

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

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

108 Tran Hung Dao, Hoan Kiem, Hanoi  
Tel: +84.24.39421030

Hanoi, April 2024

Business Registration Certificate No. 0100111948  
13<sup>th</sup> revision dated January 8<sup>th</sup> 2024

## **REPORT BY THE BOARD OF DIRECTORS ON A REVIEW SUMMARY OF THE 2019 – 2024 TERM AND SETTING THE DIRECTIONS FOR THE 2024 – 2029 TERM**

### **PART I. REVIEW SUMMARY OF THE 2019 – 2024 TERM BY THE BOARD OF DIRECTORS**

#### **I. The global and domestic environments during 2019 – 2024**

In the period 2019 - 2024, the world went through the Covid pandemic from the end of 2019 to the end of 2021, causing great damage to the economy due to a large number of deaths and supply chain disruption. However, due to the strong, drastic and effective management policies of the Government, the impact on Vietnam is not too great compared to many other countries in the world. In 2020 and 2021, Vietnam's GDP still grew positively over 2%. After the Covid 19 pandemic was contained, some countries fell into inflation due to easing monetary policy during the epidemic to support the economy and the impact of the Russia-Ukraine war that broke out in 2022. Europe is most affected by the war due to the loss of gas supplies from Russia. However, by the end of 2023, inflation in the economies has been controlled, the European Central Bank (ECB) and the US Federal Reserve (FED) have stopped raising interest rates. Global GDP in 2023 (according to the World Federation of Exchanges - WFE) reached about 3.1% and may continue to decrease slightly before recovering.

Meanwhile, in 2023, Vietnam's GDP grew by 5.05% and in the period 2019-2024, Vietnam's GDP reaches a high level compared to other countries in the region with an average growth rate of 5.17%/year. The Government and the State Bank of Vietnam (SBV) effectively manage monetary and fiscal policies, and inflation in Vietnam has been controlled. Major balances of the economy are guaranteed. The financial and monetary markets are also relatively stable thanks to the SBV's well-rhythmed and flexible policy responses. Credit growth in the period 2019-2023 reached a high level compared to other countries in the region, an average of 13.5%/year. Credit institutions continue to aim for effective operations, credit quality continues to remain at a good level, the bad debt ratio of the banking system is controlled below 3%, internal corporate governance and risk management of banks is enhanced.

#### **II. An executive summary of VietinBank for the 2019-2024 period**

##### **1. An overview of VietinBank during the 2019 – 2024 period**

During the period of 2019 - 2024, VietinBank prioritizes resources for strong growth in the direction of *safety - efficiency - sustainability*, continues to strengthen the organizational model, develop modern technology infrastructure, create foundational enablers for implementing medium-term strategic themes for the period 2021-2023.

Business activities achieved impressive results: retail and SME loans grew strongly; NPL is strictly and effectively controlled; the proportion of low-cost fund increases, income structure and performance indicators are constantly improved; operating costs are effectively controlled; profits increase sustainably and CAR is secured; customer care is increasingly focused, customer structure is improved, organizational and governance models are streamlined and reengineered; implementation of the Digital Transformation project is promoted from 2023 onward to bring VietinBank closer to the best international standards and practices.

The Bank's business performance indicators have gained positive growth throughout the period. By the end of 2023, total assets reach **more than 2 quadrillion VND, 1.75x** of 2018's, the average growth is **12% p.a.** Credit volume reaches **1.48 quadrillion VND, 1.66x** of 2018's, the average growth is **11.4% p.a.** Deposits reach nearly **1.53 quadrillion VND, 1.75x** of 2018's, the average growth is **12% p.a.** Liquidity ratios are in compliance with the required numbers and continue to improve. Besides traditional credit and deposit businesses, VietinBank pays attention to diversifying the product offerings. Total net service income grows strongly to reach **8.5 trillion VND** in 2023<sup>1</sup>, **2.5x** of 2018's. Non-interest income<sup>2</sup> reaches nearly **19 trillion VND, 2.75x** of 2018's, accounting for **26.9%** of total operating income.

