

**VIETNAM JOINT STOCK COMMERCIAL  
BANK FOR INDUSTRY AND TRADE****SOCIALIST REPUBLIC OF VIETNAM  
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Business Registration Certificate No. 0100111948  
13<sup>th</sup> revision dated January 8<sup>th</sup> 2024**PERFORMANCE REPORT BY THE BOARD OF DIRECTORS FOR 2023  
AND TONE-SETTING FOR 2024**

The year 2023 is another difficult year of the world economy as we witnessed slowdown in GDP growth, gloomy trade and investment activities, high inflation and geopolitical tensions, natural disasters and food security threats, etc. Amidst this situation, the Vietnamese economy with its highly open nature also faced the risks of the global economic recession. However, thanks to the proactive and flexible monetary policy of the government, the State Bank of Vietnam (SBV) and the remarkable efforts of the regulators, local governments, business community and individual citizens, Vietnam closed the year 2023 with GDP growth of 5.05%, well-controlled inflation of 3.25%, and stable major macroeconomic balances. The banking system remains the key capital supplier and driver of the economy.

The year 2023 marks the 35<sup>th</sup> anniversary of VietinBank with maturity, resilience and tough-built texture. Throughout these 35 years, besides business performance and profit growth, VietinBank keeps contributing to the country's socio-economic development by providing support to the businesses and people affected by the pandemic to help them in their recovery efforts, making policies and products for financing green projects, dedicating resources to financing environment, climate change-response and sustainable development projects. These positive results across all areas of business are the solid and strong cornerstones for VietinBank's development in the future.

**I. MEASURED PERFORMANCE AS ASSIGNED AT THE LAST ANNUAL  
GENERAL MEETING OF SHAREHOLDERS****1. Delivery results of 2023 business plan**

As assigned by the last Annual General Meeting of Shareholders (AGM), VietinBank's Board of Directors (BoD) directed and drove aggressive business since the beginning of the year towards efficient, safe and sustainable growth.

A quick glance of the 2023 AGM-assigned key targets (*billion Vietnamese Dong, %*)

Indicators	Dec 31, 2022	Dec 31, 2023	Dec 31, 2023 vs. Dec 31, 2022		Targets set forth by the AGM in 2023	Vs. 2023 targets
			+/-	+/- %		
Total assets	1,808,811	2,032,614	223,803	12.4%	Grow by 5-10%	Completed
Total deposits	1,340,546	1,526,275	185,729	13.9%	To be aligned with credit growth and in compliance with the SBV-set prudence ratios	Completed

Indicators	Dec 31, 2022	Dec 31, 2023	Dec 31, 2023 vs. Dec 31, 2022		Targets set forth by the AGM in 2023	Vs. 2023 targets
			+/-	+/- %		
Credit exposure	1,279,845	1,478,228	198,383	15.5%	To follow the SBV-approved credit growth cap and credit orientation policies from time to time	Completed
NPL out of credit exposure (Cir. 11)	1.1%	1.0%			<1.8%	Completed
Separate Profit-before-tax	20,538	24,194	3,656	17.8%	22,500	108%
Consolidated Profit-before-tax	21,132	24,990	3,858	18.3%		

(Source: audited consolidated and separate financial statements of 2023)

Below are VietinBank's key business highlights

### 1.1. *Selective credit growth, industry-driven and geography-driven business*

- Consolidated credit exposure is **VND 1.48 quadrillion**, up by **15.5%** y-o-y 2022. VietinBank's credit growth is usually higher than the banking industry's and a good supply to the economy's capital demand.
- We continue shifting the credit portfolio towards providing more loans to the retail and SME segments. The average exposure to these two segments has increased from **63.35%** of the total credit exposure in 2021 to **63.73%** in 2023.
- Credit growth is aimed at manufacturing and production industries, green finance and priority areas as defined by the government. We have also developed geography-specific sales and product policies to ensure the bank's growth is in alignment with the key areas and industries which are the main growth engines of the country, areas and industries with good potential of growth and recovery.

### 1.2. *Effective growth of deposit towards the optimal funding mix*

- Throughout the year, VietinBank has maintained effective assets-liabilities management, therefore, we can keep a stable growth of funding and deposit by switching flexibly between onshore and offshore sources of funding. Consolidated deposits are nearly **VND 1.53 quadrillion**, up by **13.9%** y-o-y 2022.
- In a difficult and troubled market where industry-wide CASA dropped, VietinBank's CASA still managed to rise strongly by **27.2%** y-o-y 2022. CASA ratio reached **22.5%** (up by 2.5% y-o-y 2022) providing a great relief to controlling VietinBank's COF.
- VietinBank has LDR and other liquidity ratios in compliance with the SBV requirements.

### 1.3. *Enhancement of income mix shifting and raising the quality of products and services*

- For 2023, VietinBank has improved the income mix by providing holistic financial solutions and improving the quality of products and services, especially non-credit products. We have expanded in export-import finance and SME banking business in the bank's ecosystem.
- Net income from the delivery of services is **VND 7.1 trillion**, up by **21.4%** y-o-y 2022. Net income of FX business is **VND 4.2 trillion**, up by **19.5%** y-o-y 2022. VietinBank remains to keep the top volume and market share in the FX market, contributing to making our income mix grow more sustainable. Non-interest income contributes **24.9%** of our TOI.

#### **1.4. Rigorous risk management, collection of bad debts and written off debts**

- We have paid more attention to risk management, early identification of high-risk customers, and preparation of different debt quality scenarios. VietinBank has made more provisions. The amount of provisions made in 2023 is VND 25.1 trillion and the amount of provisions used for writing off is VND 26.8 trillion. NPL ratio, as defined in Cir. 11 at the end of 2023 is kept at **1%** which has passed the target of less than 1.8% assigned by the AGM. NPL coverage ratio of 2023 remains high at **167.2%**.
- We continue to push collection of bad debts and written-off debts, and have started to operate the centralized system of debt collection for large exposures and to utilize debt collection in proxy. However, due to market volatilities, collection of written-off debts is **VND 4.7 trillion**, down by 12.9% y-o-y 2022 but still a good contributor to the Bank's operating income.

#### **1.5. Better cost efficiency and management**

- Cost efficiency remains good and reaches the best level over the years. In 2023, VietinBank manages costs by investing extensively in business programs, digital transformation, further saving costs and reducing wasting resources, improving the quality of services and of human resources so that the foundation for the bank's sustainable development is laid down. CIR is controlled at **29%** which is more cost-efficient than most other banks and better than 2022's (29.9%).

In general, throughout 2023, thanks to our holistic business restructuring program, transformation of the business model, shifting the loan mix and raising non-interest income, keeping good control of capital efficiency and operating costs, profit before provisions of 2023 is more than **VND 50 trillion**, equal to an increase of **11.5%** y-o-y 2022 and **the highest number ever**. The consolidated profit before tax of 2023 is **VND 25 trillion**, increasing by **18.3%** vs. 2022's, separate profit before tax is **VND 24.2 trillion**, increasing by **17.8%** vs. 2022's, and **108%** of the AGM-assigned target. This profit is a valuable financial resource for VietinBank to play our role as one of the systematically important state-owned banks and contribute to the state budget revenue and the country's socio-economic development.

