

**VIETNAM JOINT-STOCK COMMERCIAL  
BANK FOR INDUSTRY AND TRADE**
**SOCIALIST REPUBLIC OF VIETNAM  
Independence – Freedom – Happiness**

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**REPORT OF THE BOARD OF MANAGEMENT ON BUSINESS PERFORMANCE  
IN 2021; ORIENTATIONS AND PLAN IN 2022**

**Attention : The General Meeting of Shareholders of Vietnam Joint-Stock  
Commercial Bank for Industry and Trade**

**PART I. OVERVIEW OF MACRO ECONOMY AND BANKING INDUSTRY IN 2021**

1. In 2021, the Covid-19 pandemic continued to run wild with the emergence of new variants, which hampered the global economic recovery. Fiscal measures and policies, stimulus packages coupled with the push for vaccination were credited for the pandemic control and socio-economic recovery in many countries. Nonetheless, the rising inflation rate, input price hike, imminent supply chain disruption and energy shortage posed enormous challenges to the world's economy.
2. Vietnam was among countries that suffered from the pandemic. However, thanks to the Government's efforts to accelerate vaccination and effectively deploy Resolution No.128/NQ-CP dated October 11<sup>th</sup> 2021 on "Safe and flexible adaptation, effective control of the COVID-19 pandemic", the domestic economy made positive progress in ending months of 2021.
3. The finance and banking system was further consolidated and developed. The State Bank of Vietnam (SBV) administered integrated monetary tools and policies to regulate liquidity, control scale combined by raising credit quality. The credit growth rate of the whole industry in 2021 was about 13%, higher than that in 2020, in line with the capital absorption capacity of the economy. The SBV continued to direct, instruct commercial banks to enhance support measures for individuals and enterprises that were suffering from the Covid-19 pandemic through the policy of cutting lending rates and waiving/reducing service fees; issued Circular No.14/2021/TT-NHNN on expanding the scope of Covid-19 induced debt restructuring and extending the debt restructuring period. In addition, the SBV formulated the digital transformation (DX) plan for the banking industry until 2025 – vision towards 2030 in order to improve sustainable business performance of the banking system throughout the national DX journey.

**PART II. OUTSTANDING BUSINESS ACHIEVEMENTS OF VIETINBANK IN 2021**
**A. BUSINESS PERFORMANCE IN 2021**

VietinBank proactively implemented integrated business measures, took the lead in adopting policies and directions of the Party and the State, made an effort to foster innovation and thorough restructuring through aggressively transforming the growth model, hastening a shift in

the income structure, adopting the customer-centric strategy, driving competitiveness by focusing on developing advanced finance and banking solutions, improving advisory capacity and service quality to fully respond to customer's finance and banking demands. As a result, VietinBank successfully achieved the targets set forth by the Annual General Meeting of Shareholders (AGM) with impressive results in 2021, laying a robust foundation for the bank's business activities going forward.

*Cal. unit: VND billion, %*

Indicators	31/12/2020	31/12/2021	31/12/2021 versus 31/12/2020		AGM 2021's target	Compared to 2021 full- year targets
			+/-	+/- %		
Total assets	1,341,510	1,531,587	190,077	14.2%	Growth rate of 6-10%	Passed
Deposits from individuals and economic institutions	990,331	1,161,848	171,517	17.3%	Growth rate of 8-12%	Passed
Credit exposure	1,027,542	1,141,454	113,912	11.1%	Growth rate of up to 12.5%, in line with the SBV's monetary policy	Passed
Non-performing loan ratio (NPL ratio)	0.94%	1.26%			<1.5%	Passed
Separate profit before tax (PBT)	16,477	16,860	383	2.3%	16,800	100.35%
Consolidated PBT	17,120	17,589	469	2.7%		

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

### **1. Secured sustainable balance sheet growth, improved asset quality**

- ✓ **Consolidated total assets** exceeded VND 1.53 quadrillion, up 14.2% year-over-year 2020.
- ✓ **Consolidated credit exposure** totaled VND 1.14 quadrillion, up 11.1% year-over-year 2020; average credit exposure picked up 12.3% from 2020. In the structure of the credit portfolio, there was a further increase in the portion of VND loan balance and average loan balance of highly profitable segments including Retail and Small and Medium Enterprises (SMEs).
- ✓ **Fund mobilization** was in optimal balance with the credit growth rate, the cost of fund (COF) was significantly cut against the backdrop of preferential support policies that the Bank proactively offered to Covid-19 impacted customers.
  - **Consolidated deposit balance from Market 1 (MI)** amounted to VND 1.16 quadrillion, up 17.3% year-over-year 2020. The loan-to-deposit ratio (LDR) was compliant with the SBV's requirements.
  - **CASA balance from MI** further went up 20% year-over-year 2020. The portion of end-of-

period CASA balance in 2021 exceeded 20%, making a positive contribution to the Bank's control over the COF.

