

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

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

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**REPORT OF THE SUPERVISORY BOARD  
ON PERFORMANCE REVIEW FOR THE 2019 - 2024 TERM AND  
OPERATIONAL ORIENTATIONS FOR THE 2024-2029 TERM**

Based on the functions, duties and powers of the Supervisory Board stipulated in the Law on Credit Institutions, the Enterprise Law and the Charter on organization and operation of Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank's Charter), Statute on the organization and operation of the Supervisory Board adopted by the General Meeting of Shareholders and issued by the Supervisory Board according to Decision No. 008/2018/QD-BKS-NHCT43 dated April 26, 2018, amended for the first time on May 6, 2021; built on operational performance of the Supervisory Board in the previous terms, during the term of service of 2019-2024, the Supervisory Board continued to improve and innovate its operations, performing the assigned duties with quality and efficiency, contributing to the secure, effective and lawful operations of VietinBank and meeting shareholders' expectations. The Supervisory Board would like to report on the performance of main activities for 2019-2024 term and directions for 2024-2029 term, as follows:

**I. ORGANIZATIONAL STRUCTURE AND PERSONNEL OF THE SUPERVISORY BOARD IN THE TERM OF SERVICE OF 2019-2024**

VietinBank's 2019 Annual General Meeting of Shareholders approved the list of elected members of the Supervisory Board for the 2019-2024 term, including 03 members: Ms. Le Anh Ha, Ms. Nguyen Thi Anh Thu and Mr. Nguyen Manh Toan. On the same day, the Supervisory Board met and unanimously elected Ms. Le Anh Ha to hold the position of Head of the Supervisory Board.

The 2021 Annual General Meeting of Shareholders on April 16, 2021 elected 01 additional member of the Supervisory Board, Ms. Pham Thi Thom; The extraordinary General Meeting of Shareholders on November 3, 2021 dismissed Mr. Nguyen Manh Toan from the position of member of the Supervisory Board to take on another position at VietinBank. Accordingly, from November 3, 2021, the Supervisory Board consists of 03 members: Ms. Le Anh Ha (Head of the Supervisory Board), Ms. Nguyen Thi Anh Thu (member of the Supervisory Board), Ms. Pham Thi Thom (member of the Supervisory Board), meeting the requirement on minimum number of members, structure and ratio according to the provisions of the Law and VietinBank's Charter.

The Supervisory Board has an internal audit team and an assisting team to perform their duties.

During the 2019-2024 term, the Supervisory Board held periodic and ad-hoc meetings: Annually, the Supervisory Board met to review and approve the preliminary and full-year performance results (half-year/fully year) and operational directions for the following year of the Supervisory Board and approved the Internal Audit work plan; On a monthly basis, the Supervisory Board held meetings with the Internal Audit and the assisting team for periodic review of work items

and providing orientation for performance in coming months, assigning tasks to each member of the Supervisory Board, the Internal Audit Department and the assisting team for their execution. The Supervisory Board held ad-hoc meetings in case of receiving instructions from the State Bank of Vietnam requiring immediate actions that are not planned at the beginning of the year. At the meetings, the contents and issues related to VietinBank's business activities, governance and risk management activities were discussed, along with the results of supervision and internal audit, serving as the basis for the Supervisory Board to give opinions to the Board of Directors (BoD) and the Board of Management (BoM) in the monthly reports or in the monthly meetings of the BoD and monthly briefings of the BoM as well as its written recommendations/opinions at in-person meetings. All Supervisory Board meetings were recorded in minutes and notified to all meeting attendees. The meeting attendance rate is 100%.

Remuneration of the Supervisory Board: Remunerations for the Board of Directors and the Supervisory Board complied with VietinBank's internal regulations and were approved annually by the General Meeting of Shareholders.

