

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

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**SOCIALIST REPUBLIC OF VIETNAM**

**Independence - Freedom - Happiness**

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## **REPORT**

### **ON THE PERFORMANCE OF SUPERVISORY BOARD IN 2022 AND ORIENTATION FOR 2023**

Pursuant to:

- *Law on Credit Institutions 2010; Law amending and supplementing the Law on Credit Institutions IN 2017 and its guiding documents;*
- *Charter on the organization and operation of Vietnam Joint Stock Commercial Bank for Industry and Trade;*
- *The Regulation on the organization and operation of the Supervisory Board approved by the General Meeting of Shareholders and issued by the Supervisory Board in accordance with Decision No. 008/2018/QĐ-BKS-NHCT43 dated April 26, 2018 and amendments and supplements thereof;*
- *The 2022 consolidated financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade which are independently audited by Deloitte Vietnam Co., Ltd.,*

The Supervisory Board would like to report to the Annual General Meeting of Shareholders (AGM) of Vietnam Joint Stock Commercial Bank for Industry and Trade (“VietinBank”) the performance results of execution of its duties and powers in 2022 and operational orientation for 2023 as follows:

#### **I. PERFORMANCE OF THE SUPERVISORY BOARD IN 2022**

From January 01 to December 31, 2022, the Supervisory Board consists of 03 members: Ms. Le Anh Ha (Head of the Supervisory Board), Ms. Nguyen Thi Anh Thu (Member of the Supervisory Board), and Ms. Pham Thi Thom (Member of the Supervisory Board). In 2022, the Supervisory Board has performed the duties and functions as stipulated in the Law on Credit Institutions, the Charter of Vietnam Joint-

Stock Commercial Bank for Industry and Trade (the Charter), the Regulation on the organization and operation of the Supervisory Board.

In 2022, the Supervisory Board held 15 meetings to carry out work items, discuss and give opinions on the contents within the scope of work, responsibilities and powers of the Supervisory Board. Attendance rate of such meetings reached 100%, specifically:

No.	Member of the Supervisory Board	Number of meetings attended	Meeting attendance rate	Voting rate
1	Ms. Le Anh Ha	15/15	100%	100%
2	Ms. Nguyen Thi Anh Thu	15/15	100%	100%
3	Ms. Pham Thi Thom	15/15	100%	100%

On a monthly basis, the Supervisory Board holds a meeting with the management of the Bank's internal audit function, and the team of assistants for routine review of work items and providing orientation for performance in coming months, assigning tasks to each member of the Supervisory Board, the Internal Audit Department and the team of assistants for the implementation. In addition, in 2022, the Supervisory Board held meetings to evaluate the performance of the Supervisory Board and Internal Audit in 2021, agreed and approved the work plan in 2022 of the Supervisory Board, the Internal Audit plan in 2022 and related meetings on personnel of the Internal Audit Department. At the meetings, the contents and issues related to VietinBank's business activities, governance and risk management activities were discussed, along with the results of supervision and internal audit, serving as the basis for the Supervisory Board to communicate inputs to the Board of Directors (BoD) and the Board of Management (BoM) through monthly reports or opinions and comments raised at BoD meetings, BoM's monthly meetings as well as its written recommendations/opinions at in-person meetings. All Supervisory Board meetings were recorded in minutes and notified to all meeting attendees.

Remuneration of the Supervisory Board: The realized amount of remuneration for the BoD and the Supervisory Board in 2022 is 0.16% of 2022 Profit after tax (PAT), in line with Article 5 of the 2022 AGM's Resolution No. 25/NQ-DHDCD dated 4/29/2022 (for approval of remuneration for the BoD and the Supervisory Board in 2022 equal up to

0.28% of 2022 PAT). In which, the remuneration of members of the Supervisory Board in 2022 is VND 3,677 million<sup>1</sup>.

