

REPORT

BY THE SUPERVISORY BOARD AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS IN 2014

Pursuant to the Charter on Organization and Operation of the Vietnam Joint Stock Commercial Bank For Industry and Trade and its amendments and supplements;

Pursuant to the functions and duties of the Supervisory Board as prescribed in the Regulation on Organization and Operation of the Supervisory Board of VietinBank which was submitted to and approved by the General Meeting of Shareholders in accordance with Decision No. 047/2013/QD-BKS-NHCT43 dated 04th May 2013;

Pursuant to the consolidated financial statements of VietinBank in 2013 audited by Deloitte Vietnam Co., Ltd. ;

Based on results of inspection and supervision activities of VietinBank's business activities and the results of evaluation of financial statements in 2013 by the Supervisory Board.

The Supervisory Board would like to report to the 2014 Annual General Meeting of Shareholders on the activities of Supervisory Board and business performance results of VietinBank in 2013 as follows:

I. Activities of the Supervisory Board

In 2013, the Supervisory Board of Vietnam Joint Stock Commercial Bank for Industry and Trade and units reporting to the Supervisory Board continued to strengthen and improve its operation model for better task performance. Including:

- Transforming internal audit model, clear and separate functions and duties of Internal Audit team (3rd line of defense) were ensured to be in compliance with Circular No. 44/2011/TT-NHNN issued by the SBV.
- Further streamlining written internal regulations of the Supervisory Board and the Internal Audit team.
- Supervising the business activities of VietinBank, evaluating prudent ratios, and efficiency indicators, and the compliance with provisions of laws and the Charter of VietinBank;

- Monitoring the changes in shareholding of major shareholders holding 5% or more of VietinBank's shares and related persons of members of the BoDs, the BoM and the Supervisory Board of VietinBank.
- Directing internal audit activities from Head Office to branches and subsidiaries of VietinBank;
- Evaluating independently the interim (H1) and year-end financial statements of VietinBank in 2013;
- Acting as a focal point to work, make clarifications and explanations to inspection authorities and agencies when conducting inspection of VietinBank;
- Other tasks under the provisions of the Charter of VietinBank and in response to proposal by the BoDs and the BoM of the Bank.

II. Performance of the tasks assigned in detail:

1. Improving the organizational model, building policies, regulations and procedures

*** On internal audit model transformation and organizational structure improvement:**

In 2013, along with the effort of the entire system in the implementation of the roadmap for the Bank's restructuring, the Supervisory Board has proposed to the Board of Directors regarding the internal audit model transformation, continuing to implement strategies on improvement and gradual standardization of the internal audit structure to ensure compliance with SBV's regulations and international practices. In April 2013, the internal audit model transformation was approved by the BoDs of VietinBank, in order to ensure the compliance with Circular No.44/2011/TT-NHNN of the SBV. Accordingly, internal audit is the 3rd line of defense in the internal monitoring system of VietinBank, where the 1st and 2nd line of defense are operational teams and post-inspection team, risk management team, internal control team...respectively.

Starting from 15th April, 2013, the internal audit team works under the direction and management of the Supervisory Board and consists of Internal Audit Department at the Head Office (formerly known as Operation Audit Department) and two regional Internal Audit Departments at representative offices in the Central and Southern regions; with 57 auditors in average in the year.

Accordingly, Compliance Audit Department and 26 regional internal audit offices with over 300 auditors previously operated under the direction of Supervisory Board have been transferred to Risk Management Division from 15th April, 2013, reporting directly to the BoM.

In terms of manpower reinforcement for internal audit team after the model transformation, the Supervisory Board has directed internal audit team to review and

select experienced staff from branches or outstanding recruits. All auditors are provided with comprehensive and continuous training to enhance skills .

So far, basically, the staffing and operation structure of Internal Audit departments have been stabilized under the new model, internal audit activities have been gradually professionalized to ensure the smooth and efficient operation.

