skills, cultural values of ABBANK and soft skills, management-leadership skills, etc. To build a fairer and more transparent employee appraisal system, ABBANK implements the modern Balanced Scorecard approach, adjustment and standardization of the performance indicators to make employee appraisal consistent. The system of performance appraisal indicators has been produced and applied from the highest management to each employee. It was the basis for the evaluation of the performance level and productivity of each individual.



## LOCAL COMMUNITY RESPONSIBILITY-RELATED ASSESSMENT

Together with enhancing the business development, the ABBANK brand has been increasingly affirmed and developed by community sharing activities and active contribution to the socialization guidelines in the country's construction and development. Programs for community and social security were ceaselessly initiated from education, construction of electrical - road - school - medical station, health care, environment physical facilities to support the poor and underprivileged persons, etc. These activities have resulted in positive effects, making a contribution to the improvement of living standards of the people and socioeconomic development, increasing the confidence of the people and local authorities in ABBANK.

In the future, ABBANK shall continue to pursue the orientation of customer-friendly retail bank, closely accompanying with the customer experiences and apply user-friendliness in each product and service, the social-friendly partner in the community responsibility sharing, orienting towards long-lasting and sustainable values. This is one of the critical competitive advantages, facilitating ABBANK's long-term and sustainable development.

## FUTURE DEVELOPMENT PLAN

### DEVELOP A MODERN BANK WITH DIGITAL TECHNOLOGY TOOLS AND PLATFORM

ABBANK is always persistent with sustainable development objectives driven by action strategies. Particularly, according to the medium plan up to 2025, the action programs continue to prioritize the retail banking segments (individual customers and SMEs), enhance and maintain the sustainable development of corporate customers, effectively operate the customer ecosystem from corporate customers by strictly controlling the property quality, complying with the risk policies and offering the reliable premise to the Bank's business development. Available resources are upheld and maximized to diversify the products and services, expand the coverage scale and network.

The strategic objectives are launched to fulfill the development goal with a unique brand for the benefits of our customers, shareholders and applying suitable remuneration to ABBANKers.



## SOME SUSTAINABLE DEVELOPMENT OBJECTIVES OF ABBANK IN THE PERIOD OF 2021 - 2025

- TOP 8 ROE of private joint stock commercial bank groups;
- Retail income (individual customers and SMEs) accounting for at least 70% of gross net income from market 1, domestic and international service income (including guarantee fees and foreign currency trading) reached at least 20% of total net income;
- Attraction and obtaining 2 million of individual customers with transactions;
- The Average number of products per customer obtained at least 3 products;
- Modern business administration under international standards.

## FUTURE DEVELOPMENT PLAN (continued)

### KEY PLANS IN 2021

- Accelerate loan growth;
- Well control the deposit scale for cost - effectiveness;
- Enhance service charge collection by upholding the previous platforms, develop and strengthen the potential service charge collection forms through solutions:
  - Corporate customers: Launch Investment Banking Department (IB) to provide additional product services to customers;
  - SMEs: Transform the key customer segment from super-small enterprises to SMEs; increase the Product quantity/Customer to increase efficiency in serving customers; Revise the regulations and promulgate the guarantee transactions incentive programs;
  - Individual customers: Launch the priority Customer Center; providing insurance solutions, remittance, card, bonds and fund certificates;
  - Establish the special sales task forces in-charge of International Payment to support Corporate Customers and SMEs businesses;
  - Significantly launch the sales model at Counter.



- Performance-based salary payment;
- Organize training and self-training on skills and qualification to enhance sales capacity and sales organization (Sales training for Teller, Treasurer; Training on financial analysis for RMs, SRMs and Appraisers);
- Continue focusing on Appraisal and Operation under the actual situation and geographical distance;
- Apply the Information Technology to banking operations, including:
  - Sales: Renovate LOS by streamlining the procedure and templates; launch sales through digital channels and products (eKYC, APP-based loans, APP-based card opening, etc.); Develop automatic sales data management system – real - time, etc.
  - Appraisal and approval: Streamlining the templates to automate some procedure steps; Develop the automatic credit rating and scoring system to orient towards automatic approval of some punching products; Design the price warehouse software, etc.
  - Operation: Renovate Smartform software and cash fund management system, etc.
- Other business supporting activities such as: Recommendation monitoring software (Compliance & Legal Board); Portfolio management report automation (Risk management Division); Integration of Voffice, Eoffice and DMS approval (General Affairs Division), etc.

