

**VIETNAM JSC COMMERCIAL BANK FOR
INDUSTRY AND TRADE****SOCIALIST REPUBLIC OF VIETNAM**
Independence - Freedom - Happiness

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**REPORT OF THE BOARD OF DIRECTORS ON VIETINBANK'S
PERFORMANCE IN 2020
AND ORIENTATION FOR DEVELOPMENT IN 2021**

In 2020, the Covid-19 pandemic broke out globally, many countries in the region and around the world fell into recession, Vietnam became a bright spot when successfully implementing the dual goal of preventing and combating the pandemic and maintaining the economic growth at a high level compared to other countries in the world. In 2020, Vietnam's GDP growth rate was 2.91 %, ranked in the group of top GDP growth countries worldwide, making Vietnam the 4th largest economy in ASEAN. Inflation was well curbed, macro-economy was stable, the monetary market and the foreign exchange market improved positively and average interest rates declined.

In 2020, VietinBank is proud to affirm and well promote its role as the driving force and pillar of the country, accompanying customers to overcome obstacles and restore their production and business; concurrently, promoting the innovation, reform, and restructuring of operations, successfully implementing the Restructuring Plan associated with bad debt handling in the 2016-2020 period, the medium-term business plan in the 2018-2020 period, and the business plan in 2020.

VietinBank's business results have experienced a fundamental change in quality, with better business performance, positive shift in the revenue and customer structures, the consolidated profit reached VND 17,085 billion for the first time. The success as aforementioned is credited to the process of bank-wide accumulation, build-up and efforts, the growth model restructuring, transformation associated with substantial efficiency, good capital management, improved treasury dealing performance in the monetary market, effective network and financial management, and higher labor productivity.

The credit growth at VietinBank was controlled in association with quality improvement, in line with the Bank's capital capacity, deposit growth and the SBV's monetary policy management goal. Asset quality improved, non-performing loans (NPLs) ratio was 0.94%, NPLs coverage ratio was 132%. VietinBank performed final settlement for all special bonds issued by VAMC in less than 2 years instead of 5 years as projected thanks to accelerated collection and recovery of bad debts, creating

a solid foundation for business activities in the coming period. The cost to income ratio was curbed at 35.5%.

In addition to successfully performing the business tasks, VietinBank is credited with positive contribution as the pioneer to the country's efforts for social security, effectively implemented the policies and guidelines of the Party and Government on hunger eradication and poverty reduction, improved the material and spiritual life for people and participated in national social security programs. VietinBank has spent a large amount of fund to support the prevention of the Covid-19 pandemic in negatively affected localities. Social activities have always been promoted in positive support of the Bank's business activities.

I- DELIVERY OF TARGETS SET BY THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

1. Delivery of business targets in 2020

Following the orientations approved by the Annual General Meeting of Shareholders (GMS), the Board of Directors of VietinBank has given drastic and fruitful directives on the implementation of measures in the Restructuring plan associated with bad debts handling in the 2016-2020 period, promoting effective business initiatives from the beginning of the year towards sustainable, effective and safe growth.

Results of implementing a number of targets set by GMS in 2020 are as follows:

Cal. Unit: Billion VND

Indicators (consolidated)	31/12/2020	31/12/2019	31/12/2020 against 31/12/2019		2020 GMS targets	% completion of 2020 targets
			+/-	+/-%		
Credit exposure	1,027,542	953,178	74,364	7.8%	Growth rate of 4%-8.5%	Achieved
Deposits from economic entities and residents	990,331	892,785	97,546	10.9%	Growth rate of 5%-10%	Achieved
NPL ratio	0.9%	1.2%			< 1.5%	Achieved
Separate profit before tax	16,449	11,461	4,988	43.5%	10,080	163%
Consolidated profit before tax	17,085	11,781	5,289	44.9%	10,400	164%

(Source: Audited consolidated and separate financial statements)

2. Governance and Execution

2.1. Consolidation of senior managerial personnel:

The Resolution No. 21/NQ-DHĐCĐ dated 23/05/2020 by the Annual General Meeting of Shareholders in 2020 adopted the dismissal and election of a number of VietinBank's Board members. Accordingly, the Board of Directors of VietinBank for the term of 2019 - 2024 was consolidated with 9 members as follows:

- Mr. Lê Đức Thọ - Chairman of the Board of Directors;
- Mr. Trần Minh Bình - Board Member cum General Director;
- Mr. Trần Văn Tần - Board Member;
- Ms. Trần Thu Huyền - Board Member cum Director of HR Division;
- Mr. Nguyễn Thế Huân - Board Member;
- Ms. Phạm Thị Thanh Hoài - Board Member;
- Mr. Shiro Honjo - Board Member;
- Mr. Masahiko Oki - Board Member cum Deputy General Director;
- Ms. Nguyễn Thị Bắc - Independent Member of the Board of Directors.

The Board of Directors of VietinBank agreed and reached consensus on the governance of the whole system, fulfilled the set objectives and tasks; drastically directed the whole system to stick to the strategic direction in fostering business solutions and initiatives towards safe, effective and sustainable growth; synchronously directed operational management, financial management, credit quality management and bad debt handling, regulations and policies as well as important issues of the Bank, successfully completed the Restructuring Plan associated with bad debts handling in the 2016-2020 period at VietinBank and the Mid-term Business Plan in the 2018 - 2020 period, creating a premise for the formulation of VietinBank's Development strategy for the period of 2021 - 2030 and Vision until 2045, as well as Mid-term Business Plan in the 2021 - 2023 period.