VietinBank is one of the top profitable banks during the 2019-2024 period, earning an amount of profit after tax in 5 years of more than **74.5 trillion VND**. Total profit before provisions in five years is more than **185 trillion VND**. For 2023 alone, total profit before provisions reaches more than **50.1 trillion VND, the highest number ever** and one of the top best banks, **3.5x** of 2018's and equal to an average growth of **28.4% p.a.** ROA and ROE of 2023 are **1.3%** and **17.1%** respectively, more than doubled those numbers of 2018.

## **2. Board of Directors' highlights for the 2019 – 2024 term**

From 2019 up to now, VietinBank has always innovated and comprehensively restructured our operations, aiming for quality and efficiency in line with international practices. Strongly implement strategic management, develop business activities on a customer-centric basis, make breakthroughs in technology platforms, and improve product and service quality, improve risk management capacity in accordance with growth scale and increasing complexity in business activities, calibrate the organizational structure, innovate in human resource management, and proactively meet business requirements. Some important results VietinBank has achieved in this period are as follows

### **2.1 Pioneering in implementing the government policies and the SBV directives**

- Provide preferential interest rate loan packages and loan programs for priority areas with reasonable interest rates for good customers with healthy financial positions and feasible business plans in the areas prioritized by the Government. The proportion of loan to priority areas accounts for about **40%** of VietinBank's total credit portfolio.
- Actively work with the SBV in participating in restructuring and handling weak commercial banks, VietinBank has introduced qualified personnel to participate in the management and governance of SCB.
- Strengthen bank-business networking activities, participate in investment promotion conferences, build business matching programs to remove obstacles for businesses, and help

---

<sup>1</sup> Including income of guarantee business.

<sup>2</sup> Including income of guarantee business.

businesses expand their business operations, diversify distribution channels and develop new markets.

## **2.2 Positive growth of business to serve as a capital supplier of the economy; Playing the role of a major state-owned bank; Strongly shifting the business model from assets-based business to service quality improvement and performance-based business on the platforms of a digitized and multi-functional bank.**

Outstanding loan in the period 2019-2024 grew by **66%**, customer structure continued to shift positively towards increasing the proportion of highly profitable segments which are small and medium enterprises and retail customers while continuing to maintain our leading position in serving large corporate customers and FDI enterprises. VietinBank is leading the efforts to reduce deposit interest rates while reducing operating costs to enable further reductions in lending interest rates. In 2023, VietinBank's outstanding loan reached more than **1.47 quadrillion VND**, up by nearly **200 trillion VND** compared to the beginning of the year and equal to a growth rate of **15.5%**, one of the top growth performers of the state-owned banks and remarkably higher than the banking industry's average. The portion of loan to SME and retail segments at the end of the period reached **63.7%**, sharply increased from 50.4% at the end of 2018. Credit quality is always strictly controlled, NPL ratio is always controlled below 2%, complying with regulatory requirements and safety limits set by the SBV. Income structure aims to develop a multi-function bank, increase technology content and diversify products and services on a modern core-banking platform. Service quality has been strongly improved, sales skills have been enhanced, value chains have been developed and cross-selling has been enhanced, thereby increasing service income and non-interest income, improving income structure.

## **2.3 Rigorous changes in strategic planning**

During the 2019-2024 period, VietinBank has successfully implemented the Restructuring Plan for 2018-2020 period and was developing the Restructuring Plan for 2021-2025 period. VietinBank has developed the Development Strategy of VietinBank for 2021-2025 period with a vision to 2030 and had the Strategy approved by the SBV. In alignment with the banking industry's development strategy and assuming the mission of a pioneer in the country's development by bringing optimal value to the clients, shareholders, employees, business partners and the community. VietinBank aims to become the most multifunctional, modern and efficient bank in Vietnam and by 2030, a bank in the top 20 strongest banks in the Asia – Pacific. VietinBank always takes **safety – efficiency – sustainability** as our development objectives at all times by practicing three operating philosophies which are customer-centric, human development-powered and innovation-driven. Given our clearly defined aspiration, VietinBank allocates and arranges resources to implement strategic and key initiatives and areas from year to year so that those objectives and goals are realized optimally.

