

**VIETNAM JOINT STOCK COMMERCIAL
BANK FOR INDUSTRY AND TRADE**

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**SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness**

Hanoi, April 2023

**REPORT BY THE BOARD OF MANAGEMENT ON BUSINESS
PERFORMANCE IN 2022;
DIRECTIONS AND PLAN IN 2023**

Attention : The Annual General Meeting of Shareholders of Vietnam Joint
Stock Commercial Bank for Industry & Trade

PART I. MACRO-ECONOMY AND BANKING INDUSTRY IN 2022

1. In 2022, the world's recovery from the Covid-19 pandemic was confronted with many challenges; the global and regional economy was filled with rapid, complex and unpredictable changes; myriad unprecedented developments emerged, i.e military conflicts between Russia and Ukraine; record high inflation in many countries; persistent natural disasters on a large scale in different regions, etc. In such a context, major powers responded by tightening their monetary policies, taking every possible measure to ensure energy security, etc.; thereby, having direct implications for the global economy, including Vietnam.
2. Notwithstanding the slow-down in the growth of many economies, Vietnam made great strides, reaping positive and comprehensive achievements in the economic recovery. 2022's GDP growth hit 10-year high of 8.02%, exceeding the set-forth target of 6-6.5%. Major balances were persistently secured, while the macro foundation continued to remain stable.
3. As an active contributor to the economic progress, the State Bank of Vietnam (SBV) balanced key macro-economic objectives and took integrated, flexible actions in managing the monetary policy, stabilizing the exchange rates, curbing the inflation, and securing smooth operations of the financial system. The credit growth of the whole industry in 2022 was about 14.2%, meeting the capital needs of the economy. At the same time, the SBV continued to direct and instruct commercial banks to spend effectively, focus on digital transformation, make efforts to reduce lending interest rates, support businesses and individuals in restoring their business and production activities after the prolonged pandemic, concurrently, take the initiative in implementing the policies, programs and plans for socio-economic development of the Party and the State.

PART II. HIGHLIGHTS IN VIETINBANK'S BUSINESS PERFORMANCE IN 2022

A. BUSINESS PERFORMANCE IN 2022

VietinBank actively adopted integrated business measures; took the lead in executing the policies and orientations of the Party and the State; made efforts to promote innovation and comprehensive restructuring of operations in the direction of aggressively transforming the growth model, accelerating the shift in the income structure, upholding the customer-centric strategy; determined to compete by fostering advanced financial banking solutions, improving advisory capacity, service quality, optimally fulfilling the financial needs of customers. Accordingly, VietinBank successfully delivered the targets assigned by the Annual General Meeting of Shareholders (AGM) with impressive results in 2022, laying the solid foundation for the bank's business activities going forward.

Unit: VND billion, %

Indicators	31/12/2021	31/12/2022	31/12/2022 vs. 31/12/2021		Targets set forth by the AGM in 2022	Completion Status
			+/-	+/- %		
Total assets	1,531,587	1,808,430	276,843	18.1%	To grow by 5-10%	Completed
Total deposits	1,226,345	1,340,546	114,201	9.3%	To grow by 8-10%	Completed
Credit exposure	1,141,454	1,279,823	138,369	12.1%	To deliver growth rate in accordance with the monetary policy of the State Bank of Vietnam	Completed
NPL out of total credit exposure as per Circular 11	1.14%	1.08%			<1.8%	Completed
Separate Profit-before-tax	16,860	20,353	3,493	20.7%	19,451	105%
Consolidated Profit-before-tax	17,589	20,946	3,357	19.1%		

(Source: Audited separate and consolidated Financial Statements in 2022)

1. Sustainable balance sheet growth, improved asset quality

- **Total consolidated assets** reached VND 1.81 quadrillion, up 18.1% YoY.
- **Consolidated credit exposure** totaled VND 1.28 quadrillion, up 12.1% YoY; The proportion of Retail and SMEs loan balance further expanded, helping to diversify credit risks and improve the profitability of the credit portfolio.
- **Deposit mobilization** was aligned with the credit growth, securing liquidity ratios.

