

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

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

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**REPORT BY THE BOARD OF MANAGEMENT ON BUSINESS
PERFORMANCE IN 2023; DIRECTIONS AND PLAN FOR 2024**

**For the attention of : The General Meeting of Shareholders of Vietnam Joint Stock
Commercial Bank for Industry & Trade**

PART I. MACRO-ECONOMY AND BANKING INDUSTRY IN 2023

1. In 2023, the world's economy was filled with difficulties and challenges as geopolitical conflicts lingered on, global inflation, albeit easing, remained elevated, many central banks still pursued tightening monetary policies. Many major economies, including important trading partners of Vietnam, slowed down, some may fall into recession, which had direct implications for Vietnam's economy.
2. Notwithstanding global socio-economic difficulties and challenges, Vietnam's economy still made great strides with stabilized macro-economy, secured major balances, and well-controlled inflation. However, the economic growth fell short of the target amid declining global demand, with GDP growth rate in 2023 at 5.05%.
3. As an active contributor to the economic progress, the State Bank of Vietnam (SBV) took integrated, flexible actions in managing the monetary policy, stabilizing the exchange rates, curbing the inflation and securing smooth operations of the financial system. At the same time, commercial banks were further oriented and directed by the SBV towards cost efficiency, focus on digital transformation, efforts to lower lending rates, support for businesses and individuals to navigate difficulties, restore their production and business activities and active engagement in socio-economic development policies, programs and plans of the Party and the State. The SBV cut interest rates for the 4th time and increased credit quota for the 2nd time for credit institutions, issued amendments and supplements to lending regulations in line with the digital transformation in banking operations and other regulations to address and facilitate customer's bankability, contributing to the recovery in production and business and acceleration of economic growth.

PART II. HIGHLIGHTS IN VIETINBANK’ S BUSINESS PERFORMANCE IN 2023**A. BUSINESS PERFORMANCE IN 2023**

VietinBank actively adopted integrated business measures, took the lead in executing the policies and orientations of the Party and the State, made efforts to promote innovation, aggressively transformed the growth model, accelerated the shift in the income structure, upheld the customer-centric strategy, determined to compete by fostering advanced financial banking solutions, improving advisory capacity and service quality, optimally fulfilling the financial needs of customers. Accordingly, VietinBank successfully delivered the targets assigned by the Annual General Meeting of Shareholders (AGM) with impressive results in 2023, laying the solid foundation for the bank's business activities going forward.

Unit: VND billion, %

Indicators	31/12/2022	31/12/2023	31/12/2023 vs. 31/12/2022		Targets set forth by the AGM in 2023	Completion status
			+/-	+/- %		
Total assets	1,808,811	2,032,614	223,803	12.4%	To 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
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
NPLs out of total credit exposure as per Circular 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 separate and consolidated Financial Statements in 2023)

1. Sustainable balance sheet growth, improved asset quality

- **Total consolidated assets** reached VND 2.03 quadrillion, up 12.4% YoY.

- **Consolidated credit exposure** totaled VND 1.48 quadrillion, up 15.5% YoY; the credit growth rate usually outperformed the average of the banking industry, meeting the capital demand of the economy.
- **Deposit growth rate** was aligned with the credit growth rate, in compliance with liquidity ratios. Consolidated deposit balance was almost VND 1.53 quadrillion, up 13.9% YoY. In particular, CASA balance recorded YoY increase of 27.2%.
- **The NPL ratio as per Circular 11** was curbed at 1.0%, in line with the target set forth by the SBV and the AGM.
- **The NPL coverage ratio** for on-balance sheet loans and bonds continued to remain high, at 167.2%.