## **2.4 Improved quality of human resources at all levels, consolidated organization and branch network governance; raised labor productivity; and strong execution and dissemination of corporate culture**

Complete mechanisms and policies on innovating internal governance. Innovate training, improve the quality of human resources and the level of employee engagement. Consolidate the vertical organization model from the Head Office to all units across the Group, in order to improve management and operational capabilities, risk management, specialization of business activities, and learning from the organizational model of the world's leading banks. During the period 2019 - 2023,

VietinBank has established/consolidated 13 divisions at the Head Office to ensure compliance with the practical management and effective support in implementing VietinBank's business strategy. VietinBank continues to drastically and consistently implement the theme of streamlining the organizations and teams, raising the quality of resources, and improving labor productivity with a series of innovative solutions and policies: (i) Consolidate and streamline the organization and optimize resource use; (ii) Promote cultural transformation from "nomination" to "recruitment" through public and transparent recruitment examinations, creating equal and fair promotion opportunities for the employees; (iii) Innovate and diversify salary and incentive policies towards employees, optimize the use of salary funds, and promote income differentiation to increase the motivation and enthusiasm of staff; (iv) Empower and enhance the responsibility of unit heads in building and developing human resources and using salary funds effectively; (v) Especially in 2023, when implementing the corporate culture strategy and corporate culture identity for the period 2023 - 2025, the values and identity have been disseminated and spread and awareness of the employees of VietinBank's corporate culture has been increased.

## **2.5 Debt quality control, improved quality of risk management, strict discipline and raising the sense of compliance**

VietinBank always focuses on improving risk management to ensure compliance and safety. Strengthen strict control of debt quality, limit the occurrence of new bad debts, be drastic in handling bad debts, debt sold to VAMC and effectively apply Resolution 42 in handling bad debts. VietinBank's internal audit and supervision activities have undergone drastic changes. VietinBank identifies and early detects all key risks, especially credit risks and implements bank-wide monitoring along three lines of defense. Combine the Party's regular inspection and supervision work with professional inspection work, and drastically implement the instructions of the Party Standing Committee, Inspection Committee and Board of Directors. Strengthen control of debt quality from the Head Office (HO) to branches, proactively identify, control, propose and implement optimal solutions for customers. Proactively and promptly analyze risk events and impacts on financial and liquidity markets and synchronously deploy many solutions to meet the needs of information technology (IT) risk in models, personnel and tools.

## **2.6 Strong implementation of holistic digital transformation of business and governance in order to improve CX and save operating costs by automating the operating processes**

Seeing technology as a competitive advantage in the banking industry, the Board of Directors of VietinBank soon directed the development and implementation of an IT strategy in accordance with the goals and business characteristics of VietinBank. VietinBank has actively deployed financial service products on a modern technology platform, continuously updated, optimally meeting the financial needs of customers; promoting cooperation activities that bring great benefits (partnerships with Grab, Manulife, etc.); enhancing customer experience, promoting digital transformation through process automation, Big Data applications, enhancing online transactions (eFast, iPay); promoting cross-selling, shifting distribution channels, analyzing data and applying artificial intelligence in executive management and business development with the goal of building an ecosystem that maximally meets customer needs. VietinBank also promotes digital transformation in operational processes to improve quick execution capacity in all working positions, applying new technologies such as biometric technology, robotics process automation (RPA). In addition, VietinBank also automates many internal processes for management and



governance purposes, including applying digital technology to administrative activities, enhancing risk management, and applying artificial intelligence (AI) to create chatbots to support business.

In particular, in alignment with the goals in the Banking Industry Digital Transformation Plan to 2025 with a vision to 2030, VietinBank has implemented VietinBank's Digital Transformation program for the period 2024 - 2028 called "Project X01" with 108 initiatives associated with medium and long-term business strategies with the expectation of creating outstanding competitiveness for the Bank and bringing optimal experience to VietinBank's customers.