## **2. Selection of an independent audit firm**

As authorized by the 2023 AGM in the AGM Resolution 26/NQ-ĐHĐCĐ dated April 21, 2023, VietinBank BoD approved hiring an independent audit firm for the review and audit of financial statements and the performance of VietinBank's internal control system in 2024, in compliance with Circular 39/2011/TT-NHNN, Circular 24/2021/TT-NHNN and other applicable laws. On that basis, VietinBank has selected and signed the contract for delivery of independent audit services for 2024 with Deloitte Vietnam, Ltd. as the independent audit firm on April 22, 2024 and made information disclosure in due course.

## **3. Distribution of 2022 earnings**

At the AGM Resolution 26/NQ-ĐHĐCĐ dated April 21, 2023, the 2023 AGM ratified the proposed distribution of 2022 earnings. VietinBank is applying to the regulators for approvals and VietinBank BoD is authorized to **(i)** decide and implement the official distribution of 2022 earnings upon the regulators' approvals; **(ii)** decide the amounts of money appropriated for different funds of 2023 from the 2022 separate profit after tax in the maximum amounts permitted in applicable law; **(iii)** decide the utilization of the Managers' Bonus Fund on annual basis in its legitimate stated purpose.

As approved by the SBV in official letter 485/NHNN-TCKT dated January 23, 2024 and as authorized by the AGM, VietinBank BoD promulgated Resolution 034/NQ-HDQT-NHCT-*Performance report by the BoD for 2023 and tone-setting for 2024*

VPHDQT1 dated February 23, 2024 on the distribution of 2022 earnings. The profit left after making appropriations to funds of 2022 will be paid out as stock dividend to increase the Bank's charter capital upon the regulators' approvals.

#### **4. Consolidating the senior leadership and remuneration of the BoD and Supervisory Board in 2023**

##### **4.1. Members of the senior leadership**

The 2023 AGM on April 21, 2023 ratified the dismissal from VietinBank BoD of the 2019-2024 term of Mr. Masahiko Oki and the election of Mr. Koji Iriguchi into the BoD of 2019-2024 term since June 2, 2023. Afterwards, VietinBank BoD of 2019 – 2024 term has ten members

- Mr. Trần Minh Bình – Chairman of the Board of Directors;
- Mr. Trần Văn Tân - Member of the Board of Directors;
- Mr. Lê Thanh Tùng - Member of the Board of Directors;
- Mrs. Trần Thu Huyền - Member of the Board of Directors and Director of HR Division;
- Mr. Nguyễn Thế Huân - Member of the Board of Directors;
- Mrs. Phạm Thị Thanh Hoài - Member of the Board of Directors;
- Mr. Nguyễn Đức Thành - Member of the Board of Directors;
- Mr. Koji Iriguchi - Member of the Board of Directors and Deputy General Director;
- Mr. Masashige Nakazono - Member of the Board of Directors;
- Mrs. Nguyễn Thị Bắc – Independent member of the Board of Directors.

Since June 1, 2023, Mr. Masashige Nakazono - Member of the Board of Directors of VietinBank also took the position as the BoD member of HC Consumer Finance Philippines, Inc. (HCPH). VietinBank duly made a notification on changes of insiders' related persons to the State Securities Commission (SSC) and the stock exchanges.

##### **4.2. Remunerations of the BoD and Supervisory Board in 2023**

Remuneration of the BoD in 2023 was paid as approved by the AGM. In 2023, VietinBank carried on to deliver multiple programs to support the customers, and save and cut operating costs. According to official letter 5910/NHNN-TCCB dated July 26, 2023 by the SBV on the 2023 salary plan of VietinBank, the average salary paid to VietinBank's Managers in 2023 increased only by 3.25% y-o-y 2022 (equal to the average CPI of 2023) and down by 11.2% vs. the average salary paid in 2019 despite the fact that VietinBank's profit keeps increasing over the recent years (2023's profit increased by 18.5% y-o-y 2022's and by 112.0% y-o-y 2019's). The remuneration rate actually paid in 2023 to the BoD and Supervisory Board is **0.14%** of the 2023's profit after tax which is lower than the rate approved by the 2023 AGM on Apr 21, 2023 (max. 0.25%). Particularly

- Board of Directors: 15,746 million VND;
- Supervisory Board: 3,855 million VND.

*(The remuneration of the Board of Management is 16,772 million VND. The remuneration of each member of the Board Of Directors, Supervisory Board and Board Of Management is given at Notes 43 of VietinBank's 2023 audited consolidated financial statements and Notes 42 of VietinBank's 2023 audited separate financial statements).*

#### **5. Amendments to VietinBank's internal governance document and the statute on**

*Performance report by the BoD for 2023 and tone-setting for 2024*

## **VietinBank's board of directors**

The 2023 AGM on Apr 21, 2023 ratified the changes and the consolidated full text of VietinBank's Internal Governance Regulation and the Regulation on Organization and Operation of VietinBank's Board of Directors, also assigned an authorized person to sign the promulgation of VietinBank's Internal Governance Regulation and the Regulation on Organization and Operation of VietinBank's Board of Directors in consolidation of all the changes ratified by the AGM. VietinBank promulgated VietinBank's Internal Governance Regulation and Regulation on Organization and Operation of VietinBank's Board of Directors on April 27, 2023 and disclosed the information in due course.

### **6. Listing publicly offered bonds in 2023 by VietinBank on Hanoi Stock Exchange after the offerings are done**

The 2023 AGM on April 21, 2023 ratified the listing of publicly offered bonds (POB) in 2023 by VietinBank on Hanoi Stock Exchange (HNX) after the offerings are closed. VietinBank BoD is authorized to direct the registration of listing POB in 2023 by VietinBank on HNX in compliance with applicable law.

In relation to the issues of POB, based on VietinBank BoD resolutions 293/NQ-HDQT-NHCT-VPHDQT1 dated Aug 31, 2022; 416/NQ-HDQT-NHCT-VPHDQT1 dated Nov 25, 2022 and 057/NQ-HDQT-NHCT-VPHDQT1 dated February 24, 2023, the SSC issued a certificate of registration of POB No.91/GCN-UBCK dated May 29, 2023 for a total amount of **9,000 billion VND** scheduled for two tranches (*first tranche – 5,000 billion VND and second tranche – 4,000 billion VND*). VietinBank's done the issues and listing of POB and made disclosure of information in due course

- First tranche of successful issue of **5,000 billion VND** on July 20, 2023, listed on HNX from Oct 19, 2023. The first trading date is October 30, 2023.
- Second tranche of successful issue of **3,092.37 billion VND** on Nov 1, 2023, listed on HNX from December 27, 2023. The first trading date is Jan 12, 2024.

### **7. Implementation of charter capital increase by issuing stocks for dividend payout from 2021's remaining earnings and the accumulated remaining earnings up to end of 2016 (*proposed increase of charter capital*)**

The 2023 AGM on April 21, 2023 ratified the proposed increase of charter capital. The Board of Directors is authorized to decide and revise the proposed increase of charter capital upon the regulators' consent. VietinBank is working with the regulators to obtain their consent and will start to increase charter capital upon obtainment of the regulators' consent, then make information disclosure in due course.

