



TARGETED MILESTONES

CHAPTER 2

REPORT OF THE BOM AND BOD

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REPORT ON FINANCIAL

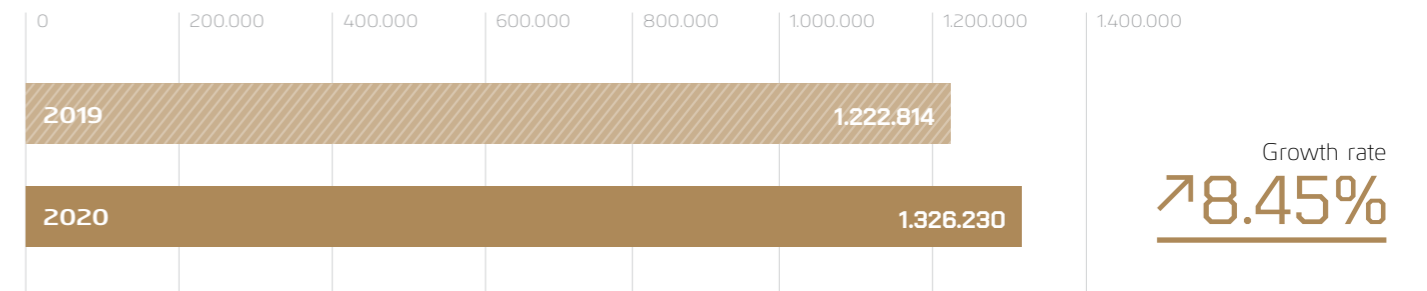
1. TABLE OF VCB'S FINANCIAL INDICATORS

Unit: VND billion

Financial Indicators	2019	2020
A FINANCIAL INDICATORS		
1 Total assets	1,222.814	1,326.230
2 Revenue	88.339	90.936
3 Taxes and other payable items	6.751	6.470
4 Profit before tax	23.212	23.050
5 Profit after tax	18.597	18.473
B KEY FINANCIAL INDICATORS		
1 Capital		
1.1 Charter capital	37.089	37.089
1.2 Total assets	1,222.814	1,326.230
1.3 Capital adequacy ratio	9,34%	9,56%
2 Business results		
2.1 Deposits	17,486,521	18,910,197
2.2 Loans	1,718,858	1,671,143
2.3 Debt collection	1,617,310	1,567,035
2.4 Non-performing loans	5,370	5,230
2.5 Loans/Total deposits in 1 st market (in VND)	78,05%	80,23%
2.6 Non-performing loans/Total outstanding loans in 1 st market	0,72%	0,62%
3 Liquidity		
3.1 Liquidity reserve ratio	22,0%	19,2%
3.2 Liquidity ratio within 30 days by currency		
VND	86,9%	83,8%
Foreign currencies in USD equivalent	96,6%	79,7%