- ✓ **NPL ratio** was curbed at 1.26%, in line with the target set forth by the SBV and AGM.
- ✓ **Provision coverage ratio of non-performing** loans and bonds on the balance sheet was 180.4%, higher than that in 2020.

## 2. *Achieved the profit target, drove a positive shift in the income structure*

- ✓ **Non-interest income** continued to grow, making up 21.4% in 2021, specifically:
  - **Net fee income** advanced 13.7% from 2020.
  - **Foreign currency trading income** reached VND 1.8 trillion; VietinBank continued to top the market in both volume and market share of foreign currency trading.
  - **Written-off debt recovery** was VND 3.2 trillion, significantly up 85% year-over-year 2020.
- ✓ **Spending and cost management** were more effective than ever. The cost-to-income ratio (CIR) was fairly curbed at 32.3% in 2021.
- ✓ In 2021, apart from proactively cutting over VND 7 trillion of profit through reducing lending rates, fees, de-recognizing interests to support Covid-19 impacted individuals and enterprises, VietinBank continued to take the initiative in thoroughly restructuring the operations, aggressively transforming the business growth model from extensive to intensive, from scale-driven to service quality-driven, pushing a shift in the structure of loan balance, expanding the portion of non-interest income, optimizing capital and operating cost efficiency of the Bank. Accordingly, **the separate PBT in 2021** reached VND 16,860 billion (+2.3%), completing the AGM's target, the consolidated PBT amounted to VND 17,589 billion (+2.7%), providing VietinBank with strong financial resources to play a better role as a key State-owned commercial bank, a driving force of the economy, a major contributor to the State budget and national socio-economic development in the coming time.

## 3. *Promoted the role as a key commercial bank and a driving force, effectively adopted guidelines, principles, statutory policies of the Party and the State.*

- ✓ VietinBank continued to proactively cut costs and well manage asset quality, facilitated credit growth and promoted advanced banking products and services, launched preferential lending rate programs, helped customers get access to credit and banking products and services at the lowest costs, optimally met financial needs of the economy. Since the outbreak of the Covid-19 pandemic until the end of December, 2021, VietinBank disbursed over VND 940 trillion to almost 22 thousand customers suffering from the pandemic; reduced interest rate for total loan balance of VND 400 trillion owed by nearly 25 thousand customers, rescheduled debt payment, maintained debt groups for almost 2 thousand customers in accordance with the SBV's Circulars 01, 03 and 14 with total restructured loan balance of nearly VND 13 trillion in order to support affected individuals and enterprises restore their business activities.
- ✓ VietinBank focused credit growth on prospective business fields, industries, sectors and enterprises; allocated resources to key economic regions, accompanied regions and localities in advancing regional economic growth, making a positive contribution to the national development.

## 4. *Subsidiaries and affiliates made positive progress in their business performance*

- ✓ Subsidiaries and affiliates operated effectively. Their PBT grew 22% year-over-year 2020.

Among them, five companies overachieved their profit targets.

## **B. GOVERNANCE AND MANAGEMENT IN 2021**

Closely following the directions, instructions of the Government and the SBV, as well as market developments, VietinBank took integrated management measures, which were dynamic, consistent from the Head Office to business units, and flexibly adaptable to the business environment, specifically as follows:

- ✓ ***Firstly, flexibly managed assets and liabilities and pricing policy, optimized capital efficiency in the face of multiple complex developments and challenges in the market.***
  - Shifted the deposit tenor structure towards higher portion of CASA and short-term deposit balance, optimized average COF, significantly cut COF, which served as a basis for reducing lending rates in order to support Covid-19 impacted customers, and enhance the bank's competitiveness, etc.
  - Boosted fund mobilization, diversified funding channels to ensure credit growth and compliance with stricter prudent and liquidity ratios as regulated by Circular 41 starting from January 1<sup>st</sup> 2021.
  - Focused on sustainable credit growth, particularly in SMEs and Retail segments with priority given to loans for production and business, loans to essential sectors and consumer loans.
- ✓ ***Secondly, proactively supported Covid-19 impacted customers at the request of the SBV.***
  - Proactively conducted an analysis, put forward suitable restructuring solutions by customer, group of customers to help them overcome challenges.
  - Launched a credit package to support customers operating in industries, sectors affected by the pandemic.
  - Pursuant to the SBV's regulations in Circulars 03 and 14, VietinBank reviewed, restructured loans, reduced and exempted interests, maintained debt groups, reduced/waived different service fees for Covid-19 impacted customers i.e international settlement fee, trade finance fee and others in order to support enterprises stay in business.
- ✓ ***Thirdly, focused on significantly boosting technology-intensive products and services, and improving customer service quality.***
  - Fostered DX in banking services, continued to invest in upgrading security solutions and adding new features on Internet Banking applications, effectively launched the campaign to acquire new eFAST and Ipay users, new account holders through electronic know-your-customer (eKYC) technology, rolled out zero-fee packages to push the growth in customer base and CASA balance.
  - Implemented cloud computing on iPay web application, which served as a launch pad for VietinBank to further promote the application of modern and advanced technology to business activities.
  - Expanded the eco-system, moved closer to open banking, provided VietinBank's products and services on partner's applications i.e ERP connection, VietinBank's account opening and card issue on such big e-commerce platforms and applications as Grab, Shopee, Sendo, etc.
  - Ran back-office operations safely, accurately, effectively and smoothly.
- ✓ ***Fourthly, made efforts to strengthen financial capacity, improve financial governance from financial planning, monitoring and management, to operating cost control.***

- After a lot of efforts to speed up the progress, in July 2021, VietinBank officially raised the charter capital from VND 37,234 billion to VND 48,058 billion through issue of stock dividends from retained earnings in the period from 2017 to 2019, creating a premise to strengthen the financial capacity of VietinBank in the coming time.
- Proactively regulated the credit growth within the SBV-approved limit, restructured the portfolio, improved the return on equity investment; issued certificates of deposits (CDs) and subordinated bonds with a view to mobilizing more middle and long-term deposits in line with credit growth (*see detailed results of public bond offerings and progress of use of proceeds in the attached appendix*).
- Improved operating cost efficiency, kept CIR on track; prioritized spending on front-office related activities.
- Introduced a set of tools to support branches in business analysis and operations with the aim of improving bank-wide performance and financial governance.
- ✓ ***Fifthly, standardized governance and management, followed regulations and practice norms, strictly controlled asset quality, improved the quality of credit appraisal and risk governance.***
- Monitored the portfolio, proactively identified potentially risky customers to promptly apply appropriate debt collection and recovery measures; Regularly followed up on the developments of the economy, potentially risky sectors and industries, thereby, gradually reduced the portion of high risk-weighted assets.
- Specialized credit approval in order to improve the quality of credit appraisal and approval, raise the productivity of application processing, at the same time, increase objectivity in credit approval.
- Complied with applicable laws in credit granting. Total credit exposure to restricted borrowers as specified by Clause 1, Article 127, Law on Credit Institutions as at December 31<sup>st</sup> 2021 was VND 1,548 billion, making up 1.23% of VietinBank's capital.
- ✓ ***Sixthly, boosted NPL collection and written-off debt recovery.*** Assigned specific persons in charge of debt collection and recovery, adopted flexible and integrated measures/initatives in order to speed up the progress, realize actual debt collection results as a driver of profit at branches and across the bank.
- ✓ ***Based on consistent executive directions from the Head Office to Branches, outstanding products and services, as well as impressive business results over the last period, the Bank's prestige and position have been further consolidated with various domestic and global awards:*** Top 10 enterprises meeting Vietnam's business culture standards in 2021, Top 100 Vietnam's sustainable businesses in 2021, Sao Khue award 2021, Excellent digital transformation enterprise award 2021, and many other awards conferred by prestigious organizations.
- ✓ ***In addition to business activities, VietinBank continued to make positive contributions to social security in line with the guidelines and policies of the Party, the SBV and the Government.*** In 2021, VietinBank spared over VND 500 billion for social security affairs, including VND 166 billion in support for prevention of and fighting against the Covid-19 pandemic.

### PART III. BUSINESS ORIENTATIONS IN 2022

In 2022, it is forecasted that the global and domestic economy will still be exposed to multiple challenges and risks as a result of adverse impacts from the Covid-19 pandemic, as well as trade and political tensions between major powers. However, thanks to effective control of the pandemic together with stable macro-economy appealing to foreign investors and growth quality over the last few years, the prospects for Vietnam's economic outlook are brighter. GDP is expected to grow by 6.0 – 6.5%, CPI shall be curbed at 4%, creating an enabling environment for business development and foreign investment attraction. The SBV continues to direct, administer flexible policy tools to stabilize the currency and market, ensure systemic liquidity, effectively provide fund for the economy, facilitate the development of credit institutions.