The remuneration of the Board of Directors in 2020 was in line with the approval by the Annual General Meeting of Shareholders. VietinBank shared burdens with the victims of the Covid-19 pandemic, supported them in addressing difficulties; at the same time, took various measures to improve the bank's business performance, i.e cutting the average salary of managers by 16.67% compared to that in 2019, reducing operating expenses, etc. Accordingly, the actual remuneration of the Board of Directors and the Supervisory Board in 2020 only accounted for 0.17% of the full-year profit after tax, consistent with Article 4, Resolution No.21/NQ-ĐHĐCĐ dated 23/5/2020 by the Annual General Meeting of Shareholders, whereby such proportion should not exceed 0.31%.

2.2. Results of implementation of VietinBank's Restructuring Plan in association with bad debt handling for the period of 2016-2020

2020 is the final year of VietinBank's implementation of the Restructuring plan associated with bad debts handling in the period of 2016-2020 (Restructuring Plan) according to the approval of the SBV in the Decision No. 2337/QĐ-NHNN (Decision 2337) dated 27.11.2018. The Board of Directors directed an aggressive and effective execution of the objectives, orientations, initiatives and roadmap of the Restructuring Plan, comprehensively restructured VietinBank's operations in the period of 2018 - 2020 towards higher operational standards, drastic transformation of business models and practices, the business performance continued to be remarkably more effective, income structure shifted in a sustainable direction, ROE significantly improved from 11.6% in 2016 to 16.9% in 2020. Kindly find below the results:

(i) Financial capacity enhancement: The Board of Directors has directed an aggressive implementation of solutions for capital increase and better quality of capital at VietinBank. VietinBank has proactively and aggressively developed and implemented the roadmap for equity capital increase for submission to the competent authorities for approval right after the Government promulgated the Decree No. 121/2020/ND-CP amending the Decree No. 91/2015/ND-CP as a legal basis for commercial banks with more than 50% State-owned charter capital to increase capital through stock dividend payout. Besides, VietinBank has simultaneously taken measures to improve financial capacity i.e issuing subordinated bonds to increase tier-2 capital, restructuring the portfolio of investment in subordinated bonds issued by other credit institutions, divesting from a number of subsidiaries and affiliates, etc.

(ii) Asset quality control, particularly credit quality, bad debt reduction, enhanced debt collection and recovery measures: The Board of Directors has drastically directed the implementation of many measures, with the focus on handling bad debts, bringing the NPLs ratio at the end of 2020 to 0.9%. The functions of control, compliance and management of debt quality, and potential risks associated with all aspects of operations, for early detection of risks to provide timely warnings and response has been further standardized and consolidated. The credit growth has been more realistic and effective, with a drastic shift in the customer structure in association with safer and sounder credit quality.

(iii) Improvement of capital contribution and equity investment: VietinBank has built and implemented 6 solutions, namely: (i) Strictly and comprehensively supervising the activities of subsidiaries and affiliates; (ii) Strengthening the financial capacity, expanding the business lines of subsidiaries; (iii) Promoting the cross-sale of products of subsidiaries and affiliates to customers of VietinBank; (iv) Enhancing the management of the investment portfolio of subsidiaries, affiliates and investees; (v) Restructuring the investment portfolio, divesting from non-core businesses through share sales on the exchanges, ensuring return on investment; (vi) Consolidating the management of data and information on the performance of subsidiaries, affiliates and investees.

(iv) Network restructuring and development: VietinBank has consolidated the organizational model toward streamlined number of focal points, specialized functions, for better coordination, customer-centricity, operational efficiency and relevance to business strategy. The Customer Center in the South and Financial Solutions Development Center (FSDC) were established to realize the strategy for transforming into the industry-/region-based growth model.

(v) Transformation of the credit-driven business model to multi-service business model: VietinBank has changed the method of competition by focusing on developing comprehensive financial solutions, fostering digitalization in all operations, improving consulting capacity, optimally satisfying financial needs of customers. FSDC was formed by VietinBank to develop advanced, inclusive and comprehensive banking and financial solutions for customers, deliver services alongside the value chain, optimally fulfill the financial needs of customers. The bank successfully signed a distribution agreement with Manulife Vietnam, as well as strategic partnership agreements with many large and reputable partners, contributing to the expansion and perfection of banking and financial services.

(vi) Enhanced capabilities in management, governance and transparency in business operations: Management and governance activities as well as governance model have been focused on and strengthened in accordance with the provisions of Circular No. 13/2018/TT-NHNN and in line with common practices. VietinBank has adopted a risk management system that is in line with the principles and standards of the Basel Committee. Since early 2021, VietinBank has officially applied Circular 41 and met Basel II standards, creating a new momentum and leverage for the Bank to further grow and get closer to the best practices in the world.

(vii) Enhanced efficiency and effectiveness of the internal audit and internal control bodies: The internal inspection and control activities have been carried out effectively in line with the orientation for the Bank's restructuring as well as safe and sound business development. Internal audit activities have been focusing on key operations of the bank, specific to key geographical areas and branches in the system.

