



EXIMBANK 2019 ANNUAL GENERAL MEETING OF SHAREHOLDERS

OPERATION REPORT OF THE BOARD OF DIRECTORS (“BoD”), ACTIVITIES OF COUNCILS, COMMITTEES UNDER THE BOD IN 2018 AND OPERATIONAL ORIENTATION IN 2019

Respectfully to: The General Meeting of Shareholders

The Board of Directors would like to report to the General Meeting of Shareholders the operation results of the BoD in 2018 and operational orientation in 2019 as follows:

**I. Summary of the board meetings and decisions in 2018:**

In 2018, Eximbank’s BoD has made great efforts in orientating banking activities in order to achieve the plan set by the AGM as well as step by step restructuring the bank to be more efficient. Besides the assigned tasks, delegated to the BoM to implement, the BoD held 34 meeting sessions and get written opinions 158 proposals of the CEO, Councils, Committees, and issued 236 Board Resolutions on business orientation, debt handling, communication crisis management, decisions on contents related to human resources, remuneration regime, issuance of regulations, procedures essential for banking activities..

**II. Evaluation results of the Independent BoD member, the Board Chairman on the activities of the BoD**

In 2018, Eximbank’s BoD has fulfilled its responsibilities in accordance with the Law on Enterprises, Law on Credit Institutions, the Charter of Eximbank and relevant stipulated laws. Most of the Board members fully participated in board meetings and provided written comments. In addition to the information which has not been detailed, leading to the decisions of the Board members being prolonged and time-consuming. Besides, some comments of the Board members have not been timely, unclear and affecting the process of issuing decisions of the Board. Detailed results on the number of times to attend the Board meeting and comments in writing of the Board were stated in the corporate governance report and posted on the bank's website.

With the orientation of the Board of Directors, some results which Eximbank has achieved in 2018 are as follows:

- a. Pursuant to the Board Resolution which was ratified by the General Meeting of Shareholders, the BoD has updated and issued the Organizational and Operational Regulation of the Board of Directors and Regulation on Internal Management in accordance with the current laws and operational practices of Eximbank. However, the General Meeting of Shareholders has not approved the Eximbank’s Charter, therefore, the BoD has not been able to updated and continue to submit to the General Meeting of Shareholders.
- b. Facing many difficulties in implementing the Korebank Replacement Project, Korebank Steering Committee under the BoD provided appropriate and timely

directions along with Project Team under the BoM and successfully implemented the core banking system (Core-bank System).

- c. Direct and supervise the banking activities associated with restructuring and bad debt handling plan.
- d. Initially reorganize a number of Divisions and Head Office units under the Division but has not completed the business model at the unit. s
- e. The Board of Directors also directed Project Working Group 7 Lê Thị Hồng Gấm to seek a strategic partner to implement the Project No 7 Lê Thị Hồng Gấm, District 1, HCMC.
- f. According to the List of Indexed Equity Index VN30 in the period of 01/2019 published by HOSE, EIB stock has been selected into VN30 index basket, this is the index of capitalization designed to measure the growth of 30 leading companies with respect to market capitalization and liquidity in VNAllshare.

In addition to the accompanied results, in 2018 Eximabnk has not achieved some expectations of shareholders as follows:

- a. Building Eximbank's brand and image in a way that is easy to identify, being friendly, methodical and professional.
- b. Centralize operations.
- c. Review, reevaluate the network, distribute the network according to the actual situation and in accordance with Eximbank's business strategy.
- d. Deploy the Project No 7 Lê Thị Hồng Gấm, District 1, HCMC. Triển khai dự án số 7 Lê Thị Hồng Gấm, Quận 1, Thành phố Hồ Chí Minh.
- e. Business results in 2018:
  - Total assets: 152.709 billion dong, up 2,24% compared to 2017, completing 85,79% of the plan.
  - Capital mobilization from economic entities and individuals: 118.804 billion dong, up 1,08% compared to 2017, completing 80,27% of the plan.
  - Total outstanding loans: 104.318 billion dong, up 2,88% compared to 2017, completing 91,86% of the plan.
  - NPL/ total outstanding loans ratio: 1,84%, complying with the SBV's regulations and reducing compared to 2017. NPL/ total outstanding loans in 2017 was 2,27%.
  - 2018 pre-tax profit: VND 827 billion ( after making additional provision for VAMC bonds as stipulated by the SBV), completing 51,70% of the plan.

On environmental and social responsibilities:

In 2018, Eximbank cooperated with the consulting firm to reevaluate the current salary system of Eximbank compared to the market's salary benchmark. Although Eximbank's salary system is considered to be competitive, however, with the policy of further strengthening the efficiency and attracting competent personnel, the BoD ratified the application of a new salary system. Accordingly, ensuring 100% of staff salaries after reorganization is not reduced and most of them have a certain increase. This new salary system encourages employees to complete their assigned tasks as well as strive to be able to get a wage raise before the deadline. At the same time, the BoD also assigned the BoM

to review social welfare policies, annual leave and other benefits to have a basis to maintain the competent workforce and attract talents.

