

**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

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REPORT BY THE BOARD OF DIRECTORS ON PERFORMANCE RESULTS OF 2021 AND DEVELOPMENT ORIENTATIONS FOR 2022

In 2021, in the context of extreme economic difficulties, Covid-19 pandemic was spreading widely when various virus variants severely affected across a number of industries, sectors and provinces, the Government and the business community have shown resilience and well adapted to the situation by aggressively pursuing countermeasures to recover business momentum and deliver safe adaptation and effective control of the pandemic as well as further drive economic development. Macroeconomic growth was held at a stable 2.58%, inflation was kept low and macroeconomic balances were well maintained which served as the key powerhouses to drive the economic recovery.

In alignment with the government’s directives and orders, the banking industry dedicated its best efforts, especially state-owned banks, to work on mitigations of the adverse impact caused by the pandemic on the business community and the population.

As a major commercial bank, VietinBank has taken the pioneering role in rolling out the policies of the State Bank of Vietnam (SBV) by making considerable contributions to social welfare programs, prevention and control of the pandemic, providing needed support to the economy, enterprises and people to help them overcome the consequences of the pandemic and quickly come back in the state of ‘new normal’. For the year 2021, with fresh minds for both thinking and actions, we aggressively pursued key business themes, cleared out policy bottlenecks with efficient allocations of business resources. VietinBank has achieved good results and outcomes in business in both qualitative and quantitative dimensions, some of the planned targets have been overachieved.

I. RESULTS OF BUSINESS TASKS ASSIGNED BY THE GENERAL MEETING OF SHAREHOLDERS

1. Performance results of 2021 business plans

Following the ratification of the business plans by the annual general meeting of shareholders (AGM), VietinBank Board of Directors (BOD) has directed the implementation and execution of business solutions early in the year toward the goals of safe, efficient and sustainable growth.

Below are the performance results of certain 2021 business targets assigned by the AGM:

Unit: VND billion

Targets (consolidated)	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021 vs. Dec 31, 2020		Targets set forth by 2021 AGM	% of realization of 2021 targets
			+/-	+/- %		
Total assets	1,531,587	1,341,510	190,077	14.2%	Grow by 6% – 10%	Passed
Credit exposure	1,141,454	1,027,542	113,912	11.1%	Grow as driven by the SBV's monetary policy, maximum 12.5%	Passed
Funds & deposits from economic institutions and the population	1,161,848	990,331	171,517	17.3%	Grow by 8%-12%, with possible adjustments in harmony with credit growth rate, and in adherence to the SBV- required prudence ratios	Passed
NPL/credit exposure	1.26%	0.94%			< 1.5%	Passed
Separate profit before tax (PBT)	16,860	16,477	383	2.3%	16,800	Passed
Consolidated profit before tax	17,589	17,120	469	2.7%	-	

(Source: Audited consolidated and separate financial statements in 2021)

Specific results of VietinBank's key business themes are as follows:

1.1. Selective credit growth

- As of December 31, 2021, credit exposure reached **more than VND 1.14 quadrillion**, up 11.1% vs. 2020. Average credit exposure increased by nearly 12.3% vs. end of 2020.
- VietinBank has followed selective and effective credit growth to aim at key provinces, highly potential industries and areas with quick recovery from Covid-19 pandemic as well as areas and industries of high degree of government priority such as green finance, sustainable development in support of economic recovery and development. VietinBank has developed industry-specific and geography-specific business programs and policies in order to maximize their potentials. We have always associated the Bank's growth with the development of major economic sectors and key regions which serve as the country's growth engines and drivers.
- VietinBank has placed business focus on growing SME and retail banking segments which are of good yield-earning assets. As of December 31, 2021, the average credit exposure to SME and retail banking rose from 54% in 2020 to 57% in 2021. With large corporate and FDI banking as the core, we have developed and expanded the ecosystem into SME and retail businesses. We have served the customers as their main bank in providing holistic banking products and services to the customers' projects and value chains, especially major corporations with good reputation, market position and financial resources.

1.2. Effective growth of funds and deposits towards optimal structure of funds

- In 2021, VietinBank took multiple actions to reach effective management of assets and liabilities, to raise funds and deposits, especially low-cost funds from the interbank market. We issued certificates of deposit and optimally utilised USD funds with low interest rates in the form of offshore loans so that we can effectively cut costs of funds and improve operating performance. The consolidated volume of funds and deposits raised in Market 1 was **VND 1.16 quadrillion**, increasing by more than 17.3% vs. 2020.
- CASA deposits in Market 1 continue to improve to achieve a growth of more than 20% vs. 2020. The CASA ratio at the end of the year on the consolidated basis rose from 19.6% in 2020 to over 20% in 2021. VietinBank has always remained in the compliance range of LDR and other liquidity ratios as required by the SBV.
- VietinBank was one of two banks which issued the largest volume of bonds for tier-2 capital in the market. Our total volume of successfully issued bonds was **VND 14,421.91 billion**, up by 32.8% vs. the realised number of 2020 and having achieved 131.1% of the planned target. The bonds were issued in 20 private placements and one public offering. Following the approval by the extraordinary AGM in 2021, VietinBank is the first commercial bank in Vietnam to have bonds issued in 2021 public offerings listed and traded on Hanoi Stock Exchange (*as regulated in the 2019 Law on Securities*) since January 10, 2022.

1.3. Diversified structure of income and improved quality of products and services

- In 2021, VietinBank has rolled out business themes in the direction of providing holistic banking and financial services and solutions to the customers, following customer-centric business philosophy, and becoming the main bank to serve the entire value chains and ecosystems of the customers with simplified business processes and fast turnaround time.
- The non-interest income ratio of 2021 reached 21.4% where trade finance fee income, guarantee fee income and FX trading profit of the Bank have achieved very good results. VietinBank remains as one of the market leaders in both FX trading volume and market share which significantly contributes to VietinBank's improved and more sustainable structure of income. Particularly, since the distribution agreement took effect on December 29, 2021, Manulife Vietnam has officially become the exclusive distributor of life insurance products to VietinBank's customers. This has facilitated VietinBank to provide a full range of financial solutions to our customers.

