



TOTAL DEPOSIT (VND BILLION)

1,039,086

Up 14.1% over 2018

CHAPTER 2

REPORT OF THE BOM AND BOD

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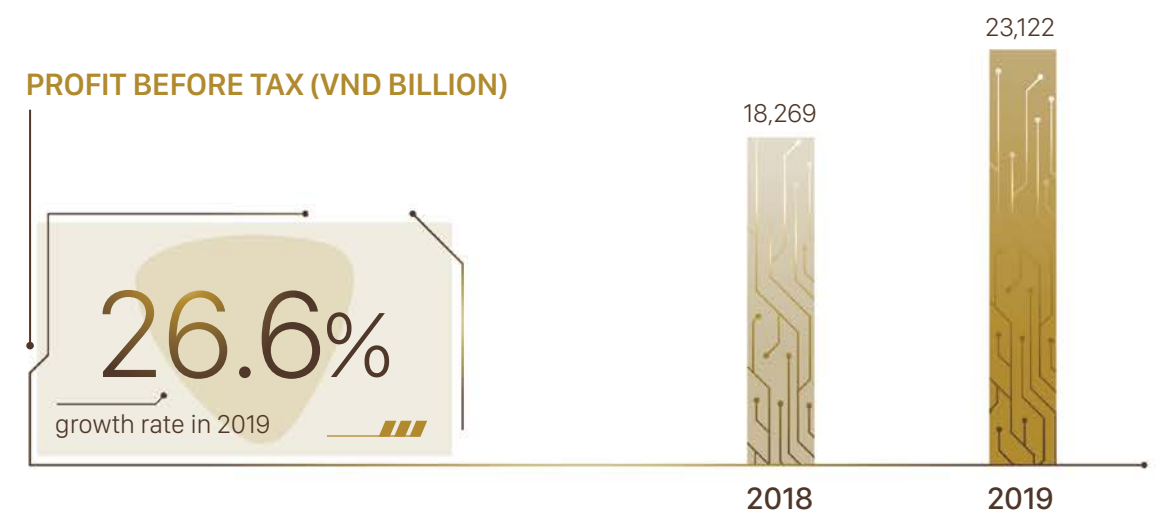
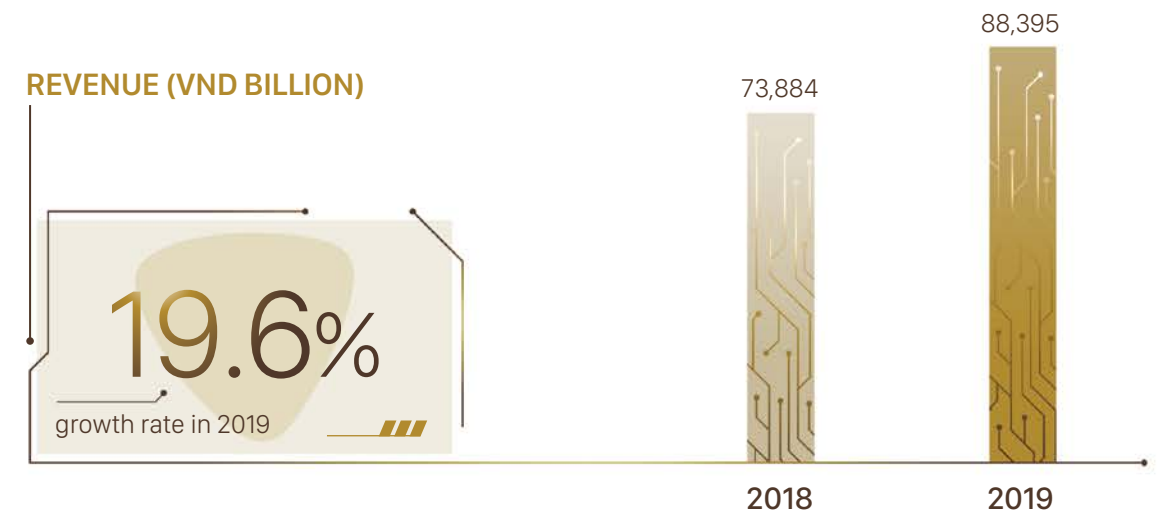
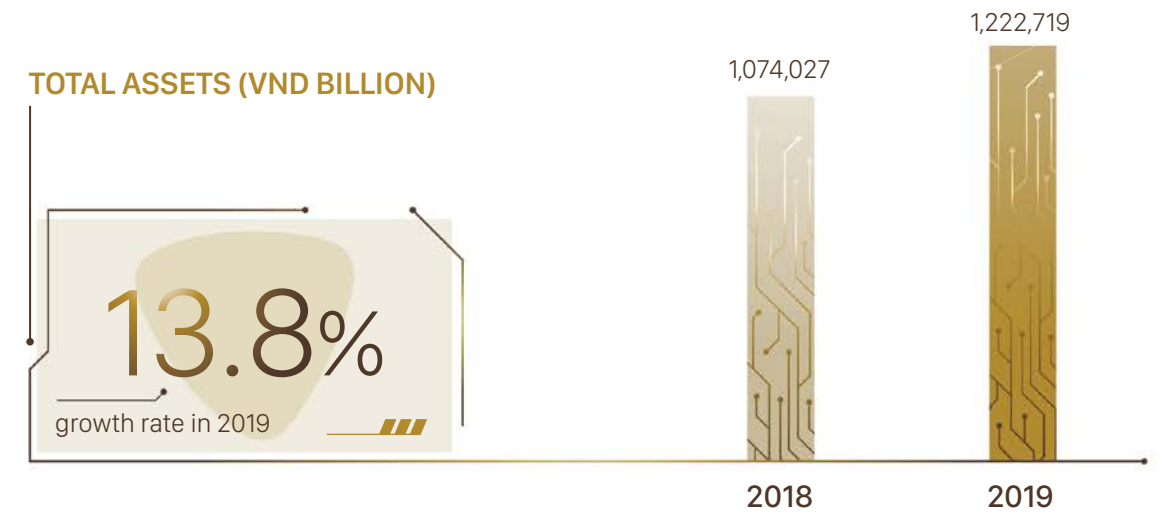
REPORT ON FINANCIAL

Unit: VND billion, %

	2018	2019
FINANCIAL HIGHLIGHTS		
Total assets	1,074,027	1,222,719
Revenue	73,884	88,395
Taxes and payables	4,141	6,751
Profit before tax	18,269	23,122
Profit after tax	14,622	18,526
Key Financial Indicators		
• Capital		
Charter capital	35,978	37,089
Total assets	1,074,027	1,222,719
Capital adequacy ratio(*)	12.14%	9.34%
• Business results		
Deposits volume	14,772,709	17,486,521
Loans volume	1,623,756	1,718,858
Debt collection volume	1,534,396	1,617,310
Non-performing loans	6,223	5,804
Loans (including corporate bonds)/Total deposits in first market (in VND)	77.68%	78.09%
Overdue guarantee balances/Total outstanding guarantees	1.57%	0.25%
Overdue loans/Total outstanding loans	1.58%	1.56%
Non-performing loans/Total outstanding loans in first market	0.97%	0.78%
• Liquidity		
Liquidity reserve ratio	24.1%	22.0%
Liquidity ratio within 30 days by currency		
• VND	91.8%	86.9%
• Foreign currencies in USD equivalent	104.0%	96.6%

(*) In 2018, Vietcombank applied the capital adequacy ratio as prescribed in the Circular No.36/2014/TTNHNN dated November 20th, 2014.

Since 2019, Vietcombank started to comply with the Circular No.41/2016/TT-NHNN dated December 30th, 2016.



