

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

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**SOCIALIST REPUBLIC OF VIETNAM
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Hanoi, April 2024

REPORT**ON THE PERFORMANCE OF THE SUPERVISORY BOARD IN 2023
AND OPERATIONAL ORIENTATIONS FOR 2024**

Pursuant to:

- *The Law on Credit Institutions 2010; Law amending and supplementing the Law on Credit Institutions in 2017 and its guiding documents;*
- *The Charter on organization and operation of Vietnam Joint Stock Commercial Bank for Industry and Trade;*
- *The Regulation on organization and operation of the Supervisory Board approved by the General Meeting of Shareholders and issued by the Supervisory Board in accordance with Decision No. 008/2018/QĐ-BKS-NHCT43 dated April 26, 2018 and amendments and supplements thereof;*

The Supervisory Board would like to report to the Annual General Meeting of Shareholders (“**AGM**”) of Vietnam Joint Stock Commercial Bank for Industry and Trade (“**VietinBank**”) on the performance and results of execution of duties and powers in 2023 and orientations for 2024 as follows:

I. PERFORMANCE OF THE SUPERVISORY BOARD

From January 01 to December 31, 2023, 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), and Ms. Pham Thi Thom (Member of the Supervisory Board). In 2023, the Supervisory Board performed the duties and functions as stipulated in the Law on Credit Institutions (Law on CIs), the Charter of VietinBank (the Charter), the Regulation on organization and operation of the Supervisory Board.

In 2023, the Supervisory Board held 12 meetings to carry out tasks, discuss and give opinions on the contents within the scope of responsibilities and powers of the Supervisory Board. Attendance rate of such meetings reached 100%, specifically:

No.	Member of the Supervisory Board	Number of meetings attended	Meeting attendance rate	Voting rate
1	Ms. Le Anh Ha	12/12	100%	100%
2	Ms. Nguyen Thi Anh Thu	12/12	100%	100%
3	Ms. Pham Thi Thom	12/12	100%	100%

The Supervisory Board's meetings were attended by the Management of the Internal Audit Department and the assisting team for reviewing tasks and providing specific orientations in the coming time to each member of the Supervisory Board, the Internal Audit Department and the assisting team. The contents of the Supervisory Board's meetings included: Reviewing the performance of the Supervisory Board and Internal Audit in 2022; agreeing and approving the work plan in 2023 of the Supervisory Board; developing the Internal Audit plan in 2023; implementing the directions of the SBV; discussing contents and issues related to VietinBank's business activities, governance and risk management activities. Supervisory Board's meetings were convened by the Head of the Supervisory Board with the participation of all members of the Supervisory Board. The minutes of meetings of the Supervisory Board were recorded and filed as per regulations.

Remuneration of the Supervisory Board: The realized amount of remuneration for the Board of Directors (BoD) and the Supervisory Board in 2023 is 0.14% of 2023 Profit after tax (PAT), in line with Article 5 of the 2023 AGM's Resolution No. 26/NQ-DHDCD dated April 21, 2023 (for approval of remuneration for the BoD and the Supervisory Board in 2023, of up to 0.25% of 2023 PAT). In which, the remuneration of members of the Supervisory Board in 2023 is VND 3.856 billion¹.

II. PERFORMANCE IN IMPLEMENTATION OF SOME SPECIFIC TASKS

1. Supervision of the Bank's business and financial performance

a. Supervision of the performance of financial targets as per General Meeting of Shareholders' resolutions

The Supervisory Board monitors the implementation of the resolutions of the General Meeting of Shareholders through staying updated to the Bank's performance on business activities and ensuring compliance with the required prudential ratios. The Supervisory Board fully attended and provided consultations at regular meetings of the

¹ Explanatory notes to the audited financial statements in 2023

BoD and the Board of Management (BoM). In these BoD and BoM meetings, the Supervisory Board gave independent opinions on business results (as against AGM-assigned targets); pending issues and risks in business operation, the management and governance of VietinBank; accordingly, the Supervisory Board recommended necessary solutions to overcome the challenges and setbacks. At the same time, as for matters that need attention and enhanced control, the Supervisory Board made specific recommendations to improve operational efficiency and ensure secure and sustainable growth.