1.4. Tight control of debt quality. Impressive results of bad debt and written-off debt collection

- VietinBank has reinforced risk management, early identification and warnings of risk as well as prepared for different debt quality scenarios. NPL ratio is controlled at around 1.26%. VietinBank has also made more appropriations for provisions. As of December 31, 2021, the consolidated NPL coverage ratio was 180.4%.
- VietinBank has taken early debt collection actions, prepared for specific handling plans for each debt and thanks to these efforts, we have achieved the

best performance results in debt collection in years. The collected amount of written-off debts of 2021 is VND 3.2 trillion, up by ~1.5 trillion vs. 2020 (+85% YoY).

1.5. Improved cost efficiency and cost management

- Cost efficiency and cost management have achieved the best performance results in years. CIR is under good control at 32.3%. This is a better CIR than most other banks.

1.6. Improved business performance of subsidiaries and affiliates

- Subsidiaries and affiliates are in good business performance when their profits before tax grew by 22% vs. 2020.

In 2021, in addition to a carved-in slice of around **VND 7,000 billion from our profit** to support the Covid-affected customer enterprises and individuals in the forms of reduced interest rates, fees, and derecognised accrued interests, VietinBank kept on restructuring across the board in our lines of business, strongly shifting our business model from extensive growth to a more intensive one, and from size-based growth to better service quality, shifting the structure of the loan book, raising more non-interest income sources, optimising funds efficiency and operating costs of the bank. The results can be seen in the **consolidated profit before tax** of 2021 when it hit **VND 17,589 billion**, up by 2.7% vs. 2020's, **separate profit before tax** hit **VND 16,860 billion**, up by 2.3% vs. 2020's, all achieved the 2021 business targets set by the AGM. These numbers have brought in a robust financial base for VietinBank to further demonstrate our role as a major state-owned commercial bank and to make considerable contributions to the state budget and the national socio-economic development in the future.

2. Appropriations to certain funds, profit distribution and dividend payout

In the AGM Resolution No.23/NQ-ĐHĐCĐ dated April 16, 2021, the 2021 AGM ratified the proposed distribution of 2020's profit, VietinBank is applying for the regulators' approval and having the BOD authorised to *(i)* decide on the provisional appropriations of certain funds in 2021 from the 2020's separate profit after tax; *(ii)* decide on the distribution of 2020's profit as approved by the regulators.

Following the approval by the SBV in official letter No.8172/NHNN-TCKT dated November 17, 2021, pursuant to the AGM resolution, VietinBank BOD gave out the BOD Resolution No.470/NQ-HĐQT-NHCT2.1 dated December 1, 2021 ratifying the appropriations of certain funds and cash dividend payout for 2020, and Resolution No.472/NQ-HĐQT-NHCT2.1 dated December 1, 2021 on dividend payout for 2020 in cash to shareholders in the rate of 8% per share (*VND 800 for each share*). VietinBank has done this cash dividend payout for 2020 to all shareholders. The leftover profit after appropriations of certain funds and cash dividend payout for 2020 will be used as stock dividend payout to raise our charter capital.

3. Successful raising of charter capital by issuing shares for dividend payout

After much efforts, in July 2021, VietinBank completed the raising of charter capital from VND 37,234 billion to 48,058 billion by having issued shares for dividend payout from retained earnings after tax, appropriations of certain funds and cash

dividend payout for years 2017 – 2019 in the rate of 29.0695%, and we are currently the second biggest bank in Vietnam in terms of charter capital. The raised charter capital has worked to help VietinBank strengthen our financial capacity, further expand our business, enhance our ability to supply funds to the economy, keep capital adequacy ratios, improve our risk management capacity, and build a momentum for sustainable development of VietinBank. Meanwhile, with more capital at our disposal, VietinBank can further promote our position and potentials, invest in physical infrastructure, facilities and modern technology platforms, develop the services, streamline the network, and provide more value added to our customers, shareholders and socio-economic development of the country.

4. Consolidated top management; Remunerations of the BOD and the Supervisory Board in 2021

4.1. Consolidated top management

The 2021 AGM (*on April 16, 2021*) ratified the dismissal of one BOD member (Mr. Shiro Honjo) and elected one BOD member (Mr. Masashige Nakazono) for the 2019-2024 tenure.

On July 2, 2021, according to Decision No.1156/QĐ-NHNN by the SBV dismissing Mr. Le Duc Tho, the former chairman of VietinBank BOD from the position of the representative of 40% of state capital at VietinBank to assume his new role as mandated by the Politburo in Decision No.156-QĐNS/TW dated June 25, 2021, Mr. Le Duc Tho was no longer a member of VietinBank BOD since July 3, 2021 (*according to the Law on Credit institutions & VietinBank's Charter*).

On September 7, 2021, VietinBank BOD promulgated Resolution No.1368/NQ-HĐQT-NHCT1.2 on electing Mr. Tran Minh Binh, BOD member and General Director into the position of VietinBank BOD chairman for the 2019-2024 tenure since September 7, 2021.

At the Extraordinary General Meeting of Shareholders on November 3, 2021, an additional BOD member for the 2019-2024 tenure was ratified (Mr. Le Thanh Tung).

Currently, VietinBank BOD of the 2019 – 2024 tenure has nine members:

- Mr. Tran Minh Binh– BOD chairman;
- Mr. Tran Ban Tan – BOD member;
- Mr. Le Thanh Tung– BOD member;
- Mrs. Tran Thu Huyen – BOD member and HR Division Director;
- Mr. Nguyen The Huan – BOD member;
- Ms. Pham Thi Thanh Hoai – BOD member;
- Mr. Masahiko Oki – BOD member and Deputy General Director;
- Mr. Masashige Nakazono – BOD member;
- Mrs. Nguyen Thi Bac – independent BOD member.