Consolidated deposits exceeded VND 1.34 quadrillion, up 9,3% YoY.

- **The NPL ratio as per Circular 11** was curbed at 1.08%, in line with the target set forth by the SBV and the AGM.
- **The NPL coverage ratio** for on-balance sheet loans and bonds was 188%, higher YoY.

2. Profit growth ahead of the target, positive shift in the income structure

- **Total operating income** increased by 20.6% YoY.
- **Non-interest income** grew by 43.6% YoY, expanding its portion out of the bank's total income in 2022 to 25.5%, of which:
 - **Net fee income** was up 18.2% YoY2021.
 - **FX trading income** went up 96.2% YoY; reaffirming VietinBank's top position in both FX trading volume and market share.
 - **Written-off debt recovery** advanced 65.3% YoY.
- **Optimal cost efficiency and management**, with priority given to business promotion activities and key projects of VietinBank. The CIR ratio was 29.9%.
- Despite myriad hardships in the domestic and international economy, the efforts and determination across VietinBank enabled the profit before loan loss provision in 2022 to increase by VND 9.1 trillion, up 25.4% YoY, **separate profit before tax (PBT) to reach VND 20.353 trillion, up 20.7% YoY - completing 105% of the target assigned by the AGM, consolidated PBT to hit VND 20,946 trillion, up 19.1% YoY2021.**

3. Effective execution of the guidelines and policies of the Party and the State in funding the economy, further standing by businesses and individuals affected by the pandemic, making critical contributions to the national recovery and development

- In 2022, VietinBank continued to actively reduce costs and well control asset quality, facilitated credit growth and advanced banking products and services, launched preferential lending interest rate programs, helping customers get access to credit and banking products and services at low costs, optimally catering for the financial needs of the economy.
- VietinBank oriented credit growth towards production and business fields, industries and enterprises, which are well-positioned and promising for development, prioritized and encouraged by the Government and the SBV; allocated resources to key economic regions, worked hands in hands with regions and localities to promote regional economy in active contribution to the national development; put in place strict credit control over risky areas.
- Took the lead in interest rate support as per Decree 31/2022/ND-CP and Circular 03/2022/TT-NHNN under the direction of the Government and the SBV.
- Adhered to applicable laws in credit granting. The total credit exposure to borrowers subject to restrictions on credit extension specified in Clause 1, Article 127 of the Law on Credit Institutions as of December 31, 2022 was VND 1,699 billion, accounting for 1.20 % of VietinBank's own capital.

B. MANAGEMENT AND GOVERNANCE IN 2022

In line with the orientations and directions of the Government and the SBV as well as market developments, VietinBank synchronously deployed active and unified management measures from the Head Office to the business units, which were adaptable to the business environment, specifically as follows:

- *First*, aggressively restructured the credit portfolio towards higher profitability and better asset quality.
- *Second*, further strengthened financial capacity, improved financial governance, from financial planning, supervision and management to operating cost control.
- *Third*, flexibly managed assets and liabilities and pricing policy, optimized capital efficiency amid market turmoil.
- *Fourth*, focused on digital transformation, with particular emphasis on drastic promotion of high-tech products and services to improve customer service quality.
- *Fifth*, strictly controlled asset quality, improved credit appraisal quality and enhanced risk management.
- *Sixth*, promoted recovery of NPLs and written-off debts.
- *Seventh*, consolidated and enhanced the performance of the organization and the network, improved the quality of human resources and personnel arrangement, raised labor productivity, revamped compensations and benefits policies; promoted the execution of corporate culture.

With outstanding products and services and spectacular business results in recent years, VietinBank's position and brand has been unceasingly affirmed by many prestigious domestic and international awards, i.e: Global 500, and TOP 10 Vietnamese brands according to Brand Finance's ranking; Global 2000 – the 10th time in a row according to Forbes ranking and many other awards; In the second and third quarter of 2022, Moody's and Fitch Ratings – the credit rating agencies continuously upgraded VietinBank's credit rating, demonstrating their higher recognition of VietinBank's capacity, position, and prestige.