In late 2023, VietinBank completed the issues of stocks for dividend payout from 2022 profit after tax and fund appropriations and cash dividend payout (*as approved by the 2022 AGM and VietinBank started the official implementation of this process in Q3/2023 upon the regulators' consent*). Following this capital increase, VietinBank's charter capital increases from **VND 48,057 billion** to nearly **VND 53,700 billion** which further solidifies our financial base as a top bank in Vietnam.

## **II. GOVERNANCE REPORT**

### **1. Raising the quality of human resources at all levels, boosting labor productivity, executing and disseminating corporate culture**

In 2023, VietinBank remains robust implementation of leaning the organization and

teams, raising HR quality and labor productivity by adopting innovative policies *(i)* consolidating and leaning the organization, optimizing resource utilization; *(ii)* promoting the culture of “recruitment” instead of “nomination” by holding open and transparent examinations that create equal and fair opportunities for all employees; *(iii)* reforming and diversifying salary and remuneration policies to make those policies more employee-centric, optimizing the utilization of salary fund, promoting further salary grading in order to motivate and engage employees better; *(iv)* empowering and raising the responsibility of unit head persons in HR planning and development and more effective utilization of the salary fund; *(v)* rolling out the corporate culture strategy and the set of corporate culture identifiers for the 2023 – 2025 period. These core values and identifiers have been disseminated and begun to work to lay down the foundations of the employee’s awareness group-wide of VietinBank’s corporate culture.

## **2. Embarking upon a holistic digital transformation program in business and corporate governance, improving customer experience (CX)**

In 2023, VietinBank built and implemented the Digital Transformation Program for the 2024 – 2028 period. VietinBank’s digital transformation journey is named “Project X01” in partnership with a world-class strategic management consulting firm has started with the implementation timelines of 108 initiatives aligned with VietinBank’s medium- and long-term business strategies covering all the Bank’s critical areas from customer segmentation, most viable products, technology platforms, data, human resources, corporate culture and risk management, etc. VietinBank’s holistic digital transformation program is expected to bring superior competitive advantages and excellent CX.

VietinBank is leading the path in applying modern technology in cross-border payment services in Thailand with the QR payment project in Thailand and bilateral connection with Krungsri. We have expanded connections with other partners, building ecosystems with 360 partners on API platform, and set up new connections with more than 1,000 clients on ERP.

## **3. Debt quality control, rigorous risk management, strict discipline and greater sense of compliance**

VietinBank strengthens debt quality control from the HO to branches, separates and identifies all material risks as early as possible, particularly credit risk. We have bank-wide risk monitoring in place across three lines of defense in combination with high-level supervision by the BoD, Risk Management Committee, the Board of Management, Board-of-Management-level Risk Committee and ALCO. In 2023, VietinBank continued to upgrade the bank-wide risk management system, specifically: *(i)* manage credit risk at both portfolio and transaction levels, early identify high-risk industries, sectors and clients, taking the best course of action toward those clients; *(ii)* standardize policy documents with good international practices and rely on digital transformation capabilities to manage credit risk from bank-wide to transaction level; *(iii)* analyze risk events of remarkable impact on the financial market and the Bank’s liquidity to recommend timely and prompt measures for liquidity, market and interest rate risk management.

In the context of strong digital transformation trend and the appearance of new and sophisticated IT risks, VietinBank pays more attention to operational risk and IT risk management by developing systems and tools to help identify risks, setting up an IT committee to advise the BoD in directing the development and implementation of management tools for IT risk management, cybersecurity and customer data privacy and security.

## **4. Promotion of sustainable development and contribution to the country’s socio-economic development**

Aiming at the goal of making VietinBank a pioneer in green credit and sustainable finance in Vietnam, in 2023, VietinBank set up our Sustainable Development Steering Committee as the Bank's main body in the coordination of our sustainable development programs. VietinBank has finished the compilation of a **Sustainable Finance Framework** under good international practices and has **Sustainalytics**, a US prestigious firm as our second party opinion provider. VietinBank's SFF sets forth guidelines for the management and financing of Green and Social Projects.

VietinBank also joins the efforts with the government by signing an MOU with the Ministry of Natural Resources & Environment, another MOU with MUFG Bank Ltd. for a funding pool of up to **1 billion USD** at COP28 in favor of sustainable development projects that bring environmental and social benefits and promote the development of a circular economy. We join hands with the enterprises to support the community with funding schemes for green energy, green export and green buildings, etc. The portion of green project finance in VietinBank's total credit portfolio by the end of 2023 reaches **3.2%** where **1,000** clients have signed loan agreements in sustainable development areas.

VietinBank is a listed company included in the Vietnam Sustainability Index (VNSI) bucket for three years in a row, and in the top 10 of the Corporate Sustainability Index (CSI) bucket for two years in a row. We remain in the TOP500 banking brands in the Brand Finance's league table, and in the TOP10 most valued brands of Vietnam as our brand equity is measured at **1.3 billion USD**. VietinBank is also honored as the winner of "Best SME Bank in Vietnam" awarded by Asian Banker and three Khuê Star awards for 2023.

In 2023, VietinBank contributed nearly **300 billion VND** to social welfare and poverty eradication projects, compassion and gratitude programs in all 63 provinces nationwide. This is a continuation of VietinBank's CSR tradition in harmony with the Party and the State's lines of having business go hand in hand with the society.

## **5. Strictly following corporate governance requirements applied to large public listed companies**

### ***5.1. Meetings, Resolutions and Decisions by the Board of Directors***

In 2023, VietinBank's Board of Directors held regular meetings to evaluate business results, provide orientations, direct operations, and discuss contents and topics for VietinBank's governance. In addition, the Board of Directors also decided on many other issues through the form of meeting/collection of written opinions. The list of Resolutions/Decisions by the Board of Directors in 2023 is published in Appendix 1 - Report on corporate governance in 2023 of VietinBank.

### ***5.2. Activities of the Board of Directors' members***

The Board of Directors, Chairman of the Board of Directors evaluate the performance results in 2023 of each member of the Board of Directors. Accordingly, all members of the Board of Directors have fully performed their functions and duties in accordance with the Charter of VietinBank, the Regulation on organization and operation of the Board of Directors of VietinBank, the Statute on supervision activities of the Board of Directors of VietinBank and applicable law, ensuring the overall operational efficiency of VietinBank and our shareholders; research and evaluate the situation and results of operations and contribute to VietinBank's development orientation and business plan; attend meetings of the Board of Directors, discuss and vote on issues under the duties and powers of the Board of Directors in accordance with regulations and take responsibility before the General Meeting of Shareholders and the Board of

Directors for their decisions; implement the resolutions and decisions of the General Meeting of Shareholders and the Board of Directors and be accountable to the General Meeting of Shareholders and the Board of Directors for the performance of assigned tasks upon request; perform other rights and obligations as assigned by the Board of Directors, the Chairman of the Board of Directors and in accordance with the law. At the same time, the members of the Board of Directors also carried out comprehensive monitoring activities in key areas of VietinBank's activities, promptly identified and supported to resolve and overcome shortcomings and limitations in the direction and implementation of activities at all levels.

### ***5.3. Activities of the independent member of the Board of Directors and the independent member's evaluation of the activities of the Board of Directors***

Activities of VietinBank's independent BoD member in 2023 have been organized and implemented in compliance with VietinBank's Charter, Regulation on organization and operation of the Board of Directors and current regulations, and fully implemented the contents of the Resolution of the General Meeting of Shareholders and the contents authorized by the General Meeting of Shareholders, performing a prominent and active role in orienting the business strategy and operation of the Group, monitoring the implementation as well as managing risks, contributing positively to the overall performance of the Group (*Details in the report on activities of independent BoD member and evaluation by independent BoD member on the activities of the BoD*).