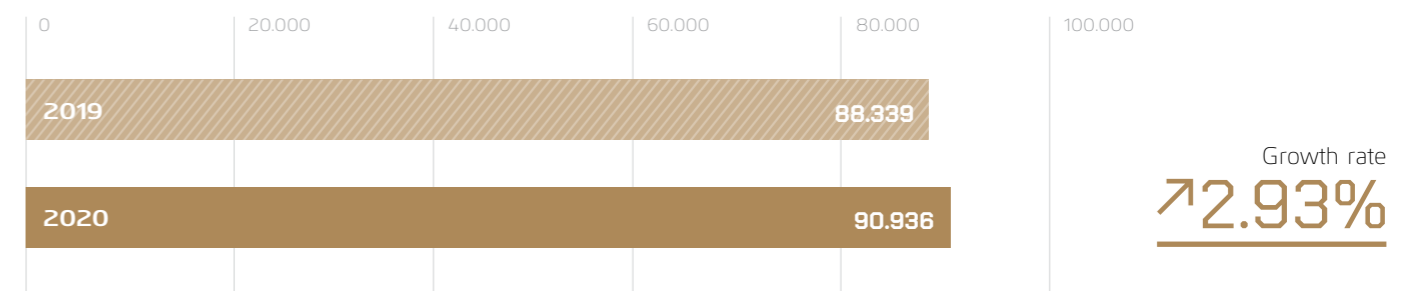
TOTAL ASSETS

Unit: VND billion



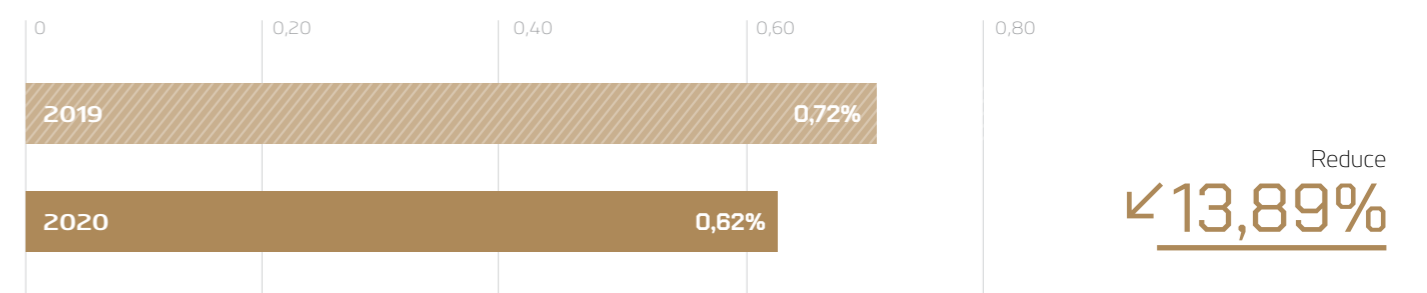
REVENUE

Unit: VND billion



NON-PERFORMING LOANS/TOTAL OUTSTANDING LOANS IN 1ST MARKET

Unit: %



SHAREHOLDER STRUCTURE CHANGES IN SHAREHOLDERS' EQUITY

1. SHAREHOLDERS

TOTAL SHARES

3.708.877.448

Total shares	Type of shares	Number of transferable shares	Number of restricted shares
3.708.877.448	Ordinary shares	378.103.902	3.330.773.546

2. LIST OF SHAREHOLDERS HOLDING RESTRICTED SHARES

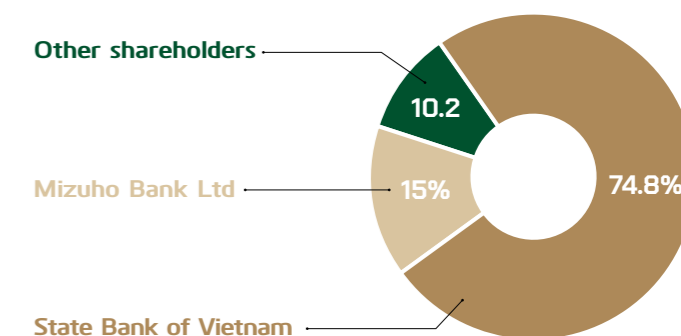
No.	Shareholders	Total shares	Number of restricted shares	Restricted period
1	State Bank of Vietnam (Representative for the Government's shares)	2.774.353.387	2.774.353.387	According to the provisions of Clause 1, Article 56, Law on Credit Institutions No. 47/2010/QH12: "Individuals and institutional 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	80.177	80.177	
	Board of Directors	71.590	71.590	
	Supervisory Board	8.587	8.587	
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 the 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 Dzong - 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 at Vietcombank.

3. SHAREHOLDER STRUCTURE

NUMBER OF SHAREHOLDERS

24.515



No.	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%	24.513
1	Domestic individual shareholders	26.109.735	0,70%	23.004
2	Domestic organization shareholders	28.116.018	0,76%	151
3	Foreign individual shareholders	2.132.851	0,06%	1130
4	Foreign organization shareholders	321.830.524	8,68%	228
	Total	3.708.877.448	100,00%	24.515

4. LIST OF MAJOR SHAREHOLDERS

No.	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 at December 31st, 2019 provided by Vietnam Securities Depository).