In 2023, under the direction of the BoD and execution of the BoM, VietinBank exceeded the targets set by the AGM, specifically:

Cal unit: VND billion, %

Indicators	Dec 31, 2022	Dec 31, 2023	Dec 31, 2023 vs. Dec 31, 2022		Targets set forth by the AGM in 2023	Vs. 2023 targets
			+/-	+/- %		
Total assets	1,808,811	2,032,614	+223,803	12.4%	To grow by 5-10%	Completed
Total deposits	1,340,546	1,526,275	+185,729	+13.9%	To be aligned with credit growth and in compliance with the SBV-set prudence ratios	Completed
Credit exposure	1,279,845	1,478,228	+198,383	+15.5%	To follow the SBV-approved credit growth cap and credit orientation policies from time to time	Completed
NPL out of total credit exposure as per Circular 11	1.1%	1%			<1.8%	Completed
Separate Profit-before-tax	20,538	24,194	+3,656	+17.8%	22,500	108%
Consolidated Profit-before-tax	21,132	24,990	+3,858	+18.3%		

(Source: Audited separate and consolidated Financial Statements in 2023)

As for prudence ratios in banking operations, through periodical examination and review by Internal Audit, the Supervisory Board has found that in 2023, VietinBank managed to keep these ratios compliant with the SBV's regulation.

b. Appraisal of financial statements in 2023

In execution of duties and functions in 2023, the Supervisory Board organized the appraisal of VietinBank’s consolidated financial statements for the fiscal year ended December 31, 2022 and half-year consolidated financial statements for 06-month period ended June 30, 2023 based on the financial statements independently audited by Deloitte Vietnam Co., Ltd., including separated and consolidated financial statements². Kindly find below the result:

The consolidated financial statements for the year 2023 give a true and fair view, in all material aspects, of the business operation and financial situation of VietinBank and subsidiaries; are presented in accordance with SBV's regulations on financial reporting regime for credit institutions, in accordance with Vietnamese Accounting Standards and current regulations.

VietinBank’s performance in delivery of targets as shown in the consolidated financial statements in 2023:

No.	Target	12/31/2023 (VND Billion)
1	Total assets	2,032,614
	- Loans to customers	1,473,345
	- Investment securities	181,211
	- Fixed assets (at historical cost)	23,446
	- Other assets	59,593
2	Capital	63,511
3	Customer deposits	1,410,899
4	Net operating income	50,105
5	Provision costs for credit losses	25,115
6	Total Profit before tax	24,990

(Source: audited consolidated financial statements in 2023)

c. Review of contracts and transactions with related persons of VietinBank within the approval authority of the BoD or the General Meeting of Shareholders

In 2023, the Supervisory Board reviewed the transaction contracts between VietinBank and Related Persons based on the documents submitted to the Supervisory Board (21 transactions: 17 transactions with subsidiaries and 4 transactions with major shareholder – MUFG Bank). The review shows that such contracts and transactions were

²Including the following subsidiaries: VietinBank Leasing Company Ltd.; VietinBank Securities JSC; VietinBank Debt Management and Asset Exploitation Company Ltd. VietinBank Insurance Corporation Ltd.; VietinBank Gold and Jewelry Trading Company Ltd.; VietinBank Global Money Transfer Company Ltd.; VietinBank Lao Ltd.

considered and approved based on sufficient legal grounds, in consistency with the authority of the BoD and were disclosed in accordance with regulations.

d. Review of transactions between VietinBank and the Companies where a member of the BoD or the General Director is a founding member or manager during the period of 3 years preceding to the time of the transaction

Ms. Pham Thi Thanh Hoai - Member of the BoD of VietinBank is the Chairwoman of the Members' Council of VietinBank Lao Ltd. (VietinBank Lao). Mr. Do Thanh Son - Deputy General Director in charge of the BoM is the Chairman of VietinBank Debt Management & Asset Exploitation Company Ltd. (VietinBank AMC).