## **II. HIGHLIGHTS OF THE SUPERVISORY BOARD'S PERFORMANCE DURING THE 2019-2024 TERM**

### **1. Fully overseeing the implementation of Resolutions of the General Meeting of Shareholders and the Board of Directors**

The 2019-2024 term is a period when VietinBank's operations faced many obstacles and challenges given the impact of the Covid 19 pandemic as well as economic and political fluctuations at home and abroad. During these years, the determination the BoD and BoM of VietinBank was witnessed in their management and administration activities, with innovative orientations and strategies closely following the directives of the Government and the State Bank of Vietnam (SBV), bringing about impressive results and helping control debt quality and bad debt ratio as required by the SBV. In performing its functions and duties, the Supervisory Board regularly monitored the implementation of Resolutions of the General Meeting of Shareholders and the Board of Directors, updated business information, monitored and kept track of compliance with risk limits and indicators according to the provisions of the Law and internal regulations, give immediate warnings upon any violation or threshold hit, ensuring the compliance of VietinBank's operations with regulations:

- For contracts and transactions with related persons of VietinBank under the approval authority of the Board of Directors or the General Meeting of Shareholders: The Supervisory Board has carried out full supervision in compliance with regulations. The review shows that the consideration and approval of such contracts and transactions have been performed with sufficient legal grounds, in consistence with the authority of the Board of Directors and with the consensus from the Board Members, complying with the provisions of the Law, VietinBank's Charter. The transactions were disclosed in accordance with regulations.

- For transactions between VietinBank and the companies where a member of the Board of Directors or the General Director is a founding member or executive manager during 3 years prior to the time of the transactions: During the term of supervision, 2 cases with 9 related transactions were recorded: One where a Member of the Board of Directors of VietinBank concurrently holding the position of Chairman of the Members Council of VietinBank Lao Limited (VietinBank Lao) and one where the Deputy General Director in charge of the Board of Management concurrently holding the position of Chairman of VietinBank Debt Management and Asset Exploitation Company Limited (VietinBank AMC). The Supervisory Board has reviewed related transaction contracts between VietinBank and VietinBank Lao, VietinBank AMC. The review results show that these

transactions, which are subject to the authority of the Board of Directors, have been approved by the Board of Directors in accordance with its authority and with sufficient legal ground.

- The Supervisory Board participated in regular/periodic meetings of the Board of Directors and monthly meetings of the Board of Management. Through supervision and internal audit activities, at meetings, the Supervisory Board gave independent opinions and viewpoints on business data, recorded issues and risks in operations and risk management. From which, recommendations and advices were made by the Supervisory Board to the Board of Directors, the Board of Management and bank-wide Units, in an attempt to provide the Board of Directors and the Board of Management with more reference information before making decisions and recommend work items that needs to be implemented to overcome shortcomings and limitations... ensuring that VietinBank's operations comply with the Law and the Resolutions of the General Meeting of Shareholders and preventing, rectifying and mitigating risks that may arise.

## **2. Appraisal of financial statements**

In performing its functions and duties, the Supervisory Board formed an Appraisal Team to perform appraisal over consolidated financial statements for the fiscal year ending December 31 and the semi-annual consolidated financial statements for the fiscal period ending June 30 annually on the basis of financial statements audited by an independent auditing firm. The appraisal served as the ground for the Supervisory Board to evaluate the completeness, legality, truthfulness and fairness, in all material aspects, of the business operation and financial situation of VietinBank and its subsidiaries. The financial statements have been presented in compliance with SBV's regulations on financial reporting regime for credit institutions, in accordance with Vietnamese Accounting Standards and current regulations.

By the end of fiscal year 2023, VietinBank has achieved positive results as follows:

- Consolidated total assets reached VND 2.03 quadrillion, 1.75 times that in 2018.
- Consolidated credit exposure amounted to VND 1.48 quadrillion, 1.66 times that in 2018, complying with the credit management policy of the State Bank of Vietnam from time to time;
- Consolidated total deposits reached nearly VND 1.53 quadrillion, 1.75 times that in 2018, managed in alignment with the credit growth rate, for satisfactory liquidity ratios;
- Bad debt ratios according to Circular 11/2021/TT-NHNN were curbed at 1%, meeting the target assigned by the State Bank of Vietnam and the General Meeting of Shareholders;
- Consolidated pre-tax profit reached VND 25 trillion, 3.81 times that in 2018.

## **3. Results of supervision over performance of the BoD, the General Director and other executives of VietinBank**

The Supervisory Board's supervision over the Board of Directors, General Director and other executives of VietinBank is regularly implemented by the Supervisory Board on the basis of the provisions of the Law, VietinBank's Charter, and the direction and guidelines of the Government and the SBV applicable to operation of credit institutions. As a finding of such supervision, the Board of Directors has governed and the General Director has run VietinBank's business activities in accordance with the set objectives, and provisions of the Law on Credit Institutions and VietinBank's Charter, in line with the directions and guidelines of the regulators.

