ANNUAL REPORT

VietinBank

OVERCOMING CHALLENGES

SEIZING OPPORTUNITIES

DEVELOPING RAPIDLY & SUSTAINABLY

ABBREVIATIONS

Abbreviation	Meaning
ADB	Asian Development Bank
AI	Artificial Intelligence
BoD	Board of Directors
BoM	Board of Management
CAR	Capital Adequacy Ratio
CEO	Chief Executive Officer (i.e. General Director)
CIR	Cost to Income ratio
COF	Cost of Fund
Co. Ltd.	Limited Company
COVID-19	The global pandemic of coronavirus disease 2019 caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
CPI	Consumer Price Index
Dept.	Department
FDI	Foreign Direct Investment
FS	Financial Statement
FX	Foreign Currency Exchange
GDP	Gross Domestic Product
GMS	General Meeting of Shareholders
HO	Head Office
HOSE	Ho Chi Minh Stock Exchange
HR	Human Resources
IFC	International Finance Corporation

Abbreviation	Meaning
IMF	International Monetary Fund
IPO	Initial Public Offering
IR	Investor Relations
IT	Information Technology
MTBP	Mid-Term Business Plan
NIM	Net Interest Margin
NPL	Non-Performing Loan
PAT	Profit After Tax
PBT	Profit Before Tax
Restructuring Plan	Restructuring Plan in association with handling bad debts in the period of 2016-2020
ROA	Return on Assets
ROE	Return on Equity
SBV	The State Bank of Vietnam
SME	Small and Medium Enterprise
SSC	State Securities Commission
VAMC	Vietnam Asset Management Company
VietinBank	Vietnam Joint Stock Commercial Bank for Industry and Trade
WB	The World Bank
yoy	year on year (compared to the same period last year)
ytd	year to date (compared to the beginning of the year)
dd/mm/yyyy	Date format used in this report

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MESSAGE FROM THE CHAIRMAN

OVERCOMING CHALLENGES, SEIZING OPPORTUNITIES, DEVELOPING RAPIDLY & SUSTAINABLY

Mr. ***Le Duc Tho***

Member Of The Central Committee Of Communist Party Of Vietnam, Secretary Of Communist Party Committee Of VietinBank, Chairman Of The Board Of Directors Of VietinBank

Dear our valued shareholders, customers and partners,

In 2020, the pandemic plunged many countries around the world into deep recession. Vietnam has been one of the most successful countries in the world at containing the COVID-19 pandemic and delivering one of the highest growth rates in a year compared to other economies. Contributing to the stability of our country in weathering the COVID-19 storm as well as the development of socio-economy, we were proud that VietinBank **overcame challenges**, demonstrating our role as the pillar bank for the economy, our clients and the citizens. Throughout the pandemic, we have supported our clients by providing the infrastructure for COVID-19 relief to recover their business activities and life. In addition, we accelerated our restructuring and innovation, succeeded in restructuring plan associated with bad debts for the tenure 2016 – 2020 and implementing the Medium-Term Business Plan for the tenure 2018 – 2020, met Basel II capital adequacy ratio requirement and have officially adopted Circular 41/2016/TT-NHNN since the beginning of 2021.

With the comprehensive restructuring of our business operation which focused on transforming growth model, our business results have undergone fundamental changes in terms of quality and efficiency as income composition was rapidly shifted towards a sustainable structure. We strongly emphasized on our "customer-centricity" strategy, adjusted our competition mode, developed comprehensive and modern banking and financial solutions for our customers, provided our customers with a full spectrum of products and services across the supply chain, fostered digital transformation and application of digitalization in every business activity. We were also able to improve our consultation capability to meet rising financial demands of our clients, reduced the transaction time and associated costs for both our customers and the Bank. We took great pride as VietinBank well delivered performance result for the year 2020 that exceeded the targets set by the General Meeting of Shareholders.

During 2020, VietinBank willingly cut down VND 5,000 billion in terms of profit by lowering lending interest rates and offering exemption/ reduction of service fee to support enterprises and citizens affected by COVID-19 pandemic. Significant and timely plans were implemented to ensure our business continuity during the crisis. In addition, VietinBank proactively allocated resources to key economic sectors and different regions in the country and made full use of our internal resources to promote local economic development and actively contribute to the national economy.

Our success in the restructuring process and development is a solid foundation for VietinBank to build up, complete and successfully implement its development strategy for the tenure of 2021 – 2030 with a vision to 2045, which synchronized with the development strategy of the nation and the local banking industry. With a view to grow VietinBank into a national commercial bank that plays a unique and pivotal economic role, we will continue to bring into play the Bank's potential advantages and make the most of our internal resources, relate the Bank's development to the development of key economic sectors and our nation, actively participate in the integration process; improve the quality and effectiveness of growth, sustainably develop VietinBank to the level of other leading banks in the region.

The year 2021 will mark an important milestone as it is the first year of our Medium Term Business Plan 2021 – 2023 under the 10-year development strategy with a vision to 2045. While focusing on achieving set business targets and improving growth quality and efficiency, we will continue to strongly promote our corporate culture with 5 core values: "Customer-centricity", "Innovation", "Integrity", "Respect" and "Responsibility"; and adopt the 6-Criteria Program thoroughly and synchronously at all levels and in all activities from the Head Office to our branches which emphasizes on Standardization, Simplification, Optimization, Automation, Responsibility of Individual, and Cooperation. We are on the right track to pursue our ambition of becoming a leading multi-functional, modern, efficient bank and the most prestigious bank in Vietnam and being in the Top 20 strongest banks in the Asia Pacific region.

VietinBank's success and our contributions to the development of the country in the past period were recognized by the Party, the Government, our shareholders, clients, employees and the society. This is the motivation that empowered our entire system to make unceasing efforts with higher responsibility in successfully implementing our 10-year Development Strategy for the period of 2021 – 2030 with a vision to 2045.

I believe that with our relentless ambition, determination, decisive and firm mindset, VietinBank will be able to weather any challenges, **seize new opportunities** and continue to strengthen the Bank's efficiency, safety and sustainability in line with the region leading banks highly ranked in the world.

As we publish our 2020 Annual Report, on behalf of the Board of Directors, I would like to express my sincere thanks to our valued shareholders, investors, clients, and employees for your cooperation and support of VietinBank. That trust is the foundation throughout the establisment and development of the Bank. We hope and believe in our continued close cooperation and engagement towards VietinBank's **rapid and sustainable development.**

Respectfully yours!

MEMBER OF THE CENTRAL COMMITTEE OF COMMUNIST PARTY OF VIETNAM,

SECRETARY OF COMMUNIST PARTY COMMITTEE OF VIETINBANK, CHAIRMAN OF THE BOARD OF DIRECTORS OF VIETINBANK

LE DUC THO

01

About VietinBank

1 General Information

2 Scope Of Business And Branch Network

3 Governance Model And Structure

4 Organization & Human Resources

5 Development Direction

6 Risk Factors

1. GENERAL INFORMATION

Registered name in Vietnamese:
NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN CÔNG THƯƠNG VIỆT NAM

Registered name in English:
VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

Transaction name VietinBank

SWIFT code: ICBVVNVX

Banking License:
No. 142/GP-NHNN dated 03/07/2009 by the SBV

Certificate of Business Registration:

No. 0100111948

First issuance by Hanoi Department of Planning and Investment on 03/07/2009

Registered for the 11th amendment on 01/11/2018

Chartered Capital:
VND 37,234,045,560,000

Shareholders' Equity:
VND 85,411,250,000,000 (as at 31/12/2020)

Head Office:
108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam

Tel: +84 24 3942 1030

Fax: +84 24 3942 1032

Website: www.vietinbank.vn

Independent auditor:
Ernst & Young Vietnam Limited

Stock code: CTG

Par value per share: VND 10,000/share

Total number of shares: 3,723,404,556 shares

CREDIT RATINGS

	Short term	Long term	Outlook	Date
FitchRatings	B	BB-	Positive	09/04/2021
Moody's		Ba3	Positive	24/03/2021

1. GENERAL INFORMATION

KEY MILESTONES

1988

VietinBank (then called Incombank) was established after its separation from the SBV in accordance with Decree No.53/HDBT by the Ministers Council.

1990

VietinBank was the first bank in cooperation with a foreign bank to establish the join venture Indovina Bank.

2008

- New brand identity VietinBank was launched in April 2008.
- VietinBank Training Center was upgraded to VietinBank School of Human Resources Training and Development in September 2008.
- Initial public offering (IPO) was successfully launched in December 2008.

2009

VietinBank stock was officially listed and traded on Ho Chi Minh City Stock Exchange (HOSE) with stock code CTG.

2011

- Sold 10% of stake to foreign strategic partner – IFC, making VietinBank the first local bank that had a strategic foreign partner.
- German branch was opened in Frankfurt, Germany.

2012

- VietinBank was the first bank in Vietnam to successfully issue USD 250 million of international bonds.
- Vientiane branch was opened in Laos PDR.

2013

Sold 19.73% of stake to foreign strategic investor – BTMU (now MUFG Bank (Japan)), bringing VietinBank the state-owned commercial bank with the strongest shareholder structure in Vietnam at that time.

2014

VietinBank developed customer-oriented retail strategy, aiming to become the best retail bank in Vietnam.

2015

- VietinBank Vientiane branch was upgraded to VietinBank (Laos) Ltd. (wholly-owned subsidiary bank).
- Orientation of shifting towards retail and SME sectors, promoting strongly non-interest income activities.

2017

Successfully transformed SUNSHINE Core Banking system - the most innovative technology platform owned in the local banking industry.

2018

Strengthened regional cooperation and international integration; VietinBank brand value was continuously enhanced.

2020

Effectively completed the Restructuring Plan in association with handling bad debts in the period of 2016-2020 at VietinBank and Mid-Term Business Plan 2018 – 2020.

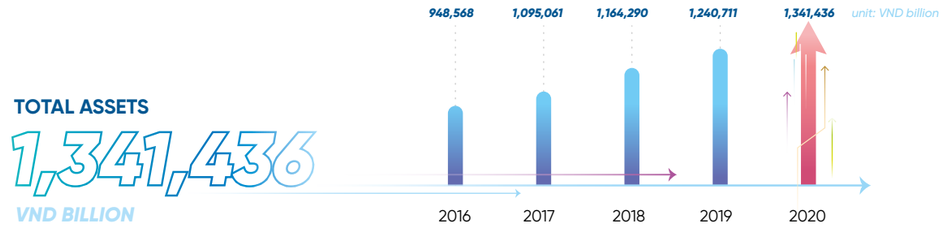
Built up VietinBank Development Strategy for the period of 2021 – 2030 and Vision to 2045, Mid-term Business Plan 2021 – 2023.

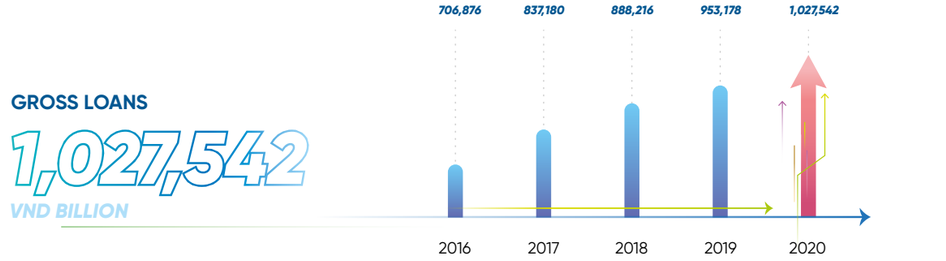
1. GENERAL INFORMATION

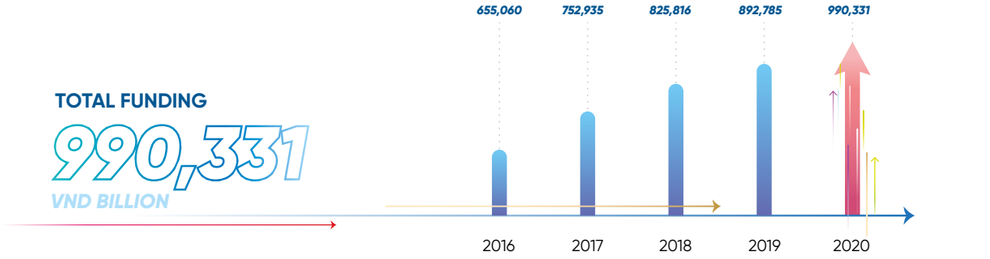
KEY FINANCIAL INDICATORS IN 2016-2020

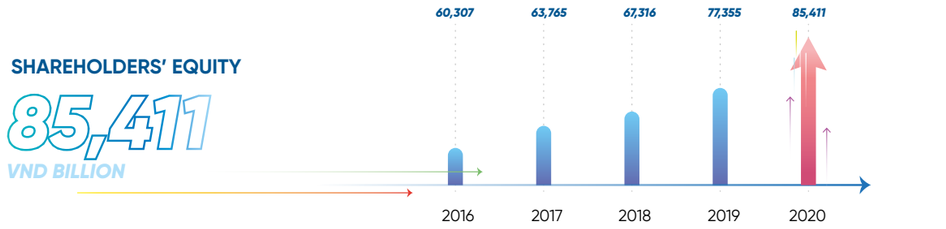
Indicator	Unit	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016
KEY BUSINESS INDICATORS						
Total Assets	VND billion	**1,341,436**	1,240,711	1,164,290	1,095,061	948,568
Shareholders' Equity	VND billion	**85,411**	77,355	67,316	63,765	60,307
Charter Capital	VND billion	**37,234**	37,234	37,234	37,234	37,234
Total Funding	VND billion	**990,331**	892,785	825,816	752,935	655,060
Gross Loans	VND billion	**1,027,542**	953,178	888,216	837,180	706,876
Total Operating Income	VND billion	**45,317**	40,519	28,446	32,620	26,361
Fee and Commission Income	VND billion	**8,341**	7,888	5,964	4,302	3,334
Total Operating Expenses	VND billion	**16,085**	(15,735)	(14,084)	(15,070)	(12,849)
Net profit before provision for credit losses	VND billion	**29,232**	24,785	14,361	17,550	13,512
Provisions expense for credit losses	VND billion	**(12,147)**	(13,004)	(7,803)	(8,344)	(5,059)
Profit before Tax	VND billion	**17,085**	11,781	6,559	9,206	8,454
Corporate Income Tax	VND billion	**(3,328)**	(2,304)	(1,281)	(1,747)	(1,689)
Profit after Tax	VND billion	**13,757**	9,477	5,277	7,459	6,765
PROFITABILITY RATIO						
ROA	%	**1.3%**	1.0%	0.6%	0.9%	1.0%
ROE	%	**16.9%**	13.1%	8.1%	12.0%	11.6%
CAPITAL ADEQUACY RATIO						
NPL/Gross Loans	%	**0.94%**	1.20%	1.60%	1.13%	0.93%
Capital Adequacy Ratio (CAR)	%	**> 9%**	> 9%	> 9%	> 9%	> 9%
SHARES						
Number of Ordinary shares	share	**3,723,404,556**	3,723,404,556	3,723,404,556	3,723,404,556	3,723,404,556
Value per share (as at end of 2019)	VND/share	**34,550**	20,900	19,300	24,200	15,050
Market Capitalization	VND billion	**128,644**	77,819	71,862	90,106	56,037
Earning per share (EPS)	VND/share	**3,678**	1,966	1,454	1,546	1,432
P/E	time	**9.39**	10.63	13.27	15.65	10.51

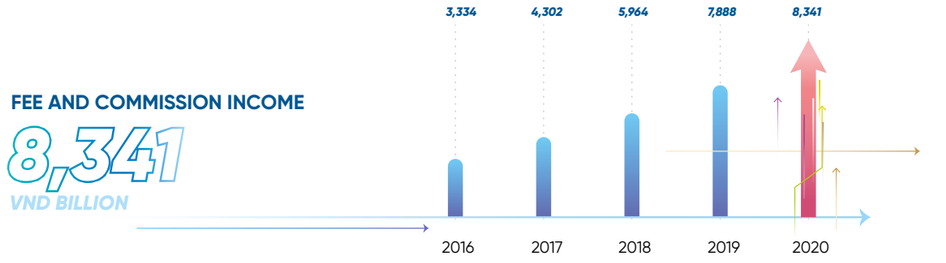
Note:
- Figures for 31/12/2018 were adjusted according to Audit Report by the State Audit
- The EPS figure for 2019 is restated. The details are in Note 26.5 of Part 7 - Audited consolidated financial statements for 2020











1. GENERAL INFORMATION

10 HIGHLIGHTS IN BUSINESS ACTIVITIES OF VIETINBANK IN 2020

01

Affirming and strongly promoting the role as the pillar bank of the economy, the pioneering bank in implementing policies of the Government and the SBV and contributing significantly to the country's socio-economic development.

02

Implementing effectively the Restructuring Plan in association with handling bad debts in the period of 2016 – 2020 at VietinBank and the MTBP for the period 2018-2020.

03

Building up VietinBank's development strategy for the period 2021 - 2030 with the vision to 2045, the MTBP for the period of 2021 - 2023.

04

Promoting the "customer centricity" strategy, strengthening the transformation of competition approaches by focusing on developing modern and comprehensive banking and financial solutions for customers as well as providing products and services under supply chains.

05

Making constant efforts to improve the bank's capability towards best standards and common practices in bank governance, improving business efficiency associated with enhanced quality of growth and effective risk management.

1. GENERAL INFORMATION

06

Enhancing the thorough combination of organizational structure model and network arrangement, personnel placement, strengthening solutions to improve the quality of human resources, ensuring the rights of the employees; timely implementing policies to protect resources, and ensuring effective operation in the complicated context of the COVID-19 pandemic.

07

Being the pioneering and outstanding bank in the investment and development of modern and synchronous banking technology, extensive application of IT in business development and governance.

08

Practising efficient financial management, effective allocation of financial resources, increasing labor productivity.

09

Being honored with noble awards by local and international prestigious organizations, which enhanced the image and brand name of VietinBank both locally and internationally.

10

Continuing to make encouraging contributions and being pioneer in various social security activities, effectively implementing policies and guidelines of the Party and Government.

1. GENERAL INFORMATION

REPRESENTATIVE AWARDS AND ACCOLADES IN 2020

BRAND AWARDS FOR VIETINBANK

Brand Finance®

TOP 300 MOST VALUABLE BANK BRANDS WORLDWIDE

VietinBank was the only Vietnamese bank being listed in the Top 300 Most valuable bank brands worldwide hosted by Brand Finance for the 2nd consecutive year. This award continued to reaffirm VietinBank's brand value and reputation.

Concurrently, according to Forbes Vietnam, VietinBank was listed, for the 5th consecutive year, in the Top 50 leading brands in Vietnam in 2020.

CSI 100 SUSTAINABLE BUSINESSES 2020

TOP 10 SUSTAINABLE ENTERPRISES OF VIETNAM

VietinBank was honored to be listed in Top 10 Sustainable Enterprises in 2020 in Commerce – Service category. The award was organized by Vietnam Chamber of Commerce and Industry (VCCI) in collaboration with Vietnam Business Council for Sustainable Development (VBCSD), Vietnam General Confederation of Labor, and Ministry of Labor, Invalids and Social Affairs with 127 indicators in 4 areas: Sustainable Performance Index, Governance Index, Environment Index and Labor Index.

Forbes

TOP 2,000 LARGEST PUBLIC COMPANIES WORLDWIDE

For the 9th time in a row, VietinBank has been listed on Forbes Global 2,000 (Top 2,000 World's Largest Public Companies) published by the prestigious American magazine Forbes. Forbes recognized VietinBank's achievement of USD 4.1 billion in revenue and USD 53.5 billion in total assets.

VIETNAM TOP 10 BANKING REPUTATION AWARD 2020

VIETNAM TOP 10 BANKING REPUTATION

According to the announcement of Vietnam Report and Vietnam Net, VietinBank remained its position in Top 10 Vietnamese Prestigious Commercial Banks in 2020. At the same time, VietinBank was listed on Top 50 most excellent enterprises in Vietnam (Top 50 Vietnam The Best) and VNR500 Ranking – Top 500 largest enterprises in Vietnam.

Vietnam Value

VIETNAM VALUE – NATIONAL BRAND

For the 6th consecutive time, VietinBank was the enterprise which had products and services being awarded National Brand. This was a prestigious and noble title that the Prime Minister assigned the National Brand Council, the National Brand Secretariat in collaboration with the Trade Promotion Agency (Ministry of Industry and Trade) to organize. The National Brand Program is the only Government program that promotes the national image through products and services branding in 3 criteria: Quality, Innovation and Initial Capacity.

1. GENERAL INFORMATION

REPRESENTATIVE AWARDS AND ACCOLADES IN 2020

AWARDS FOR VIETINBANK IN BUSINESS OPERATIONS

VARIOUS AWARDS FOR RETAIL BANKING

VietinBank was awarded "Best Retail Bank" in Vietnam for the 5th consecutive year by Global Banking & Finance Review and many other well-recognized awards such as: "Outstanding Retail Bank" and "Outstanding Bank for Innovative Products and Services" with the Payment Banking Service awarded by Vietnam Banks Association (VNBA) and International Data Group (IDG).

BEST FOREX SERVICE PROVIDER

VietinBank has been recognized by Global Finance as the bank with "Best Forex Service in Vietnam" for the 3rd consecutive year, which affirms the Bank's success in continuous innovation and improvement of forex operation, enhancing VietinBank's position in the market.

In 2020, the Asian Banker honored VietinBank as "Financial Derivatives Provider of the Year in Vietnam".

FASTEST GROWING SME BANK IN VIETNAM 2020

Receiving the honorable award "Fastest Growing SME Bank in Vietnam" from Global Banking & Finance Review for the 2nd time, VietinBank affirmed the right development direction and ability to supply SME customers with products and services of outstanding quality and benefits.

In addition, in 2020, VietinBank was also awarded "Best Customer Service Bank Vietnam" by Global Banking & Finance Review for the 3rd consecutive year, which demonstrated the constant efforts of the Bank in improving the quality of customer service.

BEST GTFP ISSUING BANK IN EAST ASIA AND THE PACIFIC

International Finance Corporation (IFC) – a member of the World Bank Group awarded VietinBank with the title "Best GTFP Issuing Bank in East Asia and the Pacific". This was the 2nd consecutive year that VietinBank received this prestigious award from the IFC. The award recognized VietinBank's contribution to the Global Trade Finance Program – GTFP of IFC.

SUCCESS IN DIGITAL TRANSFORMATION

The year 2020 witnessed VietinBank's continuous successes in digital banking and digital transformation. VietinBank was honored by The Asian Banker Magazine with the Best Mobile Banking Technology Award for VietinBank iPay Mobile, proud to be the only Vietnamese bank to be honored in this award category together with many reputational major banks and other organizations in the Asia-Pacific region.

At the same time, VietinBank iPay Mobile was honored as the only banking product among Top 10 Sao Khue Award 2020, and VietinBank eFAST won the Sao Khue Award for the 2nd time.

In 2020, The Asian Banker also awarded VietinBank with "the Best API Platform and Open Banking Deployment in Vietnam". VietinBank's Smart Digital Branch System (SDB) was listed on Top 10 trusted products by Vietnam Economic Times. The above achievements have demonstrated the Bank's strong transformation in investment in technology to provide VietinBank's customers with modern financial products & services together to renew customers' experience.

2. SCOPE OF BUSINESS AND BRANCH NETWORK

SCOPE OF BUSINESS

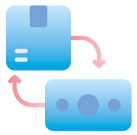
VietinBank's core banking business activities include:

DEPOSITS

mobilization of deposits in short, medium and long terms from enterprises and individuals;

LOANS

providing short, medium and long-term loans to enterprises and individuals based on characteristics and capabilities of the Bank's capital;



PAYMENTS

providing payment services among enterprises and individuals;

TRANSACTIONS

making transactions on foreign exchange, international trade finance, discount on commercial papers, bonds, other valuable papers and other banking services licensed by the SBV.

BRANCH NETWORK

DOMESTIC NETWORK

- ***HEAD OFFICE***
  VietinBank Head Office is located at No.108 Tran Hung Dao Street, Cua Nam Ward, Hoan Kiem District, Hanoi
- ***155 LOCAL BRANCHES***
  in 63 cities and provinces across the country
- ***1 SOUTHERN CUSTOMER CENTER***
- ***2 REPRESENTATIVE OFFICES***
  in Ho Chi Minh City and Da Nang
- ***9 NON-BUSINESS UNITS***
  (Trade Finance Center, Card Center, IT Center, VietinBank School of Human Resources Training & Development, 5 Cash Management Centers)
- ***958 TRANSACTION OFFICES***

NORTH
Head Office and 73 branches

CENTRAL
29 branches

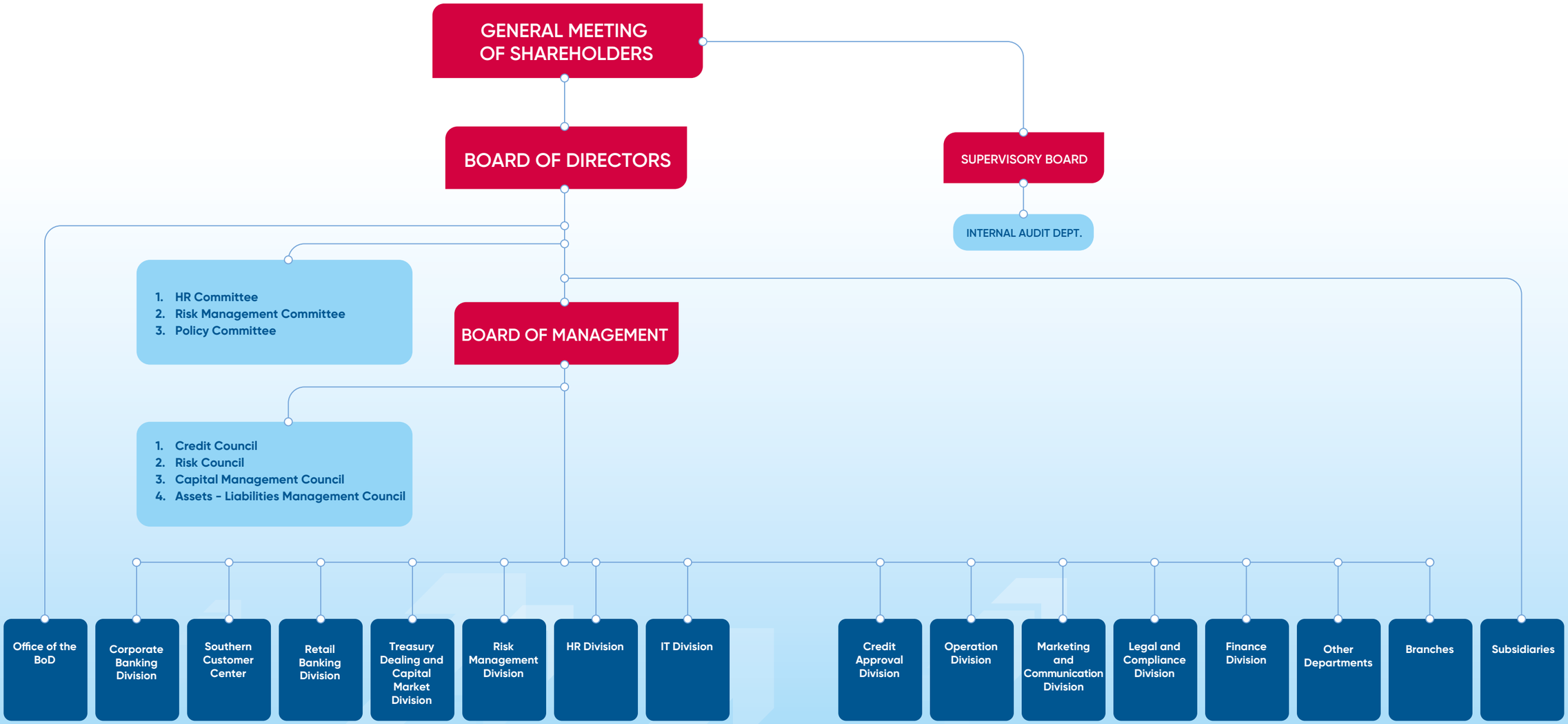
SOUTH
53 branches

INTERNATIONAL NETWORK

- ***2 FOREIGN BRANCHES IN GERMANY***
- ***1 SUBSIDIARY BANK IN LAOS***
- ***1 REPRESENTATIVE OFFICE IN MYANMAR***

In addition, VietinBank has established correspondent relationship with over ***1,000 FINANCIAL INSTITUTIONS*** of more than 90 countries and territories worldwide.

3. GOVERNANCE MODEL AND STRUCTURE



4. ORGANIZATION & HUMAN RESOURCES

4.1. BOARD OF DIRECTORS

> *The BoD is the governing body of VietinBank, having full discretion on behalf of VietinBank to make decisions and demonstrate VietinBank's rights and obligations, except for issues under the authority of the GMS.*

MEMBERS OF THE BOARD OF DIRECTORS

No.	Full name	Title	No. of shares	Percentage (%)	Note
1	**Mr. Le Duc Tho**	Chairman	37,527	0.001008%	Non-executive member
2	**Mr. Tran Minh Binh**	Board Member and General Director	2,405	0.000065%	Executive member
3	**Ms. Tran Thu Huyen**	Board Member	1,429	0.000038%	Non-executive member
4	**Mr. Tran Van Tan**	Board Member	0	0%	Non-executive member
5	**Mr. Nguyen The Huan**	Board Member	0	0%	Non-executive member
6	**Ms. Pham Thi Thanh Hoai**	Board Member	92	0.000002%	Non-executive member
7	**Mr. Masahiko Oki**	Board Member and Deputy General Director	0	0%	Executive member
8	**Mr. Shiro Honjo**	Board Member	0	0%	Non-executive member
9	**Ms. Nguyen Thi Bac**	Independent Board Member	0	0%	Independent Member

Note: the number of shares in this table does not include representative of State capital.

CHANGES IN BOARD MEMBERS DURING THE YEAR 2020

No.	Full name	Title	Date of appointment/resignation
1	**Mr. Masahiko Oki**	Board Member and Deputy General Director	Elected as a Board Member for the term of 2019 - 2024 from 23/05/2020 according to the Resolution No. 21/NQ-DHDCD dated 23/05/2020 of the Annual GMS 2020. Appointed as Deputy General Director in accordance with Decision No. 2568/QD-HDQT-NHCT1.2 dated 26/05/2020 of the BoD of VietinBank.
2	**Mr. Shiro Honjo**	Board Member	Elected as a Board Member for the term of 2019 - 2024 from 23/05/2020 according to the Resolution No. 21/NQ-DHDCD dated 23/05/2020 of the Annual GMS 2020.
3	**Ms. Nguyen Thi Bac**	Independent Board Member	Elected as an Independent Board Member for the term of 2019 - 2024 from 23/05/2020 according to the Resolution No. 21/NQ-DHDCD dated 23/05/2020 of the Annual GMS 2020.
4	**Mr. Hiroshi Yamaguchi**	Board Member and Deputy General Director	Dismissed as a Board Member for the term of 2019 - 2024 from 23/05/2020 according to the Resolution No. 21/NQ-DHDCD dated 23/05/2020 of the Annual GMS 2020. Dismissed as Deputy General Director in accordance with Decision No. 302/QD-HDQT-NHCT1.2 dated 26/05/2020 of the BoD of VietinBank.
5	**Mr. Hideaki Takase**	Board Member	Dismissed as a Board Member for the term of 2019 - 2024 from 23/05/2020 according to the Resolution No. 21/NQ-DHDCD dated 23/05/2020 of the Annual GMS 2020.

4. ORGANIZATION & HUMAN RESOURCES

BOARD OF DIRECTORS

Mr. LE DUC THO

Chairman of the BoD

Born in 1970.

Ph.D. in Economics.

Joined VietinBank since 1991.

Appointed as Chairman of VietinBank on 31/10/2018.

Currently, Member of the Party Central Committee, Member of the Party Executive Committee of State Enterprises, VietinBank's Party Committee Secretary, Chairman of VietinBank.

Former positions: Deputy Head of Business Dept. – VietinBank Phu Tho Branch; Deputy Director of VietinBank ALCO Dept., Deputy Director of VietinBank ALCO and Investment Dept., Director of VietinBank Investment Dept., Deputy General Director of VietinBank; Chief of the Office of the SBV; Board Member and General Director of VietinBank.

Mr. TRAN MINH BINH

Board Member and General Director

Born in 1974.

Master in Business Administration.

Joined VietinBank since 1999.

Appointed as Board Member and General Director of VietinBank on 08/12/2018.

Currently, Deputy Secretary of VietinBank Party Committee, Board Member and General Director of VietinBank.

Former positions: Deputy Head of Cards Dept., Director of Cards Center, Director of Investment Dept.; Director of VietinBank - Nguyen Trai Branch; Deputy Director, Director of VietinBank - Hanoi Branch; Director of Treasury and Capital Markets Division cum Chairman of VietinBank Laos Limited; Deputy General Director cum Director of Treasury and Capital Markets Division cum Director of Credit Appraisal Division; Acting General Director of VietinBank.

Mr. TRAN VAN TAN

Board Member

Born in 1968.

Master in Economics.

Appointed as Board Member of VietinBank on 23/04/2019.

Former positions: Deputy Director of Market and Guarantee Dept., Director of Market and Guarantee Dept., Director of Credit Dept. - Credit Division of the SBV; Director of Agriculture Credit Dept., Deputy Head of Economic Credit Division of the SBV.

4. ORGANIZATION & HUMAN RESOURCES

Ms. TRAN THU HUYEN

Board Member

Born in 1977.

Master in Business Administration.

Joined VietinBank since 2001.

Appointed as Board Member of VietinBank on 24/07/2014.

Currently, Member of Standing Committee – VietinBank's Party Committee, Board Member cum Director of HR Division of VietinBank.

Former positions: Deputy Director, Director of HR Dept. of VietinBank.

Mr. SHIRO HONJO

Board Member

Born in 1970. Nationality: Japanese.

MSc in Leadership and Strategy (Major in Business Administration).

Appointed as Board Member of VietinBank on 23/05/2020.

Joined The Sanwa Bank, Ltd. (Japan) in 1993. (The Sanwa Bank. Ltd. was merged with UFJ Bank, Ltd. (Japan) in 2002, and subsequently merged with the Bank of Tokyo-Mitsubishi, Ltd (Japan) in 2006 to form The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Japan) which was later on renamed to MUFG Bank Ltd.).

Former positions: Director, Investment Banking Division for EMEA (Europe, the Middle East and Africa) of The Bank of Tokyo-Mitsubishi UFJ Ltd., United Kingdom; Chief Manager, Government & Regulatory Affairs Office of Mitsubishi UFJ Financial Group, Inc., Tokyo, Japan; Managing Director, Investor Relations Office of Mitsubishi UFJ Financial Group, Inc., Tokyo, Japan; Managing Director, Head of Global Commercial Banking Planning Division of MUFG Bank, Ltd., Tokyo, Japan.

He is now the Executive Officer & Managing Director, Head of Global Commercial Banking Planning Division of MUFG Bank, Ltd., Tokyo, Japan.

Mr. NGUYEN THE HUAN

Board Member

Born in 1974.

Bachelor in Economics; Bachelor in Law; Bachelor in Foreign Language.

Joined VietinBank since 1995.

Appointed as Board Member of VietinBank on 23/04/2019.

Currently, Member of Standing Committee - VietinBank Party, Board Member of VietinBank.

Former positions: Deputy Head of Large Corporate Banking Dept., Head of SMEs Banking Dept. - VietinBank - Ba Dinh Branch; Deputy Director of ISO Management Dept., Deputy Director of Retail Banking Dept. – VietinBank HO; Deputy Director of VietinBank - Bac Giang Branch; Deputy Director of Internal Control Dept., Deputy Director of Compliance Audit Dept., Deputy Director of Internal Audit Dept. – VietinBank HO, Head of Supervisory Board of VietinBank.

Ms. PHAM THI THANH HOAI

Board Member

Born in 1978.

Master in Finance.

Joined VietinBank since 2003.

Appointed as Board Member of VietinBank on 23/04/2019.

Currently, Member of the Party Executive Committee of VietinBank, Board Member.

Former positions: Deputy Director of Credit & Investment Policy Dept., Deputy Director of Investment Dept., Deputy Director in charge of Investment Dept., Director of Treasury Dealing Dept., Director of Multinational Corporation Dept.; Chairwoman of VietinBank Leasing Co. Ltd.

4. ORGANIZATION & HUMAN RESOURCES

Ms. NGUYEN THI BAC

Independent Board Member

Born in 1953.

Bachelor of Law at Humboldt University - Berlin - Germany, Master of Law.

Elected as Independent Board Member of VietinBank from 23/05/2020.

Former positions: High-ranking Procurator of the Supreme People's Procuracy; Department Head under the Supreme People's Procuracy; Vice Chairman of the Law Committee of the XI National Assembly; Lawyer of Hanoi City Bar Association; Independent Board Member of VietinBank for the term of 2009-2014; Head of Risk Management Division of Bank Indovina Ltd.

Mr. MASAHIKO OKI

Board Member
and Deputy General Director

Born in 1971. Nationality: Japanese

Bachelor of Arts in Business and Commerce

Appointed as Board Member on 23/05/2020 and Deputy General Director of VietinBank on 26/05/2020.

Joined The Sanwa Bank, Ltd. (Japan) in 1994. (The Sanwa Bank. Ltd. was merged with UFJ Bank, Ltd. (Japan) in 2002, and subsequently merged with the Bank of Tokyo-Mitsubishi, Ltd. (Japan) in 2006 to form The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Japan) which was later on renamed to MUFG Bank Ltd.)

Former positions: Chief Manager, Retail Banking Business Promotion Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd., Tokyo Head Office, Japan; Managing Director, Head of Asian Retail Banking Strategy Office of The Bank of Tokyo-Mitsubishi UFJ, Ltd., Tokyo Head Office, Japan; Managing Director, Head of Asian Retail Banking Strategy Office of MUFG Bank Ltd., Tokyo Head Office, Japan; Managing Director, Deputy Head of Global Commercial Banking Planning Division of MUFG Bank Ltd., Tokyo Head Office, Japan.

SUPERVISORY BOARD

> *The Supervisory Board is the agency on behalf of shareholders to supervise the operation and compliance with the Law and VietinBank's Charter in the management and administration of VietinBank; being responsible before the Law, the GMS in implementing the rights and duties assigned. During the implementation, the Supervisory Board may use the rights in accordance with the Law and VietinBank's Charter. The Supervisory Board has the role of implementing internal audit, controlling and evaluating the compliance with the provisions of the Law, internal regulations, VietinBank's Charter and resolutions and decisions of the GMS and the BoD.*

MEMBERS OF SUPERVISORY BOARD

No.	Full name	Title	No. of shares	Percentage (%)
1	**Ms. Le Anh Ha**	Head of Supervisory Board	3,104	0.000083%
2	**Ms. Nguyen Thi Anh Thu**	Member of Supervisory Board	36	0.000001%
3	**Mr. Nguyen Manh Toan**	Member of Supervisory Board	0	0%

CHANGES IN SUPERVISORY BOARD MEMBERS DURING THE YEAR 2020

In 2020, the Supervisory Board of VietinBank witnessed no change in personnel.

4. ORGANIZATION & HUMAN RESOURCES

SUPERVISORY BOARD

Ms. LE ANH HA

Head of Supervisory Board

Born in 1973.

Master of Economics and Public Management.

Joined VietinBank since 1995.

Elected to VietinBank's Supervisory Board since 23/04/2019.

Currently, Member of the Party Executive Committee of VietinBank, Head of Supervisory Board.

Former positions: Deputy Director of Credit Management Dept., Director of Capital Management & Utilization Dept., Director of Credit & Investment Risk Management Dept., Director of Retail Banking Dept. - VietinBank HO; Deputy Director of VietinBank School of Human Resources Training & Development; Director of Internal Control Dept., Deputy Head of Risk Management Division cum Director of Internal Control Dept.

Ms. NGUYEN THI ANH THU

Member of Supervisory Board

Born in 1976.

Bachelor in Banking & Finance, Bachelor in English.

Joined VietinBank since 1998.

Elected to VietinBank's Supervisory Board since 23/04/2019.

Former positions: Deputy Manager of Administrative Dept., Manager of General Marketing Dept., Manager of Risk Management Dept., Manager of Corporate Banking Dept. - VietinBank Hoan Kiem Branch; Deputy Director of Compliance Audit Dept., Deputy Director of Disbursement Control Dept., Deputy Director of Credit Appraisal Dept., Deputy Director of Credit Risk Management Dept., Director of Internal Audit Dept. - VietinBank HO.

Mr. NGUYEN MANH TOAN

Member of Supervisory Board

Born in 1966.

Master in Criminal Law, Criminology.

Joined VietinBank since 2010.

Elected to VietinBank's Supervisory Board since 23/04/2019.

Former positions: Procurator of the Supreme People's Procuracy, Deputy Director in charge of Legal Dept., Director of Legal Dept., VietinBank HO.

4. ORGANIZATION & HUMAN RESOURCES

BOARD OF MANAGEMENT

"The BoM is responsible for managing VietinBank's day-to-day affairs in accordance with VietinBank's Charter and the Regulations on Organization and Operation of the BoM. The BoM is under the direct, comprehensive management and supervision of the BoD.

MEMBERS OF THE BOARD OF MANAGEMENT

No.	Full name	Title	No. of shares	Percentage (%)
1	**Mr. Tran Minh Binh**	Board Member and General Director	2,405	0.000065%
2	**Mr. Masahiko Oki**	Board Member and Deputy General Director	0	0%
3	**Ms. Nguyen Hong Van**	Deputy General Director	4,050	0.000109%
4	**Mr. Nguyen Hoang Dung**	Deputy General Director	1,024	0.000028%
5	**Mr. Nguyen Duc Thanh**	Deputy General Director	0	0%
6	**Mr. Tran Cong Quynh Lan**	Deputy General Director	0	0%
7	**Mr. Nguyen Dinh Vinh**	Deputy General Director	0	0%
8	**Ms. Le Nhu Hoa**	Deputy General Director	27,692	0.000744%
9	**Mr. Nguyen Hai Hung**	Chief Accountant	19,288	0.000518%

Note: the number of shares in this table does not include representative of State capital.