In 2023, based on the submitted documents, the Supervisory Board recorded 01 transaction between VietinBank and VietinBank Lao - Approval of the contract for foreign currency transaction limit; 01 transaction between VietinBank and VietinBank AMC – Approval of the principle contract for authorized debt collection.

The review results show that these transactions were approved by the BoD in accordance with the authority based on sufficient legal grounds and were disclosed as required.

2. Supervision over performance of the BoD, the General Director and other executives of VietinBank

The Supervisory Board's supervision over the BoD, the General Director and other executives of VietinBank is regularly implemented by the Supervisory Board based on 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 result of such supervision, the BoD and the General Director are found to have directed and run business activities in accordance with the set objectives, and provisions of the Law on CIs and VietinBank's Charter, in line with the direction and guideline of relevant State regulators:

- ***The Bank's performance in implementation of the directives of the SBV and State regulators in 2023:*** The BoD and the Deputy General Director in charge of the BoM strictly followed and actively implemented the guidelines and orientations of the SBV in order to drastically and effectively deploy the banking industry's tasks in the Socio-Economic Recovery and Development Program, develop and deliver business plans and financial targets for 2023 closely in line with the Government's and the SBV's measures in managing monetary policy, credit and banking activities. Took measures for safe and

effective credit growth, improved credit quality, NPLs control and settlement; strictly controlled deposit interest rates to keep market interest rates stable. Following the orientation and direction of the SBV and State regulators, in 2023, the BoD approved 04 business themes including: (i) CASA growth, (ii) Non-interest income growth, (iii) Leveraging of the ecosystem and cross-selling, (iv) Written-off debt recovery and 05 foundational themes including: (i) Well-managed debt quality and credit risk, (ii) Effective assets and liabilities management, (iii) Improved service quality, (iv) Improved labor productivity, (v) Development and implementation of the digital transformation strategy. Accordingly, VietinBank focused on credit growth in production and business sectors, industries and businesses with advantages and development potential, which are prioritized by the Government and the SBV; strictly controlled credit exposure to potentially risky sectors. At the same time, VietinBank actively provided support for customers struggling in business and production activities, and served consumer demands as per Circular TT02/2023/TT-NHNN on restructuring debts and maintaining the same debt group, continued with the scheme for interest rate support under Decree No. 31/2022/ND-CP and Circular No. 03/2022/TT-NHNN in line with the direction of the Government and the SBV.

- ***Regarding the exercise of rights and obligations of members of the BoD, the General Director and other executives:*** In 2023, the BoD held regular meetings and thematic meetings to evaluate the business results/supervise the activities of the Deputy General Director in charge of the BoM, provide business orientations and directions and discuss some contents in support of VietinBank's governance. At monthly meetings of the BoD, the Deputy General Director in charge of the BoM, on behalf of VietinBank's Executives, fully reported on VietinBank's operations and highlights in the month regarding: (i) pricing policy, promotion programs; (ii) products and services; (iii) customer support; (iv) internal control and inspection; (v) risk management, debt settlement and recovery; and (vi) business plan for the following months. In addition, the Deputy General Director in charge of the BoM reported on the progress and results of implementing the Resolutions of the AGM, the direction of the SBV, the Resolutions, Decisions of the BoD or reports at the request of the Board Chairman, Board Members, Committees under the BoD, reported on topics at the request of the BoD in support of the BoD's supervision activities; reported on implementation of risk limits, and proposed solutions to the BoD. BoD meetings, to which the Supervisory Board was invited, were in compliance with required order and procedures.

Monitoring results in 2023 show that the BoD properly performed duties and powers in accordance with the Law and VietinBank's internal regulations, cases within the BoD's mandate were processed in line with the Law and VietinBank's Charter. In 2023, the BoD continued to strengthen the supervisory role, demonstrated by the assignment of the plan for supervision by specific topics to each BoD Member. Through supervision, each member grasped the current situation, put forward suggestions and recommendations to the BoD to remove difficulties and come up with solutions (results were recorded in monthly supervision reports of Board Members).