SHAREHOLDER STRUCTURE CHANGES IN SHAREHOLDERS' EQUITY

TOTAL SHARES
3,708,877,448

SHARES

Total shares	Type of shares	Number of transferable shares	Number of restricted shares
3,708,877,448	Common shares	378,103,902	3,330,773,546

LIST OF SHAREHOLDERS HOLDING RESTRICTED SHARES

Shareholder	Total shares	Number of restricted shares	Restricted period
1 State Bank of Vietnam (Representative for the Government's shares)	2,774,353,387	2,774,353,387	According to the provisions of Clause 1, Article 56, Law on Credit Institutions No. 47/2010/ QH12: "Individuals and institutional shareholders who have representative(s) being member of the Board of Directors, Supervisory Board, CEO (General Director) of the credit institutions shall not be allowed to transfer his/ her shares during his/ her terms".
2 Internal shareholders	85,226	85,226	
• Board of Directors	71,590	71,590	
• Supervisory Board	13,636	13,636	
3 Foreign strategic shareholder: Mizuho Bank, Ltd.	556,334,933	556,334,933	
Total	3,330,773,546	3,330,773,546	

- According to Decision No. 2526/QĐ-NHNN dated December 5th, 2014 issued by State Bank of Vietnam on the appointment of representatives for the Government's shares at Vietcombank, Mr. Nghiem Xuan Thanh - Chairman of Vietcombank Board of Directors represents 40% of Government's shares, Mr. Pham Quang Dung - Member of Board of Directors, CEO of Vietcombank represents 30% of Government's shares.
- According to Decision No. 909/QĐ-NHNN dated April 26th, 2019 of the State Bank of Vietnam on official transfer, Mr. Do Viet Hung was appointed to represent 30% of Government's shares.



NUMBER OF SHAREHOLDERS
24,331

SHAREHOLDER STRUCTURE

Shareholders	Total shares	Ownership rate	Number of shareholders
I State Bank of Vietnam (Representative of Government's shares)	2,774,353,387	74.8%	1
II Foreign strategic shareholder Mizuho Bank, Ltd.	556,334,933	15.00%	1
III Other shareholders	378,189,128	10.2%	24,329
1 Domestic individual shareholders	31,332,500	0.84%	22,953
2 Domestic organization shareholders	18,601,077	0.50%	151
3 Foreign individual shareholders	6,592,681	0.18%	999
4 Foreign organization shareholders	321,662,870	8.67%	226
Total	3,708,877,448	100.00%	24,331

LIST OF MAJOR SHAREHOLDERS

Shareholders	Address	Total shares	Ownership rate
1 STATE BANK OF VIETNAM	47-49 Ly Thai To Street, Hoan Kiem District, Ha Noi City	2,774,353,387	74.8%
2 MIZUHO BANK. LTD	1-5-5 Otemachi, Chiyoda-ku, Tokyo, Japan	556,334,933	15.00%

(Source: Shareholders list as of December 31st, 2019 provided by Vietnam Securities Depository).

IMPLEMENTATION OF PROJECTS

INVESTMENTS/DIVESTMENTS IN 2019

INVESTMENTS/DIVESTMENTS IN 2019

In 2019, Vietcombank partially divested its investment capital from Vietnam Aviation Corporation, particularly:

Unit: VND billion, %

No.	Name of Unit	Investment capital as of 31/12/2019	Investment capital as of 31/12/2018	Divestments
1	Vietnam Aviation Corporation	305.58	353.18	47.59



SUBSIDIARIES, JOINT-VENTURES AND ASSOCIATES

General information of subsidiaries

Unit: VND billion, %

Company name	Abbreviation name	Business license	Sector	Capital investment as of 31/12/2019	Ownership rate
Vietcombank Securities Co., Ltd.	VCBS	Business license No. 09/GPHDKD dated April 24 th , 2002. Latest amendment in accordance with license No. 63/GPDCUBCK dated December 29 th , 2017 issued by State Security Commission of Vietnam.	Securities	700.00	100%
Vietcombank Leasing Co., Ltd.	VCBL	Business license No. 66/GPNHNN dated October 31 st , 2017 issued by State Bank of Vietnam.	Financial leasing	500.00	100%
Vietcombank Remittance Co., Ltd.	VCBR	Company registration certificate No. 0314633162 dated 20 September 2017 issued by Ho Chi Minh City Department of Planning and Investment.	Remittance payment	30.00	100%
Vietcombank Laos Limited	VCB Laos	Business license No. 88/BOL dated May 25 th , 2018 issued by Bank of the Lao P.D.R.	Bank	1,840	100%
Vietnam Finance Co.	VFC	Business license No. 58327 issued by Hong Kong Monetary Authority dated February 10 th , 1978.	Financial services	116,90	100%
VCB Money Inc.	VCBM	Business license No. E0321392009_6 issued by Nevada State Government (United States) dated June 15 th , 2009.	Remittance services	204.98	87.5%
Vietcombank Tower 198 Co., Ltd.	VCBT	Business license No. 1578/GP dated May 30 th , 1996. Latest amendment dated January 30 th , 2019 issued by the Ministry of Planning and Investment.	Office leasing	70.00	70%

IMPLEMENTATION OF PROJECTS (continued)

INVESTMENTS/DIVESTMENTS IN 2019 (continued)

Summary of subsidiaries' performance and financial situation

VCBL Vietcombank Leasing Co., Ltd.

PROFIT BEFORE TAX (VND BILLION)

97.39

attaining 80.5% of the plan

VCBL is a subsidiary 100% owned by Vietcombank, operating in the field of financial leasing. Profit before tax in 2019 reached VND 97.39 billion, attaining 80.5% of the plan. Outstanding financial leasing of VCBL until end of 2019 reached VND 4,436.5 billion, attaining 100% of the assigned plan.

VCBS Vietcombank Securities Co., Ltd.

PROFIT BEFORE TAX (VND BILLION)

180.81

attaining 78.6% of the plan

VCBS is 100% owned by Vietcombank, operating in the securities sector. Despite numerous trends in securities market, the Company continued to maintain good operating results. Profit before tax of the company in 2019 reached VND 180.81 billion, attaining 78.6% of the plan.

VCB Laos Vietcombank Laos Limited

PROFIT BEFORE TAX (VND BILLION)

32.22

fulfilling 81% of the plan.

VCB Laos is a subsidiary 100% owned by Vietcombank, operating in the field of financial & banking services in Laos. The company was officially put into operations from July 2018. In 2019, VCB Laos gained good operational efficiency with the profit before tax of VND 32.22 billion, fulfilling 81% of the plan.

VCBM VCB Money Inc.

PROFIT BEFORE TAX (VND BILLION)

4.55

exceeding 57% of the plan

VCBM is a joint stock company with 87.5% chartered capital owned by Vietcombank, providing remittance services in the U.S. and transferring money to Vietnam through domestic partners. In 2019, VCBM continues to expand its network with 150 agents in 19 states of the United States, which is an increase of 18 agents compared to the end of 2018. VCBM's profit before tax in 2019 reached VND 4.55 billion, exceeding 57% of the plan.

VFC Vietnam Finance Co.

PROFIT BEFORE TAX (VND BILLION)

9.08

exceeding 24% of the plan

VFC is a subsidiary 100% owned by Vietcombank, operating in the field of financial services in Hong Kong. Its major services include deposit, credit, payment, money transferring. In 2019, its profit before tax reached VND 9.08 billion, exceeding 24% of the plan.

VCBR Vietcombank Remittance Co., Ltd.

PROFIT BEFORE TAX (VND BILLION)

2.42

exceeding the assigned plan.

VCBR is a wholly-owned subsidiary of Vietcombank, operating in the field of receiving remittances from foreign partners and making payments to beneficiaries in Vietnam. Profit before tax of the company in 2019 reached VND 2.42 billion, exceeding the assigned plan.

