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REPORT OF THE BOARD OF DIRECTORS

SUMMARY FOR THE TERM 2009 - 2014 AND ORIENTATION FOR THE TERM 2014-2019

PART I: THE IMPLEMENTATION OF THE TASKS OF THE BOARD OF DIRECTORS FOR THE TERM OF 2009 - 2014

I. Summary of achievements in the 2009 – 2014 period

Through the implementation of the policy of the State and the Government on innovation and economic development, VietinBank has successfully implemented the equitization process in 2008 having been aware of its role as one of the pillar State-owned commercial banks in the banking sector. Since VietinBank's securities were listed on the Stock Exchange in 2009, VietinBank has continuously innovated, modernized and standardized its banking operation, comprehensively restructured all aspects such as the organizational structure, human resources, information technology, policy and mechanism and corporate governance in accordance with specific conditions of Vietnam, moving towards global practices and international integration.

The Board of Directors of VietinBank developed the strategic vision to turn VietinBank into a modern bank with diversified ownership structure. The expansion in business would cover all activities in banking sector which maintained VietinBank's position as a leading commercial bank in Vietnam with positive regional and international integration. Some outstanding results achieved in the 2009-2014 term included:

1. Successful equitization to become the largest joint stock commercial banks in Vietnam in terms of charter capital with diversified shareholders' structure.

Through implementation of the policy of the Government on the equitization of State-owned banks, on 25 December 2008, VietinBank officially and successfully issued the initial public offering. On 16 July 2009, VietinBank was officially listed and traded on HOSE (Stock code: CTG). From 2009-2013, VietinBank was the only State-owned banks in Vietnam who successfully implemented 2 aspects: rapid growth of charter capital and the strongest and the most diversified shareholder structure in Vietnam. By early 2014, VietinBank's owner equity reached over VND 54 trillion, the charter capital reached VND 37 trillion (more than 148 times higher than the initial charter capital granted by the State in 1996 following the re-establishment to follow the the State Corporation's structure). In particular, since the equitization process, the owner's equity capital experienced an average growth of 37% per annum. This was an

outstanding achievement that not many Corporations and State-owned Enterprises could do. It also required outstanding efforts from VietinBank over time.

VietinBank was a pioneer among the State-owned commercial banks to establish relationships with strategic partners who were foreign investors to rapidly reach international integration. Based on the Government's approval, in 2011, VietinBank has sold 10% of its stake to the International Finance Corporation (IFC). In addition, VietinBank also issued an addition of VND 3.371 trillion to its existing shareholders which raised the Bank's total charter capital to VND 20.230 trillion as of 31 December 2011.

On 27 December 2012, VietinBank continued to successfully sell 20% of its stake which was worth VND 15.465 trillion to a strategic investors (Bank of Tokyo-Mitsubishi UFJ - BTMU), the largest bank in Japan (a subsidiary of MUFG Group) and the third largest in the world. This transaction marked an important milestone leading VietinBank to become the Joint stock commercial banks with most powerful shareholder structure and the largest level of charter capital and owner's equity capital in Vietnam, contributing to strengthen financial strength, corporate governance and risk management capability as well as to enhance reputation and position of VietinBank's brand name on the domestic and international market.

2. Network expansion across the country and international market integration

In the 2009-2014 period, VietinBank opened 13 new branches and 463 transaction offices and savings points .As of 31 March 2014, VietinBank network includes 01 Main Operation Center, 152 branches, 951 transaction offices and saving points, 03 domestic and foreign representative offices, 03 non-business units, 07 subsidiaries; 02 banks as the joint ventures. VietinBank also made some investment and capital contribution in a number of other organizations in the fields of banking, insurance, domestic and international investment financing. VietinBank has established relationships with over 1,000 banks and financial institutions in more than 90 countries worldwide.

Implementing the business network expansion strategy toward the international market, VietinBank opened a branch in Frankfurt (Germany) - the economic center of Europe in Septembe 2011; Another branch in Vientiane (Lao PDR) was opened in February 2012; After that, VietinBank opened a branch in Berlin (Germany) in May 2012; The transaction office in Pakse (Lao PDR) was also opened in early 2014. This was significant events, serving as a premise to open up many opportunities for international collaboration which enhances the operational efficiency and competitiveness for VietinBank in particular and Vietnamese banking sector in general.