*** On building regulations and procedures:**

Having obtained opinions from shareholders at VietinBank 2013 Annual General Meeting of Shareholders, the Supervisory Board continued to draft and complete documents on internal regulations of Supervisory Board and internal audit team. In 2013, Supervisory Board has proposed to the Board of Directors for the approval and issuance of 05 replacement documents, new regulations and operational processes as follows:

Decision No. 047/2013/QĐ-BKS-NHCT43 dated 4th May 2013 on Regulation on organization and operation of the Supervisory Board.

Decision No. 1041/2013/QĐ-HĐQT-NHCT47 dated 29 June 2013 on Regulation on organization and operation of internal audit team

Decision No. 050/2013/QĐ-BKS-NHCT47 dated 15 July 2013 on internal audit procedures in VietinBank

Decision No. 077/2013/QĐ-BKS-NHCT47 dated 30th September 2013 on new process of evaluation of the consolidated financial statements of VietinBank

Decision No. 083/2013/QĐ-BKS-NHCT47 dated 28th December 2013 on the provisional audit process regarding prevention of money laundering and terrorist financing in Vietinbank system.

*** On developing applications and tools for audit activities:**

Further consolidation and upgrading Sysmon system, studying to further explore reports in new Management Information System.

Building Risk profiles for Internal audit team in which risk assessment process for branches' activities has been put into application on the basis of results of quantitative and qualitative criteria so as to meet the requirements prescribed by the SBV in Circular No. 44/TT-NHNN. This is an effective tool to support building and orienting the annual internal audit plan and adjusting internal audit plan in each period.

Continuing to coordinate with the relevant departments during the course of preparation and issuance of documents, regulations, procedures, modernization programs and operational modules ... to ensure supervision is done right from the composing phase of procedures and regulations of VietinBank.

2. Monitoring and assessing activities of the Bank

Monthly, through the supervision of VietinBank's activities, the implementation of GSM Resolutions and other resolutions and orientations of the Board of Directors, the assessment of the implementation of Board of Management's plan and internal audit results of Internal audit team, Supervisory Board makes report to the BODs and BOM on: supervision and Supervisory Board's comments and opinions on the compliance with policies and mechanisms and updates of new legal documents in VietinBank group; growth scale of total assets and trends, quality and efficiency of credit and investment; capital contribution and share purchase activities; foreign currency trading, funds raising activities, income-cost correlation of branches and subsidiaries; Supervising and evaluating the compliance with regulations on prudence of the Bank; Monitoring growth scale, market share and competitiveness of the Bank; Monitoring and assessing regularly the Bank's credit quality, special-mentioned loans, NPLs, figuring out causes, actual condition and giving specific recommendations; Supervising and evaluating activities of subsidiaries

Besides, the Supervisory Board also directed Internal audit team, through the audit sessions, to make regular reviews and evaluation of written policies, regulations and procedures of VietinBank to detect limitations, inadequacies or shortcomings to give advices and recommendations to the BOM on noteworthy matters or on enhancement of the supervision and risk prevention in order to improve the operational efficiency of VietinBank.

3. Monitoring the changes in shareholding of major shareholders holding 5% or more of VietinBank's charter capital; members of the BoDs, the BoM and the Supervisory Board of VietinBank and related persons

The monitoring of changes in shareholding of major shareholders holding 5% or more of VietinBank's and members of the BoDs, the BoM and the Supervisory Board and their related persons has been carried out on a regular basis by the Supervisory Board. Reports on changes in shareholding of such persons have prepared on monthly basis. According to the monitoring results of the Supervisory Board, in 2013, VietinBank shares (CTG) were traded by some related persons of members of the Board of Management. All of the deals were registered with the Stock Exchange and information disclosure was ensured in accordance with regulations.

4. Giving directions regarding internal audit activities

In 2013, under the directions of the Supervisory Board, internal audit activities were carried out throughout departments at the Head Office to centers, branches and subsidiaries.

Internal audit covered almost all aspects of banking operations, not just focused on some major areas of operation like what had been done over previous years.

Method for risk identification and evaluation was fundamentally changed towards deeper exploration of the nature of each error and shortcoming to identify potential risks of audited units for early warning so that the audited units can take prompt correction measures to address errors and shortcomings in their profiles to prevent risks.