### ***5.4. Report on the transactions between the subsidiaries and companies where VietinBank holds control of more than 50% of the charter capital with a BoD member and his/her related persons; transactions between VietinBank and companies where a BoD member is a founding member or a corporate manager for the last three years prior to such transaction***

In 2023, VietinBank conducted 21 transactions with (i) the subsidiaries (VietinBank Lao Ltd.; VietinBank Assets Management One-Member Limited Liability Company – VietinBank AMC; VietinBank Insurance Joint Stock Corporation; VietinBank Financial Leasing One-Member Limited Liability Company; VietinBank Gold & Jewelry One-Member Limited Liability Company); (ii) VietinBank's major shareholder (MUFG Bank, Ltd. – HCM City Branch).

One transaction was conducted with VietinBank AMC, a subsidiary of VietinBank and Deputy General Director in charge of the Board of Management Đỗ Thanh Sơn who is the chairman of VietinBank AMC. One transaction was conducted with VietinBank Lao, a subsidiary of VietinBank and member of VietinBank BoD Phạm Thị Thanh Hoài who is the chairwoman of VietinBank Laos's Members Council (*Annexes 3 and 4 of the 2023 report on corporate governance of VietinBank*).

### ***5.5. Activities of the BoD-level committees***

As of December 31, 2023, VietinBank has **seven committees under the Board of Directors**, namely Human Resources Committee, Risk Management Committee, Policy Committee, Strategy Committee, Assets – Liabilities Management Committee, IT Committee, and Service Quality Committee. The committees were formed in compliance with regulations of the State Bank of Vietnam and relevant laws. The Board of Directors assess that in 2023, these committees have closely coordinated with relevant departments to fully, promptly and effectively perform the functions and duties in accordance with the statutes of the committees issued by the Board of Directors. Thereby, the committees under the Board of Directors have helped the Board of Directors enhance the effectiveness of governance and supervision by the Board of Directors over the units and individuals subject to the supervision by the Board of Directors.



Directors.

Detailed results of the committees' activities in 2023 are in the attached Appendix.

#### **5.6. Supervision of VietinBank's Executives**

Supervisory activities by the Board of Directors of VietinBank's Board of Management are carried out in accordance with the Statute on supervision activities of the Board of Directors of VietinBank. Accordingly, members of the Board of Directors and committees under the Board of Directors help the Board of Directors carry out regular supervision activities in the annual and ad-hoc supervision plans. The Office of the Board of Directors is the unit that advises and assists the Board of Directors in organizing and implementing supervisory activities of the Board of Directors; individuals and units subject to supervision are notified of the annual or ad-hoc supervision plan of the Board of Directors, and assignment of supervisory tasks by members of the Board of Directors. Based on the assignment of regular and ad-hoc supervision under the supervision plan, the Board of Directors conducts supervision activities over the Executives in the following forms

- **Reviewing reports:** Members of the Board of Directors and Committees under the Board of Directors consider reports according to their assigned supervisory scope or under the direction of the Chairman of the Board of Directors for each specific report. After reviewing the report, members of the Board of Directors and the Committee under the Board of Directors shall prepare a report on supervision results and send it to the Chairman of the Board of Directors or report on the results of supervision at the periodic or extraordinary meetings of the Board of Directors.
- **Meetings with individuals and units under supervision:** The Chairman of the Board of Directors or a member of the Board of Directors participates in meetings with individuals and units under supervision. After the meeting, the members of the Board of Directors report to the Chairman of the Board of Directors on arising issues related to the monitoring content discussed in the meeting for handling, directing, or reporting to the Board of Directors at the regular or extraordinary meetings of the Board of Directors.

The supervision by the BoD in 2023 has been strongly implemented and contributed to enhancing the performance of the high-level supervision and oversight at VietinBank. In 2023, the BoD conducted **11** themed oversights in the Bank's critical areas: **(i)** credit approval at the HO and shifting of bank-wide credit portfolio structure; **(ii)** ALM performance and financial governance; **(iii)** CASA, non-interest income, cross-selling and ecosystem business performance; **(iv)** online lending; **(v)** priority banking; **(vi)** collection of written-off debts; **(vii)** service quality; **(viii)** supervision of unit head persons by examinations; **(ix)** labor productivity; **(x)** capital construction, procurement and assets management; **(xi)** branch business by their region. BoD members are assigned with supervision by different themes and reporting to the BoD every month or as requested in their supervision plans.

At the monthly meetings of the Board of Directors, the Deputy General Director in charge of the BoM on behalf of the Executives of VietinBank fully reported on VietinBank's activities, highlighted activities in the month on: **(i)** interest rate policies, growth promotion programs; **(ii)** products and services; **(iii)** customer support; **(iv)** internal control and inspection; **(v)** risk management and debt recovery; and **(vi)** business plans for the following months. The Deputy General Director in charge of the BoM also reports the progress and results of implementing the Resolutions of the General Meeting of Shareholders, the resolutions, decisions, directions by the Board of Directors or reports at the request of the Chairman of the Board of Directors, members of the Board of Directors, Board of Directors-level committees, reporting on topics at

the request of the Board of Directors to support the supervisory activities of the Board of Directors; compliance with risk control limits, proposed measures when the limit(s) is in danger of being breached or the likelihood of unanticipated material risks, other proposed contents to the Board of Directors.

Through the supervision activities of the Board of Directors, it shows that the Executives always promptly report, receive the orientations and directions of the Board of Directors, and organize the implementation of these contents in the Group and the work according to assigned functions and duties. Based on the direction and instruction of the Board of Directors for the medium-term business strategic goals (2021-2023), the 10-year strategy (2021-2030) and the vision to 2045 of VietinBank, the Deputy General Director in charge of the BoM has built and assigned tasks to each member of the Board of Management, directing and assigning specific business targets and tasks to each Division/Department, making a complete and timely report in writing to the Board of Directors on the results of performance of assigned tasks and powers. In 2023, the Executives have dedicated resources to implementing foundational topics and themes, shifting the tenor structure of the funding mix, CASA growth and credit growth by controlling risk and the quality of credit portfolio, cost efficiency, prioritizing costs for business and digital transformation, strongly innovating across all lines of operation and business (HR, branch management, IT capabilities, service quality and labor productivity, etc.). At the same time, the Executives also reviewed and consolidated VietinBank's system of internal governance mechanisms and regulations and policy documents in a streamlined and coherent manner, actively supporting business activities, promoting business activities, quickly resolving difficulties and problems for branches in order to improve competitiveness while strictly controlling key risks.

In addition, in 2023, the supervision by the BoD continued to improve and enhance with the introduction of the Executive Monitoring System (EMS). The assignment and tracking of work, and reporting the implementation progress of the resolutions and decisions by the BoD are now done on this system that helps raise labor productivity, professionalism and sense of compliance.

Going forward, the supervision and oversight by the BoD over VietinBank's Executives stay focused on thematic and specialized oversight of foundational themes and critical areas of the Bank to drive the Executives to take timely actions in prevention of risk and improvement of VietinBank's operating performance.