## II. PERFORMANCE IN IMPLEMENTATION OF SOME SPECIFIC TASKS

### 1. Monitoring the Bank's business and financial performance

#### *a. Supervising the implementation of the resolutions of the General Meeting of Shareholders*

The Supervisory Board monitors the implementation of the resolutions of the General Meeting of Shareholders through staying updated to the Bank's performance on business activities and compliance with the set targets on debt quality. The Supervisory Board has fully attended and provided consultations at regular meetings of the BoD and BoM. In these BoD, BoM meetings, the Supervisory Board gave its own independent opinions on business performance data (in comparison with AGM assigned targets); the issues and risks in business operation, the governance of VietinBank. Through that mean, the Supervisory Board recommended the solutions to the BoD and BoM to reach the targets assigned by the AGM and necessary items to overcome the challenges and issues. At the same time, for matters that need attention and strengthening of control, the Supervisory Board has made specific recommendations to improve operational efficiency and ensure secure and sustainable growth.

In 2022, under the direction of the BoD and management of the BoM, VietinBank has completed and exceeded the targets set by the AGM, specifically:

*In 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	Completed

<sup>1</sup> Explanatory notes to the audited financial statements in 2022

					Vietnam	
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)

As for prudent ratios in banking operations, through periodical examination and review done by Internal Audit, the Supervisory Board reckons that in 2022, VietinBank managed to keep these ratios compliant with the SBV's regulation.

#### ***b. Appraisal of financial statements in 2022***

In its performance of duties and function, the Supervisory Board organized the examination of 2022 financial statements of VietinBank based on the financial statements independently audited by Deloitte Vietnam Co., Ltd., which included separated and consolidated financial statements<sup>2</sup> and unanimously verified the following result:

The consolidated financial statements for the year 2022 give a true and fair view, in all material aspects, of the business operation and financial situation of VietinBank and its subsidiaries; presented in accordance with SBV's regulations on financial reporting regime for credit institutions, in accordance with Vietnamese Accounting Standards and current regulations.

VietinBank's performance in delivery of targets as shown in the audited consolidated financial statements in 2022:

No.	Target	12/31/2022 (VND Billion)
1	Total assets	1,808,429
	- Loans to customers	1,274,822
	- Investment securities	180,382
	- Fixed assets	10,202
	- Other assets	81,646
2	Capital	57,868
3	Customer deposits	1,249,176

<sup>2</sup>Including the following subsidiaries: VietinBank Leasing Company; VietinBank Securities JSC; VietinBank Debt Management and Asset Exploitation Company Ltd. VietinBank Insurance Corporation Ltd.; VietinBank Gold and Jewelry Trading Company Ltd.; VietinBank Global Money Transfer Company Ltd.; VietinBank Lao.

No.	Target	12/31/2022 (VND Billion)
4	Net operating income	45,109
5	Provision costs for credit losses	24,163
6	Total Profit before tax	20,946

*(Source: audited consolidated financial statements in 2022)*

***c. Reviewing contracts and transactions with related persons of VietinBank under the approval authority of the Board of Directors or the General Meeting of Shareholders***

In 2022, the Supervisory Board reviewed the transaction contracts between VietinBank and Related Persons according to the documents submitted to the Supervisory Board (29 transactions: 24 transactions with subsidiaries, 2 transactions with affiliates, and 3 transactions with major shareholders – MUFG Bank). The review shows that the consideration and approval of such contracts and transactions have been performed with sufficient legal grounds and in consistence with the authority of the Board of Directors and are disclosed in accordance with regulations.

***d. Transactions between VietinBank and the Companies where a member of the Board of Directors or the General Director is a founding member or executive manager during the period of 3 years preceding to the time of the transaction***

Member of the Board of Directors of VietinBank - Ms. Pham Thi Thanh Hoai is the Chairwoman of the Members' Council of VietinBank Lao. In 2022, based on the documents submitted to the Supervisory Board, 05 of the transactions were recorded between VietinBank and VietinBank Lao (approval of the contract for foreign currency transaction limit; contract on collateral mortgage; agreement on supply and use of VND payment services; agreement on support for the handling of Trade Finance operations; agreement on VietinBank Lao's use of VietinBank's SWIFT system). The review results show that these transactions which are under the authority of the Board of Directors have been approved by the Board of Directors in accordance with its authority and with sufficient legal ground.