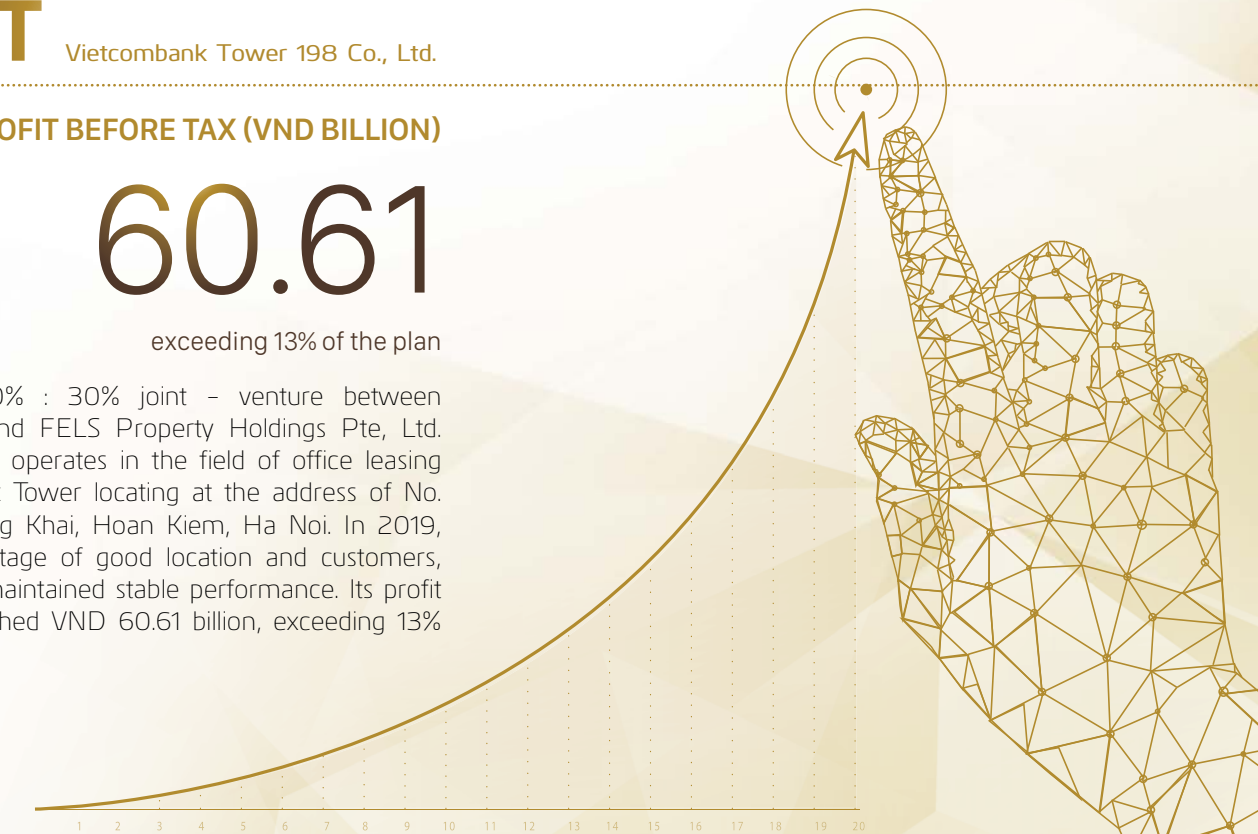
VCBT Vietcombank Tower 198 Co., Ltd.

PROFIT BEFORE TAX (VND BILLION)

60.61

exceeding 13% of the plan

VCBT is a 70% : 30% joint - venture between Vietcombank and FELS Property Holdings Pte, Ltd. of Singapore. It operates in the field of office leasing at Vietcombank Tower locating at the address of No. 198 Tran Quang Khai, Hoan Kiem, Ha Noi. In 2019, with the advantage of good location and customers, the company maintained stable performance. Its profit before tax reached VND 60.61 billion, exceeding 13% of the plan.



IMPLEMENTATION OF PROJECTS (continued)

INVESTMENTS/DIVESTMENTS IN 2019 (continued)

General information of joint-ventures and associates

Unit: VND billion, %

Company name	Abbreviation name	Business license	Sector	Capital investment as of 31/12/2019	Ownership rate
Vietcombank – Bonday – Ben Thanh Joint Venture Co., Ltd.	VBB	No. 2458/GP issued by the Ministry of Planning and Investment on February 07 th , 2005 with latest amendment No. 2458/ GCNDC2/4/1 dated December 28 th , 2012.	Office leasing	410.36	52%
Vietcombank Fund Management Co.	VCBF	No. 06/UBCK-GPHĐQLQ issued by State Security Commission of Vietnam dated December 02 nd , 2005; latest amendment No. 17/GPĐC-UBCK dated February 09 th , 2018.	Fund management	135.15	51%

Unit: VND billion, %

Company name	Abbreviation name	Business license	Sector	Capital investment as of 31/12/2019	Ownership rate
Vietcombank Cardif Life Insurance Co., Ltd.	VCLI	No. 55/GP issued by Ministry of Finance dated October 23 rd , 2008 with latest amendment No.55/ GPĐC1/KDBH dated December 28 th , 2018	Life insurance	270.00	45%
Vietcombank Bonday Co., Ltd.	VCBB	No. 283/GP issued by Ministry of Planning and Investment dated December 05 th , 1991; latest amendment No. 283/ GPĐC4 dated March 4 th , 2002.	Office leasing	11.11	16%

Summary of joint-ventures and associates' performance and financial situation

VBB Vietcombank – Bonday – Ben Thanh Joint Venture Co., Ltd.

VCBF Vietcombank Fund Management Co.

VCLI Vietcombank Cardif Life Insurance Co., Ltd.

VCBB Vietcombank Bonday Co., Ltd.

PROFIT BEFORE TAX (VND BILLION)

146.04

exceeding 25% of the plan

VBB is the joint venture between Vietcombank, Ho Chi Minh Commercial Services JSC. (Setra Corp.) and Bonday Investments Ltd. (Hong Kong) with contribution ratio of 52%, 18% and 30% respectively. It operates in the field of premium (class A) office leasing, locating at No.5 Me Linh Square, District 1, HCMC. It is also responsible for providing office space for Vietcombank's branches and subsidiaries in HCMC. In the end of 2019, nearly 100% of the leasable area has been occupied. Its profit before tax in 2019 was VND 146.04 billion, exceeding 25% of the plan.

PROFIT BEFORE TAX (VND BILLION)

22.32

exceeding 5% of the plan

VCBF is a joint venture between Vietcombank and Franklin Templeton with contribution ratio of 51% and 49% respectively. VCBF operates in the field of fund and investment portfolio management. The profit before tax in 2019 reached VND 22.32 billion, exceeding 5% of the plan.

PROFIT BEFORE TAX (VND BILLION)

32

exceeding the assigned plan

VCLI is a joint venture between Vietcombank and BNP Paribas Cardif with a contribution ratio of 45% and 55% respectively. VCLI provides life insurance products via partner banks (Bancassurance) including: personal credit insurance, group credit insurance, credit insurance for co borrowers, death insurance, mixed purpose insurance, etc.

In 2019, the Company focused on sales promotion and expansion of the financial consultant (FC) network within Vietcombank. The profit before tax reached VND 32 billion, exceeding the assigned plan.

PROFIT BEFORE TAX (VND BILLION)

41.70

exceeding 2% of the plan

VCBB is a joint venture between Vietcombank, Sai Gon Real Estate Corporation and Bonday Investments Ltd., Hong Kong. It operates in the business of office leasing – The Harbour View Tower locating at No. 35 Nguyen Hue Str., District 1, Ho Chi Minh City.

In 2019, the Company still maintained its stable performance, its profit before tax reached VND 41.70 billion, exceeding 2% of the plan.

(Note: Financial data for 2019 of VFC, VCBR, VCB Laos, VCBM, VCLI, and VCBB were unaudited, the remaining companies' were audited).