IMPLEMENTATION OF PROJECTS

1. INVESTMENTS/DIVESTMENTS IN 2020

In 2020, VCB wholly divested its investment capital from Vietcombank Cardif Life Insurance Co., Ltd., particularly:

Unit: VND billion

No.	Name of Unit	Investment capital as of 31/12/2020	Investment capital as of 31/12/2019	Divestments
1	Vietcombank Cardif Life Insurance Co., Ltd.,	0	270	270

2. SUBSIDIARIES, JOINT-VENTURES AND ASSOCIATES

General information of subsidiaries

Unit: VND billion

Company name	Abbreviation name	Business license	Sector	Capital investment as of 31/12/2020	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	Enterprise registration certificate No. 0314633162 dated 20 th 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	1.820,40	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

Summary of subsidiaries' performance and financial situation

VCBL

Vietcombank Leasing Co., Ltd.

VCBL is a subsidiary, 100% owned by Vietcombank, operating in the field of financial leasing. Profit before tax in 2020 reached VND 123.14 billion, exceeding 7% of the plan. Outstanding financial leasing of VCBL until end of 2020 reached VND 4,436.5 billion.

PROFIT BEFORE TAX

123,14 VND BILLION

VCBS

Vietcomank Securities Co., Ltd.

VCBS is 100% owned by Vietcombank, operating in the securities sector. Despite numerous fluctuations in securities market, the Company continued to maintain good operating results. Profit before tax of the company in 2020 reached VND 323.70 billion, exceeding 13.8% of the assigned plan.

PROFIT BEFORE TAX

323,70 VND BILLION

VCB LAOS

Vietcombank Laos Limited

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 operation from July 2018. In 2020, VCB Laos gained good operational efficiency with the profit before tax of VND 37.87 billion.

PROFIT BEFORE TAX

37,87 VND BILLION

VCBM

VCB Money Inc.

VCBM is a subsidiary with 87.5% of charter capital owned by Vietcombank, providing remittance services in the U.S and transferring money to Vietnam through domestic partners. In 2020, VCBM maintained its stable performance. The Company's profit before tax in 2020 reached VND 11.25 billion, exceeding 111% of the assigned plan.

PROFIT BEFORE TAX

11,25 VND BILLION

VFC

Vietnam Finance Co.

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. The revenue from major operations reached VND 16.2 billion.

PROFIT BEFORE TAX

16,2 VND BILLION

VCBR

Vietcombank Remittance Co., Ltd.

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. The Company's profit before tax in 2020 reached VND 6.92 billion, exceeding 139% of the assigned plan.

PROFIT BEFORE TAX

6,92 VND BILLION

VCBT

Vietcombank Tower 198 Co., Ltd.

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 2020, with the advantage of good location and customers, the company maintained stable performance

PROFIT BEFORE TAX

76,72 VND BILLION

with the leasing rate of 100%, its profit before tax reached VND 76.72 billion, exceeding 14% of the assigned plan.

IMPLEMENTATION OF PROJECTS

General information of joint-ventures and associates

Unit: VND billion

Company name	Abbreviation name	Business license	Sector	Capital investment as of 31/12/2020	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/GCND2/41/1 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%
Vietcombank Bonday Co., Ltd.	VCBB	No. 283/GP issued by the Ministry of Planning and Investment on December 5 th , 1991 with 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

VCBF

Vietcombank Fund Management Co.

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 reached VND 23.92 billion, exceeding 23.9% of the plan.

PROFIT BEFORE TAX
23,92 (VND BILLION)

VCBB

Vietcombank Bonday Co., Ltd.

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 2020, the Company still maintained its stable performance, its profit before tax reached VND 41.65 billion, fulfilling 99% of the plan.

PROFIT BEFORE TAX
41,65 (VND BILLION)

VBB

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

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 2020 was VND 194.33 billion, exceeding 30% of the plan.

PROFIT BEFORE TAX
194,33 (VND BILLION)

ASSESSMENT ON BUSINESS PERFORMANCE IN 2020

Given the unpredictable situations of the socioeconomic environment, VCB made every effort to fulfill the “multiple objectives”: Fighting Covid-19 pandemic effectively; Sharing difficulties with customers; and Developing sustainable business.

