

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

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Business Registration Certificate No. 0100111948

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Hanoi, April , 2022

**REPORT
ON PERFORMANCE OF THE SUPERVISORY BOARD IN 2021
AND ORIENTATIONS FOR 2022**

Pursuant to:

- *Law on Credit Institutions 2010; Law amending and supplementing the Law on Credit Institutions 2017 and its guiding documents;*
- *Charter on the organization and operation of Vietnam Joint Stock Commercial Bank for Industry and Trade;*
- *Statute on the organization and operation of the Supervisory Board adopted 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 together with written amendments and supplements;*
- *Consolidated financial statements in 2021 of Vietnam Joint Stock Commercial Bank for Industry and Trade, independently audited by Ernst & Young Vietnam Co., Ltd.,*

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 results of assigned duties and powers in 2021 and orientations for 2022 as follows:

I. PERFORMANCE OF THE SUPERVISORY BOARD IN 2021

AGM 2021 on April 16, 2021 elected an additional member of the Supervisory Board for the term of 2019-2024; The Extraordinary General Meeting of Shareholders on November 3, 2021 dismissed 01 member of the Supervisory Board for the term of 2019-2024 for filling another job 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), and Ms. Pham Thi Thom (Member of the Supervisory Board). In 2021, the Supervisory Board performed the duties and functions as stipulated in the Law on Credit Institutions, the Charter on the organization

and operation of Vietnam Joint-Stock Commercial Bank for Industry and Trade (the Charter) and the Statute on the organization and operation of the Supervisory Board. On a monthly basis, the Supervisory Board held a meeting with the Bank's internal audit function, and the assisting team to set up a working agenda, assign tasks to each member of the Supervisory Board, the internal audit function and the assisting team for implementation. In 2021, the Supervisory Board held 12 monthly meetings and 01 extraordinary meeting to revise task assignment following AGM's approval of the additional member of the Supervisory Board. At the meetings, the contents and issues related to VietinBank's business activities, governance and risk management were discussed along with the results of supervision and internal audit, which served as a basis for the Supervisory Board to provide inputs to the Board of Directors (BOD) and the Board of Management (BOM) through monthly reports or at BOD meetings, BOM's monthly meetings as well as direct written suggestions/recommendations. All Supervisory Board meetings were recorded in minutes and notified to all meeting attendees.

The Supervisory Board implemented the role of supervision through major activities as follows:

- Supervising the Bank's business and financial performance;
- Updating the list of founding shareholders, major shareholders and related persons of members of the BOD, the Supervisory Board and the BOM of VietinBank;
- Providing high-level instruction and supervision of Internal Audit function;
- Providing advice on governance and risk management.

Remuneration of the Supervisory Board: The remuneration paid to the BOD and the Supervisory Board in 2021 was 0.16% of 2021 profit-after-tax (PAT), in line with Article 5 of Resolution No.23/NQ-DHDCD dated April 16, 2021 by AGM 2021 (regarding approval of remuneration for the BOD and the Supervisory Board in 2021, equal up to 0.28% of 2021 PAT), out of which, the remuneration of members of the Supervisory Board in 2021 was VND 4,232 million.

II. RESULTS OF SOME SPECIFIC TASKS

1. Supervising the Bank's business and financial performance;

a. Supervising the implementation of AGM's resolutions

The Supervisory Board monitored the implementation of AGM's resolutions through regularly updating, following up on the Bank's business performance and compliance with the set targets on debt quality. The Supervisory Board fully attended and provided inputs at regular meetings of the BOD and the BOM. In these meetings, the Supervisory Board gave independent opinions on business data (versus AGM's assigned targets); on issues and risks in business operation, and governance of VietinBank; thereby, recommended the BOD and

BOM solutions to reach the targets given by the AGM and necessary actions to overcome the challenges and issues. At the same time, as for matters that need more attention and stricter control, the Supervisory Board made specific recommendations to improve operational efficiency and ensure safe and sustainable growth.