CHANGES IN THE BOARD OF MANAGEMENT DURING THE YEAR 2020

No.	Full name	Title	Date of appointment/resignation
1	**Mr. Masahiko Oki**	Board Member and Deputy General Director	Appointed as Deputy General Director on 26/05/2020 under Decision No 2568/QD-HDQT-NHCT1.2 of VietinBank's BoD
2	**Mr. Hiroshi Yamaguchi**	Board Member and Deputy General Director	Dismissed as Deputy General Director on 26/05/2020 under Decision No 302/QD-HDQT-NHCT1.2 of VietinBank's BoD

Mr. TRAN MINH BINH

Board Member and General Director

Born in 1974.

Master in Business Administration.

Joined VietinBank since 1999.

Appointed as Board Member and General Director of VietinBank on 08/12/2018.

Currently, Deputy Secretary of VietinBank Party Committee, Board Member and General Director of VietinBank.

Former positions: Deputy Head of Cards Dept., Director of Cards Center, Director of Investment Dept.; Director of VietinBank - Nguyen Trai Branch; Deputy Director, Director of VietinBank - Hanoi Branch; Director of Treasury and Capital Markets Division cum Chairman of VietinBank Laos Limited; Deputy General Director cum Director of Treasury and Capital Markets Division cum Director of Credit Appraisal Division; Acting General Director of VietinBank.

4. ORGANIZATION & HUMAN RESOURCES

Ms. NGUYEN HONG VAN

Deputy General Director

Born in 1969.

Master in Banking and Finance.

Joined VietinBank since 1990.

Appointed as Deputy General Director of VietinBank on 08/12/2018.

Currently a Member of Standing Committee - VietinBank Communist Party, Deputy General Director cum Director of Financial Division, Chairwoman of the BoD of VietinBank Insurance Corporation (VBI).

Former positions: Deputy Director of ALCO Department; Director of ALCO & Treasury Department; Director of Financial Planning & ALCO Supporting Department; Board Member of VietinBank.

Mr. MASAHIKO OKI

Board Member and Deputy General Director

Born in 1971. Nationality: Japanese

Bachelor of Arts in Business and Commerce

Appointed as Board Member on 23/05/2020 and Deputy General Director of VietinBank on 26/05/2020.

Joined The Sanwa Bank, Ltd. (Japan) in 1994. (The Sanwa Bank. Ltd. was merged with UFJ Bank, Ltd. (Japan) in 2002, and subsequently merged with the Bank of Tokyo-Mitsubishi, Ltd. (Japan) in 2006 to form The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Japan) which was later on renamed to MUFG Bank Ltd.)

Former positions: Chief Manager, Retail Banking Business Promotion Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd., Tokyo Head Office, Japan; Managing Director, Head of Asian Retail Banking Strategy Office of The Bank of Tokyo-Mitsubishi UFJ, Ltd., Tokyo Head Office, Japan; Managing Director, Head of Asian Retail Banking Strategy Office of MUFG Bank Ltd., Tokyo Head Office, Japan; Managing Director, Deputy Head of Global Commercial Banking Planning Division of MUFG Bank Ltd., Tokyo Head Office, Japan.

Mr. NGUYEN HOANG DUNG

Deputy General Director

Born in 1962.

Master in Economics.

Joined VietinBank since 12/1988.

Appointed as Deputy General Director in 03/2011.

Former positions: Deputy Head of Supervisory Department, Assistant to Director, Director of HR and Admin Department – VietinBank Minh Hai Branch; Director of Sales Department, Director of the City Transaction Office, Deputy Director, Director of VietinBank Ca Mau Branch.

Mr. NGUYEN ĐUC THANH

Deputy General Director

Born in 1970.

Master in Economics.

Joined VietinBank since 02/2010.

Appointed as Deputy General Director in 08/2012.

Currently Member of the Party Executive Committee of VietinBank, Deputy General Director cum Director of Treasury and Capital Markets Division; cum Chairman of VietinBank Laos Limited.

Former positions: Commercial Attaché - Embassy of Vietnam in the Arab Republic of Egypt; Deputy Director & Secretary to the Minister of Trade, Deputy Director of Dept. of Competition Management cum Secretary to the Minister of Trade, Deputy Director of Dept. of Competition Management - Ministry of Industry and Trade; Director of Financial Institutions Dept. – VietinBank HO, Co-Director of VietinBank German Branch.

4. ORGANIZATION & HUMAN RESOURCES

Mr. NGUYEN DINH VINH
Deputy General Director

Born in 1980.

Master in Business Administration.

Joined VietinBank since 2002.

Appointed as Deputy General Director in 07/2015.

Currently a Member of Standing Committee - VietinBank Communist Party, Head of Inspection Committee of VietinBank's Party Committee, Chairman of VietinBank Trade Union, Deputy General Director cum Director of Risk Management Division; Chairman of VietinBank Global Money Transfer Company Ltd.

Former positions: Deputy Director, then Deputy Director in charge of Corporate Department at VietinBank Head Office; Deputy Director of VietinBank Quang Trung Branch, Director of VietinBank Hai Duong Branch; Director of NPL Management Department at VietinBank Head Office; Director of VietinBank Hanoi Branch.

Mr. TRAN CONG QUYNH LAN
Deputy General Director

Born in 1979.

Master in IT.

Joined VietinBank since 05/2012.

Appointed as Deputy General Director in 03/2015.

Currently Deputy General Director cum Director of IT Division of VietinBank.

Former positions: Assistant to Director of OCBC Singapore, Assistant to Vice President of OCBC Singapore, Vice President - IT - Retail Banking and Director of Electronic Distribution Channels & Investment - OCBC Singapore; Director of IT Center of VietinBank.

Ms. LE NHU HOA
Deputy General Director

Born in 1969.

Master in Finance, Banking and Insurance.

Joined VietinBank since 1990.

Appointed as General Director in 08/2016.

Currently Member of VietinBank's Party Executive Committee cum Deputy General Director; Chairwoman of VietinBank Gold and Jewelry Trading Company.

Former positions: Deputy Head of Financial Accounting Dept., Head of Financial Accounting Dept., Head of Transaction Accounting, Deputy Head of Sales Dept. of VietinBank Phuc Yen Branch; Head of Admin and HR Dept. – VietinBank Hanoi Branch; Deputy Director of VietinBank Hanoi Branch; Director of Financial Accounting Dept. – VietinBank HO.

Mr. NGUYEN HAI HUNG
Chief Accountant

Born in 1972.

Bachelor in Economics.

Joined VietinBank since 1991.

Appointed as Chief Accountant of VietinBank in 06/2011.

Currently Member of VietinBank's Party Executive Committee, Chief Accountant of VietinBank.

Former positions: Deputy Director, Director of Accounting and Payment Dept. – VietinBank HO.

5. DEVELOPMENT DIRECTION

DEVELOPMENT GOAL, VISION & MISSION

DEVELOPMENT GOAL

"VietinBank is a national commercial bank, playing a key role in the economy, serving the development of the country, promoting the Bank's potential advantages, maximizing internal multi resources, linking the Bank's growth with key economic sectors and regions of the country, actively participating in the integration process. Improve the quality and efficiency of growth, develop the Bank equivalent to that of leading banks in the region and develop sustainably".

VISION

"To become a leading multi-functional, modern and efficient bank in Vietnam, being in the Top 20 strongest banks in the Asia Pacific region by 2030; and by 2045, being the strongest and most prestigious bank in Vietnam, a leading bank in the Asia-Pacific region and a highly reputable bank in the world".

MISSION

"Being a pioneer bank in the country's development on the basis of bringing optimal value to customers, shareholders and employees".

5. DEVELOPMENT DIRECTION

5 CORE VALUES

5 CORE VALUES

Customer centricity

Customers are the center of all activities of VietinBank. Listen to customer's needs to come up with solutions to best meet all appropriate needs of customers. At the same time, ensuring safety for internal and external customers.

Innovation

Always show creativity in all activities; continuously innovating with the inheritance to create the best value for the system, customers and to contribute to the development of the country.

Integrity

VietinBank is always consistent in thoughts and actions to ensure compliance, discipline, honesty, transparency and uphold professional ethics.

Responsibility

Demonstrate the spirit, attitude and action of the whole system, each department, each employee of VietinBank having a high responsibility towards customers, partners, shareholders, leaders and colleagues and for the brand name of VietinBank. Performing good responsibilities to the community and society is VietinBank's honor and pride.

Respect

Respect, listen to, share with and care for customers, partners, shareholders, leaders, colleagues and self-respect.

5. DEVELOPMENT DIRECTION

MID-TERM DEVELOPMENT STRATEGY

VietinBank's mid-term target for the period 2021-2023 is to become a leading multi-functional, modern and efficient bank in Vietnam, being among the top 100 strongest banks in the Asia-Pacific region by 2023.

05 strategic priorities in the following period are based on:

- ***GROWTH MODEL TRANSFORMATION***
- ***COMPETITION MODE CHANGE***
- ***ASSOCIATION OF GROWTH WITH KEY ECONOMIC SECTORS AND REGIONS***
- ***COMPREHENSIVE DIGITALIZATION OF BANKING ACTIVITIES***
- ***IMPROVEMENT OF HUMAN RESOURCES QUALITY AND EXECUTION ABILITY***

Following our business philosophy in the new development period, VietinBank focus on enhancing the main capabilities that act as key pillars for successful implementation of the set-forth strategy. The 7 crucial elements include:

1. ***VIGOROUS DEPLOYMENT OF CORPORATE CULTURE***
2. ***DATA MEASUREMENT AND MANAGEMENT***
3. ***EXCELLENT OPERATION***
4. ***OPTIMIZATION OF BUSINESS MODEL AND NETWORK***
5. ***RISK MANAGEMENT BASED ON THE BEST PRACTICES***
6. ***EXCELLENT PERSONNEL***
7. ***PROACTIVE, EFFECTIVE MARKETING & COMMUNICATION***

Among which information technology is considered to be pivotal, good quality of personnel to be decisive in successfully implementing the strategy.

MID-TERM DEVELOPMENT STRATEGY

5. DEVELOPMENT DIRECTION

SUSTAINABLE DEVELOPMENT GOALS

In the capacity of the leading commercial bank in Vietnam, acting as a pillar of the economy, accompanying the country's development, apart from focusing on performance improvement and profit enhancement, VietinBank actively attributes ourselves to Vietnam's socio-economic development. VietinBank will continue to share responsibilities with the Party and the Government in support of social environment improvement, and rapid, steady & sustainable poverty alleviation and eradication. In our long-term strategy and annual plan, VietinBank puts focus on sustainable profit growth and responsible deployment of resources, including implementation of risk management plans and measures during performance, development of comprehensive financial solutions, growth of green credit, integration of sustainable socio-development support and financial cooperation into infrastructure development, green growth and climate change combat.

In 2021, VietinBank will put our best efforts to share the responsibility with the community, deploy action plans, policies supporting economic transformation and sustainable socio-environmental solutions, particularly in the so-called "new normal" under the Covid-19 pandemic context. VietinBank will unceasingly enhance our banking governance capacity, associate our growth with key economic sectors, national economic regions and increase safe and convenient access to financial products and services by all economic sectors, thereby improving all facets of people's life and ensuring social welfare.

6. RISK FACTORS

BUSINESS ENVIRONMENT RISK

In 2020 the world economy was severely affected by the COVID-19 pandemic, causing most countries negative growth. In that context, thanks to good control of the disease, Vietnam maintained positive growth. According to the General Statistics Office, the GDP was 2.91%. This growth was significantly higher than the previous forecast of world financial institutions such as ADB (2.3%), IMF (1.6%), equivalent to the forecast of the World Bank (from 2.5% - 3.0%).

The highlight of Vietnam's economic growth is the growth in import and export. The pandemic caused global trade to plunge, however Vietnam maintained export growth of 6.5%, import growth of 3.6% and export surplus reached a record high of USD 19.95 billion. The largest export markets such as the US and China grew by 24.5% and 17.1% respectively. FDI reached about USD 21 billion decreasing by 7% compared to 2019, which was however a slight decrease, demonstrating that Vietnam's trend of attracting investment capital still has good prospects.

The positive development of foreign currency supply and demand helped Vietnam increase its foreign exchange reserves to a record high - reaching about USD 100 billion by the end of 2020. However, the fact that Vietnam was officially included in the list of the currency manipulator also raised concerns about negative effects as the US took measures to reduce trade deficits with countries on this list.

Vietnam's outlook in 2021 was considered positive as the World Bank forecast growth at around 6.8% in 2021 and would stabilize around 6.5% in the following years. This prediction was based on the assumption that COVID-19 would gradually be under control, vaccines would prove to be effective. HSBC forecast GDP growth at 7.6%, IMF forecast at 6.5%.

Although Vietnam was forecast positively in 2021 by a large number of organizations, there remained risks. First of all, the tourism sector still had many obstacles. Though two waves of COVID-19 outbreaks were under control, travel-related services, such as accommodation and transportation, were relatively bleak. In addition, the labor situation, employment and income of employees by the end of the fourth quarter of 2020 did not improve compared to the same period in 2019. The unemployment rate in 2020 was 2.26%. If this situation continued, a prolonged recovery in consumer spending was likely to result, whereas consumer spending was the main pillar of growth.

CREDIT RISK

In 2020, unexpected developments of the COVID-19 pandemic and natural disasters negatively affected different industries, sectors in particular and the whole economy in general. Business activities of many borrowers at VietinBank had difficulties, especially in the fields of hospitality, transportation, agriculture ..., resulting in potential risks of bad debts faced by banks. Under the circumstance, VietinBank has been actively accompanying customers, promptly taking appropriate, practical support and measures such as rescheduling the debt payment period to retain debt classification, disbursing new loans with interest rate incentives. This helped customers to stabilize operations and quickly overcome difficulties; at the same time, helped VietinBank to proactively identify risks at the early stage, to implement streamlining measures to recover and settle debts to minimize losses for the bank. In addition, to ensure a safe, efficient and sustainable recovery and development for customers, banks as well as the economy, VietinBank also strengthened the consolidation and standardization of policies, IT application in the process of credit granting and management. As a result, VietinBank's NPL ratio at the end of 2020 was well-controlled below 1%.

In 2021, the world economic situation is expected to evolve complicatedly and unpredictably. The change in policies of major countries together with the negative and prolonged impact of COVID-19 pandemic raises potential risks of financial and monetary crises on a global scale and has a significant impact on the asset quality of the banking system. In that context, the Vietnamese economy needs to make good use of the achievements of the Industrial Revolution 4.0 and opportunities from the shifting trend of investment, trade, digital transformation, from the development of new business models, the change of the mode of production, consumption and communication globally to make the country rise strongly.

With the goal of **overcoming challenges, seizing opportunities, developing rapidly and sustainably**, VietinBank will continue to focus on credit risk management from the overall level to the transaction level, strongly implement new measures to limit bad debts arising, increase debt collection and settlement to improve portfolio quality and capital efficiency. Credit policies and processes continue to be standardized to strengthen risk management in accordance with the SBV regulations and towards international practices. At the same time, VietinBank continues to prioritize investment in improving IT systems to support credit portfolio management, early warning of potential risk customers, credit risks monitoring, debt collection and settlement.

MARKET RISK

In 2020, in the face of unpredictable developments in the domestic and international financial markets due to the impact of the COVID-19 pandemic, VietinBank continued to focus on closely monitoring and timely control of market risks in the business process.

The market risk management strategy is established including appropriate objectives and control measures associated with the medium and long-term business strategy of VietinBank, ensuring the safe and sustainable development of the business operation, in compliance with the regulations of the Bank, the authorities, commitments with strategic partners, and in line with international practices.

The 3-line model of protection in market risk management continues to promote well with the participation of the Treasury Dept., the Market Risk Management Dept. and the Internal Audit Dept. The system of policies, regulations and methodologies on market risk management and centralized risk management in proprietary trading was promptly reviewed and updated in accordance with the market reality and VietinBank's business performance, to meet Basel II practices and authorities requirements.

In order to control market risk, VietinBank establishes risk appetite and limit including indicators such as: Profit/Loss at market price, status, VaR (Value at Risk), PV01, Limit of status/ balance for trading products, currencies, counterparties in the portfolio of centralized proprietary trading ... The indicators are measured, monitored and reported daily, to promptly warn of risks arising out of the threshold acceptance by VietinBank and take measures to minimize risks. In addition, VietinBank periodically analyzes the level of loss under stress conditions, the capital required for market risk and back test the risk measurement models to ensure an accurate assessment of the potential risk level.

Since 2013, VietinBank has deployed the

6. RISK FACTORS

Treasury Murex system to key in, approve and manage capital transactions through all three components: Front Office, Middle Office and Back Office. In 2020, VietinBank upgraded the Treasury MX3 system to quickly respond to changes in capital trading activities in the upcoming period, which was a comprehensive innovation, helping VietinBank approach advanced practices and increase competitiveness in the market. In addition, VietinBank also actively built and improved other systems such as Risk-weighted Assets (RWA) - calculating required capital for material risks, Treasury Transaction Monitoring system - supporting post-capital trading monitoring, Vision Commodity system - managing commodity derivative transactions.

OPERATIONAL RISK

Along with the increasing development of science and technology, frauds' tricks are getting more sophisticated and becoming a great challenge for the management of operational risks of each bank. Recognizing this problem, VietinBank's operational risk management in 2020 also focused on fraud risk control through the implementation of the transaction monitoring system procurement to monitor and detect frauds.

On the other hand, with the motto that the risk management should be implemented comprehensively, throughout and continuously for all types of risks, VietinBank also focused on identifying, measuring and controlling money laundering risks and terrorism financing risks at best. Therefore, it not only perfected risk management methodology but also regularly updated and issued new legal documents, money laundering and terrorism financing risk management process based on the market model, international practices while to ensure the compliance with legal regulations, VietinBank regularly reviewed to further improve the anti-money laundering and terrorist financing system in order to promptly prevent risks.

VietinBank also continuously updated policies and supervised the results of the control environment at each unit to proactively prevent internal risks and enhance operational efficiency, support branches and headquarters units to identify problems that existed in the overall control environment to implement appropriate behavioral measures.

In the development and implementation of maintaining business continuity and responding to emergencies, including the COVID-19 pandemic, VietinBank established a Steering Committee for COVID-19 pandemic prevention with aims to: (i) Develop effective implementation plans for transactions and working for the sake of the health of employees, customers and partners; (ii) Monitor the market situation, the official source of information on the COVID-19 pandemic to direct and run business activities in line with economic developments; (ii) Accompany and support the people and businesses to overcome difficulties caused by the COVID-19 pandemic; and (iii) complete the Guidelines for periodic disease response plans, corresponding to the disease level and the Prime Minister's directives. VietinBank's business results have been maintained continuously and ensured to provide comprehensive services to customers.

LIQUIDITY RISK

In 2020, VietinBank continued to implement the liquidity risk management strategy with the main objectives such as: maintaining sufficient highly liquid assets to meet the liquidity needs under normal operating conditions and unfavorable developments on liquidity; funding source strategy ensured diversification in terms of mobilization channels and tenors, consistent with term structure of resource use; in which, increasing funding sources with reasonable costs such as CASA, State Treasury deposits, combining flexibly capital sources from the Interbank market. VietinBank also established and expanded relationships with other credit institutions to strengthen channels for mobilizing funding resources. At VietinBank, stress testing is conducted on a regular basis to evaluate our competency to fulfill payment obligation and commitment, making liquidity provision plan and transaction limit with other credit institutions for backup purposes.

The 3-line model of protection continues to be promoted with the Treasury and Financial Planning Management Dept. acting as the focal point in coordination with the Treasury Dept. and related units under the first line of protection; Market Risk Management Dept. acts as the second line of defense for independent monitoring, and the Internal Audit Dept. performs the function of the third line of protection. Capital balance situation and liquidity safety indicators, liquidity risk limits are monitored daily, closely monitored to ensure compliance with the limits as prescribed by the State Bank. On a monthly basis, in the meeting of Risk Committee & ALCO Committee, balance of funding, liquidity and compliance with liquidity risk ratios are reviewed and reported; relevant recommendations for capital management are proposed to ensure good liquidity and capital efficiency.

The Assets – Liabilities Management (ALM) system was built in compliance with international standard to provide automatic reports on the balance of funding and cash flows to calculate daily liquidity status, analysis and forecast on future liquidity. The liquidity risk are also closely monitored by type of currency (VND, USD, other foreign currencies in USD equivalent) on the basis of analyzing liquidity demand, source of liquidity business operation, structure of assets/payables and cash flows of every item recorded in the balance sheet and off-balance sheet as well as the possibility to access the market liquidity at each point in time.

INTEREST RISK IN THE BANKING BOOK

For interest risks in the Banking Book that arise due to adverse fluctuations of interest rates on income, asset value, value of liabilities and off-balance sheet commitments of the Bank, VietinBank applies a policy of centralized management at Head Office with an organizational structure set up in the model of 3 lines of protection similar to the liquidity risk.

VietinBank establishes regulations and processes to manage interest risk in the Banking Book;

6. RISK FACTORS

management and setting limits on re-pricing gap, changes in net interest income (NII) and changes in the economic value of equity (EVE); and using appropriate derivative products to control portfolio-level risks. The Assets – Liabilities Management (ALM) software system and internal Fund Transfer Pricing (FTP) system allow us to centrally manage interest risk status at HO, provide automatic re-valuation report, report on analysis of interest rate increasing/ decreasing scenario... Hence, we can control re-pricing spreads, the impact of interest rate changes on NII and the EVE of the bank within the permitted limits. The level of interest risk and the compliance with the interest risk limit indicators are analyzed and reported to the BoD at monthly meetings of the Risk Council and the ALCO Council. In such meetings, we promptly identified trends in repricing gap, the level of impact on NII/EVE and made timely adjustments to ensure the implementation of the Bank's profit targets.

At transaction level, we apply interest risk precautionary terms in credit contracts to ensure that the Bank is always proactive against fluctuations of the market. Also, we determine the lending interest rate that accurately reflects the actual cost of capital mobilization of the Bank, managing interest rates through the internal fund transfer pricing (FTP) tool, depending on the Bank's operational orientation and market developments.

INFORMATION TECHNOLOGY SYSTEM RISK

VietinBank's IT system is on a large scale, deploying a lot of products and services on different IT platforms. The digitalization process of VietinBank's IT system is being strongly deployed with regular configuration changes and regular updates with partners' systems. Understanding information technology system security is the most important factor in our banking business and needs to be approached from bottom up, VietinBank has proactively & regularly assessed system security risks and implemented various risk control measures, including:

- Staff capability enhancement through training courses organized by the SBV, Ministry of Information and Communication or trusted partners;
- Coordination and exchange with state authorities in charge of network security and cybercriminal prevention. Communication also exchanged with top information security companies in Vietnam and around the world;
- Participation in information security events locally and internationally for latest updates;
- Development and standardization of our Security Information and Event Management (SIEM) system to ensure central monitor of individual security systems and early detection of any potential risks;
- Regular evaluation to identify security risk on new product and service testing before construction to implement appropriate control measures;
- Review of the entire system security including internet banking platform and core systems before providing to customers;
- Deployment of solutions to ensure the availability and readiness of IT systems, at the same time rehearsing system transfer, recovering and ensuring data safety from main data center to the disaster recovery center to ensure the system is ready to operate during a disaster at the main data center;
- Application of Customer Security Program (CSP) standard for SWIFT system, ISO27001:2013 for Internet Banking system, Payment Card Industry Data Security Standards (PCI-DSS) for card system;
- Documentation and implementation of security policies and processes: security assessment, security event handling, etc.;
- Deployment of centralized internet access system with more advanced technology; Increase security and implement remote working solutions;
- Research, deployment and application of bio-metric authentication solutions for all types of transactions at bank counters and by electronic devices; Implementing the highest level of security for customers' biometric data, complying with government and SBV regulations on biometric data management;
- Research and implementation of stress-testing on defense systems and solutions, proactive detection of signals of fraud and information leakage;
- Communication and training to our people to raise their awareness of information security;
- Regular communication with customers on information confidentiality risks in using banking services.

02

2020 Performance Review

1 Business Performance

2 Investment Activities And Project Implementation

3 Financial Presentation In 2020

4 Shareholders Structure, Change In Shareholder's Equity

5 Bond Issuance In 2020

1. BUSINESS PERFORMANCE

BUSINESS RESULTS IN 2020

With proactive and effective implementation of mixed business solutions, our performance in 2020 made positive changes, fulfilling all business targets assigned by the GMS and closely following the tasks set out in the 2016 - 2020 Restructuring Plan and the 2018 - 2020 MTBP. In 2020, VietinBank successfully achieved targets assigned by the GMS with impressive results, making bold foundation for the Bank's business in the coming time. In detail, the results of achieving targets assigned by the GMS in 2020 are as follows:

- VietinBank's **total assets** as of 31/12/2020 reached more than VND 1,340 trillion, a year-on-year (yoy) increase of 8.1% and well achieved the target set by the GMS.

- **Credit balance** reached nearly VND 1,300 trillion, up 7.8% yoy, meeting the target set at 2020 annual GMS. Right from the beginning of 2020, VietinBank actively implemented saving solutions including cost reduction and quality management of growth creating favorable conditions for growing credit, lowering lending interest rates as well as promptly removed difficulties for enterprises to enable enterprises and individuals conveniently access credits and banking products with the lowest cost. The structure of outstanding loans shifted positively towards an appropriate level in terms of currencies and customer segments through the increasing proportion of VND loans and average loans of retail customers and SMEs. Credit granting policies were directed towards feasible projects with good credit ratings and high profitability.

- **Funding growth** was in line with demand for capital, the structure of funding varied by currency, and the proportion of demand deposits continued to increase. Fund mobilized from enterprises and individuals reached nearly VND 990 trillion, an increase of over VND 97 trillion (up 10.9%) yoy. In which, demand deposits from customers increased by 27.8% yoy. The ratio of current accounts' balance increased from 17.0% in 2019 to 19.6% in 2020. Customer deposits grew stably and sustainably over the years.

- **NPLs** was 0.9%, meeting the target set by the GMS; NPL coverage ratio reached 132%, much higher than that in 2019. Credit quality was tightly controlled, meeting legal regulations and safety limits requirement by the SBV. In 2020, VietinBank bought back all special bonds valued VND 13,000 billion sold to VAMC within less than 2 years, hence optimizing the balance sheet structure, improving financial quality, founding solid foundation for the Bank's business in the coming years.

- **Business efficiency** was highly improved. **Separated PBT** in 2020 was VND 16,449 billion, an increase of 44% yoy, completing 163% of the target set out by the GMS. **Consolidated PBT** reached VND 17,085 billion, an increase of 45% yoy, completing 164% of the plan set by the GMS.

  - Net profit from lending and investment activities reached VND 35.6 billion, an increase of 7.2% yoy. VietinBank applied a flexible and balanced capital strategy to optimize capital efficiency and liquidity;

  - Non – interest income reached VND 9,700 billion, accounting for 21.5% of total income and making improvement compared to 2019; in which, net fee income increased by 7% yoy; Treasury dealing and FX trading achieved high results, further confirming VietinBank's position in the market. Net income from FX trading was up 27.8% yoy, profit from securities trading also reached more than VND 962 billion, a significant improvement compared to 2019. Besides, VietinBank actively recovered bad debts, written-off debts with collection of written-off debts at VND 1,700 billion, an increase of 32% yoy.

  - Concurrently, operating expenses were effectively controlled. CIR continued to fall to 35.5%, the lowest in the last 10 years and over.

- Business operation complied with prudential regulations by the SBV.

PERFORMANCE VS. OBJECTIVES

Unit: VND, bil

Indicator (consolidated)	31/12/2020	31/12/2019	31/12/2020 vs. 31/12/2019		2020 GMS target	% achieved vs. 2020 objectives
			+/-	+/- %		
Total assets	1,341,436	1,240,711	100,725	8.1%		
Fund mobilized from economic entities and individuals	990,331	892,785	97,546	10.9%	Growth of 5% - 10%	Achieved
Credit exposure	1,027,542	953,178	74,364	7.8%	Growth of 4% - 8.5%	Achieved
NPL/credit exposure	0.9%	1.2%			<1.5%	Achieved
Separated PBT	16,449	11,461	4,988	43.5%	10,080	163%
Consolidated PBT	17,085	11,781	5,304	45.0%	10,400	164%

(Source: Audited separated and consolidated FS 2019 and 2020)

TOTAL ASSETS

1,341,436 VND BILLION

↑ 8.1%

PBT

17,085 VND BILLION

↑ 45.0%

1. BUSINESS PERFORMANCE

RESULT OF BASEL II IMPLEMENTATION AT VIETINBANK

Over the past 33 years of construction and development, as a pillar and key role in the Vietnamese banking system, VietinBank has always oriented to balance business goals and strengthen risk management according to international practices. Following the orientation of implementing Basel II in Vietnam under the project "Development of Vietnam banking industry to 2010 and orientations to 2020" according to Decision No. 112/2006/QD-TTg dated 24/05/2006 and project "Restructuring the system of credit institutions for the period 2011 - 2015" according to Decision No. 254/QD-TTg dated 01/03/2012 by the Prime Minister, since 2014, VietinBank has actively implemented projects under the Basel II program, aiming to meet international practices on risk management, capital management according to Basel Committee standards as well as regional practices.

After a period of preparation, VietinBank has fully met the requirements under Circular 41/2016/TT-NHNN regulating capital adequacy ratios for banks, foreign bank branches (Circular 41) as well as other Basel II standards on governance structure, regulations, internal control processes, IT systems, databases, human resources... including: (i) Strengthening the model of 3-line protection, contributing significantly to focus on improving the overall risk management capacity to ensure full control of the bank's activities and key risks as well as enhancing the risk management culture; (ii) Improving IT infrastructure, standardized overall data system; (iii) Completing the capital calculation methods as prescribed by Circular 41 and according to international practices, actively research new risk management methodologies in Pillar 2 such as reputation risk, model risk on the basis of coordinating and utilizing experiences from international strategic partners; and (iv) Consolidating regulations, processes, products, system operation instructions, streamline operations to ensure compliance with legal regulations, protect rights and legal benefits of customers and banks.

On 23/11/2020, VietinBank's GMS approved the plan to increase charter capital. On that basis, VietinBank has been completing capital raising procedures at the request of State management agencies. This is an important factor that helps VietinBank fulfill the official goal of applying the capital adequacy ratio according to Circular 41 and meet a series of Basel II standards, creating a new position and force for VietinBank to continue to expand business activities, improve governance and financial capacity, asset quality improvement, increased profitability associated with risk management.

At the same time, on 23/12/2020, VietinBank officially reported in writing to the SBV on the application of Circular 41 at the Bank from 01/01/2021. This was the premise for VietinBank to approach regional practices, increase sustainable competitiveness in the process of integrating with international and regional markets and continue to affirm VietinBank's role and responsibility in building a healthy and transparent Vietnamese banking system, promoting sustainable national economic development.

2. INVESTMENT ACTIVITIES AND PROJECT IMPLEMENTATION

2.1. MAJOR INVESTMENT

In 2020, VietinBank did not undertake new major investments including financial investments and project investments.

2.2. BUSINESS PERFORMANCE OF SUBSIDIARIES AND AFFILIATED COMPANIES

VietinBank Insurance Joint Stock Corporation

Abbreviation

VBI

Registered Office

10th, 11th floor, No. 126 Doi Can Street, Ba Dinh District, Hanoi

Contact

Tel: +84 24 3942 5650
Fax: +84 24 3942 5646

Business license

No. 21GP/KDBH dated 12/12/2002 and Amended License No. 21/GPDC29/KDBH supplementing business operation: Insurance ancillary services dated 12/11/2020 by the Ministry of Finance

Business activities

Non-life insurance

Charter capital (31/12/2020)

VND 666 billion

VietinBank's ownership

73.37%

Business field:

The company operates in the areas of non-life insurance, re-insurance and financial investment.

Business results as of 31/12/2020:

Total assets reached VND 3,678 billion, up 49.5% compared to the end of 2019. In 2020, VBI's business activities continued to develop and expand. Total premium reached VND 2,223 billion, up 9% yoy, maintaining a good growth rate given adverse impact of the COVID-19 pandemic. The total cost of insurance business activities was VND 1,530 billion, up 26% yoy, mainly due to the high cost of compensation in the context of fluctuating 2019. The Company's PBT reached VND 151 billion, up 16% yoy. With the above revenue growth, market share and image of the Company in the market continued to be enhanced. Specifically, VBI's market share continuously expanded from 0.8% in 2014 to 2.5% in 2016, over 3% in 2019 and reached approximately 3.7% in 2020.

TOTAL ASSET

3,678 VND BILLION

↑15%

PBT

151 VND BILLION

↑16%

VietinBank Fund Management Company Ltd.

Abbreviation

VietinBank Capital

Registered Office

6th floor, 34 Cua Nam Street, Hoan Kiem District, Hanoi

Contact

Tel: +84 24 3938 8855
Fax: +84 24 3938 8500

Business license

50/UBCK-GP issued by the SSC dated 26/10/2010 and latest Amendment License No. 76 GPDC-UBCK by the SSC dated 27/11/2020

Business activities

Fund management

Charter capital (31/12/2020)

VND 300 billion

VietinBank's ownership

100%

Business field:

The company operates in the areas of fund management and conducts activities such as: planning and management of securities investment funds, portfolio management of investment trust, consultancy of securities investment and other services allowed by applicable laws.

Business results as of 31/12/2020:

PBT for the year 2020 reached VND 10.2 billion with the total revenue from financial investment activities reached VND 17.9 billion, accounting for 81.0% of the total revenue. As of 31/12/2020, the Company was managing 03 investment funds, including: One Open fund - VTBF Bond Fund with capital investment of VND 66 billion, net asset value (NAV) at 31/12/2020 was VND 12.7 billion; and two Closed Funds being VietinBank's Value Discovery Investment Fund with capital investment of VND 100 billion, NAV at 31/12/2020 of VND 142.6 billion; and Vietnam Value Investment Fund with capital investment of VND 50 billion, NAV at 31/12/2020 of VND 50 billion. In 2020, the Company successfully returned part of it's capital to parent company (the charter capital reduced from VND 500 billion to VND 300 billion as of 31/12/2020) and gradually concentrated its operation on specified core business activities such as: (i) managing securities investment funds, securities investment portfolio and investment consulting services; comprehensively restructure its business operations, shifting its income structure from revenue generating from financial investment activities to service-based income; and (iii) improving the efficiency of capital investment from parent company.

VTBF BOND FUND

NAV

12.7 VND BILLION

VIETINBANK'S VALUE DISCOVERY INVESTMENT FUND

NAV

142.6 VND BILLION

2. INVESTMENT ACTIVITIES AND PROJECT IMPLEMENTATION

VietinBank Securities Joint Stock Company

Abbreviation

VietinBank Securities

Registered Office

306 Ba Trieu Street, Hai Ba Trung District, Hanoi

Contact

Tel: +84 24 6278 0012
Fax: +84 24 3974 1760

Business license

107/UBCK-GP dated 01/07/2009 by the SSC and latest Amendment License No. 25/GPDC-UBCK dated 25/05/2020 by the SSC

Business activities

Securities

Charter capital (31/12/2020)

VND 1,064 billion

VietinBank's ownership

75.61%

Business field:

The company operates in the areas of: brokerage, securities investment and financial advisory, securities dealing, securities underwriting, securities depository and other operations in accordance with the law for the securities company.

Business results as of 31/12/2020:

In 2020, the Company's total assets were reported at VND 4,273.7 billion, a remarkable increase of 52.6% yoy. Total revenue was VND 612 billion, up 20.8% yoy, of which revenues generated from financial consulting and issuing agents increased by 45.5% yoy; from brokerage increased by 25.7% yoy. Total cost was VND 461.5 billion, up 25.7% yoy. PBT reached VND 150.5 billion, up 7.8% yoy. Business results in 2020 had a positive growth yoy thanks to good recovery of Vietnam stock market in 2020. VN-Index recorded a continuous increase from 649 points as at 31/03/2021 to 1,105 points as at 31/12/2020 (up 14.5% yoy). In addition, the sharp decrease in interest rates in 2020 created favorable conditions for the development of corporate bond issuance advisory and agency activities.

TOTAL ASSETS

4,273.7 VND BILLION

↑52.6%

PBT

150.5 VND BILLION

↑7.8%

VietinBank Leasing Company Ltd.

Abbreviation

VietinBank Leasing

Registered Office

16 Phan Dinh Phung Street, Ba Dinh District,Hanoi

Contact

Tel: +84 24 3823 3045
Fax: +84 24 3733 3579

Business license

No. 0101047075 dated 31/08/2009 granted for the 1st time by Hanoi Planning and Investment Dept., amended 10th registration dated 05/11/2020.

Business activities

Financial leasing

Charter capital (31/12/2020)

VND 1,000 billion

VietinBank's ownership

100%

Business field:

The company operates in the area of financial leasing for businesses, individuals, families, and other organizations that are lending subjects of credit institutions.

Business results as of 31/12/2020:

The Company's 2020 PBT was VND 148 billion, up 21% yoy. As at 31/12/2020, total assets of the Company reached VND 3,552 billion, up 17% yoy. Total operating income was VND 294 billion, up 7% yoy mainly from leasing activities of VND 294 billion, up 8% yoy. Total expense was VND 146 billion, down by 4% yoy. Gross leasing balance as of 31/12/2020 stood at VND 3,303 billion, up 19% yoy and ranked 2nd in terms of market share in local leasing activities. Group 2 debt accounted for 0.7% of the total leasing balance; NPL ratio was reported at 0.18%.

PBT

148 VND BILLION

↑21%

TOTAL ASSETS

3,552 VND BILLION

↑17%

2. INVESTMENT ACTIVITIES AND PROJECT IMPLEMENTATION

VietinBank Gold and Jewellery Trading Company Ltd.

Abbreviation

VietinBank Gold & Jewellery

Registered Office

2nd Floor, Hoang Thanh Tower, 114 Mai Hac De, Le Dai Hanh ward, Hai Ba Trung District, Hanoi

Contact

Tel: +84 24 3942 1051
Fax: +84 24 3939 3502

Business license

No. 0105011873 dated 25/11/2010 granted for the 1st time by Hanoi Planning and Investment Dept.; 7th Amendment dated 22/07/2019

Business activities

Trading and manufacturing and processing of gold, gemstones and jewellery

Charter capital (31/12/2020)

VND 200 billion

VietinBank's ownership

100%

Business field:

The company operates in the area of gold, silver, precious stones trading.

Business results as of 31/12/2020:

Total assets reached VND 264 billion, up 15% yoy. In 2020, VietinBank Gold & Jewellery made great efforts in deploying various business activities, especially in the export of gold jewellery, specifically: Total income reached VND 89.39 billion, up 228% yoy, of which: gross profit from sale of goods and services reached VND 50.63 billion, an increase of nearly 237% yoy (gold jewellery exporting activities achieved positive results with profit reported at VND 60.47 billion); Total expenses was VND 37.47 billion, up 8% yoy. PBT for the year reached VND 49.51 billion, up 440% yoy.

TOTAL ASSETS

264 VND BILLION

↑15%

PBT

49.51 VND BILLION

↑440%

VietinBank Debt and Asset Management Company Ltd.

Abbreviation

VietinBank AMC

Registered Office

76 Nguyen Van Cu Street, Nguyen Cu Trinh Ward, District 1, Ho Chi Minh City

Contact

Tel: +84 28 3920 2020
Fax: +84 28 3920 3982

Business license

No. 0302077030 issued by Ho Chi Minh Authority for Planning and Investment dated 20/07/2010, 5th registration dated 24/11/2017

Business activities

Asset management

Charter capital (31/12/2020)

VND 120 billion

VietinBank's ownership

100%

Business field:

The company's major business activities include receipt and management of mortgage, pledged, guaranteed assets and collateral valuation, etc.

Business results as of 31/12/2020:

Operated as an independent business unit under VietinBank, the primary duty of the company is to support VietinBank's branches in evaluating collaterals. The company's functions contribute significantly in the Bank risk management activities. VietinBank AMC's efficiency was strongly reflected in VietinBank's final-year results. At the end of 2020, VietinBank AMC's total revenue was VND 58.5 billion in which asset evaluation activities contributed mostly to its revenue, reached VND 53.1 billion, up 19% yoy. Other income which was mainly deposit interest was VND 4.43 billion. The total cost in 2020 was VND 46.6 billion, in which the employee cost increased VND 3.02 billion yoy. PBT at the end of 2020 was VND 11.87 billion.

ASSET EVALUATION REVENUE

53.1 VND BILLION

↑19%

PBT

11.87 VND BILLION

2. INVESTMENT ACTIVITIES AND PROJECT IMPLEMENTATION

VietinBank Global Money Transfer Company Ltd.

Abbreviation

VietinBank Money Transfer

Registered Office

3rd Floor, VietinBank Building, 126 Doi Can Street, Ba Dinh District, City. Hanoi

Contact

Tel: +84 24 3942 8690
+84 24 3942 8691
Fax: +84 24 3942 8693

Business license

No. 0105757686 dated 03/01/2012 granted for the 1st time by Hanoi Planning and Investment Dept.; 1th Amendment dated 13/03/2015.

Business activities

Monetary intermediation

Charter capital (31/12/2020)

VND 50 billion

VietinBank's ownership

100%

Business field:

The company's major business activities include overseas remittance service, money exchange service and other remittance services allowed by applicable laws.

Business results as of 31/12/2020:

The Company's total assets were VND 343.2 billion, up 37.3% yoy. Total revenue reached VND 89.4 billion, up 20.6% yoy, mainly service-based income reported at VND 43.4 billion. The total expenses were VND 30.7 billion, up 4.2% yoy. PBT for the year 2020 reached VND 58.7 billion, up 31.5% yoy. Although being part of the general declining trend in remittance flows to Vietnam due to the negative impact of the COVID-19 pandemic, the Company made continuous efforts in approaching partners/customers, searching for optimal solutions to meet the strictest requirements from partners in terms of products and technology in order to retain major partners, increase the number of transactions processed through VietinBank and at the same time expand cooperation with other prestigious partners in potential markets such as Japan, USA, Australia, Korea.

TOTAL ASSETS

343.2 VND BILLION

↑37.3%

PBT

58.7 VND BILLION

↑31.5%

VietinBank Laos Ltd.

Abbreviation

VietinBank Laos

Registered Office

No. 268 Langxang road, Hatsady ward, Chanthabouly district, Vientiane, Laos

Contact

Tel: +856 2126 3997
Fax: +856 2126 1026

Business license

No. 068/NHCHDCNDL dated 08/07/2015 issued by Lao People's Democratic Republic

Business activities

Banking and Finance services

Charter capital (31/12/2020)

USD 50 million

VietinBank's ownership

100%

VietinBank Laos started its operation in February 2012, with strong support from Central Bank of Laos, the Ministries of Laos Government and support from both Vietnamese and Laos communities; VietinBank branch in Laos has achieved remarkable results since the first years of operation. In August 2015, VietinBank branch in Laos was upgraded to be the first overseas subsidiary and wholly - owned by VietinBank with total charter capital of USD 50 million and expanded its scope of business.