Pioneering in the effective implementation of Decree No. 42 of the Government and Circular No. 01 of the State Bank of Vietnam

Pioneering in the synchronized and powerful implementation of solutions supporting businesses, individuals affected by the COVID-19 pandemic and natural disasters via packages supporting interest rate, reducing lending interest rate for existing outstanding loans; simultaneously reducing lending interest rate for customers in the Central region affected by floods and storms, reducing payment fees, etc.

The total amount of outstanding loans supported with interest rate reduction was approximately VND 441,768 billion. Total amount of interest supporting customers due to interest rate reduction in 2020 was up to VND 3,700 billion.

Restructuring repayment due and maintaining debt group according to the Circular No. 01 for customers borrowing capital affected by the COVID-19 pandemic.

RESTRUCTURED
OUTSTANDING LOANS AT
DECEMBER 31ST, 2020

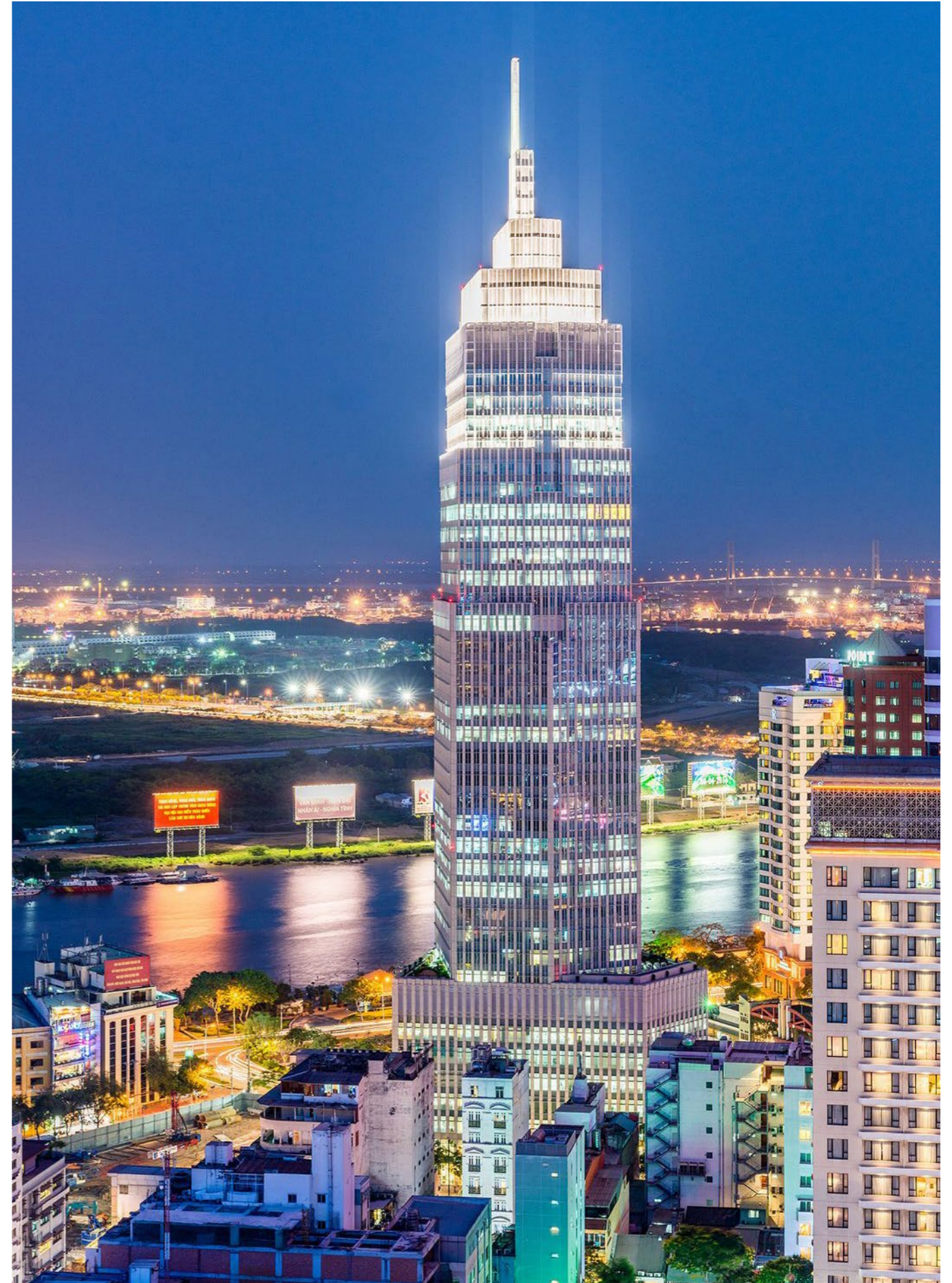
5.156 (VND BILLION)