ASSESSMENT ON BUSINESS PERFORMANCE IN 2019

OUTSTANDING GROWTH IN BUSINESS OPERATIONS, SUCCESSFUL COMPLETION OF 2019 BUSINESS PLAN

In 2019, Vietcombank strove to basically complete the Restructuring Project by 2020, which was approved by the SBV Governor and successfully accomplished key business targets set by the General Meeting of Shareholders.

NGÂN HÀNG TMCP NGOẠI THƯƠNG VIỆT NAM
Vietcombank



EXPANSION OF TOTAL ASSETS, STRONG GROWTH OF SHAREHOLDER'S EQUITY

- Total assets reached VND 1,222,719 billion, up 13.8% from the level in 2018.
- Shareholder's equity reached VND 80,883 billion, up 30.1% from the previous year, in which undistributed earnings were VND 26,055 billion (VND 16,139 billion in 2018).

TOTAL ASSETS (VND BILLION)

1,222,719

Up 13.8% against 2018

SHAREHOLDER'S EQUITY (VND BILLION)

80,883

Up 30.1% against 2018



OVER VND 01 QUADRILLION OF TOTAL DEPOSITS, LOW-COST FUNDING RATIO CONSTANTLY IMPROVED

TOTAL DEPOSIT (VND BILLION)

1,039,086

Up 14.1% against 2018

- Total deposits reached VND 1,039,086 billion, up 14.1% over 2018. In particular, customer deposits (including valuable paper issuance) reached VND 949,835 billion, increasing by 15.4% compared to 2018
- Demand deposit ratio accounted for 30.1% of Deposit inflows from the economy (2018: 29.5%).



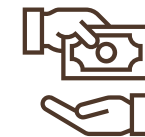
SIGNIFICANT CREDIT GROWTH, STRONGLY DIRECTED INTO RETAIL CREDIT

OUTSTANDING LOANS (VND BILLION)

741,387

Up 15.9% against 2018

- Outstanding loans reached VND 741,387 billion, increasing by 15.9% compared to 2018, and fulfilling 100% of the plan.
- Retail credit accounted for 51.8% of the total outstanding loans, much greater than the wholesale credit.



CREDIT QUALITY TIGHTLY CONTROLLED; RECOVERY OF NON-PERFORMING AND WRITTEN-OFF LOANS ACHIEVED GREATLY

RECOVERY OF WRITTEN-OFF LOANS (VND BILLION)

3,179

Fulfilling the assigned plan

- Loans classified under Group 2 reached VND 2,561 billion; Group 2 loans ratio was at 0.35%, decreasing from 0.59% at the end of 2018.
- Non-performing loans reached VND 5,804 billion with the NPL ratio of 0.78%, a drop from 0.97% at the end of 2018.
- Loan loss provision of outstanding loans to the economy amounted to VND 10,417 billion. Loan loss provision coverage ratio was at a high level (182.0%).
- Recovery of written-off loans reached VND 3,179 billion, fulfilling the assigned plan.

ASSESSMENT ON BUSINESS PERFORMANCE IN 2019 (continued)

OUTSTANDING GROWTH IN BUSINESS OPERATIONS, SUCCESSFUL COMPLETION OF 2019 BUSINESS PLAN (continued)



CONTINUOUS POSITIVE GROWTH OF SERVICE BUSINESS

INTERNATIONAL PAYMENT AND TRADE FINANCE TURNOVER (USD BILLION)

85.4

up 9.03% compared to 2018

- The activities of international payment, trade finance, FX transaction, electronic banking services, card services, and overseas remittance services achieved strong growth compared to the same period of the previous year, greatly contributing to the Bank's revenue.
- The market share of international payment and trade finance increased compared to 2018 (from 16.23% to 16.52%).
- International payment and trade finance turnover reached USD 85.4 billion, up 9.03% compared to 2018.



OUTSTANDING GROWTH IN PROFIT, POSITIVE MOVEMENTS OF INCOME STRUCTURE, HIGH PROFITABILITY

- Separated profit before tax reached VND 22,717 billion, increasing by 26.1% compared to 2018. Consolidated profit before tax reached VND 23,122 billion, increasing by 26.6% compared to 2018.
- Non-interest income accounted for 39.2% of the business income, of which:
Net income from investment activities accounted for 16.54% of total operating income.
Net income from services and others accounted for 22.67% and increased by 34% compared to the same period of the previous year (Net income from services included net income from foreign exchange and others). Noticeably, net income from foreign exchange increased by 49.2% over the last year and contributed 42.3% to the non-interest income.
- ROAA, ROAE were 1.61% and 25.90% respectively, significantly higher than those figures in 2018 as well as those of the market average.

PROFIT BEFORE TAX (VND BILLION)

23,122

Up 26.6% compared to 2018

ROAA (%)

1.61

Sharp increase compared to 2018

ROAE (%)

25.90

Sharp increase compared to 2018



NEARLY VND 9,000 BILLION CONTRIBUTED TO STATE BUDGET, INCLUDING VND 6,751 BILLION FOR TAX PAYING, INCREASED BY 33%

CONTRIBUTION TO STATE BUDGET (VND BILLION)

Nearly 9,000



BANK WITH LARGEST MARKET CAPITALIZATION AMONG LISTED BANKS

MARKET CAPITALIZATION (USD BILLION)

over USD 14.5 billion

and continued to be the leader in the banking sector

- Vietcombank continued to be the Bank with largest market capitalization of over USD 14.5 billion and continued to be the leader in the banking sector
- Capital Adequacy Ratio (CAR) (under Circular No. 41) reached 9.6%, up 0.8% compared to 2018.



ASSESSMENT ON BUSINESS PERFORMANCE IN 2019 (continued)

MANAGEMENT RESULT IN 2019

Vietcombank has been implementing synchronously various management solutions which were flexibly adapted to the business environment.



Conference on building Vietcombank development strategy by 2025 and vision by 2030 (July 3rd, 2019)

PROACTIVELY IMPLEMENTING POLICIES OF GOVERNMENT AND SBV, ACCOMPANYING ENTERPRISES IN COMMON GOAL OF NATIONAL ECONOMIC DEVELOPMENT

- Multiple measures were implemented to support domestic enterprises to overcome difficulties, particularly the reduction of loan interest applied to 05 prioritized sectors according to the guidance in Resolution No. 01/NQ-CP dated January 1st, 2019 of the Prime Minister and the management direction of the SBV Governor for the enterprise accompanying goal.
- Besides, Vietcombank continually carried out various favorable programs to small and medium enterprises while committing to remain fixed interest rate for the terms of 2 years/3 years/5 years, facilitating cost management, as well as production and business activities.

DRASTICALLY IMPLEMENTING VIETCOMBANK'S DEVELOPMENT ROADMAP TO 2020, AND RELATED ACTION PLANS AND SUB-PROJECTS

- Development projects, sub-projects, action plans continued to be strongly promoted and implemented, contributing to the operating results of VCB in 2019.
- Branches under the Branch Development Roadmap to 2020 basically completed the targets including improving market share and funding in the local areas, controlling credit quality, increasing profit and effectively expanding target customers.

FUNDING OPERATION WAS IMPLEMENTED TO MATCH MARKET CONDITIONS, ENSURING SUFFICIENT FINANCE FOR CREDIT GROWTH

- Payment accounts and collection accounts were expanded for State Treasury and Vietnam Social Insurance.
- Vietcombank deployed various programs for mobilizing foreign currency deposit and low-cost funding, as well as accompanying with customers owning important foreign currency funds.
- Interest rate for capital mobilization was also adjusted for specific region with higher competitiveness.
- Large IPO transactions were focused in order to provide foreign currency conversion services. Monitored enterprises with divestment plans and approached potential investors in order to provide related financial services.

STRENGTHENING CONTROL OF CREDIT QUALITY AND PROMOTING RECOVERY OF NON-PERFORMING/ WRITTEN-OFF LOANS

- Inspected and supervised credit activities at all branches.
- Assigned members of the BOD and BOM to be charge of particular Branches with major non-performing loans; strengthened the supervision and guidance in debt recovery of each branch.