Apart from business activities, VietinBank continued to make positive contributions to corporate social responsibility in accordance with the guidelines and policies of the Party, the SBV and the Government. In 2022, more than VND 300 billion was spared by VietinBank for corporate social responsibility.

PART III. BUSINESS DIRECTIONS IN 2023

In 2023, the world's economy in general and Vietnam's economy in particular are still forecasted to be confronted with many potential challenges and risks. Based on stable macro foundation attractive to foreign investors, and well-established growth quality, Vietnam's economy is expected to further prosper. According to Directive 01/CT-NHNN dated January 17th, 2023, the monetary policy tools will continue to be flexibly orchestrated in order to stabilize the exchange rate, control the inflation, and ensure

liquidity and safety of the banking system, effectively fund the economy, facilitate the development of credit institutions.

Given the analysis of the potential, growth drivers of the economy and the achievements in 2022, VietinBank has identified business focuses in 2023, continues to drastically implement measures to manage and promote business activities closely in line with the orientations and directions of the Government and the SBV as well as market developments in order to set the tone for sustainable development in the new period, offer value to individuals, businesses and shareholders.

Based on VietinBank's submitted targets under review by the competent State agency, VietinBank would like to seek approval from the AGM for some basic indicators in 2023, tentatively as follows:

Indicators	Targets for 2023
Total assets	Grow by 5% – 10%
Credit exposure	Follow the credit growth quota as approved by the SBV and the credit management policy as directed by the SBV from time to time
Deposits	In line with credit growth rate to secure liquidity ratios
NPL ratio out of credit exposure	< 1.8%
Separate profit before tax	As approved by the competent State agency (<i>VietinBank continues to drastically improve business performance, demonstrate the roles as the key bank, pillar and mainstay of the economy</i>).
Dividend	The dividend payout ratio and structure (<i>cash, stock dividends</i>) comply with approval of the competent State agency and applicable laws.
Prudent ratios	As regulated by the SBV

It is kindly proposed that the AGM authorizes the Board of Directors of VietinBank to finalize targets based on comments, directions, approval of the competent State agency, market developments and business practices of VietinBank and to disclose information as required.

Kindly find below several key measures to deploy business activities in 2023:

- *First*, deploying monetary, credit and foreign exchange solutions, implementing the restructuring plan associated with NPL settlement according to the direction of the SBV.
- *Second*, continuing to sustainably grow balance sheet, increasing the proportion of products with high returns and risks within the prescribed limit, diversifying access to financial and banking services in the economy.
- *Thirdly*, effectively managing assets and liabilities, focusing resources on promoting

funding growth to secure liquidity; paying special attention to the growth of CASA and low-cost funding sources.

- *Fourth*, increasing the proportion of non-interest income (particularly fee income and FX trading income); drastically and thoroughly improving the quality of products and services.
- *Fifth*, promoting technology application and digitalization in every operation, closely following the digital transformation plan of the banking industry according to the orientation of the Government and the SBV.
- *Sixth*, speeding up the collection and recovery of NPLs and written-off debts.
- *Seventh*, enhancing risk management, ensuring compliance, safety in operations, linking business development with strict control of credit quality.
- *Eighth*, continuing to take integrated measures to strengthen financial capacity, effectively manage costs, further securing positive jaws, maintaining suitable CIR.
- *Ninth*, consolidating the organizational model, improving labor productivity and human resources quality.

In 2023, based on the potential and achievements in the previous period, the Management and all employees of VietinBank are determined to seize opportunities, overcome difficulties and challenges, heavily focus on successfully delivering business targets and plans, continue to affirm the role and position of VietinBank, actively contribute to the development of the banking industry and the socio-economic development of the country.

**DEPUTY GENERAL DIRECTOR
IN CHARGE OF THE BOARD OF MANAGEMENT**

Nguyen Hoang Dung