### **III. TONE-SETTING FOR 2024**

#### **1. Tone-setting for 2024**

In 2024, the world economy in general and Vietnam in particular are forecast to still have many potential challenges and risks such as geopolitical tensions, inflation pressures to increase and stay at a high level, tightened monetary and fiscal policies in other economies. However, with a relatively stable macroeconomic foundation, attractive to foreign investors and continuously growing in recent years, Vietnam's economy in 2024 still has a lot of room for development and is forecast to reach **6%-6.5%**. The SBV continues to flexibly administer policy tools to stabilize the exchange rates, control inflation, and at the same time ensure liquidity and safety of the banking system, effectively supply capital to the economy, and create favorable conditions for the development of credit institutions.

As a systematically important bank of the economy, on the basis of corporate cultural identity of VietinBankers, VietinBank has proactively embarked on a journey toward creating

new values. **VietinBank continues to implement five areas of focused business, namely (i)** credit growth; **(ii)** CASA growth; **(iii)** non-interest income growth with focus on trade finance, FX trading, guarantee, card and insurance, etc.; **(iv)** collection of written-offs debts; **(v)** ecosystem business and cross-selling enhancement. VietinBank is also fully dedicated to implementing **five key themes (i)** channel shifting; **(ii)** debt quality control and debt recovery performance; **(iii)** continuous improvement of service quality; **(iv)** improvement of HR quality; **(v)** implementation of digital transformation initiatives and building fast execution capabilities.

### **The ways forward of some critical areas of business**

- Implement monetary, credit and FX solutions in implementation of the restructuring plan in association with bad debt recovery as dictated by the government and the SBV.
- Continue growing outstanding loans sustainably. Raise the portion of highly profitable products with inherent risk within the allowed limit. Diversify the access to banking and financial services.
- Manage effectively ALM, take care of liquidity security, particularly CASA growth and sources of low-cost funding.
- Increase the portion of non-interest income (with focus on service delivery income, FX trading income). Improve holistically the quality of products and services.
- Continue applying technology and digitalization across all lines of business, sticking to the digital transformation plan of the banking sector as set forth by the government and the SBV in Decision 810/QĐ-NHNN.
- Continue promoting the growth of green credit and green finance for environment projects, climate change responses and sustainable development. Credit programs for energy efficiency projects.
- Push forward bad debt collection and recovery.
- Improve risk management, ensure business compliance and safety, align business growth with credit quality control.
- Take actions to consistently strengthen financial capacity, effective cost management, curb expenses for a lower growth rate than that of income.
- Consolidate the organization. Raise labor productivity and HR quality.

## **2. Key business indicators of 2024**

Given the indicators VietinBank is submitting to the regulators and is applying for consent, we hereby propose to the Annual General Meeting of Shareholders for approval of some key indicators for 2024 as in the table below

Indicators	Targets for 2024
Total assets	To grow by 8% – 10%
Credit exposure	To follow the credit growth quota approved by the SBV and the SBV’s credit policy from time to time
Total deposits	To grow in alignment with credit growth, securing liquidity security ratios
NPL out of credit exposure	< 1.8%

Indicators	Targets for 2024
Separate profit before tax	As approved by the competent State agencies ( <i>VietinBank to continue to drastically improve business performance, demonstrate the roles as the key bank, pillar and mainstay of the economy</i> ).
Dividend	Dividend payout rate and mix ( <i>cash &amp; stock</i> ) to follow the competent State agencies' approval and in compliance with the law
Operating prudence ratios	To follow the SBV requirements

We hereby request the AGM to authorize VietinBank's BoD to decide the official indicators upon obtainment of the regulator's approval, market developments and VietinBank's practical business and to make information disclosure in due course.

We look forward to the AGM's ratification of this report.

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

**Trần Minh Bình**

## ANNEX

**RESULTS OF THE ACTIVITIES OF THE BOD-LEVEL COMMITTEES****1. Policy Committee**

The Policy Committee is an advisory body that assists the Board of Directors in ensuring the relevance, completeness and consistency of VietinBank's policy documents.

In 2023, the Policy Committee focused on: (i) monitoring the progress of issuing policy documents in line with the restructuring plans of the business divisions, following up on the implementation against the timelines approved by the Board of Directors; at the same time, directly reviewing and evaluating the proposed revisions to the restructuring plans of these divisions to promptly advise and report to the Board of Directors; (ii) keeping abreast of the changes in the laws (law on anti-money laundering 2022, Circular 06/2023/TT-NHNN, Decree 13/2023/ND-CP, etc.), changes in market trends in digitalization and in risk management at VietinBank to advise the Board of Directors to implement timely adjustments to the policy documents, ensuring to promote VietinBank's business development and comply with applicable law; (iii) advising the Board of Directors to direct the Board of Management to develop the centralized document storage and search tools, ensuring the completeness of policy documents as well as the confidentiality of VietinBank's policy documents.

In 2024, the Policy Committee will continue to supervise units for completion of the restructuring of policy documents, at the same time, plan and implement a comprehensive review of the bank's processes designed for different customer buckets, aiming to improve customer experience, minimize and remove unnecessary operational procedures, and manage risks.

**2. HR Committee**

HR Committee advises and assists the Board of Directors in making HR policies, selecting and arranging personnel for titles under the BoD's authority, helping the Board of Directors supervise the implementation of HR policies, and manage HR affairs of VietinBank.

In 2023, HR Committee advised and assisted the Board of Directors in (i) consolidating the organizational model of the departments in alignment with implementing the Bank's development strategy including consolidating the Financial Solution Development Centre, terminating the existence of its Product Sales Department; establishing Debt Recovery Centre to support branches in focusing resources to promote debt collection and recovery, especially for large-scale and complex debts; setting up extended arms of the Contact Centre in Thai Nguyen and of the Hanoi Cash & Vault Centre in Vinh Phuc to improve the quality of customer services and reduce operating costs for the branches; (ii) implementing a project for streamlining, innovating and improving the quality of VietinBank's teams with achievements seen along the process. Up to now, no HR-related legal risk has occurred; (iii) consolidating the personnel under the authority of the Board of Directors at various departments in compliance with VietinBank's regulations and procedures; (iv) comprehensively reforming HR and salary

policies; (v) recruitment of managers continues to be organized on a large scale in innovative ways (recruiting positions of director and deputy director of branches, head/deputy head of HO departments, general director, deputy general director of subsidiaries).

In 2024, HR Committee will continue to advise and help the Board of Directors effectively implement the project of HR streamlining and innovation and improving the quality of VietinBank's human resources. At the same time, we continue to reform HR and salary policies, consolidate the organizational model and HR affairs under the authority of the Board of Directors to ensure regulatory compliance.

### **3. Risk Management Committee**

As the advisory body of the Board of Directors in the supervision by senior management over the risk management done by the General Director/Deputy General Director in charge of the Board of Management, the Risk Management Committee meets periodically every quarter as well as on an ad-hoc basis to discuss and agree on the recommendations and advices to be given to the Board of Directors in risk management.