**2. Results of supervision over performance of the BoD, the General Director and other Executives of VietinBank**

The Supervisory Board's supervision over the Board of Directors, General Director and other executives of VietinBank is regularly implemented by the Supervisory Board

on the basis of the provisions of the Law, VietinBank's Charter, and the direction and guidelines of the Government and the SBV applicable to operation of credit institutions. As a result of such supervision, the Board of Directors and General Director are found to have directed and run VietinBank's business activities in accordance with the set objectives, and provisions of the Law on Credit Institutions and the Bank's Charter, in line with the direction and guideline of relevant State management agencies:

- ***The Bank's performance in implementation of the directives of the SBV and State management agencies in 2022:*** The Board of Directors and Deputy General Director in charge of the BoM have seriously followed and actively implemented the guidelines and orientations of the SBV in order to control inflation, stabilize the macro-economy, and exchange rates, and support liquidity and smooth operations of the interbank market, with efforts to control deposit interest rates. Complying with the orientation and direction of the SBV, State management agencies, the Board of Directors has approved the key topics in 2022, including: (i) growing CASA and fund mobilization; (ii) promoting non-interest activities, focusing on exploiting trade finance, foreign currency trading, guarantee and insurance; (iii) selective credit growth; (iv) enhancing channel shifting and over the counter channel efficiency; (v) promoting written-off debt collection. On the basis of the themes approved by the Board of Directors, the Deputy General Director in charge of the BoM has assigned and directed the implementation specific to units, departments and functions, regularly directed and conducted meetings to support business activities in each region and reported the results to the Board of Directors. Accordingly, VietinBank has focused on boosting growth in lending to customers operating in sectors/industries and businesses with advantages and potential as development priority of the Government and the State Bank of Vietnam. The Bank has also allocated its resources to key economic regions in supporting local efforts to promote regional economy for positive contribution to the development of the country; enforcing strict control over credit exposure to sectors as potentially risky areas, especially investments in corporate bonds, investments in and trading securities and real estate. At the same time, the Bank has actively implemented the scheme for interest rate support under Decree No. 31/2022/ND-CP and Circular No. 03/2022/TT-NHNN in line with the direction of the Government and the SBV.

- ***Regarding the exercise of rights and obligations of members of the Board of Directors, General Director and other executives:*** The meetings of the Board of Directors where the Supervisory Board was invited to join were properly held, ensuring

required order and procedures as prescribed. In 2022, the Board of Directors held regular meetings and thematic meetings to evaluate the business results/supervise the activities of the Deputy General Director in charge of the BoM, provide orientations and direct business activities and discuss some contents and topics in support of VietinBank's governance. The work of written opinion collection from members of the Board of Directors has been implemented in accordance with regulations. Accordingly, in handling many cases subject to approval of the Board of Directors, written opinions of members of the Board of Directors have been collected and reviewed in compliance with relevant provisions of law and the Bank's Charter. On that basis, relevant Resolutions and decisions of the Board of Directors have been issued in compliance with relevant regulations. Monitoring results show that in 2022, the Board of Directors has properly performed its duties and powers in accordance with the law and VietinBank's internal regulations, and at the same time, adopted many innovations in governance, strengthening its supervisory role, demonstrated by the promulgation of the Regulation on supervisory activities of the Board of Directors and the plan for supervision by specific topics. The Deputy General Director in charge of the BoM, based on the direction and guidelines of the Board of Directors towards VietinBank's strategic goals, has developed, assigned tasks to each member of the BoM, and directed and assigned specific business targets and tasks to each Division/Department/Department and reported to the Board of Directors on the performance results. In 2022, the Deputy General Director in charge of the BoM and other executives have deployed solutions on a consistent and uniformed manner at both the Head Office and front office units, in line with the main contents: (i) restructuring the credit portfolio towards improving profitability and asset quality; (ii) strengthening financial capacity, improving financial management performance in stages of financial planning, supervision and administration, enforcing control over operating expenses; (iii) adopting flexible management of asset and liabilities and interest rates, optimizing capital use efficiency in the context of complicated market movements; (iv) focusing on digital transformation, strongly promoting products and services with high technology content in order to improve the quality of customer service; (v) enforcing strict control over asset quality, improving the credit appraisal quality and strengthening risk management; (vi) accelerating the recovery of bad debts and written off debt; (vii) consolidating and improving the operational efficiency of the Bank's network and organization apparatus, improving the quality of human resources and personnel work, increasing labor productivity, improving staff salary, remuneration, and staffing policies; promoting the