In 2013, the internal audit team conducted audit sessions at 48 units. Below are the details of such audit sessions:

(i) audit sessions were conducted at 38 branches, of which 36 sessions were comprehensive audit sessions and 02 sessions were specific audit sessions of credit activities including audit session at Laos Branch.

(ii) audit sessions were conducted at 05 departments at the Head Office.

(iii) audit sessions were conducted at 04 subsidiaries and 01 Center: Gold and Jewellery and Gold Trading Company Ltd, Fund Management Company Ltd, Global Money Transfer Company, Debt Management and Asset Exploitation Company Ltd and IT Center.

Regarding capital construction activities, final settlements of 45 construction projects and 39 bidding packages were checked, on-site investigations were also conducted at 04 branches.

The Supervisory Board directed Internal Audit team to perform specific audit sessions in 2013, which includes:

(i) – Audit sessions were conducted in 05 sectors: Real Estate, Paper, Agriculture, Forestry and Fisheries, Steel and Water Transportation with total amount of reviewed loans of VND 79,712 billion (accounting for 24.4% total outstanding loans of VietinBank group);

(ii) - Audit of borrowers operating in the field of farming and catfish processing were conducted;

(iii) – Audit on sampling basis was conducted to evaluate the quality of VietinBank's loan portfolio as of 28th February 2013.

(iv) - Audit of and risk assessment for some groups of related customers having large credit balance in VietinBank were conducted.

Besides, the Internal audit team also handled many other cases arising at the request of the BoDs and the BoM.

Through audit sessions, the Internal audit team pointed out limitations in the Bank's governance and management as well as during the implementation of directions of the Board of Directors in audited units. Internal audit team also identified shortcomings and issues regarding the compliance with operational procedures and

regulations and potentially risky activities; gave recommendations and solutions to eliminate possibilities of loss, particularly in investment and credit activities. At the same time, the internal audit did its job in reporting major issues of branches to the BoDs and the Supervisory Board. Many audit records showed shortcomings which were the causes for branches having high risks, high proportion of special-mentioned loans, high NPLs and written-off debts, low efficiency or incurring accumulated loss in the audited period.

Based on the audit results, the Supervisory Board made its assessments and shared its proposals and recommendations at meetings of the Board of Directors which were taken into consideration by BoDs, the BOM, branch managers, managers of subsidiaries, directors at departments of the Head Office when giving directions and instructions to the relevant units to review, correct, improve, and clear out problems to ensure safe and sustainable operation for the Bank.

II. EVALUATION OF VIETINBANK PERFORMANCE IN 2013

The world economy in 2013 remained unstable with unfavorable developments. Even though there were some positive signs of economic recovery after recession, the global economic outlook was generally unstable, especially in developing economies.

On the domestic front, the macro-economy basically maintained stable; inflation was controlled at low level; credit growth in the last few months improved remarkably. However, setting aside such achievements, the social-economy during the year still contained issues which we may have to face in 2014 such as inflation was kept at safe level yet still contained many underlying risks, the demand of the economy was weak, the ability to absorb funds of enterprises was low...

However, with proper orientation, close and drastic directions of the BoDs, the BoM, together with the effort of the whole group, the business operation of VietinBank remained stable with encouraging results; Key business indicators witnessed positive growth. The Bank could reinforce its leading position in the banking sector in term of profits and contributions to the state budget.

1. Compliance with written directions of the Government and the SBV

VietinBank has strictly implemented and complied with directions of the Government and the SBV, built action plans and implemented effective measures to curb inflation, stabilize the macro economy, ensure social security, implement tightened fiscal and monetary policies. The directions of the SBV on the exchange rate regime, foreign exchange, credit growth, favorable lending to support agricultural and rural sector as well as export activities were strictly implemented to contribute to the economic stability and recovery. VietinBank has retained its position as the largest

supplier of capital on interbank market. In 2013, the Bank did not only ensure its liquidity but also actively supported the liquidity of other banks to contribute to the enforcement of national monetary policy and the stable and safe operation of the banking sector.