(viii) Enhanced efficiency of corporate financial management: VietinBank has applied a series of solutions to improve cost management performance, including strengthening the role of management and responsibilities of vertical cost managing units; budget planning has been directly and closely linked to business results and performance; procedures, records have been streamlined, technology application has been enhanced, etc. Cost to income ratio (CIR) of VietinBank was well controlled and has gradually decreased over the years from 48.7% in 2016 to 35.5% in 2020.

(ix) Capital construction, investment activities:

ix-1/ Regarding capital construction, investment activities

The Board of Directors has always paid due attention to the management of capital construction and investment activities in line with respective applicable laws. Internal regulations were promulgated by VietinBank to ensure the cross-check and

regulatory compliance during the approval of such activities through multiple levels, functions. The construction is deployed by a dedicated unit at the Head Office, cross-checked by the Finance & Accounting Management Department, the Internal Audit Department, the Appraisal Committees of the competent authority, and of the project owner, as well as independently audited as required.

ix-2/ Regarding the restructuring of the VietinBank Tower Project (“Project”):

Based on the comments of the SBV, on 08/12/2018, the Annual General Meeting of Shareholders adopted the principle to restructure the Project until the end of 2020 according to one of the three options, with the priority given to the entire Project/Property transfer and renting of the 68-floor tower as the Head Office. In search of the potential investors, VietinBank shall proceed with the project investment, address arising issues appropriately, speed up the progress in the best interest and benefit of the Bank. Following the principles of the Annual General Meeting of Shareholders and instructions of the SBV, VietinBank established, consolidated the Project Team, Project Steering Committee, Project Transfer Committee, and Special Task Force of the Board of Directors on the Project, which are composed of experienced persons, and several full-time members to advise the Board of Directors, and the Project Owner on their instructions for the Project restructuring and ongoing site work.

To maintain the site work, aiming at preventing, mitigating potential losses and damages during the restructuring phase, the Board of Directors issued the Resolution No.390/NQ-HĐQT-NHCT dated 29/11/2019 on the restructuring of the Project budget to sustain the site work, and the Resolution No.415/NQQ-HĐQT-NHCT.1 dated 13/11/2020 on the revised timeline (master schedule) of the Project until QII/2025. In accordance with the principle of the Board of Directors, the Project Owner has taken different measures to address difficulties, setbacks with the Contractors and given an additional approval to keep the site work going.

To deliver the Project restructuring plan, the Board of Directors has adopted different Resolutions on the application for the Land Use Right Certificate of the TM01 land lot at the Project, and hiring of the consultancies (law firm, valuation agency, financial consultancy) for VietinBank during the restructuring phase. At the same time, VietinBank also invited the potential investors to the due diligence of the Project in order to assess their demands, conditions for the purpose of aligning the transfer plan, process with the project progress, market practices and applicable laws. As at the end of QI/2021, there were 29 potential investors interested in the Project, out of which 21 investors signed the Non-Disclosure Agreements (NDA) with VietinBank to access documents and carry out due diligence. Two investors submitted their preliminary financial proposals while other experienced and financially capable investors are rushing due diligence to quickly work out their financial proposals. VietinBank is going through financial options in the development of Project transfer and restructuring plan. Among reasons for missing the Project restructuring deadline (until the end of 31/12/2020) as approved by the Annual General Meeting of Shareholders, the main culprit is the Covid-19 pandemic, and subsequent social

distancing which have disrupted the negotiation with potential investors; what's more, the Covid-19 pandemic has changed, among others, the working style, and demand for office space, commercial, meeting, and conference activities, prompting several investors, both domestic and overseas, to revisit their investment strategy, practice and plan in office, shopping mall real estate. Therefore, it takes time for VietinBank to complete the restructuring plan. Additionally, VietinBank is also contemplating several back-up options in certain circumstances for submission to the Annual General Meeting of Shareholders for approval so as to quickly finish the construction, put the Project into operation, and minimize potential losses, and damages in case the transfer plan is not delivered on time.

(x) VietinBank continued to participate in restructuring weak credit institutions according to the SBV's guidelines.

2.3. Formulation of the development strategy of VietinBank in the period of 2021 - 2030, vision to 2045, elevation of the corporate culture in association with the comprehensive implementation of the six action program.

The successful delivery of the Restructuring Plan and MTBP 2018-2020 paved the way for VietinBank to develop the development strategy in the new period. The Board of Directors has given a direction on the formulation of the Development strategy for the period of 2021-2030 and vision to 2045 in sync with the Development strategy of the country and the banking sector. In the viewpoint of development in the new period of *“being a national commercial bank, playing a key role and acting as the main force of the economy, accompanying and contributing to the development of the country, promoting the potential advantages of the bank, making the most out of internal resources, aligning VietinBank's growth with the economic sectors that are considered as the country's driving force and key economic regions, taking the initiative in participating in the integration process, improving the bank's growth and development quality and efficiency to be equivalent to that of leading banks in the region and for sustainable development”*, VietinBank defines its Vision to be *“the leading multi-functional, modern and efficient bank in Vietnam, named in the Top 20 banks in the Asia-Pacific region; the strongest and most prestigious bank in Vietnam, a leading bank in the Asia-Pacific region and a highly reputable bank in the world”* and its Mission to be *“a pioneer in the development of the country on the basis of optimal value for customers, shareholders and employees”*.

