

**VIET NAM JOINT STOCK COMMERCIAL  
BANK FOR INDUSTRY AND TRADE**

**THE SOCIALIST REPUBLIC OF VIET NAM**  
Independence – Freedom – Happiness

108 Tran Hung Dao, Hoan Kiem, Hanoi  
Tel: 04.39421030; Fax: 04.39421032  
Tax code: 0100111948

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**REPORT BY THE BOARD OF DIRECTORS  
ON THE IMPLEMENTATION OF TASKS MAPPED OUT FOR 2015**

In the previous year, despite of the complicated and unpredictable movements of the world economy, as well as a number of difficulties and challenges that the domestic economy is still facing, the flexible, synchronous and active governance of monetary policies and effective management of foreign exchange and gold market of the State Bank of Vietnam under the direction of the Party and the Government have significantly contributed to the macroeconomic stability, promoted the economic growth on the basis of controlling inflation and stabilizing the exchange rates and foreign exchange market.

The fact that the SBV has been actively implemented a number of solutions on credit growth in conjunction with lowering the interest rate level in comparison with that recorded during the period 2005 – 2006 created favorable conditions for enterprises in obtaining loans, removing obstacles, recovering and developing business activities, supporting economic growth and social welfare. Positive credit growth was observed in the first months of the year, credit flows continued to shift towards focusing on production and manufacturing areas and priority development subjects under the guidelines of the Government. Additionally, the drastic implementation of the SBV's Scheme on credit institution system restructuring has achieved positive results, contributing to the improvement in financial and governance capability of commercial banks, maintaining the stability, discipline and sustainable development of the banking system.

In 2015, with the role of a large state-owned joint stock commercial bank and the driving force of the banking system, VietinBank took initiative in participating and implementing general policies of the Party, the Government and the SBV with the aim of obtaining a safe and sustainable growth in accordance with direction of the banking sector and completing the business objectives and tasks mapped out with outstanding performance.

## I. IMPLEMENTATION PERFORMANCE OF THE PLAN MAPPED OUT IN 2015 GENERAL MEETING OF SHAREHOLDERS

### 1. Implementation performance of 2015 business plan

Unit: VND billion

Indicator	Actual results as at 31/12/2014	Actual results as at 31/12/2015	Compared to 31/12/2014		2015 AGM's meeting	% performance results of plan
			+/- VND billion	+/- %		
Total assets	661,242	779,483	118,241	17.9%	746,000	104.5%
Credit exposures	542,674	676,688	134,014	24.7%	613,000	110.4%
Mobilized funds	595,096	711,785	116,689	19.6%	676,000	105.3%
Owner's equity	55,259	56,110	851	1.5%	58,883	95.3%
Charter Capital	37,234	37,234	0	0.0%	49,209	75.7%
Profit before tax	7,303	7,345	42	0.6%	7,300	100.6%
ROAA	1.2%	1.02%			1.0%-1.2%	Achieved
ROAE	10.5%	10.3%			10%-11%	Achieved
NPLs/ Credit exposures	0.9%	0.73%			<3%	Achieved
Capital adequacy ratio (CAR)	10.35%	10.58%			>9%	Achieved
Dividend payout ratio	10%	- (*)				

(\*) Note: VietinBank will not pay 2015 dividend in order to supplement to equity and improve financial capacity to serve growth in consistence with VietinBank's growth strategy and concurrently, ensuring the limits in terms of capital adequacy according to the regulations of the SBV as well as international practices.

- **Total assets** of VietinBank as at December 31<sup>st</sup>, 2015 accumulated to VND 779 trillion, increasing by 17.9% compared to the data recorded in 2014, accomplished 104.5% of the plan mapped out by the General Meeting of Shareholders. VietinBank continued to be one of the joint stock commercial banks possessing the largest asset size on the market.
- **Credit exposures** amounted to VND 677 trillion, increased by nearly 24.7%, higher than the average growth of the entire sector, in which outstanding loans to the economy reached VND 538 trillion. In terms of credit structure, the Bank focused on lending to the economic sectors prioritized by the Government, national key projects and economic sectors with a strong commitment to support the stable and sustainable development of enterprises in production and manufacturing. Asset quality was strictly controlled with NPLs over credit exposure ratio of 0.73%, lower than the average ratio of the entire sector.
- **Investment** as at December 31<sup>st</sup>, 2015 amounted to VND 195 trillion, accounting for 25% of total assets. VietinBank never ceases to diversify its business activities; Investment portfolio of the Bank has been constantly adjusted towards increasing profitability, ensuring the system-wide liquidity reserves and enhancing the position of VietinBank.
- **Mobilized funds** reached VND 712 trillion, showing a growth of 19.6%; funding structure continued to be diversified, flexibly balanced in consistent with the funding demands in order to ensure bank-wide liquidity safety and business efficiency.