Business results as of 31/12/2020:

By the end of 2020, total assets of VietinBank Laos reached USD 346,543.90 thousand (equivalent to VND 7,968.77 billion), up 2.18% yoy. Gross loans in 2020 were USD 262,184 thousand (equivalent to VND 6,028.91 billion), down 0.6% yoy. Total mobilization of VietinBank Laos in 2020 was USD 262,666 thousand (equivalent to VND 6,040 billion), up 1.63% yoy. PBT was USD 5,590.39 thousand (equivalent to VND 128.55 billion), down 8% yoy. Financial indicators: ROA: 1.3%, ROE: 7.29% insignificant changes compared to 2019 (in 2019 ROA: 1.32%, ROE: 7.58%). In 2020, CAR was 18.01% down nearly 4% yoy, CAR in 2019 was 24%).

2020 was a year full of difficulties and challenges for Laos economy in general and VietinBank Laos' business activities in particular. However, VietinBank Laos strived to successfully complete the tasks assigned by the BoD of VietinBank. In early March 2021, VietinBank Laos successfully delivered a new Core banking system called Core Lanexang (meaning "Million elephants" in Laos), marking a new development step as well as a commitment to long-term investment of VietinBank in Laos. VietinBank Laos has been contributing to the socio-economic development of Laos, at the same time contributing to maintaining, developing and deepening the special friendly relationship between the two countries, Vietnam - Lao.

TOTAL ASSETS

7,968.77 VND BILLION

↑2.18%

2. INVESTMENT ACTIVITIES AND PROJECT IMPLEMENTATION

Indovina Limited Bank (IVB)

Abbreviation

IVB

Registered Office

97A Nguyen Van Troi Street, Ward 12, Phu Nhuan District, Ho Chi Minh City.

Contact

Tel: +84 28 3942 1042
Fax: +84 28 3942 1043

Business license

No. 101/GP-NHNN issued by the SBV dated 11/11/2019 for joint-venture bank (replacement of business registration certificate No. 08/NH-GP issued by the SBV dated 29/10/1992)

Business activities

Commercial bank

Charter capital (31/12/2020)

USD 193 million

VietinBank's ownership

50%

Business field:

The Bank's major business activities include capital mobilization and lending, foreign exchange transactions, international trade services, provision of payment services to customers and other banking services approved by the SBV.

Business results as of 31/12/2020:

Total assets were reported at VND 53.86 trillion, down 0.13 % yoy. In which, gross loans were VND 33.7 trillion, up 11% yoy, accounted for 62.59% of total assets while NPL ratio was kept at 0.91%. The Bank's total operating income in 2020 reached VND 1,816 billion, of which: net interest income was VND 1,395 billion, down 14% yoy; net fee-based income reached VND 84 billion, up 4.1% yoy. Total operating cost amounted to nearly VND 553 billion, up 5% yoy. PBT for the year reached VND 1,137 billion, up 12.13% yoy.

GROSS LOANS

33,700 VND BILLION

↑11%

PBT

1,137 VND BILLION

↑12.13%

3. FINANCIAL PRESENTATION IN 2020

Unit: VND billion

Indicator (consolidated)	2020	2019	% change
Total assets	1,341,436	1,240,711	8.1%
Deposits from economic entities and individuals	990,331	892,785	10.9%
Credit exposure	1,027,542	953,178	7.8%
Profit before tax	17,085	11,781	45.0%
Profit after tax	13,757	9,477	45.2%

Indicator	2020	2019
1. Assets and Capital		
Total assets	1,341,436	1,240,711
Charter capital	37,234	37,234
Shareholders' equity	85,411	77,355
2. Business Performance		
Net interest income	35,581	33,199
Net fee and commission income	4,341	4,055
Net profit before provision for credit losses	29,232	24,785
Profit before tax	17,085	11,781
Profit after tax	13,757	9,477
NIM	2.86%	2.8%
CIR	35.5%	38.8%
ROE	16.9%	13.1%
ROA	1.3%	1.0%
3. Special-mentioned loans and NPLs		
Special mentioned loans/ Gross loans	0.3%	0.6%
NPLs / Gross loans	0.9%	1.2%
4. Liquidity		
Liquid reserve ratio	12.3%	14.0%
Loans to Deposits Ratio (LDR)	86.1%	88.1%
Ratio of short-time capital used for medium & long term loans	29.3%	32.0%
Capital Adequacy Ratio (CAR)	> 9%	> 9%

Notes: NIM does not include guarantee fees

4. SHAREHOLDERS STRUCTURE, CHANGE IN SHAREHOLDER'S EQUITY

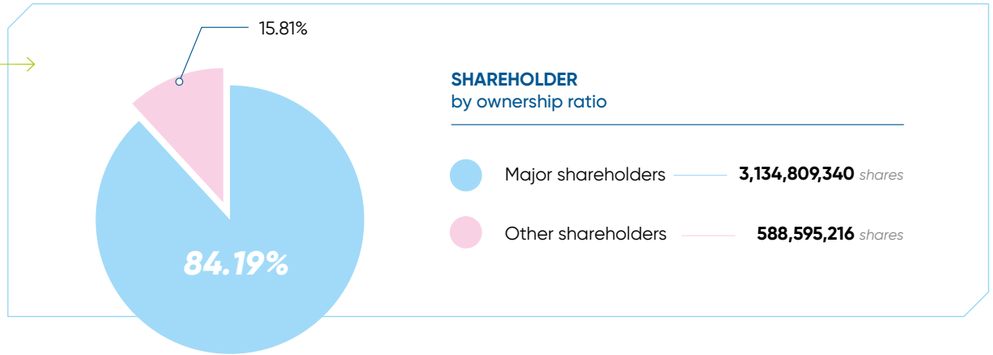
4.1. SHARES

- Total number of ordinary shares issued: 3,723,404,556 (shares).
- Total number of outstanding shares: 3,723,404,556 (shares)
- Number of reserve shares, treasury shares: 0.
- Maximum foreign ownership rate: 30%
- List of shareholders with restricted shares transfer (as of 31/12/2020):

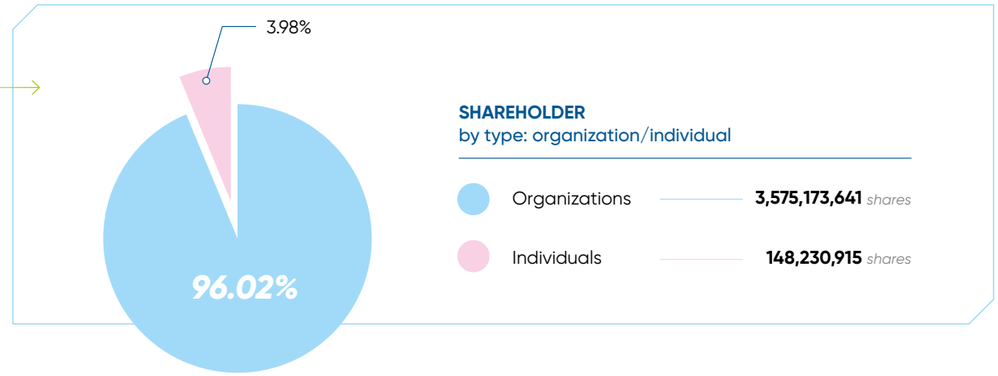
No,	Name of shareholder	ID/ Business License No,/ Transaction code	Number of shares	Ownership percentage (%)	No, of shares with restricted transfer
1	**The State Bank of Vietnam (SBV)** Represented by:	**15/SL**	**2,400,204,956**	**64.46%**	**2,400,204,956**
	Mr, Le Duc Tho - Chairman of the Board (40%):		960,081,982	25.78%	960,081,982
	Mr, Tran Minh Binh - Board member & General Director (30%):		720,061,487	19.34%	720,061,487
	Mr, Tran Van Tan - Board member (30%):		720,061,487	19.34%	720,061,487
2	**Internal shareholders**		**96,647**	**0.0026%**	**44,593**
	Board of Directors		41,453	0.0011%	41,453
	Supervisory Board		3,140	0.0001%	3,140
	Board of Management		52,054	0.0014%	0
3	**VietinBank Trade Union**	310/ToC- CĐNH	**42,734,749**	**1.15%**	**26,800,000**
4	**Strategic shareholder**				
	MUFG Bank, Ltd,	CA6217	**734,604,384**	**19.73%**	**0**

4.2. SHAREHOLDERS STRUCTURE AS AT 31/12/2020

No.	Shareholder (by ownership ratio)	Number of shares	Ownership percentage (%)
1	**Major shareholders (holding 5% or more of the charter capital)**	**3,134,809,340**	**84.19%**
1.1	The State Bank of Vietnam	2,400,204,956	64.46%
1.2	MUFG Bank, Ltd.	734,604,384	19.73%
2	**Other shareholders**	**588,595,216**	**15.81%**
	TOTAL	**3,723,404,556**	**100%**

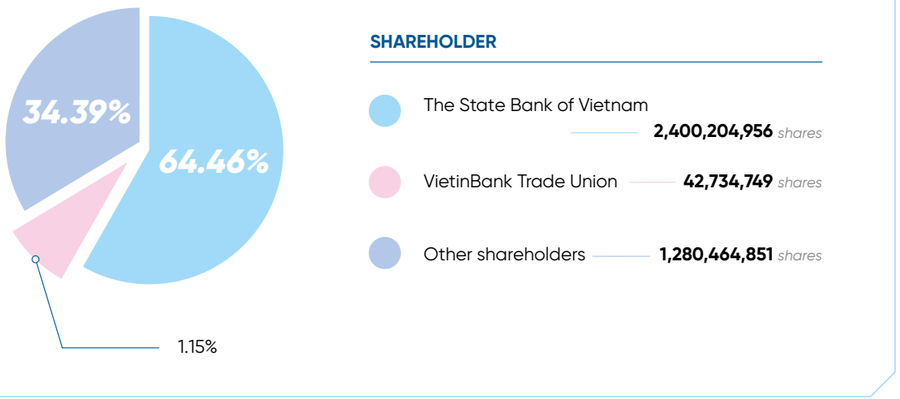


No.	Shareholder (by type: organization/individual)	Number of shares	Ownership percentage (%)
1	**Organizations** In which:	**3,575,173,641**	**96.02%**
	The State Bank of Vietnam	2,400,204,956	64.46%
	Other organizations	1,174,968,685	31.56%
2	**Individuals**	**148,230,915**	**3.98%**
	TOTAL	**3,723,404,556**	**100%**



4. SHAREHOLDERS STRUCTURE, CHANGE IN SHAREHOLDER'S EQUITY

No.	Shareholder (by type: domestic/ foreign)	Number of shares	Ownership percentage (%)
1	**The State Bank of Vietnam** Represented by:	**2,400,204,956**	**64.46%**
	Mr. Le Duc Tho, Chairman of the Board (40%):	960,081,982	25.78%
	Mr. Tran Minh Binh, Board member & General Director (30%):	720,061,487	19.34%
	Mr. Tran Van Tan, Board member (30%):	720,061,487	19.34%
2	**VietinBank Trade Union**	**42,734,749**	**1.15%**
3	**Other shareholders**	**1,280,464,851**	**34.39%**
3.1	***Local shareholders***	***205,132,869***	***5.51%***
	Local organizations	58,680,426	1.58%
	Local individuals	146,452,443	3.93%
3.2	***Foreign shareholders***	***1,075,331,982***	***28.88%***
	Foreign organizations	1,073,553,510	28.83%
	Foreign individuals	1,778,472	0.05%
	TOTAL	**3,723,404,556**	**100%**



4.3. CHANGES IN SHAREHOLDERS' EQUITY: None

4.4. TREASURY SHARE TRANSACION: None

5. BOND ISSUANCE IN 2020

In 2020, VietinBank renewed its success in issuing bonds to raise Tier - 2 capital, with a total volume of **VND 10,859.22 billion**, nearly 2 times higher than that of 2019 and achieving 108.6% of the set target. At the same time, VietinBank ranked the second in terms of volume of Tier-2 capital raising bonds issued among domestic credit institutions in 2020.

Via public channel, VietinBank implemented 02 bond issuances with a total volume of **VND 9,459.22 billion** (accounting for 87.1% of the total volume of bonds issued in 2020), making the Bank the largest issuer of Tier - 2 capital raising bond through public offerings in the market. In addition, VietinBank also implemented 06 Tier - 2 capital raising bond issuances through private placement for a total volume of **VND 1,400 billion** (accounting for 12.9%).

In 2020, VietinBank bonds were issued in 4 different tenors of 7 years, 8 years, 10 years and 15 years; in which the biggest volume was VND 5,176.77 billion bond in 8-year tenor (accounting for 47.7%) followed by VND 4,782.45 billion in 10-year tenor (accounting for 44%).

The interest rates for public offerings were floating rates with margin ranging from 0.9% to 1% plus reference rate of 12-month term savings interest of 4 biggest commercial banks namely Vietcombank, BIDV, Agribank and VietinBank. The interest rate for private placement included both floating rate and fixed rate depending on the need of each investor. Details of these issuances were fully disclosed by VietinBank as shown on our Investor Relations website at *http://investor.vietinbank.vn/Filings.aspx*

In the face of adverse impact of the COVID-19 pandemic on the Vietnamese and world economies, VietinBank's 2020 business results and successful issuance of a large volume of Tier 2 - capital raising bonds were the great evidences to reaffirm our prestige and leading position in the financial market; and meeting the target of medium and long term capital increase in line with our credit growth; improving our equity capacity in compliance with the SBV's regulations on limits and safe operation ratios.

03

Report of the Board of Management

1 Overview of the macro-economy and banking sector in 2020

2 Highlights in business performance of VietinBank in 2020

3 Orientation and business plan for 2021

4 Explanation of the BoM for auditor's opinion

1. OVERVIEW OF THE MACRO-ECONOMY AND BANKING SECTOR IN 2020

01

In 2020, the world economy experienced its worst recession since the World War II due to the negative effects of the COVID-19 pandemic. Measures as lock-down and border closure to prevent the pandemic outbreak stagnated global trade, broken supply chains, and led to waves of business bankruptcy around the world... Many countries continuously launched economic stimulus packages of trillions of dollars and unprecedented monetary measures and emergency loans to rescue the economy. According to the IMF, global GDP was estimated to decrease by 4.4 % in 2020.

02

In the context of many countries in the world falling into recession, Vietnam became a bright spot when successfully implementing the "dual goal" in fighting the pandemic and maintaining the economic growth.

- Vietnam's GDP growth rate in 2020 was at 2.91%, the lowest GDP growth rate for the past 10 years and much lower than that in 2019 (7.02%), yet ranked in the group of top growth in the region and the world.
- Inflation continued to be under control with an average growth rate of 2.31%; CPI increased by 3.23% and industrial production increased by 3.3% from the previous year.

03

The banking and financial system continued to be strengthened and developed, the liquidity was stable, the quality of assets of the banking system was improved. The SBV flexibly and synchronously operated monetary policy tools to stabilize the market and actively support the economy. Following 3 rounds of lowered interest rates and Circular No. 01 and Directive No. 02 issued by SBV early this year, legal framework was promptly given for credit institutions to proceed with restructuring outstanding loans and reducing interest rates/fees in relief measures for businesses and residents affected by the COVID-19 pandemic as well as natural hazards. Credit exposure of the banking sector as a whole in 2020 increased by 12% from the end of 2019, with sound liquidity, and bad debt ratio under control, exchange rates under flexible administration, and sharp increase in foreign exchange reserves, and full and timely delivery of market demand for foreign currencies.

2. HIGHLIGHTS IN BUSINESS PERFORMANCE OF VIETINBANK IN 2020

2020 marked a special year as the last year of VietinBank's restructuring process in 2016 - 2020 period and 2018 - 2020 MTBP. VietinBank actively implemented various business solutions following the Restructuring Plan, taking the lead in implementing policies and direction of the Party and the Government.

Over the past 5 years, thanks to the great effort in promoting innovation, creativity, radically restructuring operations through significantly transforming the growth model, rapidly shifting the income structure, aggressively implementing the customer-centric strategy, improving the competitiveness by focusing on developing comprehensive and advanced banking & financial solutions, VietinBank has obtained impressive achievements in all aspects of its operations, successfully delivering the Restructuring Plan for 2016 - 2020 period and MTBP in the period of 2018 - 2020.

A. VIETINBANK'S BUSINESS PERFORMANCE IN 2020

In 2020, VietinBank successfully delivered the targets assigned by the GMS with impressive results, creating a solid premise for the Bank's business activities in the next period.

Unit: VND billion

Indicator	31/12/2019	31/12/2020	31/12/2020 vs. 31/12/2019		Targets set by AGM in 2020	Relative to targets set for 2020
			+/-	+/- %		
Total assets	1,240,711	1,341,436	100,725	8.1%		
Deposits mobilized from economic entities & residents	892,785	990,331	97,546	10.9%	Growth rate of 5%-10%	Achieved
Credit exposure	953,178	1,027,542	74,364	7.8%	Growth rate of 4%-8.5%	Achieved
NPL ratio	1.2%	0.9%			<1.5%	Achieved
Separated PBT	11,461	16,449	4,988	43.5%	10,080	163%
Consolidated PBT	11,781	17,085	5,304	45.0%	10,400	164%

(Source: Audited separated and consolidated financial statements in 2020)

01 Delivered sustainable growth by scale, improved asset quality

- **Total assets** on a consolidated basis reached more than VND 1.3 quadrillion, up 8.1% yoy.
- **Credit exposure** on a consolidated basis reached VND 1.03 quadrillion, an increase of VND 74 trillion VND (+7.8%) yoy. The structure of outstanding loans was steadily improved for a higher proportion of loans to retail and SME customer segments, and increased proportion of outstanding loans in VND to ensure profitability of the credit portfolio.
- **Mobilized deposits** were optimally balanced with credit growth rate, and cost of funds was on a sharp decline in response to hurdles associated with interest income.
  - **Mobilized deposits** reached VND 990 trillion, up 10.9% yoy. LDR was well relevant to regulatory limits set by the SBV.
  - **CASA funds** showed constant improvement with a yoy growth rate of 27.8%. CASA proportion increased from 17.0% in 2019 to about 19.6% in 2020.
- **NPL ratio** was 0.9%, in compliance with the limit set by the SBV and the Bank's GMS.
- VietinBank dedicated resources to settle full amount of VND 13 trillion of special bonds sold to VAMC within less-than-2-years, in contributing to consolidation of its sound balance sheet, improving financial capacity, creating a solid foundation for business operations of the Bank in the coming years.

02 VietinBank's profit surpassed its targets and the income structure was on a positive transformation, with high performance in terms of profitability indicators

- **Non-interest income** increased by 33% yoy thanks to its seizure of market opportunities. The proportion of non-interest income to total operating income grew well from 18.1% in 2019 to 21.5% in 2020. In which:
  - **Net fee income** rose by 7% yoy.
  - **Income from foreign currency trading** reached nearly VND 2 trillion, up 27.8% yoy as VietinBank maintained its top position in terms of both sales and market share of FX trading in the market.
  - **Profits from securities trading** reached more than VND 962 billion, showing a significant improvement from 2019 with growth recorded in all operations, including inter-bank interest rate trading activities, and Government bond trading, interest rate and commodity derivatives trading.
- The Bank delivered a record high efficiency in **utilization and management of resources** relative to previous years. CIR was under control, with a steady decline from 38.8% in 2019 to around 35.5% in 2020.
- In 2020, in addition to an amount of nearly VND 5 trillion in profits reduced by having reduced lending interest and fee rates to support businesses and residents affected by COVID-19 pandemic and natural disasters, VietinBank took proactive measures in further restructuring all aspects of its operations, vigorously transforming the business model for a shift from extensive to intensive growth, from scale-driven to quality-driven growth, restructuring its portfolio of outstanding loans, increasing share of non-interest income, taking measures for optimal control of fund and cost efficiency of the bank. As a result, the Bank's separate PBT in 2020 reached VND 16,449 billion, while its consolidated PBT reached VND 17,085 billion, offering sufficient resources for VietinBank to continue to promote its role as a key bank and a driving force in proactively meeting the capital needs and financial services of the economy, for its greater contribution to the State budget and the country's socio-economic development in the coming time.
- **Profitability ratios** ROE and ROA were 16.9% and 1.3% respectively, showing steady yoy improvement.

2. HIGHLIGHTS IN BUSINESS PERFORMANCE OF VIETINBANK IN 2020

03 *Promoting its role as a key State-owned commercial bank, a driving force in effective implementation of policies and regulations of the Party and the State.*

- In compliance with Circular No. 01/2020/TT-NHNN, since early 2020, VietinBank has implemented preferential programs with lowered service fee and lending interest rates in facilitating customers' access to credit and low-cost products and services of the Bank, and in support of customers affected by the pandemic during and in post-pandemic phases.

- VietinBank disbursed new loans of over VND 400 trillion to customers affected by the pandemic; offered up to 2% reduction in lending interest rates for the outstanding loans worth more than VND 280 trillion. The Bank also proactively rescheduled and maintained the debt group for nearly VND 5 trillion of outstanding principal owed by 1,254 customers who were affected by the COVID-19 pandemic in accordance with provisions of Circular No. 01, adopted timely relief measures to support businesses and individuals in their bid to restore business and life activities.

- VietinBank recorded credit growth in competitive, potential sectors/industries and businesses as development priority of the Government and the SBV. The Bank also allocated its resources to key economic regions in supporting local efforts to promote regional economy for positive contribution to the development of the country.

04 *VietinBank's subsidiaries and affiliates achieved positive business results*

Subsidiaries and affiliates of the Bank operated effectively with total PBT of more than VND 600 billion, equivalent to a 30% growth rate from 2019. Five of the companies exceeded the set-forth profit targets.

05 *VietinBank's market capitalization by scale has remarkably increased*

Prices of VietinBank's CTG stock grew strongly to reach the year- peak in 2020 at VND 35,400 per share on 16/12/2020. As at 31/12/2020, closing price of CTG stock was VND 34,550 per share, the Bank's market capitalization increased from VND 77.8 trillion at the end of 2019 to VND 128.6 trillion (+ 65%) as at 31/12/2020.

06 *Awards and accolades*

- In 2020, VietinBank for the 9th time in a row entered the Top 2,000 largest enterprises in the world announced by the prestigious US magazine Forbes.

- Under rankings of Brand Finance magazine for 500 largest global banking brands in 2021, VietinBank ranked 216th and rose as the only bank in Vietnam to the Top 10 banks with the strongest growth in brand value for the period of 2020 - 2021 as its brand value increased by 55.8%.

- VietinBank was awarded with Sao Khue title for its two products, namely VietinBank eFAST and VietinBank iPay Mobile, and the award "Initiative for Communities" among others.

2. HIGHLIGHTS IN BUSINESS PERFORMANCE OF VIETINBANK IN 2020

B. PERFORMANCE IN GOVERNANCE AND ADMINISTRATION IN 2020

VietinBank synchronously deployed dynamic and consistent measures of management and governance at both the Head Office and Branch level, and adopted flexible adjustment required in response to changes in business environment, in delivery of strategic themes under the MTBP for 2018 - 2020 following the guideline of development with "Efficiency - Safety - Sustainability".

01 *Adopting flexible measures in capital management and administration of interest rate policy, for optimal fund efficiency and operating costs*

- Identifying the key strategy for a sharp decline in COF, serving as a basis to support customers affected by pandemics and natural disasters as well as to offer lowered lending interest rates and stimulate market demand in delivery of direction of the Government and SBV.
- Promoting VietinBank's role as the leading State-owned commercial bank in implementation of SBV's monetary policies, VietinBank led the market in offering reduced deposit interest rates, and adopting a flexible strategy for capital management, making the best of deposits at best viable COF.
- Aligning deposits growth rates with its credit growth rates, ensuring the Bank's liquidity in compliance with regulatory limits in prudent ratios set by SBV and in relevance to the Bank's commitments to its strategic partners.
- Conducting proactive measures for regulation of its credit growth in line with limits set by the SBV, restructuring its portfolio of equity investment for an improved efficiency of such investments through divestments from a number of subsidiaries and affiliates; issuance of deposit certificates and subordinated bonds to meet the goal of increasing medium and long term deposits in relevance with its credit growth. As at the end of 2020, VietinBank basically fulfilled the requirements set by Circular No. 41/2016/TT-NHNN and registered to apply Circular No. 41 and Basel II standards in capital adequacy ratios as of 01/01/2021.
- VietinBank's performance in financial governance steadily improved in 2020, particularly in financial planning, monitoring and administration. VietinBank also applied a series of solutions to improve cost efficiency.

02 *Focusing efforts to improve efficiency of its investment in interbank market and foreign currency trading*

- Proactively taking measures to improve its business capacity and acumen in response to market changes for timely and effective implementation of proprietary trading, improving profit margin and gains from business activities in the interbank market.
- Actively developing new products with diversified range of products and services in catering to customer demand.
- Leading the market in delivery of online foreign currency trading; improving the coordination between its branches and front-office divisions in promoting foreign currency and commodity derivatives trading in taking advantage of market opportunities, increasing profits, sales, and position of VietinBank in these areas.

03 *Focusing on strongly improving its technology-intensive products and services and improving the quality of customer service.*

- Diversifying sales channels, strongly innovating sales methods, focusing on digital application, promoting products and services in acquisition of customer ecosystems and value chains.
- Steadily performing well in card issuance, card payments and bancasurance. At the end of 2020, VietinBank signed a 16-year exclusive distribution agreement with Manulife Insurance, creating a premise to increase the Bank's non-interest income ratio in the coming time.
- Taking the lead in providing the most advanced payment solutions; multi-channel solutions, direct banking-to-business solutions, promoting the development of e-wallet, Fintech products, and promoting non-cash payments.
- Upgrading VietinBank's iPay Lifestyle 5.0 as digital bank application with more than 50 new features and utilities along with a diverse open ecosystem, making VietinBank the outstanding digital bank for the 3rd consecutive year with the award "The Best Payment Application in Vietnam".
- In 2020, VietinBank's iPay users grew by 50% in terms of the number of users with up to 3 million users. eFAST application for corporate customers also attracted 73,000 users.
- Financial Solutions Development Center for Customers was set up as an effort to promote cross-selling and delivery of comprehensive financial solutions to customers.

2. HIGHLIGHTS IN BUSINESS PERFORMANCE OF VIETINBANK IN 2020

04 *Adopting standard corporate governance, complying with regulations and standards under advanced practices. Asset quality was under strict control and credit appraisal and risk management were continuously strengthened.*

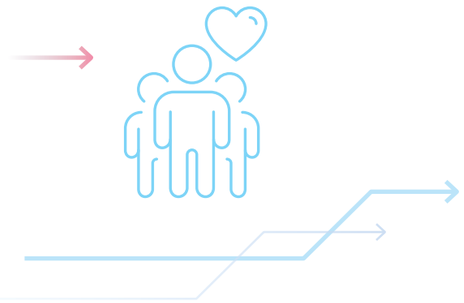
- Further adopting advanced standards in evaluation of business performance, control of quality of assets, application of operational standards to get closer to advanced banks.
- Complying with relevant provisions of the law, particularly Clause 1, Article 127 of the Law on Credit Institutions in extending credit to customers subjected to restrictions on credit extension. As at 31/12/2020, VietinBank's total credit exposure to such entities subjected to restrictions on credit extension as specified in Clause 1, Article 127 of the Law on Credit Institutions, reached VND 1,688 billion, accounting for 1.53% of its equity capital.
- VietinBank's performance in governance adheres to its principles for upholding compliance with the law, disciplines and sense of responsibility and ethics of the staff. Promoting independence and transparency in governance and administration.
- Standardizing, improving the quality of services provided to customers while mitigating risks and errors associated with operations and operational management.
- Being proactive in prevention and control of internal and external frauds, promoting the implementation of overall strategy for information security.
- Consolidating the quality of internal control and inspection, improving the capacity, effectiveness and efficiency of this function.
- Implementing credit risk mitigation measures: Monitoring portfolio, strictly controlling the credit quality in sectors/industries that were negatively affected by the COVID-19 pandemic and high-risk areas.
- Keeping abreast of the macroeconomic situation and developments of economic sectors to promptly identify risks and assess impacts on the operation of VietinBank.
- Deploying innovative solutions in credit appraisal and decision-making.
- Formulating a medium and long term development strategy of VietinBank with clearly defined goals and vision for the Bank's development in the coming period.

05 *Taking further measures for consolidation of personnel and organizational model toward streamlined and highly-performing network with sound efficiency and high quality of personnel, increasing labor productivity, raising awareness and compliance of corporate culture in business activities.*

- Drastically implementing the project of Improving network efficiency, increasing the coverage and accessibility of banking and financial services among businesses and residents. In particular, due attention should be given to rural, remote and isolated areas in line with the National Financial Inclusion Strategy.
- Organizing centralized training and localized internal training based on relentlessly innovative technology to improve quality of human resources.
- Actively communicating the history, culture, core values and labor regulations across VietinBank.

06 *Being credited with positive contributions to social security activities according to the guidelines and policies of the Party, the SBV and the Government.*

VietinBank actively dedicated its resources worth nearly VND 400 billion to hunger eradication and poverty reduction, promoting the national tradition of paying gratitude to those who sacrificed for the country and the people, relieving consequences of natural disasters, supporting development of health care, education, etc...



3. ORIENTATION AND BUSINESS PLAN FOR 2021

In 2021, the world and national economies are forecast to be prone to multiple potential challenges and risks as implications of COVID-19 pandemic as well as trade and political tensions among major economies. However, on the basis of Vietnam's success in disease control coupled with macro stability which are attractive to foreign investors and a sound quality of growth that has been created over the past years, the Vietnamese economy is expected to reap more positive results. Its GDP is expected to increase by 6.5 - 7.0%, CPI is to be under control at a rate of below 4%, creating favorable conditions for domestic businesses and inflows of foreign investment. The SBV renews its flexible measures in adoption of policy instruments to stabilize the currency and the market, ensuring the industry's liquidity, effectively supplying capital to the economy, and facilitating the growth of credit institutions.

The year 2021 is an important milestone in delivery of the Bank's 10-year development strategy for the period of 2021-2030 and vision toward 2045. Based on the outlook of the macro-economy and the banking sector, in relevance to goals of the Banking Sector's Development Strategy up to 2025, towards the strategic development goal of VietinBank to rise to the **Top 20 banks in the Asia-Pacific region**, VietinBank system is committed to moving forward with reflection upon achieved results, thorough resolution of shortcomings shown in the previous period, and focusing on implementing key themes under the MTBP for 2021-2023.

The table below presents key targets for 2021 which VietinBank submitted to competent authorities for consideration and approval. Final targets are subject to approval of the Annual GMS 2021.

Indicator	Tentatively for 2021
Credit exposure	Growth rate of 6% - 12%
Deposits mobilized from economic entities & residents	Growth in line with capital use, balanced with the growth rate of outstanding loans, expected to be 8 - 12%
NPL/credit exposure	≤ 2%
Separated PBT	Ensure business efficiency and improve business activities, continue to closely follow developments and impacts of the COVID-19 pandemic and on the basis of approval of competent authorities.
Consolidated PBT	
Dividends	Tentatively over 12%, in which cash dividend 5% and the remaining (after tax, funds appropriations and cash dividend) in stock dividend to in order to ensure harmony and balance between the roles and responsibilities of state-owned commercial banks and the interests of shareholders and investors, and at the same time improve financial capacity for business growth. The specific dividend plan will be approved by the competent State agency.
Minimum CAR	In compliance with regulations of the SBV
Solvency ratio	
Ratio of short-term funds used for medium- and long-term lending	
Loan-to-Deposit Ratio	
Liquidity reserve ratio	

KEY MEASURES FOR IMPLEMENTATION OF VIETINBANK'S BUSINESS OPERATIONS IN 2021 ARE AS FOLLOWS:

1. Promoting further sustainable growth by scale, increasing accessibility of banking and financial services, and improving the business environment.

- Focusing on a sustainable growth, promoting growth in the SME and Retail customer segments, giving priority to lending for purposes of production and businesses, increasing proportion of products with high margin and reasonable risk weights.
- Improving performance in large corporates, FDI customer segments, focusing on prospective customers who are ultimately profitable for the Bank, opening up the opportunities for cross-selling and upselling products and services.
- Further promoting a shift in credit structure by currency toward an increased proportion of loans in VND, focusing on expansion of new customer base in parallel with screening existing customers.
- Mapping strategic locations/industries/sectors; giving priority in allocation of resources to key areas, especially Hanoi and Ho Chi Minh City. Strongly promoting the role of the Southern Customer Center in delivery of VietinBank's region-based development strategy.

3. ORIENTATION AND BUSINESS PLAN FOR 2021

2.

Increasing the proportion of non-credit income (particularly service fee income) in the Bank's total income; Radically and thoroughly improving the quality of the Bank's products and services, promoting transaction banking and investment banking operations.

- Adopting flexible pricing and interest rates policies to increase service fee income, especially income from card products, trade finance, e-banking, bancasurance...
- Expanding customer base with transactions related to export-oriented processing zones/ enterprises as part of value chains of large FDI customers, customers with international payments - trade finance...
- Promoting the cross-selling, and upselling to potential customers with high product holdings.
- Promoting the cross-selling of structured products associated with the payment service platforms, increasing the efficiency of cross-selling, sales by value chain, and by bundled products.
- Paying particular attention to communication and marketing of key products on multiple channels, for consistent visibility of service quality and brand identity of VietinBank.
- Expanding the partnership with domestic and international financial institutions. Continuing to maintain the Bank's position as the market leader in terms of FX trading turnover and profits.
- Expanding the Bank's risk appetite and scale of interest rate and commodity derivatives to promote the Bank's competitiveness.

3.

Concentrating resources on promoting the growth of deposits; particularly low-cost funds.

- Adopting flexible measures in managing fund scale and utilization for an optimal roadmap to meet liquidity ratios prescribed by the SBV.
- Strengthening products and services for management of customer cash flows, promoting the development of electronic banking channels; and preferential packages of products and services, and raising the use of new payment accounts.
- Optimizing advance payment systems, platforms and services and products. Developing a payments ecosystem of multi-functions and utilities...

4.

Promoting the recovery of bad debts to improve the quality of assets.

Dedicating resources to the best efforts, thoroughly and flexibly adopting existing policies and mechanisms to accelerate the recovery of bad debts and written-off debts.

5.

improving the efficiency of risk management, ensuring compliance and safety in operations, promoting business development in association with strict control of credit quality.

- Strictly complying with relevant regulations, and direction of SBV. Strictly enforcing the regulations and procedures; and raising sense of personal accountability with special focus on promoting staff ethics.
- Continuing to drastically revamp processes and procedures to facilitate businesses and individuals' access to banking services, while ensuring strictness and safety.
- Enforcing strict compliance with the set risk limits, performing regular evaluation and identification of customers and industries/ sectors with potential risks for anticipation of timely and appropriate response.
- Improving the quality of coordination between front-office units, functions in charge of credit approval; and risk control, for purposes of mitigation of special - mention debts (group 2 debts) and bad debts.
- Enhancing the quality of internal control and inspection, improving the capacity, effectiveness and efficiency of the function.

3. ORIENTATION AND BUSINESS PLAN FOR 2021

6.

Promoting cost efficiency, continue to control the growth rate of expenses lower than the growth rate of income; control CIR rate, continue to improve labor productivity.

- Promoting the application of information technology, increasing automation, improving the quality of personnel, reforming procedures, processes, and streamlining paperwork, reducing turnaround time, focusing resources on customer care services.
- Deploying practical cost savings across the bank, ensuring that costs are properly spent for the best performance.

7.

Simultaneously performing alternative capital increase measures to improve the Bank's financial capability.

- Closely following up with relevant units on the capital increase plan which is pending for approval by competent authorities.
- Adopting Basel II standards (Circular No. 41) in terms of capital adequacy from 01/01/2021.
- Continuing measures of proactive regulation for a reasonable credit growth rate, issuance of subordinated bonds, divestment from some of the Bank's subsidiaries, and maintaining an optimal portfolio of risk-weighted assets.
- Performing control over risk-weighted assets; implementing risk-based pricing (RBP) mechanism and evaluation of risk-based performance.

8.

Consolidating the organizational model, improving the quality of human resources, focusing on communication, raising the awareness and application of VietinBank corporate cultural values.

- Further consolidating the operating model, streamlining functions to keep up with business activities.
- Effectively adopting human resources tools and policies, supplementing people for front-office units, improving personnel quality and labor productivity.
- Radically enforcing 5 core values of VietinBank's corporate culture, nurturing and promoting the sense of constant innovation and creativity.

9.

Boosting technological application and digitalization in all activities.

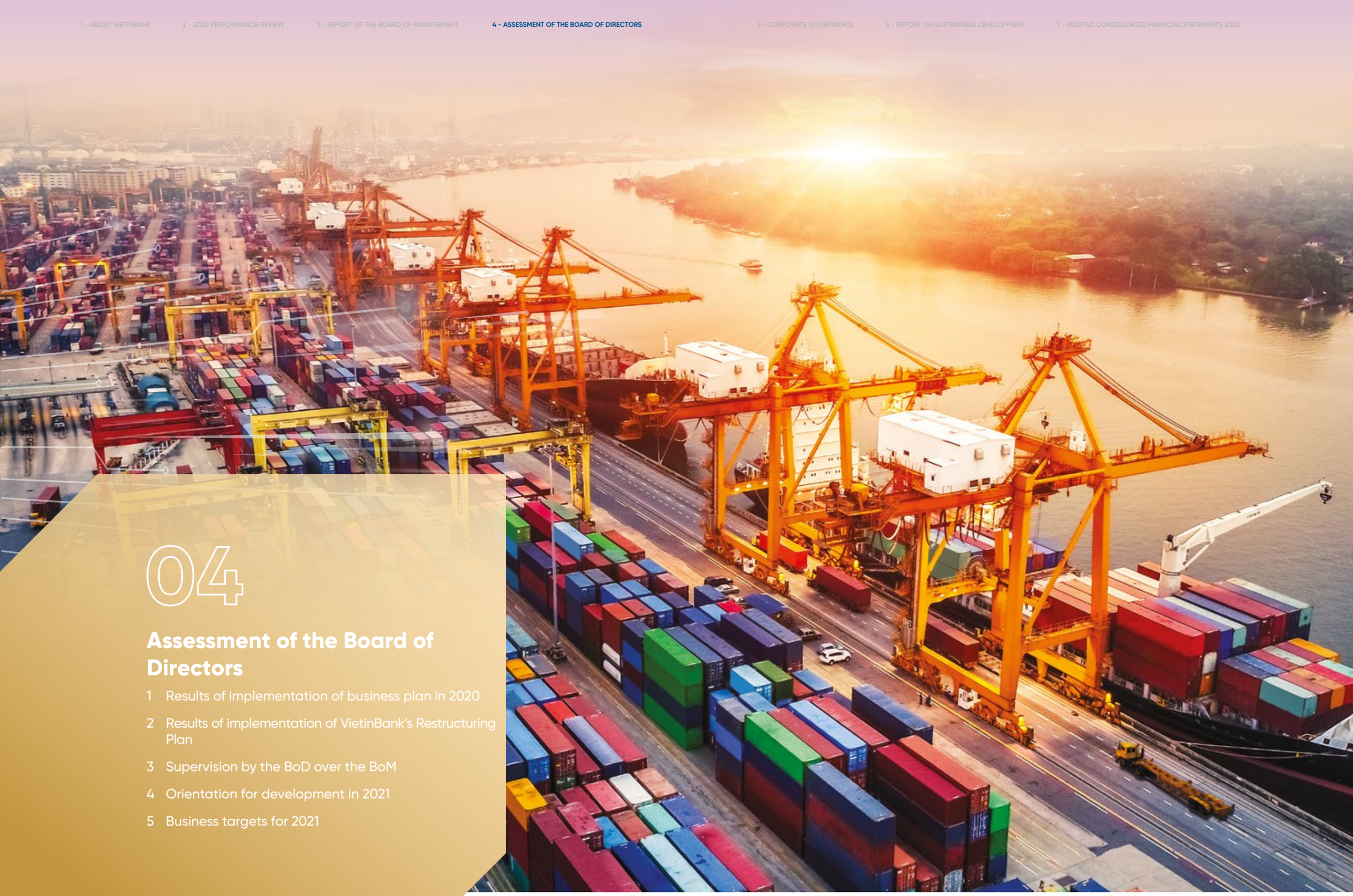
- Developing non-cash payment solutions according to guidelines of the Government and the SBV.
- Enhancing the application of new technologies to ensure safety, security and increase utility for customers.
- Ensuring adequate technical infrastructure, system safety and security in support of digital transformation at VietinBank.

In 2020, following guidelines and direction of the Party, the Government and the SBV, the BoD and all employees of VietinBank were flexible, creative, and agile in overcoming difficulties and limitations and fulfilled the set objectives. Working conditions, material and spiritual life of employees and shareholders' interests were delivered.

The year of 2021 marks a pivotal year, as the beginning of the implementation of the MTBP for the period of 2021 - 2023, based on VietinBank's potentials and achievements in the previous period, the BoD and all staff of VietinBank are determined to embrace opportunities and overcome difficulties and challenges, spare no effort to successfully deliver the set goals, reap more successes and victories, further reaffirm the role of VietinBank as a leading state-owned commercial bank, positively contributing to the development of the banking industry and the national socio-economic development.

4. EXPLANATION OF THE BOARD OF MANAGEMENT FOR AUDITOR'S OPINION

None



04

Assessment of the Board of Directors

1 Results of implementation of business plan in 2020

2 Results of implementation of VietinBank's Restructuring Plan

3 Supervision by the BoD over the BoM

4 Orientation for development in 2021

5 Business targets for 2021

RESULTS OF IMPLEMENTATION OF BUSINESS PLAN IN 2020

In 2020, the COVID-19 pandemic broke out globally, many countries in the region and around the world fell into recession, Vietnam became a bright spot when successfully implementing the dual goal of preventing and combating the pandemic and maintaining the economic growth at a high level compared to other countries in the world. In 2020, Vietnam's GDP growth rate was 2.91 %, ranked in the group of Top 10 GDP growth countries worldwide and marked Vietnam the 4th largest economy in ASEAN.