2. Compliance with prudent ratios

In 2013, with the increase of charter capital to VND 37,234 billion (up 42% compared to 2012) and owners' equity to more than VND 54 trillion, VietinBank became the largest commercial bank in terms of charter capital and owners' equity in the banking sector in Vietnam. The Bank is now having the strongest strategic shareholder structure in Vietnam with 27.76% of its stake owned by 02 foreign strategic shareholders who are BTMU and IFC while minority shareholders accounted for 7.78% and the SBV is still the dominant shareholder with 64.46% of its stakes. The additional amount to the charter capital has been used to strengthen the bank's financial capacity and operation, support restructuring process and credit growth, expand operation network, invest in technology infrastructure, develop new services and enhance investment in joint-ventures and capital contribution activities.

Along with the successful enhancement of financial capacity and capital raising, VietinBank continued to tighten the control of fund utilization, particularly control of high-risk portfolios by such methods as reducing the proportion of unsecured loans, loans to such sectors as real estates, construction materials, ships and securities and reducing the percentage of medium and long-term loans to total loan balance,... The Bank ensured its compliance with the limit on short-term funds used to finance long-term loans prescribed by Circular No. 15/2009/TT-NHNN and prudent limits in banking activities as prescribed in Circular No. 13/2010/TT-NHNN, Circular 19/2010/TT-NHNN, amendments and supplements thereof and the 2010 Law on Credit Institutions.

In general, VietinBank strictly complied with operational safety limits prescribed by the SBV. In 2013, the minimum capital adequacy ratio always stayed above 10% (the regulatory ratio is 9%). For special cases of credit limit granting, VietinBank submitted its proposals for approval of the SBV, the Prime Minister and complied with their written approvals.

3. Regarding the maintenance, improvement and validity of the internal control system of VietinBank

Basically, through the internal audit results, the Supervisory Board assessed that the internal control system of VietinBank has been fully established, frequently reviewed and improved in order to enhance its effectiveness and efficiency. In parallel with such, the upgrading of risk management system and innovating business model, promulgating synchronous regulations and business processes, regular reviewing and revising written

policies and processes to comply with rules and respond to practice have been done during the year. All of VietinBank's activities are geared towards sustainable development.

In 2013, VietinBank continued to make analysis of the best international practices on internal governance and successfully built its internal governance framework. In particular, under the risk management framework, 03 lines of defense have been fully set up; integrated policy system for credit activities, trade finance, investment and derivatives has been developed; credit risk measurement model and credit risk management tools have been developed. VietinBank has also successfully established framework for debt and assets management and human resources management.

The Bank's restructuring process has been conducted through comprehensive transformation of organizational model and structure towards vertically centralized management model for each division to ensure specialization for each customer segment. With the aim to improve productivity and efficiently use of human resources, the Bank has established Treasury and Markets Division which is the focal point for market participation for the purpose of more efficient fund utilization, higher operational efficiency and higher profit for the Bank; Established Retail Banking Division and Corporate Banking Division which are responsible for vertically managing from the Head Office to branches, ensuring that all business activities are customer-oriented and that the Bank stay responsive and can satisfy all financial needs of each customer segment; Established internal control system including Internal Control Department at the Head Office, 26 regional internal control departments and 150 Internal control teams at 150 branches to strengthen inspection and monitoring activities of the entire group; Centralized monitoring activities of appraisal process, disbursement control activities, separated customer relations management and appraisal to increase the profession of sales and credit appraisal.

To implement an innovated staffing strategy, VietinBank has studied the best international practices on human resources management and took into consideration the advices and recommendations of ORP project to improve the policy system and mechanisms towards centralization of all functions and swifiting from human resource management on case by case basis into management in line with HR strategy. In 2013, VietinBank has innovated methods for staffing assessment and headcount, associated performance results with remuneration policies to each working position and labour productivity (KPI), improved training for the personnel development. The Bank also paid attention to staff planning in accordance with relevant working position and improvement of awareness of personnel risks, deployment of self-risk-assessment and risk controlling measures to support human resource management activities.