In 2023, the Risk Management Committee proactively advised the Board of Directors on the guidelines and policies in risk management activities such as (i) credit orientation; (ii) strictly controlling compliance with risk appetite and credit growth cap of the SBV; (iii) strengthening measures to control risky transactions in core businesses, ensuring the safety of banking operations; (iv) adding measures to control technology risks; (v) reviewing additional tools to control transactions related to embargo and sanctions against Russia; (vi) researching and implementing risk management methods in line with regional and international good practices. At the same time, the Risk Management Committee participated in the discussion forum of Vietnamese commercial banks on risk management committee activities at Vietnamese commercial banks: Sharing about the current situation of operational risk management, coordination between banks and regulators, and solutions to improve the performance of operational risk management at commercial banks. Based on monitoring the risk status at VietinBank, the Risk Management Committee has made many recommendations to the Board of Directors in risk management, ensuring VietinBank's business operations are safe, effective, and in compliance with the laws and regulations in the context that the economy is still facing disadvantages both externally (economically, politically and militarily), and internally (market fluctuations in bond, stock and real estate markets, outstanding issues from the serious crisis period caused by the Covid-19 pandemic). At the same time, the Risk Management Committee advised the Board of Directors to implement key risk management projects, helping to minimize risks and maximize profits, aiming for safe, effective and sustainable business growth.

In the coming time, the Risk Management Committee will continue to promote and enhance its role in advising the Board of Directors in implementing initiatives to get closer to advanced international practices in risk management. Strengthen supervision of the implementation of the Risk Management Committee's decisions to ensure effective implementation of risk prevention measures, timely response and continuity of safe and effective business operations in the face of economic fluctuations.

#### **4. Strategy Committee**

The Strategy Committee is an advisory body that assists the Board of Directors in building and supervising the implementation of long-term business strategies, medium-term business plans, annual business plans and key topics, resolving the bottlenecks in VietinBank's business, thereby helping the Board of Directors make and set timely decisions and directions.

In 2023, Strategy Committee held meetings to discuss and evaluate the international and domestic macro-environment (economy, policy, technology, etc.), industry environment and the internal environment of influence to VietinBank's strategy and business; evaluate the results of monitoring the implementation of key themes of 2023 in both business and foundational enablers; identify targeted customer segments, discuss the bottlenecks in the business model and advise the Board of Directors on the solutions. In late 2023, based on the 2024 business orientation and analysis of VietinBank's operations, the Strategy Committee also discussed and agreed to recommend to the Board of Directors to approve 10 key themes for the year 2024 that cover important activities of the Bank, connecting business platforms with enablers, taking advantage of the synergy of the subsidiaries and segments in the VietinBank ecosystem and linked to digital transformation initiatives. The Strategy Committee also assisted the Board of Directors in coordinating the implementation of strategic and long-term programs.

In the coming time, the Committee will continue to promote and enhance its role in advising the Board of Directors in monitoring and assessing the macroeconomic situation and impacts on banking operations; supervise the implementation of VietinBank's key themes and propose solutions to promote the Bank's development pillars including BAU associated with the digital transformation strategy, ecosystem business and cooperation with the subsidiaries, and sustainable finance.

#### **5. Assets and Liabilities Committee (ALCO)**

ALCO is an advisory body that assists the Board of Directors in the management of Assets and Liabilities.

In 2023, in the context of the highly volatile domestic and international financial markets, the ALCO advised the Board of Directors in (i) effectively optimizing the portfolio of assets and liabilities; (ii) closely monitoring the changes in the bank-wide risk index and advising the Board of Directors to manage liquidity risk, interest rate risk and market risk; (iii) running VietinBank's interest rate policy for customers and FTP rate policy, ensuring the proper implementation of business objectives, ensuring the overall benefits of VietinBank.

In the coming time, the ALCO will continue to closely monitor market developments to promptly advise the Board of Directors to direct and implement measures to improve the management of VietinBank's balance sheet while managing risk and in compliance with internal regulations and the regulators' requirements.

#### **6. IT Committee**

The IT Committee advises and assists the Board of Directors in VietinBank's IT-related affairs in alignment with the Bank's business strategy, optimizing resource utilization and managing IT risks including (i) approval of IT strategy, plans of IT application development,

BoD-level IT policy documents, annual IT procurement plans; (ii) monitoring and evaluating the implementation of work tasks under the approval authority of the Board of Directors and the performance of IT operations.

In 2023, along with the digital transformation project of VietinBank, the IT Committee held regular meetings to discuss, analyze, evaluate, inspect, supervise and promote IT activities, and provided recommendations to the Board of Directors in enterprise architecture management, technology architecture, technology investment plan, budget plan for 2024, IT human resources plan, digital transformation initiatives in technology, management and monitoring of IT assets.

In the coming time, the IT Committee will continue to promote its advisory role to the Board of Directors in directing and supervising the implementation of digital transformation initiatives in technology, investment and implementation plans of key technology projects; optimize the leverage of technologies to enhance VietinBank's core technological capabilities with an aim to be the most trusted digital bank in Vietnam. In addition, IT Committee will also advise the Board of Directors to develop key IT policies and deliver IT upskilling to respond to the rapid changes in the business environment and digital transformation trends.

## **7. Service Quality Committee**

The Service Quality Committee is an advisory body that assists the Board of Directors in managing service quality across the entire bank, improving operational foundation capacity, and linking with the Bank's business strategy and sustainable development. The Committee focuses on research and advisory activities including planning service quality, key issues, topics and standards of service quality as well as projects to innovate and improve service quality for VietinBank.

In 2023, the Service Quality Committee has organized regular meetings, reported the results of service quality assessment and quality management activities on all channels and customer touchpoints, conducted cause analysis, discuss and propose solutions to resolve existing problems, thereby reporting and recommending to the Board of Directors to improve customer-centric service quality and standardize quality management, promoting innovative development of the metrics to meet the increasingly high standards of the Bank.

In 2024, the Service Quality Committee will continue to enhance its advisory role to the Board of Directors in setting the direction of the development of comprehensive service quality management across all areas (sales quality, quality of products and services provided to customers, operational quality to customer care quality on all channels); strong application of information technology and digital transformation in improving processes and procedures to enhance the customer experience of both external and internal customers, promoting the role of monitoring the implementation results of the solutions to improve service quality, enhance customer satisfaction with VietinBank's products and services, and contributing to business promotion and building the good brand and reputation for the Bank.



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

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

108 Tran Hung Dao, Hoan Kiem, Hanoi

*Hanoi, April*

2024

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*Business Registration Certificate No. 0100111948*

*13<sup>th</sup> revision dated January 8<sup>th</sup> 2024*

## **PERFORMANCE REPORT AND EVALUATION OF THE ACTIVITIES OF THE BOARD OF DIRECTORS BY THE INDEPENDENT MEMBER OF THE BOARD OF DIRECTORS**

Pursuant to clause 4, Article 280 of Decree 155/2020/NĐ-CP dated Dec 31, 2020 by the Government detailing some articles of the Law on Securities, the independent member of the BoD hereby reports her performance and evaluation of the activities of the BoD of VietinBank in 2023 as follows

### **I. ACTIVITIES OF THE INDEPENDENT MEMBER OF THE BOD**

In exercise of the powers and responsibilities of an independent member of the BoD as specified in the laws and VietinBank's internal regulations, the independent member of VietinBank BoD fully participates in the activities of the BoD, implements responsibly the work tasks assigned by the BoD Chairman, and complies with the laws, VietinBank's charter and other internal regulations

#### **1. Exercising the rights and duties of a BoD member**

a) Fully participated in the meetings of the Board of Directors, gave opinions/votes on discussed contents with the awareness of ensuring compliance with the provisions of applicable laws, VietinBank's charter, internal regulations and with the intention of building VietinBank for safe, efficient and sustainable development.

b) For the issues under the authority of the Board of Directors that are voted in the form of written opinions: researched and fully reviewed the documents enclosed to the Opinion Sheet and provided comments and voted independently, ensuring compliance with laws and internal regulations of VietinBank with good progress.