Corporate culture is to be enhanced with 5 core values, on the basis of inheriting 7 existing core values of VietinBank and aligning them with practices in the new context, specifically: “Customer-centric”; “Innovation”, “Integrity”, “Respect” and “Responsibility”, representing the corporate cultural values of VietinBank in combination with extensive and synchronous application of the six action program throughout all operations from Head Office to Branches including: Standardization, Optimization, Automation of all transactional processes; promoting Personalization of

responsibilities of each individual associated with effective Cooperation between individuals and units.

The development strategy of VietinBank has already been submitted to the SBV for comments and instructions. On such basis, it is proposed that the GMS authorizes the Board of Directors of VietinBank to amend, supplement, complete and adopt the development strategy for the period of 2021-2030, vision to 2045 in accordance with the instructions of the SBV.

3. Summary of meetings and Resolutions/Decisions of the Board of Directors

In 2020, the Board of Directors of VietinBank organized regular meetings to review the business performance, provide directions, instructions on the operations and discuss some issues, topics related to the management, credit approval activities; and meetings to approve the revised Distribution Agreement with Aviva Vietnam, and sign the Distribution Agreement with Manulife Vietnam. Furthermore, the Board of Directors also made many other decisions in the form of collecting written opinions. The list of Board Decisions/Resolutions in 2020 is disclosed in the Report on Corporate Governance 2020 of VietinBank.

4. Performance of the Board members

The Board members fully performed their functions and duties according to the Charter of VietinBank, Regulation on Organization and Operation of the Board of Directors of VietinBank, and applicable laws to ensure the returns for VietinBank and shareholders; studied, assessed the business performance, results and contributed to the growth orientations, business plans of VietinBank from time to time; joined the meetings of the Board of Directors, discussed and voted on issues within their mandate and took responsibilities to the Annual General Meeting of Shareholders and the Board of Directors for their decisions; deployed the Resolutions, Decisions of the Annual General Meeting of Shareholders, and Board of Directors and assumed responsibilities for explaining those authorities on the performance of their assignments upon request; performed other rights, duties as assigned by the Board of Directors, Board Chairman in line with applicable laws.

5. Performance of the Independent Board member and her assessment of the Board performance

The Independent Board member at VietinBank aligned her activities in 2020 with the Charter of VietinBank, Regulation on Operation and Organization of the Board of Directors and applicable laws, fulfilled the Resolution of the Annual General Meeting of Shareholders and the mandate given by this authority, played an outstanding and proactive role in orienting the overall bank's business strategy and operations, monitored risk management and governance, made positive contribution to the bank-wide performance (*see details in the Report of an independent Board member and her assessment of the Board performance*).

6. Report on transactions between the company, subsidiaries and companies where VietinBank controls over 50% of the Charter capital and the Board

members, their related persons; transactions between VietinBank and the companies where the Board member is a founding member or manager in the 03 years preceding the transaction date: see details in Appendix 02, Report on the Corporate Governance 2020 of VietinBank.

7. Performance of the Board committees

As at 31/12/2020, VietinBank established 03 committees under the Board of Directors, specifically HR Committee (HRC), Risk Management Committee (RMC), and Policy Committee (PC). Such establishment is consistent with the regulations of the SBV and applicable laws. In 2020, these committees closely coordinated with related departments/units in fruitfully delivering the functions and duties as prescribed by their respective Regulation on Organization and Operation promulgated by the Board of Directors. See details about the performance of committees in 2020 in the attached appendix.

8. Oversight of the Board of Management (BoM)

The Board oversight of the BoM adheres to the Regulation on Corporate Governance, Regulation on Organization and Operation of the Board of Directors and Regulation on Organization and Operation of BoM. The oversight of the compliance with the instructions given by the Board of Directors was duly heeded so as for the progress of every Resolution, Decision, and Direction of the Board of Directors/Board Chairman to be closely, regularly and smartly supervised.

The General Director of VietinBank is cum the Board Member; hence, the BoM has always promptly grabbed the Board orientations and directions for fruitful delivery across the Bank. The Board oversight of the BoM has been conducted in various forms:

- Attending the review meetings of the Board committees;
- Joining monthly BoM meetings;
- Processing the information in the Supervisory and Internal Audit reports;
- Processing monthly reports on business performance and other reports/proposals (if any) from the BoM

The BoD Office regularly reviewed the BoM's performance of the Board instructions in respective operations; accordingly, gave advice, proposals to the BoD on the solutions to pending issues.

The supervision showed that the BoM promptly fulfilled the Board orientations, instructions and its mandate. Based on the Board orientations on key strategic goals, and business targets assigned to units across the Bank, the BoM developed, cascaded specific tasks to each of its members, instructed each Division/Department/Unit to implement the tasks, promptly and fully report in writing to the Board of Directors on the performance of its mandate. In 2020, the BoM changed its management, execution practices, closely monitored and regularly updated the macro-economic, market developments, orientations, directions of the Government, SBV and Board of Directors to strictly and aggressively launch business

initiatives.

At regular Board meetings, the General Director reported on every operation of VietinBank, and highlights of the month on: (i) pricing policy, stimulus programs; (ii) products and services; (iii) customer support; (iv) internal control and inspection; (v) risk management, debt collection and recovery; (vi) other activities; and (vii) business plan in coming months. The General Director also reported on the progress of the Resolution of the Annual General Meeting of Shareholders, Resolutions, Decisions of the Board of Directors; presented thematic reports at the request of the Board of Directors; reported on risk limit control, recommended actions when risk limits may be violated or material risks may incur beyond control, put forward other suggestions to the Board of Directors.