4.2. Remunerations of the BOD and the Supervisory Board in 2021

Remunerations of the BOD in 2021 were paid as approved by the AGM. The average actual salary of VietinBank's managers in 2021 is the same as 2020's and down by 16.7% vs. the average actual salary of 2019, in spite of the fact that VietinBank's profit has constantly increased over the years (2021's increased by 2.93% vs. 2020's; 2020's increased by 44.9% vs. 2019's). The actual remuneration pay in 2021 of BOD members and Supervisory Board members is only 0.16% of the 2021's profit after tax which conforms to Article 5 of the Resolution of the 2021 AGM No.23/NQ-DHDCĐ dated April 16, 2021 approving the maximum remuneration of the BOD and Supervisory Board in 2021 as 0.28% of the 2021's profit after tax. Specifically:

- BOD: VND 12,587 million;
- Supervisory Board: VND 4,232 million.

5. Amended internal governance regulations in compliance with laws, in alignment with practical situation and toward international practices

Based on AGM ratifications of amended governance regulations of VietinBank, VietinBank BOD in 2021 amended and promulgated a number of internal governance regulations, for example, VietinBank's Charter, VietinBank's internal governance document, VietinBank BOD's charter in compliance with applicable laws, in line with good governance practices and standards, and the practical situation at VietinBank.

II. GOVERNANCE PERFORMANCE RESULTS

1. Good example of comprehensive digital transformation in business and governance for better customer experience

Early in 2021, in the face of severe spreading of the pandemic, VietinBank started to upgrade the services, provide more functionalities and banking solutions on electronic channels with swiftness, convenience, multifeatures and well-protected security so that the accessibility and coverage of banking and financial services of businesses and people are expanded.

VietinBank continues on the strong development of banking solutions on modern and secured technology platforms. We have pushed the shifting of channels by diversifying our products and services, improving the customer experience with good services in account management, online card issue, online overdraft lending, diverse payment services across various ecosystems, even some state-of-the-art services such as self-selected account numbers, account alias, etc. We have provided the digital banking platform eFAST to nearly 70% of our institutional customers which integrates all transaction banking products, for example, payment, receivables/payables accounts management, liquidity management, trade finance, supply chain finance, etc. We have expanded our ecosystem to become an open bank, provide ERP connections to our enterprise customers, open VietinBank accounts and issue VietinBank cards on Grab, Shopee, Sendo apps, etc. VietinBank has started Big Data analytics, AI, machine learning in data analytics and processing in support of business governance and planning. In 2021, VietinBank deployed e-Invoice system as well as utilized digital solutions in our operations such as Chatbox 4.0 - LUNA, the

smart virtual assistant, e-logbook, digital signature, RPA, etc. in order to help cut operating costs and enhance fast execution capabilities.

2. Consolidation of the organization model in association with consistent implementation of HR solutions in fast response to business demands

VietinBank's organizational model continues to be consolidated in order to further push the execution of business solutions in support of business strategy and medium-term and long-term business plans of which focus is placed on targeted customer segments and holistic financial solutions are provided to customers (*Bancassurance Unit was set up at Retail Banking Division; TB Sales Team model was set up at CBD's FSDC*); bad debt collection is promoted (*the centralized debt collection model*); bank-wide governance systems are boosted up (*Finance Division's model was consolidated, IT Division was established*); standardization and streamlining of the organizations of certain divisions in order to optimise labor productivity and simplify operating procedures (*Operations Division was consolidated, Procurement & Assets Management Division was established, Marketing & Communication Division was terminated of its existence, the credit support team at the Head Office was terminated of its existence*).

VietinBank has consolidated its organizational model in association with proactive and consistent implementation of solutions to improve human resource quality, utilize talents, towards the goal of building key teams and staff members with dedication and enthusiasm, with the mindset, vision, spirit of innovation and the desire to contribute to the common good, to quickly and promptly respond to the needs of business implementation. In 2021, besides consolidating senior management, VietinBank also strengthened mid-level management; undertook job rotations for those Branch Directors that are due for relocation of their offices; comprehensively and extensively renovate the recruitment and appointment of staff, piloting internal recruitment through the form of examinations for the titles of Deputy Director of Branch and heads of some departments at the Head Office. At the same time, promoting early talent identification, building a training roadmap and comprehensive development of human resources for the positions of middle and strategic managers of VietinBank through comprehensive reforms of identifying and HR resource planning for middle management positions, delivering Agile Management training for senior and middle-level managers with the goals of promoting efficiency of coordination between individuals and units, empowering and engaging employees, improving labor productivity to meet the requirements of human resource quality with fast execution capabilities.

Besides, VietinBank has effectively utilized employment and labor policies, employee headcount quotas, and provided proper HR arrangements to promptly respond to business demands, standardize and streamline the organizational models of functional divisions in order to optimise labor productivity and simplify operating procedures. Thanks to a number of flexible employment policies including outsourcing, hiring of external experts or lump-sum contracts of piecework employment, etc., VietinBank has fully utilized the available human resources with good quality, efficiency and reasonable costs.