Regulating the growth rate and structuring the deposit towards optimization

TOTAL DEPOSIT FROM
THE ECONOMIC
(INCLUDING VALUABLE
PAPER ISSUANCE)

1.053.354 (VND BILLION)
INCREASING BY 10.9% COMPARED TO 2019

Demand deposit ratio at the end of term reached 32.1% (30.1% in 2019)



ASSESSMENT ON BUSINESS PERFORMANCE IN 2020

Shifting the credit structure towards safety and efficiency; enhancing the credit growth to support the economy

OUTSTANDING
LOANS REACHED

845.128 (VND BILLION)
INCREASING 14% COMPARED TO 2019

The retail loans accounted for 53.5% of the total outstanding loans (51.8% in 2019)

Credit growth continued to focus on production-business areas, prioritized sectors according to the Government's policy.

Credit quality was tightly controlled; nonperforming and written-off loans was also greatly reduced.

Group 2 Loan reached VND 2,973.6 billion, decreased from 0.41% in 2019 to 0.33% in 2020

Non-performing loans reached VND 5,229.5 billion with the NPL drop from 0.73% in 2019 to 0.62% in 2020.

LOAN LOSS
PROVISION WAS

19.243 (VND BILLION)
LOAN LOSS PROVISION
COVERAGE RATIO (368%)

Recovery of written-off loans reached VND 2,422 billion.

Business operations

The international payment and trade finance's market share was 15.26% and turnover reached USD 83 billion.

Outstanding business performance among credit institutions

PROFIT BEFORE TAX

23.050 (VND BILLION)
EQUIVALENT TO 2019

Net income from non-financial operations accounted for 49.8% of the income from business operations (39.2% in 2019).

Maintaining high ROAA, ROAE ratio equivalent to 1.45% and 21.11% respectively.

Nearly VND 8,689 billion contributed to the State Budget, including VND 6.470 billion for tax

CONTRIBUTION TO
THE STATE BUDGET

8.689 (VND BILLION)



PAYING TAX

6.470 (VND BILLION)



Bank with largest market capitalization among all listed banks in Vietnam

VCB's market capitalization exceeded USD 15.7 USD, remaining leading position in the banking sector.

The consolidated Capital Adequacy Ratio (CAR) (under Circular No. 41) reached 9.56%, increasing 0.22% compared to 2019.

ASSESSMENT ON BUSINESS PERFORMANCE IN 2020

MANAGEMENT PERFORMANCE IN 2020

In 2020, given significant volatilities in the business environment under the influence of the COVID-19, the **"Safety Guidedance"** was embedded by Vietcombank into its action plans and management solutions so as to operate three pillars of the Bank's business model, which are Retail – Service – Investment, with **03 "Focuses"** and **05 "Breakthroughs"**. Accordingly, VCB also managed to maintain its position as the leading bank with highest credit quality in Vietnam with such solutions as actively classifying borrowers into 04 different groups of credit treatment under scientific and systematic criteria; consistent in maintaining credit conditions and requirement for collaterals; regularly reviewing and resolving difficulties in credit approval for each and every loan contract; promoting development of products and services on the digitalization platform; synchronously implement capacity building and transformation projects; expanding the branch network and improving the staff quality, etc.



Proactively implementing the government's and SBV's policies, supporting enterprises for the common goal of national economical 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 of the Prime Minister dated January 1st, 2019 and the management direction of the SBV Governor on supporting the business sector.