Through the evaluation of performance results of each unit, in 2013, VietinBank fine-tuned its system, renamed 08 branches, opened 02 new branches, 18 transaction

offices, 01 representative office in Myanmar, rearranged activities of existing transaction offices, making up a network of 152 branches and over 1,000 transaction offices. VietinBank has obtained approval from the SBV to open 50 more domestic transaction offices and completed procedures for opening a transaction office in Pakse in Laos.

In 2013, VietinBank continued to synchronously and comprehensively implement IT and core-banking replacement projects to enhance governance capacity, taking initiative in monitoring risks and improve overall performance of the whole group.

Along with the development of professional activities, VietinBank's management team is fully aware that corporate culture plays a particularly important role in creating its own identity, competitive advantage and is the ethical and behavior standards for management team members and staffs of the Bank so as to have right mindset, right direction and right actions. The Bank has completed the development and extensive communication of 7 core values of VietinBank culture which created cohesion among all employees, motivated employees to overcome all difficulties and challenges, and helped them understand their values within VietinBank.

Besides the drastic changes in risk management capabilities and upgrading the Bank's internal control system, the internal audit results showed that although the Bank has made great effort in setting up, maintaining, streamlining and improving internal control systems, some departments/branches have not complied with the regulations and business processes. Particularly, the incompliance with credit process along with objective causes due to the prolonged economic crisis leading to the stagnancy of enterprises' business operations have resulted in increased NPLs and special-mentioned loans and affected the operation of branches and the whole group. The main reasons were: *(i) low awareness of roles and responsibility in each stage and each level, especially at the level of business officers (at the first line of defense), (ii) lack of close and effective governance, administration and supervision in a number of branches, (iii) in some branches, operational staffs are young and dynamic yet inexperienced, (iv) a number of units in specific areas had yet conducted recruitment and fully appropriate staff allocation.*

In summary, with above mentioned results, in 2013, the operational orientation, direction, management and task implementation of VietinBank were all compliant with the provisions of law, the Government, the SBV, the state regulatory agencies, as well as the Charter on organization and operation and the internal regulations of VietinBank. Basically, the internal control system of VietinBank has been set up fully; operations of the entire group were stable, efficient and grew well in all aspects. The Bank's business performance results exceeded the targets set out in the Resolution of the GSM in 2013.

4. On VietinBank's 2013 Audited Financial Statements

Pursuant to the Financial Statements prepared by VietinBank; pursuant to the Consolidated Financial Statement of VietinBank for the financial year ended December 31, 2013 prepared in accordance with Vietnamese Accounting Standards (VAS) audited by Deloitte Vietnam, Deloitte Vietnam issued its **unqualified opinion** on the Consolidated Financial Statements prepared by VietinBank. Accordingly, the consolidated financial statements of VietinBank, in all material aspects, give a true and fair view of the financial situation of the Bank and its subsidiaries as at December 31, 2012 and performance results and cash flows for the financial year then ended in accordance with VAS and System for Credit Institutions and comply with regulations stipulated by the SBV.

The Supervisory Board has evaluated the Financial Statements for the period from 01st January 2013 to 31st December 2013 and for the fiscal year ended the same day of VietinBank as per Vietnamese Accounting Standards and Accounting System for Credit Institution.

The Supervisory Board has submitted to the BoDs of VietinBank the evaluation results of the Financial Statements for the fiscal year 2013 of the Bank and confirmed the following results:

❖ The financial statements of VietinBank give a true and fair view of, in all material respects, the financial position of the Bank, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting system applicable to credit institutions in Vietnam and were presented in the form specified in the Decision No. 16/2007/QD-NHNN dated 18th April 2007 by the SBV on financial reporting regime for credit institutions in accordance with Vietnam Accounting Standards and current regulations.