As for the Deputy General Director in charge of the BoM: based on the direction of the SBV, guidelines of the BoD towards VietinBank's strategic goals, key themes and foundational themes, the Deputy General Director in charge of the BoM assigned tasks to each member of the BoM, directed and assigned specific business targets and tasks to each Division/Department/Centre and reported to the BoD on the performance results. In 2023, the Deputy General Director in charge of the BoM and other executives deployed solutions in a consistent and uniformed manner at both the Head Office and front office units, in line with the main contents: Strictly complying with the guidelines and policies of the Government and the SBV such as Decree No. 31/2022/ND-CP and Circular TT03/2022/TT-NHNN on interest rate support from the State budget for the loans of businesses, cooperatives, self-employed households, Circular No. 02/2023/TT-NHNN on restructuring debt and maintaining the same debt group to support customers in need; Continuing to drastically restructure the credit portfolio, focusing on credit growth in production and business sectors, priority sectors according to the Government's orientation, selecting good customers for safe and effective credit growth; Promoting NPLs and write-off debt recovery; Continuing to drastically and comprehensively restructure every aspect of operations (human resources, network, IT capacity, service quality, labor productivity, etc.); Aligning the deposit growth rate with the credit growth rate, while complying with prescribed prudential ratios; Promoting the partnership between the Bank and businesses, creating favorable conditions for individuals and businesses to access credit granting; Focusing on digital transformation, arranging appropriate and quality resources for implementation; Strengthening security, safety and security for IT systems, preventing fraudulence, proactively and promptly warning about fraudulence and cheating by high-tech criminals; Cutting costs, lowering lending interest rates, enhancing IT application and other solutions to enable further reduction in lending interest rates, etc. As per findings of the monitoring and internal audit results, the Deputy

General Director in charge of the BoM and other executives complied with the executives' rights and obligations in accordance with the provisions of VietinBank's Charter.

- **Results of implementation of the business plan in 2023:** Under the direction of the BoD and management of the BoM, VietinBank achieved positive results in 2023:

- + Total assets on a consolidated basis reached VND 2.03 quadrillion, up 12.4% from 2022.
- + Credit exposure on a consolidated basis reached VND 1.48 quadrillion, up 15.5% from 2022. The structure of outstanding loans continued to improve, with focus on the Government's and the SBV's priority sectors/customers, actively contributing to the supply of capital to promote the country's economic recovery.
- + The deposit growth rate was well-fitted with the credit growth rate, ensuring liquidity ratios. Deposits on a consolidated basis reached VND 1.53 quadrillion, increasing by 13.9% from 2022. In particular, CASA balance went up 27.2% from the end of 2022.
- + Total operating income amounted to VND 70.5 trillion, up 10.0% compared to 2022.
- + Non-interest income totaled VND 17.6 trillion, up 7.8% compared to 2022.
- + Separated profit before tax reached VND 24.2 trillion, up 17.8% year-on-year 2022; Consolidated profit before tax reached VND 25 trillion, up 18.3% compared to 2022.
- + With the goal of improving credit quality, VietinBank implemented measures to control and monitor credit portfolios, and give warning against sectors, industries and customers with signs of risk. As at December 31, 2023, the Bank's NPL ratio according to Circular 11 was 1% - which was relevant to the limit assigned by the SBV and the AGM.

- **Risk management:** In parallel with business development, improving the effectiveness of risk management is identified as one of the strategic focuses of VietinBank, in contribution to ensuring the Bank's operational safety, maintaining business development in association with strict control over credit quality. Accordingly, the BoD and the BoM widely communicated and promoted the culture of compliance, the sense of abiding by the Law, the direction of the SBV and the internal regulations of VietinBank, consolidating the staff morale and ethics. The performance in compliance with Risk appetite and risk limits was subject to regular updates and reporting; and risk

identification - measurement - monitoring - control - reporting were consistently implemented in all key areas and activities of VietinBank; thereby supporting early identification of issues that require attention or enhanced control for initiating appropriate response. At the same time, socio-economic situation by sector/industry was updated and analyzed as inputs for impact assessment and formulation of development orientations or adjustments to business orientations from time to time, ensuring safe and sound business.