Besides, Vietcombank continue to offer various favorable schemes to small and medium enterprises while committing to fix competitive interest rates for the terms of 2 years/3 years/5 years for enterprises to better manage their cost, production and business operation.

Drastically implementing Vietcombank 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 2020.

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.

Implementing funding operation to match with credit growth and in accordance with strategic direction

Deposit targets are reduced in line with the projected credit growth rate and in order to improve the efficiency of funding use. Deposit programs were regulated to match with the market condition and the Bank's credit growth rate.

The deposit portfolio continued to be restructured, deposit interest rates were structured towards keeping the average deposit interest rate at low level.

Simultaneously implementing fundamental solutions to improve credit quality, maintain the position as the bank with best credit quality in Vietnam

Borrowers were actively classified into 04 different groups of credit treatment under scientific and systematic criteria: Group A – growth; group B – maintenance; group C – outstanding loan reduction, collateral increase; and group D – high risk, under review for credit relationship termination.

Credit was expanded to highly potential and efficient economic sectors, the performance was regularly evaluated and reviewed.

The frequency for reviewing credit portfolio of 52 sections and customer groups was increased for timely adjustment against changes in business environment and impact of the COVID-19 pandemic.

Credit conditions and collateral requirement was strictly maintained given the unfavorable situation of the market.

Technical problems and obstacles in the process of credit approval for each and every credit contract were regularly reviewed and resolved.

The medium-and long-term credit ratio was appropriately controlled; credit was expanded flexibly in line with market situation.

Tightening credit quality control and promoting recovery of non-performing/written-off loans

Inspecting and monitoring lending activities at all branches.

Increasing monitoring debt recovery at each branch.



ASSESSMENT ON BUSINESS PERFORMANCE IN 2020

Optimizing organization model and expanding branch network in accordance with business strategy

Reorganizing the Retail Division at Head Office according to the new organizational model set out in phase 1 of the Project for Retail banking model transformation (RTOM). The wholesale credit model (CTOM) was adjusted according to the Circular No. 13 of the State Bank. Staff rotation was implemented between Head Office and Branch.

Expanding branch network and migrating training activities to E-learning platform:

- Established and opened 5 new branches and 33 transaction offices in the network. Put the Training School in Ecopark into operation.
- The total number of training sessions delivered was 67,988 sessions, in which the number of E-learning sessions accounted for approximately 37%; the average number of sessions for each staff was 3.6, higher than the rate of 1.1 in 2019.

Simultaneously and effectively implementing projects to enhance management and operation capacity

Proactively implementing projects to improve management and operation capacity. Some projects were gradually applied in practice:

Successfully rolling out the "Signature" Core-Banking system (in January 2020) and continuing to develop applications at business service level.

Completing 13 projects, in which 7 were under the IT Development Roadmap to 2020, 5 under the Basel II Program and 1 being the initiative No. 14 under in CTOM project. 29 out of 103 transformation projects continued to be implemented.

Successfully deploying Phase 1 of Payment Hub and PCM project.

Completing Phase 2 of ERP and MPA projects; continuing to finetune the support system to improve the user-friendliness.

Implementing ICAAP 6 months earlier than requirement of the Circular No. 13.

Implementing the Digital Transformation Project and put the Digital Banking Center into operation.



In 2020, VCB issued a number of internal regulations related to staff management such as Regulation on employment and recruitment; Training regulation; Regulation on recruitment, management and employment of business support staffs.

Tightening inspection, internal control and compliance

Other activities

Issuing important internal rules and regulations regarding credit limits and adequacy ratios in Vietcombank's operations, wholesale credit processes, delegation of authority for fee waiver and reduction for wholesale customers, regulations on liquidity risk management, etc.

In 2020, VCB issued a number of internal regulations related to staff management such as Regulation on employment and recruitment; Training regulation; Regulation on recruitment, management and employment of business support staffs.

Inspecting all branches nationwide, 04 Departments/Divisions/Centers at the Head Office, 02 Subsidiaries, and carrying out 22 special audit and inspection schemes bankwide.

Reviewing operational risks at branch level to timely prevent and report potential risks, propose solutions to operational issues found at branches.

Successfully organized IV Party Congress of Vietcombank Party committee, term of 2020-2025 and series of activities towards XIII National Party Congress.