3. Outstanding growth of total assets, effectiveness of business operation and expansion, development and diversification of products and services.

During the 2009-2014 period, VietinBank has constantly confirmed its position as one of the largest commercial banks in Vietnam in terms of scale and effectiveness of business operation.

- ✓ Total assets as at the end of 2013 reached more than VND 576 trillion, the highest figure among commercial banks in Vietnam. The average growth rate of total assets over the 2009-2013 period was 25.2%/p.a.
- ✓ Total outstanding loans and investments as at the end of 2013 reached VND 537 trillion, a 3-fold increase compared to 2008. The average growth rate was 25.1%/p.a.
- ✓ Total funding reached VND 512 trillion; the average growth rate was 24.9%/p.a.
- ✓ Cumulative profit before tax of VietinBank for the 2009 - 2013 period reached VND 32.322 trillion, a 5.7-fold increase compared to the previous period (2004-2008). Total contribution to State budget for this period was estimated at VND 10.465 trillion, a 7.6-fold increase compared to the previous period (2004-2008). VietinBank was constantly in the top list of enterprises which have the biggest contribution of corporate income tax in Vietnam.
- ✓ The NPLs ratio has been consistently controlled in the period at below 3%.

Regarding the utilization of funds: VietinBank is one of the banks arranging and providing major funding for many key national projects such as: The Pleiku - My Phuoc - Cau Bong 500KW power line, Coastal Thermal Power Project 3, Son La Hydropower Project, Lai Chau Hydropower Project, Vung Ang Thermal Power Plant, etc. Especially, during the 2012 - 2013 period, in the context of economic difficulties, many enterprises stopped production, dissolved or went bankrupt, and increased leftover inventories, VietinBank has actively saved cost, reduced the lending interest rate, launched many incentive programs, accompanied and shared difficulties with enterprises. VietinBank's credit activities have contributed an important part to the economic development of the country.

Regarding mobilized funding: With the prestige of a State-owned Joint Stock Commercial Bank, VietinBank has become one of the banks leading the market share on mobilized funding from both individual customers and business entities. Besides, in order to have funding to meet the needs of economic development, VietinBank was also successful in raising funding from abroad with many syndicated and bilateral loans from large financial institutions in the world such as IFC, SMBC, and Standard Charter Bank, etc. Specially, in May 2012, VietinBank has become the first bank in Vietnam successfully issuing USD 250 million of international bonds which were listed on the Singapore Stock Exchange. In the context of the struggling international market, this successful transaction has shown the belief that international investors dedicated to the effective and sustainable development of VietinBank.

In the 2009-2014 period, VietinBank has focused on the expansion and development in both scale and quality of products and services including payment, trade finance, treasury, foreign exchange, and card, etc. The Bank has also diversified its distribution channels including ATM, eBanking, etc.; modernized and improved service quality to meet all financial needs of customers, creating cohesion and expanding the relationship between customers and VietinBank.

4. Enhancing brand identity, increasing investment in physical facilities – modern technology

In the 2009-2014 period, VietinBank has always paid attention to enhancement of brand identity and investment to improve facilities and technology of the entire system.

Enhancing brand identity: The brand identity system of VietinBank has been constantly improved and completed. "The 2014 VietinBank Brand Recognition System" has instructed all units in the system how to use the core brand identity factors of VietinBank. The requirement is uniformly and consistently applied through VietinBank's media and communication system. In particular, with the issuance of standardized regulations on brand identity in transaction points and the introduction of the Transaction office Model, new brand recognition factors of VietinBank have made a strong impression on a professional and modern brand, increasing customer experience.

VietinBank has registered trademark protection in Vietnam and in more than 50 countries around the world, becoming one of the first banks in Vietnam registering international brand copyright. This, along with abroad network expansion, has contributed to the improvement of VietinBank's competitiveness compared with domestic and international commercial banks.