## **2.7 Social welfare and CSR projects**

In recent years, in addition to striving to successfully complete business tasks, VietinBank has always actively implemented the guidelines and policies of the Party, the Government, Vietnam Fatherland Front Committee and the banking industry. VietinBank works on social welfare projects to contribute to hunger eradication, poverty reduction, improving and enhancing the material and spiritual life of people in difficult areas with practical, meaningful and contributing programs into the general development of the local communities and the society. During the period 2019 - 2024, VietinBank has been implementing social welfare projects and gratitude programs with a budget of over **1,887 billion VND**. VietinBank's social welfare projects focus on building houses for the poor, building schools, medical facilities and infrastructure projects in difficult areas, rural areas, remote areas, providing support and relief programs to overcome the consequences of natural disasters, storms and floods, and supporting the prevention and control of COVID-19 epidemic. These acts of VietinBank contribute to spreading the VietinBank brand, enhancing the value of life in all regions of the country.

VietinBank's efforts have contributed to successfully implementing major policies of the Party and the Government and the banking community on hunger eradication, poverty reduction, and gratitude and compassion programs. After receiving support from VietinBank, the material, cultural and spiritual lives of poor households and areas in many poor districts and communes have been significantly improved and enhanced. People have houses to live in, better medical conditions for healthcare, safe and convenient transportation, children have good, spacious and sustainable school facilities to play and study in.

## **2.8 Communications, media and branding efforts**

VietinBank constantly delivers communication programs at major events with great and widespread impact to VietinBank's brand name and good opportunity to advertise VietinBank's products and services. VietinBank has been named as the winner of a number of prestigious awards and accolades such as Vietnam's Best SME Bank, Vietnam's Best Retail Bank of 2023, Khue Star Award of 2023, the Vietnam Value Program, Sustainable Enterprise - CSI 100 Vietnam for VietinBank's services, products, technology systems and corporate brand name.

## **3. Challenges and obstacles**

In addition to these business achievements, modernizing technological infrastructure, innovating organizational models and improving the quality of human resources, VietinBank's business activities in the period 2019 - 2024 still encounter some obstacles and challenges as follows

- The economy in the period 2019 - 2024 is greatly influenced by world fluctuations such as the pandemic, wars, and unexpected and unpredictable geopolitical events. The operating capacity of many small and medium-sized enterprises and newly established enterprises is limited. Enterprises still rely heavily on bank's capital supplies which pose challenges to banking business and affect credit quality.

- Fierce competitive pressure from domestic commercial banks as well as foreign banks, VietinBank's retention and expansion of market share in areas such as CASA, cards and bancassurance, etc. have not met our expectations.
- Increasing charter capital and strengthening financial capacity: VietinBank has certain CAR-related particularities as a state-owned bank, and the rooms for further capital increase have been fully utilized. Recently, increasing VietinBank's capital has encountered many challenges because the state ownership ratio at VietinBank has reached 64.5% and the total amount of new capital needed is quite large while state resources that can be used to increase VietinBank's capital are also limited. At the same time, retained earnings by means of stock dividend payout depend largely on the annual budget balance managed by the Ministry of Finance. In recent years, to support business expansion and comply with required CAR, VietinBank has had to make efforts to implement solutions such as restructuring the RWA portfolio, diversifying the income structure, investment and equity portfolio structure and issuing subordinated bonds to increase tier-2 capital, etc. However, increasing capital to meet the business growth demand is still a major challenge to VietinBank.
- Service delivery has developed diversely with many positive changes, the contribution of service fee income to the total operating income has grown over the years but has not reached the expected growth levels. The proportion of non-interest income is still low compared to other local peers and regional banks (*the proportion of non-interest income including guarantee fee income in 2023 is 26.9% while this portion of local peers and the average number of APAC banks is over 30% according to the data provided by Asian Banker*).
- One of VietinBank's goals during this period is to optimize the deposit mix by growing strongly and fast the low-cost demand deposits. However, deposit mix improvement is not good enough to make VietinBank's cost of funds reach the desired optimal state. This remains a key priority area for the next term.