- ***Performance in human resources and organizational model consolidation:*** In 2023, the BoD consolidated high-level personnel, specifically: dismissing and supplementing 01 Board Member cum Deputy General Director, 01 Deputy General Director in charge of the BoM.

Besides, VietinBank took some measures to improve the quality of high-level personnel: (i) Implemented the plan and roadmap to streamline human resources as a basis to increase technology application, improve labor productivity and minimize risks; (ii) Continued to strengthen staffing capacity, ensured transparency in recruitment exams, staff arrangement, offered fair promotion opportunities for staff, rotated middle-level managers among units for training, testing to meet operational requirements and create talent pools; (iii) Developed a plan for thorough review and evaluation of departmental heads at HO and Deputy Directors at Branches, (iv) developed a plan to hire outsourced human resources for a number of fields and tasks as required; etc.

- ***Supervision by the BoD and the General Director on internal control, risk management and internal assessment of capital adequacy:*** was demonstrated through regulatory documents, policy documents issued by the BoD and the General Director, the mechanism for periodic and ad-hoc reports, and directives to correct the issues and shortcomings at the request and recommendations of the SBV, independent audit, other competent authorities and recommendations by the Supervisory Board and Internal Audit Department. The risk management and supervision were paid due attention and strengthened. Compliance culture, obligation awareness, sense of compliance with regulations, processes, laws and work ethics were well-regarded.

3. Updating the list of founding shareholders, major shareholders and related persons of the BoD members, the Supervisory Board members and the BoM members of VietinBank

The updating of the list of related persons of Board members, members of the Supervisory Board, members of the BoM and shareholders holding at least 5% of voting

shares at VietinBank was carried out on a regular basis by the Supervisory Board, with the cooperation and information exchanges with the Secretariat to the BoD & IR. The monitoring and updating results show that compared to the end of 2022, the list of VietinBank's related persons in 2023 had some changes in high-level personnel. Details as follows:

- Dismissed Mr. Masahiko Oki from the position of the BoD Member for 2019-2024 term at the request of MUFG Bank, effective from June 2, 2023;
- Elected Mr. Koji Iriguchi to the position of the BoD member for 2019-2024 term at the request of MUFG Bank, effective from June 2, 2023;
- Dismissed Mr. Masahiko Oki from the position of the Deputy General Director, effective from June 2, 2023;
- Appointed Mr. Koji Iriguchi to the Deputy General Director, effective from June 2, 2023;
- Released Mr. Nguyen Hoang Dung from the position of the Deputy General Director in charge of VietinBank BoM to enjoy social insurance benefits, effective from September 1, 2023.
- Assigned Mr. Do Thanh Son - Deputy General Director to take charge of VietinBank BoM, effective from September 1, 2023.

This list was promptly updated and filed by Supervisory Board as prescribed.

4. High-level direction and supervision over Internal Audit

In 2023, the Supervisory Board regularly directed and supervised internal audit activities according to the approved internal audit functions, duties, plans and SBV's directions on internal audit activities. The Supervisory Board directed the Internal Audit Department to carry out unit-based and thematic audits, assess the Bank's performance in compliance with legal regulations, internal mechanisms/policies/regulations on senior supervision and internal control and risk management, identification of shortcomings, limitations and causes. Accordingly, the Supervisory Board made recommendations to competent authorities for addressing problems and limitations. High-level supervision over the Internal Audit was carried out through the role of the person in charge of the Internal Audit team, thereby controlling the quality of audit activities, complying with work ethics standards as well as assessing the strength and shortcomings of the Internal Audit to promptly draw experience from each audit team. As finding from high-level supervision over internal audit, it shows that the organization for delivery of the internal

audit function ensured compliance with the principles and requirements of Circular No. 13/2018/TT-NHNN, and Circular 13/2018/TT-NHNN; as well as the Bank's internal regulations on internal audit.