Right from the beginning of the year, when the pandemic situation was complicated, VietinBank continuously upgraded and perfected, increased utilities and enhanced banking solutions on electronic channels to provide quickly and conveniently multi-utility products and services while ensuring safety and security for customers, increasing accessibility and coverage of banking and financial services for businesses and residents. In addition, VietinBank was a pioneer bank in reforming processes, records and procedures based on a strong digital transformation platform, providing online payment solutions on the National Public Service Portal with the goal of providing diversify non-cash public services for people, reducing time and costs, and supporting businesses and people to carry out administrative procedures conveniently and quickly. VietinBank also actively administered credit to potential industries and fields encouraged by the Government and the State Bank to develop with a scale that accounted for a large proportion of VietinBank's total credit portfolio; allocating resources to key economic regions of the country, accompanying regions and localities to promote regional economies, making an important contribution to national economic development.

With the comprehensive restructuring of operations in the direction of raising operating standards, drastically transforming business models and methods, operating results continued to improve greatly in efficiency, shifting income structure towards sustainability. VietinBank strongly deployed the "Customer-centricity" strategy, changed the competitive method towards focusing on developing modern, comprehensive and one-stop-shop banking and financial solutions for customers, providing in supply chains, widely applying digitalization such as Block chain, artificial intelligence (AI), and at the same time improved consulting capacity, met the maximum financial needs of customers, reduced transaction time and costs for both customers and banks. In 2020, VietinBank successfully signed an exclusive cooperation contract for insurance distribution with Manulife Vietnam and strategic cooperation agreements with many large and reputable partners, contributing to the expansion and completion of banking and finance services, bringing comprehensive experience and best quality service to Vietnamese people. In 2020, VietinBank's business results both met and exceeded the planned targets on the basis of strongly improving business performance, reducing capital mobilization costs, strictly managing operating costs and increasing non-interest income. The consolidated profit before tax in 2020 reached VND 17,085 billion for the first time, creating resources for VietinBank to continue to promote its role as a key and pillar bank, and to proactively meet the capital needs and financial services of the economy, while creating a foundation to increase the Bank's financial capacity, ensuring sustainable development in the future.

VietinBank met the equity level in accordance with Basel II standards and officially applied Circular 41/2016/TT-NHNN from the beginning of 2021, contributing to creating a new position and strength for VietinBank to continue to expand its business activities, improve governance capacity and financial capacity, improve asset quality, approach good international practices, increase sustainable competitiveness in the process of integration with international and regional markets; continue to affirm the role and responsibility of VietinBank in developing a healthy and transparent Vietnamese banking system, promoting sustainable national economic development.

With good management of growth quality, VietinBank's asset quality was improved with NPL/credit exposure ratio in 2020 at 0.9% and NPL coverage ratio at 132%. VietinBank bought back all VAMC bonds in less than 2 years, contributing to creating a solid foundation for effective, safe and sustainable business activities of the Bank in the next period.

Also in 2020, VietinBank synchronously implemented solutions to improve the efficiency of utilizing resources, focusing on developing high-quality human resources for core operations; proactive in identifying and training, fostering and appointing talented staff (VietinBank Top 500). Technology application increased automation to promote labor productivity and changes in working methods to flexibly apply technology, especially during the period of required social distancing due to the pandemic. Financial management activities were improved, and financial resources were allocated methodically and effectively. The CIR was controlled at 35.5%, which was low compared to the market.

RESULTS OF IMPLEMENTATION OF VIETINBANK'S RESTRUCTURING PLAN IN ASSOCIATION WITH HANDLING BAD DEBTS FOR THE PERIOD OF 2016 – 2020

Following the executive direction of the Government and the SBV as well as market developments, promoting the role of a large state-owned commercial bank, VietinBank drastically built and implemented Restructuring plan associated with handling bad debts in the period of 2016 - 2020 (the Restructuring Plan was approved by the SBV and executed from the end of November, 2018). The year 2020 was the final year of VietinBank's implementation of the Restructuring Plan. VietinBank complied with the objectives, orientations, initiatives and roadmap of the Restructuring Plan, comprehensively restructured VietinBank's operations in the period of 2018 - 2020 towards higher operational standards, drastic transformation of business models and practices, the business performance continued to be remarkably more effective, income structure shifted in a sustainable direction, ROE significantly improved from 11.6% in 2016 to 16.9% in 2020. This was the accumulative results and efforts of the whole system, the results of the restructuring process with specific solutions as follows:

01

FINANCIAL CAPACITY ENHANCEMENT

VietinBank was one of the most active banks to develop and implement the roadmap for equity capital increase for submission to the competent authorities for approval right after the Government promulgated the Decree No. 121/2020/ND-CP amending the Decree No. 91/2015/ND-CP as a legal basis for commercial banks with more than 50% State-owned charter capital to increase capital through stock dividend payout.

Furthermore, VietinBank simultaneously took measures to improve financial capacity, manage and optimize the effectiveness of risk management such as: issuing subordinated bonds to increase tier-2 capital, restructuring the portfolio of investment in subordinated bonds issued by other credit institutions, thereby reducing the pressure to increase capital while divesting from a number of subsidiaries and affiliates.

02

ASSET QUALITY CONTROL, PARTICULARLY CREDIT QUALITY, BAD DEBT REDUCTION, ENHANCED DEBT COLLECTION AND RECOVERY MEASURES FROM OVERDUE DEBTS, BAD DEBTS, DEBTS SOLD TO VAMC

VietinBank drastically directed the implementation of many measures, with the focus on handling bad debts, bringing the NPLs ratio at the end of 2020 to 0.9%. VietinBank continued to standardize and improve debt quality control, compliance and management activities, to control potential risks in all aspects of VietinBank's operations, and to detect risks early to give warnings and handle them promptly.

Credit growth was substantive and effective, strongly transformed customer structure associated with safety and improved credit quality, and promoted credit in areas prioritized and encouraged by the Government, in advantageous industries/fields, developed in accordance with local economic characteristics, key economic regions being the driving force of economic growth of the whole country, minimize the arising of new bad debts.

Asset quality improvement and control activities were actively implemented, applying asset quality control measures, gradually reducing the proportion of high-risk assets, optimizing capital efficiency. Solutions were also implemented to control and limit bad debts arising, to improve the efficiency of credit risk management and solutions to handle bad debts, written-off debts, and potentially risky debts. VietinBank bought back all special bonds at VAMC in less than 2 years instead of 5 years as expected.

Policies and regulations on credit granting process were increasingly standardized. VietinBank developed credit orientation and risk limit in line with the prospects of the economy in general and each industry and field in particular to limit arising risks and strictly control the credit portfolio, continuously updated the developments of the COVID-19 pandemic, assessed impacts on the credit portfolio, and implemented appropriate behavioral measures to minimize bad debts arising. VietinBank also deployed practical measures and programs to support customers such as managing loan interest rates and service fees at a reasonable level, restructuring debt and keeping debt groups unchanged, and sharing difficulties with businesses and people affected by the COVID-19 pandemic.

03

IMPROVEMENT OF CAPITAL CONTRIBUTION AND EQUITY INVESTMENT

In order to improve the effectiveness of capital contribution and equity investment, VietinBank built and implemented 6 solutions, namely: (i) Strictly and comprehensively supervising the activities of subsidiaries and affiliates; (ii) Strengthening the financial capacity, expanding the business lines of subsidiaries; (iii) Promoting the cross-sale of products of subsidiaries and affiliates to customers of VietinBank; (iv) Enhancing the management of the investment portfolio of subsidiaries, affiliates and investees; (v) Restructuring the investment portfolio, divesting from non-core businesses through share sales on the exchanges, ensuring return on investment; (vi) Consolidating the management of data and information on the performance of subsidiaries, affiliates and investees.

In order to improve the operational efficiency of subsidiaries, VietinBank implemented solutions to promote cross-selling of products and services of subsidiaries on the basis of exploiting the strengths of the network and customer base of the Bank.

04

NETWORK RESTRUCTURING AND DEVELOPMENT

VietinBank consolidated the organizational model toward streamlined number of focal points, specialized functions, for better coordination, customer-centricity, operational efficiency and in alignment with the Bank's business strategy.

VietinBank established the Southern Customer Service Center to exploit the potential of the area, strongly promote breakthrough business activities in the Southern key economic region; established the Legal and Compliance Division; established the Office of the BoD; consolidated the model of the Risk Management Division and Financial Division, streamlined the model of the Retail Division, consolidated the Contact Center model and implemented the model of the Payment Banking Center and the Financial Solution Development Center for corporate customers in order to realize the orientation of shifting the strategic growth model towards providing comprehensive and professional financial solutions to customers.

On the basis of a comprehensive assessment of the operation of the network of transaction offices throughout the system, VietinBank drastically implemented synchronous solutions to restructure, rearrange and reallocate the network of transaction offices, thereby, immediately overcome the imbalance in network allocation, improved labor productivity, promoted business efficiency and enhanced comprehensive risk management in all aspects of operations.

05

TRANSFORMATION OF THE CREDIT-DRIVEN BUSINESS MODEL TO MULTI-SERVICE BUSINESS MODEL

VietinBank transformed from scale-driven growth model to strongly improving service quality and operational efficiency on the basis of a modern and multi-service banking platform, maintaining a reasonable growth rate; drastically changed business approach from providing single banking products and services to developing and applying one-stop-shop banking and financial solutions for customers/customer groups, developing strongly along the link chain.

With the comprehensive restructuring in the direction of strong transformation of the growth model, the business results of the whole system continued to be greatly improved in terms of business efficiency and rapid transformation of income structure. VietinBank strongly implemented the "Customer-centricity" strategy, changed its competitive approach towards focusing on developing comprehensive financial solutions, strongly applying digitalization in all aspects of its operations, and improving its consulting capability, meeting the maximum financial needs of customers, reducing transaction time and costs for both customers and the Bank.

VietinBank was a typical pioneer bank in investing and developing modern and synchronous banking technology from technology infrastructure, developing effective solutions and applications; at the same time ensuring security, safety, protection and increase convenience for customers. VietinBank continued to strongly develop banking solutions based on modern, safe and secure technology platform in line with the development trend of the Industrial Revolution 4.0. VietinBank successfully piloted the "Smart Digital Branch" System which helped identify, segment customers and improve service experience and quality. This was a breakthrough in biometric application in VietinBank's business activities. VietinBank was also a pioneer in providing online payment solutions on the National Public Service Portal, promoting non-cash payment with convenient and fast administrative procedures.

06

ENHANCED CAPABILITIES IN MANAGEMENT, GOVERNANCE AND TRANSPARENCY IN BUSINESS OPERATIONS

Management and governance activities as well as governance model have been focused on and strengthened in accordance with the provisions of Circular No. 13/2018/TT-NHNN and in line with common practices. VietinBank has adopted a risk management system that is in line with the principles and standards of the Basel Committee. Since early 2021, VietinBank has officially applied Circular 41 and met Basel II standards, creating a new momentum and leverage for the Bank to further grow and get closer to the best practices in the world.

VietinBank publicly, transparently and accurately disclosed information on business strategy, ownership, financial health, management structure, risk management and corporate governance in accordance with the laws and international practices; developed medium and long-term business plan and strategy.

The technology system was invested methodically and comprehensively, ensuring 3 factors: (i) Technology infrastructure, (ii) Solutions developed from modern technology infrastructure and (iii) Measures to ensure safety and security. IT activities were regularly updated with market changes as well as new technologies on the basis of making the best use of IT resources to improve investment efficiency and increase technology application in executive management and business development.

07

ENHANCED EFFICIENCY AND EFFECTIVENESS OF THE INTERNAL AUDIT AND INTERNAL CONTROL UNITS

The internal inspection and control activities were carried out effectively in line with the orientation for the Bank's restructuring as well as safe and sound business development. Internal audit activities focused on key operations of the bank, specific to key geographical areas and branches in the system. Shortcomings, limitations, and potential risks were assessed for causes and specific recommendations/petitions to be directed to overcome, enhance and improve, contributing to ensuring the sustainable development of VietinBank.

08

ENHANCED EFFICIENCY OF CORPORATE FINANCIAL MANAGEMENT

Financial management was constantly being improved. VietinBank applied a series of solutions to improve cost management performance, including streamlining procedures and records and enhancing technology application, developing automated systems in financial management to automate operations, reduce manual operations, improve labor productivity and reduce risk. The CIR of VietinBank has gradually decreased over the years from 48.7% in 2016 to 35.5% in 2020.

09

CAPITAL CONSTRUCTION AND INVESTMENT ACTIVITIES

VietinBank always implemented strict and regular management of capital construction and investment activities, ensuring the efficiency of State capital investment.

SUPERVISION BY THE BOD OVER THE BOM

Supervisory activities of the BoD over the BoM are carried out in accordance with the Internal Management Regulations, the Regulations on Organization and Operation of the BoD and the Regulation on Organization and Operation of the BoM. In addition, the CEO is concurrently a Board member. Therefore, he promptly acknowledges the orientations and directions of the BoD and effectively implements in the whole system of VietinBank. Supervisory activities of the BoD over the BoM are implemented through many forms such as:

a) Participate in reporting sessions of the Committees under the BoD;

b) Attend monthly meetings of the CEO;

c) Process information from reports of the Board of Supervisors and Internal Audit Department on banking operations;

d) Process monthly business reports and other reports/proposals submitted by the BoM.

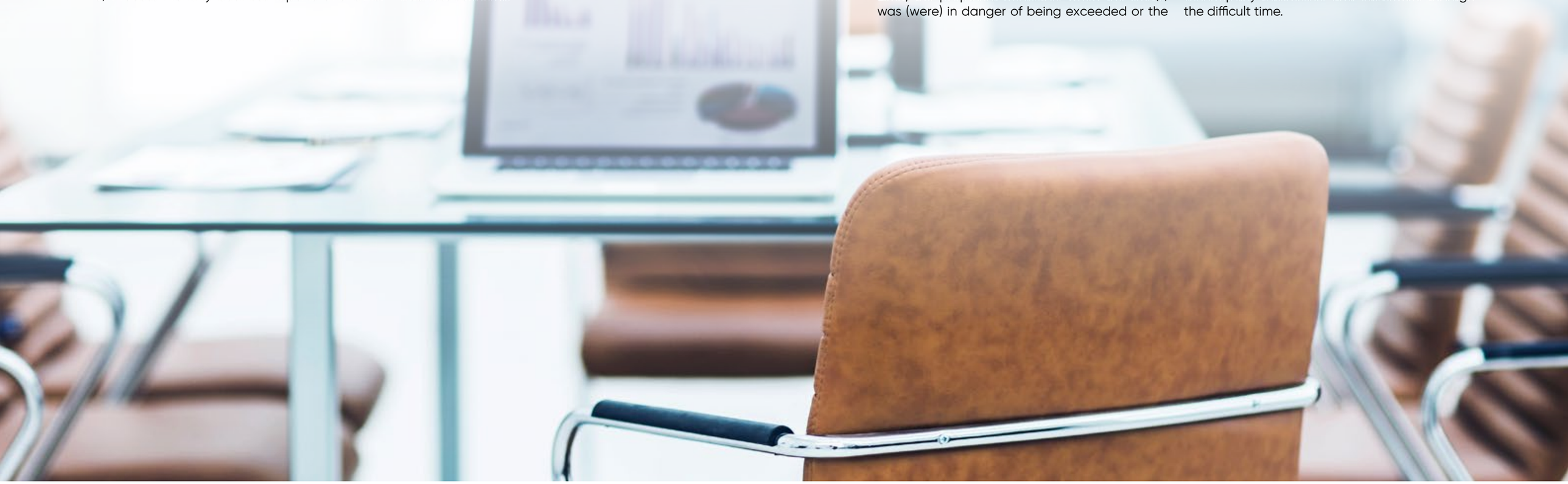
The monitoring activities proved that the BoM timely implemented all the orientations and directions of the BoD as well as the tasks according to the assigned functions and duties.

Based on the orientation of the BoD with important strategic goals and business targets assigned to each unit throughout the system, the CEO developed and implemented specific tasks in each period to each BoM member, instructed each Division/Department/Board to implement, reported fully and promptly in writing to the BoD on the results of the assigned tasks and rights. In 2020, the BoM innovated the direction and administration methods, closely monitored and regularly updated the macro-economic situation, market developments, orientations and directions of the Government, the SBV and the BoD to strictly and drastically implement business solutions.

In order to have a basis for implementing VietinBank's activities in accordance with risk appetite and ensuring safe, sustainable and effective growth, the CEO directed professional units to consult the BoD to build and organize the implementation of credit direction and criteria for risk control limits, to allocate risk limits according to each business line, each division/business unit in the system, especially the risk-weighted asset allocation (RWA) to contribute to the control of CAR ratio, announcement and compliance with the requirements of Circular 41/2016/TT-NHNN from 01/01/2021.

At monthly meetings of the BoD, the CEO fully reported on VietinBank's activities and highlights of the month on: (i) interest rate policy, growth promotion program; (ii) products and services; (iii) customer support; (iv) internal control and inspection; (v) risk management, debt collection; (vi) other activities and (vii) business plan in the coming months. The CEO also reported on progresses and results of the implementation of GMS Resolutions, BoD Resolutions and Decisions; reports on several topics as required by the BoD; status of implementation of the Risk Control Limit, the proposed measures when the limit(s) was (were) in danger of being exceeded or the risk of generating an unanticipated material risk, as well as proposals to the BoD.

In 2020, due to the impact of the COVID-19 pandemic and floods in the Central provinces and Central Highlands, the economy in general, the banking industry and VietinBank in particular faced many difficulties and challenges. Following the direction of the BoD, the CEO instructed to promulgate internal documents to implement the restructuring of debt payment, exemption and reduction of interest, and maintain the debt group for customers affected by COVID-19 immediately after the Circular 01/2020/TT-NHNN dated 13/03/2020 took effect. At the same time, the CEO also promptly issued urgent documents directing the prevention of storms and floods, directing the implementation of measures such as: restructuring time limit for debt repayment, based on financial capacity to consider exemption or reduction of interest rates, reserve preferential loans to support interest rates, continue lending to restore production due to the impact of epidemics after floods, completely waive e-banking fees for customers in essential consumer sectors...in order to support and accompany businesses and customers through the difficult time.



ORIENTATION FOR DEVELOPMENT IN 2021

International organizations forecast that Vietnam's economy in 2021 will be in the group of countries with high growth rates compared to the region and the world. However, unpredictable developments from the epidemic may negatively affect the economic outlook in 2021, especially for investment, trade, services, tourism, and air transport... in the context of the economy participating more deeply in the global supply chain, with high openness. Therefore, VietinBank needs to continue to closely monitor the situation to promptly assess the impact on business activities and investment, and at the same time take proactive measures to respond to situations arising in reality.

Entering a new phase with 2021 is the first year of implementing VietinBank's development strategy for the period of 2021 - 2030, vision to 2045 and the MTBP 2021 – 2023 as well as complying with Circular 41, raising operating standards according to Basel II, which requires the Bank to make significant changes from mindset to practices to meet new requirements and standards in business operations. To successfully implement the 10-year strategy, 3-year MTBP as well as new standards in operations, VietinBank needs to make efforts to innovate and effectively implement a number of major guiding principles in 2021 as follows:

01

Promoting higher business growth rate, accompanied by drastic improvement in quality and efficiency. Expanding credit and funding scale of at least 10% in 2021, while drastically improving the quality and improving the efficiency of utilizing resource.

02

Continuing to strongly transform the growth model with "Customer-centricity" strategy: strengthening the linkage among segments, between the Parent bank and its subsidiaries to develop comprehensive financial solutions for customers/groups of customers associated with the needs of customers and the market. Strongly transform the sales approach from selling single products to selling one-stop-shop financial solutions for customers, promoting cross-selling, up-selling, and chain-linking of customers.

03

Aligning VietinBank's growth with the economic sectors that are considered as the country's driving force and key economic regions: prioritizing resources to increase market share in key regions.

04

Improving the quality of risk management, quality of growth, effectiveness, efficiency of internal control and inspection activities; promoting recovery of written-off debt and bad debts, improving asset quality. In 2021, VietinBank is going to fully and thoroughly adopt the Circular 41, enhancing the operating standards towards international practices.

BUSINESS TARGETS FOR 2021

Indicator	Tentatively for 2021 (*)
Credit exposure	Growth rate of 6% - 12%
Deposits mobilized from economic entities & residents	Growth in line with capital use, balanced with the growth rate of outstanding loans, expected to be 8 - 12%
NPL/credit exposure	≤ 2%
Separated PBT **Consolidated PBT**	Ensure business efficiency and improve business activities, continue to closely follow developments and impacts of the COVID-19 pandemic and on the basis of approval of competent authorities.
Dividends	Tentatively over 12%, in which cash dividend 5% and the remaining (after tax, funds appropriations and cash dividend) in stock dividend to in order to ensure harmony and balance between the roles and responsibilities of state-owned commercial banks and the interests of shareholders and investors, and at the same time improve financial capacity for business growth. The specific dividend plan will be approved by the competent State agency.
Minimum CAR **Solvency ratio** **Ratio of short-term funds used for medium- and long-term lending** **Loan-to-Deposit Ratio** **Liquidity reserve ratio**	In compliance with regulations of the SBV

* Subject to flexible adjustment, in line with the growth of outstanding loans and operational efficiency of the Bank as well as opinions, direction and approval of competent State agencies. Final targets are subject to approval of the Annual GMS 2021.

In the light of innovative thinking and determination, initiative, creativity and pioneering spirit, the BoD, the Management Team and all employees of VietinBank will continue to leverage the achievements, seizing every opportunity, joining hands to overcome challenges, sparing no efforts and being highly dedicated to successfully complete the set targets. Thereby, its role as Vietnam's key commercial bank shall be reaffirmed, bringing about greater values for the bank's shareholders, employees in significant contribution to the country's socio-economic development.

05

Corporate governance

1 Activities of the BoD in 2020

2 Activities of Supervisory Board in 2020

3 Transactions, remuneration and interests of the BoD, Supervisory Board and BoM

1. ACTIVITIES OF THE BOD IN 2020

BOARD MEMBERS AND STRUCTURE OF THE BOD

- The number of Board Members and their respective share ownership are presented in the table below:

No.	FULL NAME (including title)	SHARES (Unit)	OWNERSHIP (%)
1	**Mr. Le Duc Tho - Chairman**	**960,119,509**	**25.786%**
-	Individual ownership	37,527	0.001%
-	State capital representative	960,081,982	25.785%
2	**Mr. Tran Minh Binh - Board Member & General Director**	**720,063,892**	**19.339%**
-	Individual ownership	2,405	0.00006%
-	State capital representative	720,061,487	19.339%
3	**Mr. Tran Van Tan - Board Member**	**720,061,487**	**19.339%**
-	Individual representative	0	0%
-	State capital representative	720,061,487	19.339%
4	**Ms. Tran Thu Huyen - Board Member**	**1,429**	**0.00004%**
5	**Mr. Nguyen The Huan - Board Member**	**0**	**0%**
6	**Ms. Pham Thi Thanh Hoai - Board Member**	**92**	**0.000002%**
7	**Mr. Shiro Honjo - Board Member**	**0**	**0%**
8	**Mr. Masahiko Oki - Board Member and Deputy General Director**	**0**	**0%**
9	**Ms. Nguyen Thi Bac - Independent Board Member**	**0**	**0%**
	TOTAL	2,400,246,409	64.4638%

- As at 31/12/2020, Board Members of VietinBank did not hold any position at other relevant companies.

- Independent Board Member: as at 31/12/2020, VietinBank BoD comprised of 1 Independent Board Member Ms. Nguyen Thi Bac.

- Changes in Board Members during the year 2020: (please refer to Organization and HR section on page 27).

COMMITTEES UNDER THE BOD

As at 31/12/2020, VietinBank has had 03 committees under the BoD namely Personnel Committee; Risk Management Committee (RMC) and Policy Committee. The establishment of these Committees complied with the regulations of the SBV and the provisions of law. In 2020, the Committees worked closely with relevant departments and units to effectively carry out their functions and duties according to their Regulations on Organization and Operation issued by the BoD respectively. Details are as follow:

- **Human Resource (HR) Committee:** is an advisory and assisting agency for the BoD on dealing with issues under the BoD's authority in developing personnel policies, recruiting, and arranging personnel for titles under the BoD's authority; assisting the BoD in supervising the implementation of the HR mechanism and policies as well as HR management activities of VietinBank. In 2020, HR Committee advised the BoD on consolidating and supplementing personnel under the authority of the BoD at head office, branches, subsidiaries and non-business units to ensure compliance with the regulations and procedures of VietinBank. Regarding organizational structure model, HR Committee advised on the consolidation of the organizational model in the direction of streamlining, cutting down the focal points for handling work at the head office, specializing functional groups into divisions and enhancing the effectiveness of coordination among the units in the system, establishing Southern Customer Center and Center for Development of Financial Solutions for Corporate Customers under the Corporate Banking Division of VietinBank to promote business development in key economic regions, develop and deploy financial solutions to groups of customers with "customer-centricity" strategy.

- **Risk Management Committee:** In 2020, the RMC actively advised the BoD to issue significant risk management policies and guidelines such as: credit orientation 2020; Credit Risk Control Limits Package 2020; adjusting risk appetite in the period of 2019-2020; the application of Circular 41/2016/TT-NHNN on the capital adequacy ratio for banks, foreign bank branches at VietinBank... In addition, on the basis of monitoring the situation of risks at VietinBank, RMC proposed to the BoD many important issues on risk management so that the BoD would direct and orient the BoM and business units to ensure the safety, efficiency and compliance of VietinBank's business operations according to regulations of law and the SBV, especially Circular 01/2020/TT-NHNN dated 13/03/2020 on restructuring due date for debt payment, exemption and reduction of interest and fees, keeping the debt group intact to support clients whose business affected by the COVID-19 pandemic.

- **Policy Committee:** In 2020, the Policy Committee held many regular and ad-hoc meetings to review and promptly amend policies and mechanisms of VietinBank to ensure compliance with the law, in line with the goal of increasing business growth coupled with risk control; concurrently improve the system of policy documents in a streamlined, scientific and synchronous direction; proactively advise and propose to the BoD issues to be improved in the process of formulating, promulgating and monitoring policy implementation. The Policy Committee also researched the initiative to streamline and digitalize internal processes as well as products and services by applying modern technologies such as robotic process automation (RPA), chatbot, AI ... to improve operational efficiency; reduce operational and compliance risks; prioritizing human resources for higher value-added jobs, more customer interaction; at the same time, saving costs and improving customer experience, aiming to provide customers with instant, transparent transactions, free from human intervention.

1. ACTIVITIES OF THE BOD IN 2020

ACTIVITIES OF THE BOD IN 2020

In 2020, VietinBank's BoD held monthly meetings to evaluate business results and provide orientations and directions for VietinBank's operations as well as exchanging ideas on a number of issues and topics related to corporate governance. Details are as follows:

No.	Board member	Position	Day becoming Board member	Day no longer Board member	Number of attendance	Percentage	Reasons for absence
1	**Mr. Le Duc Tho**	**Chairman of the BoD**	29/04/2014		**170/170**	**100%**	
2	**Mr. Tran Minh Binh**	**Board member cum General Director**	08/12/2018		**170/170**	**100%**	
3	**Mr. Tran Van Tan**	**Board member**	23/04/2019		**170/170**	**100%**	
4	**Ms. Tran Thu Huyen**	**Board member**	24/07/2014		**169/170**	**100%**	Business trip
5	**Mr. Nguyen The Huan**	**Board member**	23/04/2019		**170/170**	**100%**	
6	**Ms. Pham Thi Thanh Hoai**	**Board member**	23/04/2019		**170/170**	**100%**	
7	**Mr. Masahiko Oki**	**Board member cum Deputy General Director**	23/05/2020		**106/106**	**100%**	Attend BoD meetings and give written opinions since 23/05/2020 (start being a Board member)
8	**Mr. Shiro Honjo**	**Board member**	23/05/2020		**106/106**	**100%**	
9	**Ms. Nguyen Thi Bac**	**Independent Board member**	23/05/2020		**106/106**	**100%**	
10	**Mr. Hiroshi Yamaguchi**	**Board member cum Deputy General Director**	17/04/2017	23/05/2020	**63/64**	**98%**	Did not attend BoD meetings and give written opinions since 23/05/2020 (no longer being a Board member)
11	**Mr. Hideaki Takase**	**Board member**	21/04/2018	23/05/2020	**63/64**	**98%**	

Notes:

- The total number of meetings of the BoD in 2020 was 170, including in-person meetings and written opinions.
- From 01/01/2020 to 22/05/2020: VietinBank's BoD for the term of 2014-2019 includes 8 members: Mr. Le Duc Tho – Chairman of the BoD, Mr. Tran Minh Binh – Board member cum CEO, Mr. Tran Van Tan – Board member, Ms. Tran Thu Huyen – Board member, Mr. Nguyen The Huan - Board member, Ms. Pham Thi Thanh Hoai – Board member, Mr. Hiroshi Yamaguchi – Board member cum Deputy CEO and Mr. Hideaki Takase – Board member.
- From 23/05/2020 to 31/12/2020: VietinBank's BoD for the term of 2019-2024 includes 9 members: Mr. Le Duc Tho – Chairman of the BoD, Mr. Tran Minh Binh – Board member cum CEO, Mr. Tran Van Tan – Board member, Ms. Tran Thu Huyen – Board member, Mr. Nguyen The Huan - Board member, Ms. Pham Thi Thanh Hoai – Board member, Mr. Masahiko Oki – Board member cum Deputy CEO, Mr. Shiro Honjo – Board member and Ms. Nguyen Thi Bac – Independent Board member.
- Mr. Hiroshi Yamaguchi and Mr. Masahiko Oki: are residential Board members, (i) attended all BoD's in-person meetings and (ii) gave written opinions to the BoD.
- Mr. Hideaki Takase and Mr. Shiro Honjo: are non-residential Board members, (i) attended some BoD's in-person meetings and (ii) gave written opinions to the BoD.

DUTIES OF THE INDEPENDENT BOARD MEMBER

From 01/01/2020 to 22/05/2020: VietinBank's BoD for the term 2019 – 2024 did not include an independent Board Member.

From 23/05/2020 until now: VietinBank's BoD comprises of 1 Independent Board Member Ms. Nguyen Thi Bac.

Exercising the rights and responsibilities of the Independent Board Member in accordance with the provisions of the current law and the system of mechanisms and internal governance regulations of VietinBank, the Independent Board Member of VietinBank fully participated in the activities of VietinBank's BoD in compliance with the provisions of VietinBank's Charter and the law, specifically:

- **Exercising the rights and responsibilities of the BoD members:** Participating fully and actively in face-to-face meetings, being responsible for giving ideas and opinions on the discussed contents with the sense of building VietinBank to develop safely and effectively, and participate in voting on the contents of written opinions of the BoD. In meetings or for written proposals, the independent member fully and responsibly researched, given opinions, commented or voted independently, ensuring compliance with laws and internal policies of VietinBank and timeline. Participating fully in the content of strategies, policies... as requested by the Chairman of the BoD.

- **Performing the duties of an Independent Board Member:** regarding supervising the vote counting and making Minutes of vote counting to collect opinions of Board Members on documents submitted to the BoD for approval as well as signing the Minutes of vote counting: the Independent Board Member supervised the vote counting and making of Minutes of vote counting to collect opinions of Board Members for all documents submitted to the BoD for approval, ensured accuracy in accordance with the provisions of the Law and VietinBank's Charter and fully signed the Minutes of vote counting.

- **Participating in solving legal issues as assigned by the BoD:** making reports and giving opinions responsibly on the issues assigned or requested for juridical advice and support.

- **Member of the Risk Committee under the BoD:** fully attending meetings of the Risk Management Committee and giving independent opinions on the discussed contents; Participating fully and ensuring the progress of opinions on the contents requested by the Risk Management Committee, actively contributing to the development of VietinBank's risk management strategies, policies and procedures.

With the independent nature when joining the BoD, the role of the Independent Board Member in VietinBank's BoD actively contributed to improving the objectivity, transparency, efficiency and quality of the resolutions and decisions of the BoD.

CORPORATE GOVERNANCE TRAINING

VietinBank always considers the governance in business performance as well as the goal of safe and sustainable development to be important.

In 2020, VietinBank's BoD, Board of Supervisors, BoM and heads of Head Office departments/ divisions attended conferences and seminars organized by international consulting units, strategic partners to update, share knowledge and experience in banking management, deploy projects, activities to improve competence in risk management, HR management, financial management, payment activities development, application of digital technology to all activities of the bank, etc. Therefore, VietinBank's BoD, Board of Supervisors, BoM and other management levels kept updating new knowledge and corporate governance standards according to domestic and international practices to continuously improve, acquire, select and apply in practical situations of VietinBank's operation.

In the coming time, VietinBank will continue to study and deploy courses on corporate governance organized by the State Securities Commission and prestigious training institutions in the world for members of the BoD, BoM and all VietinBank's management levels to improve their knowledge of strategic management, aiming at building VietinBank as one of Vietnam's leading banks, promoting safe and sustainable development and proactive international integration.

2. ACTIVITIES OF SUPERVISORY BOARD IN 2020

In 2020, the Supervisory Board held 12 periodical monthly meetings with the participation of members of the Supervisory Board, assistants' team and leader of Internal Control Department to implement works. Details are as follows:

No.	Members of Supervisory Board	Position	Day becoming member of the Supervisory Board	Day no longer member of the Supervisory Board	Number of attendance	Percentage	Reasons for absence
1	**Ms. Le Anh Ha**	**Head**	23/04/2019		**12/12**	**100%**	
2	**Ms. Nguyen Thi Anh Thu**	**Member (full time)**	23/04/2019		**12/12**	**100%**	
3	**Mr. Nguyen Manh Toan**	**Member (full time)**	23/04/2019		**12/12**	**100%**	

In 2020, the Board of Supervisors implemented the tasks and rights set forth in VietinBank's Charter and Regulations on organization and operation of the Board of Supervisors. In general, the governance and management activities of the BoD and the BoM complied with the provisions of the Law on Credit Institutions, VietinBank's Charter and were implemented in accordance with the business orientation and objectives approved by the GMS.

The supervision of the Board of Supervisors was implemented through the followings:

- Supervising business activities and compliance with the provisions of law and the Charter in banking management and administration; the implementation of resolutions of the GMS;

- Appraising the audited 2019 FS and reviewed 6M2020 FS of VietinBank which were independently carried out by Ernst & Young Vietnam Co., Ltd.;

- Updating the list of major shareholders and related persons of members of the BoD, members of the Board of Supervisors, and members of the BoM of VietinBank;

- Directing and supervision over Internal Audit;

The results of implementing some specific tasks are as follows:

SUPERVISING BUSINESS OPERATIONS, COMPLIANCE WITH LAW AND VIETINBANK'S CHARTER IN ADMINISTRATION AND MANAGEMENT OF VIETINBANK; AND IMPLEMENTING GMS'S RESOLUTIONS

The Supervisory Board carried out regular and continuous monitoring activities through the following specific actions:

i. *Supervise the implementation of resolutions of the GMS, update information on business activities of VietinBank, participate and exchange opinions at BoD's, BoM's meetings*

The Board of Supervisors regularly monitored the implementation of resolutions of the GMS, attended and express opinions at regular meetings of the BoD, briefings of the BoM. In these meetings, the Board of Supervisors gave independent opinion and views on business performance data (compared with targets assigned by the GMS); shortcomings, risks in business operations and governance of VietinBank, then, recommending solutions to help the BoD and BoM fulfill the plan assigned by the GMS and tasks need implementing to overcome shortcomings. At the same time, regarding issues that need attention and strengthened control, the Board of Supervisors made specific recommendations to improve operational efficiency, ensure safe and sustainable growth. Generally, in 2020, the BoD and BoM directed and operated the business activities of VietinBank in accordance with the targets, in compliance with provisions of the Law on Credit Institutions and the Bank's Charter in governance and administration. In the context of the Covid-19 pandemic affecting global economic developments, significantly affecting banking industry in general and VietinBank in particular, the BoD and BoM promptly implemented appropriate policies and solutions to achieve sustainable business development in parallel with strict risk management.

ii. *Review of policy documents, BoD's resolutions:*

The Board of Supervisors assigned one member to review BoD's resolutions sent to the Board of Supervisors and several material policy documents issued by the BoD & the CEO that posed comprehensive impact on the Bank's operation. After reviewing, the Board of Supervisors found that BoD's resolutions and policy documents were basically in accordance with provisions of law and VietinBank's Charter.

iii. *Supervision of data and results of Internal Audit:*

Based on periodical internal audit findings reports and reports on result of each internal audit session provided by the Internal Audit Department, the Board of Supervisors reviewed and evaluated the issues recorded through audit activities, identified material issues, and reflected them in reports to the BoD and CEO at regular meetings.

APPRAISAL OF FINANCIAL STATEMENTS

Performing the functions and duties stipulated in VietinBank's Charter and the Regulation on Organization and Operation of the Board of Supervisors, in 2020, the FS appraisal team was set up to review the audited FS for full year 2019 and reviewed FS for half year 2020. Through appraisal, the Board of Supervisors assessed the rationale, legality, honesty and the degree of caution in the work of accounting, statistics and preparing FS.

UPDATING LIST OF AFFILIATED PERSONS

Updating the list of affiliated persons of the BoD members, Board of Supervisors members, BoM members and shareholders owning at least 05% (five percent) of the voting shares of VietinBank was carried out by the Board of Supervisors periodically on the basis of coordination and information exchange with the Secretariat to the BoD and Investor Relations. The updated results show that VietinBank's list of affiliated persons in 2020 had several changes compared to that of year end 2019 due to some changes in the BoD

2. ACTIVITIES OF SUPERVISORY BOARD IN 2020

members for the term of 2019-2024 at AGM 2020. Specifically:

- **Mr. Masahiko Oki** – was elected to become VietinBank Board Member for the term 2019-2024 from 23/05/2020;
- **Mr. Shiro Honjo** – was elected to become VietinBank Board Member for the term 2019-2024 from 23/05/2020;
- **Ms. Nguyen Thi Bac** – was elected to become VietinBank Independent Board Member for the term 2019-2024 from 23/05/2020;
- **Mr. Hiroshi Yamaguchi**, no longer being VietinBank Board Member for the term 2014-2019 from 23/05/2020;
- **Mr. Hideaki Takase**, no longer being VietinBank Board Member for the term 2014-2019 from 23/05/2020.

This list was updated promptly by the Board of Supervisors and recorded properly in accordance with regulations.

DIRECTION AND SUPERVISION OF INTERNAL AUDIT'S OPERATION

In 2020, the Board of Supervisors regularly directed and supervised the Internal Audit activities according to the approved functions, tasks and plans. High-level supervision of the Internal Audit was implemented through the role of Chief Auditor in each internal audit team, thereby controlling the quality of audit activities, ensuring compliance with professional ethical standards as well as assessing the achievements/limitations of the Internal Audit to promptly draw experience through each audit team. Basically, the Internal Audit Department completed audits according to the approved plans. In addition to comprehensive audit teams at branches, the Board of Supervisors directed the Internal Audit Department to deploy specific topics at the whole system level; consequently, giving proposals and recommendations (based on audit results) to improve the effectiveness and efficiency of the internal control system, ensuring the readiness to fully deploy Basel II at VietinBank.

Improving the quality of Internal Audit is one of the issues regularly focused by the Board of Supervisors. Accordingly, the Board of Supervisors directed and oriented the Internal Audit to renovate the method of risk identification, zoning the data to ensure the correct focus and focal point when performing the audit. At the same time, with the innovative application of the thinking approach to the components of the internal control system from 2019, the audit results not only assessed the compliance with legal documents, regulations, and processes but also identified and assessed throughout the issue according to 3 supervisory components of senior management, internal control, and risk management; therefore, analyze the nature of the cause of the problem and give appropriate, feasible and highly applicable proposals/ recommendations.

THE COORDINATION AMONG THE BOARD OF SUPERVISORS WITH THE BOD, BOM AND OTHER MANAGEMENT LEVELS

The Board of Supervisors regularly participated in regular meetings of the BoD, monthly briefings of the BoM, and participated as guests in a number of meetings of the Committees under BoD and Boards under BoM. The Board of Supervisors was also provided with documents and information on the Bank's management, administration and business operations for supervisory purpose. The Board of Supervisors closely coordinated with the BoD, BoM and other management levels in performing its functions, duties, and exchanging information on the principle of compliance with the laws and internal regulations of VietinBank. Through supervision and internal audit, the Board of Supervisors made recommendations on measures to strengthen control, minimize risks, ensure compliance with legal regulations and internal regulations, contributing to improve the quality, efficiency and safety of banking operations. The BoD, BoM considered and directed relevant individuals and units to implement the recommendations made by the Board of Supervisors.

OTHER ACTIVITIES OF THE BOARD OF SUPERVISORS

The Board of Supervisors directed the Internal Audit Department to revise and issue a document amending internal audit regulations and process of conducting audit to ensure the suitability of the organizational model, functions, duties and modes of coordination between units in the audit process. At the same time, regarding the capacity building of Internal Audit, along with the gradual innovation of audit methods, IT audits were actively implemented through the consulting project to improve IT audit capacity.

3. TRANSACTIONS, REMUNERATION AND INTERESTS OF THE BOD, SUPERVISORY BOARD AND BOM

SALARY, BONUSES AND OTHER REMUNERATION

The BoD, BoM and Supervisory Board are entitled to salaries, bonuses and other benefits under the salary, bonus and other welfare regimes in accordance with the prevailing regulations of the Bank. Of which, remuneration of members of the BoD, BoM and Supervisory Board are taken from the general salary budget of the Bank and paid according to roles and responsibilities of each individual associated with level of completion.

Remuneration of the BoD and Supervisory Board in 2020 was 0.17% of profit after tax.

SHARES TRANSACTIONS OF INTERNAL SHAREHOLDERS: No activity.

CONTRACTS OF TRANSACTIONS WITH INTERNAL SHAREHOLDERS: No activity.

IMPLEMENTATION OF REGULATIONS ON CORPORATE GOVERNANCE

VietinBank fully complies with applicable rules and regulations on corporate governance; fully and promptly execute the disclosure of corporate governance report every 6 months as regulated by law.

On October 31, 2019, the BoD of VietinBank issued Resolution No.367/NQ-HĐQT-NHCT2.1 approving the appointment of Mr. Do Trong Nghia - Chief of Office of the BoD to hold the position of Person in charge of Corporate Governance according to Article 18, Decree 71/2017/ND-CP dated 06/06/2017 by the Government providing guidance on corporate governance applicable to public companies.