3. Enhanced risk management, more strict discipline and sense of compliance

In 2021, amid the wide spreading of Covid-19 pandemic and its adverse impact on the lives and businesses of the population and the business community across the country, VietinBank aggressively pursued a number of strong actions in control of debt quality, in early identification of business risks for fast tracking and workflowing of debt collection measures so that we can minimize the losses. Besides, VietinBank has taken serious relief actions in support of the affected customers in a substantial and timely manner, for example, restructuring debts while keeping the debt's current group (as allowed in Circular 01 and its subsequent amendments), reducing profit by lowering lending interest rates and service fees, providing relief programs to help customers overcome their obstacles, recover and grow their businesses. The appropriations of provisions and use of such provisions fund to write off debts are done in adherence to applicable laws and the SBV regulations. The amount of provisions appropriated in 2021 was VND 18,382 billion, of which the appropriated provisions for Covid-affected customers with restructured debts and retained debt group were much greater than (more than 90%) the minimum percentage required by the SBV (30%). The amount of provisions fund spent on writing off debts was VND 5,175 billion. Thanks to these efforts, the NPL ratio at the end of 2021 was kept at 1.26% in adherence to the AGM-set target of less than 1.5%. The NPL coverage ratio has been improved to rise to 180.4% which is much higher than 2020's (~132.2%).

4. Reinvigorated governance and management, raising the roles and responsibilities of the leaders and heads, cascading the customer-centric and business-driven culture

In 2021, governance and management have shown significant changes in the direction of proactiveness, promoting flexible management thinking, sense of innovation and bravery to act for the greater good. At the same time, discipline has been maintained and strict supervision has been implemented. VietinBank has strengthened the roles and responsibilities of leaders and heads in organizing and directing business mandates and tasks. Strict disciplinary actions were taken against employees who committed breaches and wrongdoings. Resources have been utilized optimally in line with VietinBank's business plans to execute effectively the given tasks and expand business growth with prudence and profitability. VietinBank has strongly communicated the bank's corporate culture, especially cascading down the core value of "customer-centricity" so that the quality of the bank's products and services is further improved.

5. Promoting sustainable development. Making positive contributions to the socio-economic development of the country

Given its position as a leading commercial bank in Vietnam, playing a pivotal role in the economy, supporting the development of the country, in addition to the goals of effective business and profit growth, VietinBank continues to contribute positively to the socio-economic development of the country. Recognizing the important role and influence of environmental and social factors in the bank's sustainable development, and at the same time trying to realize the sustainable

development goals in VietinBank's Development Strategy toward 2030 with a vision to 2045, VietinBank has proactively developed policies and products to create a flexible mechanism in financing green projects, while always prioritizing resources to finance investment projects in environmental safeguards, climate change responses and actions, and sustainable development. In 2021, VietinBank's green loans have grown by 80% vs. 2020, finances were provided to a variety of environmentally friendly areas such as waste treatment and pollution prevention & control, green agriculture, and clean energy, etc. In addition, VietinBank further promotes technology applications, builds environmentally-friendly behaviors for the customers, develops electronic transaction channels on eFAST and iPay, and launches new payment services and methods on modern technology platforms. Payment transactions on digital channels in 2021 grew strongly by 138% over the same period, contributing to the goal of greening banking system operations.

6. Compliance with corporate governance applicable to major listed public companies

6.1. Summary of BOD meetings and resolutions/decisions

In 2021, VietinBank BOD held monthly meetings to discuss business performance results, give out steering instructions to business operations, and discuss a number of various topics in relation to the governance of VietinBank. The BOD also made decisions on a number of issues and matters in the form of meeting or casting written votes. The list of BOD resolutions and decisions in 2021 can be found in VietinBank's corporate governance report for 2021.

6.2. Activities of BOD members

BOD members have fully fulfilled their roles and functions as specified in VietinBank's Charter, VietinBank BOD's charter and applicable laws to assure the general effective operations of VietinBank and its shareholders. BOD members have done research and analyses, and made contributions to development strategy making and business planning of VietinBank. They sat in BOD meetings, discussed and voted on issues and matters under their scope of authority. They are held accountable to the AGM and the BOD for their decisions, assume the responsibilities for the implementation of AGM and BOD resolutions and decisions, and for providing explanations to the AGM and the BOD with respect to their assignments as requested. They also exercise other rights and duties as assigned by the BOD, the BOD chairman, and prescribed in laws.

6.3. Activities of the independent BOD member and her evaluations of the BOD performance

The activities of the independent member of the BOD in 2021 have strictly followed VietinBank's Charter, VietinBank BOD's charter and applicable laws. She has also fulfilled all relevant parts of the AGM resolution and work assignments as delegated by the AGM. She has played an active role in steering the business strategy and business operations of the bank, supervising the execution and risk management, making considerable contributions to the general performance results of the bank (*see*

more details in the report on activities of the independent member of the BOD and her evaluations of the BOD performance).

6.4. Report on transactions between companies, subsidiaries or companies where VietinBank holds control of at least 50% of charter capital with BOD members and their related persons; transactions between VietinBank and a company where a BOD member is a founding member or a corporate manager for three years immediately preceding such transaction

In 2021, VietinBank conducted transactions with its subsidiaries which are VietinBank's related persons and with MUFG Bank, Ltd. (a major shareholder of VietinBank) – Hanoi/HCM City branches (*see details in Appendix 3 to VietinBank's report on corporate governance for 2021*).

6.5. Activities of BOD-level committees

Up to December 31, 2021, VietinBank has three BOD-level committees, namely HR Committee, Risk Management Committee, and Policy Committee. The activities of these committees have complied with the SBV regulations and applicable laws, well promote the advisory and supervisory role of the BOD. In 2021, these committees worked closely together with functional departments and offices to deliver effective outputs as required in their respective charters set forth by the BOD. See details of the activities and outputs of these committees in 2021 in the enclosed appendix.