❖ Major indicators on assets and liabilities as at 31st December 2013 and business performance results from 01st January 2013 to 31st December 2013 of the Bank are as follows:

Unit: VND billion

Items	As at 2013	As at 2012	+/-% compared to 2012	2013 GSM Plan (after adjustment)	% achieved compared to the 2013 GSM's targets
Total Assets	576,368	503,530	14.5%	535,000	108%
Mobilized Funds	511,670	460,082	11.2%	475,000	108%
Total Outstanding Loans and Investments	536,460	467,879	14.7%	503,000	107%
<i>In which: total outstanding loans</i>	376,289	333,356	12.9%		
NPLs/Total Credit Exposure	0.82%	1.35%		<3%	Achieved
Profit Before Tax	7,751	8,168	-5.1%	7,500	103%

Owners' Equity	54,075	33,625	60.8%	52,000	104%
In which: Charter Capital	37,234	26,218	42.0%	37,234	Achieved
ROA	1.4%	1.7%		1.3-1.5%	Achieved
ROE	13.7%	19.9%		13-15%	Achieved
Capital Adequacy Ratio (CAR)	13.2%	10.33%		≥ 10%	Achieved
Dividend Payment (% of the charter capital at year-end)	10%	16%		10%	Achieved

In 2013, Vietnam's economy has yet to recover with low growth. Although the macro operation environment has been improved but the demand of the economy was very weak, production continued being stagnant. Some sectors' leftover inventory index remained high, the number of dissolved businesses was large and there appeared some concerned deflation factors. Thus, the banking activities continued facing difficulties where credit growth did not reach 12% as planned, credit quality continued declining, NPLs and structured loans increased significantly. The mobilizing and lending interest rates floor reduced dramatically while deteriorated asset quality and increasing provision expenses have made the banking sector's profit shrunk considerably. Most of credit institutions had to adjust their profit targets in 2013. The realized profit was lower than the 2012 results.

Despite of the difficult context, by the end of 2013, VietinBank has achieved positive business results thanks to the Bank's great and remarkable efforts. VietinBank has exceeded all targets set by the GMS to become the largest commercial bank in terms of charter capital and equity with the strongest shareholder structure in the banking sector with two foreign strategic shareholders which are IFC and BTMU.

Regarding credit activities, VietinBank continued to be proactive in screening customers and pursued reasonable growth for the Bank's secure operation. Despite some deterioration in credit quality, special-mentioned ratio and NPL ratio still remained at the lowest level among State-owned banks and was much lower than the industry average. Meanwhile, the capital adequacy ratio of Vietinbank always stayed above 10%, much higher than the current rate stipulated by the SBV. Vietinbank continued to lead the banking industry in terms of profitability. The profitability ratios were achieved at a higher level compared to other peers. In the context of the difficult business activity in 2013, Vietinbank remained one of the leading credit organizations having active growth and secure operation.

III. MISSIONS FOR 2014 AND RECOMMENDATIONS BY THE SUPERVISORY BOARD

1. Missions for 2014

To continue carrying out effectively the tasks entrusted by the GMS, the Supervisory Board has determined that the most crucial mission for 2011 is still to consolidate and improve the performance of Internal Audit function in order to ensure its capability and competence to meet higher demand of new tasks and missions to minimize and monitor risks, enhance operating efficiency for VietinBank and bring benefits to its shareholders. In particular:

- Continue strengthening the internal audit system, reviewing, evaluating and classifying staff for appropriate personnel policy for Internal Audit Department at the Head Office. Concurrently, VietinBank should select additional high quality human resources for 2 Internal Audit Departments in the Central region and the South. The capability of internal auditors should be enhanced through training. Training on planning activity and implementation of specific audits (for Head/Deputy Head of Internal Audit team), audit skills, errors and frauds detection, risk identification, internal control assessment system for each business segment and unit is needed... so that internal audit can give recommendations and advices to the audited units. At the same time, training should be arranged for all internal auditors with regards to ensuring the quality of audit sessions.
- Continue developing and streamlining the documents on regulations and procedures of internal audit to ensure consistency and to improve the quality of internal audit.
- Maintain and upgrade the software programs that support control and monitoring activities for business departments in order to promptly detect potential risks and ensure the safety and effectiveness of the risk management system.
- Continue to do research and build risk profiles for VietinBank in general, and for banking activities and units of VietinBank system in particular; Continue improving the quality of audit planning, management and orientation activities.
- Supervise operation activities: monitor prudent indicators in banking activities; make analysis and independent review of VietinBank's monthly performance to point out strengths, opportunities and potential risks on the credit portfolio and the investment portfolio, risks associated in each industry/sector, risks associated with customer group and collateral, thereby improve the quality of suggestions and recommendations to the BoDs and the BoM in order to minimize operational risks and ensure the safe, sound and sustainable development of VietinBank.
- Perform audit plan (at branches, subsidiaries and departments at the Head Office...) as approved by the BoDs and the Supervisory Board. In particular, the audit sessions will be conducted soon to evaluate the effectiveness of products and services for Retail Banking Division and Corporate Banking Division; evaluate the compliance with the provisions of the SBV and VietinBank and the operational efficiency of the credit