RESTRUCTURING WHOLESALE PORTFOLIO, DEPLOYING NUMEROUS SOLUTIONS TO INCREASE RETAIL CREDIT AND CREDIT GROWTH THROUGH TRANSACTION OFFICES

- The wholesale credit portfolio was restructured to ensure the safety and higher overall efficiency for the customers.
- Issued flexible interest rate programs suitable for each customer/region during the acceleration of credit growth.
- Expanded credit to large FDI customers segment with low credit risk and to the industries in which Vietcombank tends to develop and offer a full package of services such as foreign currency funding, international payments and retail services.
- Stimulated retail credit growth with various interest-rate instruments and diversified products.

ROLLING OUT PROJECT TO INCREASE REVENUE FROM SERVICES

- Reviewed fee tables; set up approval mechanism for preferential fee based on customer segments and customer classes.
- Boosted the efficiency of card business and e-banking services: Increased cooperation with partners, developed utilities, integrated sales channels, expanded connections with service providers of bill payments and QR Code payments.
- Implemented the action plan of 2019 regarding international payments - trade finance to maintain and expand market shares and to increase fee income.
- Income from FX trade remained stable thanks to flexible exchange rate, expansion of customer base with high demand for foreign currency conversion.
- Increased fee income through distribution of open-ended funds, Bancassurance - life insurance/ non-life insurance products.



ASSESSMENT ON BUSINESS PERFORMANCE IN 2019 (continued)

MANAGEMENT RESULT IN 2019 (continued)

REALLOCATING INVESTMENT PORTFOLIO TOWARDS BETTER RETURN ON CAPITAL AND EXECUTING EFFECTIVE DIVESTMENT

- Restructured capital utilization in secondary market through increased investment in valuable papers and financial institutions bonds.
- Divestment at organizations as planned, contributing to the increase in profit of Vietcombank.

OPTIMIZING ORGANIZATION MODEL AND EXPANDING BRANCH NETWORK IN ACCORDANCE WITH BUSINESS STRATEGY

- Continued to expand the bank's network: Established 05 new branches, 39 transaction offices, put VCB Laos into operation; received FED's approval to establish a Representative Office in New York City (USA); deployed the establishment of new branches in Australia.
- Optimized the organization model, adjusted the functions and tasks of Departments/Divisions/Centers at the Head Office; rearranged the organizational structure of the Wholesale Division according to CTOM Model; established Human Resource Management Division; developed criteria for separate branch's departments and applying them to eligible branches.
- Employed and developed quality staff; implementing staff rotation such as rotating customer relationship managers at the Head Office to branches, etc.
- There were strong innovations in scientific researches while a great number of initiatives were brought into practice. Organized the "Innovation - Creativity for development and integration" competition at whole system scale, through which many initiatives with high capability of application and effectiveness were found.

SIMULTANEOUSLY AND EFFECTIVELY IMPLEMENTING PROJECTS TO ENHANCE MANAGEMENT AND OPERATION CAPACITY

Proactively deployed projects for improving management and operational skill. A number of projects were gradually applied in practice:

- Basel II program: The SBV recognized VCB as the first bank to meet Basel II standards in Vietnam in accordance with Circular No. 41, one year earlier than required.
- CTOM program: Continued to implement 17 initiatives of which 7 initiatives were completed. Since June 2019, CTOM Model was officially launched at Head Office and branches.
- Projects in Retail Division: In 2019, Retail Division proactively carried out their transformation projects, including RTOM, Retail CRM and RLOS;
- IT Development Roadmap to 2020: Implemented the Project with 54 IT projects to support the bank's operations; Built and upgraded infrastructure, steadily modernizing the IT system according to the VCB's development strategy roadmap by 2020. 14 key projects were implemented such as investment projects for innovations of Core Banking, Trade Finance, ERP, MPA, SOA, etc.

IMPROVING INTERNAL PROCESSES AND REGULATIONS TO ENHANCE OPERATIONAL EFFICIENCY AND RISK MANAGEMENT

- Developed and promulgated internal procedures and regulations regarding limits and adequacy ratios in Vietcombank's operations, wholesale credit processes, approval mechanism for favorable fee to wholesale customers, regulations on liquidity risk management, etc.
- Fulfilled internal regulations for instance Regulation on job rotation, mandatory leave for VCB's employees.



ASSESSMENT ON BUSINESS PERFORMANCE IN 2019 (continued)

MANAGEMENT RESULT IN 2019 (continued)



HỘI NGHỊ TRIỂN KHAI NHIỆM VỤ KINH DOANH NĂM 2020



STRENGTHENING INSPECTION, INTERNAL CONTROL AND COMPLIANCE

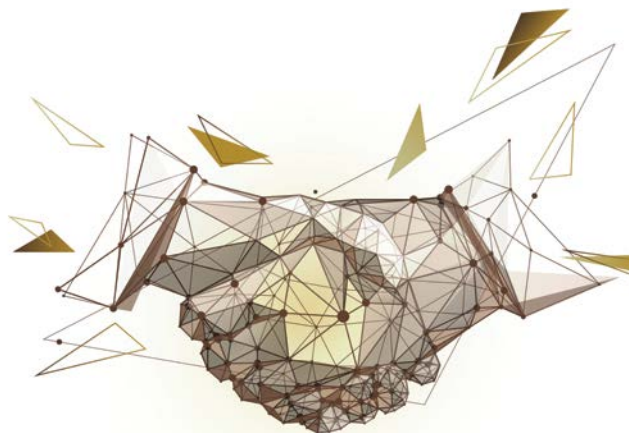
- Inspected all branches in the Bank network, 04 Departments/Divisions/Centers at the Head Office, 02 Subsidiaries. Also, 22 audit and inspection schemes were performed monthly at systemwide scale.
- Inspected operational risks at branches to timely prevent and report potential risks, propose solutions to operation issues found at branch level.

CHARTER CAPITAL INCREASE COMPLETED

- Successfully increased Tier 1 capital despite market difficulties, contributing to the affirmation of VCB's prestige, position and competitive capacity.
- Vietcombank issued 111,108,873 private shares to GIC Private Limited ("GIC") - an investment fund controlled by the Singapore Government and a current shareholder Mizuho Bank, bringing about VND 6.2 trillion (approximately USD 265 million).

SOCIAL AND COMMUNITY ACTIVITIES

The bank was proactive in social activities for community, contributing to socio-economic development. In 2019, VCB participated in financing social security programs with value of about VND 197 billion, focusing on education, health, house construction for the poor, etc.



REPORT ON SOCIAL AND ENVIRONMENTAL IMPACTS

COMPLIANCE WITH LEGISLATION ON ENVIRONMENTAL PROTECTION

- Being aware that Vietnam is one of the countries that considerably suffers from climate change, VCB strictly implemented Decision No. 403/QĐ-TTg dated March 20th, 2014 of the Prime Minister regarding the approval of national action plan on green growth during the 2014 - 2020 period, Directive No. 03/CT-NHNN dated March 24th, 2015 of Governor of SBV on promoting green credit growth and environmental and social risk management and Circular No. 39/2016/ TT-NHNN dated December 30th, 2016 of the Governor of SBV regarding lending activities of credit institutions, foreign bank's branches for customers as well as other regulations related to environmental protection in credit activities.
- When appraising credit grant for projects, Vietcombank assessed environmental and social risks that might affect the effective use of capital and customers' credit solvency. Besides, Vietcombank requested the investors of projects under consideration for credit grant to meet environmental and social protection standards and regularly, periodically inspect, supervise environmental and social risk management for loans granted to customers.
- Vietcombank paid attention to making public of environmental risk management responsibilities of credit institutions in order to achieve consent and support from customers.