06

Report on sustainable development

1 Sustainable economic development

2 Environmental and social sustainability

1. SUSTAINABLE ECONOMIC DEVELOPMENT

Recognizing that sustainable economic development is the foundation and a key factor to maximize our long-term contribution to the society, VietinBank has made tremendous effort to complete our business targets over the years (please refer to Key Financial Indicators in 2016 - 2020 in page 12). In addition, VietinBank constantly innovates and comprehensively restructures its operations, focuses on the quality, efficiency, management and administration in accordance with international practices, promotes the pioneering role of a core commercial bank of the economy in implementing directions of the Government and the SBV. Details of results of the implementation of the Restructuring Plan are presented in Part IV - Assessment of the BoD on page 94.

2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

2.1. CONTRIBUTION TO ENVIRONMENTAL IMPROVEMENT

2.1.1. Compliance with laws on environmental protection

VietinBank always complies with current legal documents on environmental protection such as the Law on Environmental Protection 2014, Decrees and Circulars guiding the status report and management of environmental monitoring data. In 2020, responding to the Prime Minister's call towards a green, clean and beautiful environment for public health, VietinBank issued documents and organized the implementation of the program "Joining hands to fight against plastic waste" throughout the system.

Number of penalties for violations due to non-compliance with prevailing environmental laws: None

Total amount sanctioned for failing to comply with prevailing environmental laws: None

Vice President Dang Thi Ngoc Thinh presented the Second-class Labor Medal to Mr. Le Duc Tho - Member of the Standing Committee of the Party Committee of the Central Enterprise Division, Secretary of the Party Committee, Chairman of the Board of Directors of VietinBank

2.1.2. Implementation of thrift practice and waste combat

Implementing action program of the Government and the Banking industry on thrift practice and waste combat, over the past years, VietinBank has paid special attention in implementing the propaganda, leadership, direction and organization of the execution of thrift practice and waste combat in the system. VietinBank achieved the following positive results in thrift practice and waste combat in 2020:

- Propaganda, dissemination and thorough understanding of thrift practice and waste combat

In 2020, the study, thorough grasping and implementation of the Law on Thrift Practice and Waste Combat issued by the Government/The Program on Thrift Practice and Waste Combat of the Banking industry continued to be maintained and implemented throughout the system. The propaganda was disseminated through newsletter, internal email and learning sessions of the Party's Resolution, through which the unit leaders continued to organize and thoroughly propagate to each employee. Some movements were promoted such as "Study following Ho Chi Minh's moral example", the emulation program "Improve working hour efficiency". On that foundation, VietinBank's employees enhanced their knowledge, raised awareness, and made specific actions to make a real change in their working practices, administrative reforms, thrift practices, and waste combat.

- Leadership and direction in building and organizing the implementation of thrift practice and waste combat program

In 2020, VietinBank issued the Regulation on organization and operation of the Steering Committee for thrift practice and waste prevention in order to specify the roles and responsibilities of the members of the Steering Committee, ensure the scope and objectives, the mode of inspection, supervision and reporting to fully evaluate the implementation results, and at the same time, amended and supplemented financial management regulations related to effective use, cost savings, promulgated documents on effective cost management based on VietinBank's operational objectives, in line with market characteristics and conditions.

2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

The direction and organization of implementation of thrift practice and waste combat were specific in terms of scope of work, progress, goals, supervision and inspection scheme and a full evaluation report of implementation results.

- Results from implementing thrift practice and waste combat program

The results of the implementation of measures to save and combat waste bring great value thanks to the synchronous implementation of solutions of the project on energy saving practice such as: performing energy audits, using solar energy equipment, replacing low energy efficient equipment, increasing propaganda to employees about the sense of energy saving and efficiency... These activities resulted in a reduction of more than 3% of total annual energy consumption and contributed to the nation's primary energy sources conservation, greenhouse gas emissions reduction, environmental protection...

In parallel with the compliance with regulations on thrift practice and waste combat, VietinBank also implemented procurement, repairs and maintenance policies in accordance with prevailing laws and regulations as well as had effective investment portfolios with the optimal scale, contents and platforms. The procurement, repairs and maintenance items were of the right type, high quality and with proper assigned schedule, ensuring savings and efficiency within the financial plan of the year. The procurement of assets and equipment was based on the needs and technical/ professional requirements.

In 2020, VietinBank reviewed and sorted existing cars of the Bank, transferred cars from the surplus place to the missing place ... changed the means of transportation for business travel.

The management and operation of records and archives brought about significant efficiency as compared to previous years. Records and archives of departments and divisions of the Head Office were annually classified, arranged and properly stored in warehouse management software; thereby saving a lot of time and manpower in management; enabling quick search of records, archives for inspection and audit in accordance with the approval of the Bank's management.

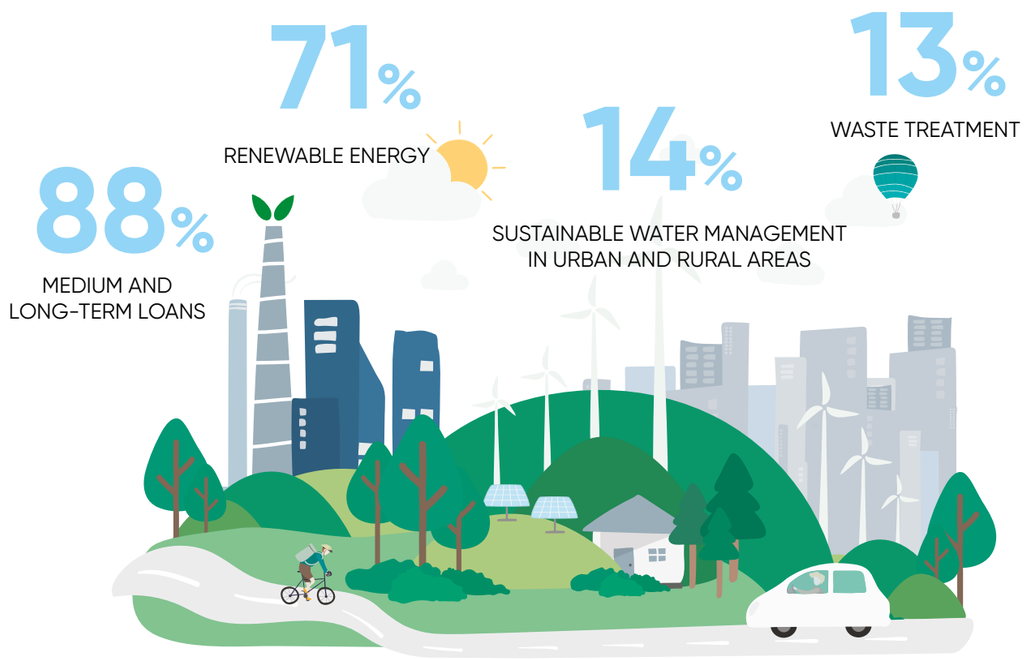
2.1.3. Green Credit Program financing projects in the field of environmental protection, response to climate change and sustainable development; Credit program for energy saving and efficiency projects

Sustainable development is an inevitable trend in Vietnam as well as in the world. Not being out of that trend, VietinBank has actively implemented policies on Green Finance and Sustainable Development of the Government according to Decision No. 986/QGG-TTg dated 08/08/2018 and of the SBV under Decision No. 1731/QD-NHNN dated 31/08/2018.

VietinBank actively developed policies and products to create a flexible mechanism in financing Green projects such as: Credit policy for rooftop solar power projects; Credit policy for specific financing of renewable energy projects; Set of conditions and guidelines for appraisal of renewable energy projects; Providing comprehensive financial solutions for businesses in the energy sector, comprehensively serving the energy industry value chain from primary energy, production, transmission, distribution and services to the energy industry; Improving the capacity of consulting and arranging capital for energy projects, especially new forms of energy such as LNG (Liquefied Natural Gas), hydroelectricity, and renewable energy...; Continuing to effectively implement the banking-business connection program, schemes and policies of the State to support enterprises in accessing credit capital, especially projects or enterprises investing in renewable energy, clean energy, helping to increase the contribution of private sector in the development of the energy industry.

The activities implemented synchronously and strongly throughout the system brought about positive results, of which 88% of outstanding loans were for medium and long-term loans, 71% for renewable energy and clean energy, 14% for sustainable water management in urban and rural areas, 13% for waste treatment and pollution prevention...Especially, 100% of approved credit applications were accompanied by environmental and social risk assessments.

To ensure sustainable development goals, VietinBank will continue to promote the effectiveness of implemented activities, complete and supplement policy documents, and prioritize resources to promote Green Credit growth, especially for energy saving and efficiency projects, prioritizing resources to finance investment projects in the fields of environmental protection, climate change response and sustainable development.



2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

2.1.4. Activities related to foreign investment trust for development assistance projects, ODA projects

As one of the leading state-owned commercial banks in Vietnam, since 2009 until now, VietinBank has been selected by agencies, entities and the SBV as the serving bank and the on-lending bank for many ODA projects and foreign concessional loans from international financial and credit institutions as well as governments, including WB, ADB, Japan International Cooperation Agency (JICA), Korea Economic Development Cooperation Fund (EDCF), German Government, Danish Government, Swiss Government, etc. VietinBank has always been highly appreciated by agencies and investors in terms of service capabilities.

In 2020, VietinBank continued to be selected as the Bank serving key projects and a project which was applied for the first time with the new disbursement mechanism of the Korean Government through the EDCF, specifically:

• The project of improving railways in Khe Net pass area, Hanoi - Ho Chi Minh City railway line; Project "Component 1A of Construction Project of Tan Van - Nhon Trach section" using Korean EDCF loan.

• The project "Water drainage and wastewater treatment in Ha Long City" using JICA loan.

2.1.5. Report related to Green Capital Market activities under the SSC's guidance

The issuance of green bonds is currently a global trend with the participation of major international financial institutions such as WB, IMF, ADB and is considered an important capital raising channel. In Vietnam, on 20/10/2015, the Ministry of Finance issued Decision No. 2183/QD-BTC approving the action plan of the Finance sector to implement the "National Strategy on Green Growth towards 2020" which set out a plan to develop and complete financial policies related to promoting the implementation of green growth strategies, reviewing and finalizing policies on developing green capital markets and green financial products (including green bonds).

On 09/12/2020, the SSC hosted the 33rd ASEAN Capital Market Forum (ACMF) Chairman's Meeting online, which mentioned prioritizing the promotion of the "Sustainable Finance" initiative to promote the implementation of the goals of Vietnam's capital market integration with the ASEAN region, deepening the region's cohesion with the international community for sustainable development, and at the same time improving adaptability and institutional capacity of ASEAN. Accordingly, the initiative on "Sustainable Development Roadmap for ASEAN Capital Markets" has been completed with strategic directions for building a sustainable asset layer in ASEAN to support ASEAN's sustainable development agenda in the next 5 years. It is expected that sustainability-linked bond standards will be introduced to facilitate bond issuance for sustainability-related goals, as well as to improve the bond issuance toolkit of ASEAN, including the issuance standards of green bonds, social bonds and sustainable bonds, towards the study of building a sustainable and green classification system of ASEAN.

Recognizing our importance and social responsibility in environmental protection, VietinBank has conducted development research of the green capital market based on knowledge and experience sharing from major financial institutions experienced in advising and issuing green bonds such as IFC and MUFG Bank to conduct a feasibility study on green bond issuance (Green Bonds). At the same time, VietinBank also reviewed projects for environment and projects that take into account environmental benefits, focusing on areas such as renewable energy, public transport, clean water... VietinBank always appreciates the importance of developing these debt instruments in the coming years because it not only brings a new channel of capital mobilization for businesses but also contributes to protecting the living environment and carrying out responsibilities collectively for the community.

2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

2.2. RESPONSIBILITIES TO OUR CUSTOMERS

2.2.1. Customer service and support throughout the system

VietinBank Contact Center ensures 24/7 all day's support in 3 languages: English, Vietnamese and Japanese to support our customers through phone number 1900-558868 and email address: contact@vietinbank.vn. In 2020, our Contact Center responded to queries and advised on transactions for 2.46 million customer requests, surveyed 420,000 customers to improve the quality of VietinBank's products and services as well as increase the satisfaction and loyalty of customers. VietinBank Contact Center was honored as "**Leading Contact Center Vietnam**" by Global Banking and Finance Review (UK) in 3 consecutive years of 2018, 2019 and 2020.

2.2.2. Corporate customer support & customer care

In 2020, to implement the policies of the Government and the SBV on the implementation of solutions to support customers affected by the COVID-19 pandemic, in order to accompany corporate customers to fight against the negative effects of the COVID-19 to business and production, VietinBank deployed a series of solutions to support customers: maintaining credit to ensure stable production and business; reducing lending interest rate; rescheduling debt repayment; maintaining loan group; interest exemption or reduction; no penalty for late payment; exemption of fees for fund transfer or payroll service... There were a number of programs/campaigns such as: Free of charge domestic transactions on eFAST channel; Corporate customers' accompany; Favorable credit package with quarterly interest rate; Favorable loan program for SMEs in trading and distribution; Favorable package for corporate customers to invest in real estate projects in industrial parks; Favorable package for SMEs to invest in ready-built factories for rent in industrial parks; Medium and long term fixed interest rate loan programs in VND...

VietinBank also paid great attention to cooperation with partners to create an ecosystem of perks for customers, in order to increase customer experience and help customers access products and services of VietinBank's partners with many offers namely cargo insurance incentive program to promote collection of Trade Finance and International Payment fee Fast Cargo: super-express cargo insurance applied to import and export goods packed in closed containers, air freight transport and domestic transport of cargo for VietinBank's SMEs customers received perks from the program and domestic transport insurance.

In addition, in order to create an official and throughout mechanism for SME customer care, since 2017, VietinBank has successfully been running VietinBank SME Club. Accordingly, customers who are members of VietinBank SME Club receive privilege care policies on: (i) interest rates, fees; (ii) shortened transaction time (subject to automatic fast credit approval process, prioritized disbursement procedure in VietinBank system); (iii) receiving the best choice of products / facilities and being served by a team of senior financial advisors; (iv) participation in the annual activities of VietinBank SME Club (Customer Conference; training course on business and investment; annual business trips to find partners and business opportunities on domestic and international markets,...); (v) perks for key leaders of businesses being members of this program; (vi) enjoying privileges offered by member companies/partners of VietinBank from time to time.

2.2.3. Retail customer support and customer care

In 2020, COVID-19 natural disasters and floods in the Central region caused many negative impacts on the economy on a large scale and on all sectors and industries. In compliance with the regulations and directions of the Communist Party, the Government and the banking sector on epidemic and natural disaster prevention, VietinBank proactively issued policies and solutions to accompany and support individual customers and people in general affected by COVID-19 and floods in the Central Region - Central Highlands.

VietinBank accompanied retail customers and people through COVID-19

VietinBank is the pioneer bank in researching and proactively issuing simultaneous practical solutions to support borrowers who had difficulties due to COVID-19, such as guiding the implementation of credit solutions addressing difficulties, restructuring the repayment schedule, interest exemption and reduction, keeping the loan group in accordance with Circular 01/2020/TT-NHNN. Accordingly, VietinBank drastically implemented with the duly participation of all units in the system in reviewing, assessing and working with customers affected by COVID-19 to work out solutions to accompany customers to overcome difficulties, reduce financial pressure, obtain capital to continue maintaining and developing business activities, thus quickly overcome difficulties. VietinBank supported customer by applying favorable interest rate deduction of 1.25% - 3% from average lending interest rate; by streamlining the process of application, reducing and exempting transactions fees for customers and deploying online solutions with many utilities and offers for customers.

2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

VietinBank supports retail customers affected by the flood in Central Region & Central Highlands

VietinBank joined hands with businesses and people to partially overcome the difficulties caused by floods in the Central and Central Highlands in 2020, and at the same time demonstrated the role of a pillar bank of the country, VietinBank immediately developed and carried out simultaneous solutions and policies to contribute to the recovery of livelihood and socio-economic development. Following the instructions of the SBV according to Document No. 7751. NHNN-TD on supporting people to overcome the consequences of floods in the Central and Central Highlands regions, VietinBank instructed branches and transaction offices to immediately review and estimate losses of borrowers to promptly apply support measures, remove difficulties for customers such as: rescheduling debt repayment, considering financial capacity for interest exemption or reduction, continuing to provide new loans to restore production and business after floods; guiding customers to complete documents, procedures...

Accordingly, VietinBank reserved preferential loans to support interest rates for customers. With retail customers, the interest rate for short-term loans was only 5.5% p.a. and was from 7.0% for medium and long-term loans. In addition, loans downgraded to group 2 due to the impact of this disaster were also considered by the bank to not adjust interest rates during the term as well as considered to exempt or reduce interest rates for overdue principal balance and delayed interest payment. In case where customers had demand for new disbursement to stabilize their lives and restore production and business, VietinBank also committed to providing maximum support to customers in terms of lending process and procedures as well as favorable interest rates.

In the last 3 months of the year, to serve the peak months of customer credit demand, VietinBank deployed a number of preferential credit packages with attractive interest rates of only 5.3% p.a and total value of prizes of nearly VND 3 billion.

In addition, VietinBank is also the leading bank providing customers with comprehensive product/ service solution packages including diversified credit, deposits, accounts, payment services, e-banking services, and insurance etc. with many features on digital platform. For example: Online Overdraft, Online saving, "Smart account for Stylish users" account packages... VietinBank also cooperated with many partners such as Grab, American Express, Movi etc. to provide customers with outstanding products...

2.2.4. Special credit programs of preferential interest rate support for SMEs

In 2020, the SMEs credit growth rate reached 12% compared to 2019. The average credit growth rate over the past 5 years reached 20% per year, largely contributing to the growth of new customers and outstanding loans, improving VietinBank's efficiency ratios. The proportion of SME outstanding loans in total outstanding loans of VietinBank's corporate customers continues to grow in accordance with the Board of Directors' orientation (increase from 26% of 2016 to 36% of 2020).

In order to achieve the remarkable results above, VietinBank always closely follows the SBV's guidance, accompanies with enterprises in priority sectors of the economy, VietinBank also actively balances its funding channels and coordinates with relevant authorities and the SBV in all provinces to initiate programs to promote socio-economic development in 5 priority areas guided by the Government. Currently, the interest rate ceiling for short-term loan for these 5 priority areas is only 4.5% p.a.

In addition, VietinBank is the leading bank in the market which offers the comprehensive preferential package for SMEs through our "VietinBank SME Stronger" program to fulfill our commitment to accompany with SMEs' development through our three orientation[2] :

[2]*In order to be applied the above preferential interest rate, enterprises are required to meet the conditions of the Program*

GROW TOGETHER

Preferential policies on prices (interest rates and fees) are diversified with our preferential programs: VND medium and long-term fixed-rate loans for SMEs (only starting from 7.9% p.a.), Accompanying with SMEs (with interest rate starting from 6.5% p.a.), Prosperous overdraft for SMEs, Combo 6 in 1 preferential package, SME Unlimited, VietBank eFAST preferential fees, customized account numbers for SMEs, promotions for online transactions, specialized insurance products for SMEs, etc.

READY TO INNOVATE

Support corporate customers who are ready to innovate with specialized products by: (i) each industry, each business mechanism in the supply/ distribution chain of corporate customers, with products for the textile sector; trade & distribution sector (VND 10,000 billion with preferential interest rate starting from 5.7% p.a.); roof solar power (with interest rate starting from 7.9% p.a.); potential niche market in the real estate sector with a package of VND 3,000 billion of ready-built factory investment (with interest rate starting from 8.1% p.a.); construction sector; pharmaceutical and medical supplies sector etc.; (ii) chain customers; Viglacera agents; HTCV agents; HTC agents, etc.

STAY STRONG TO SOAR

VietinBank is the information bridge to help SMEs get more opportunities to connect customers, do business cooperation and expand export markets with our extensive network, large customer base and strategic partner banks in the world.

2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

2.3. RESPONSIBILITIES TO SHAREHOLDERS AND INVESTORS

VietinBank IR Team, which is a function unit under the BoD Secretariat & Investor Relations of the BoD Office, serves as a bridge between VietinBank and its investor community, responsible for the communication and information sharing from investor community to VietinBank BoD, protecting and attracting shareholders' interests in CTG shares within the Bank's business plan, aiming at creating sustainable value for all our stakeholders.

2.3.1. Information transparency, protecting investor rights

As a listed company with a large number of regular shareholders, it is crucial for us to emphasize on the transparency in information disclosure. VietinBank is also the leading bank in reporting and disclosing of sufficient information on a regular/extraordinary basis in a timely manner in both English and Vietnamese. In 2020, VietinBank provided comprehensive periodic and extraordinary information disclosure such as financial statements, corporate governance reports, information about GMS, consulting shareholders in writing, dividend payout, transactions with our subsidiaries as well as bond issuance, etc. In particular, VietinBank's 2019 annual report with extraordinary improvements in both content and design was listed in Top 10 Best Annual Report in 2019 in group of listed large-cap companies in the 2020 Vietnam Listed Companies Award.

In 2020, VietinBank successfully organized many major events to approve many important content as prescribed and ensure the rights of shareholders such as: (i) 2020 Annual General Meeting of Shareholders; (ii) Obtaining written opinions of shareholders on the plan to increase Charter Capital through the issuance of share dividends from profit after tax and deductions for other fund appropriations in 2017, 2018 and the profit after tax, deductions for other fund appropriations and cash dividends in 2019; (iii) Dividend payout ratio of 5% in cash. VietinBank always ensures shareholders' rights through the practice that shareholders are entitled to question (directly/ indirectly) and propose recommendations to the BoD of VietinBank before voting on important issues related to VietinBank's operations. VietinBank also fully disclosed information on documents and content related to the above events and posted them on the VietinBank Investor Relations website to ensure transparency of information to all shareholders and the community of investors.

VietinBank also constantly improves the quality of information channels to shareholders and investors. The Investor Relations Website was revised with a completely new interface with better, more professional contents at http://investor.vietinbank.vn which has been officially deployed online since February 2020, to help provide rich, useful information that is easier to look up for investors.

Ms. Pham Thi Thanh Hoai - VietinBank Board Member received the Award Top 10 Best Annual Reports of 2019 for large-cap companies

VietinBank's annual GMS 2020 was held on 23/05/2020 in Hanoi

In addition, the interaction between VietinBank, investors and the market is constantly improved in terms of quality and frequency. On 09/01/2020, VietinBank successfully organized "Investors & Analysts Meeting" with the participation of the Chairman and senior leaders of VietinBank, who openly and transparently exchanged with investors. In the context of COVID-19's complicated development, VietinBank still maintained regular exchange and update of information to domestic and overseas investment funds, securities companies, and fund management companies about the business activities of VietinBank and CTG stock through direct or indirect methods. In the last 6 months of 2020, VietinBank proactively increased the frequency and quality of information provided to the market through the implementation of: (i) Quarterly Financial Report Highlights; (ii) Monthly Investor Newsletter; (iii) Quarterly Earning Calls for business performance update.

The above activities contributed to improving the professionalism and transparency of VietinBank's information disclosure, improving the quality of information provided and received high appreciation from investors and the market.

2.3.2. Orientation for IR activities in 2021

In 2021, in addition to good performance of regular tasks, VietinBank will carry out the increase of Charter Capital through share issuance for dividend payout after obtaining the approval of the competent authority, and will continue to enhance the quality and reactions with investors and the market to step by step reach the goal of elevating IR operation close to international practices & standards and improve the performance, thus meeting the expectations of shareholders and investors. At the same time, VietinBank will continue to research and adopt relevant legal documents that will take effect from 01/01/2021 (Law on Enterprises, Law on Securities, Regulation on Information Disclosure on the stock exchange, etc.) to make sure that the Bank fully complies with current laws and ensure the rights of shareholders and the bank's value to them.

2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

2.4. RESPONSIBILITY TO OUR EMPLOYEES

2.4.1. Guaranteed employment for our staff

In 2020, our employees were deployed and assigned in accordance with their qualifications and capability. Our job arrangements ensured that all employees in the entire system hold appropriate job title with signed labor contracts according to the provision of Labor Law.

Especially with the unexpected and complicated developments of COVID-19 that brought negative socio-economy impact universally, VietinBank had promptly built up response scenarios for HR and guided working, staffing arrangement, salary and benefits, remuneration regime to protect human resource, maintain stable jobs for employees and ensure continuous business operation, thus meeting customer demand for transactions and business, even in the peak of the pandemic and social distancing.

2.4.2. Remuneration policy

The total number of our employees as of 31/12/2020 was 24,480 (including employees of all subsidiaries, business units, representative offices and employees working on temporary basis). VietinBank employees are entitled to the following remuneration mechanism:

- VietinBank's salary scheme was built according to international practices based on the principle of 3Ps: Pay for Position, Person and Performance in order to meet three main objectives: (i) Ensuring stable monthly, quarterly and annual salary for our employees; (ii) Creating constant motivation for our people to improve productivity; (iii) Flexibility in annual salary and salary incensement;

- Employees are recognized with their working capability to be entitled for promotion and appointment, as well as being eligible for award consideration;

- Training is made available to all employees to improve their professional competence;

- Social Security Retirement Benefits are provided to former employees with 2 month's salary before their retirement date. They are also funded for retirement activities by the Bank;

In 2020, despite the negative effects of COVID-19 epidemic on business activities, VietinBank still ensured stable income for its employees.

2.4.3. Social insurance benefit

Our employees are insured under the law and regulations. Social insurance regime benefits our employees in the event of sickness, retirement or maternity... Especially for retirement, we coordinate closely with social insurance authority to ensure that our employees can retire at their retirement age.

Employees Conference at the HO in 2020

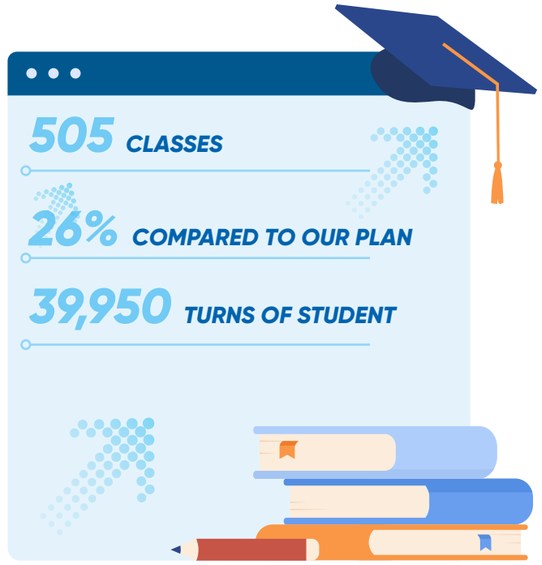
2.4.4. Welfare regime

In 2020, VietinBank continued the welfare regime for employees throughout the system to improve life care, labor regeneration, create work-life balance and enhance employee engagement and superior welfare regime for high-performing employees, talented employees, key leaders and senior leaders to demonstrate recognition an retaining of highly qualified and competent employees.

Currently, our welfare regime includes the followings:

(i) 15 general welfare regimes for all employees in the entire system including holiday vacations (Tet holiday, National Women's Day, International Women's Day, Children's Day, Mid-Autumn Festival...) and other labor union benefits in case of sickness, personal and family issues as well as health insurance coverage from VBI for those who have worked for at least 12 months at the Bank, etc.

(ii) 04 outstanding remuneration policies for high-performing employees, key employees and Top 500 talents: Outstanding reward policy, high-end holidays, and tuition support for their children, special health insurance coverage, life insurance, etc.



2.4.5. Training quality improvement

In 2020, VietinBank organized a total of 505 classes (over 26% compared to our plan). Number of trainees is 39,950 turns with average training duration of 3.40 days/ a person. Training programs include online training and E-learning, excluding On-Job Training, Coaching, Mentoring and internal training programs organized by our units.

Table of average training duration and coverage of training programs classified by trainees

Trainees	Number of average training days	Training turn
Mid-level Management (Branch Director/Deputy Director, Manager/ Deputy Manager of HO Dept., Director/Deputy Director of non-business Units	2.80	2,294
Managers (Head/Deputy Head of Branches, Head/Deputy Head of non-business Unit)	3.40	11,731
Other employees	3.43	25,925
Total	**3.40**	**39,950**

2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

Quality of training programs improved closely following VietinBank's business strategies, plans and actual needs and internal training enhanced

In the past year, despite the COVID-19 epidemic, various training courses were tailor-made for units and branches (by the end of 2020, 71 training classes were held at branches). At the same time, VietinBank has made many highly applicable training programs with professional teaching quality and organization, including: Leadership skills for Mid-level Management; Management skills for Head /Deputy Head of Branches; Business financial/investment project analysis; Negotiation/presentation/sales communication skills; Coaching and mentoring skills; Credit assessment skills; Corporate Culture program associated with "6 points" for new staffs and branch staffs.

2020 is also the first year that VietinBank has implemented KPI training for Mid-Level Management and Managers of branches and units.

Quality of trainers improved while training experience enhanced with technology

With a total of more than 700 internal trainers (an increase of 61 trainers compared to 2019), in 2020, VietinBank organized many activities to support and gratitude to trainers: (i) Honoring on November 20th; (ii) Training in teaching skills, technology application in teaching; (iii) Evaluate teaching quality and give advice and suggestions to develop a strong force of training experts on quality and quantity who can motivate and inspire trainees.

In addition, training methods were continuously improved in the direction of applying technology to enhance classroom experience and practical efficiency as well as minimize costs amid the complicated Covid-19 epidemic: at the beginning of 2020, VietinBank enhanced e-learning, livestream, video conference, WebEx, etc. or combined direct training with online training to shorten training time. In 2020, VietinBank continued to build 87 new e-learning lessons (up 5% compared to 2019) and maintain 274 lectures in the system with various topics on skills and professional knowledge. The number of visitors increased 168% compared to 2019.

VietinBank Competency Contest in 2020

Organization of Competency Contest in 2020

In 2020, VietinBank successfully organized VietinBank Competency Contest with a total of 18,078 contestants at 16 positions ranging from mid-level leaders, managers to employees at Branches and HO. The exam content was adhered to VietinBank's Competency Framework, requirements for professional skills and expertise, and communicated employees with VietinBank's history, culture, core values and labor regulations.

2.4.6. Career advancement opportunity

VietinBank continued to review the job ranking periodically or in line with position, organization, unit responsibility adjustments to arrange and appoint in accordance with the capacity of employees & job requirements; build & add expert position in order to facilitate development roadmap for specialized professional positions. VietinBank employees were trained, developed and evaluated in parallel with both Core Competency Framework and Professional Competency Framework for each job position, from which there is a specific improvement plan towards the positions' targets according to individual roadmap. Regarding the identified potential talent pool, VietinBank continued to train, develop, and nurture in order to build the next management team.

2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

2.4.7. Gender equality in our business

With the motto of "Innovation, creativity, practicality and efficiency", at the beginning of 2020, our Committee for the Advancement of VietinBank Women and VietinBank Trade Union paid special attention to create favorable conditions for our female employees to have the opportunity to strive, contribute, improve their qualifications and participate in various activities to advance their goals at work. In addition, The Committee for the Advancement of VietinBank Women constantly tasked every business units to connect their operation plans with the implementation of regimes and policies for female staff in order to protect legitimate rights and legitimate interests of our female employees, proactively advise and introduce excellent female employees to Party committees and authorities for the plan of training, promotion, etc.; Our reward scheme was developed as an important mechanism to encourage and motivate the outstanding achievements and solidarity, unity, and best efforts of female employees to complete VietinBank's goals and duties well.

2.4.8. Promotion of democracy among our employees

With strong consensus of our employees to VietinBank's policies, in 2020, VietinBank continued to ensure applicable rights and full benefits of our employees in accordance with the provisions of laws and regulations.

VietinBank strictly discloses the information according to regulations including: Business plan; labor regulations & rules, collective labor agreements, regulations on recruitment and employment, payroll regulations with salary scale, labor protection equipment, regulations on labor arrangement, severance allowance; allocation of reward fund, welfare fund, etc.; Meeting contents are consulted, decided, checked and supervised by employees through the preliminary and sum-up conferences, the General Meeting of Shareholders, briefings, mass media, etc.; In addition, we also implemented various forms of communications in order to timely grasp responses from our employees about the working environment including: HR comment box, surveys, 360-degree evaluation, "VietinBank Workplace" internal social network, etc., so that we could catch up with what our staffs were feeling about our working environment. Recommendations and proposals of employees have been answered in writing by VietinBank leadership.

100% of VietinBank's units organized Employees 'Conference and periodic dialogue in the first Quarter of 2020. 100% units in the whole system hold dialogue quarterly with employees according to regulations. At the periodical Employee Conference and dialogues, the heads of units answered questions and proposals of employees on issues related to business activities, policies and benefits of employees; at the same time propagating and encouraging the employees to successfully complete their assigned tasks. With the high consensus among the party committees, the authorities at all levels and all employees, VietinBank has no dialogue at the request of one party (ad hoc), no complaints or denunciations related to the implementation of Democracy Regulations and there are no strike at our units.

In 2020, VietinBank inspected all branches in the system for the implementation of the Democracy Regulation. In which, VietinBank Democracy Steering Committee inspected and supervised the implementation of Democracy Regulations at 03 business units (Quang Ninh branch, Vinh Phuc branch, Branch 8 in HCM city).

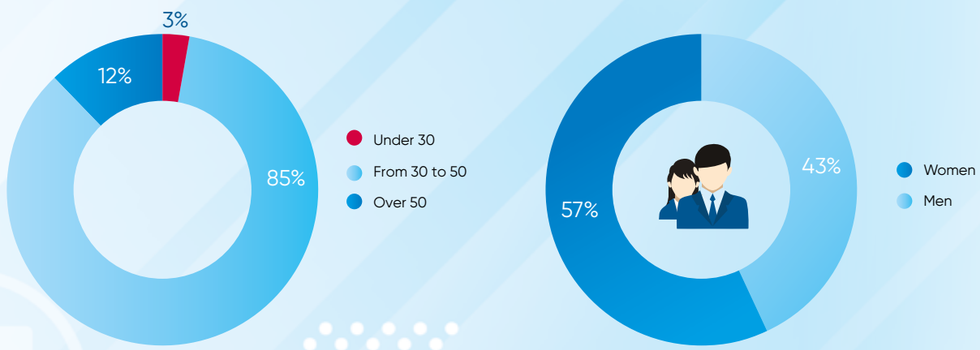
The establishment and good implementation of VietinBank Democracy Regulations has contributed to promoting the development of business activities, improving the effectiveness and efficiency of the whole system.

No strike or go-slow was reported at our branches and subsidiaries as well as no petition letters related to the implementation of the Democracy Regulation were unsolved.

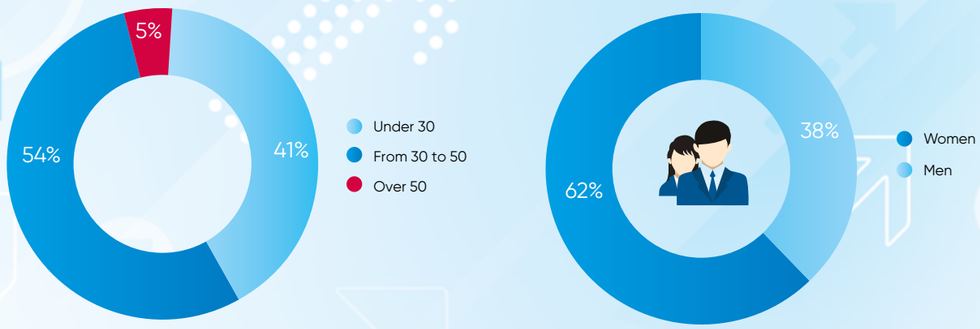
2.4.9. Survey of employee engagement

Improving employee satisfaction and engagement" is of great importance in VietinBank's strategy of building and developing human resources. In 2020, VietinBank completed the second survey of employee satisfaction and engagement. The survey program received great attention and support from leadership as well as the consensus and support of employees in the whole system. On the basis of the survey results, many great ideas and solutions were actively deployed in the entire system and each unit of VietinBank, making an important contribution to innovation and streamlining of professional processes; promoting cooperation between units; improving the capacity and satisfaction of employees; effectively implementing VietinBank's Corporate Culture.

Structure of management team



Structure of staffs



VietinBank Top 500 training program

2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

2.5. CORPORATE SOCIAL RESPONSIBILITY

2.5.1. Developing for the community prosperity

With the aim of safe, sustainable development and social responsibility; in recent years, in addition to successfully fulfilling the tasks of currency trading, credit and banking services, which are mainly assigned by the Party, the Government and the Banking industry, VietinBank has actively coordinated with Ministries and local authorities to implement social welfare with the aim of hunger eradication, poverty reduction, and improvement of people's material and spiritual life in some localities with difficult economic conditions and participate in social welfare programs of the country.

2.5.2. Social welfare activities to date

To date, VietinBank has sponsored more than VND 7,600 billion from our Welfare Fund to build over 42,000 houses for the poor and family under preferential treatment policy. We constructed nearly 1,000 bridges and rural roads, 19 water supply systems and reservoirs; 07 field irrigation canals, 86 disaster prevention infrastructure and community buildings; supported the poor small-holder farmers with 3,158 cows and buffalos to develop agriculture.

In education, VietinBank has funded the construction of 722 schools, nearly 500 classrooms and houses for semi-boarding and boarding students. We also granted more than 32,000 life-saving schoolbags for children in riverside communities as well as other scholarship, domestic utilities and educational equipment; Study & Talent Encouragement Fund in many localities.

In healthcare, VietinBank has invested funds to build 133 healthcare centers; upgraded and built 05 hospitals, 01 general clinics and 01 medical colleges; 02 housing project for families of patients; donated 324 ambulance cars, specialized blood donation vehicles and seven-seater cars to exclusively serve the medical staff rotation according to Project 1816 of the Ministry of Health. Many other modern medical equipment and supplies were provided for central, provincial, district hospitals and commune health stations to improve health care conditions for the people. Especially in 2020, VietinBank donated to support hospitals and localities in the prevention of COVID-19 pandemic: ventilator, test kit, mask, antiseptic solution...

In gratitude activities, VietinBank has taken life care of nearly 300 Vietnamese Heroic Mothers (currently only 28 of them are alive). We pay regular visit, and support seriously wounded veterans in nursing centers with monthly allowances. We also embellish and upgrade a number of martyrs' cemeteries, stone houses, national hero monuments and other historical vestiges, etc,

Other sponsorship: VietinBank actively support the Agent Orange victims, disabled children and natural disasters victims, etc.

With such achievements in social welfare and gratitude activities, VietinBank was honored to receive numerous awards from the Government, Ministry of Labor, War Invalids, & Social Welfare, Ministry of Health, Ministry of Education, Vietnam General Confederation of Labor, Ministry of Planning and Investment, and many other cities and provinces... as a recognition of our contributions to the society.

TOTAL AMOUNT OF OVER **7,600 VND BILLION**

42,000

Houses for the poor and family under preferential treatment policy

VietinBank Chairman Le Duc Tho delivered sponsorship for Tuyen Quang province

1,000

Bridges and rural roads

722

Schools

500

classrooms and houses for semi-boarding and boarding students

VietinBank handed over social security works in Tuyen Quang province

133

Healthcare centers

324

Ambulance cars

VietinBank donated ambulance cars to the National Otorhinorarynology Hospital of Vietnam

2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

2.5.3. Social welfare activities in 2020

VIETINBANK ALLOCATED A LOT OF FUNDS TO SUPPORT LOCALS IN THE PREVENTION OF COVID-19 PANDEMIC

VietinBank Chairman Le Duc Tho donated VND 10 billion for the fight against COVID-19 pandemic

In 2020, although the complicated COVID-19 pandemic and natural disasters occurred consecutively causing damages to many localities and people, VietinBank was an active pioneer with long tradition in charity work, social welfare and gratitude to our community. In 2020, VietinBank financed the implementation of welfare activities in many poor localities and difficult areas throughout the country with the amount of nearly VND 400 billion. Specifically:

In supporting under-privileged citizens: VietinBank built 1,123 new houses for under-privileged citizens and family under preferential treatment policy, 04 cultural centers, 03 bridges and rural roads, and presented gifts for under-privileged citizens during Tet Holiday.

In healthcare: VietinBank sponsored to build 1 hospital, 1 healthcare center, 1 housing project for families of patients, donation of medical equipment, donation of 1 ambulance car as well as sponsored nutritious and charity meals for under-privileged children and their families. Especially, VietinBank donated to support hospitals and localities in the prevention of COVID-19 pandemic: ventilator, test kit, mask, antiseptic solution, etc.

In education: VietinBank funded the construction of 27 schools, granted the Study and Talent Encouragement Funds to award scholarships to under-privileged children with good academic records and other educational equipment.

Funding for natural disaster recovery and other sponsorships: VietinBank funded the natural disaster recovery assistance programs caused by floods and storms in heavily damaged provinces such as Quang Nam, Quang Ngai, Quang Tri, Thua Thien Hue, etc,

In addition to the sponsorship programs of VietinBank, VietinBank actively contributed employee's salary income, deducted from Welfare Funds, Trade Union Charity Funds for the implementation of programs in social security, gratitude, social relief according to the proposal of the Vietnamese Fatherland Front, Banking Sector and localities.

VietinBank efforts in recent years have brought certain successes in contributing to the successful implementation of the great policy of the Party, Government and Banking Sector in hunger eradication, poverty reduction and gratitude expression. Many poor districts and communes have gradually changed their appearance after the support of VietinBank; material, cultural and spiritual life of poor households and localities have been enhanced and improved significantly. Many people now enjoy decent accommodation, better healthcare conditions and safe and convenient transportation. The children can have access to school facilities for learning activities, people got damages caused by natural disasters and the Covid-19 epidemic have soon stabilized their lives and returned to normal works, etc. A sustainable development community is the target that VietinBank always aims to demonstrate our corporate social responsibility of a major joint stock bank, playing a vital role in the economy.