Investment in facilities: 43 branch headquarters and 43 transaction offices have been handed over and put into operation. By the end of 2013, 146 branches and 348 transaction offices over the entire system already have had office buildings owned by VietinBank. 02 branches and 96 transaction offices are performing necessary procedures to complete the ownership of VietinBank. There are currently 52 ongoing construction projects, especially including VietinBank Headquarter Tower project on an area of nearly 31,000m² in the West of the West Lake - Ciputra Urban Zone which was started in 2010 and is currently in the construction process. In addition, there are more than 100 projects to build branch headquarters and transaction offices which gradually complete the investment preparation process for construction to improve the facilities of the entire system for business operation etc.

Development of modern technology: VietinBank has finished the overall IT strategy until 2015. This is the foundation to enhance the Bank's competitiveness in the context of international integration. The deployment and monitoring progress of the modernization project is standardized and applied the world's advanced project management. VietinBank is implementing a number of important projects such as the Core-banking replacement project, The Enterprise Data Warehouse (EDW) project, the Management Information System (MIS) project, etc. The management goal of the Bank's leaders is to effectively apply technology into operations in order to create the best banking services, optimally serve customer needs, and create competitive advantage and flexible business ability, particularly the ability to support the global operation expansion of the Bank.

5. Consolidating the Bank's corporate governance mechanism, organizational structure, developing human resources activity.

VietinBank has continued to study and analyze the international best practices and standards with regards to the corporate governance, which would then be adjusted to be suitable with that of VietinBank for application within the Bank system. The Bank has successfully built up with an internal governance framework, a synchronous policy system and expertise supporting tools for business activities.

VietinBank has now been strongly executing its consolidation, comprehensively restructuring and innovating its organizational model and structure in order for operational divisions to be managed in a vertically centralized manner. These activities will help to increase the Bank's performance productivity and clarify the strategic governance role of the Board of Directors and the administration functions of each management level in order to meet all

governance requirements of a modern bank referencing to international practices. In order for the restructuring process to be comprehensive, successful and effective, ensuring that the organizational structure and model be relevant with international standards but also suitable with the Bank's current condition, VietinBank has deployed the ORP project with consultation from leading global strategic and modelled consultants .

VietinBank has focused on comprehensive and profound development and innovation in its perceptions and methods for the Human Resource activity. The assessment, planning and development in human resource as well as recruitment activity have gained great achievements: innovating incentive policies to attract talents, experts from developed countries to devote to VietinBank; The Bank has also changed its corporate culture and that of each staff, in which customers will be the center, innovation is associated with development and culture of risk prevention is popularized to each cadre employee across the bank. Many other important activities may include: building regulation on HR governance system, labor discipline, enterprise culture handbook, and innovating the HR assessment method, associating salary payment with KPIs, linking training and development with performance results. Besides that, labors will be allocated to suitable position, the understanding of HR risk has been renewed and many measures have also been deployed to support the HR management at all level. By the end of 2013, the total number of employees at VietinBank is 19,886 people of high qualification and good expertise, marking an increase both in term of quantity and quality.

6. Comprehensive innovation and improvement of risk management, inspection and internal audit

The 2009-2014 period was considered VietinBank's opportunity to make a lot of comprehensive renewal and modernization in risk management activity. The Board of Directors has directed to deploy the project that enhanced risk management capacity in accordance with Basel II standards; The Board of Directors also decided to establish the Risk Management Division in January 2013 and appointed the Chief Risk Officer for the purpose of strengthening and improving efficiency in risk management of the Bank. Risk Management mechanisms together with the promulgation, upgrade, and perfecting of regulations and procedures of risk control, which were complying with international standards and business performance practice of Vietnam have helped the Bank to be active in all aspects of risk management and ensuring an effective business development.

For the 2009-2014 period, VietinBank has successfully transformed the Internal Audit department, improved its policies to meet all management and operational requirements of the new organizational model. In parallel with the improvement of organizational structure, Human Resource and training, the Internal Audit department is now on its way to finalize inspection methods and supervision support tool to increase the efficiency of inspection and surveillance activity.