- **Profit before tax** in 2015 was estimated to achieve an amount of VND 7,345 billion dong, reaching 100.6% of plan mapped out in 2015 General Meeting of Shareholders. In which, non-interest income experienced a vast amount of positive changes, rising by 25% compared to the data recorded in 2014 and constituted 11.7% of total operating income. Profitability ratios such as ROE and ROA were 10.3% and 1.02%, respectively, achieving the target mapped out in 2015 General Meeting of Shareholders. The income structure was diversified with the increase of non-interest income ratio aiming at reducing pressure on traditional credit business in the context of fierce competition among commercial banks.
- ***VietinBank's target of becoming a leading bank in terms of retail is gradually being realized*** through the synchronous implementation of multiple solutions with the aim of improving the quality of banking products and customer services. In 2015, VietinBank's retail operations have made an outstanding impression with the launch of "Premium Banking" services for priority customers, aiming at providing customers comprehensive financial solutions, "VIP services" and "perfect financial solution" by constantly raising asset value, taking customers to high-class events to experience invaluable moments.
- ***In addition, VietinBank's business results have been affirmed by the prominent awards from prestigious domestic and international institutions:*** VietinBank was recognized for the third time in the list of the world's 500 most valuable banking brands, named in the Forbes Global 2000 for four consecutive years. VietinBank brand was proud to be ranked A with a total brand value of USD 197 million, classified as the most valuable brand in Vietnam Banking Sector. Particularly, VietinBank was ranked fifth in the Top 10 enterprises in terms of corporate income tax paid in 2015 and recognized as the leading bank in contributing to the State Budget for 6 consecutive years. VietinBank brand was listed in Top 10 Gold Star Award and named one of Top 10 Famous Brands for 11 consecutive times with such prestigious awards as "Bank of Sound Information Security in 2015", "Outstanding Bank for Community in 2015", Certificate of merit "Green enterprise with good working environment"...

## 2. Owner's equity and Investor relations

- **Owner's equity** of VietinBank in 2015 amounted to VND 56,110 billion, in which, ***charter capital*** was maintained at VND 37,234 billion, continuing to hold the position of commercial bank having highest charter capital and strongest structure of shareholders in Vietnam. The SBV is the dominant shareholder of the Bank, holding 64.46% of shares, followed by 02 foreign strategic partners, BTMU and IFC, holding respective stake of 19.73% and 8.03% while minority shareholders holding the remaining 7.78% stake. Safety ratios were guaranteed at satisfactory level and in compliance with current regulations.
- ***Investor relations***  
In 2015, VietinBank continued to focus on sustaining and improving its professionalism in investor relations. The Bank successfully held 2015 Annual General Meeting of Shareholders with the approval of several important issues in accordance with the provisions as well as the merger of PG Bank into VietinBank.

VietinBank also conducted 2014 dividend payments at the rate of 10% in cash; completed the listing of 2.4 billion of shares (equivalent to 64.46% of VietinBank's charter capital) owned by the State shareholder at VietinBank on HCMC Stock Exchange.

VietinBank has held face-to-face meetings and proactively provided updated information to Investment Funds, domestic and international securities companies and successfully organized Investor & Analyst Conference with the participant and direct dialogue of the Management Team after the disclosure of QII/2015 Financial Statement that attracted a large amount of attention from the market.

In addition to ensuring the compliance with regulations in information disclosure, VietinBank was the first bank in Vietnam conducting information disclosure in an adequate and transparent manner in both Vietnamese and English. The Bank also paid attention to upgrading the official web portal between the Bank and investor community - website [investor.vietinbank.vn](http://investor.vietinbank.vn) with the aim of providing useful information for investor community and the market in a timely and adequate manner. VietinBank also committed to assist investors in fulfilling rights and other arising obligations related to CTG stock.

The aim of investor relations activities of VietinBank is reinforcing the image of the Bank as well as CTG stock, ensuring the transparency in information disclosure, the dynamism in operations and the friendliness with investor community and the market.