TOTAL AMOUNT OF NEARLY **400 VND BILLION**

1,123
New houses for under-privileged citizens and family under preferential treatment policy

04 *Cultural centers*

03 *Bridges and rural roads*

The delegation of VietinBank and the Border Guard Command gave gifts to the border people in Tay Giang district, Quang Nam province affected by floods and landslides

Mr. Nguyen Dinh Vinh – Deputy General Director, Chairman of VietinBank Trade Union, on behalf of VietinBank, donated 5 VND billion to the Fund "For the Poor"

01
Hospital, healthcare center, housing project for families of patients, ambulance car

27 *Schools*

VietinBank handed over social security works in Cao Bang province

07

Audited Consolidated Financial Statements 2020

1 General information

2 Report of Management

3 Independent auditors' report

4 Consolidated balance sheet

5 Consolidated income statement

6 Consolidated cash flow statement

7 Notes to the consolidated financial statements

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

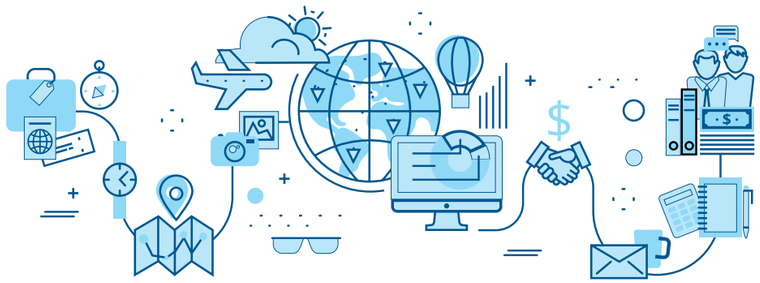
GENERAL INFORMATION

THE BANK

Vietnam Joint Stock Commercial Bank for Industry and Trade (herein referred to as "the Bank" or "VietinBank") is a joint stock commercial bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was incorporated on the basis of equitizing Vietnam Bank for Industry and Trade, a State-owned commercial bank that was incorporated under the name of Vietnam Industrial and Commercial Bank in accordance with Decree No. 53/ND-HDBT dated 26 March 1988 of the Ministers' Council on the organization of the State Bank of Vietnam ("SBV"). The Bank was officially renamed Vietnam Bank for Industry and Trade in accordance with Decision No. 402/CT dated 14 November 1990 granted by the Chairman of Ministers' Council. Also, the Governor of the SBV signed Decision No. 285/QD-NH5 dated 21 September 1996 to re-establish the Bank under State corporation model. On 25 December 2008, Vietnam Bank for Industry and Trade successfully carried out its initial public offering.

The Bank was equitized and renamed Vietnam Joint Stock Commercial Bank for Industry and Trade on 3 July 2009 according to Establishment and Operating License No. 142/GP-NHNN dated 3 July 2009 issued by the State Bank of Vietnam and Business Registration No. 0103038874 dated 3 July 2009 issued by Hanoi Authority for Planning and Investment. The latest amended Business Registration No. 0100111948 of the Bank was issued for the 11th time by Hanoi Authority for Planning and Investment on 1 November 2018.



The Bank was established to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; offering short, medium and long- term loans and advances to organizations and individuals based on the nature and ability of the Bank's capital resources; conducting foreign exchange transactions, international trade finance services; discounting commercial papers, bonds and other valuable papers; and providing other banking services as allowed by the State Bank of Vietnam.

Charter capital

As at 31 December 2020, the charter capital of the Bank is VND 37,234,046 million (31 December 2019: VND 37,234,046 million).

Location

The Bank's Head Office is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2020, the Bank has one (01) Head Office; two (02) Local representative offices (in Da Nang and Ho Chi Minh City); nine (09) Administrative units include: one (01) School of Human Resource Development and Training; one (01) Information Technology centre; one (01) Card centre; one (01) Trade finance centre; five (05) Cash management centres; one-hundred and fifty five (155)

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

GENERAL INFORMATION (continued)

branches and seven (07) subsidiaries; foreign networks include: one (01) overseas representative office in Myanmar; two (02) branches in the Federal Republic of Germany, one (01) 100% owned bank in Lao People's Democratic Republic (VietinBank Lao Limmited).

BOARD OF DIRECTORS

Members of the Board of Directors of the Bank during the year and at the date of this report are:

Name	Position	Appointment/Resignation date
Mr. Le Duc Tho	Chairman	
Mr. Tran Minh Binh	Member cum General Director	
Ms. Tran Thu Huyen	Member	
Mr. Nguyen The Huan	Member	
Ms. Pham Thi Thanh Hoai	Member	
Mr. Tran Van Tan	Member	
Mr. Masahiko Oki	Member	Appointed on 23 May 2020
Mr. Shiro Honjo	Member	Appointed on 23 May 2020
Ms. Nguyen Thi Bac	Independent member	Appointed on 23 May 2020
Mr. Hiroshi Yamaguchi	Member	Resigned on 23 May 2020
Mr. Hideaki Takase	Member	Resigned on 23 May 2020

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

GENERAL INFORMATION (continued)

MANAGEMENT AND CHIEF ACCOUNTANT

Members of the Management and Chief Accountant of the Bank during the year and at the date of this report are:

Name	Position	Appointment/Resignation date
Mr. Tran Minh Binh	General Director	
Ms. Nguyen Hong Van	Deputy General Director	
Mr. Nguyen Hoang Dung	Deputy General Director	
Mr. Nguyen Duc Thanh	Deputy General Director	
Mr. Tran Cong Quynh Lan	Deputy General Director	
Mr. Nguyen Dinh Vinh	Deputy General Director	
Ms. Le Nhu Hoa	Deputy General Director	
Mr. Masahiko Oki	Deputy General Director	Appointed on 26 May 2020
Mr. Hiroshi Yamaguchi	Deputy General Director	Resigned on 26 May 2020
Mr. Nguyen Hai Hung	Chief Accountant	

SUPERVISORY BOARD

Members of the Supervisory Board of the Bank during the year and at the date of this report are:

Name	Position
Ms. Le Anh Ha	Chief Supervisor
Ms. Nguyen Thi Anh Thu	Member
Mr. Nguyen Manh Toan	Member

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

GENERAL INFORMATION (continued)

LEGAL REPRESENTATIVE

The legal representative of the Bank during the year and at the date of this report is Mr. Le Duc Tho - the Chairman.

Ms. Nguyen Hong Van - Deputy General Director is authorized by Mr. Le Duc Tho to sign the accompanying consolidated financial statements for the year ended 31 December 2020 in accordance with the Letter of Authorization No. 1151/UQ-HDQT-NHCT18 dated 18 December 2018.

AUDITORS

The auditor of the Bank is Ernst & Young Vietnam Limited.

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

REPORT OF MANAGEMENT

Management of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank") is pleased to present this report and the consolidated financial statements of the Bank and its subsidiaries as at 31 December 2020 and for the year then ended.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements which give a true and fair view of the consolidated financial position of the Bank and its subsidiaries and of the consolidated results of their operations and their consolidated cash flows for the year. In preparing these consolidated financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank and its subsidiaries will continue their business.

Management of the Bank is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Bank and its subsidiaries and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2020 and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the consolidated financial statements.

Mr. Tran Minh Binh
General Director

Hanoi, Vietnam

22 March 2021

INDEPENDENT AUDITORS' REPORT

Ernst & Young Vietnam Limited
20th Floor, Bitexco Financial Tower
2 Hai Trieu Street, District 1,
Ho Chi Minh City, S. R. of Vietnam

Tel: +84 28 3824 5252
Fax: +84 28 3824 5250
ey.com

Reference: 60755043/21718233-HN

To: The Shareholders of
Vietnam Joint Stock Commercial Bank for Industry and Trade

We have audited the accompanying consolidated financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank") and its subsidiaries as prepared on 22 March 2021 and set out on pages 7 to 78, which comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

Management of the Bank is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's and its subsidiaries' preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and its subsidiaries' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT (continued)

EY Building a better working world

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2020, and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and other statutory requirements relevant to preparation and presentation of consolidated financial statements.

Ernst & Young Vietnam Limited

M.S.D.N: 0300811802-C.T.T.N.H.H CÔNG TY TRÁCH NHIỆM HỮU HẠN ERNST & YOUNG VIỆT NAM QUẬN 1 - T.P HỒ CHÍ MINH

Dang Phuong Ha
Deputy General Director
Audit Practising Registration
Certificate No. 2400-2018-004-1

Nguyen Van Trung
Auditor
Audit Practising Registration
Certificate No. 3847-2021-004-1

Hanoi, Vietnam

22 March 2021

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE B02/TCTD-HN

CONSOLIDATED BALANCE SHEET

as at 31 December 2020

	Notes	31 December 2020 VND million	31 December 2019 VND million
ASSETS			
Cash, gold and gemstones	**5**	**9,930,181**	**8,282,726**
Balances with the State Bank of Vietnam	**6**	**57,616,650**	**24,873,714**
Placements with and loans to other credit institutions	**7**	**102,532,818**	**129,388,518**
Placements with other credit institutions		92,628,245	123,084,758
Loans to other credit institutions		9,904,573	6,303,760
Held-for-trading securities	**8**	**5,601,747**	**3,825,374**
Held-for-trading securities		5,723,160	4,051,245
Provision for held-for-trading securities		(121,413)	(225,871)
Derivatives and other financial assets	**9**	**137,122**	**469,712**
Loans to customers		**1,002,771,868**	**922,325,251**
Loans to customers	10	1,015,333,270	935,270,945
Provision for credit losses on loans to customers	11	(12,561,402)	(12,945,694)
Investment securities	**12**	**114,941,998**	**104,615,279**
Available-for-sale securities	12.1	112,677,836	97,131,629
Held-to-maturity investments	12.2	2,616,778	15,367,993
Provision for investment securities	12.4	(352,616)	(7,884,343)
Long-term investments	**13**	**3,335,507**	**3,282,709**
Investment in a joint venture	13.1	3,117,572	3,018,057
Other long-term investments		240,662	264,652
Provision for long-term investments		(22,727)	-
Fixed assets		**10,811,098**	**10,996,975**
Tangible fixed assets	14	6,409,409	6,422,382
Cost		*15,445,093*	*14,817,602*
Accumulated depreciation		*(9,035,684)*	*(8,395,220)*
Intangible fixed assets	15	4,401,689	4,574,593
Cost		*6,387,313*	*6,302,326*
Accumulated amortization		*(1,985,624)*	*(1,727,733)*
Other assets	**16**	**33,757,479**	**32,651,217**
Receivables	16.1	22,822,852	22,349,498
Accrued interest and fee receivables		7,799,044	6,675,886
Deferred corporate income tax assets	23.1	-	91,609

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE B02/TCTD-HN

CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2020

	Notes	31 December 2020 VND million	31 December 2019 VND million
Other assets	16.2	3,208,896	3,545,301
Provision for other assets	16.3	(73,313)	(11,077)
TOTAL ASSETS		**1,341,436,468**	**1,240,711,475**
LIABILITIES			
Due to the Government and the State Bank of Vietnam	**17**	**44,597,188**	**70,602,893**
Deposits and borrowings from other credit institutions	**18**	**128,519,115**	**109,483,059**
Deposits from other credit institutions	18.1	98,537,440	82,538,040
Borrowings from other credit institutions	18.2	29,981,675	26,945,019
Customer deposits	**19**	**990,331,285**	**892,785,228**
Other borrowed and entrusted funds	**20**	**2,733,251**	**5,775,899**
Valuable papers issued	**21**	**59,875,570**	**57,066,353**
Other liabilities		**29,968,809**	**27,643,225**
Interest and fee payables		16,085,370	17,835,374
Deferred corporate income tax liabilities	23.2	38,008	117,066
Other payables	22.1	13,075,416	9,205,097
Other provision		770,015	485,688
TOTAL LIABILITIES		**1,256,025,218**	**1,163,356,657**
OWNERS' EQUITY			
Capital		46,724,652	46,724,637
- Charter capital		*37,234,046*	*37,234,046*
- Share premium		*8,974,698*	*8,974,683*
- Other capital		*515,908*	*515,908*
Reserves		11,605,468	9,610,061
Foreign exchange differences		481,781	626,014
Undistributed profits		26,000,630	19,832,683
Non-controlling interests		598,719	561,423
TOTAL OWNERS' EQUITY	**26**	**85,411,250**	**77,354,818**
TOTAL LIABILITIES AND OWNERS' EQUITY		**1,341,436,468**	**1,240,711,475**

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE B02/TCTD-HN

CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2020

OFF-BALANCE SHEET ITEMS

	31 December 2020 VND million	31 December 2019 VND million
Credit guarantees	7,995,477	526,118
Foreign exchange commitments	303,101,636	190,185,460
- Foreign exchange commitments - buy	*13,463,062*	*4,525,641*
- Foreign exchange commitments - sell	*13,673,951*	*4,741,892*
- Currency swap contracts	*275,964,623*	*180,917,927*
Letters of credit	48,283,386	34,487,895
Other guarantees	50,018,900	51,550,780
Other commitments	52,679,205	20,798,816

Prepared by:	Reviewed by:	Approved by:
Mr. Ngo Xuan Hai Head of Financial Accounting Management Department	Mr. Nguyen Hai Hung Chief Accountant	Ms. Nguyen Hong Van Deputy General Director

Hanoi, Vietnam

22 March 2021

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE B04/TCTD-HN

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2020

	Notes	2020 VND million	2019 VND million
Interest and similar income	27	83,677,717	82,742,771
Interest and similar expenses	28	(48,096,888)	(49,543,734)
Net interest and similar income		**35,580,829**	**33,199,037**
Fee and commission income		8,342,502	7,888,130
Fee and commission expenses		(4,001,586)	(3,832,752)
Net fee and commission income	**29**	**4,340,916**	**4,055,378**
Net gain from trading in foreign currencies	**30**	**1,999,721**	**1,564,300**
Net gain from held-for-trading securities	**31**	**601,275**	**365,564**
Net gain/(loss) from investment securities	**32**	**360,950**	**(790,728)**
Other income		2,694,931	2,357,430
Other expenses		(785,226)	(859,995)
Net gain from other activities	**33**	**1,909,705**	**1,497,435**
Income from investments in other entities	**34**	**524,038**	**628,400**
TOTAL OPERATING EXPENSES	**35**	**(16,085,348)**	**(15,734,862)**
Net profit before provision for credit losses		**29,232,086**	**24,784,524**
Provision expense for credit losses		(12,147,237)	(13,003,531)
PROFIT BEFORE TAX		**17,084,849**	**11,780,993**
Current corporate income tax expense	25.1	(3,315,063)	(2,286,552)
Deferred tax expense	25.2	(12,552)	(17,452)
Corporate income tax expense		**(3,327,615)**	**(2,304,004)**
PROFIT AFTER TAX		**13,757,234**	**9,476,989**
Non-controlling interests		**63,646**	**15,722**
Owners' net profit		**13,693,588**	**9,461,267**
Basic earnings per share (VND/share)	**26.5**	**3,678**	**1,966**

Prepared by:

Mr. Ngo Xuan Hai
Head of Financial Accounting Management Department

Reviewed by:

Mr. Nguyen Hai Hung
Chief Accountant

Approved by:

Ms. Nguyen Hong Van
Deputy General Director

Hanoi, Vietnam
22 March 2021

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE B04/TCTD-HN

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2020

	Notes	2020 VND million	2019 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		82,205,508	82,973,160
Interest and similar payments		(49,901,673)	(47,525,820)
Net fee and commission receipts		4,717,441	4,256,422
Net receipts from foreign currencies, gold and securities trading activities		3,052,193	2,676,918
Other income/(expenses)		394,785	(205,603)
Recoveries from bad debts written-off previously	33	1,751,795	1,337,954
Payments for operating and salary expenses		(15,289,442)	(14,329,018)
Corporate income tax paid during the year	24	(2,631,634)	(1,500,561)
Net cash flows from operating profit before changes in operating assets and liabilities		**24,298,973**	**27,683,452**
Changes in operating assets		***(106,066,316)***	***(91,283,259)***
Increase in deposits at and loans to other credit institutions		(2,406,359)	(2,320,366)
Increase in trading securities		(11,750,383)	(8,477,370)
Decrease/(increase) in derivatives and other financial assets		332,590	(188,546)
Increase in loans to customers		(80,062,325)	(61,586,214)
Utilization of provision to write off loans to customers, securities, long-term investments and other receivables		(19,710,547)	(8,758,783)
Decrease/(increase) in other assets		7,530,708	(9,951,980)
Changes in operating liabilities		***89,612,979***	***62,053,130***
(Decrease)/increase in due to the SBV and the Government		(26,005,705)	8,002,734
Increase/(decrease) in deposits and borrowings from other credit institutions		19,036,056	(1,916,553)
Increase in customer deposits		97,546,057	66,969,109
Increase in valuable papers issued (except for valuable papers issued for financing activities)		2,809,217	10,849,994
Decrease in other borrowed and entrusted funds		(3,042,648)	(158,130)
Decrease in other liabilities		(729,998)	(21,691,804)
Payments from reserves	26.1	-	(2,220)
Net cash flows from/(used in) operating activities		**7,845,636**	**(1,546,677)**

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE B04/TCTD-HN

CONSOLIDATED CASH FLOW STATEMENT (continued)

for the year ended 31 December 2020

	Notes	2020 VND million	2019 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(715,459)	(378,539)
Proceeds from disposal of fixed assets		108,296	389,844
Payments for disposal of fixed assets		(1,273)	(251,854)
Proceeds from investments in other entities		23,990	304,905
Dividends and profits received from long-term investments		67,061	367,593
Net cash flows (used in)/from investing activities		**(517,385)**	**431,949**
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in share capital from capital contribution and/or share issuance	26.1	-	586,882
Dividend payment to shareholders		(1,881,229)	(26,124)
Net cash flows from financing activities		**(1,881,229)**	**560,758**
Net cash flows in the year		**5,447,022**	**(553,970)**
Cash and cash equivalents at the beginning of the year		**155,046,744**	**155,544,719**
Impact of exchange rate fluctuation		**(318,690)**	**55,995**
Cash and cash equivalents at the end of the year	**36**	**160,175,076**	**155,046,744**

Prepared by:

Mr. Ngo Xuan Hai
Head of Financial Accounting Management Department

Reviewed by:

Mr. Nguyen Hai Hung
Chief Accountant

Approved by:

Ms. Nguyen Hong Van
Deputy General Director

Hanoi, Vietnam

22 March 2021

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2020 and for the year then ended

1. GENERAL INFORMATION

Vietnam Joint Stock Commercial Bank for Industry and Trade (herein referred to as "the Bank" or "VietinBank") is a joint stock commercial bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was incorporated on the basis of equitizing Vietnam Bank for Industry and Trade, a State-owned commercial bank that was incorporated under the name of Vietnam Industrial and Commercial Bank in accordance with Decree No. 53/ND-HDBT dated 26 March 1988 of the Ministers' Council on the organization of the State Bank of Vietnam ("SBV"). The Bank was officially renamed Vietnam Bank for Industry and Trade in accordance with Decision No. 402/CT dated 14 November 1990 granted by the Chairman of Ministers' Council. Also, the Governor of the SBV signed Decision No. 285/QD-NH5 dated 21 September 1996 to re-establish the Bank under State corporation model. On 25 December 2008, Vietnam Bank for Industry and Trade successfully carried out its initial public offering.

The Bank was equitized and renamed Vietnam Joint Stock Commercial Bank for Industry and Trade on 3 July 2009 according to Establishment and Operating License No. 142/GP-NHNN dated 3 July 2009 issued by the State Bank of Vietnam and Business Registration No. 0103038874 dated 3 July 2009 issued by Hanoi Authority for Planning and Investment. The latest amended Business Registration No. 0100111948 of the Bank was issued for the 11th time by Hanoi Authority for Planning and Investment on 1 November 2018.

The Bank was established to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; offering short, medium and long-term loans and advances to organizations and individuals based on the nature and ability of the Bank's capital resources; conducting foreign exchange transactions, international trade finance services; discounting commercial papers, bonds and other valuable papers; and providing other banking services as allowed by the State Bank of Vietnam.

Charter capital

As at 31 December 2020, the charter capital of the Bank is VND 37,234,046 million (31 December 2019: VND 37,234,046 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

1. GENERAL INFORMATION (continued)

Location

The Bank's Head Office is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2020, the Bank has one (01) Head Office; two (02) Local representative offices (in Da Nang and Ho Chi Minh City); nine (09) Administrative units include: one (01) School of Human Resource Development and Training; one (01) Information Technology centre; one (01) Card centre; one (01) Trade finance centre; five (05) Cash management centres; one-hundred and fifty five (155) branches and seven (07) subsidiaries; foreign networks include: one (01) overseas representative office in Myanmar; two (02) branches in the Federal Republic of Germany, one (01) 100% owned bank in Lao People's Democratic Republic (VietinBank Lao Limmited).

Employees

The Bank has 24,480 employees as at 31 December 2020 (31 December 2019: 24,105 employees).

Subsidiaries

As at 31 December 2020, the Bank has seven (07) directly owned subsidiary companies and one (01) subsidiary bank as follows:

Subsidiaries	Operating Licences	Nature of Business	Ownership
VietinBank Leasing Company Limited (*)	Business Registration No. 0101047075/GP dated 31 August 2009 granted by Hanoi Authority for Planning and Investment, 10th amendment dated 5 November 2020	Finance and banking	100%
VietinBank Securities Joint Stock Company	Establishment and Operating License No. 107/UBCK - GP dated 1 July 2009 granted by State Securities Commission and Amended License No. 25/GPDC-UBCK dated 25 May 2020	Security market	75.6%
VietinBank Debt Management and Asset Exploitation Company Limited	Business Registration No. 0302077030/GP dated 20 July 2010 granted by Department of Planning and Investment of Ho Chi Minh City, 5th amendment dated 24 November 2017	Asset management	100%
VietinBank Insurance Joint Stock Corporation	Establishment and Operating License No. 21/GP-KDBH dated 12 December 2002 granted by the Ministry of Finance and Amended License No. 21/GPDC27/KDBH dated 13 June 2019 granted by the Ministry of Finance	Non-life insurance	73.4%
VietinBank Gold & Jewellery Trading Company Limited	Business Registration No. 0105011873/GP dated 25 November 2010 granted by Hanoi Authority for Planning and Investment, 7th amendment dated 22 July 2019	Gold and jewellery trading and manufacturing	100%
VietinBank Fund Management Company Limited	Establishment and Operating License No. 50/UBCK-GP dated 26 October 2010 granted by State Security Commission and Amended License No. 76/GPDC-UBCK dated 27 November 2020	Fund management	100%
VietinBank Global Money Transfer Company Limited	Business Registration No. 0105757686 dated 3 January 2012 granted by Hanoi Authority for Planning and Investment, 1th amendment dated 13 March 2015	Monetary transfer intermediary	100%
VietinBank Lao Limited	Business Registration No. 068/NHCHDCNDL dated 8 July 2015 granted by Lao DPR Central Bank	Finance and Banking	100%

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

1. GENERAL INFORMATION (continued)

(*) On 22 June 2020, the Board of Directors of the Bank issued Resolution No. 231/NQ-HDQT-NHCT2.1 to (i) approving the transfer 49% of charter capital of VietinBank Leasing Company Limited ("VietinBank Leasing") owned by the Bank to a foreign investors - Mitsubishi UFJ Lease & Finance and transfer 1% of charter capital of VietinBank Leasing owned by the Bank to another domestic investor; and (ii) approving the transformation of legal form of VietinBank Leasing from a single-member limited liability credit institution to a multi-member limited liability credit institution upon completion of charter capital transfering. As at 31 December 2020, the Bank is in the process of applying for the approval from the relevant authority for the legal transformation of VietinBank Leasing.

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 Accounting period

The Bank's fiscal year starts on 1 January and ends on 31 December.

2.2 Accounting currency

Currency used in preparation of financial statement of the Bank is Vietnam Dong ("VND"). For the purpose of preparing consolidated financial statements as at 31 December 2020, all amounts are rounded to the nearest million and presented in VND million. The presentation makes no impact on readers' view of consolidated financial position, consolidated income statement and consolidated cash flows.

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 Statement of compliance

The Management of the Bank confirms that the accompanying consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the consolidated financial statements.

3.2 Accounting standards and system

The consolidated financial statements of the Bank and its subsidiaries are prepared in accordance with the Accounting System applicable to Credit Institutions required under Decision No. 479/2004/QD-NHNN issued on 29 April 2004, Circular No. 10/2014/TT-NHNN dated 20 March 2014 and Circular 22/2017/TT-NHNN issued on 29 December 2017 amending and supplementing Decision No. 479/2004/QD-NHNN; Decision No. 16/2007/QD-NHNN dated 18 April 2007, Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QD-NHNN and the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QD-NHNN by the Governor of the State Bank of Vietnam and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series No.1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series No.2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series No.3);

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.2 Accounting standards and system (continued)

- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series No. 4); and

- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series No.5).

Accordingly, the accompanying consolidated financial statements and their utilization are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position and results of consolidated operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

3.3 Assumptions and uses of estimates

The preparation of the consolidated financial statements requires management of the Bank to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income, expenses and the results of provisions. The actual results may differ from such estimates and assumptions.

3.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the year ended 31 December 2020.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the Bank and its subsidiaries are prepared for the same reporting period, using consistent accounting policies.

All intra-company balances, income and expenses and unrealized gains or losses resulting from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Bank and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Changes in accounting policies and disclosures

The accounting policies adopted by the Bank in preparation of the consolidated financial statements are consistent with those followed in the preparation of the Bank's consolidated financial statements for the year ended 31 December 2019.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balance with the SBV, demand deposits and placements with other credit institutions with an original maturity of not more than three months from the transaction date, Government treasury bills and other short-term valuable papers eligible for rediscount with the SBV, securities with recovery or maturity period of not more than three months from date of purchase which are readily convertible into defined amounts of cash and that are subject to an insignificant risk of change in value.

4.3. Placements with and loans to other credit institutions

Placements with and loans to other credit institutions are presented at the principal amounts outstanding at the end of the year.

Placements with and loans to other credit institutions are classified and provisioned for in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 ("Circular 02") regulating classification of assets, levels and method of setting up risk provisions, and use of provisions against credit risks in the banking activity of credit institutions, foreign bank branches and Circular No. 09/2014/TT-NHNN dated 18 March 2014 ("Circular 09") amending, supplementing a number of Articles of the Circular 02.

Accordingly, the Bank makes a specific provision for placements with (except for current accounts) and loans to other credit institutions according to the method as described in *Note 4.5.*

According to Circular 02, the Bank is not required to make a general provision for placements with and loans to other credit institutions.

4.4 Loans to customers

Loans to customers are presented at the principal amounts outstanding at the end of the fiscal year.

Provision for credit losses on loans to customers is accounted and presented in a separate line in the consolidated balance sheet.

Short-term loans have maturity of less than one year from disbursement date. Medium-term loans have maturity from one to under five years from disbursement date. Long-term loans have maturity from five years from disbursement date.

Loan classification and provision for credit losses are made according to Circular 02 and Circular 09 as presented in *Note 4.5.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets

Loan classification

The classification of placements with and loans to other credit institutions, direct and entrusted investments in unlisted corporate bonds, loans to customers and entrustments for credit granting (collectively called "debts") is made using both the quantitative and qualitative methods as regulated under Article 10 and Article 11 of Circular 02 and other additional amendments. In case the classification results under Articles 10 and 11 are not the same, the debts must be classified into the higher risk group.

Group	Loan classification using the quantitative method	Loan classification using the qualitative method
1 Current	a. Debts in due and assessed as fully and timely recoverable for both principals and interests; or b. Debts overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	Debts assessed as fully and timely recoverable for both principals and interests.
2 Special Mention	a. Debts overdue for a period between 10 days and 90 days; or b. Debts whose repayment terms are restructured for the first time.	Debts assessed as fully recoverable for both principals and interests but there is a sign of decline in customers' capability to pay their debts.
3 Sub-standard	a. Debts overdue for a period between 91 days and 180 days; or b. Debts whose repayment terms are extended for the first time; or c. Debts whose interests are exempted or reduced because customers do not have the capability to repay all interests under credit contracts; or d. Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: - Debts violating Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or - Debts violating Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or - Debts violating Clauses 1, 2 and 5 under Article 128 of Law on Credit Institutions. e. Debts required to be recovered according to regulatory inspection conclusions.	Debts assessed as not fully recoverable for both principals and interests when due, having a possibility of making losses.
4 Doubtful	a. Debts overdue for a period of between 181 days and 360 days; or b. Debts whose repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or c. Debts whose repayment terms are restructured for the second time; or d. Debts specified in point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or e. Debts required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions.	Debts assessed as having a high possibility of making losses.

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets (continued)

Loan classification (continued)

Group	Loan classification using the quantitative method	Loan classification using the qualitative method
5 Loss	a. Debts overdue for a period of more than 360 days; or	Debts assessed as not recoverable, capital loss.
	b. Debts whose repayment terms are restructured for the first time but still overdue for a period of 90 days or more under that first restructured repayment term; or	
	c. Debts whose repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or	
	d. Debts whose repayment terms are restructured for the third time or more, regardless of being overdue or not; or	
	e. Debts specified in point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or	
	f. Debts required to be recovered under regulatory inspection conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection conclusions; or	
	g. Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches whose capital and assets are blocked.	

When the Bank participates in a syndicated loan not as a lead bank, it classifies loans (including the syndicated loan) of the customer into the higher risk group assessed by other participants.

When a customer has more than one debt with the Bank and any of the outstanding debts is classified into a higher risk group, the Bank has to classify the entire remaining debts of that customer into the corresponding higher risk group.

Since 1 January 2015, credit institutions, foreign bank branches have been required to use the updated information from Credit Information Centre ("CIC") about the loan group of customers at the time of loan classification to adjust the classification group of loans and off-balance sheet items (This regulation does not apply to the results of loan classification for customers of the Vietnam Development Bank provided by CIC). Accordingly, debts are classified based on risk level as follows: Current, Special Mention, Sub-standard, Doubtful and Loss. Loans which are classified as Sub-standard, Doubtful and Loss are non-performing loans.

For loans in agricultural and rural areas, the Bank is allowed to restructure debt while keeping the corresponding debt group unchanged once in accordance with Circular No. 10/2015/TT-NHNN dated 22 July 2015 and Circular No. 25/2018/TT-NHNN dated 24 October 2018 amending, supplementing Circular No. 10/2015/TT-NHNN guiding the implementation of a number of contents of Decree No. 55/2015/ND-CP dated 9 June 2015 issued by the Government on credit policies supporting agricultural and rural development.

The Bank also applies the regulations under Circular No. 01/2020/TT-NHNN ("Circular 01") dated 13 March 2020 by the State Bank of Vietnam on loan restructuring, exemption or reduction of interest and fees and retention of loan classification group to assist the borrowers affected by Covid-19 pandemic. Accordingly, the Bank has restructured the loans qualified under Circular 01 and retained their classification groups as before 23 January 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets (continued)

Specific provision

Specific provision as at 31 December 2020 is made based on the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the loan classification results as at 30 November 2020.

The specific provision rate for each loan group is as below:

Group		Provision rate
1	Current	0%
2	Special Mention	5%
3	Sub-standard	20%
4	Doubtful	50%
5	Loss	100%

The basis for determination of the value and discounted value for each type of collateral is specified in Circular 02 and Circular 09 amending and supplementing a number of articles of Circular 02.

General provision

General provision as at 31 December is made at 0.75% of total outstanding loans as at 30 November 2020 excluding placements with and loans to other credit institutions and loans classified as loss group.

Write-off bad debts

Provisions are recognized as an expense on the consolidated income statement and used to write-off bad debts. According to Circular 02, the Bank establishes a Risk Management Committee to deal with bad debts if they are classified as loss group or if the borrower is a dissolved, bankrupt organization or individual who is dead or missing.

4.6 Securities held for trading

Securities held for trading include debt securities, equity securities and other securities acquired and held for the purpose of reselling within one year to gain profit on price variances.

Securities held for trading are initially recognized at cost. Gains or losses from sales of trading securities are recognized in the consolidated income statement.

Interest and dividends derived from securities held for trading are recognized on a cash basis in the consolidated income statement.

Provision for impairment of securities held for trading is recorded when their book value is higher than their market value as stipulated in Circular No. 48/2019/TT-BTC ("Circular 48") dated 08 August 2019 issued by the Ministry of Finance. Provision for impairment is recognized in the consolidated income statement as *"Net gain from securities held for trading"*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Securities held for trading (continued)

Provision for credit losses of corporate bonds, which are not listed on the stock market or not registered on the unlisted public company market, is made in accordance with Circular 02 and Circular 09 as described in *Note 4.5.*

4.7 Investment securities

Investment securities are classified into two categories: available-for-sale and held-to-maturity investment securities. The Bank classifies investment securities on their purchase dates. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 issued by the SBV, the Bank is allowed to reclassify investment securities no more than one time after the purchase date.

4.7.1 Available-for-sale securities

Available-for-sale securities include debts and equity securities that are acquired by the Bank for investment and available-for-sale purposes, not regularly traded but can be sold when there is a benefit. For equity securities, the Bank is neither the founder shareholder nor the strategic partner and does not have the ability to make certain influence in establishing and making the financial and operating policies of the investees through a written agreement on assignment of its personnel to the Board of Directors/Management.

Available-for-sale equity securities are initially recognized at cost at the purchase date and continuously presented at cost in subsequent periods.

Available-for-sale debt securities are recognized at par value at the purchase date. Accrued interest before acquisition (for debt securities with interest payment in arrears) and deferred interest (for debt securities with interest payment in advance) are recognized in a separate account. Discount/ premium, which is the difference between the cost and the amount being the par value plus (+) accrued interest before acquisition (if any) or minus (-) deferred interest (if any), is also recognized in a separate account.

In subsequent periods, these securities are continuously recorded at par value, and the discount/ premium (if any) is amortized to the consolidated income statement on a straight-line basis over the remaining term of securities. The interest received in arrears is recorded as follows: Cumulative interest incurred before the purchasing date is recorded as a decrease in the accrued interest, cumulative interest incurred after the purchasing date is recognized as income based on the accumulated method. The interest received in advance is amortized into the securities investment interest income on a straight-line basis over the term of the securities investment.

Available-for-sale securities are subject to impairment review on a periodical basis.

Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Circular 48. In case market prices of securities are not available or cannot be determined reliably, no provision is required. Provision is recognized in the *"Net gain/(loss) from investment securities"* account of the consolidated income statement.

Provision for credit losses of corporate bonds which are not listed on the stock market or not registered on the unlisted public company market is made in accordance with Circular 02, Circular 09 as described in *Note 4.5.*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investment securities (continued)

4.7.2 Held-to-maturity investment securities

Held-to-maturity investment securities include special bonds issued by Vietnam Asset Management Company ("VAMC") and other held-to-maturity securities.

Special bonds issued by VAMC

Special bonds issued by VAMC are fixed-term valuable papers used to purchase bad debts of the Bank. These special bonds are initially recognized at face value at the date of transaction and subsequently carried at the face value during the holding period. Face value of the special bonds equals the outstanding balance of the sold debts less their unused specific allowance.

During the holding period, the Bank regularly calculates and makes annual allowance in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 issued by the SBV amending and supplementing some articles of Circular No. 19/2013/TT-NHNN stipulating the purchase, sale and bad debt written-off of VAMC.

In accordance with Circular No. 14/2015/TT-NHNN, each year within 5 consecutive working days prior to the maturity date of special bonds, the Bank is obliged to fully make specific provision for each special bond using the below formula:

$$X_{(m)} = \frac{Y}{N} \times m - (Z_m + X_{m-1})$$

In which:

- $X_{(m)}$: minimum specific provision for special bonds in the m^{th} year;
- X_{m-1}: accumulated specific provision for special bonds in the $m-1^{th}$ year;
- Y: face value of special bonds;
- n: term of special bonds (years);
- m: number of years from the bond issuance date to the provision date;
- Z_m: accumulated bad debt recoveries at the provision date (m^{th} year). Credit institutions should co-operate with VAMC to determine the recovery amount of the bad debts.

If $(Z_m + X_{m-1}) \geq (Y/n \times m)$, the specific provision $(X_{(m)})$ will be zero (0).

Specific provision for special bonds is recognized in the consolidated income statement in *"Provision expense for credit losses"*. General provision is not required for the special bonds.

On maturity date of special bonds, interest recovered from the debt is recorded to *"Interest and similar income"*. When receiving bad debts from VAMC, credit institutions use specific provisions to write off bad debts. The difference between the provision and the carrying amount of the debt is recognized in *"Other income"*.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investment securities (continued)

4.7.2 Held-to-maturity investment securities (continued)

Other held-to-maturity securities

Held-to-maturity securities are debt securities purchased by the Bank for investment purpose of earning interest and the Bank has the capability and intention to hold these investments until maturity. Held-to-maturity securities have the determined value and maturity date. In case the securities are sold before the maturity date, these securities will be reclassified to securities held for trading or available-for-sale securities.

Held-to-maturity securities are recorded and measured similarly to available-for-sale debt securities, which is presented at *Note 4.7.1.*

4.8 Investments in joint ventures

Investments in joint ventures whereby the Bank is subject to joint control are initially stated at cost.

Distributions from net accumulated profit of joint ventures after the date on which control is transferred to the Bank are recognized in the consolidated income statement. Other distributions are considered as recoveries of investments and deducted from the investment value.

4.9 Other long-term investments

Other long-term investments represent capital investments in other enterprises where the Bank owns less than 11% of voting rights and is either a founding shareholder or a strategic partner; or has influences on the enterprise' planning and determining of financial and operating policies of entities being invested in under writing agreements to appoint personnel to the members' council/board of directors/board of management but the Bank does not have significant control or influence over the investees.

Other long-term investments include equity securities and other long-term capital contributions which are intended to be held, withdrawn or settled for a period of more than one year (except for capital contributions and investments into joint-ventures, associates and subsidiaries).

Other long-term investments are initially recognized at cost.

The allowance for diminution in the value of long-term investments is made if there are reliable evidences of the diminution in value of the economic entities in which the Bank invests at the end of the accounting period in accordance with Circular No. 48/2019/TT-BTC dated 8 August 2019 ("Circular 48") issued by the Ministry of Finance. Accordingly, the allowance amount is the difference between the parties' actual capital contributions to the economic entity and the actual owners' equity multiplied (x) by the ratio of capital invested by the Bank to the total actual capital of the economic entity at the end of the annual accounting period. For an investment in listed shares or shares whose market price can be determined reliably, allowance is made based on the shares' market price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Re-purchase and re-sale contracts

Securities sold under agreements to be repurchased at a specific date in the future (repos) are still recognized in the consolidated financial statements. The corresponding cash received from these agreements is recognized in the consolidated balance sheet as a borrowing and the difference between the sale price and repurchase price is amortized in the consolidated income statement over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

Securities purchased under agreements to be resold at a specific date in the future are not recognized in the consolidated financial statements. The corresponding cash paid under these agreements is recognized as a loan in the consolidated balance sheet and the difference between the purchase price and resale price is amortized in the consolidated income statement over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

4.11 Fixed assets

Fixed assets are stated at cost less accumulated depreciation or amortization.

The cost of a fixed asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the consolidated income statement.

When assets are sold or retired, their cost and accumulated depreciation are deducted from the consolidated balance sheet item and any gain or loss resulting from their disposal is recorded to the consolidated income statement.

4.12 Depreciation and amortization

Depreciation of tangible fixed assets and amortization of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	05 - 40 years
Machinery and equipment	03 - 07 years
Means of transportation	06 - 07 years
Other tangible fixed assets	04 - 25 years
Land use rights (*)	Upon lease term
Computer software	03 - 08 years

(*) Indefinite land use rights are not amortized. Definite land use rights are amortized over the lease or usage term.

4.13 Receivables

4.13.1 Receivables classified as credit risk bearing assets

Receivables classified as credit risk bearing assets are recognized at cost. Doubtful receivables are classified and provisioned for by the Bank in accordance with the regulations about recognition and use of provision to write off the credit risk as presented in *Note 4.5*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Receivables (continued)

4.13.2 Other receivables

Receivables other than receivables from credit risks of the Bank are initially recorded at cost and always carried at cost subsequently.

Provision for receivables is determined based on the overdue status of debts or expected loss in case the debts are not due for payment yet, but the corporate debtors are bankrupt or in the process of dissolution, or individual debtors are missing, fleeing, deceased, prosecuted, on trial or serving sentences. Provision expense incurred is recorded in *"Total operating expenses"* of the consolidated income statement.

Provision for overdue debts is made in accordance with Circular No. 48/2019/TT-BTC as follows:

Overdue status	*Allowance rates*
From over six months up to one year	30%
From one to under two years	50%
From two to under three years	70%
From three years and above	100%

4.14 Prepaid expenses and deferred expenses

Prepaid expenses include short-term or long-term prepaid expenses on the consolidated balance sheet and are amortized over the period for which the amount is paid or the period in which economic benefits are generated in relation to these expenses.

4.15 Leasing

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. Rentals payable under leases are charged to *"Other expenses"* in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Bank as lessor

Amounts due from lessees under finance leases are recorded as loan to customer in the consolidated balance sheet at the amount of the Bank's net investment in the leases. Financial leases are recorded as principal of loan to customer and income from these are recognized as *"Interest and similar income"*. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

Operating lease assets are recorded on the consolidated balance sheet. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease and independent on payment method. Initial direct costs incurred for obtaining income from the operating lease are recognized as expenses in the period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Leasing (continued)

The Bank as lessee

Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease.

4.16 Recognition of income and expense

4.16.1 Interest income and expenses

Interest income and interest expenses are recognized in the consolidated income statement on an accrual basis. The recognition of accrued interest income of a loan is suspended when that loan is classified in groups 2 to 5 in compliance with Circular 02, reconstructed under Circular 01 or remains its current loan group under other State policies. Suspended interest income is monitored in an off-balance sheet and recognized in the consolidated income statement upon actual receipt.

Fees and commissions are recognized on an accrual basis. Fees from guarantee activities, letter of credit, investment activities (bonds, etc.) are recognized on accrual/amortized basis.

4.16.2 Income from securities trading

Income from securities trading is recognized as differences between selling price and cost of securities sold.

4.16.3 Dividends

Dividends received in cash from investment activities are recognized as an income when the Bank's rights to receive dividends are established.

Dividends which are received in the form of shares, bonus shares and the right to buy shares for current shareholders, and shares from undistributed profits are not recognized as an increase in investment value and are not recorded as an income of the Bank but the number of shares is updated.

4.16.4 Revenue from insurance business

Gross written premiums are recognized in accordance with Circular No. 50/2017/TT-BTC dated 1 July 2017 ("Circular 50") on financial regime applicable to insurers, reinsurers, insurance brokers and foreign non-life insurance branches.

Accordingly, gross written premiums are recognized as revenue at the point of time when the following conditions are met: (i) the insurance contract has been entered into by the insurer and the insured; and (ii) there is evidence of a contract being signed and the premium paid by the insured or (iii) there is agreement between the Corporation and the insured on premium payment period. Premium payment period shall not exceed 30 days from policy inception date. For instalment contracts, non-life insurers are required to record revenue from insurance premium of the first instalment as of the insurance contract's effective date and record revenue from premium of the following instalments only when the policy holder makes full premium payment under the agreement of the contract. If policyholder cannot make full premium payment as agreed in the contracts, insurance contract shall be automatically terminated after contractual premium payment date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16.4 Revenue from insurance business (continued)

Prepaid premium before due date as at the end of the fiscal year is recorded as *"Revenue pending for allocation"* in the consolidated balance sheet.