6.6. Oversight of VietinBank's executive officers

The oversight by the BOD of VietinBank's executive officers is duly done as prescribed in the internal governance document, the BOD's charter, and the BOM's charter. This oversight by the BOD of VietinBank's executive officers is done in multiple forms such as regular or ad-hoc meetings chaired by the BOD or a BOD member, or the workings of BOD-level committees. The BOD sit in meetings held by executive officers. The oversight can also be done by processing the data and information obtained from various reports provided by the Supervisory Board and Internal Audit department regarding the bank's operations. It can also be done by overseeing the monthly business reports and other reports and proposals made by the executive officers. BOD members are assigned to (i) oversee the implementation of AGM resolution, BOD directives, decisions and resolutions, evaluate the performance of executive management, execute business plans and strategies under the scope of work of the BOD members in charge; (ii) request VietinBank's executive officers to report, provide explanations and submit proposals to the BOD with regard to their scope of work and functions.

The BOD oversight has shown VietinBank's executive officers are always aligned with the BOD's instructions and directives, and have implemented adequately and effectively these BOD's instructions and directives, and other mandates and tasks under their given functions. Following the BOD instructions for the 2021-2023 MTBP, the 10-year (2021 - 2030) development strategy with a vision toward 2045 of VietinBank, the general director/deputy general director in charge of the BOM has tasked each executive of VietinBank; directed and assigned business targets to each

division/department/office, sent timely written reports to the BOD on the performance of their given powers and duties. In 2021, the general director/deputy general director in charge of the BOM has introduced innovations in the ways of executive management, had close monitoring and frequent updates on the pandemic situation, macroeconomic landscape, market developments as well as directives and orders given by the government, the SBV, and VietinBank BOD for serious implementation and roll-out of business solutions and support measures in joining the government, the business community and the society in the battle against Covid-19 pandemic.

During the monthly BOD meetings, the General Director/Deputy General Director in charge of the BOM, on behalf of VietinBank's executive officers, reports fully on VietinBank's areas of business and business highlights during a month, for example, (i) interest rate policies and business promotion programs; (ii) products and services; (iii) customer support programs; (iv) internal inspection and control; (v) risk management and debt collection; (vi) the situation of Covid-19 pandemic and responses to the pandemic in assurance of business continuity; and (vii) business plans for following months. The General Director/Deputy General Director in charge of the BOM also reports on the progress and implementation results of AGM resolutions, BOD resolutions and decisions, other topical reports at a request by the BOD; status of risk control limits, proposed actions in the event such limit(s) are likely to be breached or other material risks are likely to occur, and other recommendations to the BOD.

In 2021, the BOD remained very active in their oversight function with regard to internal control, risk management, internal capital adequacy assessment, and other material operations of VietinBank in compliance with laws. Going forward, the oversight by the BOD of VietinBank's executive officers will be strengthened and enhanced by directing and overseeing the implementation of AGM resolutions, BOD resolutions and decisions. VietinBank BOD will provide more robust inspection and oversight across all lines and operations of business and direct the standardization, amendment and revision of regulations and policies to enforce execution of the BOD oversight.

III. DEVELOPMENT ORIENTATIONS FOR 2022

1. Development orientations for 2022

The macroeconomic picture in 2022 is expected to have more bright spots than in 2020 and 2021 thanks to the motivation from the Government's support packages in both fiscal and monetary terms. There is still room for public investment, especially in infrastructure development to lead the recovery of the private sector, imports & exports, FDI and consumer markets which remain the key economic drivers during the state of 'new normal'. In that context, 2022 is viewed as the pivotal year for VietinBank to promote growth leaps, fully dedicate its resources to effectively implement the long-term strategy and its goals and plans for 2022 in the following orientations:

- (i) Continue to roll out action plans and programs in line with the business targets in the 2021-2023 MTBP, the 2022 business plan and strategic business topics.

Incubate and encourage innovative thinking and action, sense of responsibility, risk-taking attitude in thinking, action and bearing responsibilities for VietinBank's greater good.

- (ii) Selective and sound credit growth with mindful care of prudential and profitable business. Focus is given to business and manufacturing operations, priority industries to assure adequate supplies of funds to the economy. Keep tight control of the supplies of loans to areas with latent risk. Enhance the collection of bad debts and written-off debts.
- (iii) Further grow non-credit businesses with focus on fees-generating products, FX trading, guarantee, insurance, CASA deposits, etc. by taking advantage of the ecosystem and providing holistic financial solutions to the customers. Push the distribution of life insurance products through bancassurance business so that business leaps would be made in 2022.
- (iv) Continue to manage operating costs effectively and raise operating performance so that more resources can be employed for appropriations of provisions and further cuts of lending interest rates in support of the affected enterprises and people.
- (v) Set in full throttle in digital transformation and digitisation to optimise the resource efficiency. Improve customer experience across the company from the Head Office to all branches. Hire a consulting firm to help in developing digital transformation strategy and program.
- (vi) Raise the quality of risk management, the efficacy and performance of the internal inspection and control functions. Strengthen the discipline at all levels from the Head Office to all branches, particular attention is given to raising the responsibilities and accountabilities of the leaders and heads.
- (vii) Improve the quality of VietinBank's services. Improvements are desired in various aspects such as people, technology, processes, products and services, and brand identity, etc.
- (viii) Build VietinBank's corporate culture and an engaging working environment in order to create a solid base for VietinBank to develop highly adaptive and resilient to all possible changes in the path towards better operating performance and productivity.

2. Key business targets for 2022

Based on the targets submitted by VietinBank to the competent State authority for consideration, VietinBank would like to seek approval from the AGM for several basic indicators in 2022, specifically as follows:

Indicators	2022 projection
Total assets	Growth rate of 5% – 10%
Credit exposure	As approved by the SBV (<i>the specific growth rate is in line with the monetary policy, the target set forth by the SBV and demand of the economy</i>)

Indicators	2022 projection
Deposits from economic entities and residents	Growth rate of 8%-10%, adjustable to the credit growth rate, compliant with the SBV's prudent ratios
NPL ratio	< 1.8%
Separate Profit before tax	Growth rate of 15% with adjustment according to approval of the competent State authorities (<i>VietinBank continues to aggressively improve business performance, promote the role as the key commercial bank and the driving force of the economy</i>)
Dividend payout	Dividend payout ratio and structure (<i>cash and stock dividends</i>) are in line with approval of the competent State authority and applicable laws
Prudent ratios	In compliance with the SBV's regulations

We hereby request the AGM to consent to delegating the BOD, based on the regulators' approvals and directives, market developments and VietinBank's practical business operations, to make decisions on the formal targets and make them public as regulated.