### **3. Banking Governance Operation**

#### **3.1 Strengthening senior management personnel**

2015 is the 2<sup>nd</sup> year in the 5-year-tenure of the Board of Directors of Viet Nam Joint Stock Commercial Bank for Industry and Trade, the list of board members in the tenure of 2015 is as follows:

- Mr. Nguyen Van Thang – Chairman of the Board of Directors;
- Mr. Le Duc Tho – Board Member cum General Director;
- Mr. Hiroyuki Nagata - Board Member cum Deputy General Director;
- Mr. Cat Quang Duong, Ms. Tran Thu Huyen, Ms. Nguyen Hong Van, Mr. Go Watanabe, Mr. Michael Knight Ipson: Board members;
- Mr. Phung Khac Ke: Independent Board member.

The new Management Team has unified excellently completed assigned tasks, continued to advance with the endogenous strength of the Bank, administrate and deploy reforming policies, leading the entire group of Viet Nam Joint Stock Commercial Bank to complete the business targets mapped out for 2015

#### **3.2 Consolidation of the organizational structure and network management**

- VietinBank has established its network all over the provinces and reached out to the world with 152 branches consisting of 149 domestic branches along with over 1,000 Transaction Offices/saving points, 02 branches in Germany and especially, the successful upgrading of Laos branch into subsidiary bank in Laos from the date of July 31<sup>st</sup>, 2015 has marked a new development step and contributed to raising VietinBank's position in Laos market.

- VietinBank has conducted the model transformation of Business-related and Supporting Divisions in vertical dimension to establish unified and effective operating system as a basis for the implementation of business strategy.

### **3.3 Improving risk management activities and implementing the regulations on internal control and monitoring**

VietinBank fully complied with the SBV's regulations on business operation safety, proactively prepared essential and appropriate conditions to implement the compliance roadmap of Basel II standards. The Bank focused on strictly controlling the asset quality, through its compliance with regulations and operational procedures of credit granting; drastically and definitely settling NPLs, off-balance sheet debts and debts sold to VAMC to accelerate the pace of regenerating business capital, contributing to improving the competitiveness and ensuring the safe and sustainable growth of VietinBank.

In 2015, the BoD has appropriately and comprehensively carried out its responsibilities relevant to internal control and internal audit under the provisions of Circular 44/2011/TT-NHNN of the Governor of the SBV dated 29/12/2011.

**3.4 Information technology development and modernization have been identified as one of the central goals and strategies of the Bank.** In 2015, VietinBank continued to implement strategic projects that focused on key modernization of the Bank such as Replacing the Core Banking (Core banking project), Enterprises Data Warehouse project, Oracle GL Project... thus establishing solid foundations to support business operations of the Bank, contributing to improving labor productivity, cost savings and working effectiveness.

## **II. EVALUATION OF THE BOARD OF DIRECTORS' PERFORMANCE**

In 2015, VietinBank continued to experience positive improvements and thereby contributed significantly to the development of the banking sector in particular and of the social economy in general; VietinBank has overcome challenges and excellently completed all missions assigned by the Communist Party, the Government and the SBV, obtaining a safe and effective business performance; The Bank shall constantly strive to maintain its leading position in the banking sector in terms of funding sources, credit, investments, payments, trade finance..., improve its reputation and position on both domestic and international financial markets.

The above accomplishments were achieved thanks to the ceaseless efforts of more than 20 thousand employees in the entire system. Moreover, the managerial role and business orientation of the Board of Directors and the Board of Management were strongly promoted in conjunction with a flexible and timely business operation strategy. In the previous year, the Board of Directors and Board of Management has closely collaborated on the basis of a high consensus to provide drastic and effective directions and excellently completed the missions committed to the AGM, constantly improved VietinBank's value, ensured the rights of employees and interest of shareholders.

As for 2016, despite of awaiting difficulties and challenges, the development opportunities and the market's prospects promise multiple positive improvements. The Board of Directors would continue to direct more drastically the entire group during the restructure of the Bank in 05 main aspects, specifically: *Implementation of medium-term business strategy roadmap for the*

*period of 2015-2017; Promoting sales in linked chain, accelerating cross-selling of products and services; Growing in scale along with strict control of asset quality; Consolidation and standardization of business activities, organizational structure and management based on modern banking model; Continuing to coordinate with the SBV to undertake social welfare work. VietinBank's Management Team in conjunction with all employees will determine to constantly strive to affirm the Bank's position as the pillar bank of Vietnam banking industry, positively contributed to the development of the banking sector and the economy, fulfilling the expectations of shareholders.*

**ON BEHALF OF THE BOARD OF DIRECTORS  
CHAIRMAN**

**Nguyen Van Thang**