Premium return and premium reduction are considered as revenue deduction and must be booked separately. At year end, these amounts are net-off to gross written premium to calculate net written premium.

4.16.5 Income from other services

Where the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

4.16.6 Recognition of receivables not yet collected

According to Circular No. 16/2018/TT-BTC dated 07 February 2018 issued by the Ministry of Finance, receivables from accrued income but not yet collected at the due date are recorded as reduction in revenue if the income has been accrued in the same accounting period or recorded as expense if the income has been accrued in different accounting periods and monitored in the off-balance sheet. Upon actual receipt of these receivables, the Bank recognizes them in the consolidated income statement.

4.16.7 Claim settlement expenses of insurance activities

Claim settlement expense is recognized at the point of time when the claim documents are completed and approved by authorized persons. Any claim that is not yet approved by authorized persons is considered as an outstanding claim and included in claim reserve.

4.16.8 Commission expenses for insurance activities

Commission is calculated at percentage of direct premiums for specific line of insurance as stipulated in Circular 50. Commission expense is allocated and recognized in the income statement for direct premiums earned during the period.

4.17 Deposits from other credit institutions, customers and valuable papers issued, other borrowed and entrusted funds

Deposits from other credit institutions, customer deposits and valuable papers issued, other borrowed and entrusted funds are disclosed at the principal amounts outstanding at the date of the consolidated financial statements. Issuing costs are initially deducted from original cost of bond. The Bank gradually amortised these costs to *"Interest and similar expenses"* on straight-line basis over the term of the valuable papers.

4.18 Foreign currency transactions

According to Bank accounting system, all transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using the exchange rates ruling at the consolidated balance sheet date *(Note 47)*. Income and expenses denominated in foreign currencies during the year are converted into VND at the exchange rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recorded and monitored in the "Foreign exchange differences" under "Owners' equity" and will be transferred to the consolidated income statement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Payables and accruals

Payables and accruals are recognized for amounts to be paid in the future for goods and services received, whether or not billed to the Bank.

4.20 Technical reserves for insurance

The technical reserves of VietinBank Insurance Joint Stock Corporation include (a) technical reserves for non-life insurance and (b) technical reserve of health insurance. The reserve appropriation methodologies are based on Official Letter No. 2821/BTC-QLBH dated 13 March 2018, which was approved by Ministry of Finance, in accordance with Circular 50.

Details of such reserving methodologies are as follows:

a) Technical reserves for non-life insurance

i. Unearned premium reserve

Unearned premium reserve is calculated as a percentage of total premium or in accordance with a coefficient of the insurance contracts' terms, as such:

- For insurance contracts with a term of less than 1 year: for line of cargo insurance delivered by road, water, inland water, railway and airway, unearned premium reserve is made at 25% of the total insurance premium. For other insurance lines, unearned premium reserve is calculated at 50% of the total insurance premium.

- For insurance contracts with a term of more than 1 year, unearned premium reserve is calculated based on the 1/8 method. This method assumes that premiums for all insurance contracts issued in a quarter equally spread along the quarter. In other words, all insurance contracts of a particular quarter are assumed to be effective at that mid-quarter. Unearned premium reserve is calculated based on the following formula:

$$\text{Unearned premium reserve} = \text{Premiums} \times \text{Unearned premium rate}$$

- Gross and assumed unearned premium reserve is presented as liabilities. Unearned premium reserve of outward reinsurance is presented as reinsurance asset.

ii. Claim reserve

Claim reserve includes the reserve for outstanding claims and for claims incurred but not reported.

- Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year after deducting the amount recoverable from reinsurers; and

- Reserve for incurred but not reported claims for which the insurer is liable (IBNR) is established for each insurance operation as per formula below:

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Technical reserves for insurance (continued)

ii. Claim reserve (continued)

$$\text{Reserve for payment of losses which have incurred but not yet reported for the current fiscal year} = \frac{\text{Total indemnity for claims incurred but not reported at the end of the last three fiscal years}}{\text{Total indemnity for losses arising in the last three fiscal years}} \times \text{Indemnity for losses arising in the current fiscal year} \times \frac{\text{Net operating revenue of current fiscal year}}{\text{Net operating revenue of the previous fiscal year}} \times \frac{\text{Average delay in claim intimation of current fiscal year}}{\text{Average delay in claim intimation of previous fiscal year}}$$

In which:

- The compensation amount arising from a fiscal year includes the compensation amount actually paid in the year plus increase/decrease of the provision for losses incurred under the insurance liability but still unresolved in financial year-end.

- The average time of delaying the claim for compensation is the average time since the loss occurs until the non-life insurance enterprise, foreign branch, reinsurance enterprise receives the notice of loss or a claim form for compensation (in days)

  - Gross and assumed reinsurance claim reserve is presented as liabilities; claim reserve of outward reinsurance is presented as reinsurance asset.

iii. Catastrophe reserve

- Catastrophe reserve is accrued annually until such reserve reaches 100% of the retained premiums of the current fiscal year and is made based on retained premiums according to Circular 50.

- Catastrophe reserve is presented as liabilities.

On 28 December 2005, the Ministry of Finance issued Decision No. 100/2005/QD-BTC governing the publication of four new accounting standards, one of which is Vietnamese Accounting Standard ("VAS") 19 – Insurance Contract. Following the issuance of this Standard, starting from January 2006, the provision of catastrophe reserve is no longer required since it represents "possible claims under contracts that are not in existence at the reporting date". However, since the Ministry of Finance has not issued detailed guidance for the implementation of VAS 19 and in accordance with the provision set out in Decree 73/2016/ND-CP issued by the Government of Vietnam on 1 July 2016 ("Decree No. 73") on the details of the implementation of the Law on Insurance Business and amendments to certain articles of the Law on Insurance Business, the Corporation has elected to adopt the policy of providing for the catastrophe reserve at 1% of total retained premiums for the year 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Technical reserves for insurance (continued)

b) Technical reserve for health insurance

i. Mathematical reserve

- Regarding health insurance contracts with a term of more than 1 year, mathematical reserve is calculated based on the 1/8 method.
- Regarding health insurance contracts provided by a non-life insurer or foreign branch which only cover death or total permanent disability, mathematical reserve is set aside based on a coefficient of the remaining days of insurance contracts.
- Mathematical reserve is recorded in un-earned premium reserve account in the balance sheet.

ii. Unearned premiums reserve

Regarding insurance contracts with a term of less than or equal to 1 year, unearned premiums reserve is calculated at 50% of the total insurance premiums.

iii. Claim reserve

- Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year after deducting the amount recoverable from reinsurers; and
- Reserve for incurred but not reported claims for which the insurer is liable (IBNR) is established for each insurance operation as per formula below:

$$\text{Reserve for payment of losses which have incurred but not yet reported for the current fiscal year} = \frac{\text{Total indemnity for claims incurred but not reported at the end of the last fiscal three years}}{\text{Total indemnity for losses arising in the last three fiscal years}} \times \text{Indemnity for losses arising in the current fiscal year} \times \frac{\text{Net operating revenue of current fiscal year}}{\text{Net operating revenue of the previous fiscal year}} \times \frac{\text{Average delay in claim intimation of current fiscal year}}{\text{Average delay in claim intimation of previous fiscal year}}$$

In which:

- The compensation amount arising from a fiscal year includes the compensation amount actually paid in the year plus increase/decrease of the provision for losses incurred under the insurance liability but still unresolved in financial year-end.
- The average time of delaying the claim for compensation is the average time since the loss occurs until the non-life insurance enterprise, foreign branch, reinsurance enterprise receives the notice of loss or a claim form for compensation (in days).

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Technical reserves for insurance (continued)

b) Technical reserve for health insurance (continued)

iii. Claim reserve (continued)

- Gross and assumed reinsurance claim reserve is presented as liabilities; claim reserve of outward reinsurance is presented as reinsurance asset.

iv. Equalization reserve

Equalization reserve for health insurance is established at 1% of net premium and recognised in catastrophe reserve account on balance sheet.

4.21 Corporate income taxes

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be paid to (or recovered from) the taxation authorities - applying the tax rates and tax laws enacted at the consolidated balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Bank to offset current tax assets against current tax liabilities and when the Bank intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for consolidated financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Corporate income taxes (continued)

Deferred tax (continued)

- where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each consolidated balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each consolidated balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the consolidated balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Bank to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- either the same taxable entity; or

- when the Bank intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.22 Classification for off-balance sheet commitments

According to Circular 02, credit institutions only classify guarantees, payment acceptances and irrevocable loan commitments with specific effective date (generally called *"off-balance sheet commitments"*) in compliance with Article 10, Circular 02 for management and monitoring of credit quality. Accordingly, off-balance sheet commitments are classified into the following groups: *Current, Special Mention, Sub-standard, Doubtful* and *Loss* based on the overdue status and other qualitative factors.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 Derivatives

The Bank involves in currency forward contracts and currency swap contracts to facilitate customers' transferring, adjusting or reducing foreign exchange risk or other market risks, and also serve the Bank's business purposes.

Currency forward contracts

Currency forward contracts are commitments to sell or buy a specific currency on a pre-determined future date at a pre-determined exchange rate and are settled by cash. The currency forward contracts are recognized at nominal value at the transaction date and are revalued periodically, from which gains or losses are recognized in the *"Foreign exchange differences"* under *"Owners' equity"* in the consolidated balance sheet and will be transferred to the consolidated income statement at the end of the fiscal year.

Swap contracts

Swap contracts are commitments to settle by cash on a pre-determined future date based on the difference between pre-determined exchange rates calculated on a notional principal amount or commitments to settle interest amounts based on a floating rate or a fixed rate calculated on a notional amount and in the same period.

Differences in interest rate swaps are recognized in the consolidated income statement on an accrual basis.

4.24 Employee benefits

4.24.1 Post - employment benefits

Employees at the Bank shall be entitled to receive allowances from the Social Insurance Fund upon retirement and shall be subsidized by the Bank two (2) months of additional salary based on job positions with the average KPI of the consecutive six months before retirement.

Employees who retire early due to the Bank's labour reorganization policy are entitled to receive allowances equal to half of the basic salary on which the annual (12 months) social insurance premium is calculated, and half of the basic salary on which the monthly social premium for early retirement is calculated (with a maximum of no more than 48 months of early retirement).

4.24.2 Severance allowance

Under Section 48 of the Vietnam Labour Code 10/2012/QH13 effective from 1 May 2013, employees working at the Bank when terminating their labour contracts in accordance with the law and the Bank's policies are entitled to receive allowances equal to a half-month salary calculated on the basis of the average salary under the labour contract of the preceding six months before terminating their labour contracts for each working year (12 months). Accordingly, the working time at the Bank to calculate the severance payment is the total actual working time at the Bank minus the time employees participating in the unemployment insurance in accordance with the law on unemployment insurance and the working time for which severance allowances have been paid by the employer.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.24 Employee benefits (continued)

4.24.3 Unemployment insurance

According to Circular No. 28/2015/TT-BLDTBXH providing guidelines for Article 52 of the Law on Employment and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government providing guidelines for the Law on Employment in term of unemployment insurance, the Bank is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance.

4.25 Capital and reserves

4.25.1 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from share premium in equity.

4.25.2 Share premium

On receipt of capital from shareholders, the difference between the issuance price and the par value of the shares is recorded as share premium in equity.

4.25.3 Reserves

i. The Bank's reserves

Reserves are for specific purposes and appropriated from net profit after tax of the Bank at prescribed rates as below:

- Supplementary charter capital reserve: 5% of net profit after tax and does not exceed charter capital;
- Financial reserve: 10% of net profit after tax;
- Bonus to the Management, bonus and welfare funds are appropriated according to the decision approved in the Annual General Meeting of Shareholders;
- Other reserves: are to be made in accordance with the current regulations and decisions of the Annual General Meeting of Shareholders.

ii. Subsidiaries' reserves

Reserves at subsidiaries are appropriated under the Bank's policy, except for the following companies, which are appropriated in accordance with relevant legal regulations:

VietinBank Securities Joint Stock Corporation and VietinBank Fund Management Company Limited: reserves are appropriated from the Companies' net profit after tax according to Circular No. 146/2014/TT-BTC dated 6 October 2014 issued by the Ministry of Finance at prescribed rates as below:

- Supplementary charter capital reserve: 5% of net profit after tax and does not exceed 10% of charter capital;
- Financial reserve: 5% of net profit after tax and does not exceed 10% of charter capital.

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.25 Capital and reserves (continued)

4.25.3 Reserves (continued)

ii Subsidiaries' reserves (continued)

VietinBank Insurance Joint Stock Corporation: the statutory reserve is made as per Decree No. 73/2016/NĐ-CP dated 1 July 2016 promulgated by the Government at the following rate:

- Statutory reserve fund: 5% of profit after tax, not exceeding 10% of the Company's charter capital

These reserves will be appropriated at the end of the fiscal year.

4.26 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset financial assets against financial liabilities or vice-versa, and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

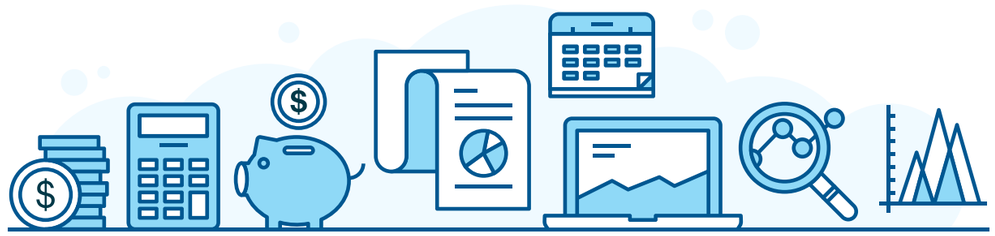
4.27 Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of Business combination plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Bank's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized ten (10) years on a straight-line basis.

4.28 Nil balance items

Items or balances required by Decision No. 16/2007/QD-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the SBV regarding the financial reporting mechanism for credit institutions to be not shown in these consolidated financial statements indicate nil balance.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

5. CASH, GOLD AND GEMSTONES

	31 December 2020 VND million	31 December 2019 VND million
Cash on hand in VND	8,898,754	7,327,399
Cash on hand in foreign currencies	968,117	922,422
Monetary gold	45,089	12,074
Other gemstones	18,221	20,831
	9,930,181	**8,282,726**

6. BALANCES WITH THE STATE BANK OF VIETNAM ("the SBV")

	31 December 2020 VND million	31 December 2019 VND million
Balance with the SBV		
- In VND	55,135,829	21,219,322
- In foreign currencies	2,480,821	3,654,392
	57,616,650	**24,873,714**

Balances with the SBV include current accounts and compulsory reserves.

In accordance with regulations of the SBV about compulsory reserves, banks are permitted to maintain a certain balance with the SBV in their compulsory reserve account. The average monthly compulsory reserves must not be lower than the preceding month's average deposit balance multiplied by the corresponding compulsory reserve ratio.

Compulsory reserve ratios as at the reporting date are as follows:

	31 December 2020	31 December 2019
Preceding month's average deposit balance:		
Customer deposits		
- Deposits in foreign currencies with term under 12 months	8.00%	8.00%
- Deposits in foreign currencies with term from 12 months and over	6.00%	6.00%
- Deposits in VND with term under 12 months	3.00%	3.00%
- Deposits in VND with term from 12 months and over	1.00%	1.00%
Foreign credit institutions' deposits		
- Deposits in foreign currencies	1.00%	1.00%

As at 31 December 2020, compulsory reserves in VND and in foreign currencies bore interest at rates of 0.5% per annum and 0% per annum, respectively (as at 31 December 2019: 0.8% per annum and 0% per annum).

As at 31 December 2020, deposits in foreign currencies exceeding the compulsory reserve bore an interest rate of 0.05% per annum (as at 31 December 2019: 0.05% per annum).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

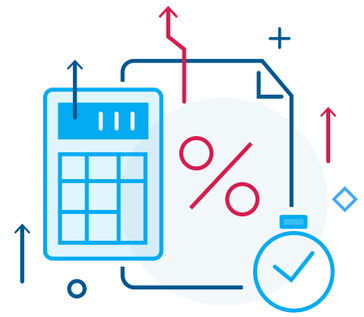
as at 31 December 2020 and for the year then ended

7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	31 December 2020 VND million	31 December 2019 VND million
Placements with other credit institutions		
Current accounts	37,969,725	59,830,519
- *In VND*	*17,870,903*	*54,755,345*
- *In foreign currencies*	*20,098,822*	*5,075,174*
Term deposits	54,658,520	63,254,239
- *In VND*	*45,115,000*	*34,938,860*
- *In foreign currencies*	*9,543,520*	*28,315,379*
	92,628,245	**123,084,758**
Loans to other credit institutions		
In VND	6,682,777	5,804,080
In foreign currencies	3,221,796	499,680
	9,904,573	**6,303,760**
	102,532,818	**129,388,518**

Placements with and loans to other credit institutions by loan group are as follows:

	31 December 2020 VND million	31 December 2019 VND million
Current	64,563,093	69,557,999



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

8. HELD-FOR-TRADING SECURITIES

	31 December 2020 VND million	31 December 2019 VND million
Debt securities	**5,060,257**	**3,137,327**
Government securities	3,555,344	2,363,665
Securities issued by other domestic credit institutions	697,353	111,318
Securities issued by other domestic economic entities	807,560	662,344
Equity securities	**662,903**	**913,918**
Equity securities issued by other domestic credit institutions	9	23,476
Equity securities issued by other domestic economic entities	662,894	890,442
Provision for held-for-trading securities	**(121,413)**	**(225,871)**
In which:		
Provision for diminution in value	*(116,927)*	*(225,871)*
General provision	*(4,486)*	-
	5,601,747	**3,825,374**

8.1 Held-for-trading securities by listing status

	31 December 2020 VND million	31 December 2019 VND million
Debt securities	**5,060,257**	**3,137,327**
Listed securities	4,252,697	2,474,983
Unlisted securities	807,560	662,344
Equity securities	**662,903**	**913,918**
Listed securities	323,863	559,962
Unlisted securities	339,040	353,956
	5,723,160	**4,051,245**

8.2 Provision for held-for-trading securities

Movement of general provision for impairment of held-for-trading securities during 2020 is as follows:

	General provision VND million	Specific provision VND million	Total VND million
Opening balance as at 1 January 2020	-	-	-
Provision charged during the year	4,486	-	4,486
Closing balance as at 31 December 2020	**4,486**	**-**	**4,486**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

9. DERIVATIVES AND OTHER FINANCIAL ASSETS

	31 December 2020 VND million	31 December 2019 VND million
Currency derivative financial instruments	**63,191**	**460,677**
Currency forward contracts	26,794	45,185
Currency swap contracts	36,397	415,492
Commodity option contracts	**-**	**-**
Other derivative financial instruments	**73,931**	**9,035**
	137,122	**469,712**

10. LOANS TO CUSTOMERS

	31 December 2020 VND million	31 December 2019 VND million
Loans to domestic economic entities and individuals	998,965,695	920,678,908
Discounted bills and valuable papers	1,998,693	1,389,621
Financial lease	3,303,174	2,785,755
Payments on behalf of customers	7,788	10,337
Loans financed by entrusted funds	116,523	348,928
Loans to foreign economic entities and individuals	10,941,397	10,057,396
	1,015,333,270	**935,270,945**

10.1 Analysis of loan portfolio by quality

	31 December 2020 VND million	31 December 2019 VND million
Current	1,003,015,015	918,780,095
Special mention	2,799,154	5,677,439
Sub-standard	1,857,241	2,062,615
Doubtful	1,611,589	1,546,701
Loss	6,050,271	7,204,095
	1,015,333,270	**935,270,945**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

10. LOANS TO CUSTOMERS (continued)

10.2 Analysis of loan portfolio by original maturity

	31 December 2020 VND million	31 December 2019 VND million
Short term loans	593,990,650	537,206,295
Medium term loans	61,855,251	61,930,487
Long term loans	359,487,369	336,134,163
	1,015,333,270	**935,270,945**

10.3 Analysis of loan portfolio by ownership and types of customers

	31 December 2020 VND million	%	31 December 2019 VND million	%
State-owned companies	54,570,720	5.37	42,213,282	4.51
Single-member limited liability companies with 100% State ownership	29,301,967	2.89	33,347,654	3.57
Multi-member limited liability companies with over 50% State ownership or being controlled by the State	7,633,633	0.75	6,628,148	0.71
Other limited liability companies	235,071,957	23.15	210,675,358	22.53
Joint stock companies with over 50% State ownership or voting share capital; or being controlled by the State	29,717,803	2.93	35,845,575	3.83
Other joint-stock companies	280,725,913	27.65	264,881,824	28.32
Partnership companies	363,403	0.04	48,495	0.01
Private enterprises	14,020,853	1.38	12,450,347	1.33
Foreign invested enterprises	55,290,088	5.45	50,541,116	5.40
Co-operatives and unions of co-operative	1,460,651	0.14	1,365,946	0.15
Household business and individuals	304,459,440	29.99	274,787,877	29.37
Administrative unit, the Party, unions and associations	1,547,265	0.15	1,553,548	0.17
Others	1,169,577	0.11	931,775	0.10
	1,015,333,270	**100**	**935,270,945**	**100**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

10. LOANS TO CUSTOMERS (continued)

10.4 Analysis of loan portfolio by sectors

	31 December 2020 VND million	%	31 December 2019 VND million	%
Construction	93,553,063	9.21	96,802,169	10.35
Production and distribution of electricity, gas and water	44,507,857	4.38	34,076,022	3.64
Production and processing	247,514,600	24.38	236,237,449	25.26
Mining	16,322,921	1.61	16,943,774	1.81
Agricultural, forestry and aquaculture	43,208,964	4.26	39,074,667	4.18
Transportation, logistics and telecommunication	24,268,965	2.39	22,358,726	2.39
Wholesale and retail, repairing of cars, motor vehicles and motorcycles	324,181,013	31.93	293,911,523	31.43
Trading and services	151,370,848	14.91	133,592,532	14.28
Households services, production of physical products and services used by households	46,327,291	4.56	41,905,460	4.48
Other activities	24,077,748	2.37	20,368,623	2.18
	1,015,333,270	**100**	**935,270,945**	**100**

11. PROVISION FOR CREDIT LOSSES ON LOANS TO CUSTOMERS

Movement of provision for credit losses on loans to customers during the year 2020 are as follows:

	General provision VND million	Specific provision VND million	Total VND million
Opening balance as at 1 January 2020	6,857,832	6,087,862	12,945,694
Provision charged during the year	507,791	5,819,142	6,326,933
Provision used to write off bad debts	-	(6,711,225)	(6,711,225)
Closing balance as at 31 December 2020	**7,365,623**	**5,195,779**	**12,561,402**

Movement of provision for credit losses on loans to customers during the year 2019 are as follows:

	General provision VND million	Specific provision VND million	Total VND million
Opening balance as at 1 January 2019 (restated)	6,768,218	6,291,746	13,059,964
Provision charged during the year	89,614	8,554,899	8,644,513
Provision used to write off bad debts	-	(8,758,783)	(8,758,783)
Closing balance as at 31 December 2019	**6,857,832**	**6,087,862**	**12,945,694**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

12. INVESTMENT SECURITIES

12.1 Available-for-sale securities

	31 December 2020 VND million	31 December 2019 VND million
Debt securities	**112,301,221**	**96,755,014**
Government debt securities	57,375,668	44,898,960
Debt securities issued by other domestic credit institutions	43,941,537	34,998,124
Debt securities issued by other domestic economic entities	10,984,016	16,857,930
Equity securities	**376,615**	**376,615**
Equity securities issued by domestic economic entities	376,615	376,615
Provision for available-for-sale securities	**(349,490)**	**(1,292,424)**
In which:		
Provision for diminution in value	*(50,918)*	*(168,306)*
General provision	*(298,572)*	*(293,268)*
Specific provision	-	*(830,850)*
	112,328,346	**95,839,205**

12.2 Held-to-maturity securities

12.2.1 Held-to-maturity securities (excluding special bonds issued by VAMC)

	31 December 2020 VND million	31 December 2019 VND million
Debt securities	**2,616,778**	**2,586,748**
Government bonds	2,200,000	2,200,000
Bonds issued by other domestic credit institutions	-	-
Bonds issued by other domestic economic entities	416,778	386,748
Provision for held-to-maturity securities	**(3,126)**	**(2,901)**
General provision	(3,126)	(2,901)
	2,613,652	**2,583,847**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

12. INVESTMENT SECURITIES (continued)

12.2 Held-to-maturity securities (continued)

12.2.2 Special bonds issued by VAMC

	31 December 2020 VND million	31 December 2019 VND million
Special bonds	-	12,781,245
Provision for special bonds	-	(6,589,018)
	-	**6,192,227**

12.3 Analysis by quality of investment securities classified as credit risk bearing assets

	31 December 2020 VND million	31 December 2019 VND million
Current	39,421,746	41,295,925
Special mention	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	590,000
	39,421,746	**41,885,925**

12.4 Provision for investment securities

Movement of provision for impairment of investment securities during the year 2020 is as follows:

	Available-for-sale securities VND million	Held-to-maturity securities VND million	Total VND million
Opening balance as at 1 January 2020	1,292,424	6,591,919	7,884,343
Provision (reversed)/charged in the year	(352,934)	5,820,528	5,467,594
Provision used to write off bad debts	(590,000)	(12,409,321)	(12,999,321)
Closing balance as at 31 December 2020	**349,490**	**3,126**	**352,616**

Movement of provision for impairment of investment securities during the year 2019 is as follows:

	Available-for-sale securities VND million	Held-to-maturity securities VND million	Total VND million
Opening balance as at 1 January 2019 *(restated)*	460,192	2,233,651	2,693,843
Provision charged in the year	832,232	4,358,268	5,190,500
Closing balance as at 31 December 2019	**1,292,424**	**6,591,919**	**7,884,343**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

13. LONG-TERM INVESTMENTS

Analysis by type of investments:

	31 December 2020 VND million	31 December 2019 VND million
Investment in a joint venture *(Note 13.1)*	3,117,572	3,018,057
Other long-term investments	240,662	264,652
Provision for long-term investments	(22,727)	-
	3,335,507	**3,282,709**

13.1 Investment in a joint venture

	31 December 2020			31 December 2019		
	Cost VND million	Carrying value (equity method) VND million	% owned	Cost VND million	Carrying value (equity method) VND million	% owned
Indovina Bank Limited	1,688,788	3,117,572	50%	1,688,788	3,018,057	50%
	1,688,788	**3,117,572**		**1,688,788**	**3,018,057**	

Indovina Bank Limited was established in Vietnam with the Head Office located in Ho Chi Minh City, whose main activity is providing banking services. This is a joint venture between the Bank and Cathay United Bank, a bank established in Taiwan. Indovina Bank Limited was granted Operating License No. 101/GP-NHNN dated 11 November 2019 (amended for Operating License No. 08/NH-GP dated 29 October 1992 issued by the State Bank of Vietnam) for the operating period of 99 years with the charter capital of USD 193,000,000.

Since its establishment, as approved by the State Bank, Indovina Bank Limited has made several capital increases, in which the value of capital contributed by the two parties to the joint venture increased but the proportion of contributed capital did not change. As at 31 December 2020, the charter capital of Indovina Bank Limited is USD 193,000,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

14. TANGIBLE FIXED ASSETS

Movements of tangible fixed assets in the year are as follows:

	Buildings and structures VND million	Machinery and equipment VND million	Means of transportation VND million	Other tangible fixed assets VND million	Total VND million
Cost					
Opening balance	7,570,864	5,357,272	1,551,252	338,214	14,817,602
Additions	116,971	177,049	93,901	15,332	403,253
Transfer from construction in progress	270,668	37,607	13,024	4,244	325,543
Disposals	(8,125)	(37,952)	(36,631)	(2,202)	(84,910)
Reclassification	-	924	-	(924)	-
Other increases/(decreases)	(25,510)	5,830	5,767	(2,482)	(16,395)
Closing balance	7,924,868	5,540,730	1,627,313	352,182	15,445,093
Accumulated depreciation					
Opening balance	2,263,151	4,787,977	1,074,669	269,423	8,395,220
Depreciation for the year	279,115	268,713	138,225	36,897	722,950
Disposals	(6,991)	(33,264)	(36,343)	(1,703)	(78,301)
Reclassification	-	924	-	(924)	-
Other increases/(decreases)	(12,879)	5,594	3,788	(688)	(4,185)
Closing balance	2,522,396	5,029,944	1,180,339	303,005	9,035,684
Net book value					
Opening balance	5,307,713	569,295	476,583	68,791	6,422,382
Closing balance	5,402,472	510,786	446,974	49,177	6,409,409

Cost of tangible fixed assets that are fully depreciated but are still in used as at 31 December 2020 is VND 6,171,281 million (as at 31 December 2019: VND 5,729,642 million).

15. INTANGIBLE FIXED ASSETS

Movements of intangible fixed assets in the year are as follows:

	Land use rights VND million	Other intangible fixed assets VND million	Total VND million
Cost			
Opening balance	4,091,247	2,211,079	6,302,326
Additions	6,856	2,896	9,752
Disposals	(52,345)	-	(52,345)
Other increases/(decreases)	(2,923)	130,503	127,580
Closing balance	4,042,835	2,344,478	6,387,313
Accumulated amortization			
Opening balance	325,248	1,402,485	1,727,733
Amortization for the year	38,931	208,885	247,816
Disposals	-	-	-
Other increases	9,374	701	10,075
Closing balance	373,553	1,612,071	1,985,624
Net book value			
Opening balance	3,765,999	808,594	4,574,593
Closing balance	3,669,282	732,407	4,401,689

Cost of intangible fixed assets that are fully depreciated but are still in used as at 31 December 2020 is VND 814,053 million (as at 31 December 2019: VND 858,261 million).

16. OTHER ASSETS

16.1 Receivables

	31 December 2020 VND million	31 December 2019 VND million
Internal receivables	323,683	285,104
External receivables	15,779,120	15,275,062
Construction in progress	5,628,132	5,730,014
- Constructions in the North	*5,210,728*	*5,247,938*
- Constructions in the Central	*330,482*	*304,640*
- Constructions in the South	*86,922*	*177,436*
Fixed assets in purchase or under repair	1,091,917	1,059,318
	22,822,852	**22,349,498**

16. OTHER ASSETS (continued)

16.2 Other assets

	31 December 2020 VND million	31 December 2019 VND million
Materials and tools	137,498	130,007
Prepaid expenses	3,054,606	3,398,502
Other assets	16,792	16,792
	3,208,896	**3,545,301**

16.3 Provision for other assets

	31 December 2020 VND million	31 December 2019 VND million
Provision for bad debts	51,574	9,780
Provision for obsolete inventories	21,739	1,297
	73,313	**11,077**

17. DUE TO THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	31 December 2020 VND million	31 December 2019 VND million
Borrowings from the SBV	**1,969,774**	**2,616,734**
Borrowings based on credit profiles	1,962,816	2,609,776
Borrowings to support State-owned enterprises	6,958	6,958
Deposits from the State Treasury and other dues	**42,627,414**	**67,986,159**
In VND	42,627,414	67,986,159
In foreign currencies	-	-
	44,597,188	**70,602,893**

18. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

18.1 Deposits from other credit institutions

	31 December 2020 VND million	31 December 2019 VND million
Demand deposits	**3,693,658**	**41,418,294**
In VND	3,277,392	40,981,731
In foreign currencies	416,266	436,563
Term deposits	**94,843,782**	**41,119,746**
In VND	80,534,690	35,846,997
In foreign currencies	14,309,092	5,272,749
	98,537,440	**82,538,040**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

18. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS (continued)

18.2 Borrowings from other credit institutions

	31 December 2020 VND million	31 December 2019 VND million
In VND	6,992,376	3,500,812
In foreign currencies	22,989,299	23,444,207
	29,981,675	**26,945,019**

19. CUSTOMER DEPOSITS

	31 December 2020 VND million	31 December 2019 VND million
Demand deposits	186,452,167	146,420,659
- Demand deposits in VND	*153,361,882*	*120,166,477*
- Demand deposits in foreign currencies	*33,090,285*	*26,254,182*
Term deposits	796,126,147	740,861,362
- Term deposits in VND	*764,975,526*	*712,001,684*
- Term deposits in foreign currencies	*31,150,621*	*28,859,678*
Deposits for specific purpose	2,859,487	2,336,638
- Deposits for specific purpose in VND	*2,178,695*	*1,507,119*
- Deposits for specific purpose in foreign currencies	*680,792*	*829,519*
Margin deposits	4,893,484	3,166,569
- Margin deposits in VND	*4,326,827*	*2,815,590*
- Margin deposits in foreign currencies	*566,657*	*350,979*
	990,331,285	**892,785,228**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

19. CUSTOMER DEPOSITS (continued)

Analysis of customer deposits by type of entities is as follows:

	31 December 2020 VND million	%	31 December 2019 VND million	%
State-owned companies	151,784,675	15.33	134,000,840	15.01
Single-member limited liability companies with 100% State ownership	17,775,617	1.79	18,924,304	2.12
Multi-member limited liability companies with over 50% State ownership or being controlled by the State	1,270,315	0.13	967,114	0.11
Other limited liability companies	33,523,426	3.39	34,231,510	3.83
Joint stock companies with over 50% State ownership or voting share capital; or being controlled by the State	39,700,557	4.01	38,090,520	4.27
Other joint-stock companies	65,837,792	6.65	55,567,154	6.22
Partnership companies	8,189,560	0.83	3,657,234	0.41
Private enterprises	3,867,391	0.39	4,322,656	0.48
Foreign invested enterprises	99,332,249	10.03	72,930,412	8.17
Co-operatives and unions of co-operative	1,616,504	0.16	451,800	0.05
Household business and individuals	497,404,616	50.23	472,022,908	52.87
Administrative units, the Party, unions and associations	39967,629	4.04	35,154,926	3.94
Others	30,060,954	3.02	22,463,850	2.52
	990,331,285	**100**	**892,785,228**	**100**

20. OTHER BORROWED AND ENTRUSTED FUNDS

	31 December 2020 VND million	31 December 2019 VND million
Funds received in VND	645,430	750,505
Funds received in foreign currencies	2,087,821	5,025,394
	2,733,251	**5,775,899**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

21. VALUABLE PAPERS ISSUED

	31 December 2020 VND million	31 December 2019 VND million
In VND	**59,874,697**	**57,065,477**
Par value	59,874,697	57,065,477
In foreign currencies	**873**	**876**
Par value	873	876
	59,875,570	**57,066,353**

Details of the term of valuable papers issued at the end of the year are as follows:

	Bills of exchange VND million	Bearer bonds VND million	Book-entry bonds VND million	Certificates of deposits VND million	Total VND million
Less than 12 months	197	-	-	-	197
- In VND	*197*	-	-	-	*197*
From 12 months to under 5 years	-	166	-	25,000,887	25,001,053
- In VND	-	*166*	-	*25,000,014*	*25,000,180*
- In foreign currencies	-	-	-	*873*	*873*
From 5 years	-	-	34,874,320	-	34,874,320
- In VND	-	-	*34,874,320*	-	*34,874,320*
Closing balance	**197**	**166**	**34,874,320**	**25,000,887**	**59,875,570**

22. OTHER LIABILITIES

22.1 Other payables

	31 December 2020 VND million	31 December 2019 VND million
Internal payables	3,892,705	3,472,757
External payables (*)	6,293,409	5,401,974
Bonus, welfare funds	2,889,302	330,366
	13,075,416	**9,205,097**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

22. OTHER LIABILITIES (continued)

22.1 Other payables (continued)

(*) Details of external payables are as follows:

	31 December 2020 VND million	31 December 2019 VND million
Collections, payments on behalf of other organizations	1,375,631	1,477,465
Amounts kept for customers and awaiting settlement	79,149	150,451
Corporate income tax payable (Note 25)	1,302,702	619,096
Other items awaiting payment	1,443,133	1,483,731
Tax and fee payables	1,210,143	635,988
Payables to the SBV due to the collection of written-off debts	214,092	194,236
Payables related to trade finance activities	95,009	92,380
Money transfer payable	8,904	6,008
Other payables	288,660	250,237
Collections, payments on behalf of other organizations	275,986	492,382
	6,293,409	**5,401,974**

23. DEFERRED CORPORATE INCOME TAX

The balance of deferred corporate income tax assets and the deferred corporate income tax liabilities at the year-end represent deferred corporate income tax assets and the deferred corporate income tax liabilities of some of the Bank's subsidiaries. Details are as follows:

23.1 Deferred corporate income tax assets

	31 December 2020 VND million	31 December 2019 VND million
Deferred tax assets arising from deductible temporary difference	-	91,609
	-	**91,609**

23.2 Deferred corporate income tax liabilities

	31 December 2020 VND million	31 December 2019 VND million
Deferred tax liabilities arising from deductible temporary difference	38,008	117,066
	38,008	**117,066**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

24. TAX AND OTHER OBLIGATIONS TO THE STATE BUDGET

	Opening balance VND million	Movements during the year: Payables VND million	Movements during the year: Paid VND million	Closing balance VND million
Value added tax	20,403	564,492	563,396	21,499
Corporate income tax	619,096	3,315,240	2,631,634	1,302,702
Other taxes	129,429	760,229	711,544	178,114
	768,928	**4,639,961**	**3,906,574**	**1,502,315**

25. CORPORATE INCOME TAX EXPENSE

25.1 Current corporate income tax expense

Since 1 January 2016, the Bank has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits according to Circular No. 78/2014/TT-BTC which was effective from 2 August 2014.

For VietinBank Lao Limited, the Bank shall calculate and determine the CIT payable according to the income tax regulations in Laos. According to Tax Law No. 67 issued by the National Assembly on 18 June 2019, the CIT amount of VietinBank Lao Limited is determined by 20% of the earned profit.

The Bank's tax reports are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amount reported in the consolidated financial statements could be changed at a later date upon final determination of the tax authorities.

Current corporate income tax payables are determined based on taxable income of the year. Taxable income differs from the one reported in the consolidated income statement since taxable income excludes incomes which are taxable or expenses which are deducted in prior years due to the differences between the Bank's accounting policies and the tax regulations. It also excludes tax exempted income and non-deductible expenses. The current corporate income tax payables of the Bank is calculated based on the statutory tax rates applicable at the year-end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

25. CORPORATE INCOME TAX EXPENSE (continued)

25.1 Current corporate income tax expense (continued)

Provision for current income tax expense is computed as follows:

	2020 VND million	2019 VND million
Profit before tax	**17,084,849**	**11,780,993**
Plus/(minus)		
- Non-bearing tax dividend income	(352,360)	(305,360)
- Subsidiaries' profits	(711,425)	(618,607)
- Income from increase in interest at joint venture	(114,261)	(103,895)
- Movement of provision for loans and bonds arising from consolidation process	9,783	118,875
- Others	47,082	16,883
Taxable income	**15,963,668**	**10,888,889**
Parent Bank's CIT expenses	3,192,734	2,177,778
Subsidiaries' CIT expenses	122,329	108,774
Total CIT expenses in the year	**3,315,063**	**2,286,552**
CIT payable/(refundable) at the beginning of the year	**619,096**	**(169,074)**
CIT paid during the year	(2,631,634)	(1,500,561)
Adjustment for CIT differences of previous years	177	2,179
Current income tax payable at the end of the year	**1,302,702**	**619,096**

25.2 Deferred corporate income tax expense

	2020 VND million	2019 VND million
Deferred corporate income tax expenses arising from deductible temporary differences	12,552	17,452
	12,552	**17,452**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

Unit: VND million

26. OWNERS' EQUITY AND RESERVES
26.1 Statement of changes in equity

	Charter capital	Share premium	Other owned capital	Capital supplementary reserve	Financial reserve	Investment and development fund	Foreign exchange difference	Undistributed profits	Non-controlling interests	Total
Balance as at 1 January 2019 *(restated)*	**37,234,046**	**8,974,698**	**207,470**	**2,732,611**	**5,369,065**	**65,941**	**599,602**	**11,836,676**	**296,225**	**67,316,334**
Net profit for the year	-	-	-	-	-	-	-	9,461,267	15,722	9,476,989
Appropriation to reserves	-	-	-	477,851	954,582	10,671	-	(1,443,104)	-	-
Appropriation to bonus and welfare funds of 2018	-	-	-	-	-	-	-	(41,812)	(2,927)	(44,739)
Increase from subsidiaries' share issue	-	-	308,438	-	-	-	-	-	278,444	586,882
Increase from translation of financial statements for consolidation purposes	-	-	-	-	-	-	26,412	-	-	26,412
Utilization of reserves	-	-	-	-	(2,220)	-	-	-	-	(2,220)
Dividends paid for the fiscal year 2018 to non-controlling interests	-	-	-	-	-	-	-	-	(26,124)	(26,124)
Other adjustments	-	(15)	-	-	1,022	538	-	19,656	83	21,284
Balance as at 31 December 2019	**37,234,046**	**8,974,683**	**515,908**	**3,210,462**	**6,322,449**	**77,150**	**626,014**	**19,832,683**	**561,423**	**77,354,818**
Net profit for the year	-	-	-	-	-	-	-	13,693,588	63,646	13,757,234
Appropriation to reserves	-	-	-	675,218	1,349,516	598	-	(2,025,332)	-	-
Appropriation to bonus and welfare funds	-	-	-	-	-	-	-	(3,568,790)	(6,538)	(3,575,328)
Decrease from translation of financial statements for consolidation purposes	-	-	-	-	-	-	(144,233)	-	-	(144,233)
Dividends paid for the fiscal year 2019	-	-	-	-	-	-	-	(1,915,509)	(19,527)	(1,935,036)
Other adjustments	-	15	-	(6,965)	(19,494)	(3,466)	-	(16,010)	(285)	(46,205)
Balance as at 31 December 2020	**37,234,046**	**8,974,698**	**515,908**	**3,878,715**	**7,652,471**	**74,282**	**481,781**	**26,000,630**	**598,719**	**85,411,250**

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

26. OWNERS' EQUITY AND RESERVES (continued)

26.2 Equity

Details of the Bank's authorised and issued shares are as follows:

	31 December 2020		31 December 2019	
	Shares	VND million	Shares	VND million
Number of authorised shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046
Number of issued shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046
- Ordinary shares	*3,723,404,556*	*37,234,046*	*3,723,404,556*	*37,234,046*
Number of shares in circulation	3,723,404,556	37,234,046	3,723,404,556	37,234,046
- Ordinary shares	*3,723,404,556*	*37,234,046*	*3,723,404,556*	*37,234,046*

The face value of each share of the Bank is VND 10,000.