corporate culture. As findings of the monitoring and internal audit results, the Deputy General Director in charge of the BOM and other executives have complied with the exercising of the executives' rights and obligations in accordance with the provisions of VietinBank's Charter. Based on the approved orientation and business themes and focus, and directions of the Deputy General Director in charge of the BoM from time to time, the Bank's Branch Directors have deployed at the branch level in involving department and transaction offices. The business plan has been actively implemented since the beginning of the year; at the same time, the risk management and control over credit quality have been focused. Accordingly, VietinBank has completed and exceeded the targets set by the AGM.

- **Results of implementation of the business plan in 2022:**. Under the direction of the BoD and management of the BOM, VietinBank has achieved positive results in 2022:

- Total assets on a consolidated basis reached VND 1.81 quadrillion, up 18.1% from 2021.

- Credit exposure on a consolidated basis reached VND 1.28 quadrillion, up 12.1% from 2021. The structure of outstanding loans continued to be improved, with promoted development of the retail and SME segments, focusing on growth of lending to sectors of production and business, "green" credit, other target sectors/customers under priority of the Government and the State Bank of Vietnam, actively contributing to the supply of capital to promote the country's economic recovery.

- The deposit growth rate has been well managed in line with credit growth rate, ensuring VietinBank's target prudent ratios set by the SBV Deposits on a consolidated basis reached VND 1.34 quadrillion, increasing by 9.3% from 2021.

+ Total operating income increased by 20.6% compared to 2021.

+ Non-interest income increased by 43.6% compared to 2021, the share of non-interest income in the Bank's total income in 2022 reached 25.8%, of which: Net service fee income increased by 18.2 % compared to 2021; income from FX trading increased by 96.2% compared to 2021; written-off debt recovered increased by 65.3% compared to 2021.

+ Profit before risk provision increased by 25.4% compared to 2021; separated pre-tax profit reached VND 20.3 trillion, up 20.7% year-on-year from 2021; Consolidated pre-tax profit reached VND 20.9 trillion, up 19.1% compared to 2021.

+ With the goal of improving credit quality, VietinBank has implemented measures



to control and monitor credit portfolios, and maintained warning against sectors, industries and customers with signs of risk. As at December 31, 2022, the Bank's bad debt ratio according to Circular 11 was 1.08 % - which is relevant to the limit assigned by the SBV and the AGM, and its bad debt coverage ratio for on-balance-sheet loans and bonds reached 188%.

- **Risk management:** In parallel with business development, improving the effectiveness of risk management is identified as one of the strategic focuses of VietinBank, in contribution to ensuring the Bank's operational safety, maintaining business development in association with strict control over credit quality. Accordingly, the BoD and the BoM have widely communicated and promoted the culture of compliance, and the sense of abiding by the law, the direction of the SBV and the internal regulations of VietinBank, consolidating the staff morale and ethics. The performance in compliance with Risk appetite and risk limits are subject to regular updates and reporting; and risk identification - measurement - monitoring - control - reporting are consistently implemented in all key areas and activities of VietinBank; thereby supporting the timely identification of issues of urgency for enhanced control for initiating appropriate measures of response. At the same time, socio-economic situation by sector/industry was updated and analyzed... as inputs for impact assessment and formulation of development orientations or adjustments to business orientations from time to time, ensuring business safety and efficiency.