approval and centralized disbursement control at VietinBank's Head Office; conduct audit sessions on IT strategic projects.

- Strengthen the frequent and close coordination among units reporting to the Supervisory Board with other departments/divisions at the Head Office in directing inspection and audit activities, as well as rectifying and correcting operation incidents and taking action in a timely manner to effectively perform risk management duties.
- Continue to act as a focal point in supporting relevant units in addressing all requests from Government Inspectorate, the State Audit Office, in which focus on collaboration with inspected units to provide explanations in response to draft inspection minutes prepared by Government Inspectorate and the State Audit Office.

2. Recommendations

Based on information of supervision of VietinBank group's business results in 2013 and the evaluation results for VietinBank's 2013 Financial Statements, the Supervisory Board proposes to the AGSM for approval of the report on VietinBank's performance in 2013, which was presented by the BoDs.

In addition, the Supervisory Board proposes the following to the BoDs and the BoM of VietinBank to:

- Build and implement secure and efficient growth plan in terms of total assets, credit, investment, capital, and market in accordance with the strategic goals of the Bank while ensuring compliance with regulations and resolutions set by the Government and the SBV.
- Strictly control credit facilities with potential risks; new credit granting must be considered in a prudent manner and in full compliance with the regulations of the SBV and the State agencies.
- Continue to review and take measures to aggressively collect debts, handle overdue credit facilities, special-mention loans, NPLs, written-off debts; proactively control credit quality and the impacts on financial performance of the Bank after Circular 02/2013/TT-NHNN takes effect.
- Continue to maintain the effectiveness and enforcement of internal control function; revise and streamline the written policies, mechanisms and processes of supervision for all operating activities and all phases of business operations; further educate employees regarding professional ethics; improve awareness of internal control of all employees to ensure compliance with operating regulations and processes and rectification of all misconducts and incidents;

- Continue to improve the quality of human resources; restructure and reorganize human resources; revamp remuneration policies to ensure highest personnel efficiency and productivity; Pay attention to good personnel structure and sufficient training, especially for new staff or those lacking professional and managerial skills; ensure the effectiveness of recruitment and training activities, staff arrangement and utilization.
- Direct relevant departments as well as subsidiaries of the Bank to develop and work out suitable strategy on, structure and investment proportion of capital contribution and share purchase to ensure efficiency in fund utilization, and meet the Bank's target on liquidity and safe operation.
- Accelerate deployment progress of IT improvement and modernization projects; ensure that operational units will be provided with measurement instruments and system risk data management, actively protect the Bank from increasing risks in banking operations.
- Enhance retail banking activities, improve service quality, increase competitiveness and non-interest income for the Bank.
- Promote communication activities, actively implement measures to maintain and improve the reputation and brand for VietinBank; ensure that the image and value of VietinBank are communicated comprehensively, promptly to customers, shareholders and relevant parties.

With the responsibilities entrusted by shareholders, with the dynamics, creativity and great efforts of the BoDs' members, the dedication of the BOM together with the positive changes in management activities of branches, departments at the Head Office and member units, the Supervisory Board believes that VietinBank will achieve great achievements and will successfully complete the targets and orientations in response to the trust of shareholders and customers.

Wishing you good health, happiness and success!

Wish the Annual General Meeting of Shareholder great success!

HEAD OF THE SUPERVISORY BOARD

(Signed and sealed)

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