2. Profit growth ahead of the target, positive shift in the income structure¹

- **Total operating income** was VND 70.5 trillion, up 10.0% YoY
- **Non-interest income** amounted to VND 17.6 trillion, up 7.8% YoY, making up 24.9% of the bank-wide total income, in particular:
 - **Net fee income** was VND 7.1 trillion, up 21.4% YoY.
 - **Net income from FX trading** was VND 4.2 trillion, up 19.5% YoY; reaffirming VietinBank's top position in both FX trading volume and market share.
 - **Written-off debt recovery** reached VND 4.7 trillion, 12.9% lower YoY in line with the market context; however, still made positive contributions to the overall bank performance.
- **Optimal cost efficiency and management**, with priority given to business promotion activities, digital transformation program and key projects of VietinBank. The CIR ratio, at 29.0%, continued to improve versus 29.9% in 2022.
- Despite myriad hardships in the domestic and global economy, the efforts and determination across VietinBank enabled the profit before loan loss provision in 2023 to reach a record high of over VND 50 trillion, up 11.5% YoY. **Separate profit before tax (PBT)** hit VND 24.2 trillion, up 17.8% YoY - completing 108% of the target assigned by the AGM, consolidated PBT totaled VND 25.0 trillion, up 18.3% YoY.

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

- In line with the policies and directions of the Government and the SBV, VietinBank put efforts into cost control and effective management of asset quality, enabled integrated measures to be taken, launched a series of preferential credit programs, with credit growth orientation towards production and business sector, "green" credit and priority sectors under the direction of the Government and the SBV; Allocated resources to key economic areas, accompanied regions and localities in promoting regional economies, making positive contributions to the national development.
- Took the lead in interest rate support as per Decree 31/2022/ND-CP, Circular 03/2022/TT-NHNN and Circular 02/2023/TT-NHNN under the direction of the

¹ Based on consolidated financial statements

Government and the SBV; Deployed the preferential lending program for affordable housing, worker's housing, and projects on renovation and reconstruction of old apartment buildings as per Resolution 33/NQ-CP.

- Adhered to applicable laws in credit extension. The total credit exposure to borrowers subject to restrictions on credit extension specified in Clause 1, Article 127 of the Law on Credit Institutions as of December 31, 2023 was VND 3,528 billion, accounting for 2.18 % of VietinBank's own capital.

B. MANAGEMENT AND GOVERNANCE IN 2023

VietinBank synchronously deployed active and unified management measures from the Head Office to the business units, which were responsive to the business environment, specifically as follows:

- *Firstly*, drastically and synchronously deployed solutions to promote credit growth, strived to meet the capital needs of the economy while restructuring the credit portfolio towards improved asset quality.
- *Second*, flexibly managed assets and liabilities and pricing policy, optimized capital efficiency as per the direction of the Government and the SBV in monetary policy management.
- *Third*, further strengthened financial capacity, improved financial governance through financial supervision and management, and operating cost control.
- *Fourth*, focused on digital transformation, with particular emphasis on drastic promotion of high-tech products and services to improve customer service quality.
- *Fifth*, strictly controlled asset quality, continuously enhanced credit appraisal and risk management.
- *Sixth*, promoted recovery of NPLs and written-off debts.
- *Seventh*, streamlined, specialized and enhanced the performance of the organization structure and the network, improved the quality of human resources and personnel arrangement, raised labor productivity; promoted the execution of corporate culture.

With outstanding products and services and spectacular business results in recent years, VietinBank's position and brand have been unceasingly affirmed by many prestigious domestic and international awards, i.e: Best SME Bank in Vietnam in 2023 by the Asian Banker; Best Retail Bank in Vietnam in 2023 by Global Banking and Finance Review; three Sao Khue awards in 2023 for Ipay, E-fast and Customer Information Management System. In the fourth quarter of 2023, Fitch Ratings – the credit rating agency upgraded VietinBank's credit rating, demonstrating their higher recognition of VietinBank's capacity, position, and prestige.

Apart from business activities, VietinBank continued to make positive contributions to corporate social responsibility in accordance with the guidelines and policies of the Party, the SBV and the Government. In 2023, about VND 300 billion was spared by VietinBank for corporate social responsibility.

PART III. BUSINESS DIRECTIONS IN 2024

In 2024, the world's economy in general and Vietnam's economy in particular are still forecast to be confronted with many difficulties and challenges. However, based on stable macro-economic foundation attractive to foreign investors, and well-established growth quality, Vietnam's economy is expected to further prosper, enabling business activities of credit institutions. According to Directive 01/CT-NHNN dated January 15th, 2024, the monetary policy tools will continue to be actively, flexibly orchestrated in order to stabilize the macro-economy, control the inflation, and ensure liquidity and safety of the banking system, effectively fund the economy, facilitate the development of credit institutions.