In 2021, with the radical implementation of action plans and solutions in line with the strategy right from the beginning of the year, VietinBank delivered and exceeded the targets set by the AGM, specifically as follows:

Indicators	December 31, 2021	December 31, 2020	Realized figures as at December 31, 2021 vs. December 31, 2020		AGM 2021's target	Completion rate of 2021 targets (%)
			+/-	+/- %		
Total assets	1,531,587	1,341,510	190,077	14.2%	Growth rate of 6% – 10%	Passed
Fund mobilized from individuals and economic institutions	1,161,848	990,331	171,517	17.3%	Growth rate of 8%-12%	Passed
Credit exposure	1,141,454	1,027,542	113,912	11.1%	Relevant to the State Bank of Vietnam (SBV)-set limit on credit exposure (<12.5%)	Passed
Non-performing loan ratio (NPL ratio)	1.26%	0.94%			< 1.5%	Passed
Separate Profit before tax (PBT)	16,860	16,477	383	2.3%	16,800	Passed
Consolidated PBT	17,589	17,120	469	2.7%	-	

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

As for prudent ratios in banking operations, through regular examination and review done by Internal Audit, the Supervisory Board finds that in 2021, VietinBank managed to keep these ratios compliant with the SBV's regulation.

b. Appraising financial statements in 2021

In accordance with the duties and functions, the Supervisory Board organized the appraisal of 2021 financial statements of VietinBank, including separate and consolidated

financial statements¹, which were independently audited by Ernst & Young Vietnam Co., Ltd., and unanimously verified the following result:

The consolidated financial statement for the year 2021 fully, honestly and fairly reflected, in all material respects, the business performance and financial situation of VietinBank and subsidiaries; was presented in accordance with SBV's regulations on financial reporting regime for credit institutions, Vietnamese Accounting Standards and applicable regulations.

Kindly find below figures on capital and assets as at December 31, 2021 and VietinBank's consolidated business results in 2021:

No.	Item	December 31, 2021 (VND Billion)
1	Total assets	1,531,587
2	Owner's equity	93,650
3	Net operating profit before provision for credit losses	35,971
4	Provisions for credit losses	18,382
5	Total Profit-before-tax (PBT)	17,589
6	Corporate income tax (CIT)	3,374
7	PAT	14,215
8	Non-controlling interest	127

(Source: Audited consolidated financial statements in 2021)

c. Reviewing contracts and transactions with related persons of VietinBank within the approval authority of the BOD or the AGM

The Supervisory Board reviewed the contracts between VietinBank and institutional entities as related persons (subsidiaries, affiliated companies, major shareholders). In 2021, VietinBank conducted 18 of such transactions; including 16 transactions with subsidiaries and 02 transactions with major shareholders (MUFG Bank). The review shows that the consideration and approval of such contracts and transactions were performed based on legal grounds, within the authority of the BOD and were disclosed in accordance with regulations.

2. Updating the list of founding shareholders, major shareholders and related persons of members of the BOD, the Supervisory Board, and the BOM of VietinBank

¹Including following subsidiaries: VietinBank Leasing Company Limited, VietinBank Insurance Joint Stock Corporation, VietinBank Asset Management Company, VietinBank Securities Joint Stock Company, VietinBank Fund Management Company Limited, VietinBank Global Money Transfer Company Limited, VietinBank Gold and Jewelry Trading Company Limited, VietinBank Lao Limited.

The list of related persons of members of the BOD, the Supervisory Board and the BOM and shareholders owning at least 5% (five percent) of the voting shares of VietinBank was updated by the Supervisory Board periodically on the basis of coordination and information exchange with the Secretariat of the Board of Directors and Investor Relations. The result of the updates and monitoring shows that compared to the end of 2020 there were several changes in the list of VietinBank's related persons in 2021 due to changes in members of the BOD, the Supervisory Board and the BOM. This list has been promptly updated and archived by Supervisory Board as prescribed.