II- ORIENTATION FOR DEVELOPMENT IN 2021

Amid the challenges and increasingly higher demands for the socio-economic and banking development, deeper international integration, increasingly competitive and rapidly changing business environment, specifically stricter legal regulations, higher competition pressure, unforeseeable impacts the Covid-19 pandemic, as well as rapid technology transformation, VietinBank should further keep abreast of the situation to promptly assess the impact on business and investment activities, concurrently, take the initiative in responding to practical situations.

2021 is the first year that VietinBank complies with the Circular 41, raising operational standards according to Basel II, which requires the Bank to make significant changes from mindset to practices to meet new requirements and standards in business operations. To successfully implement set-forth goals and targets, VietinBank needs to make efforts to innovate and effectively implement a number of major guiding principles in 2021 as follows:

- (i) **First**, promoting higher business growth rate, accompanied by drastic improvement in quality and efficiency. Scaling up the operations in association with remarkably higher quality and productivity of resources, taking appropriate credit growth measures, at the same time effectively balancing the fund. Promoting green credit growth for environmental protection in line with the SBV's direction on green growth and sustainable development.
- (ii) **Second**, continuing to strongly transform the growth model: strengthening the linkage among segments, between the Parent bank and its subsidiaries to develop comprehensive financial solutions for customers/groups of customers associated with the needs of customers and the market..
- (iii) **Third**, aligning VietinBank's growth with the economic sectors that are considered as the country's driving force and key economic regions, effectively leveraging the competitive advantages of the locality, prioritizing resources to increase market share in key regions, The roles of the Customer Center in the South and the Financial Solution Development Center are to be strongly promoted in VietinBank's strategy of transformation of growth model.

- (iv) **Forth**, improving the quality of risk management, quality of growth, effectiveness, efficiency of internal control and inspection activities; promoting recovery of written-off debt and bad debts, improving asset quality. In 2021, VietinBank is going to fully and thoroughly adopt the Circular 41, enhancing the operating standards towards international practices. Strictly controlling credit growth in high risk fields real estate, securities, BOT, BT in transport; strengthening risk management in consumer loans for daily activities; continuing to strictly control loans in foreign currency in accordance with the principles of the SBV and the Government on restraining the dollarization in the economy.
- (v) **Fifth**, Continuing to launch initiatives to support victims of the natural hazards, epidemic, especially the Covid-19 pandemic in addressing difficulties in line with the instructions of Government and the SBV.

Main business targets in 2021 are projected as follows:

Indicators	2021 targets (*)
Total assets	Growth rates of 6%-10%
Credit exposure	Credit growth rate of maximally 7.5% as approved by the SBV (<i>specifically in line with the monetary policy, indicator set forth by the SBV and essential demand of the economy</i>)
Funds mobilized from economic entities & individuals	Growth rates, in a range of 8% - 12%, to be in relevance with use of funds and in harmony with credit growth rates, consistent with the SBV's prudent ratios
NPL ratio as per Circular 02	≤ 1.5%
Separate profit before tax	Tentatively VND 16.8 trillion and adjusted in line with the approval of the State competent agency (<i>VietinBank continues to drastically improve the business performance, serving as the key bank, pillar and driving force of the economy</i>)
Dividend	Dividend payout ratio and structure (<i>cash, stock dividend</i>) are in line with the approval of the State competent agency and applicable laws.
Minimum CAR	In compliance with regulations of SBV
Liquidity coverage ratio	
Ratio of short-term funds used for medium and long-term loans	
Loan to deposit ratio (LDR)	
Liquidity reserve ratio	

It is proposed that the GMS authorizes the Board of Directors, based on the opinions, directions and approval of the competent State agencies, the market developments and actual business operation of VietinBank, to make decisions on final targets, and publish information on VietinBank's website.

Kindly submit to the Annual General Meeting of Shareholders for approval of

the contents hereof.

In the light of innovative thinking and determination, initiative, creativity and pioneering spirit, the Board of Directors, the Management Team and all employees of VietinBank will continue to leverage the achievements, seizing every opportunity, joining hands to overcome challenges, sparing no efforts and being highly dedicated to successfully complete the set targets. Thereby, its role as Vietnam's key commercial bank shall be reaffirmed, bringing about greater values for the bank's shareholders, employees in significant contribution to the country's socio-economic development.

**PP. THE BOARD OF DIRECTORS
CHAIRMAN**

Lê Đức Thọ

APPENDIX

PERFORMANCE OF BOARD COMMITTEES

1. Policy Committee

In 2020, the Policy Committee convened 03 formal meetings in March, April and July (with the announcements on the meeting conclusions) and 03 informal meetings (hosted by the Chairman of the Policy Committee) to discuss issues related to the system of policy documents at VietinBank, with particular focus on following activities:

- Reviewing and assessing the policy documents issued in 2019 and considering the plan to issue the policy documents in 2020. Besides, the Policy Committee reviewed, reconciled the plan to issue/cancel/revise, supplement/replace policy documents as registered by each department with policy documents as registered according to KPI scorecard of respective department to ensure practical plan.
- In order to realize the “automation” goal – 01 of 06 actions in the “06 action program”, the Policy Committee organized different thematic meetings on Robotic Process Automation (RPA) to reduce turnaround time, improve productivity. In 7/2020, based on the review and proposal of related departments, the Policy Committee voted in favor of 31/47 RPA-driven procedures. At the same time, the Committee also requested related departments to prepare for the application of RPA in each process by the specific deadline to cut costs and optimize efficiency.
- Policy Committee also closely monitored and directed related teams to review and issue the policy documents in line with the Circular 22/2019/TT-NHNN on time. Additionally, the Committee also met to consider, review and give independent, objective opinions before reaching a consensus among related departments in the revision, termination of several documents to ensure consistency, get rid of overlaps in the system of policy documents.
- To ensure that the policy document management software can accomplish the initial objectives in the management and search of the policy documents, the Committee requested related departments, units to proceed with their review, revision, and update of the policy document system on Intranet, keeping them updated and fully uploaded.