III. COORDINATION BETWEEN THE BOD, THE GENERAL DIRECTOR AND SHAREHOLDERS

The Supervisory Board regularly attended BoD's monthly meetings and BoM's monthly meeting, and attended as invitees in the meeting of BoD-level committees and BoM-level councils. The Supervisory Board closely cooperated with the BoD and the BoM in the performance of functions and duties, exchange of information based on the principle of compliance with the Law and VietinBank's internal regulations. Based on the monitoring results, the Internal Audit, the Supervisory Board made specific recommendations and notes of advisory nature on the performance of the BoD, the Deputy General Director in charge of the BoM in management and governance of the Bank; provided further insights to assist the BoD, 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.

In 2023, the Supervisory Board did not receive any request from individual or group of shareholders regarding review of accounting books, records or inspection request regarding the business, governance and management of VietinBank.

IV. SUPERVISORY BOARD'S ORIENTATIONS FOR 2023

Based on the functions and duties of the Supervisory Board, the direction of the Government and the SBV on the goals, key tasks, orientations, business plans and financial plans for 2024 assigned by the AGM and approved by the SBV, in 2024, the Supervisory Board will further strive to well perform the tasks and powers of the Supervisory Board in accordance with the Law and internal regulations, focusing on the following key tasks:

1. Performing the supervision function in accordance with the provisions of the Law, the Charter and the directions of the SBV

- Supervising the compliance with the provisions of the Law and VietinBank's Charter in the management and governance of the BoD, BoM and other managers; Supervising the implementation of Resolutions of the General Meeting of Shareholders

and directions of State regulators; Monitoring compliance with prudence ratios; Supervising the organization and implementation of the Restructuring Plan for the 2021 – 2025 period; delivery results of business plans, appraisal of annual financial statements; high-level supervision activities.

- Continuing to strengthen audit and supervision activities to detect, warn, and promptly deal with violations and potentially risky activities, focusing on a number of key risks such as: credit risk, liquidity risk, operational risk, etc. ; Strengthening supervision through information and reporting systems, promptly identifying and controlling issues that have a material impact on banking operations to make recommendations/suggestions and develop appropriate response. Strengthening coordination and information exchange with the BoD and BoM to promptly obtain information in support of supervision activities in order to fully implement duties and tasks, and optimize the role and responsibility of the Supervisory Board.

- Reviewing amendments and supplements under the new Law on Credit Institutions effective in 2024 related to the responsibilities of the Supervisory Board and Internal Audit to revise internal regulations on functions and tasks, seek approval for consolidating the Supervisory Board personnel in compliance with regulations. Continuing to proactively review and promulgate all internal regulations on internal control and audit in accordance with applicable laws, internal policies and instructions of the SBV.

- Supervising the implementation of corrective measures to shortcomings and limitations according to the requirements and recommendations of external agencies and internal recommendations of the Supervisory Board and the Internal Audit.

2. Building staff capacity and improving performance of Internal Audit Department

- Performing the role of high-level supervision over the Internal Audit to ensure that annual Internal Audit plan as approved is fulfilled; Internal Audit reports must ensure quality as required by Internal Audit Standards (being accurate, objective, clear, concise, constructive, sufficient and timely).

- Improving the performance of Internal Audit, arranging adequate personnel, ensuring quality personnel to effectively implement activities of the Supervisory Board and Internal Audit.

- Developing and implementing activities to reform auditing methods, tools, and mindset by closely following VietinBank's strategic themes; modernizing work

management, centrally managing human resources to reduce conflicts, ensure proactivity at work.

V. RECOMMENDATIONS

Based on the monitoring result of business activities, governance and management of the BoD, BoM, and 2023 financial statements, the Supervisory Board hereby seeks the AGM's approval of:

- a. the Financial Statements of VietinBank in 2023, which have been independently audited by Deloitte Vietnam Co., Ltd. and reviewed and appraised by Supervisory Board;
- b. the report by the Supervisory Board on the performance of Supervisory Board in 2023 and orientations for 2024.

**PP. THE SUPERVISORY BOARD
HEAD OF THE SUPERVISORY BOARD**

Le Anh Ha