3. Providing high-level instructions and supervision of the Internal Audit (IA)

In 2021, the Supervisory Board regularly directed and supervised IA activities according to the approved IA functions, duties and plans. High-level supervision over IA was carried out through the role of the person in charge of the IA team, thereby controlling the quality of IA activities and compliance with professional ethical standards as well as evaluating IA's strength and weakness to promptly draw lessons from each IA team. Basically, the IA Department completed the approved IA plan. In addition to comprehensive audit done by audit teams at branches, the Supervisory Board directed the IA Department to implement bank-wide thematic audits; accordingly, provided suggestions and recommendations (based on audit results) to improve the efficiency and performance of the internal control system.

IA quality enhancement was one of the regular focus areas of the Supervisory Board. In addition to constantly improving audit skills, enriching and deepening professional expertise, the Supervisory Board recognized improvements to capability of internal audit of IT field as one of the strategic focuses in the context of drastic digitalization in all aspects of banking activities. On that basis, the Supervisory Board directed the IA Department to research and develop methods of IT risk assessment, and audit implementation, ensuring timely adaptation to major and important changes in banking operations.

4. Providing advices on governance and risk management.

The Supervisory Board provided specific recommendations and notes of advisory nature on the governance and management of the BOD, the General Director/the Deputy General Director in charge of the BOM; provided them with more inputs to make better-informed decisions. In addition, through comments at the meetings of the Committees under the Board of Directors/the General Director, the Supervisory Board provided advices on risk management and particular professional activities that, according to identification and analysis of the Supervisory Board, should be subject to stricter risk management and internal control. The progress of recommendations and suggestions of the Supervisory Board, once

embraced and advanced by the BOD, the General Director/the Deputy General Director in charge of the BOM, have been monitored and evaluated.

III. RESULTS OF SUPERVISION OF PERFORMANCE OF THE BOD, THE GENERAL DIRECTOR AND OTHER EXECUTIVES OF VIETINBANK

As a finding from supervision, the BOD and BOM directed and operated VietinBank's business activities toward the right purpose, in compliance with the provisions of the Law on Credit Institutions and the Charter of VietinBank.

- ***Compliance with relevant provisions of applicable Laws and the Charter in management and governance activities:*** The BOD held regular meetings to evaluate business results, provide orientations, directions and key tasks in management, make decisions on a wide range of issues in the form of collecting written opinions. Through review of BOD's resolutions which were shared with the Supervisory Board, it is found that the BOD ratified resolutions in compliance with the provisions of the Charter and the Statute on the organization and operation of the BOD and the approved contents were consistent with the provisions of applicable laws, within the authority of the BOD and obtained a high level of consensus among BOD members. Based on the orientations and directions of the BOD, the BOM assigned and cascaded tasks to each unit at monthly meetings, and regularly hosted and convened meetings to support business activities by geographical area and kept the BOD updated. Besides, through review of policy documents of material and comprehensive impact on the Bank's operations which were issued by the BOD and the General Director, those documents were deemed to be basically relevant to provisions of applicable Laws, and the orientations and directions of the Government and the SBV. In 2021, the BOD drastically directed the comprehensive restructuring of the Bank's policy documents to make them more streamlined, clear bottlenecks in business activities, increase competitiveness of the Bank while still controlling risks, at the same time, keep internal policy documents constantly updated to statutory changes to ensure compliance with requirements of the State regulators. Following directions of the BOD, the front-office units and departments at the Head Office (HO) made efforts to advance progress taking into consideration the difficulties, problems and shortcomings of the current system of policy documents of the Bank; identified and analyzed the causes; thereby developed a roadmap and plan for reforming and revising the system by field of operation.