- Participated in opinions/voting to promulgate internal regulations related to organization, personnel, governance and operations of VietinBank and other issues under the authority of the Board of Directors.

- Participated in opinions/voting to approve issues related to credit activities and other activities under the authority of the Board of Directors.

- Participated in giving opinions/voting on programs and action plans of the Board of Directors, agenda, contents and documents for the General Meeting of Shareholders (AGM) and the convening of the AGM.

#### **2. Exercising the duty as an independent member of the BoD**

a) Supervised the vote counting and prepared vote counting minutes for all documents under the approval authority of the Board of Directors, ensuring accuracy in accordance with the provisions of applicable laws and VietinBank's Charter, and signed all Vote Counting Minutes.

b) Prepared the report evaluating the operations of the Board of Directors in accordance with VietinBank's Charter.

### **3. Participating in addressing legal affairs as assigned by the BoD**

Compiled reports and provided opinions responsibly and lawfully to the issues and matters assigned to her or those requiring legal advices or assistance.

### **4. Exercising the duty as a member of the BoD-level Risk Management Committee**

Attended all meetings of the Risk Management Committee and gave independent opinions on discussed topics. Fully participated and ensured the progress of providing comments to the contents requested by the Risk Management Committee, actively contributed in building VietinBank's risk management strategies, policies, and processes.

### **5. Supervising the Board of Management's activities as assigned by the BoD Chairman**

Supervised the Board of Management in implementing guidelines, orientations and policies issued under the resolutions and decisions by the Board of Directors at branches in Region 2: Fully participated in meetings to promote business operations, debt collection and recovery, in working meetings with the local judicial enforcement authority on promoting debt recovery through litigation following the invitations of the Board of Management and fully reviewed the reports of the Board of Management on the work tasks related to the management of branches in Region 2 as a supervisor. Thereby, assessments and recommendations were made to the Board of Directors for timely decisions. In addition, other tasks assigned for her supervision were performed fully, responsibly and effectively.

With the independent nature of her role as the independent member in the Board of Directors of VietinBank, she has actively contributed to improving the quality, objectivity, and transparency of the resolutions and decisions made by the Board of Directors.

## **II. EVALUATION BY THE INDEPENDENT MEMBER OF THE OPERATIONS OF THE BOD**

### **1. BoD membership**

The 2023 AGM on Apr 21, 2023 ratified the dismissal from VietinBank BoD 2019-2024 term of Mr. Masahiko Oki, and election of Mr. Koji Iriguchi to the BoD 2019-2024 term since June 2, 2023.

From Jan 1, 2023 to Dec 31, 2023, VietinBank BoD have 10 members of whom Mrs. Nguyễn Thị Bắc is the independent member.

The membership of VietinBank BoD complies with the Bank's Charter and the applicable law about the number, standards and qualifications of the BoD members and with the banking law about the independent member(s).

### **2. Working mechanism**

a) Board of Directors meetings are organized fully and in due course, ensuring order and procedures according to regulations. In 2023, VietinBank's Board of Directors has organized

regular monthly, quarterly, six-month, yearly meetings and thematic sessions to evaluate business results/supervise the activities of the General Director/Deputy General Director in charge of the Board of Management, provide directions, direct business activities and discuss a number of contents and topics to support VietinBank's governance. In addition, the Board of Directors also coordinated with the Communist Party Committee and Trade Union to organize a number of joint meetings to implement social welfare projects, remuneration for employees and other tasks.

b) The collection of written opinions from members of the Board of Directors is implemented in accordance with regulations. Accordingly, in many cases under the approval authority of the Board of Directors, opinions have been collected and written opinions of the Board of Directors members have been compiled to ensure compliance with the provisions of law and the Charter. On that basis, resolutions and decisions of the Board of Directors are issued in due course.

c) The quality of operations of the supporting apparatus of the Board of Directors, including the committees under the Board of Directors and the assistant teams of the Board of Directors is strengthened with the Board of Directors' decisions to consolidate the organization and personnel and finalize policy documents. The committees under the Board of Directors have coordinated closely with the commissions under the Board of Management to effectively carry out the functions and tasks of each committee.

### **3. Results of governance and supervision**

In 2023, the Board of Directors has properly and fully performed the duties and powers according to the provisions of law and VietinBank's internal regulations, and continued to innovate in the governance and supervision of the Board of Management in implementing the business plans approved by the AGM. The governance and supervision by the Board of Directors in 2023 has achieved positive results specifically as follows

#### **a) Completion of the AGM-assigned business targets for 2023 and implementation of business tasks for 2024**

##### ***❖ Results of AGM-assigned business targets for 2023***

Although the economy in 2023 still has many difficulties and big challenges, VietinBank's business activities still achieve positive results, ensuring the bank's profitability and shareholders' benefits, creating a premise for further development of business activities in the near future.

Business performance: consolidated total assets reach more than **VND 2 quadrillion**, up by **12.4%** y-o-y 2022 and fulfilling the AGM-assigned target for 2023 (grow by **5% - 10%**). Separate profit before tax is **VND 24,194 billion**, equal to **108%** of the AGM- and SBV-assigned target (i.e. **VND 22,500 billion**).

##### ***❖ Making of 2024 business plan***

In 2023, the BoD continued directing the early business planning for 2024. The assignment of business targets for 2024 was done by Oct 31, 2023, targets were allocated to the divisions/units and branches, and KPI scorecards were done and communicated to the branches in Q4 of 2023. The business planning and target assignment are done in alignment with the practical situation of business, market landscape and planned resources for the BUs to proactively start implementing their business plans for 2024 as early as the final months of 2023.

**b) Performance highlights across various areas**

❖ **Service quality improvement:** In 2023, the BoD set up the BoD-level service quality committee and the General Director-level service quality committee. The committees hold monthly meetings to discuss the service quality strategies and make decisions on service quality matters.

❖ **Organization and HR affairs, salary payment**

- **Organization:** In 2023, the BoD gave a number of directives and resolutions on consolidating the organization of VietinBank towards becoming a lean, professional and better-coordinated organization.

- **HR leaning:** In early 2023, following the approval by the Communist Party Standing Committee, the BoD approved the scheme “**Leaning up, innovating and raising the quality of VietinBank teams**” in order to roll out the solutions of HR leaning and innovation. VietinBank has done an HR quality screening and review for **20,780** VietinBank employees against specific and clear criteria. Core competencies, work performance results and sense of compliance of the employees were assessed and evaluated. These HR quality assessments serve as the basis for HR headcount planning and screening of unqualified personnel.

Besides, VietinBank keeps control of the number of bank-wide employees so that it does not increase from 2022’s (*as of Dec 31, 2023, number of bank-wide employees (excluding the subsidiaries) is 22,333 people, decreased by 546 people, equal to 2.38% vs. Dec 31, 2022*). HR rearrangements and effective utilization are one of the factors that contribute to raising the bank-wide labor productivity (the bank-wide average productivity, measured as net operating income of 2023 increased by **14.1%** y-o-y 2022).