In addition to the bank's business operation, taking care of employees' life, Eximbank also pays attention to the fulfilment of environmental and social responsibilities through the approval of the policy for the Board of Management to carry out. Some activities of Eximbank have supported the community and society such as humanitarian blood donation, giving gifts to heroic Vietnamese mothers, children with disabilities, disadvantaged and people with disabilities, poor ethnic households. Besides, Eximbank has coordinated with the Vietnam Student Association, Ministry of Education and Training and a number of related units to organize the launching ceremony for the program "Supporting the exam season 2018"

### **III. Activities of the Councils and Committees under the BOD in 2018:**

In 2018, the activities of the Councils and Committees under the BOD are as follows :

1. Central Credit Committee: held 55 meetings and handled 319 credit files.
2. Financial Investment Committee: held 09 meeting sessions and 02 times consulted in written opinions, discussing the content of stock transfer and bond investment.
3. Risk handling & NPL Committee: organized 32 meeting sessions, 17 times consulted in written opinions and handled 191 files according to its authority.
4. HR Committee: held 33 meeting sessions and 02 times consulted in written opinions. Discussing the contents related to recruitment, appointment, dismissal, transfer, assignment and evaluation of personnel; standardize the human resource management system...
5. Risk Management Committee: held 10 meetings and reported, proposed to the BoD some contents on correcting the units as proposed by the Board of Internal Auditors ; reporting, orientation of risk management; projects to be implemented and the roadmap to deploy until 2023 in order to achieve Basel II standards; The report assesses the impact, method and schedule of implementation of Circular 13/2018/TT-NHNN.
6. Restructuring & Strategy Committee of Eximbank: held 06 meetings and 01 getting written opinion, discussed and decided on authority of the contents related to execution of restructuring project.
7. Koreabank Steering Committee: held 11 meetings and 06 times consulted in written opinions, discussed and decided on the contents related to implementing Koreabank replacement project under its authority.
8. Anti Corruption & Crime Committee: organized meetings, discussed and directed implementing units to consider personal responsibilities for customer transactions. Ban chỉ đạo phòng chống tham nhũng và tội phạm:
9. SBV Audit Handling Committee: held 04 meetings, considered the plan and measures to correct the petitions of the State Bank Inspectorate at the inspection conclusions.
10. Crisis Management Committee: held 04 meeting sessions, discussed and proposed the contents related to customer complaints. Ban xử lý khủng hoảng và truyền thông:

After the State Bank of Vietnam issued Circular 13/2018/TT-NHNN dated 18/05/2018 regulating the internal control system of commercial banks and foreign bank branches effective from 01/01/2019, the BoD held discussions and evaluated the effectiveness of

Councils and Committees as well as organize the management apparatus of the Councils and Committees in accordance with the SBV's regulation. Based on this, on 25/12/2018, the BoD decided to abolish the Central Credit Committee, Financial Investment Committee. The authority of these Committees has been decided by the Board of Directors to assign to Credit Committee HO, Investment Committee HO, the Chief Executive Officer and the BOD according to each specific limit. During the operation, the Board of Directors will continue to review, evaluate in order to make timely decision ensuring the efficiency of business activities.

The Crisis Management Committee under the BOD was established to handle customer requirements, and the activities step by step go into stability. Instead of being under the BOD as before, the BOD assigned the CEO to organize, decide on the composition and implementation of this committee's activities at the level of the BOM.

In addition, with the efforts of the Korebank Steering Committee, Project Board and Eximbank staff in the past, Eximbank has successfully implemented the project of replacing Korebank, and put into use the Finance system. The important tasks completed by the Korebank Steering Committee, in the near future will be to optimize the system and improve service functions to better meet the bank's business operations. Therefore, on 25/12/2018, the Board of Directors has approved the orientation of the Korebank Steering Committee to operate in the direction of maintaining and terminating when completing the project acceptance.

The Board of Directors is also continuing to review the functions and tasks of the remaining Councils and Committees to ensure the effectiveness of the bank's operations but still comply with the current regulations

#### **IV. Supervision results of the BoD for the Board of Management:**

In 2018, Eximbank received and appointed two members of the Deputy CEO, including 01 member being the Standing Deputy CEO in charge of risk management and business activities in Ho Chi Minh City region, the other Deputy CEO was responsible for the IT area of the bank. Initially significant results have been achieved with regard to risk management and successful implementation of Korebank replacement project.

The Board of Directors has met its duties and powers as stipulated in the Charter of Eximbank and the current regulations through Resolutions and Decisions of the Board of Directors. The BOD oversees the activities of the Board of Management in many ways such as: monitoring the actual business results, through ratification of BOM's reports at meetings, periodical reports or unexpectedly by the Board of Management upon request of the Board of Directors. In the process of CEO's implementation of the Resolutions and Decisions of the Board of Directors, the CEO also regularly updated information for the Board of Directors on business activities, reported difficulties and problems for the BOD to consider and provide timely support.