In light of innovative thinking, determination, and the spirit of creativity and pioneering, the BOD, senior management and all VietinBank's employees will strive to promote the good results and take advantage of all possible opportunities, unite to overcome all obstacles, dedicate our best to achieve all the given targets. We will work to keep our position as the leading major bank of the country by creating more better values to the shareholders, the employees and the Bank, making significant contributions to the socio-economic development of Vietnam.

Respectfully submitted to the AGM for ratification of this BOD report.

**PP. THE BOARD OF DIRECTORS
CHAIRMAN**

(Signed and sealed)

Tran Minh Binh

APPENDIX

PERFORMANCE RESULTS OF BOD-LEVEL COMMITTEES

1. Policy Committee

Policy Committee performs its role as an assisting and advisory committee to the BOD in policy documents-related issues of VietinBank. In 2021, Policy Committee held 7 formal meetings, one face-to-face roundtable talk with the branches and a number of informal meetings to capture the gaps and weaknesses in the current system of policy documents. The Committee provided directives and instructions to functional departments, advised and proposed the BOD to make timely changes to the system of policy documents, specific recommendations to promulgate new documents, abolish, amend, supplement or replace existing documents on the questions of necessity to ensure the consistency and coherence of the system of policy documents and the harmony with the MTBP.

In 2021, Policy Committee also hosted a number of theme-based meetings and seminars to tackle the obstacles found in the development and management of VietinBank's system of policy documents so that the Committee can advise the BOD solutions for addressing bottlenecks and obstacles in the practical business to achieve VietinBank's strategic goals and objectives.

With a view to making policy documents streamlined for the users, Policy Committee advised the BOD to form a task force designated for the restructuring of VietinBank's system of policy documents. This task force was the team which directs the entire restructuring of the current system of policy documents and applicable laws to come up with a proposed restructuring of the current system of policy documents. To make this a fast and agile process, Policy Committee discussed and agreed upon the action plan and timeline of the development of a restructuring of the system of policy documents, and follows-up on the relevant departments and offices with specified tasks. These will serve as the cornerstone for the achievement of VietinBank's strategic objectives in the future.

2. HR Committee

HR Committee (HRC) performs its role as an assisting and advisory committee to the BOD in HR affairs under the BOD's decision-making authority in relation to HR policy making, HR recruitment and hiring to fill in BOD-approved titles. HRC also helps the BOD oversee the implementation of HR policies and schemes, and HR management at VietinBank.

In 2021, HRC held 10 meetings and collected votes from the committee's members to advise the BOD in organisation and personnel affairs; filling the position of VietinBank BOD chairman; consolidation of personnel at division directors and deputy directors' titles; consolidation or providing additional personnel at BOD-managed titles at the HO, branches, subsidiaries, non-business units in due course and procedures.

In 2021, HRC advised the BOD in directing the establishment or consolidation of the organizational model of Finance Division, BOD Office, Marketing & Communication Division, IT Division, Procurement & Assets Management Division.

HRC is working to advise the BOD on consolidation of the organizational model of business-related divisions, for example, CBD, RBD, Treasury & Capital Markets Division, Finance Division, Operations Division, centralized debt collection model, Bancassurance Unit, Transaction Banking sales teams to further support the execution of 2021 – 2023 business plan and strategy.

3. Risk Management Committee (RMC)

RMC performs its role as an assisting and advisory committee to the BOD in the oversight by high-level management of risk management performed by the general director/deputy general director in charge of the BOM. In 2021, RMC held regular meetings in due course. RMC advised the BOD to promulgate critical risk management policies, for example,

- + Risk appetite for 2021-2023 period;
- + Credit orientations for 2021;
- + Sets of credit risk control limits for 2021;
- + Advice on changes to the internal credit ratings system and debt classification as regulated in Circular 02;
- + Adjustments and modifications to credit schemes for several industries and forms of credit, etc.

In addition to the advisory functions in promulgating risk management policies, by tracking the movements of VietinBank's risk status, RMC advised and recommended the BOD in a number of key decisions in risk management for the BOD to direct and steer the BOM and business units in a timely manner. Thanks to this supporting role of the RMC, VietinBank's business stays safe and efficient and in compliance with laws, especially in 2021 when Covid-19 widely spread and had severe impact on the businesses of banks in general, and VietinBank in particular.

**VIETNAM JSC 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 2022

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REPORT ON THE ACTIVITIES OF THE INDEPENDENT MEMBER OF THE BOD AND EVALUATIONS OF THE BOD PERFORMANCE

Pursuant to clause 4, Article 280 of Decree No.155/2020/NĐ-CP dated December 31, 2020 by the government detailing several articles of the law on securities, the independent member of the BOD hereby reports on the activities of the independent member of the BOD and evaluations of the BOD performance in 2021 as follows:

I. ACTIVITIES OF THE INDEPENDENT MEMBER OF THE BOD

In exercising the powers and responsibilities of the independent member of the BOD in 2021 in accordance with applicable laws and VietinBank's internal governance system, the independent member of the BOD has fully involved in the BOD activities in adherence to VietinBank's Charter, the laws and as assigned by the BOD chairman