- **Salary and remuneration:** Fixed salary budgets for 2023 were allocated to all departments/offices/centers at the Head Office, non-business units and representative offices. Sales incentive (SI) salary schemes for retail RMs and bank tellers were launched.

- **Recruiting:** Innovative solutions were adopted such as a recruitment software and website are used. A Facebook fanpage and a LinkedIn account dedicated solely for recruitment purposes were opened in order to promote VietinBank’s professional environment to the potential candidates and attract them to apply for VietinBank jobs.

- **Training:** In 2023, the number of training sessions held is **842** sessions where 131 thousand counts of participants/trainees were registered (up by 18% y-o-y 2022). The quality of “training services delivered to the clients” is also highly appreciated as the trainees gave **4.95/5 scores** of the training sessions, the Head Office/branch departments gave **4.51/5** scores of the internal client satisfaction.

Besides, in 2023, VietinBank also designed and launched a number of policies, programs and activities to promote our corporate culture. The identification of talents has been expanded to all 155 branches by implementing the Next Gen Program and trying out the development of agile thinking in work management, the Healthier VietinBank program, etc.

❖ **IT and digital transformation**

- **IT:** VietinBank continues to maintain the operation of core systems and other supporting systems securely and efficiently. We promptly detect and fix security loopholes, use

different tools to automate system administration, upgrade and optimize the performance of our servers, the Corebanking system and payment systems.

- **DX:**

In realization of the aspiration of becoming the top digital bank in Vietnam and the top profitable bank with an expected profit before tax of VND 80 – 90 trillion by 2028, in 2023, VietinBank launched our Digital Transformation Project (codenamed Project X01).

One of the key highlights of Project X01 is the commencement of implementation of **three quick-win initiatives** with direct involvement of the consulting firm including design, inception and implementation in the L-gates approach under the best DX practices for example, initiatives at the Digital Factory in the Agile method, CX and advanced analytical modelling, etc.

❖ **Risk management, control and inspection:** In the context where the Vietnamese economy is still facing adverse changes and volatilities, the frozen property market and the deteriorated production, manufacturing and income which bear negative impact on the clients' repayment cashflow, VietinBank remains prudent in the bank-wide debt quality management, enhances the performance of the control and inspection functions, and makes recommended actions for liquidity, market and interest rate risk management in a timely manner.

❖ **Collection of written-off debts**

In the context of the troubled economy, VietinBank has made good efforts in improving debt quality and accelerating the progress of debt collection. The collected amount of written-off of 2023 is VND **4,671 billion** (down by **12.9%** y-o-y 2022).

❖ **Procurement and management of assets**

In 2023, the BoD promulgated a number of BoD-level documents on capital construction, procurement of goods, services and housing properties in compliance with the applicable laws.

❖ **Business development at the invested companies, overseas branches and VietinBank ecosystem**

- **Local subsidiaries:**

In 2023, VietinBank kept constant monitoring and supervision of the performance of the business plans of the local subsidiaries, kept following up with the corporate capital representatives at these subsidiaries to raise their sense of responsibility and work hard to achieve the targets assigned by VietinBank. In 2023, VietinBank pushed forward the ecosystem business and collaboration with our subsidiaries, and had these areas included in the collaboration framework with MUFG.

In addition to increasing the returns of invested capital at the subsidiaries, VietinBank's risk management continues to strengthen with the installation of the position of a dedicated controller/supervisor at the subsidiaries. This is a new governance structure but has been well deployed and thanks to this, we are able to enhance the performance of the control and inspection functions of VietinBank through our appointed controllers who are nominated for sitting in the supervisory board or board of controllers at the subsidiaries.

- **VietinBank – German Branch:**

The BoD gave directives and resolutions to drive the business of the German Branch. German Branch has continued their business development in alignment with their 2022 – 2025 business plans and VietinBank’s MTBP.

The BoD approved business promotion and development for German Branch in compliance with Vietnamese and German laws. The BoD also gave instructions on enhancement of the collaboration and leveraging the synergies between German Branch, the business divisions at VietinBank Head Office and the domestic branches. As a result, cross-selling of the products and services that German Branch has advantages in such as FX lending, funds arrangements, financial advisory, trade finance and international payments, UPAS LC refinancing, co-guarantee, FX sell & buy, etc. has been done.

**- VietinBank Lao Limited:**

In 2023, VietinBank Lao has done several key tasks, for example successfully increasing charter capital for VietinBank Lao (the new charter capital is 62 million USD), compiling the regulation on the management and supervision of the overseas subsidiaries of VietinBank. The SBV gave their consent to allow VietinBank to act as the settlement bank of the payment banking project for Vietnamese and Lao markets.

**❖ Communication and branding affairs, social welfare and CSR**

- Communication affairs: The BoD gave directives to communication affairs of the focused projects with great impact on VietinBank’s branding effects; tied communications with the implementation of the long-term strategy and MTBP. Business performance of 2023 and the Bank’s efforts and relief programs provided to the businesses and people post-pandemic are covered with highlighted communications.

- Social welfare and CSR projects: In 2023, VietinBank spent nearly VND **300 billion** on social welfare & CSR, and poverty eradication projects.

**c) Supervision and oversight by the BoD**

Supervision and oversight by the BoD in 2023 were strongly implemented, contributing to the high-level supervision at VietinBank. Particularly:

**❖ The BoD approved the supervision plan for 2023.** In 2023, the BoD ran **11** supervision themes across the bank’s critical areas **(i)** credit approval at the HO and shifting of bank-wide credit portfolio structure; **(ii)** assets and liabilities management performance and financial governance; **(iii)** CASA, non-interest income, cross-selling and ecosystem business performance; **(iv)** online lending; **(v)** priority banking; **(vi)** collection of written-off debts; **(vii)** service quality; **(viii)** supervision of unit head persons selected by examinations; **(ix)** labor productivity; **(x)** capital construction, procurement and assets management; **(xi)** branch business by their region.

**❖ Delegation of authority to the BoD members** to be in charge of critical areas of VietinBank, running their respective supervision and reporting to the BoD on a monthly basis or as requested in their supervision plans.

Besides, in 2023, the supervision by the BoD continued to improve and enhance with the introduction of the Executive Monitoring System (EMS). The assignment and tracking of work,

and reporting the implementation progress of the resolutions and decisions by the BoD are now done on this system that helps raise labor productivity, professionalism and sense of compliance.

#### **4. Concluding remarks**

**a)** The activities of VietinBank BoD in 2023 were organized, planned and performed in compliance with the Charter, internal regulations, the Regulation on organization and operation of BoD and applicable laws in full implementation of the AGM resolution and other AGM-authorized work.

**b)** The BoD has innovative ways in corporate governance, plays the role as the setter of business strategy and programs of VietinBank, driving VietinBank's operations on the right track and kept under control. The BoD provides supervision and support to the BoM in their executive roles and risk management, making positive contributions to the Bank's overall business performance.

**c)** All BoD members show good sense of responsibility, unity and professionalism, and always work together towards the goals of developing VietinBank securely, efficiently and sustainably in the best interest of VietinBank.

**Independent member of the Board of  
Directors**

**Nguyễn Thị Bắc**