- **Performance in human resources and organizational model consolidation:** In 2022, the Board of Directors has implemented a number of key solutions to improve the quality of human resources at all levels: (i) consolidating its senior personnel (appointed additional 01 member of the Board of Directors and 04 Deputy General Directors); enforcing job rotation and appointment of positions of General Director/Deputy General Director; consolidating personnel as capital representative, member of the Board of Directors/member of Members' Council of companies as VietinBank's subsidiaries in the direction for more full-time staff in order to strengthen control over business activities and develop VietinBank's ecosystem; (ii) developing staff capacity, promoting transparency in exam-based recruitment, staff arrangement, creating equal opportunities for staff in promotion; (iii) implementing the staff succession planning at all levels and promoting the job rotation among executive managers between HO units and Branches; (iv) reforming salary and remuneration policies. Organizational model: (i) established IT Division, Procurement & Assets Management Division, transformed model of the Card

Center; (ii) conducted research and implementation of models to promote business strategies, supporting units in charge of product development and direct sales departments.

- *Supervision of the BOD and the General Director on internal control, risk management and internal assessment of capital adequacy:* demonstrated through governance documents, policy documents issued by the BOD, the mechanism for periodic and extraordinary reports and directives to correct the issues and shortcomings at the request and recommendations of the SBV, independent audit, other competent authorities and recommendations by the Supervisory Board and Internal Audit function: The supervision, risk management was highly regarded and strengthened. Compliance culture, obligation awareness, sense of compliance with regulations, processes, laws and work ethics were highly regarded.

### **3. Updating the list of founding shareholders, major shareholders and related persons of the Board of Directors, of the Supervisory Board and members of the Board of Management of VietinBank**

The update of the list of related persons of Board members, members of Supervisory Board, members of BoM and shareholders holding at least 5% (five percent) of shares with voting rights is carried out on a regular basis by the Supervisory Board, with the cooperation and information exchanges with the Secretariat to the BOD & IR. The monitoring and updating results show that compared to the end of 2021, the list of VietinBank's related persons in 2022 has undergo some changes due to the change to members of the Board of Directors of VietinBank for the 2019-2024 term at the 2022 Annual General Meeting of Shareholders, added senior personnel of the BoM. Details as follows:

- Added Mr. Nguyen Duc Thanh - Deputy General Director of VietinBank, as member of the Board of Directors for the term 2019-2024, effective from April 29, 2022;
- Appointed Mr. Le Duy Hai - Director of VietinBank's Corporate Banking Division, as Deputy General Director of VietinBank, effective from May 9, 2022;
- Appointed Mr. Nguyen Tran Manh Trung - Director of VietinBank Hanoi branch, as Deputy General Director of VietinBank, effective from May 12, 2022;
- Appointed Mr. Hoang Ngoc Phuong - Director of VietinBank's Operations Division, as Deputy General Director of VietinBank, effective from May 12, 2022;
- Recruited and appointed Mr. Do Thanh Son - Chairman of the Members' Council

of Ocean Commercial Bank Limited, as Deputy General Director of VietinBank, effective from October 11, 2022;

This list has been timely updated and archived by Supervisory Board as prescribed.