2. HR Committee

HR Committee (HRC) is the advisory, assisting body of the Board of Directors within the Board mandate to develop HR policy, recruit and arrange staff for positions under the Board management; supporting the Board of Directors in overseeing the compliance with HR policies, regulations and HR management activities at VietinBank.

In 2020, The Committee advised, assisted the Board of Directors in consolidating, supplementing the personnel under the Board management at the Head Office, Branches, Subsidiaries, Non-Business Units in line with internal regulations, procedures of VietinBank.

Regarding the organizational structure, HRC advised, consolidated the model to make it lean, and specialized with distinctive functions and duties, and closer cross-functional ties, specifically:

- Formed the Southern Customer Center, promoted specialized sales by region;
- Formed the Financial Solution Development Center (FSDC), pushed the development, promotion and delivery of inclusive financial solutions to customers based on the “customer-centric” strategy.
- Consolidated the organizational model, function and duties of the Payment Center, Trade Finance Center;
- Consolidated the model of “credit approval expert” to add in the approval authority level, speed up the processing of documents;
- Formed Western Saigon unit as an extended arm of the Cash Management Center in HCMC, added in functions and duties related to banknote import-export at assigned Cash Management Centers;
- Regarding branches: merged Cash & Vault Department into Accounting Department if requested by branches, and added in functions and duties of retail branches in their penetration into SME segment.

3. Risk Management Committee

As the advisory body of the Board of Directors in the high-level supervision of the General Director’s performance in risk management, in 2020, the Committee fruitfully fulfilled its tasks as required by applicable laws and assigned by the Board of Directors, specifically as follows:

- Advised the Board of Directors on key risk management principles, policies, in particular:
 - + Credit orientations in 2020;
 - + Credit risk limits in 2020;
 - + Revised risk appetite in 2019-2020;
 - + Revised policy on credit authority in several exceptions; pilot of new products with partners;
 - + Other risk management policies within the mandate of the Board of Directors.
- Advised the Board of Directors on the roadmap for VietinBank to adopt the Circular 41/2016/TT-NHNN (Circular 41) on the capital adequacy ratio at banks, foreign branches and solutions to ensure effective implementation of Circular 41.
- Monitored risk positions through risk appetite and limits. Through supervision, the Committee put forward important suggestions in risk management so that the Board of Directors can give instructions, orientations to the BoM and related units, ensuring that VietinBank’s business activities are safe and sound in compliance with regulations of the SBV and applicable laws. Especially, in 2020, following the effective date of the Circular 01/2020/TT-NHNN dated 13/3/2020 on the rescheduling of debts, reduction, exemption of

interests, fees, maintenance of debt group for victims of the Covid-19 pandemic, the Committee gave different recommendations so that the Board of Directors, BoM can orient, deploy the Circular effectively in line with laws.

- Advised the Board of Directors in addressing setbacks, pending issues in risk management based on requirements, recommendations of the Internal Audit Department, SBV, Independent Auditor and other regulators.
- Advised the Board of Directors in consolidating the personnel of the Committee itself (adding the Independent Board Member to serve in the Committee).

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FOR INDUSTRY
AND TRADE**

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Independence - Freedom - Happiness**

Hanoi, .../4/2021

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**REPORT ON PERFORMANCE OF THE INDEPENDENT BOARD
MEMBER AND ASSESSMENT OF THE BOARD PERFORMANCE**

Pursuant to Clause 4, Article 280 of Decree No. 155/2020/ND-CP dated December 31, 2020 of the Government for detailed provisions of a number of articles of the Law on Securities, The Independent Member of VietinBank's Board of Directors hereby present a report on the Independent Board Member and her assessment of the Board performance in 2020, specifically as follows:

I. PERFORMANCE OF THE INDEPENDENT BOARD MEMBER

Executing the rights and responsibilities of the independent member of the Board of Directors (since May 23, 2020) in accordance with the current law and the system of corporate governance mechanisms and regulations of VietinBank, the independent member of the Board of Directors of VietinBank has participated fully in activities of the Board of Directors of VietinBank in accordance with provisions of the Charter of VietinBank and the law, specifically:

- **Executing rights and responsibilities of the Board member:** Participating fully and actively in in-person meetings of the Board of Directors, acting with accountability in providing inputs, opinions, specific requests/recommendations to the Board of Directors/the Supervisory Board in relation to issues under consideration with a sense of responsibility for contributing to VietinBank's sustainable, safe and effective development. Fully providing written opinions as a Board member in voting for consideration issues subjected to approval of the Board of Directors. In such meetings or providing written opinions, the independent Board member has worked with a strong sense of responsibility for thorough and timely review and providing consultation/feedback or voted independently and objectively, in compliance with regulations of the laws and internal policies of VietinBank. Fully providing feedback on strategies, policies, etc. as per request by the Chairman of the Board of Directors. In addition, she has fully participated in all inter-departmental meetings, theme-based meetings and other meetings and activities of VietinBank as a member of the Board of Directors.
- **Performing the task of an independent Board member** in oversight of counting of votes in collection of written opinions of the Board Members and preparation of minutes of such vote-count in handling applications subjected to approval of the Board of

Directors; and signing off for endorsement of draft Minutes of Vote-Count: The Independent Board Member has acted properly and completely in oversight of counting of votes in collection of written opinions of the Board Members and preparation of minutes of such votes-count in handling applications subjected to approval of the Board of Directors, ensuring compliance with regulations of the Law and Charter of VietinBank; and fully signed off for endorsement of the Minutes of vote-count.