ASSESSMENT ON BUSINESS PERFORMANCE IN 2019 (continued)

REPORT ON SOCIAL AND ENVIRONMENTAL IMPACTS (continued)

HUMAN RESOURCE POLICIES

VCB has always paid high attention to the development of human resources, facilitate employees to promote their capabilities, create opportunities in career promotion, improve income of employees and strengthen their loyalty. In particular:



Ensuring job stability for employees:

- Total employees as of 31/12/2019 were 18,948 people (including the number of employees of VCBS and VCBL), increasing by nearly 10% compared to 2018. Working time is 8 hours per day and 5 days per week. Vietcombank ensures annual leave, leave on public holidays, and leave for private reasons in compliance with the Labor Code, maternity leave and sick leave in line with the Law on Social Insurance.
- All employees sign appropriate labor contract in accordance with the law. Temporary deferment or termination of labor contract is done in accordance with the Labor Code. The employees who require early retirement are also given favorable conditions.
- VCB has applied information technology (recruitment software) in almost all stages of the recruitment (receiving, selecting applications, organizing online exams, etc.). Recruitment in VCB is complied with regulations, ensuring honesty and objectivity for recruiting staff that have qualifications suitable to their assigned jobs and meeting the job requirements. Probation time and salary in probation are in compliance with related regulations.



Developing financial and non-financial remuneration policy to guarantee interest of employees

In recent years, VCB's salary and remuneration mechanism system have gradually reached the market in the region and in the world as follows:

Remuneration mechanism regarding salary and insurance

• Remuneration mechanism regarding salary

Basically, the salary mechanism of Vietcombank has been built on the value of contributions in the bank, to be fair and compete with the market. The average income of VCB staff tends to increase over the years and is of high level compared to the average income in the market.

Salary of employees is divided into two parts: (1) Fixed salary: Be determined according to the rank/grade suitable to the positions of professional jobs. (2) Performance salary: Be defined based on performance measured by KPIs, encouraging employees to strive for good results.

Vietcombank has delegated powers to heads of units in reviewing and arranging salary of employees according to their capacity, quantity and quality of work completion. The salary increase is based on the level of evaluation of the work done by the employee. For staff having outstanding achievements and initiatives with effective application, Vietcombank's BOM and BOD will reward by approving their early salary raise.

Vietcombank has established a specialist salary mechanism with a very competitive salary for highly skilled employees in order to recruit a necessary labor force into a number of specific fields, launched transformation projects for management and operation capability building.

Extra remuneration beside salary

To motivate employees, in addition to the direct financial remuneration mechanisms, VCB has built and implemented training programs domestically and internationally for enhancing employees' expertise and engagement.

The Bank paid employees visits and provided them with allowances for sickness and maternity; presented flowers and gifts to retired employees; sent gifts to natural parents and parents-in-law of employees on International Day of Older Persons, etc.

• Health insurance, social insurance regimes

Vietcombank has paid social insurance for 100% employees who have signed labor contracts with term of one year or more working at the bank and quickly and timely settled social insurance regimes such as maternity and sickness insurance rights, etc. for employees. For seasonal workers, VCB pays social insurance for employees who sign contracts with term of one month or more according to regulations. Employees who retire are entitled to an appropriate allowance which is calculated on the basis of their salary for social insurance payment and the total years of employment.

In addition, Vietcombank shall pay health insurance and unemployment insurance in accordance with the regulations of the State.



ASSESSMENT ON BUSINESS PERFORMANCE IN 2019 (continued)

REPORT ON SOCIAL AND ENVIRONMENTAL IMPACTS (continued)

LOCAL COMMUNITY RESPONSIBILITIES

Vietcombank always puts enthusiasm in welfare and social security activities for the community; makes contributions to the economic and social development. In 2019, Vietcombank sponsored approximately VND 197 billion for welfare and social security programs, focusing on education, health, houses for the poor, etc.



Notable programs sponsored by Vietcombank such as: Building Son Ca Kindergarten, Tan Hung Commune, Cai Nuoc District, Ca Mau Province (VND 8.5 billion); Building Tran De District Hospital, phase II (VND 12.5 billion); Building Cam Binh Primary School, Cam Xuyen District, Ha Tinh Province (nearly VND 7 billion); Building Phu Quoi High School, Long Ho District, Vinh Long Province (VND 12.5 billion), etc.



The Prime Minister – Mr. Nguyen Xuan Phuc and Chairman of the Board of Directors – Mr. Nghiem Xuan Thanh paid Vietnamese Heroic Mothers a visit at the Dong Loc T-junction

ASSESSMENT ON BUSINESS PERFORMANCE IN 2019 (continued)

REPORT ON SOCIAL AND ENVIRONMENTAL IMPACTS (continued)



BUSINESS ORIENTATION IN 2020



With the motto "Transformation, Efficiency, Sustainability" in action and the viewpoint "Responsibility - Action - Creativity" in management, the focus in 2020 is innovating the growth model in depth, operational restructuring, sustainable growth, high efficiency, and labor productivity improvement. In 2020, Vietcombank will pursue Four strategic breakthroughs, Three central objectives in operational restructuring, etc.

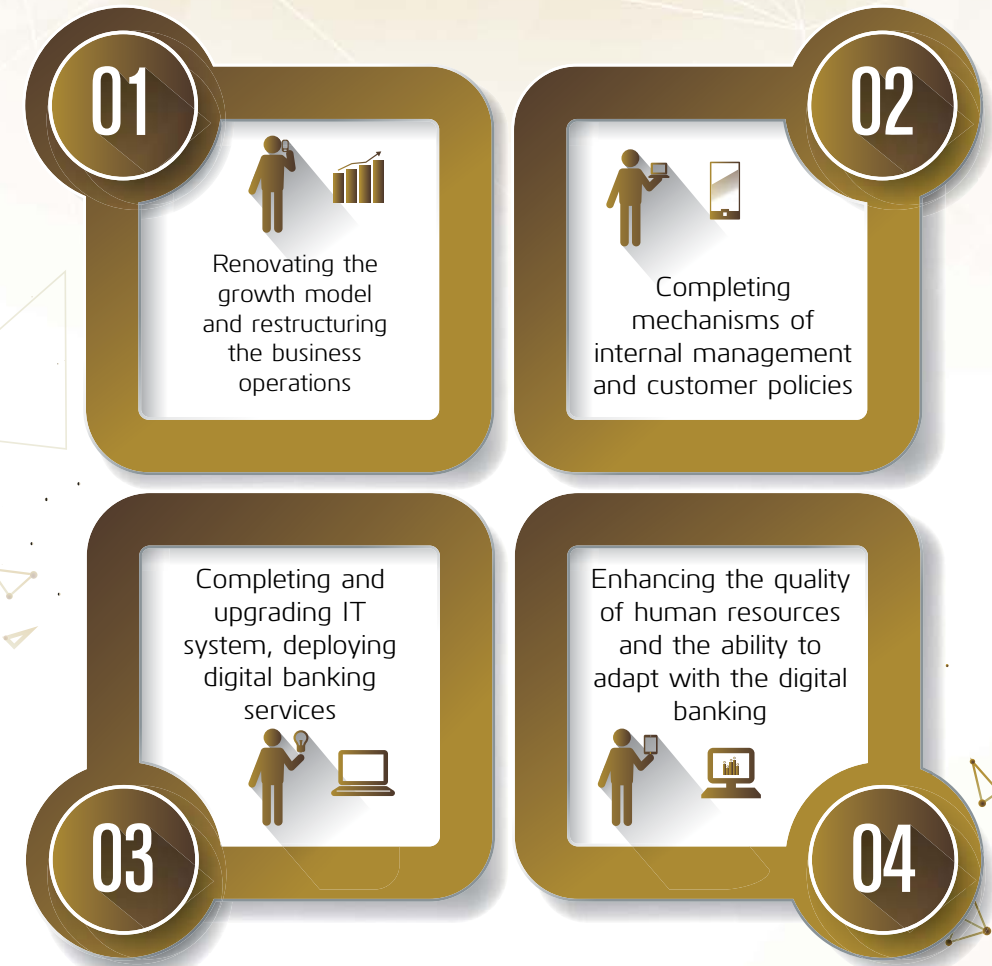
In 2020, the global economy are at risk of recession as a result of Covid-19 outbreak in China and global spread. Global production shows signs of stagnation while the consumption, investment and world trade have declined. China's production index in February dropped to 37.5, the lowest point since 2004. Meanwhile, various existing risks, such as the US-China trade war, the increasing amount of government and personal debts, geopolitical and political instability, and climate change, etc. are weakening the global growth. Many governments and central banks have loosened monetary policy and offered economic support packages to overcome this epidemic.