7. The pioneer to implement social responsibilities in the community and strengthening the communication strategies

Beside business activities, VietinBank was always the pioneer in providing social security and gratitude programs to share with the Party, Government and provinces having

difficulties. Up until now, VietinBank has spent about VND 4,500 billion toward social security programs and community houses, healthcare, education, supporting national defense security, implementing strategies on seas and islands and gratitude programs in almost 63 provinces throughout the country.

For internal affair, the Board of Management of VietinBank always appreciate and take care through practical activities, such as: donating and facilitating operations for pension institution; paying attentions and care to retired employees; organizing tours, longevity programs and regularly visiting and caring the elders who devoted contributions for VietinBank since the early day of establishment.

This period also witnessed a remarkable progress in VietinBank through media activities, promotion in brand, products and services and other great contributions to the system. Media Tenor International has highly appraised and awarded “The most positive traditional bank” to VietinBank.

8. Prestigious awards

With the achievements obtained, VietinBank has been honoured with many prestigious awards by the Government and the Party. On July 2013, VietinBank was awarded the title Hero of Labour and First class Independence medal by the Prime Minister Nguyen Tan Dung for its outstanding achievements in labour, creativity and for its contribution in progress of building up and sustaining Socialism and National Defense. From 2009 to 2014, VietinBank has been also honoured many other prestigious awards and prizes such as: 02 First class Hero of Labour, 10 Second class Hero of Labour, 79 Third class Hero of Labour, 400 certificates from the Prime Minister and from other ministries and agencies.

VietinBank also has been awarded many prestigious prizes by local and overseas organization. For 2 consecutive years of 2012 and 2013, VietinBank was voted by Forbes magazine to be the only Vietnamese enterprise in top global 2000 biggest companies and ranked in the top 500 most-valuable brand-name in the world. VietinBank also has been voted the best mobilizing fund bank in Vietnam by Asia Financial magazine.

9. Relationship with shareholders and investors:

In the context of domestic and global economy facing with lots of difficulties and uncertainties from 2009 until now, VietinBank has stabilized its business operation, maintained sustainable growth and kept the competitive dividend payout compared to other big commercial banks in Vietnam and above the banking industry average. Besides, VietinBank paid extreme attention in information disclosure to supervisory agencies and shareholders to enhance the transparency of published information. A special site named “Relationship with investors” was created and updated with information about General Shareholders’ Meeting, Specialists’ analysis Forum.....This site was maintained and regularly upgraded to be professional site providing accurate and timely information to our investors, local and foreign professional analysts. VietinBank has been rated as one of the best enterprise that actively and professionally sustain relationship with investors on stock market.

II. A number of challenges

With the aim to develop a large commercial bank's system in sustainable manner, the Board of Directors of VietinBank was deeply aware of the needs for renovation in all aspects of

business operations, guiding the Bank towards achieving advanced international standards: Operational activities, risk management, banking technology, thereby enhancing its value and capability in the process of extensive international integration and competitiveness of Vietnamese economy.

However, to fulfill the above demands, more investment in infrastructure, technology, human resources and time was required to implement sustainable and rapid development strategy. In addition, despite the significant progress in the implementation of a lot of technology projects on technologies, modernization, improving product and service quality, operational efficiency as well as performing administration and governance activities in line with international standards, such innovation projects as Basel II in risk management, Core banking replacement, EDW Enterprise Data Warehouse etc. have all been only at their early stages, thus, yet to take effect.

The “Huynh Thi Huyen Nhu” case was obviously a regrettable risk incident that VietinBank did not foresee which affected the Bank’s reputation and brand name. The case went through the trial court where many legal issues related to the identification of the nature of the truth would be considered by Ho Chi Minh City Supreme People's Court for legal review, evaluation and judgment decision. Although the nature of the fraudulent behavior from Huynh Thi Huyen Nhu and the reason why the civil plaintiffs and other victim’s money was appropriated have been thoroughly investigated by the Central Prosecutorate, however the Board of Directors and the Board of Management of VietinBank have been aware of and drawn a painful lesson from this case. In particular, it was the lesson on internal human resource management , inspection and control mechanisms from which VietinBank would develop emergency measures and long-term risk management mechanism in order to strengthen the position and prestige of the VietinBank’s brand system in performing tasks that political and economic leaders of the Party, the State , the Banking sector and the shareholders have entrusted.