- **Participating in solving legal issues as assigned by the Board of Directors:** Formulation of reports, review of applications and providing consultation with accountability, ensuring compliance with the law in handling issues as assigned issues or providing legal counseling and support.
- **Performance as the Member of Risk Management Committee under the BOD:** Fully participation into all meetings of the Risk Management Committee and providing external/independent insights in consideration of issues under discussion; fully and timely providing inputs of consultation related to issues as per request by the Risk Management Committee, actively contributing to the formulation of risk management strategies, policies and processes of VietinBank.

As an independent Board member, she has actively contributed to improving the objectivity, transparency, efficiency and quality of resolutions and decisions of the Board of Directors.

II. THE INDEPENDENT BOARD MEMBER'S ASSESSMENT OF THE BOARD PERFORMANCE

1. Organizational structure

The Annual General Meeting of Shareholders 2020 (on May 23, 2020) has approved the dismissal of 02 members of the Board of Directors and the election of 03 additional Board members for the term of 2019-2024. Accordingly, in 2020, the organizational structure of the Board of Directors of VietinBank is as follows:

- *From January 1, 2020 to May 22, 2020: VietinBank's Board of Directors has 08 members, with no independent member of the Board of Directors.*
- *From May 23, 2020 to December 31, 2020: VietinBank's Board of Directors has 09 members, including 01 independent Board member - Ms. Nguyen Thi Bac.*

The organizational structure of VietinBank's Board of Directors is deemed compliant with the Bank's Charter and regulations of the law in terms of composition, eligibility and qualifications of its members as well as meeting legal requirements for an independent Board member.

2. Mechanism of operation:

- Meetings of the Board of Directors are held fully and properly, in line with processes and procedures as prescribed. In 2020, the Board of Directors of VietinBank held monthly meetings to evaluate business results/monitor the performance of the Bank's General Director, provide guidelines and directions for operations and discuss some issues; and organized a number of thematic meetings for management purposes and meetings for consideration for approval of credit applications; and held a meeting to consider approval of amendments to the distribution agreement signed with Aviva Vietnam Life Insurance

- Company Limited toward a distribution agreement signed with Manulife Vietnam Company Limited. In addition, the Board of Directors also coordinated with the Bank's Communist Party Committee and Trade Union to organize a number of joint meetings in handling issues related social security, remuneration for employees among other works.
- The work of seeking consultation in writing from members of the Board of Directors has been implemented in accordance with regulations. Accordingly, in handling many cases subjected 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.
 - Performance of relevant functions in assisting the BOD, including committees under the Board of Directors, and related units in support of operations of the Board of Directors, has been improved following implementation of the BOD's direction for consolidation of organizational model and personnel of the units, and of key policy documents and risk management strategies. The Committees have worked in close coordination with relevant Departments/units/functions to effectively perform assigned functions and tasks in accordance with respective regulations on organization and operation issued by the Board of Directors.

3. Performance in management and supervision

In 2020, the Board of Directors has properly performed its duties and powers in accordance with the laws and internal regulations of VietinBank. In the face of the economy's challenges due to the negative impact of Covid -19 pandemic, the Board of Directors of VietinBank has flexibly navigated the system, ensuring the efficiency of the bank and the interests of shareholders. The Board's performance in management and supervision in 2020 has achieved positive results, specifically as follows:

(i) Proving radical guidelines and oversight for delivery of business targets set for 2020, medium-term business plan of 2018 - 2020 and formulation of VietinBank's development strategy for the period of 2021-2030 with a vision to 2045

Since early 2020, the Board of Directors has directed the holistic efforts to focus on drastic implementation of necessary measures for effective and comprehensive achievement of content areas, targets and roadmap of the Restructuring Plan in association with handling bad debt for the period of 2016-2020; delivery of business targets for 2020 as set by the General Meeting of Shareholders as well as medium-term business plan for the period of 2018 - 2020.

In implementation of guideline of the State Bank of Vietnam (SBV) in its Decision No. 34/2019/QD-NHNN, the Board of Directors has directed the Bank's units to focus on formulation of VietinBank's development strategy for the period of 2021-2030 with a vision to 2045 for sustainable development following the restructuring phase, in contribution to realization of the country's sustainable development strategy.

(ii) Drastically implementing guidelines of Vietnam Communist Party, the Government and SBV on prevention and control of Covid-19 pandemic, ensuring the safety and health of employees and business continuity across the Bank.

In 2020, the Board of Directors of VietinBank has directed consistent implementation of various measures to achieve the “double targets”: Delivery of relief measures in support of customers affected by Covid-19 and facilitating efforts of customers in recovery of operations from the pandemic; in promoting efforts for innovation, reform and restructuring.