- ***Approval and implementation of the business plan in 2021:*** 2021 marks the first year of the Medium-term Business Plan for 2021 - 2023 (MTBP). It is considered as a pivotal year, creating momentum for the Bank's development in the coming years. Therefore, the BOD closely directed and supervised the implementation of approved plans, solutions and action plans to ensure consistency with VietinBank's strategy. The implementation of the business plan is monitored through the set of targets, action plans and KPIs specific to respective units. The BOD met on a monthly basis to evaluate business results, provide orientations and directions for business operations and timely corrective measures (if

necessary). Closely following the orientations and direction of the BOD, the BOM consistently deployed solutions at both HO and business units according to the following themes: (i) restructuring the portfolio of earning assets, focusing on customer base development; (ii) promoting fund mobilization growth, improving the proportion of CASA deposits; (iii) increasing the proportion of non-interest income, focusing on strongly improving the quality of products and services, developing transaction banking and investment banking operations; (iv) strengthening financial capacity, improving financial governance from financial planning, monitoring and administration, to operating expense control; (v) strictly controlling asset quality, credit appraisal, enhancing risk management; (vi) accelerating the recovery of NPLs and written-off debts. Accordingly, given efforts for innovation and transformation of the growth model, transition in income structure under the consistent “customer centricity” approach in management, VietinBank delivered the objectives assigned by the AGM with impressive results in all operational areas: (i) Consolidated total assets reached more than VND 1.53 quadrillion – an increase of 14.2% compared to 2020, or 4.2% higher than the target assigned by the AGM; (ii) Consolidated credit exposure reached VND 1.14 quadrillion – an increase of 11.1% compared to 2020, in which, the shares of credit exposure to SME and Retail customers were on upward trend, contributing to a higher profitability of the Bank’s credit portfolio; (iii) funds were mobilized in line with the credit growth rate, reaching VND 1.16 quadrillion – an increase of 17.3% compared to 2020, CASA funds improved, increasing by more than 20% compared to 2020; (iv) non-interest income steadily grew, accounting for 21.4% in 2021; (v) cost efficiency and management were better than ever; (vi) credit quality was well controlled, with NPL ratio of 1.26%, and NPL coverage ratio of 180.4%.

- **Risk governance:** In parallel with business development, improving the effectiveness of risk governance 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 complying with and strictly following the statutory disciplines, the directions of the SBV and the internal regulations of VietinBank with particular attention to employee’s ethics. The compliance with risk appetite and risk limits was regularly updated and reported; and risk identification - measurement - monitoring - control - reporting were consistently implemented in all key areas and activities of VietinBank; thereby supporting timely identification of issues that require more attention or stricter control for taking appropriate response. At the same time, updates on socio-economic situation by sector/industry served as inputs for impact assessment, informing the formulation of development orientations or adjustments to business orientations from time to time, ensuring business safety and efficiency. In addition, the situation of the Covid-19 pandemic was closely monitored, accordingly response scenarios were developed, situational guidelines and resources support measures were consistently deployed at both HO and Branch levels,

ensuring business continuity with smooth operations, and compliance with regulations of the Government, the Ministry of Health and local authorities.

- ***Performance in human resources and organizational model consolidation:*** The BOD requested for drastic changes in the appointment of executives and managers through exam-based recruitment, ensuring transparency, and merit-based recruitment of talents and selection of staff with sound qualifications, capacity, ethical qualities, strong sense of dedication and contribution to the overall development of VietinBank. KPIs were revisited for promoting business activities in alignment with strategic themes. In terms of consolidation of the organizational model, VietinBank has been working on review to make the structure leaner, improve the quality of human resources and raise labor productivity.

- ***High-level supervision of the BOD and the General Director on internal control, risk management and internal assessment of capital adequacy:*** was demonstrated through regulatory and policy documents issued by the BOD and the General Director, the mechanism for periodic and extraordinary reports and directives to correct the issues and shortcomings at the request and recommendations of the SBV, independent auditing firms and other competent authorities. The supervision, risk management has been focused and strengthened. Culture of compliance, sense of observing regulations, processes, laws and work ethics were highly regarded. With regard to the internal assessment of capital adequacy, VietinBank has gradually and fundamentally been approaching to converge with relevant laws.