The Board of Directors and the Board of Management of VietinBank have strictly penalized the Board of Management of HCMC branch. The branch’s party committee was also criticized and asked to draw out the experience. The Branch Management and its staff were punished and held accountable for the committed errors while urgent measures and long-term strategies were immediately implemented in order to develop and strengthen VietinBank’s brand name. This would deserve the trust from the Party, the State and traditional customers of VietinBank.

On this occasion, the Board of Directors and the Board of Management commit and ensure with all partners, shareholders and customers that VietinBank is fully responsible for those transactions that were legitimately conducted with VietinBank. This was proved through millions of individual accounts, thousands of organizations accounts which were opened at VietinBank that has been in normal operation and safety (principal and interest have been fully paid)

III. Evaluation on the task performance of the Board of Directors

In a competitive business environment of an opened economy, the management of VietinBank in the 2009-2014 period suffered from negative impacts of the global economic

crisis, the Board of Directors has studied and determined to guide VietinBank's business activities in line with the policies of the Government and the SBV. With its flexibility and responsiveness, the Board of Directors and VietinBank's staff have united in an effort to build and develop a safe and efficient operating system, consolidate and enhance the Bank's position and prestige both on domestic and international markets.

In determination of its directions and perspectives on guidelines and management; the Board of Directors and the Board of Management have been drastic and flexible in closely monitoring market developments, proactively and timely making decisions accommodating with the actual situation to ensure the implementation of commitments to shareholders.

There was a close coordination between Vietnamese Board members who deeply understands the domestic market and foreign shareholders and experts who have extensive knowledge and experiences in banking management in accordance with international standards.

The unity, consensus and close collaboration between the Board of Directors and the Board of Management have created pervasive resonance effects in the entire system. Together, the Board of Directors and the Board of Management have timely handled all difficulties in the operation of the Bank, took advantage of business opportunities, completed their tasks with outstanding results, created a foundation for safe and effective development, and constantly improved the value of the Bank and benefits for all shareholders.

During the five-year term, despite a lot of challenges and difficulties, the Board of Directors and the entire leaders of VietinBank have exerted all efforts, constantly innovated and looked for opportunities in challenges in order to fulfill the tasks entrusted by the GSM, guiding VietinBank developed in line with the strategic direction and targets set for the 2009-2014 period.

PART II: ORIENTATION FOR 2014 - 2019 TERM

In the 2014 - 2019 period, the world economic situation is expected to improve, global growth is fundamentally on the rebound. The domestic economy also contains risk potentials yet shows more potential for growth in the new economic cycle. With the objective of macroeconomic stability, retaining inflation curbing and striving for high growth, closely following the policies of the Party, the Government and the SBV as well as continuing the flows of achievements, determined the entire system of VietinBank strives to overcome difficulties, further its efforts to fulfill the business and operation targets set for the 2014-2019 period.

The orientation in 2014 - 2019 term is to continue promoting the advantages, making use of opportunities, and comprehensively developing all aspects of business activities to ensure operational efficiency and sustainable growth. The specific orientation and financial indicators of VietinBank for the 2014-2019 period are as follows:

1. Total assets and capital:

- Growth in total assets couples with quality and efficiency enhancement of returns on assets.

- Raising shareholders' equity to ensure safe operation, to meet the growing demand for the period 2014-2019 and to aim at operational compliance with advanced practices in risk management.
- Diversifying ownership structure whilst maintaining the State ownership rate at the minimum of 51%.

2. *Credit and investment*

- Building a healthy credit structure to ensure the compliance with development targets of VietinBank.
- Diversifying credit and investment activities on financial markets, enhancing the role of a market maker.
- Credit growth in association with quality, efficiency and sustainability. Minimizing credit risk, keeping NPLs ratio below 3%.