In response to the pandemic, the Government drastically provided ministries with control measures and directions. The State Bank of Vietnam also directed

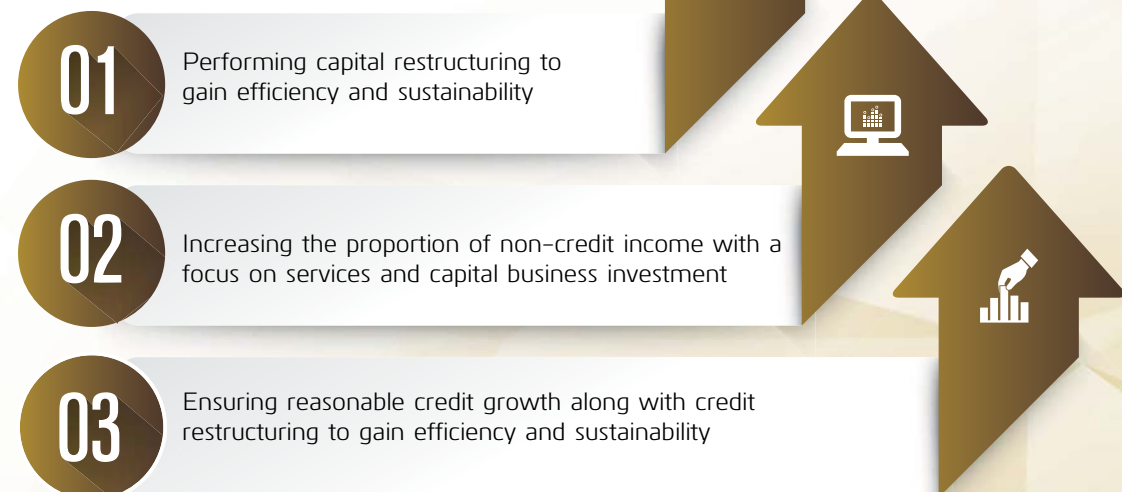
the implementation of various solutions (reduction of fees and lending interest rates, debt restructuring without adjustment of debt groups, etc.) for enterprises affected by Covid-19. Generally, Vietnam's economic growth will be affected by Covid due to its high trade openness and heavy dependence on affected markets. Nevertheless, positive factors when EVFTA is approved by EU will only take effect as early as the third quarter of 2020.

2020 is expected to be a challenging year for the banking industry with severe economic impact of the epidemic and unpredictable international situation. As a result, the pressure for change and innovation is enormous due to increasingly fierce competition between the traditional and the digital banking sectors as well as between banks and fintech companies.

FOUR STRATEGIC BREAKTHROUGHS



THREE CENTRAL OBJECTIVES IN OPERATIONAL RESTRUCTURING



BUSINESS ORIENTATION IN 2020 (continued)



KEY TASKS IN 2020

SHIFTING BUSINESS STRUCTURE AND RENOVATING GROWTH MODEL



Focusing on promoting credit growth from the beginning of the year while restructuring

Improving the quality and efficiency of credit activities

- Increasing the proportion of retail credit, expanding credit growth through transaction offices. Developing diverse products suitable with customer segments, standard products, asset management products, production and business sectors, car purchase, etc.
- Expanding wholesale credit growth for new wholesale customers meeting Vietcombank's credit standards.
- Increasing the proportion of outstanding loans to important FDI customers with low credit risk and high potential of using full package of services.
- Increasing the proportion of secured credit; selecting highly effective medium and long-term credit projects while utilizing the full package of services to control the short-term capital use for medium and long-term loans under the SBV's regulations.
- Reviewing and adjusting the structure of interest rates for customers with both deposits and outstanding loans at Vietcombank.
- Limiting loans to high-risk sectors.

Strengthening inspection, control, and compliance

Promoting fee income and foreign currency trading

Improving deposit growth efficiently and sustainably



Promoting fee income and foreign currency trading

E-Banking services

- Expanding a new customer base and improving the retention rate of customers using e-banking services.
- Accelerating the implementation of e-banking services for electricity and water bill payment.
- Approaching customers of chain business and e-commerce business to expand the utilization of e-banking services.

Trade finance

- Expanding customer base using trade finance products.
- Proactively seeking, approaching and enhancing transactions with potential customers; expanding relationship with associations and industries in credit sector annually.
- Maintaining and expanding market share for domestic financial institutions by offering full package of international payments, trade finance, and funding services.

Foreign currency trading

- Increasing the market share of foreign currency trading of ODA projects. Coordinating with remittance companies for higher income from remittance and foreign currency trading.
- Effectively utilizing the combined services of international payment and foreign currency trading.

Other services

- Developing payment services while implementing projects of payment infrastructure.
- Effectively deploying cooperation agreement with international card organizations.
- Creating a plan and distributing insurance products according to the agreement signed with FWD.

BUSINESS ORIENTATION IN 2020 (continued)

KEY TASKS IN 2020 (continued)



Improving deposit growth efficiently and sustainably

- Adapting deposit interest rates to the market competition situation.
- Improving low-cost funding by opening new personal bank accounts; increasing sales promotion to increase the use of banking services. Strengthening relationship with large corporations, large enterprises, groups, centralized funds, ministries/sectors with large capital to establish, maintain, and increase deposit market share of Vietcombank.
- Efficiently providing State budget collection services and attracting State treasury deposits.
- Leading in the provision of non-cash payment services, cooperation in non-stop toll collection, payment services with the national public service portal, payment services of water and electricity bills, hospital charge, tuition fees and other non-cash payment services.
- Strengthening the sale of non-credit services, business chain, and cross-selling while managing cash flow to utilize new capital.

INCREASING PROFITABILITY FROM INVESTMENT BANKING

- Ensuring the liquidity by efficient use of capital to support the Wholesale and Retail Division.
- Reviewing and restructuring investment to improve the average interest rate and investment portfolio from the secondary market.
- Researching and deploying the sale of investment bank's products. Establishing a coordination mechanism between VCB, VCBS, and VCBF.

STRENGTHENING CONTROL OF CREDIT QUALITY, PROMOTING RECOVERY OF WRITTEN-OFF LOANS

- Reducing credit for high-risk sectors, customers without collaterals, customers with potential risks, customers with no overall benefits to Vietcombank.
- Reviewing and strictly controlling non-performing loans, potential non-performing loans, and creating recovery plan.

SOLUTIONS TO PROMOTE EFFICIENCY OF BUSINESS ORIENTATIONS



Business support solutions

- Developing specialized products in line with customer segments; promoting the development of new products, focusing on investment bank's products.
- Expanding customer base from securities companies/securities investment funds/fund management companies to provide comprehensive banking services and to focus on the development of open-end funds, ETF funds, additional voluntary pension funds, etc.
- Developing and implementing technology-based payment services in key sectors such as public transport, non-stop toll collection, health care, and education.
- Transforming contactless technology stage by stage in line with SBV regulations and the market's requirements.
- Developing digital products/services/platforms with high application of technology, encouraging transactions on digital banking channels.