#### **4. High-level directing and supervising of senior managers over Internal Audit**

In 2022, the Supervisory Board regularly directed and supervised internal audit activities according to the approved internal audit functions, tasks and plans. The Supervisory Board has directed the Internal Audit Department to carry out unit-based and thematic audits, assess the Bank's performance in compliance with legal regulations, internal mechanisms/policies/regulations on senior supervision and internal control and risk management, identification of shortcomings, limitations and causes. As such, the Supervisory Board has recommended to competent authorities for addressing problems and limitations; High-level supervision of the senior managers over the Internal Audit was carried out through the role of the person in charge of the Internal Audit team, thereby controlling the quality of audit activities, complying with work ethics standards as well as assessing the strength and shortcomings of the Internal Audit to timely draw experience from each audit squad. As finding from high-level supervision of the senior manager over internal audit, it shows that the organization for delivery of the internal audit function has ensured compliance with the principles and requirements of Circular No. 13/2018/TT-NHNN, and Circular 13/2018/TT-NHNN; as well as the Bank's internal regulations on internal audit.

### **III. COORDINATION BETWEEN THE BOARD OF DIRECTORS, THE GENERAL DIRECTOR AND SHAREHOLDERS**

The Supervisory Board regularly attended BoD's monthly meetings and BoM's monthly meeting, and also attended as invitee in the meeting of BoD's committees, General Director's councils. The Supervisory Board has closely cooperated with the BoD and the BoM in the performance of its functions and duties, exchange of information based on the principle of compliance with the Law and VietinBank's internal regulation. On the basis of monitoring results, the Internal Audit, the Supervisory Board have made specific recommendations and notes of advisory nature on the performance of the Board of Directors, the General Director/the Deputy General Director in charge of the BoM in management and administration of the Bank; providing further insights to assist the Board of Directors, the General Director/the Deputy General Director in charge of the BoM in decision-making and directing relevant units to research and develop measures to promote

business growth in accordance with the strategic direction, while maintaining effective management of risks.

In 2022, the Supervisory Board did not receive any request from individual or group of shareholders regarding review of accounting books, records or examination request regarding the business, governance and management of VietinBank.

#### **IV. OPERATION ORIENTATION FOR 2023**

In 2022, the Supervisory Board has arrangement for proper and comprehensive performance of the duties and functions as prescribed by the Law, the Charter, the Regulation on the Organization and Operation of the Supervisory Board. In 2023, the Supervisory Board shall regularly direct and supervise internal audit activities according to the approved internal audit functions, tasks and plans.

##### **1. Performing the supervision function in accordance with the provisions of the Law and the Charter**

- Focusing on monitoring following areas of key content: the Bank's performance in implementation of the Resolution of the General Meeting of Shareholders and the direction of the State management agencies; organization and implementation of the restructuring plan for the period of 2021 - 2025; implementation of business and financial plans in 2023; senior supervisory activities of senior managers.

- Oversight through information and reporting systems for timely identification and control over issues of a material impact on the Bank's operations to give recommendations and develop appropriate countermeasures;

- Supervising the implementation of corrective measures to shortcomings and limitations according to the requirements and recommendations of external agencies and internal recommendations of the Supervisory Board and the Internal Audit.

##### **2. Building staff capacity and improving operational quality of Internal Audit body**

- Focusing on strengthening IT audit staff, further adoption of the project for IT audit staff competence enhancement according to roadmap to ensure relevance to emerging digitalization trend in the banking sector.

- Regularly reviewing and assessing the competence and skills of staff, promoting training and improving HR quality to meet occupational requirement and ensuring the effectiveness of the IA function.

- Directing and supervising the Internal Audit to promote the application of technology and digitalization in audit from planning to implementation, documentation and archiving of audit results; and monitoring the performance in delivery of corrective measures; contributing to support of efforts for improving labor productivity, creating a synchronous and scientific database.

## **V. RECOMMENDATIONS**

Based on the result of business operation, governance and management of the BoD, BoM, 2022 financial statements, the Supervisory Board proposes to the AGM to approve:

- a. the Financial Statements of VietinBank in 2022, which have been independently audited by Deloitte Vietnam Co., Ltd. and reviewed and appraised by Supervisory Board;
- b. the report of the Supervisory Board on the Performance of Supervisory Board in 2022 and Orientation for 2023.

**PP. THE SUPERVISORY BOARD  
HEAD OF THE SUPERVISORY BOARD**

**Le Anh Ha**