(iii) Navigating holistic efforts in consolidation of risk management capacity, and strict control of credit quality

On the basis of enhancing the model of 3 lines of defense in risk management, standardizing policy documents, from the risk management framework to the regulations on risk management by material risks to ensure compliance with Circular No. 13/2018/TT-NHNN; the Bank’s risk management has been further consolidated towards adoption of advanced practices, and compliance with Basel II principles and standards.

(iv) Providing guideline for improving the Bank’s organizational structure, personnel, salary and remuneration

- Organizational structure Directing the consolidation of the organizational model of Branches and Head Office (HO) units in the direction of streamlining and well-established functions and duties, arrangement of specialized divisions by function and enhancing the coordination between units in the Bank; renewal of assessment for overall evaluation of performance of units across the Bank.
- Human resources: Directing timely consolidation of personnel at HO, branches, subsidiaries, and non-business units under the authority of the Board of Directors; and planning ahead for human resources of the Bank to ensure relevance with workload, for raising labor productivity; and further restructuring the workforce toward focus on high quality employees to be arranged for core operations and increased use of lump-sum contract workers in handling jobs of low level of complexity and expertise.
- Salary and remuneration: Directing holistic efforts for implementation of salary and remuneration policies in accordance with the law, ensuring interests of shareholders and employees of the Bank, adoption of incentives applicable to staff for fair treatment in commensuration with of those who perform well for the Bank’s benefits, allocation of budget for salaries of the Bank’s units in relevance to their personnel headcount and business performance.

(v) Directing renewed consolidation of the Bank’ financial governance capacity, and promoting administrative reform

- Directing efforts for promoting innovation in financial governance towards proper use of financial resources, generation of resources for business capital, improving operational efficiency; speeding up the implementation of the plan for charter capital increase for delivery of improved financial capacity under the restructuring plan associated with bad debt handling in the period of 2016-2020, laying an important groundwork for adoption of Basel II standards in terms of equity capital requirements and capital adequacy.
- Navigating efforts for review, assessment and consolidation of internal regulations and procedures/processes to improve the Bank’s operational efficiency; promoting optimal use of information technology system to improve and streamline processes, promoting automation in operations, handling batch-based transactions, delivery of shortened

processing time in customer services, raising labor productivity and reducing operating costs. Formulation of standard processes and procedures for better performance in processing credit applications, providing timely support to branches in handling issues/difficulties and fast-paced catering to customer demand.

(vi) Providing guideline for promoting partnerships and adoption of technological application in banking activities

- Directing efforts for promoting technological applications in all aspects of banking activities, contributing to enhancing customer experience, promoting digital transformation through raising automation in procedures and processes, adoption of Big data, and promoting online transactions; cross-selling, aiming for a shift in distribution channels, performing data analytics and adoption of artificial intelligence in business administration and development toward an ecosystem for delivery of optimal products and services in catering to customer demand.
- Directing efforts in research and development for consistent implementation of non-cash payments and online payments.

(vii) Directing efforts for raising efficiency of equity investments and capital contribution of the Bank in its subsidiaries and associated companies and improving their performance

Directing efforts for regular monitoring, analysis and assessment of actual business performance of subsidiaries and associated companies of the Bank; maintaining close tracking of their performance in delivery of cascaded business targets for purposes of improving their business efficiency and raising their capability in delivery of the targets. Directing efforts for divestment from subsidiaries under the set schedule.

(viii) Further promoting corporate culture

- Directing efforts in communication and implementation of measures for raising broad understanding of VietinBank's corporate culture among its staff as well as for purposes of staff capacity building
- Renewed furtherance of implementation of the 6-standard program across all aspects of the Bank's operations, namely Standardization, Simplification, Optimization, Automation, Responsibility Individualization, and Cooperation.

(ix) Full delivery of obligations to the State, corporate social responsibilities and interests of the Bank's shareholders and employees. Directing efforts for promoting communication campaigns, works of the Bank's Youth Union and social security.

(x) Successfully organized the Congress of VietinBank's Communist Party Committee for the term of 2020-2025 and actively participated in the organization of the Congress of the Communist Party Committee of Central State-owned Enterprises.

- VietinBank's Party Committee and the Board of Directors have focused on leading and directing the Bank's efforts for successful organization of congress of communist party committee of 91 affiliated units, in line with set timing; and successfully organized the 10th Congress of VietinBank's Party Committee with members of the Executive Board elected for the term of 2020 - 2025. In addition, the Party Committee of VietinBank has actively participated in and contributed to the successful organization of the Congress of

the Communist Party Committee of Central State-owned Enterprises; delivery of requirements in terms of quality and timing in execution of the assigned tasks in preparation of materials/documents, communication campaigns and organization of the congress.

4. Conclusion

Overall, performance of the Board of Directors of VietinBank in 2020 have been organized and implemented in compliance with the Bank's Operation Charter, Regulations on the organization and operation of the Board of Directors and current regulations of law, full delivery of content areas of the Resolution of the General Meeting of Shareholders and other content areas authorized by the General Meeting of Shareholders. The Board has played a consistent role in shaping the Bank's business strategy and navigating its operations, monitoring of implementation as well as risk management activities, making a positive contribution to delivery of the overall performance of the Bank.

INDEPENDENT BOARD MEMBER

Nguyen Thi Bac