26.3 Dividend

In accordance with Resolution No. 441/NQ-HDQT-NHCT2.1 dated 4 December 2020, the Board of Directors of the Bank has decided to pay cash dividend of 2019 at 5% of par value (one share received VND 500), which is equivalent to VND 1,861,702 million. By 30 December 2020, the Bank has completed the payment of dividends to its shareholders.

In accordance with Resolution No. 01/NQ-DHDCD.2020 dated 29 April 2020, the General Meeting of Shareholders of VietinBank Insurance Joint Stock Corporation has decided to pay cash dividend of 2019 at 11% of par value (one share received VND 1,100), which is equivalent to VND 73,333 million. By 21 June 2020, the Company has completed the payment of dividends to its shareholders.

26.4 Breakdown of the Banks' owner equity

Unit: VND million

	31 December 2020			31 December 2019		
	Total	Ordinary shares	Preferred shares	Total	Ordinary shares	Preferred shares
Contribution from the Government of Vietnam	24,001,066	24,001,066	-	24,001,066	24,001,066	-
Other capital contribution (shareholders, members...)	13,232,980	13,232,980	-	13,232,980	13,232,980	-
Share premium	8,974,698	8,974,698	-	8,974,683	8,974,683	-
Treasury shares	-	-	-	-	-	-
Total	**46,208,744**	**46,208,744**	**-**	**46,208,729**	**46,208,729**	**-**

26. OWNERS' EQUITY AND RESERVES (continued)

26.5 Basic earnings per share

Profit for calculation of basic earnings per share

	2020 VND million	2019 VND million (restated)
Net profit	13,693,588	9,461,267
Bonus and welfare fund (*)	-	(2,142,763)
Profit attributed to ordinary equity holders (*)	**13,693,588**	**7,318,504**

Number of ordinary shares for calculation of basic earnings

	2020 Shares	2019 Shares
Number of ordinary shares issued at the beginning of the year	3,723,404,556	3,723,404,556
Effect of the number of shares issued in the year	-	-
Weighted average of ordinary shares for calculation of basic earnings per share	**3,723,404,556**	**3,723,404,556**

Basic earnings per share

	2020 VND/share	2019 VND/share (restated)
Basic earnings per share (*)	**3,678**	**1,966**

(*) Profit attributed to ordinary equity holders and basic earnings per share are restated because the appropriation of bonus and welfare funds in 2019 is restated according to the Bank resolution.

27. INTEREST AND SIMILAR INCOME

	2020 VND million	2019 VND million
Interest income from deposits	2,263,553	3,121,356
Interest income from loans to customers	73,400,178	71,594,789
Interest income from debt securities	6,423,265	6,509,878
Income from guarantee activities	688,186	645,543
Income from finance leases	292,990	270,906
Other income from credit activities	609,545	600,299
	83,677,717	**82,742,771**

28. INTEREST AND SIMILAR EXPENSES

	2020 VND million	2019 VND million
Interest expenses for deposits	43,289,869	44,391,837
Interest expenses for borrowings	689,276	1,100,375
Interest expenses for valuable papers issued	3,923,225	3,680,910
Other expenses for credit activities	194,518	370,612
	48,096,888	**49,543,734**

29. NET FEE AND COMMISSION INCOME

	2020 VND million	2019 VND million
Fee and commission income	**8,342,502**	**7,888,130**
Settlement services	3,456,038	3,284,133
Advisory services	163,975	98,235
Trusted and agency services	177,882	131,427
Insurance services	2,348,967	2,154,701
Other services	2,195,640	2,219,634
Fee and commission expenses	**(4,001,586)**	**(3,832,752)**
Settlement services	(1,716,384)	(1,827,293)
Advisory services	(13,224)	(13,011)
Trusted and agency services	(183,716)	(133,299)
Treasury services	(333,535)	(301,880)
Insurance services	(1,524,305)	(1,283,159)
Other services	(230,422)	(274,110)
Net fee and commission income	**4,340,916**	**4,055,378**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

30. NET GAIN FROM TRADING IN FOREIGN CURRENCIES

	2020 VND million	2019 VND million
Income from foreign currencies trading	**17,807,817**	**5,488,757**
Income from spot foreign currencies spot trading	1,317,040	960,754
Income from currency derivatives trading	1,484,248	1,463,386
Income from gold trading	15,006,529	3,064,617
Expenses for trading in foreign currencies	**(15,808,096)**	**(3,924,457)**
Expenses for spot foreign currencies spot trading	(120,420)	(64,166)
Expenses for currency derivatives trading	(726,661)	(800,196)
Expenses for gold trading	(14,961,015)	(3,060,095)
Net gain from foreign currencies trading	**1,999,721**	**1,564,300**

31. NET GAIN FROM HELD-FOR-TRADING SECURITIES

	2020 VND million	2019 VND million
Income from held for trading securities	526,731	463,490
Expenses for held for trading securities	(29,913)	(19,782)
Provision charged/(reversed) for held for trading securities	104,457	(78,144)
Net gain from held for trading securities	**601,275**	**365,564**

32. NET GAIN/(LOSS) FROM INVESTMENT SECURITIES

	2020 VND million	2019 VND million
Income from trading in investment securities	9,076	43,975
Expenses for trading in investment securities	(835)	(3,221)
Provision reserved/(charged) for investment securities	352,709	(831,482)
Net gain/(loss) from investment securities	**360,950**	**(790,728)**

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

33. NET GAIN FROM OTHER ACTIVITIES

	2020 VND million	2019 VND million
Income from other activities	**2,694,931**	**2,357,430**
Income from recovery of bad debts previously written-off	1,751,795	1,337,954
Income from other derivatives	502,215	408,870
Income from transfer, disposal of assets	108,163	139,813
Other income	332,758	470,793
Expenses for other activities	**(785,226)**	**(859,995)**
Expenses for other derivatives	(353,120)	(377,461)
Expenses for transfer, disposal of assets	(53,715)	(1,823)
Other expenses	(378,391)	(480,711)
Net gain from other activities	**1,909,705**	**1,497,435**

34. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	2020 VND million	2019 VND million
Income received from equity securities	4,854	9,428
Income received from capital contribution	62,207	59,675
Share from net profit under equity method of investment in a joint venture	456,977	402,385
Income received from divestments	-	156,912
	524,038	**628,400**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

35. TOTAL OPERATING EXPENSES

	2020 VND million	2019 VND million
Expenses on taxes, fees, charges	**21,059**	**21,180**
Personnel expenses	**9,261,722**	**9,434,827**
Salary and allowances	7,425,497	7,769,361
Expenses related to salary	570,425	556,683
Allowances	4,718	2,994
Other expenses	1,261,082	1,105,789
Expenses on assets	**2,604,914**	**2,280,260**
Depreciation and amortization expenses	970,766	980,541
Other expenses	1,634,148	1,299,719
Administrative expenses	**3,193,804**	**2,950,282**
Per-diem	136,945	169,947
Expenses for union activities	15,769	33,359
Other expenses	3,041,090	2,746,976
Insurance premium for customer deposits	**722,082**	**663,368**
Other provision expenses (excluding provision expenses for credit loss on- and off-balance sheet credit loss; provision expenses for securities)	**281,767**	**384,945**
	16,085,348	**15,734,862**

36. CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the consolidated cash flow statement including items on the consolidated balance sheet are as follows:

	31 December 2020 VND million	31 December 2019 VND million
Cash and cash equivalents on hand	9,930,181	8,282,726
Balances with the SBV	57,616,650	24,873,714
Current accounts at other credit institutions	37,969,725	59,830,519
Placements with other credit institutions with terms not exceeding three (03) months	54,658,520	62,059,785
	160,175,076	**155,046,744**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2020 and for the year then ended

37. EMPLOYEES' REMUNERATIONS

	2020	2019
I. Total number of employees (persons) (*)	**24,480**	**24,105**
II. Employees' remuneration (VND million)		
1. Total salary fund	7,425,497	7,769,361
2. Other remuneration	422,871	356,255
3. Total remuneration (1+2)	7,848,368	8,125,616
4. Average monthly salary (**)	25.95	27.14
5. Average monthly remuneration (**)	27.42	28.38

(*) Data as at 31 December

(**) Calculated based on the average number of employees in the year

38. COLLATERAL AND MORTGAGES

38.1 Assets, valuable papers taken for mortgage, pledge and discount, rediscount

	31 December 2020 VND million	31 December 2019 VND million
Real estates	1,718,726,044	1,280,623,861
Movables	66,735,221	66,317,982
Deposits, gold, gemstones and valuable papers	163,123,438	143,377,428
Other assets	567,084,360	496,795,576
	2,515,669,063	**1,987,114,847**

Collaterals and mortgages held by the Bank which are permitted to sell to or re-pledge for a third party in the absence of default by the customers (owner of the collaterals) who are able to pay off the debts according to the law.

As at 31 December 2020, the Bank did not hold any collateral which the Bank is permitted to sell or re-pledge for a third party in the absence of default by the customers (owner of the collaterals) who are able to pay off the debt according to the law.

39. RELATED PARTY TRANSACTIONS

During normal business operation, the Bank has undertaken transactions with other parties to which the Bank is related. Parties are considered related if one is able to control or has significant influence on the other's decisions about financial policies and operations. A party is considered related to the Bank if:

(a) Directly, or indirectly through one or more intermediaries, that party:

- controls, is controlled by, or is under common control by the Bank (including parent bank and subsidiaries;
- has contributed capital (owning 5% or more of the charter capital or voting share capital) in the Bank and therefore, has significant influences over the Bank;
- has joint control over the Bank;

39. RELATED PARTY TRANSACTIONS (continued)

(b) The party is a joint venture in which the Bank is a venture or an associate (owning over 11% of the charter capital or voting share capital, but is not a subsidiary of the Bank);

(c) The party has a member who is also the key personnel of the Bank's Members' Council or Board of Management;

(d) The party is a close member in the family of any individual referred to in (a) or (c); or

(e) The party is an entity that is directly or indirectly controlled, jointly controlled or significantly influenced by, or has the right to vote, by any individual referred to in (c) or (d).

Details of significant balances with related parties as at 31 December 2020 are as follows:

Related organizations

Related parties	Relationship	Balances	31 December 2020 VND million	31 December 2019 VND million
The State Bank of Vietnam	Owner and direct management agency	Deposits of the Bank at the SBV	57,616,650	24,873,714
		Due to the SBV	1,969,774	2,616,734
Indovina Bank Limited	Joint venture	Deposits of the Bank and subsidiaries at Indovina Bank Limited	96,482	4,015,808
		Deposits of Indovina Bank Limited at the Bank	417,047	4,044,912

Details of significant transactions with related parties in the year are as follows:

Related Organizations

Related parties	Relationship	Transactions	2020 VND million	2019 VND million
The State Bank of Vietnam ("the SBV")	Owner and direct management agency	Increase in deposits of the Bank at the SBV	32,742,936	1,691,506
		Decrease in borrowings from the SBV	(646,960)	(777,783)
Indovina Bank Limited	Joint venture	(Decrease)/increase in deposits of the Bank and subsidiaries at Indovina Bank Limited	(3,919,326)	4,013
		(Decrease)/increase in deposits of Indovina Bank Limited at the Bank	(3,627,865)	4,277
		Interest income	7,942	4,014
		Interest expenses	(28,584)	(3,749)

39. RELATED PARTY TRANSACTIONS (continued)

Related individuals

Remuneration of the Board of Directors, the Management and the Supervisory Board:

	2020 VND million	2019 VND million
Board of Directors	13,235	13,696
Management	13,527	14,963
Supervisory Board	3,725	3,756
	30,487	**32,415**

40. SEGMENT INFORMATION

40.1 Business segment report

Unit: VND million

Items	Banking financial services	Non-banking financial services	Others	Adjustment	Total
I. Income	**95,582,058**	**3,008,649**	**15,384,164**	**(392,104)**	**113,582,767**
1. Interest income	83,208,974	482,938	104,745	(118,940)	83,677,717
- Interest income from external sources	*83,119,063*	*455,772*	*102,882*	-	*83,677,717*
- Interest income from internal sources	*89,911*	*27,166*	*1,863*	*(118,940)*	-
2. Income from services	6,066,979	2,458,296	3,624	(186,397)	8,342,502
3. Other income	6,306,105	67,415	15,275,795	(86,767)	21,562,548
II. Expenses	**(66,811,825)**	**(2,693,790)**	**(15,160,106)**	**315,040**	**(84,350,681)**
1. Interest expenses	(48,067,137)	(70,432)	(78,259)	118,940	(48,096,888)
- External interest expenses	*(48,006,658)*	*(11,972)*	*(78,258)*	-	*(48,096,888)*
- Internal interest expenses	*(60,479)*	*(58,460)*	*(1)*	*118,940*	-
2. Depreciation and amortization expenses	(948,997)	(10,333)	(11,436)	-	(970,766)
3. Expenses related to operating business	(17,795,691)	(2,613,025)	(15,070,411)	196,100	(35,283,027)
Net profit from operating activities before credit provision expenses	**28,770,233**	**314,859**	**224,058**	**(77,064)**	**29,232,086**
Provision expenses for credit losses	(12,133,813)	(7,463)	(17,648)	11,687	(12,147,237)
Segment profit before tax	**16,636,420**	**307,396**	**206,410**	**(65,377)**	**17,084,849**
Current corporate income tax expense	(3,227,216)	(63,523)	(24,324)	-	(3,315,063)
Deferred corporate income tax expense	-	(257)	(12,295)	-	(12,552)
Segment profit after corporate income tax	**13,409,204**	**243,616**	**169,791**	**(65,377)**	**13,757,234**

40. SEGMENT INFORMATION (continued)

40.1 Business segment report (continued)

Unit: VND million

Items	Banking financial services	Non-banking financial services	Others	Adjustment	Total
III.Assets	**1,336,159,694**	**7,720,382**	**4,884,020**	**(7,327,628)**	**1,341,436,468**
1. Cash on hand	9,857,658	990	71,533	-	9,930,181
2. Fixed assets	10,678,411	79,724	52,963	-	10,811,098
3. Other assets	1,315,623,625	7,639,668	4,759,524	(7,327,628)	1,320,695,189
IV. Liabilities	**1,252,617,782**	**4,731,825**	**3,469,217**	**(4,793,606)**	**1,256,025,218**
1. External liabilities	1,250,176,246	3,307,903	3,436,142	(4,787,781)	1,252,132,510
2. Internal liabilities	2,441,536	1,423,922	33,075	(5,825)	3,892,708

40.2 Geographical segment report

Items	North	South	Others	Offset	Total
Segment profit before tax	**13,082,681**	**3,184,735**	**882,808**	**(65,375)**	**17,084,849**
Current corporate income tax expense	(3,287,343)	(1,703)	(26,017)	-	(3,315,063)
Deferred corporate income tax expense	(12,552)	-	-	-	(12,552)
Segment profit after corporate income tax	**9,782,786**	**3,183,032**	**856,791**	**(65,375)**	**13,757,234**
Segment assets	772,691,871	412,099,129	163,973,096	(7,327,628)	1,341,436,468
Segment liabilities	697,292,962	403,380,596	160,145,266	(4,793,606)	1,256,025,218

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41. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY GEOGRAPHICAL REGIONS

	Total loans VND million	Total deposits VND million	Credit commitments VND million	Derivative financial instruments VND million	Trading and investment of securities VND million
Domestic	1,014,431,820	1,125,717,098	106,256,208	137,122	121,017,774
Overseas	10,806,023	5,779,041	41,555	-	-
	1,025,237,843	**1,131,496,139**	**106,297,763**	**137,122**	**121,017,774**

42. FINANCIAL RISK MANAGEMENT POLICIES

Under the guidance of the State Bank of Vietnam on enhancing the role of risk management in credit institutions, the Bank continues implementing risk management policies for its entire business to support a safe and steady growth of business activities.

In order to achieve sustainable development and improve operational efficiency and competitive advantage, the Bank has always been one of the pioneers in researching and applying international practices to its governance. In particular, the application of Basel II Accord is one of the Bank's prioritized solutions. Projects under the Basel II program focus on the comprehensive enhancing of risk management on material areas. Until now, the Bank has completed the first phase following standard methods and is preparing for the second phase following the State Bank of Vietnam's direction.

The application of advanced practices in risk management is a prerequisite for the integration and expansion of the Bank's influence in the global financial banking industry. The Bank has always played a pioneering role in modernizing the banking system. In addition, after Circular 13/2018/TT-NHNN ("Circular 13") stipulating the internal control system of commercial banks and foreign bank branches was issued, the Bank took initiatives in reviewing and adjusting regulations and processes in accordance with the requirements of Circular 13 to ensure compliance with the standards of internal control system, risk management, internal audit internal assessment of sufficient capital level.

In 2020, the Bank continued actively studying and implementing projects under the Basel II program in order to comprehensively enhance the management of all types of risks. Moreover, the Bank has continued to complete its policy system in five (5) levels, namely: (i) General policy regime, (ii) Detailed policies, (iii) Guidance documents on policies, (iv) General processes, and (v) Detailed processes for each product in order to ensure consistency and overall effectiveness of the policy system.

To manage risk related to financial instruments, the Bank has issued regulations, procedures, detailed guidance and internal indicators as well as strictly managed the balance between assets and liabilities, tightly controlled business activities' growth and credit quality; complied with limitation and safety ratio for operation; requirements for risk management as stipulated in Circular 22/2019/TT-NHNN and Circular 13/2018/TT-NHNN; regulations of the State Bank of Vietnam; and has met requirements for risk management in accordance with Basel II.

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43. CREDIT RISK

Credit risk is the risk that results in the Bank's loss because its customers or counterparties default on their contractual obligations or fail to fulfil their committed obligations.

Tools that the Bank uses to manage credit risk include:

For credit activities: The Bank manages and controls credit risk by setting limits for credit risk control corresponding to the Bank's risk capacity for each customer, segment, geographical region and industry.

The Bank has established a credit quality review process to provide early identification of possible changes in the financial position as well as solvency of counterparties based on the qualitative and quantitative factors. The limit for credit risk control corresponding to each counterparty is established based on the risk rating assigned by the credit rating system. This risk rating can be modified and updated regularly.

For investment activities/interbank lending activities: The Bank controls and manages risks by setting interbank investment limits for each specific counterparty based on the analysis and assessment of the Bank for that counterparty's risk level. These limits are set by the Financial Institution Committee and executed by the Treasury Trading Department.

Methods of minimizing credit risk

Credit risk bearing assets of the Bank are divided into the following groups:

- ***Financial assets which are neither past due nor impaired***

The Bank's financial assets which are neither past due nor impaired include loans classified as Current loans, except for the loans overdue less than 10 days, under Circular 02; securities, receivables and other financial assets which are not past due and whose provision is not required under Circular No. 48/2019/TT-BTC. The Bank believes that the Bank is fully capable of collect adequately and timely these financial assets in the future.

- ***Financial assets which are past due but not impaired***

Financial assets are overdue but not impaired because the Bank is currently holding enough collaterals to offset credit risks in accordance with the SBV's current regulations.

The Bank is currently holding collaterals in the forms of real estates, movables, valuable papers and other types for the above financial assets.

The maturity of overdue but not impaired financial assets is presented as follows:

Unit: VND million

	Overdue				
	Less than 90 days	91-180 days	181-360 days	Over 360 days	Total
Loans to customers	1,004,297	273,381	260,888	327,622	1,866,188

43. CREDIT RISK (continued)

Methods of minimizing credit risk (continued)

- ***Financial assets which are impaired***

The maturity of impaired financial assets is presented as follows:

Unit: VND million

	Overdue				
	Less than 90 days	91-180 days	181-360 days	Over 360 days	Total
Loans to customers	1,794,857	1,583,860	1,350,701	5,722,649	10,452,067

44. MARKET RISK

44.1 Interest rate risk

Interest rate risk is the possibility of the Bank's income or asset value being affected when market interest rate fluctuates.

Interest rate risk of the Bank can derive from investment activities, capital mobilization and lending activities.

The effective interest rate re-pricing period is the remaining period from the date of consolidated financial statements to the nearest interest rate re-pricing term of assets and capital. The following assumptions and conditions have been adopted in the analysis of the effective interest rate re-pricing period of the Bank's assets and liabilities:

- Cash, gold, gemstones, fixed assets and long-term investments are classified as non-interest-bearing items;
- Balances with the SBV are considered demand deposits, thus the effective interest rate re-pricing term is assumed to be within one month;
- The maturity of securities held-for-trading is calculated on the basis of the probable time to convert bonds into cash because this portfolio includes highly liquid bonds with fixed interest rates;
- The effective interest rate re-pricing term of placements with and loans to other credit institutions; investment securities; loans to customers; other assets; borrowings from the Government and the SBV; deposits and borrowings from other credit institutions; deposits from customers, valuable papers issued, grants, trusted funds and borrowings at risk of credit institutions is determined as follows:
  - Items with fixed interest rate during the contractual period: the effective interest rate re-pricing term is determined from the consolidated balance sheet date to maturity date;
  - tems with floating interest rate: the effective interest rate re-pricing term is determined from the consolidated balance sheet date to the nearest interest rate re-pricing date;
  - Accrued income, accrued expenses: Classified as non-interest-bearing items.

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44. MARKET RISK (continued)

44.1 Interest rate risk (continued)

The Bank's interest rate risk policies

For interbank lending activities (short-term), investment interest rate is based on the fluctuation of the market and the Bank's cost of capital. The interbank loans are usually short-term (of less than 3 months).

Based on forecasts on fluctuations of the market interest rate and its capital balancing ability, the Bank can make appropriate investment decisions.

For capital mobilization activities, interest rates are determined based on the market price, the business orientation of the Bank's management, the Bank's capital balance and regulations of the State Bank of Vietnam.

For lending activities, the Bank determines lending interest rates based on the coverage of cost of capital, management expenses, risk considerations, collaterals' values and market interest rate to ensure the Bank's competitiveness as well as the efficiency. The Head Office regulates the lending interest rate floor for each period; branches can decide lending interest rates of each customer for each period based on credit risk analysis and assessment provided that these rates are not below the regulated floor rate and the annual budgeted profit is assured. Besides, due to the capital structure mainly comprising funds with short interest rate re-pricing terms, the Bank requires that all long-term and medium-term loans' interest must be floating (interest rate are not fixed during the whole loans' periods) to minimize possible arising interest rate risk.

Interest rate risk management

The Bank manages interest rate risk at 2 levels: transaction level and portfolio level, in which the former is more focused.

Interest rate risk management at the portfolio level

- Since 2013, VietinBank has issued regulations and procedures for managing interest rate risk on the banking book, which stipulate the principles for managing interest rate risk on the banking book through the process of identification, measurement, control and monitoring of risk to ensure the balance between the interest rate risk control/prevention goal and the maximization of net interest income as well as the economic value of equity in the business operations of the Bank.
- The Bank has completed the design, officially implemented and continuously upgraded the Assets-Liabilities Management (ALM) software system, which runs to the transaction level under international practices, automatically provides reports on re-evaluation term differences by nominal terms and by behaviours, scenarios analysis reports on interest rate increase/decrease situations, etc. in order to facilitate the Bank's interest rate risk management activities.
- The Bank adjusts the re-pricing term of loans to the re-pricing term of capital, ensuring the re-evaluation term difference is within the permitted limit.

44. MARKET RISK (continued)

44.1 Interest rate risk (continued)

Interest rate risk management (continued)

Interest rate risk management at transaction level

- All credit contracts are required to include terms relating to interest rate risk prevention to ensure that the Bank can take initiative in coping with fluctuations of the market; lending interest rate must be set to accurately reflect the Bank's actual cost of capital;
- Management through the Fund Transfer Pricing (FTP) system: the Bank has completed and continuously improved the internal fund transfer pricing system (FTP), which enhanced the Bank's centralized capital and interest management. Depending on the orientation of the Bank and the market movements, the Head Office can change the capital trading price for each type of customers or products, etc. to give signals for the business units to determine their lending/capital mobilization rates.

44. MARKET RISK (continued)

44.1 Interest rate risk (continued)

The table below shows the interest rate re-pricing period of assets and liabilities of the Bank as at 31 December 2020:

		Overdue		Interest rate re-pricing period						
	Non-interest bearing VND million	Over 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets										
Cash, gold and gemstones	9,930,181	-	-	-	-	-	-	-	-	9,930,181
Balances with the SBV	-	-	-	57,616,650	-	-	-	-	-	57,616,650
Placements with and loans to other credit institutions (*)	-	-	-	82,655,818	17,464,900	2,062,100	350,000	-	-	102,532,818
Securities held for trading (*)	-	-	-	5,723,160	-	-	-	-	-	5,723,160
Derivatives and other financial assets	-	-	-	137,122	-	-	-	-	-	137,122
Loans to customers (*)	-	9,519,101	2,799,154	378,703,556	269,804,731	252,590,450	71,688,888	27,687,522	2,539,868	1,015,333,270
Investment securities (*)	376,615	-	-	5,397,288	6,363,083	7,968,057	23,340,098	41,299,383	30,550,090	115,294,614
Long-term investments (*)	3,358,234	-	-	-	-	-	-	-	-	3,358,234
Fixed assets	10,811,098	-	-	-	-	-	-	-	-	10,811,098
Other assets (*)	20,251,084	73,313	-	3,147,727	5,917,011	4,315,463	126,194	-	-	33,830,792
Total assets	**44,727,212**	**9,592,414**	**2,799,154**	**533,381,321**	**299,549,725**	**266,936,070**	**95,505,180**	**68,986,905**	**33,089,958**	**1,354,567,939**

(*): Excluding provision

44. MARKET RISK (continued)

44.1 Interest rate risk (continued)

	Non-interest bearing VND million	Overdue		Interest rate re-pricing period						Total VND million
		Over 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	
Liabilities										
Due to the Government and the SBV	-	-	-	42,864,597	650,097	637,176	445,318	-	-	44,597,188
Deposits and borrowings from other credit institutions	-	-	-	102,248,689	15,071,365	11,055,365	143,696	-	-	128,519,115
Customer deposits	-	-	-	441,458,716	189,644,870	156,653,224	186,786,596	15,780,958	6,921	990,331,285
Other borrowed and entrusted funds	-	-	-	-	2,733,251	-	-	-	-	2,733,251
Valuable papers issued	-	-	-	12,151,084	-	5,700,000	16,750,000	25,024,486	250,000	59,875,570
Other liabilities (*)	29,198,794	-	-	-	-	-	-	-	-	29,198,794
Total liabilities	**29,198,794**	**-**	**-**	**598,723,086**	**208,099,583**	**174,045,765**	**204,125,610**	**40,805,444**	**256,921**	**1,255,255,203**
Interest sensitivity gap of balance sheet items	**15,528,418**	**9,592,414**	**2,799,154**	**(65,341,765)**	**91,450,142**	**92,890,305**	**(108,620,430)**	**28,181,461**	**32,833,037**	**99,312,736**
Interest sensitivity gap of off-balance sheet items	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest sensitivity gap of on, off-balance sheet items	**15,528,418**	**9,592,414**	**2,799,154**	**(65,341,765)**	**91,450,142**	**92,890,305**	**(108,620,430)**	**28,181,461**	**32,833,037**	**99,312,736**

(*): Excluding provision

44. MARKET RISK (continued)

44.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Bank was incorporated and operates in Vietnam and its reporting currency is Vietnam Dong (VND). The Bank's main transaction currency is VND, while a part of the Bank's asset-capital is in foreign currencies (USD, EUR, etc.). Thus, currency risk may arise.

To prevent the risk of exchange rate fluctuations, the Bank has synchronously applied the following measures:

Based on actual data, the growth demand of affiliates and business orientations, the Treasury and Financial Planning Department analyses and projects cash inflows/outflows and proposes the capital planning for each currency unit (in VND, USD, and EUR equivalent) to the Bank's management, which is managed based on actual daily cash flows to ensure operational safety and effectiveness of the whole system.

The Bank's capital mobilization and lending activities are mainly in VND, with a small part is in USD, EUR and other foreign currencies. According to each period's business plan, the Bank has a currency position in its capital trading activities when making financial transactions on the market. The Bank sets limits for positions of each main currency based on the Bank's risk appetite, internal risk capacity and regulations of relevant regulatory authorities.

Currency positions are managed on a daily basis and hedging strategies are used by the Bank to ensure that the positions of currencies are maintained within the limits set.

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44. MARKET RISK (continued)

44.2 Currency risk (continued)

The following table presents assets and liabilities in foreign currencies translated into VND as at 31 December 2020:

	EUR equivalent VND million	USD equivalent VND million	Other currencies equivalent VND million	Total VND million
Assets				
Cash, gold and gemstones	185,417	821,428	24,582	1,031,427
Balances with the SBV	-	2,480,821	-	2,480,821
Placements with and loans to other credit institutions	912,339	16,877,891	15,073,908	32,864,138
Loans to customers (*)	5,018,334	76,146,910	2,903,854	84,069,098
Fixed assets	42,363	-	496,701	539,064
Other assets (*)	1,634,497	11,000,369	70,572	12,705,438
Total assets	**7,792,950**	**107,327,419**	**18,569,617**	**133,689,986**
Liabilities				
Deposits and borrowings from other credit institutions	196,019	36,517,650	1,000,988	37,714,657
Customer deposits	2,526,513	60,328,371	2,633,471	65,488,355
Derivatives and other financial liabilities	2,336,734	18,454,205	14,393,392	35,184,331
Other borrowed and entrusted funds	177,593	1,900,244	9,984	2,087,821
Valuable papers issued	-	873	-	873
Other liabilities (*)	2,471,613	1,235,898	334,834	4,042,345
Total liabilities	**7,708,472**	**118,437,241**	**18,372,669**	**144,518,382**
FX position on balance sheet	**84,478**	**(11,109,822)**	**196,948**	**(10,828,396)**
FX position off-balance sheet	**-**	**-**	**-**	**-**
Net on, off-balance sheet FX position	**84,478**	**(11,109,822)**	**196,948**	**(10,828,396)**

(*): Excluding provision

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44. MARKET RISK (continued)

44.3 Liquidity risk

Liquidity risk is defined as the risk that the Bank has difficulties in meeting obligations associated with its financial liabilities. Liquidity risk arises when the Bank might be unable to meet its payment obligations at their due dates or when the Bank has to mobilize funds at a higher cost to meet its payment obligations.

The Bank had issued regulations and procedures on liquidity management, including rules about managing liquidity gap through maturity, liquidity risk ratios, stress test scenarios and backup plans to proactively take measures when facing market volatility. To minimize liquidity risk, the Bank plans to diversify its funding sources, develops a fund management report system to calculate liquidity position on a daily basis, as well as prepares analysis and forecast report on future liquidity positions on a regular basis, setting liquidity risk appetite and capacity.

At monthly ALCO Council meetings, fund balance and liquidity of the Bank is one of the key contents to be discussed. At Risk Management Committee, Risk Management Council meetings, the compliance of liquidity risk appetite and risk capacity is also reviewed and reported. Based on analysis and evaluation, Risk Management Committee/ALCO/Risk Management Council makes recommendations to the Board of Directors and the Management to best remain the Bank's solvency in a safe and effective way.

In addition, the Bank also maintains a list of secondary liquid assets such as the Government bonds, which may be sold or under repurchased contracts with the State Bank of Vietnam. It is not only a secondary reserve in liquidity stress circumstances (if any) but also a profitable investment.

The maturity of assets and liabilities represents the remaining time from the balance sheet date until the payment date regulated in the contract or terms of issuance.

The following assumptions and conditions have been adopted in the analysis of the Bank's maturity relating to its assets and liabilities:

- Cash, gold and gemstones and balance with the State Bank of Vietnam are classified into maturity up to one month;
- The maturity term of deposits at and loans to other credit institutions and loans to customers, investment securities, borrowings from the Government and the SBV, deposits, borrowings from other credit institutions, valuable papers issued, other borrowed and entrusted funds is based on the contractual maturity date;
- The maturity of securities held-for-trading is calculated on the basis of the probable time to convert bonds into cash because this portfolio includes highly liquid bonds;
- The maturity term of customer deposits is determined based on customer behaviour analysis and forecasts on interest rate policy and other macroeconomic factors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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44. MARKET RISK (continued)

44.3 Liquidity risk (continued)

Based on the Management's approval of the annual business plan, the Treasury and Financial Planning Department in cooperation with some other relevant specialized departments make analysis and forecasts on cash inflows/outflows of the system according to the approved plan; and also based on the actual daily capital fluctuations and utilisation, the Bank makes decisions on appropriate management and monitoring of available funds.

Based on the projection of available funds, the Treasury and Financial Planning Department in cooperation with the Treasury Trading Department manage the secondary reserve through the approval of highly liquid valuable papers purchases, which could be converted into cash on the secondary market. The Treasury and Financial Planning Department in cooperation with the Treasury Trading Department may decide to sell valuable papers to the SBV on the open market, or to refinance loans when working capital is insufficient, ensuring the liquidity of the whole system.

Based on SBV's regulations, the Treasury and Financial Planning Department in cooperation with the Treasury Trading Department proposes the Bank's available fund management plan, ensuring the actual average balance of deposits in VND and foreign currencies at the SBV is not below the required level of compulsory reserve. Besides, the Bank also establishes credit limit with other banks and other credit institutions for mutual support when needed. The Market Risk Management Department acts as an independent supervisor to ensure that the liquidity risks are managed in compliance with regulations, management processes, and liquidity risk appetite/capacity of the Bank.

The amount of available funds is determined based on data from the Core Sunshine system, interbank payment program CITAD, Asset-Liability Management software, information about large cash flows from business units. Therefore, the Bank can actively manage its daily liquidity risk.

The Bank's liquidity risk management activities are monitored strictly in compliance with the regulations of the State Bank of Vietnam and the Bank's internal criteria for liquidity management for each major currency unit (such as VND, USD, EUR) for capital mobilization and loan portfolios.

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44. MARKET RISK (continued)

44.3 Liquidity risk (continued)

The table below presents the analysis of remaining maturity of assets and liabilities of the Bank as at 31 December 2020:

Unit: VND million

	Overdue		Current				
	Over 3 months	Up to 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Assets								
Cash, gold and gemstones	-	-	9,930,181	-	-	-	-	9,930,181
Balances with the SBV	-	-	57,616,650	-	-	-	-	57,616,650
Placements with and loans to other credit institutions (*)	-	-	87,045,768	13,074,950	2,412,100	-	-	102,532,818
Securities held for trading (*)	-	-	5,723,160	-	-	-	-	5,723,160
Derivatives and other financial assets	-	-	137,122	-	-	-	-	137,122
Loans to customers (*)	9,519,101	2,799,154	61,014,107	209,323,691	367,089,039	164,357,018	201,231,160	1,015,333,270
Investment securities (*)	-	-	5,072,609	1,153,512	18,994,899	48,941,809	41,131,785	115,294,614
Long-term investments (*)	-	-	-	-	-	-	3,358,234	3,358,234
Fixed assets	-	-	-	-	-	-	10,811,098	10,811,098
Other assets (*)	73,313	-	2,921,274	5,453,556	4,021,020	117,584	21,244,045	33,830,792
Total assets	**9,592,414**	**2,799,154**	**229,460,871**	**229,005,709**	**392,517,058**	**213,416,411**	**277,776,322**	**1,354,567,939**
Liabilities								
Due to the Government and the SBV	-	-	42,864,597	650,097	1,082,494	-	-	44,597,188
Deposits and borrowings from other credit institutions	-	-	101,931,361	13,403,740	12,764,034	332,848	87,132	128,519,115
Customer deposits	-	-	166,250,171	193,094,468	431,231,116	199,276,729	478,801	990,331,285
Other borrowed and entrusted funds	-	-	910,882	-	57,614	381,507	1,383,248	2,733,251
Valuable papers issued	-	-	-	-	26,300,000	1,151,250	32,424,320	59,875,570
Other liabilities (*)	-	-	9,869,326	3,062,221	6,077,482	9,679,661	510,104	29,198,794
Total liabilities	**-**	**-**	**321,826,337**	**210,210,526**	**477,512,740**	**210,821,995**	**34,883,605**	**1,255,255,203**
Net liquidity gap	**9,592,414**	**2,799,154**	**(92,365,466)**	**18,795,183**	**(84,995,682)**	**2,594,416**	**242,892,717**	**99,312,736**

(*): Excluding provision

44. MARKET RISK (continued)

44.3 Liquidity risk (continued)

Other market price risk

Except for the assets and liabilities disclosed in the previous section, the Bank does not bear any other market price risks that account for 5% of its net profit or the value of its assets, liabilities accounting for 5% of total assets.

45. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance on the adoption of the International Financial Reporting Standards for presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial years beginning on or after 1 January 2011.

The Circular 210 only regulates the presentation of financial statements and disclosures of financial instruments, therefore, the below definitions of financial assets, financial liabilities and other relating definitions on the consolidated financial statements are applied solely for the preparation of this Note. The Bank's assets, liabilities, and owners' equity are still recognized and recorded in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions and other statutory requirements relevant to preparation and presentation of the consolidated financial statements..

Financial assets

Under Circular 210, financial assets of the Bank include placements with other credit institutions, loans to customers and other institutions, other receivables and assets under currency derivative contracts.

Financial assets within the scope of Circular 210, for disclosures of the notes to the consolidated financial statements, are classified into either of the followings:

- *Financial asset at fair value through profit or loss:*

Financial asset at fair value through profit and loss is a financial asset that meets either of the following conditions:

a) It is classified as held for trading. A financial asset is classified as held for trading if:

- It is acquired or incurred principally for the purpose of reselling or repurchasing it in the near term;
- There is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or an effective hedging instrument).

b) Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

- *Held-to-maturity investments:*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity other than:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

45. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial assets (continued)

- *Held-to-maturity investments:* (continued)

a) Those that the Bank upon initial recognition designates as at fair value through profit or loss;

b) Those that the Bank designates as available for sale; or

c) Those meet the definition of loans and receivables.

- *Loans and receivables:*

Loans and receivables are non-derivative with fixed or determinable payments and are not quoted in an active market other than:

a) Those that the Bank intends to sell immediately or in the near term, which are classified as assets held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;

b) Those that the Bank classifies as available for sale upon initial recognition; or

c) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available for sale

- *Available-for-sale financial assets:*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as:

a) Loans and receivables;

b) Held-to-maturity investments; or

c) Financial assets at fair value through profit or loss..

Financial liabilities

According to Circular 210, financial liabilities of the Bank includes deposits and borrowings from other institutions, valuable papers issued and other financial liabilities.

Financial liabilities within the scope of Circular 210, for disclosures of the notes to the consolidated financial statements, are classified into either of the followings:

- *Financial liability at fair value through profit or loss:*

Financial liability at fair value through profit and loss is a financial liability that meets either of the following conditions:

a) It is classified as held for trading. A financial liability is classified as held for trading if:

- It is acquired or incurred principally for the purpose of reselling or repurchasing it in the near term;
- There is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or effective hedging instrument).

45. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial liabilities (continued).

b) Upon initial recognition, it is designated by the entity as at fair value through profit or loss.

- *Financial liabilities at amortized cost:*

Financial liabilities that are not classified as at fair value through profit or loss are classified as at amortized cost.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if and only if there is a currently enforceable legal right of the Bank to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

45. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The carrying value and fair value of financial assets and financial liabilities of the Bank as at 31 December 2020 are presented as follows:

Unit: VND million

	Carrying value						
	Financial assets at fair value through profit or loss	Held-to-maturity	Loans and receivables	Available-for-sale	Other assets and liabilities recorded at amortized cost	Total	Fair value
Assets							
Cash, gold and gemstones	9,930,181	-	-	-	-	9,930,181	9,930,181
Balances with the SBV	57,616,650	-	-	-	-	57,616,650	57,616,650
Placements with and loans to other credit institutions	-	-	102,532,818	-	-	102,532,818	(*)
Securities held for trading	5,723,160	-	-	-	-	5,723,160	(*)
Derivatives and other financial assets	137,122	-	-	-	-	137,122	(*)
Loans to customers	-	-	1,015,333,270	-	-	1,015,333,270	(*)
Available-for-sale securities	-	-	-	112,677,836	-	112,677,836	(*)
Held-to-maturity securities	-	2,616,778	-	-	-	2,616,778	(*)
Other long-term investments	-	-	-	240,662	-	240,662	(*)
Other financial assets	-	-	33,816,313	-	-	33,816,313	(*)
	73,407,113	**2,616,778**	**1,151,682,401**	**112,918,498**	**-**	**1,340,624,790**	
Liabilities							
Due to the Government and the SBV	-	-	-	-	44,597,188	44,597,188	(*)
Deposits and borrowings from other credit institutions	-	-	-	-	128,519,115	128,519,115	(*)
Customer deposits	-	-	-	-	990,331,285	990,331,285	(*)
Other borrowed and entrusted funds	-	-	-	-	2,733,251	2,733,251	(*)
Valuable papers issued	-	-	-	-	59,875,570	59,875,570	(*)
Other financial liabilities	-	-	-	-	27,682,000	27,682,000	(*)
	-	**-**	**-**	**-**	**1,253,738,409**	**1,253,738,409**	

(*) The fair value of those financial assets and liabilities cannot be determined because there is no specific guidance from Vietnamese Accounting Standards and Accounting System on determination of fair value

46. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

There is no other matter or circumstance that has arisen since the consolidated balance date that requires adjustment or disclosure in the consolidated financial statements.

47. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VND AT REPORTING DATE

	31 December 2020 VND	31 December 2019 VND
USD	23,105	23,167
EUR	28,381	26,164
GBP	31,558	30,450
CHF	26,208	23,938
JPY	223.92	213.52
SGD	17,471	17,265
CAD	18,117	17,874
AUD	17,795	16,350
NZD	16,681	15,598
THB	778.33	748.09
SEK	2,965	2,480
NOK	2,707	2,635
DKK	3,815	3,492
HKD	2,980	2,933
CNY	3,533	3,326
KRW	21.25	20.46
LAK	2.49	2.82
MYR	5,329	5,329

Prepared by:	Reviewed by:	Approved by:
Mr. Ngo Xuan Hai Head of Financial Accounting Management Department	Mr. Nguyen Hai Hung Chief Accountant	Ms. Nguyen Hong Van Deputy General Director

Hanoi, Vietnam
22 March 2021

VietinBank