IV. COORDINATION BETWEEN THE SUPERVISORY BOARD AND THE BOD, THE GENERAL DIRECTOR AND SHAREHOLDERS

The Supervisory Board regularly attended monthly meetings of the BOD and BOM, and also attended as guest in the meeting of committees under the BOD and the General Director. 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 applicable Law and VietinBank's internal regulations. On the basis of monitoring results, the IA and 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; provided them with more inputs to make better-informed decisions, and direct relevant units to research and develop measures to promote business growth in accordance with the strategic direction, while maintaining effective management of risks.

In 2021, the Supervisory Board did not receive any request from individual shareholder or group of shareholders regarding review of accounting books, records or examination of the business activities, governance and management of VietinBank.

V. ORIENTATIONS FOR 2022

In 2021, the Supervisory Board in general managed to duly and comprehensively perform all the functions and duties required by applicable laws, the Charter, and the Statute on the organization and operation of the Supervisory Board. The opinions and recommendations of the Supervisory Board were all embraced and advanced by the BOD and BOM to ensure safe, efficient, lawful business activities of VietinBank according to the direction and targets approved by AGM.

In 2022, the Supervisory Board has identified following key tasks:

1. **Improving the capacity and quality of the IA function, aligning audit activities and themes with VietinBank's development strategy and orientation.**

- Further improving audit methods to ensure consistency with the Banks's business and organizational model and requirements of Circular No. 13/2018/TT-NHNN stipulating the internal control system of commercial banks, in relevance to practices of VietinBank; focusing on overall and comprehensive assessment of the Bank's internal control system, analyzing and reviewing for identification of causes according to the nature of the problem for appropriate recommendations/suggestions, ensuring the sufficiency, effectiveness and efficiency of the internal control system;

- Focusing on consolidating IT audit staff, implementing the project on strengthening the capacity of IT audit staff in line with the roadmap to ensure timely application of the project outcomes and to catch up with the strong digitalization trend in the coming time.

- Regularly reviewing and assessing the competence and skills of staff, promoting training and improving HR quality to meet professional requirements and ensure the effectiveness of the IA function.

2. **Strengthening supervision activities of the Supervisory Board**

- Directly supervising IAs through the role of the person in charge of the IA team, thereby controlling the quality of audit activities and evaluating compliance with work ethics standards; and concurrently, deploying on-the-job training, providing advices, and orientations to help improve the capacity of IA;

- Conducting regular oversight through communications, reporting systems, promptly identifying and controlling issues of a material impact on the Bank's operations to give recommendations and develop appropriate countermeasures;

- Supervising and pushing for the implementation of corrective measures for fixing shortcomings and issues in IA at the request and recommendations of the SBV, independent auditing firms and competent authorities.

3. Further undertaking the duties and powers of the Supervisory Board according to provisions of applicable Laws and VietinBank’s internal regulations

In 2022, the Supervisory Board shall continue to carry out the tasks and exercise the powers in accordance with the provisions of applicable Laws, the Charter and the Statute on the organization and operation of the Supervisory Board and other internal regulations of VietinBank, including key missions as follows: supervising business operation and the progress of implementing AGM’s resolutions; supervising the compliance with provisions of applicable Laws, and internal regulations on the management and governance of the BOD, the General Director and other executives; directing, operating and supervising the performance of IA to ensure comprehensive performance of duties and functions as required, and completion of approved 2022 audit plan; appraising financial statements, BOD management report; updating the list of founding shareholders, major shareholders and related persons of members of the BOD, the Supervisory Board and the BOM of VietinBank.

VI. RECOMMENDATIONS

Based on the supervision of business operation, governance and management of the BOD, BOM, and figures in 2021 financial statements, the Supervisory Board proposes the AGM to:

- a. Approve the Consolidated Financial Statement for 2021 of VietinBank, which was independently audited by Ernst & Young Vietnam Co., Ltd. and reviewed and appraised by Supervisory Board;
- b. Approve the report of the BOD on performance in 2021 and development orientations for 2022;
- c. Approve the report of the BOM on business performance in 2021, orientations and plan for 2022;
- d. Approve the report of the Supervisory Board on performance of the Supervisory Board in 2021 and orientations for 2022.

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

Le Anh Ha