The communications activities continued to be promoted with many new points, Vietcombank's prestige was enhanced and VCB was praised by many domestic and international organizations.

The social activities received special attentions: in 2020, VCB spent nearly VND 386.5 billion to build houses for poor households, social welfare constructions for education and health, etc.

Implementing inter-regional online meetings for bankwide business review in line with requirements for COVID-19 epidemic prevention.

Re-applying for ISO27001 certificate in the whole network. Reviewing, revising and updating the regulations on information security.

ASSESSMENT ON BUSINESS PERFORMANCE IN 2020

3. REPORT ON SOCIAL AND ENVIRONMENTAL IMPACTS

Compliance with legislation on environmental protection

Knowing that Vietnam is one of the countries that considerably suffers from climate change, Vietcombank 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 focus on promoting environmental risk management responsibilities of credit institutions in order to gain consent and support from customers.



Human resources policies

Vietcombank 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 31/12/2020 were 20,062 people (including the number of employees of two subsidiaries, VCBS and VCBL), increasing by nearly 5.9% compared with 2019. Working time is 8 hours per day and 5 days per week. Vietcombank ensures annual leave, public holidays, and personal leave in compliance with the Labor Code, maternity leave and sick leave in line with the Law on Social Insurance.

All employees are contracted in accordance with the law. Temporary deferment or termination of labor contract is done in accordance with the Labor Code. Requests for early retirement are also granted with favorable conditions.

Vietcombank implemented many activities in order to create the best working environment for employees with remarkable results: All employees had stable jobs with competitive salary and attractive welfares, employees were trained for career development; Appreciation, reward and personal training were given to the right persons for their right achievements at right time; Motivation mechanism for employees is always emphasized, in connection with performance assessment and promotion planning; practicing external recruitment for management positions; employees constantly encouraged to strive and improve their work efficiency, etc.

Vietcombank had applied technology in almost all stages of the recruitment (receiving, selecting applications, organizing online exams, etc.). Recruitment in VCB is complied with regulations, ensuring transparency and objectivity for recruiting staff that have right qualifications for the intended positions and meeting the job requirements. Probation schemes are in compliance with related regulations.

ASSESSMENT ON BUSINESS PERFORMANCE IN 2020

Human resources policies

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

In recent years, Vietcombank's salary and remuneration mechanism system have gradually improved in line with the regional and global levels, as follows:

a. Remuneration mechanism regarding finance:

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 market competitive. The average income of Vietcombank staff tends to increase year on year and is on a high level compared with average market income.

Salary of employees is divided into two parts: (1) Fixed salary: Determined according to the rank/grade in line with positions and professions. (2) Performance salary: Based on performance measured by KPIs, encouraging employees to strive for good accomplishment of work.

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 employee performance evaluation. For staff having outstanding achievements and initiatives with realistic application, Vietcombank's BOM and BOD have employee reward schemes by approving early raise of their salary grade.

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

Health insurance, social insurance regimes:

Vietcombank has covered social insurance for 100% employees who have signed labor contracts of one year or longer tenors with compulsory social insurance treatment such as maternity and sick coverage, etc. for employees. Retiring employees are entitled to an appropriate allowance which is calculated on the basis of their full salary of the working year preceding the retirement.

In addition, Vietcombank also cover labour health insurance and unemployment insurance in accordance with the Government regulations.

Extra remuneration beside salary:

Vietcombank's remuneration regime beside salary has been established, particularly: (ii) For circumstances of retirement, maternity leave, disability, fatal diseases or surgery, Vietcombank also provides employees with additional financial assistance in addition to benefits received from social insurance; (iii) Providing health insurance as well as arranging annual health checks for all employees. In particular, Vietcombank has combined with reputable medical facilities to conduct early screening for cancer for employees since 2017. Vietcombank also paid special attention to female employees through some supportive gender payments.

b. Non-financial incentives

To motivate employees, in addition to the direct financial remuneration mechanisms, Vietcombank has built and implemented domestic and overseas training programs to enhance employees' expertise and engagement.