In addition to supporting and promoting business development, the Board of Directors also asked the Board of Management to regularly report on the compliance with the processes, regulations, internal regulations and progress of key projects of the bank and making corresponding corrections according to the inspection recommendations to ensure the bank operates effectively and complies with the law.

#### **V. Remuneration, operating expenses and other benefits of the BOD:Thù lao, chi phí hoạt động và các lợi ích khác của HĐQT:**

With the result of the pre-tax profit in 2018 Eximabnk achieved 801 billion dong and based on the Resolution of the 2018 AGM approved 2% of consolidated pre-tax profit but is not less than 15 billion dong. In reality, the remuneration of the BOD members are as follows:

No	The Board of Directors	Position	Amount of remuneration received (currency: dong)
1	Mr Lê Minh Quốc	Independent BOD Member, Chairman	3.802.250.000
2	Mr Đặng Anh Mai	Vice Chairman	2.232.600.000
3	Mr Yasuhiro Saitoh	Vice Chairman	2.864.150.000
4	Mr Lê Văn Quyết (*)	BOD Member cum CEO	-
5	Mr Hoàng Tuấn Khải	BOD Member	1.673.500.000
6	Mr Yutaka Moriwaki (*)	BOD Member	-
7	Mr Cao Xuân Ninh (*)	BOD Member	-
8	Mr Nguyễn Quang Thông	BOD Member	1.673.500.000
9	Ms Lương Thị Cẩm Tú	BOD Member	838.000.000
10	Mr Ngô Thanh Tùng	BOD Member	1.886.000.000
Total			14.970.000.000

(\*) Mr. Lê Văn Quyết, Mr. Yutaka Moriwaki, and Mr. Cao Xuân Ninh are members of Eximbank's Board of Directors and also hold other positions of the bank such as: Mr. Lê Văn Quyết – BOD Member cum CEO, Mr. Moriwaki – BOD Member cum Head of Eximbank's Restructuring & Strategy Committee, Mr. Cao Xuân Ninh - BOD Member cum Chairman of Eximbank AMC. These members can both receive remuneration from the Board of Directors and receive salary from the bank, but have refused the remuneration and only paid by the bank.

The operating budget of the Board of Directors in 2018 was approved by the General Meeting of Shareholders at VND 7.5 billion; In fact, the bank spent on the BOD's activities in 2018 is 7.11 billion dong.

Besides the remuneration of the Board of Directors, the Board members are equipped with transport facilities, have a driver and enjoy liability insurance like other managers of the bank.

## **VI. Operational plans of the BOD in 2019:**

In 2019, the Board of Directors oriented directed the Board of Management to continue to perform the tasks, the workplan which not completed in 2018 and some directions in 2019 as follows:

1. Directing and supervising the performance of the Board of Management in relation to the business plan in 2019 with key performance indicators including:
  - Total assets: 181.000 billion dong, up 18,53% compared to 2018.
  - Capital mobilization: 143.500 billion dong, up 20,79% compared to 2018.

- Total outstanding loans to customers: 119.875 billion dong, up 14,91% compared to 2018.
  - Pre-tax profit before making additional provision for AMC in accordance with Circular 08/2016/TT-NHNN: 2.000 billion dong.
  - Pre-tax profit: 1.077 billion dong, up 30,21% compared to 2018.
2. Direct and oversee the bank's activities associated with the plan of restructuring and handling bad debts.
  3. Focus on handling bad debts, problem debts to be recovered before maturity to keep the overdue debt ratio at safe level (3%), the goal until 2020 is to keep bad debt ratio below 2%, VAMC bond balance at 1% of total outstanding loans after making annual provisions and handling collaterals.
  4. Continue to resolve outstanding financial problems including debts and assets, strive to finish by 2020.
  5. Bring Eximbank to a group of joint-stock commercial banks with a high rate ROE, target ROE to be over 10% in 2020.
  6. Review, organize personnel under the authority of the BOD to decide.
  7. Build remuneration regime to attract and develop competent personnel.
  8. Approve the ISO project to apply the quality management system ISO 9001:2015.
  9. Research the plans to increase charter capital to ensure prudential ratios in accordance with SBV's regulation and expand business operations, expected charter capital of at least 20.000 billion dong in 2020.
  10. Closely monitor market developments, conduct research on mergers and acquisitions (M&A) opportunities and propose to implement them at an appropriate time, expected in 2019 – 2020 after the "New Eximbank" Project completes.
  11. Implement Basel II at Eximbank under the advice of E&Y, in accordance with the criteria and schedule stipulated by the SBV.
  12. To fulfill the obligations of the Board of Directors in accordance with Eximbank's Charter and stipulated laws in each period.

With the above content, the Board of Directors respectfully submit to the General Meeting of Shareholders for approval.

Sincerely yours,

**ON BEHALF OF THE BOD  
CHAIRMAN**