### **III. General evaluation of the Board of Director's performance**

Sticking to the orientations and goals that the Government and the SBV have set out which are curbing inflation, macroeconomic stability, economic restructuring and growth model reforms, during the period of 2019 – 2024, VietinBank's Board of Directors has developed governance policies in alignment with our development strategy and run business activities to implement AGM-approved plans. Taking advantage of the strongest shareholder structure in the Vietnamese banking system where local Board members have extensive experience and local market insights along with foreign Board members with international experience and knowledge, VietinBank's Board of Directors has remained in strong unity and been working together to direct comprehensive restructuring and improvement of VietinBank's growth quality in international good practices toward secured, efficient and sustainable development. The Board of Directors has run the Bank's business while keeping abreast with market developments towards the goal of improving the business performance across all lines of business.

Throughout this term, the Board of Directors and the entire senior management of VietinBank have made good efforts in thinking and action, promptly overcome the obstacles, and take advantage of all business opportunities, having completed all the tasks mandated by the Party, the Government, the SBV and the shareholders with excellence to drive VietinBank's development toward the

strategic vision and stated goals, consolidating VietinBank's position and reputation in the local and international markets.

## **PART II. SETTING THE DIRECTIONS FOR THE BOARD OF DIRECTORS FOR THE 2024-2029 TERM**

### **I. Domestic and global economic forecasts**

The world economy during the 2024 - 2029 period is forecast to face many hardships, economic growth in 2024 is forecast to increase by 2.3%, decelerating compared to 2023 and recovering slowly from 2025 with an average of 2.6% - 2.7%. Inflation is under control, global demands are forecast to recover slowly. China's economy is forecast to continue to be under pressure due to the negative impact of the domestic real estate market, and the growth drivers of FDI and exports remain weak. Potential risks are present as geopolitical tensions continue to widen with the Israel-Hamas and Russia-Ukraine wars coupled with the elections in major economies likely leading to deeper fragmentation between the economies around the world in the medium term.

The domestic economy during the 2024 - 2029 period is forecast to recover slowly with GDP forecast at 5.9% to 6.4%. The main growth drivers in the short and medium term mainly come from public investment, export-oriented production and domestic consumption. The SBV continues to proactively and flexibly manage monetary policy in the direction of strictly controlling credit growth, stabilizing interest rates, contributing to supporting economic growth and controlling inflation. Banking business during the 2024-2029 period continues to develop in the direction of focusing on efficiency, safety and sustainability of the entire banking system, promoting the application of international standards in risk management, and strengthening financial capacity. Strongly shifting income structure towards increasing the proportion of non-interest income sources, at the same time, promoting the application of modern science and technology, developing a variety of banking products and services as stated in the goals set out in the Vietnam Banking Industry Development Strategy toward 2025 with a vision to 2030.

### **II. Setting the directions for the 2024-2029 term**

For the 2024-2029 period, VietinBank dedicates our resources to implementing the 5-year strategy approved by the State Bank of Vietnam and VietinBank's Board of Directors based on our long-term vision, operating philosophies and core values in full leverage of our internal strengths and taking advantage of medium-term business opportunities. VietinBank invests in building and developing technology- and high-quality HR-based competitive edges, fully leveraging market potentials, early identification and effective management of risks for safe, effective and sustainable development.

VietinBank keeps the balance among four growth drivers in the medium and long term, i.e. (i) BAU development, (ii) effective implementation of digital transformation initiatives, (iii) effective leverage of the ecosystem of the parent bank and the subsidiaries, and (iv) promoting business in sustainable development such as renewable energy financing, etc. At the same time, the Bank continues to overcome difficulties and challenges in business activities, improving service quality and boosting labor productivity. VietinBank's development goals and orientation until 2029 are to become the top multi-functional, modern and efficient bank in Vietnam.