In order to make a breakthrough in the new period, based on the analysis of the prospects, growth drivers of the economy and achievements in 2021, VietinBank will continue to aggressively deploy executive measures, promote business activities closely in line with the directions and instructions of the Government and the SBV as well as the market developments, at the same time, further offer support policies for individuals and enterprises suffering from the Covid-9 pandemic in 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> )
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

It is kindly suggested that the AGM agrees to delegate the BoD, based on the comments, instructions, approval of the competent State authority, market developments and business practices at VietinBank, to determine official targets and publish information as regulated.

**Kindly find below several key business initiatives in 2022:**

***Firstly, continue to sustain balance sheet growth, increase accessibility to finance and banking services in the economy, improve business environment.***

- ✓ Focus on sustainable growth, further promote the growth in SME and Retail segments, prioritize loans for production and business activities, and increase the portion of highly profitable products combined by controlling risks.
- ✓ Focus on acquiring new customers in parallel with filtering out existing customers.
- ✓ Continue to aggressively tap into large corporate and FDI customer base, with focus on customers who can bring high overall benefits.
- ✓ Acquire customers and dominate the market share quickly and effectively through re-financing projects that are already put into operation, generating revenue and performing well.

***Secondly, increase the portion of non-interest income (particularly service fee income, foreign currency trading income). Aggressively and thoroughly improve the quality of products and services, strongly promote transaction banking and investment banking operations.***

- ✓ Focus on cross-sale and up-sale to groups of customers who are likely to use various banking products and services.
- ✓ Adopt policies/measures to leverage the sales force in selling on-demand account and alias services in order to acquire new customers and re-activate “dormant” ones; Develop and promote competitive product structure, diversified investment offerings to retain existing customers, attract prospects who have demand for high-return investment products.
- ✓ Promote investment banking operations.
- ✓ Take the initiative in switching from conventional credit-driven to service-driven bank.
- ✓ Develop a product sale/distribution model, strengthen sale and advisory capacity of the transaction banking sales force with a view to providing comprehensive and customized solutions, helping enterprises effectively manage their business activities.
- ✓ Put a particular emphasis on omni-channel marketing and communication for each key product.
- ✓ Expand relationships with domestic and international financial institutions. Maintain the market leader position in foreign currency volume and trading profit.
- ✓ Enhance competitiveness in the market, promote interest rate and commodity derivatives, and proprietary trading in the interbank market.

***Thirdly, focus resources on promoting the growth in fund mobilization, particularly low-cost fund.***

- ✓ Flexibly manage fund balance, utilize fund to ensure compliance with prudent ratios as required by the SBV.
- ✓ Tighten the management of customer’s cash flow, foster the development of e-banking channels; aggressively launch promotional product and service packages in order to encourage new current account opening.
- ✓ Acquire new customers and expand customer base through partnering with e-commerce platforms, e-wallets, and online shopping applications.

***Fourthly, promote the application of technology, full digitalization of operations.***

- ✓ Develop non-cash payment solutions in line with the guidelines of the Government and the SBV. Optimize payment system and platform, as well as advanced payment products and services. Develop a multi-functional payment ecosystem, etc...
- ✓ Develop advanced, convenient, integrated, customer-centric distribution channels, study and apply Bigdata, AI to data analytics; cloud computing.
- ✓ Enhance application of new technologies to secure privacy and offer added values to customers.
- ✓ Ensure technical facilities, system safety and security in support of DX at VietinBank.

***Fifthly, boost NPL recovery, improve asset quality***, mobilize resources on the best efforts basis, and apply thorough, flexible and integrated solutions/measures to hasten NPL collection and written-off debt recovery, which directly drive the overall bank's profit.