3. *Forex trading*

- Continuing to improve the foreign exchange market share of VietinBank.
- Deploying marketing plans for selling foreign exchange products in synchronization. Expanding cooperation with domestic and overseas financial institutions as well as export customers to enhance the exploitation of foreign currency resources so as to meet customer's demands.

4. *Services*

- Diversifying services and commissions, identifying key service groups that need to be focused on development.
- Basing on modern technology to enhance services, considering customer satisfaction as development orientation.

5. *Human resources*

- Standardizing human resources, training to enhance professional capacity and qualifications. Building capable human resources with high moral standards.
- Innovating and perfecting human resource and remuneration mechanisms. Deploying the implementation of labor regulations and corporate culture in extensive and effective manner.

6. *IT strategy activity*

- The IT application was considered a key factor that supported the business development activities. VietinBank would develop a synchronized, modern and safe IT system with high level of consistency – integration – stability.

7. *Corporate governance and organizational structure activity*

- The organizational structure is continued to be restructured under the direction of specialization which enhances the employees' productivity and management capability to meet international standards.

8. *Risk management activity*

- The risk management activity is strengthened to reach standardized international practices which meets the sustainable development strategy of VietinBank.
- Developing the risk prevention culture. Proactively controlling, monitoring and preventing risks in all business operation.

9. Some financial indicators

Based on actual performance and development orientation, each year, the Board of Directors of Vietinbank develops a business plan and submits it to the General Meeting of Shareholders for approval to the criteria underlying business activities. In particular, the orientation for some financial indicators for the 2014-2019 period is as follows:

Items	Target
Total Assets growth (%/pa)	10% - 15%
Outstanding loans and investment growth (%/pa)	12% - 15%
<i>In which: Growth in outstanding loans to the economic sector (%/pa)</i>	<i>12% - 15%</i>
Growth in funds mobilization from the economy (%/pa)	11% - 15%
ROA	10% - 13%
ROA	1,4% - 2,0%
NPLs/Total outstanding loans	< 3%
CAR	10% - 15%

With the determination to develop VietinBank toward becoming a pillar commercial banks in Vietnam and in the region, the Board of Directors, the Board of Management and VietinBank's staff commit to the shareholders that the Bank will continue progressing with its tradition and achievement in order to successfully complete all targets that has been approved by the General Meeting of Shareholders.

**ON BEHALF OF THE BOARD OF DIRECTOR
BOARD MEMBER AND GENERAL DIRECTOR**

(Signed and sealed)

Nguyen Van Thang

ANNEX: MAJOR FINANCIAL INDICATORS

Indicators	2009	2010	2011	2012	2013
Operation					
Total assets (VND billion)	243,785	367,731	460,420	503,530	576,368
Charter capital (VND billion)	11,253	15,172	20,230	26,218	37,234
Owner's equity (VND billion)	12,572	18,201	28,491	33,625	54,075
Outstanding loans and investment	227,958	349,353	429,932	467,879	536,460
Mobilized funds	220,436	339,699	420,928	460,082	511,670
Profit before tax	3,757	4,638	8,392	8,168	7,751
Yearend headcounts (employees)	17,758	17,243	18,040	19,046	19,886
NPLs ratio	0.61%	0.65%	0.68%	1.35%	0.82%
Dividend payout ratio (% par value)	6.83%	14%	20%	16%	10%
Annual growth					
Profit before tax	54.2%	23.4%	80.9%	-2.7%	-5.1%
Outstanding loans and investment	25.5%	53.3%	23.1%	8.8%	14.7%
Mobilized funds	26.0%	54.1%	23.9%	9.3%	11.2%
Total assets	25.9%	50.8%	25.2%	9.4%	14.5%
Efficiency					
Non-interest revenue / Total operating income	18.1%	18.4%	10.4%	16.1%	16.1%
Operating cost / Total operating income	56%	49%	41%	43%	45%
ROAA	1.70%	1.50%	2.03%	1.70%	1.40%
ROAE	20.60%	22.39%	26.81%	19.90%	13.70%
Lending and investment / mobilized funds	103.4%	102.8%	102.1%	101.7%	104.8%
Capital Adequacy Ratio (CAR)	8.06%	>9%	10.6%	10.3%	13.2%