Given the analysis of the potential, growth drivers of the economy and the achievements in 2023, VietinBank has identified business focuses in 2024, continues to drastically implement measures to manage and promote business activities closely in line with the orientations and directions of the Government and the SBV as well as market developments in order to set the tone for sustainable development in the new period, offer value to individuals, businesses and shareholders.

Based on VietinBank's targets under review by the competent State agency, VietinBank would like to seek approval from the AGM for some basic indicators in 2024, tentatively as follows:

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
Deposits	To grow in alignment with credit growth, securing liquidity security ratios
NPL ratio out of credit exposure	< 1.8%
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 & stock</i>) to follow the competent State agencies' approval and in compliance with the law
Operating prudence ratios	To follow the SBV requirements

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

Kindly find below several key measures to deploy business activities in 2024:

- *First*, deploying monetary, credit and foreign exchange solutions, implementing the restructuring plan associated with NPL settlement according to the direction of the Government and the SBV.
- *Second*, continuing to sustainably grow loan balance, increasing the proportion of products with high returns and risks within the prescribed limit, diversifying access to financial and banking services in the economy.
- *Thirdly*, effectively managing assets and liabilities, securing liquidity; paying special attention to the growth of CASA and low-cost funding sources.
- *Fourth*, increasing the proportion of non-interest income (particularly fee income and FX trading income); drastically and thoroughly improving the quality of products and services.
- *Fifth*, further promoting technology application and digitalization in every operation, closely following the digital transformation plan of the banking industry according to the orientation of the Government and the SBV under Decision 810/QĐ-NHNN.
- *Sixth*, speeding up the collection and recovery of NPLs and written-off debts.
- *Seventh*, enhancing risk management, ensuring compliance, safety in operations, linking business development with strict control of credit quality.
- *Eighth*, continuing to take integrated measures to strengthen financial capacity, effectively manage costs, further secure positive jaws.
- *Ninth*, consolidating the organizational model, improving labor productivity and human resources quality.

In 2024, based on the potential and accumulated achievements, the Management and all employees of VietinBank are determined to seize opportunities, overcome difficulties and challenges, highly focus on successfully delivering business targets and plans, continue to affirm the role and position of VietinBank, actively contribute to the development of the banking industry and the socio-economic development of the country.

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

Đỗ Thanh Sơn

APPENDIX: PROGRESS REPORT ON THE USE OF PROCEEDS FROM PUBLIC BOND OFFERING IN 2023

Progress report on the use of proceeds from public bond offering of VietinBank in 2023 was audited by Deloitte as an independent auditor and released on January 19, 2024. The proceeds from two tranches of VietinBank's public bond offerings in 2023 totaled VND 8,092.37 billion and was entirely allocated to meet the borrowing needs of such sectors as (i) Manufacturing and processing industry; (ii) Electricity and gas production and distribution industry and (iii) Other industries, ensuring safe and sound business operations.

Kindly find below the main contents of the Report:

PLAN FOR USE OF PROCEEDS:

Project progress:

Cal. Unit: VND

Tranche 1:

Industry	Plan for use of proceeds	Proceeds from the public bond offering	Actual loan balance	Term
Manufacturing and processing industry	2,200,000,000,000	5,000,000,000,000	2,200,000,000,000	July 20, 2023 to September 29, 2023
Electricity and gas production and distribution	1,700,000,000,000		1,700,000,000,000	July 20, 2023 to September 29, 2023
Others	1,100,000,000,000		1,100,000,000,000	July 31, 2023 to September 27, 2023
Total	5,000,000,000,000	5,000,000,000,000	5,000,000,000,000	

Tranche 2:

Industry	Plan for use of proceeds	Proceeds from the public bond offering	Actual loan balance	Term
Manufacturing and processing industry	1,700,000,000,000	3,092,370,000,000	1,314,257,000,000	November 8, 2023 to December 15, 2023
Electricity and gas production and distribution	1,300,000,000,000		1,005,020,250,000	November 30, 2023 to December 14, 2023
Others	1,000,000,000,000		773,092,500,000	December 12, 2023
Total	4,000,000,000,000	3,092,370,000,000	3,092,370,000,000	

Changes: No

Rationale for changes: No

The progress report is published: on the website of VietinBank, the information disclosure system of the State Securities Commission, the website of the stock exchanges in Vietnam from January 19, 2024.