***Sixthly, improve risk governance, ensure compliance and safety in operations, grow business coupled with strictly controlling credit quality.***

- ✓ Strictly follow regulations, abide by statutory disciplines and instructions of the SBV. Request for strict compliance with professional regulations and procedures; Personalize responsibility, pay particular attention to employee's ethics.
- ✓ Continue to review, streamline and develop a user-friendly policy document tree; closely follow up on regulations of applicable laws and the SBV to keep VietinBank's documents promptly updated; further improve policy documents in support of business promotion and risk control.
- ✓ Strengthen the ability to identify all material risks, early detect risks and work out measures to prevent possible risks; Fight against internal and external frauds, enhance management of operating system safety and information security.
- ✓ Improve the quality of cooperation among business units, credit approval units, and risk control units in order to better control credit quality for avoidance of an increase in debts group 2 and NPLs, ensuring compliance with risk limits.
- ✓ Enhance internal inspection and control, strengthen the capacity, efficiency and performance of the internal inspection and control apparatus.

***Seventhly, manage cost efficiency, continue to secure a positive jaw ratio; keep CIR under control.***

- ✓ Prioritize budget spending on operating expenses that help drive business performance of units, focus on investment in digital transformation and improvement of service quality, position, and brand identity of VietinBank.
- ✓ Foster application of information technology, improve automation ratio, raise personnel quality, reform procedures, processes, and documents, shorten turnaround time, focus resources on customer care and acquisition.
- ✓ Save costs across the bank, spend the budget practically, making sure that costs are optimally used for right purposes.

***Eighthly, continue to take integrated measures to raise capital in order to improve and strengthen financial capacity.***

- ✓ Continue to proactively control credit growth rate, issue subordinated bonds, divest from several subsidiaries, optimize risk weighted asset portfolio.



- ✓ Control the scale of risk weighted assets, adopt risk-based pricing and evaluate risk-adjusted returns.  
*Ninthly, consolidate the organizational model, improve personnel quality.*
- ✓ Continue to consolidate the organizational model, streamline the apparatus in response to business requirements.
- ✓ Effectively adopt personnel policies and tools, supplement people for front-office units, improve personnel quality and raise labor productivity.
- ✓ Deploy training and development measures to improve personnel quality.

In 2021, the Management and employees of VietinBank flexibly and creatively overcame challenges, setbacks and fulfilled set-forth targets. Working environment, material and spiritual life of employees were guaranteed.

In 2022, based on the financial capacity and achievements that have been built up, the Management and employees of VietinBank are resolved to seize opportunities, navigate difficulties and challenges, fully dedicate ourselves to excelling at business targets and plans, further consolidate the role and position of VietinBank, make positive contributions to the banking industry and national socio-economic development.

**VIETNAM JSC BANK FOR INDUSTRY AND TRADE  
DEPUTY GENERAL DIRECTOR IN CHARGE OF THE BOM**

*(Signed and sealed)*

**Nguyen Hoang Dung**

## APPENDIX: PROGRESS REPORT ON THE USE OF PROCEEDS FROM THE PUBLIC BOND OFFERINGS IN 2021

The report on the progress of utilizing funds as proceeds from the public offering of bonds in 2021 of VietinBank has been audited by Ernst & Young Vietnam Co., Ltd. as an independent auditor - and issued on April 4, 2022. Total amount of fund as proceeds from issues of bonds of VietinBank in 2021 public offerings is VND 6,512.91 billion which has been fully utilized for medium and long term lending to customers in sectors/industries, namely: (i) Manufacturing and distribution of electricity, gas; (ii) Manufacturing and processing industries; (iii) Mining, toward ensuring the efficiency and safety of the Bank's business operations.

Summary of main content of the Report:

### PLAN FOR UTILIZATION OF FUNDS AS PROCEEDS FROM PUBLIC OFFERINGS OF BONDS

Updates on progress:

*Unit: VND*

Industry/sector	Under the offering circular (VND)	Amount as proceeds from the bond issue (VND)	Amount actually utilized (VND)	<i>In which: Amount of medium and long-term loans</i>	Duration of utilization
Producing and distributing electricity and gas	6,962,000,000,000		4,777,378,273,215	4,777,378,273,215	04/10/2021 to 15/03/2022
Manufacturing and processing industry	1,885,000,000,000		1,485,029,234,683	1,485,029,234,683	27/10/2021 to 18/02/2022
Mining	512,000,000,000		250,502,492,102	250,502,492,102	29/11/2021 to 11/02/2022
Other sectors	641,000,000,000		-	-	
<b>Total</b>	<b>10,000,000,000,000</b>	<b>6,512,910,000,000</b>	<b>6,512,910,000,000</b>	<b>6,512,910,000,000</b>	

**Changes (if any): None.**

**Reason for change (if any): None.**

**The report on the progress of utilizing funds is disclosed at:** VietinBank website, information disclosure system of the State Securities Commission, website of Ho Chi Minh City Stock Exchange from April 5, 2022.