- **The Bank's performance in implementation of the directives of the SBV and State agencies:** The Board of Directors and the Board of Management have seriously followed and strictly implemented the guidelines and orientations of the SBV in order to control inflation, stabilize the macro-economy, and exchange rates, and support liquidity and smooth operations of the interbank

market, with efforts to control deposit interest rates during the period when the economy struggled and experienced great volatility:

+ Promulgate programs and packages to support interest rates, introduce products and serve prioritized fields following the directives and orientations of the Government and the SBV, take the lead in carrying out programs to lower deposit interest rates, cutting down operating costs for creating conditions for lowering lending interest rates; At the same time, provide funds to the economy in an adequate and timely manner, promoting the Bank's role as a major and key commercial bank of the economy.

+ Formulate strategy for safe and effective development, focus credit on production and business sectors, priority sectors and economic growth drivers, remove and promote credit in support of the needs of production and business and the needs for living expenses... while continuing to strictly control areas with potential risks; Actively support businesses affected by Covid pandemic according to Circular No. 01/2020/TT-NHNN dated March 13, 2020 and amended documents; take the lead in interest subsidies according to Decree No. 31/2022/ND-CP dated May 20, 2022, Circular No. 03/2022/TT-NHNN guiding Decree No. 31/2022/ND-CP; and in debt rescheduling and retention of debt category according to Circular No. 02/2023/TT-NHNN dated April 23, 2023; deploy digital transformation project in banking operations; Carry out tasks assigned under the Restructuring plan associated with bad debt settlement in 2018-2020 period and continue drafting the Restructuring plan associated with bad debt settlement in 2021-2025 period to submit to the 2024 Annual General Meeting of Shareholders and term of service 2024-2029 for approval; At the same time, draft and acquire the SBV's approval for the Development strategy of VietinBank for the period of 2021 - 2025 with vision to 2030.

+ Annually, the Board of Directors approves key themes, strategies and development orientations in a clear, public and transparent manner, closely following the directives and orientations of the SBV. Based on the themes approved by the Board of Directors, the Board of Management assigns tasks and gives directions on implementation to each unit/department; Regularly direct and conduct meetings to support business activities by region and report results to the Board of Directors, ensuring operational efficiency and implementation in the right direction.

- **The exercise of rights and obligations of members of the Board of Directors, General Director and other executives:** The meetings of the Board of Directors where the Supervisory Board was invited to join were properly held, ensuring required order and procedures as prescribed. Meetings are held periodically to evaluate business results, provide directions, direct business activities and discuss a number of contents and topics in support of the management of VietinBank. The consultation of opinions of members of the Board of Directors in writing was conducted in compliance with regulations. For matters subject to the approval of the Board of Directors, written opinions of members of the Board of Directors have been collected and reviewed in compliance with relevant provisions of the Law and the Bank's Charter. On that basis, relevant Resolutions and Decisions of the Board of Directors have been issued in compliance with relevant regulations. The Board of Directors strengthened its supervisory role through many innovations in governance, promulgating Statute on supervisory activities of the Board of Directors, and supervision plans by specific themes. The Board of Management exercised the rights and obligations of executives in compliance with the provisions of VietinBank's Charter, synchronously deployed solutions across the Bank from the Head Office to business units, closely kept track of the main contents according to the orientation of the annual key themes. Business plans were actively implemented right from

the beginning of each year, with emphasis placed on risk management and credit quality control. VietinBank has completed the targets mapped out by the General Meeting of Shareholders annually.

**- High-level supervision of the BoD over the General Director on internal control, risk management and internal assessment of capital adequacy**

VietinBank has developed and effectively run the internal control system according to Circular No. 13/2018/TT-NHNN of the SBV regulating the internal control system in support of early detection of errors/risks, measuring and handling losses according to standards for balancing risk and return. All activities, business processes, and departments at VietinBank were subject to compliance management as required and internal control; Checkpoints were designed to control risks and conflicts of interest; decentralization of approval authority was carried out based on the level of trust and capacity of individuals by setting criteria, risk limits and other thresholds according to internal regulations. Control measures were consistently adopted from the Head Office to branches with information exchange mechanisms and management information systems adequately formulated. VietinBank developed and applied Labor Codes and Corporate Culture Manual uniformly across the group and at the same time promulgated policy documents such as Regulation on conflict-of-interest management, Regulation on risk management framework, Regulation on operational risk event management, Control environment assessment process, and official letters directing the rectification for the entire VietinBank group to ensure compliance with the provisions of the Law and Circular No. 13/2018/TT-NHNN.