- **Exercising the powers and responsibilities of a BOD member**
 - + To sit in all BOD meetings and provide her ideas and comments regarding discussion agendas with a mindful interest in developing VietinBank safely and efficiently.
 - + Provide her comments on the proposed changes to VietinBank's Charter. Discuss and vote on the promulgation of the amended BOD charter.
 - + Vote on the promulgation of internal regulations on the organisation, HR, governance and business operations of VietinBank, and other matters under the BOD authority (the independent member of the BOD has undertaken thorough research with responsibility, and provided independent and objective opinions as well as cast independent votes in adherence to laws, VietinBank's internal policies and on time).
 - + Vote on the promulgation of development strategies and policies of VietinBank, key business topics for 2022 of VietinBank; take part in high-level oversight and direction of the general director in performance of his duties.
 - + Vote on the working plans and agendas of the BOD, agenda, content and materials of the AGM, and the convening of the AGM.
- **Performing the role of the independent member of the BOD**

- + Check the votes counting and prepare vote-count minutes of all applications and proposals submitted to the BOD for approval in a timely manner and compliance with laws and VietinBank's charter, and sign on all those vote-count minutes.
- + Prepare an evaluation report on the BOD performance.
- **Assuming work in legal affairs as assigned by the BOD.** Prepare reports and provide comments responsibly to questions/matters asked for legal advice and support. Act as a member of the interview panel for selection of legal affairs department's management personnel.
- **Act as a member of the BOD-level RMC.** Sit in all RMC meetings and provide independent views on matters under discussion. Provide comments and ideas on time on questions and matters asked by the RMC. Make contributions to the development of VietinBank's risk management strategies, policies and processes.
- **Participate in all corporate governance-related training events to which BOD members, Supervisory Board members and BOM members were invited in 2021.**

As an independent voice in the BOD, the independent member of the BOD of VietinBank helps raise the transparency, fairness, effectiveness and quality of the BOD's resolutions and decisions.

II. EVALUATION BY THE INDEPENDENT MEMBER OF THE BOARD OF DIRECTORS OF THE ACTIVITIES OF THE BOARD OF DIRECTORS

1. Organizational structure

The 2021 AGM (*on April 16, 2021*) ratified the dismissal of one BOD member (Mr. Shiro Honjo) and elected one BOD member (Mr. Masashige Nakazono) for the 2019-2024 tenure.

On July 2, 2021, according to Decision No.1156/QĐ-NHNN by the SBV dismissing Mr. Le Duc Tho, the former chairman of VietinBank BOD from the position of the representative of 40% of state capital at VietinBank to assume his new role as mandated by the Politburo in Decision 156-QĐNS/TW dated June 25, 2021, Mr. Le Duc Tho was no longer a member of VietinBank BOD since July 3, 2021 (*according to the law on credit institutions & VietinBank's Charter*).

On September 7, 2021, VietinBank BOD promulgated Resolution 1368/NQ-HĐQT-NHCT1.2 on electing Mr. Tran Minh Binh, BOD member and general director into the position of VietinBank BOD chairman for the 2019-2024 tenure since September 7, 2021.

At the extraordinary AGM on November 3, 2021, one additional BOD member for the 2019-2024 tenure was ratified (Mr. Le Thanh Tung). Accordingly, in 2021, the structure of VietinBank's Board of Directors is as follows:

Report on activities of the independent member of the BOD and independent evaluations of the BOD performance

- *From January 1, 2021 to July 2, 2021: VietinBank's Board of Directors has 9 members including one independent member who is Mrs. Nguyen Thi Bac.*
- *From July 3, 2021 to November 2, 2021: VietinBank's Board of Directors has 8 members including one independent member who is Mrs. Nguyen Thi Bac.*
- *From November 3, 2021 to December 31, 2021: VietinBank's Board of Directors has 9 members including one independent member who is Mrs. Nguyen Thi Bac.*

VietinBank's BOD organizational structure ensures compliance with the Charter and the law on the number, standards and conditions of its members as well as meeting specialized legal provisions on independent membership structure.

2. Mechanism of operation

- BOD meetings are duly organized. In 2021, VietinBank's Board of Directors held periodic meetings to evaluate the business results and supervise the operation of the General Director/Deputy General Director in charge of the BOM, give orientations, direct activities and discuss a number of contents and topics serving the governance of VietinBank. In addition, the Board of Directors also coordinates with the Party Committee and trade union to organize a number of joint meetings to discuss social welfare projects, remuneration policies for employees and other tasks.
- The collection of the Board of Directors' votes in writing is carried out in accordance with regulations. Accordingly, many cases under the approval authority of the Board of Directors have collected comments and articulated the written opinions of the members of the Board of Directors to comply with laws and the Charter. On that basis, resolutions and decisions of the Board of Directors shall be issued in accordance with regulations.
- The quality of operation of the BOD's assistant functions including the committees under the Board of Directors, the units supporting the operation of the Board of Directors is strengthened through the Board of Directors directing the completion of the organizational and personnel model, completing the policy documents, important risk management policies. The Committees have worked closely with relevant departments/departments to effectively perform their functions in accordance with the regulations on organization and separate activities of each Committee issued by the Board of Directors.

3. Results of governance and oversight

In 2021, the Board of Directors has properly performed its tasks and powers in accordance with VietinBank's internal regulations, and has many innovations in management and direction. In the context of the economy facing many difficulties due to the negative

impact of the Covid-19 epidemic, VietinBank's Board of Directors has flexibly directed the system, ensured the efficiency of the bank and the interests of shareholders, increased profits to increase its own capital, creating a premise to expand business activities in the following years. The governance and oversight by the Board of Directors in 2021 have achieved positive results, specifically as follows:

3.1. Governance and management

(i) Directing the battle against Covid-19, protecting the health of employees, customers, partners and maintaining continuous business activities

In the face of the negative development of Covid-19 epidemic, the Board of Directors always closely follows and fiercely directs VietinBank's solutions to prevent the epidemic, protect the health of employees, customers, and partners, maintain business activities, show the pioneering role of VietinBank in the prevention, control, and combating Covid-19 epidemic in the direction set by the Government and the Ministry of Health.