#### **1. Key directions for the 2024-2029 period are**

- **Increasing revenue sustainably by sharpening our competitive edges in core businesses, diversifying the portfolios, enhancing ecosystem business and tying business with sustainable development.** Keeping a reasonable growth of our assets in alignment with credit quality management, further shifting the customer portfolio to good quality retail and SME customers to improve NIM. Based on the government’s and the SBV’s targets and guidelines and with an aim to profitability, VietinBank is to increase financing green projects and sustainable development areas to enable our customers to emit less, raise more green finance in both local and international markets, and become a green, sustainable development-leading bank. Better selling of products and services to increase non-interest income, conduct research of new business models that can generate new growth drivers in parallel with the traditional business areas. Paying attention to the collection of NPLs and write-offs.
- **Effective cost management** by standardizing the tools for measuring and analyzing PnL against risk- and cost-weighted profits. Digitalized to effectively manage operating costs.
- **Raising human resources quality and widely spreading corporate culture.** VietinBank is dedicated to improving HR quality and expanding training new competencies to support digital transformation and widely cultivate and spread the Agile mindset and method across the organization.
- **Digitalizing holistically, enhancing labor productivity and continuously improving service quality.** Effectively implementing digital transformation initiatives, speeding up the go-to-market pace, growing new revenue sources, promoting digital applications in lean operations, raise productivity and improve sales points’ performance. VietinBank invests in technology to support our business strategy and create tech-based competitive advantages. Improving service quality by adopting lean processes, standardizing service quality metrics, enhancing customer experience and customer engagement.
- **Risk management and provisioning costs.** Strengthening the early warning and identification of problematic loans, promoting the roles of the three lines of defense. Promoting the role and improving the loan-working tracks at the debt recovery center. Setting up and monitoring the risk appetite and its risk limits. Running the targeted credit portfolio and implementing the RORA assessment and measurement model. Promoting a compliance culture and risk management awareness in advanced market practices to set up a proper timeline for VietinBank.

## 2. Table of forward-looking financial indicators for the 2024 – 2029 period

Every year, the Board of Directors directs the business planning and submits to the AGM for consideration and approval of the basic business indicators in line with VietinBank’s capital resources and the business strategy of that particular year. The forward-looking financial indicators for the 2024-2029 period are summarized in the table below

Indicator	Target (*)
Total assets	~9%-10% p.a.
Credit exposure	~9%-10% p.a.
Deposits from economic entities and residents	~9%-10% p.a.
ROE	~16%-18%



NPL ratio	< 2%
CAR	To comply with the SBV requirement from time to time

(\*) These are forward-looking targets proposed for the 2024-2029 period, subject to the SBV approval from time to time.

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

**Trần Minh Bình**

**ANNEX. KEY OPERATING INDICATORS OF 2019-2023 PERIOD**  
(CONSOLIDATED)

*Unit: billion VND*

Indicator	2019	2020	2021	2022	2023
<b>Operating</b>					
Total assets	1,240,711	1,341,510	1,531,587	1,808,811	2,032,614
Charter capital	37,234	37,234	48,058	48,058	53,700
Owner's equity	77,355	85,439	93,650	108,316	125,872
Credit exposure (*)	953,178	1,027,542	1,141,454	1,279,845	1,478,228
Customer deposits	892,785	990,331	1,161,848	1,249,176	1,410,899
Profit before tax	11,781	17,120	17,589	21,132	24,990
Profit after tax	9,477	13,785	14,215	16,984	20,045
Number of employees at the end of period (people)	24,105	24,480	25,154	25,119	24,642
NPL	10,813	9,597	14,300	15,824	16,608
NPL ratio	1.1%	0.9%	1.3%	1.2%	1.1%
<b>CAGR</b>					
Profit before tax	79.6%	45.3%	2.7%	20.1%	18.3%
Credit exposure	7.4%	7.8%	11.1%	12.1%	15.5%
Customer deposits	8.1%	10.9%	17.3%	7.5%	12.9%
Total assets	6.6%	8.1%	14.2%	18.1%	12.4%
<b>PnL</b>					
Non-interest income/Operating income (**)	19.7%	23.1%	23.0%	26.8%	26.9%
CIR	38.8%	35.4%	32.3%	29.9%	29.0%
ROA	1.0%	1.3%	1.2%	1.3%	1.3%
ROE	13.1%	16.9%	15.9%	16.8%	17.1%

(\*) *Credit exposure = Outstanding loans + Corporate bonds (excluding VAMC)*

(\*\*) *Including guarantee fee income*