Internal assessment of capital adequacy is demonstrated through governance documents, policy documents issued by the BoD and General Director, the mechanism for periodic and extraordinary reports and instructions to correct the pending issues and shortcomings at the request and recommendations of the SBV, independent auditor, other competent authorities and recommendations by the Supervisory Board and Internal Audit function. The control activities and risk management were properly paid attention to and enhanced. Compliance culture and sense of compliance with regulations, processes, laws and work ethics were build up.

**- Personnel arrangement and organizational model consolidation:**

Striving towards the comprehensive development of VietinBank, in the period 2019-2024, the Board of Directors has synchronously carried out a number of key solutions to improve the quality of human resources at all levels and improve labor productivity: (i) consolidating senior personnel and network management; enforcing job rotation and appointment of positions of Division Directors/Deputy Directors; consolidating personnel as capital representatives, members of the Board of Directors/members of Members' Council of VietinBank's subsidiaries in the direction of full-time staffing in order to strengthen control over business activities and develop VietinBank's ecosystem; (ii) developing the capacity of the managerial officers through examinations in a fair and transparent manner and in an attempt to nurture talents; selecting competent and qualified staff, creating equal opportunities for staff in promotion; (iii) implementing the staff succession planning at all levels and promoting the job rotation among managers between HO units and branches; (iv) reforming salary and remuneration policies. Changing and consolidating the management organization model from the HO to branches through establishing and consolidating divisions and centers at the Head Office (Corporate Banking Division, Retail Banking Division, Human Resources Division, Operations Division, Finance Division, Credit Approval Division, Risk Management Division, Treasury & Markets Division, IT Division, Procurement & Asset Management Division, Legal & Compliance Division, Debt Recovery Center (under the Legal & Compliance Division),

Southern Customer Center, Card Center and Contact Center); researching and implementing models to promote business strategies, supporting product development and direct business teams while supporting debt quality control, improving risk management quality, and compliance awareness.

- **Coordination between the Supervisory Board and the Board of Directors, the General Director and shareholders**

The Supervisory Board regularly attended BoD's monthly meetings and BoM's monthly meeting, and also attended as invitee in the meetings of some BoD-level committees, BoM-level councils. The Supervisory Board has closely cooperated with the BoD and the BoM in the performance of its functions and duties, exchange of information based on the principle of compliance with the Law and VietinBank's internal regulations. On the basis of monitoring results, the Internal Audit, the Supervisory Board have made specific recommendations and notes of advisory nature on the performance of the BoD, the General Director/the Deputy General Director in charge of the BoM in management and administration of the Bank; providing further insights to assist the Board of Directors, the General Director/the Deputy General Director in charge of the BoM in decision-making and directing relevant units to research and develop measures to promote business growth in accordance with the strategic direction, while maintaining effective management of risks.

The BoD has issued documents directing internal control activities as well as providing and exchanging information with the Supervisory Board to ensure a timely, smooth and consistent information and material exchange and provision throughout VietinBank group.

During the term of service, the Supervisory Board did not receive any request from individual or group of shareholders regarding review of accounting books, records or request for inspection regarding the business, governance and management of VietinBank.

**4. Internal Audit and high-level direction and supervision over Internal Audit**

During the term of service, the Supervisory Board regularly directed and supervised Internal Audit activities according to Internal Audit's functions, duties and plans approved annually. High-level supervision over Internal Audit was implemented through the role of person in charge of the Internal Audit squad, and by way of directly reviewing and signing for release of the Audit Reports, ensuring the quality of Internal Audit activities and compliance with professional ethical standards as well as evaluating the achievements/limitations of Internal Audit for learning form experience.

The Supervisory Board paid special attention to improving the quality of Internal Audit activities and consolidating and perfecting the Internal Audit body, organizing internal and external training sessions to improve personnel quality. In addition, the Supervisory Board oriented and directed audits by themes and areas that were considered crucial/having potential risks (credit, information technology, anti-money laundering,...), audits of the implementation of the Restructuring plan associated with bad debt handling for the period of 2018 – 2020 and etc., on the basis of following upon key themes set by Board of Directors. The Supervisory Board also directed the development of software to support Internal Audit activities, research and innovation of audit methods, identification of risks, and data zoning for focusing on, improvement of internal audit capacity over information technology and innovation of internal audit approach to ensure timely adaptation to major changes in digital transformation in the banking industry.