(ii) Fulfillment of the 2021 plan and the assignment of business plan in 2022

- Directing the implementation of medium-term business plan and 2021 business plan

2021 is the first year to create the foundation and basis in the implementation of the medium-term business plan for the period of 2021 - 2023, as well as the development strategy of VietinBank in the period of 2021 - 2030, with a vision to 2045. From the beginning of the year, the Board of Directors has directed the entire group to focus highly, drastically implement solutions to achieve all objectives and targets.

Based on the SBV's direction, internal capacity, market trends and identification of economic areas and sectors as growth drivers, the Board of Directors directs VietinBank in addition to accompanying, sharing and removing difficulties for customers affected by Covid-19 epidemic as well as developing business operations across the group. Accordingly, in 2021, VietinBank continues to achieve positive results and targets set forth by the AGM with increased size, business efficiency is improved, and the income structure is shifted towards sustainability.

- Innovation in the assignment of business plan in 2022

In 2021, the Board of Directors has directed the drastic renewal of the assignment of business plans. The assignment of business plan for 2022 was started in November 2021 on the basis of sticking to business practices and creating conditions to support resources for units to implement the plan, and communicate the assignment of business plans throughout the Bank in December 2021 for units to quickly grasp and proactively organize the implementation of work.

(iii) Improving risk management capacity, strictly controlling asset quality

The Board of Directors has focused on directing the complete review to promulgate and organize the implementation of risk management policies. Risk management continues to be promoted in order to comply with advanced practices, in accordance with Basel II principles and standards.

(iv) Improve financial capacity and asset management efficiency

The Board of Directors has directed the development and active implementation of the roadmap to increase charter capital. On the basis of the approval by the AGM and the approval by the Prime Minister, VietinBank has successfully implemented the increase of charter capital from VND 37,234 billion to VND 48,058 billion, ranking as the second largest bank in charter capital in the Vietnam commercial banking system at the end of 2021.

The Board of Directors also directs the BOM to regularly review the management and optimization of the use of assets; to review and develop appropriate, detailed and effective asset uses as required in applicable laws.

(v) Consolidated organizational structure and personnel**- Organizational structure**

The Board of Directors has directed the active implementation and completed the model of functional units at the head office and branches in a lean direction, clearly delineating the functions and tasks, reducing the numbers of contact points for handling work at the Head Office, specialization of functions into business divisions and enhancing the efficiency of coordination between different units. In 2021, the organization model has made great changes in the successful implementation of the centralized debt handling model, approval expert model, TB sales teams at branches, and at the same time reviewing, orienting and requesting the consolidation of the Operations Division, establishing IT Division, consolidating the models of Retail Banking Division, Card Center, and Treasury & Capital Markets Division.

- Human resources

The Board of Directors has directed the fundamental, far-reaching and comprehensive renovation of the recruitment and appointment of employees. Accordingly, the Board of Directors has approved the policy of piloting internal recruitment through the form of examinations for the titles of Deputy Director of Branch and heads of some departments at the Head Office. The Recruitment Council has the participation of independent experts to ensure a comprehensive assessment, select personnel to fully meet the capacity requirements for the vacant positions, create human resources to meet the business requirements of the Branches, to

enhance transparency, ensure fairness, and help VietinBank build successful HR succession planning for future generations of management.

HR headcount planning, human resource and network planning are carefully managed. The Board of Directors also directs the drastic improvements of salary, bonuses, remuneration and incentives for the employees; continue to innovate KPI assessment, emulations and rewards, and strengthen communication on corporate culture, improve professional ethics for employees, continue to improve sense of compliance and encourage creativity; strict disciplinary actions were taken to handle breaches and violations; raise the role and responsibility of unit heads for all activities and workings of their units.

(vi) Strongly promote digital transformation. Strengthening cooperation and application of technology in banking activities

In order to realize the strategic vision "VietinBank is a leading bank in the digital transformation of the banking sector, leading the market with products and services with high technology and competing with service quality, labor productivity based on digital application", The Board of Directors has directed the strong promotion of digital transformation, strengthening IT application and modernization for each of VietinBank's activities from branch level to head office. VietinBank also works with major strategic management consulting firms, discussed digital transformation programs at other banks in the world and the ability to deploy at VietinBank to plan the selection of a consulting firm for digital transformation. The Board of Directors also approved the implementation of piloting an e-sign system at the Head Office for department heads or higher-level managers since August 2021 to enhance the efficiency and labor productivity in the processing of applications and handling of paperwork, especially in the context of more remote working caused by Covid-19.

(vii) Restructuring the system of policy documents, overcoming bottlenecks in business activities

The Board of Directors has directed the Policy Committee to develop a comprehensive plan to review and restructure VietinBank's system of policy documents in a lean way, facilitating maximum flexibility and competitiveness, but at the same time ensuring risk control in business activities.

(viii) Fulfilling obligations to the State and responsibilities to the community, the rights and interests of shareholders and employees. Directing the promotion of communication, youth union activities and social welfare projects

3.2. Oversight by the Board of Directors

The BOD remained very active in their oversight function with regard to internal control, risk management, internal capital adequacy assessment, and other material operations of VietinBank in compliance with laws.

4. Conclusions

The activities of VietinBank's Board of Directors in 2021 have been organized and implemented in compliance with the Charter, internal rules, the Board of Directors' charter, and applicable laws, fully implementing the contents in the Resolution of the AGM and the contents authorized by the AGM. There are many specific innovations and solutions in governance and management, demonstrating the BOD's role through the steering of business strategy and operations of the bank, monitoring and overseeing the implementation as well as risk management, contributing positively and effectively to the overall performance of the entire group.

**Independent member of the Board of
Directors**

(Signed and sealed)

Nguyen Thi Bac