Risk management solutions

- Promoting internal inspection and audit while closely supervising the results of implementing inspection and auditing proposals and remotely monitoring business activities of branches/subsidiaries in Vietcombank system.
- Continuing to improve risk management capacity through the implementation of transformation projects and initiatives under the Basel II Program.
- Upgrading operational risk management.



Supporting solutions for technology, human resources, and information management

- Accelerating the implementation of transformation and IT projects. Efficiently operating the new Signature Core banking system, as a foundation for digital transformation and development of new products and services.

- Upgrading IT systems to meet business requirements, ensuring the high availability as well as safe and secure operations; managing the IT systems under international standards.
- Developing and implementing a professional marketing strategy, promoting advertising communications to increase Vietcombank brand identity.
- Implementing reporting system for multi-dimensional profitability management by division/customer/product.
- Restructuring the sales and servicing models at all branches following the RTOM projects.
- Reforming and reorganizing the salary mechanism, as well as business efficiency and labor productivity.
- Developing and issuing a set of criteria for selecting talented staff; capacity framework, training roadmap; reviewing JDs and KPIs.
- Increasing the average number of training sessions, tests/skill competitions compared to 2019 while improving the training quality.
- Preparing necessary conditions for financial statement according to international standards.



Other solutions

- Increasing charter capital from retained profits and surplus; increasing capital through issuing private shares right after being approved by the competent authorities.
- Optimizing the organization model and working facilities following the approved plan for the higher business efficiency.
- Improving the quality of scientific research and innovations throughout the Bank for effective implementation of Vietcombank's growth and business promotion strategies.
- Implementing various social activities to support localities, alleviate damages of natural disasters, prioritizing education, healthcare, etc.

ASSESSMENT BY BOARD OF DIRECTORS

ASSESSMENT BY BOARD OF DIRECTORS

With the management motto of “Transformation – Efficiency – Sustainability” and “Innovation – Discipline – Responsibility” set for 2019, the BOD gave strict and prompt instructions to Vietcombank’s activities in the whole year.



HỘI NGHỊ TRIỂN KHAI NHIỆM VỤ KINH DOANH NĂM 2020



With effort and determination of the whole employees, at the end of 2019, Vietcombank achieved and exceeded all key business targets set by the Shareholders’ General Meeting, rose strongly to affirm its leading position in the banking sector in terms of profit size and asset quality.

Assessment of the implementation of the business targets set by Shareholders’ General Meeting:

BUSINESS RESULTS



In 2019, Vietcombank achieved positive results, especially new record-setting profits thanks to its movements on the right track.

- Total assets reached VND 1,222,719 billion, increasing by 13.8% compared to 2018 and exceeding by 1.6% the 2019 goal set by the General Meeting of Shareholders.
- Total outstanding loans reached VND 741,208 billion, increasing by 15.9% over 2018 and complying with the credit growth set by the Governor of the SBV.
- Total deposits reached VND 1,039,086 billion, up 14.1% over 2018. In particular, customer deposits (including valuable paper issuance) reached VND 949,835 billion, increasing by 15.4% compared to 2018
- Vietcombank continued to tightly control credit quality and promote the recovery of non-performing loans. Non-performing loan was VND 5,804 billion, nonperforming loan ratio was 0.78%, while loan loss provision was VND 10,417 billion. Vietcombank’s loan loss reserve ratio was 179%, which was the highest level in the bank’s operations.
- Profit before tax reached VND 23,122 billion (equivalent to USD 1 billion), increasing by 26.6% compared to 2018 and fulfilling 116% the plan in 2019 set by the General Meeting of Shareholders.

TOTAL DEPOSIT (VND billion)

1,039,086

Up 14.1% over 2018

OUTSTANDING LOANS (VND billion)

741,208

Up 15.9% over 2018

NON-PERFORMING LOANS (VND billion)

5,804

PROFIT BEFORE TAX (VND billion)

23,122

Equivalent to 1 billion USD
Up 26.6% over 2018

ASSESSMENT BY BOARD OF DIRECTORS (continued)

ASSESSMENT BY BOARD OF DIRECTORS (continued)

GOVERNANCE AND MANAGEMENT ACTIVITIES



Regarding network development, human resource management and training

- 05 new Branches and 10 Transaction Offices were launched as approved by the SBV, increasing the total number of transaction points to 111 Branches and 472 Transaction Offices. Vietcombank opened a Representative Office in the US and got approval to establish a branch in Australia.
- Labor productivity was improved, EBT/person in 2019 was estimated to reach VND 1,220 million/person, up 15% compared to 2018. The scientific researches and activities of the Scientific Council were promoted.



Transformation projects

- In 2019, in addition to 27 projects and the CTOM program completed, Vietcombank continued to implement 44 projects (40 of which are classified into 02 programs/schemes). Particularly:
- IT Development Scheme to 2020: The implementation of the Scheme achieved positive changes in 2019 with numerous completed projects.
- Basel II program: 12 initiatives are being implemented. Most of them were applied in the governance of business operations. At the same time, Vietcombank was approved by the SBV to apply Circular No. 41 from January 1st, 2019.
- Other projects: Basically deployed on schedule. The RTOM Project has been implemented since the beginning of 2019 and had its testing phase completed at several branches, which there are reported and approved to apply the retail transformation model.



Digital banking transformation

- Approving the roadmap of a complete digital transformation;
- Proactively implementing the Digital Banking Transformation project in line with the bank's closed strategy;
- Establishing human resource for the digital transformation project.



Other management activities

- In the 2019 Annual General Meeting of Shareholders, a number of important matters regarding regulations and personnel of the BOD were approved. 01 additional member of the BOD was elected, making the total Board members of 9 members.
- The BOD continuously gave direction and periodically urged to review and evaluate the implementation of the restructuring plan and the recovery of non-performing loans by 2020 with 4 sub-schemes and 4 action programs of the Scheme.
- The BOD also approved and issued the Vietcombank Development Strategy by 2025, a vision by 2030, and sub-schemes, Action Programs performed by strategic divisions.



ASSESSMENT OF THE BOARD OF DIRECTORS AND THE BOARD OF MANAGEMENT'S ACTIVITIES

A regular meeting was monthly organized by the BOD to assess the business activities and performance of each Board member on his assigned tasks. On that basis, a resolution was promulgated to direct business activities, assign specific tasks to each member of the BOD and supervise the BOM in implementation and compliance with Bank's Charter, Regulations on organization and operation of the BOD, Internal management regulations and relevant regulations of Vietcombank.

In 2019, by grasping positive changes of world and Vietnam's economy, the BOM follow closely and drastically manage business tasks and plans according to orientations of the BOD as well as medium-term, long-term strategic goals and specific goals for 2019 set by the Shareholders' General Meeting and the BOD.

Members of the BOD and the BOM always considered interests of shareholders, the State and the Bank as top goals, well directed, operated and fulfilled their assigned duties and responsibilities.

BUSINESS STRATEGY FOR 2020

MOTTO

"Transformation, Efficiency, Sustainability" with a focus on growth model in depth, operational restructuring, sustainable growth, high efficiency, and labor productivity improvement.

IN 2020, VIETCOMBANK WILL FOCUS ON 4 STRATEGIC BREAKTHROUGHS, NAMELY

- Renovating the growth model and restructuring business operations;
- Completing mechanisms and policies (mechanisms of internal management and customer policies);
- Enhancing the quality of human resources and the ability to adapt to the digital banking;
- Completing and upgrading IT system, deploying digital banking services.

VIEWPOINT OF MANAGEMENT

"Responsibility – Action – Creativity".

3 CENTRAL OBJECTIVES IN OPERATIONAL RESTRUCTURING

- Gradually reducing the credit growth rate, in association with the sustainable and effective adjustment of credit structure: Increasing the proportion of outstanding loans with RTOM Project as a foundation; increasing the collateral coverage ratio to the total outstanding loans.
- Increasing the proportion of non-interest income with a focus on income from services and treasury;
- Performing capital restructuring to gain efficiency and sustainability.