**5. Updating the list of founding shareholders, major shareholders and related persons of the members of the Board of Directors, the Supervisory Board and the Board of Management of VietinBank**

The update of the list of related persons of members of the BoD, the Supervisory Board and BoM and shareholders holding at least 5% (five percent) of voting shares is carried periodically by the Supervisory Board, with the cooperation and information exchanges with the Secretariat to the BoD & IR. As a finding of the course of monitoring, information disclosure on changes to members of the Board of Directors and members of the Board of Management was done in accordance with VietinBank's Charter and in compliance with the provisions of the Law. The changes were updated semi-annually and annually and duly kept as record by the Supervisory Board.

## **6. Review and promulgation of internal documents**

### **- Amendment of the Regulation on organization and operation of the Supervisory Board**

Pursuant to the Law on Credit Institutions and documents amending and supplementing the Law on Enterprises 2020, the Law on Securities 2019, Decree No. 155/2020/ND-CP by the Government detailing a number of articles of the Law on Securities and Circular No. 116/2020/TT-BTC by the Ministry of Finance guiding model charter and model internal governance regulation for public companies, the Supervisory Board reviewed and updated changes related to responsibilities and powers of the Supervisory Board to the Regulation on organization and operation of the Supervisory Board of VietinBank for submission to the General Meeting of Shareholders for approval, ensuring compliance with the provisions of the Law and VietinBank's Charter. Information disclosure as required on such changes was done on May 6, 2021.

### **- Amendment of regulations related to internal audit**

Based on the functions, duties and powers, the Supervisory Board has directed the Internal Audit Department to review and issue the revised "Regulation on Internal Audit of VietinBank" and "Procedures for organizing and performing audits in VietinBank system", ensuring consistency with functions, duties and practices of Internal Audit operations.

## **III. THE SUPERVISORY BOARD'S OPERATIONAL DIRECTIONS FOR THE 2024-2029 TERM**

In the context of complicated and unpredictable developments of the economy, based on the provisions of the Law and VietinBank's Charter, the SBV's requirements towards the Supervisory Board and Internal Audit, and the Government's instructions from time to time, the Supervisory Board hereby sets the direction for the new term of 2024-2029 as follows:

The Supervisory Board will continue to duly perform its functions, duties and powers according to the provisions of the Law and VietinBank's Charter, focusing on a number of the key tasks below:

- Supervise compliance with the provisions of the Law and VietinBank's Charter in the management and operations of the Board of Directors, Board of Management and other managers; Supervise the implementation of Resolutions of the General Meeting of Shareholders and directions of the State agencies; Supervise compliance with safety ratios;
- Appraise the half year and annual financial statements;
- Continue to strengthen internal audit and supervision activities to detect, warn, and promptly handle violations and potentially risky activities, focusing on a number of material risks such as: Credit risk, liquidity risk, operational risk, etc.; Strengthen supervision through information and reporting systems; timely identify and control issues of a material impact on the Bank's operations to give recommendations and develop appropriate countermeasures;
- Review amendments and supplements according to the newly issued Law on Credit Institutions effective in 2024 related to the responsibilities of the Supervisory Board and Internal Audit to amend internal regulations related to functions and duties. Promulgate internal regulations

related to internal control and audit in accordance with applicable provisions of the Law, internal regulations and guidance of the SBV. Participate in consolidation of the Supervisory Board's personnel for compliance with relevant regulations.

- Perform the role of high-level supervision over Internal Audit to ensure that Internal Audit completes the approved annual plans.
- Improve the quality of Internal Audit, arrange adequate personnel and ensure personnel quality to effectively deploy the activities of the Supervisory Board and Internal Audit.
- Develop and implement activities to innovate auditing methods, tools, and mindset on the basis of closely following VietinBank's strategic themes; innovate work management, centrally manage all human resources to ensure initiative in work.

*We look forward to the approval from the General Meeting of Shareholders of the content reported by the Supervisory Board.*

**PP. THE SUPERVISORY BOARD**

**HEAD**

**Le Anh Ha**