The Bank pay employees visits and provide allowances for sickness and maternity; presents for retiring employees; employees' parents and parents-in-law of employees on International Day of Older Persons, etc.



BUSINESS ORIENTATION IN 2021

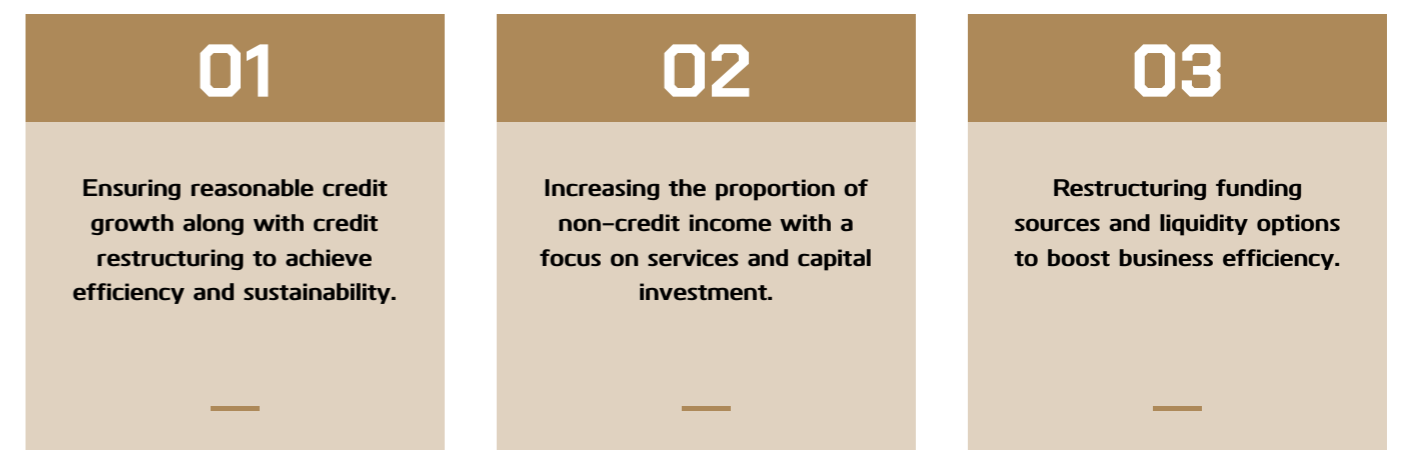
The global economy is forecasted to sharply rebound in 2021, the global GDP growth is forecasted at 6%. However, the appearance of new SARS-CoV-2 virus variants may slow down the growth recovery process. Moreover, the geopolitical instability and competition among large economies are increased sharply, the climate change is expected to be an increasingly complex issue.

In 2021, the Government strives to reach a GDP growth target of 6.5%, continues to prioritize macro stability and curb inflation at below 4%. The disbursement of public investment shall be promoted in 2021 and years after that. The validity of new FTAs and post-pandemic demand increase are predicted to boost Vietnam's import and export activities. FDI inflows to Vietnam is forecasted to have an increase with "China +1" investment trend. Vietnam is facing both a great opportunity and challenge to participate more actively in the global value chain.

Implementing the Resolution No. 01 of the Government and Directive No. 01 of the State Bank of Vietnam, Vietcombank set out the motto of **"Transformation, Efficiency, Sustainability"** in action and the viewpoint of **"Responsibility - Action - Creativity"** in management mindset; continue to implement Five strategic breakthroughs and Three central objectives, towards innovating the growth model in depth, restructuring business operations, improving labor productivity and striving for sustainable growth.



3 OPERATIONAL RESTRUCTURING OBJECTIVES



BUSINESS ORIENTATION IN 2021

KEY TASKS IN 2021

1. Implementing the credit management solutions under directions of the Government at the Resolution No. 01/NQ-CP dated January 1st, 2021 and the Governor of the SBV at the Directive No. 01/CT-NHNN dated January 07th, 2021.

Continue to perform duties and initiate solutions for epidemics prevention, and support the customers affected by Covid 19 epidemic under the directions of the Government, Prime Minister and Governor of the SBV at Directive No. 02/CT-NHNN dated March 31st, 2020, Circular No. 01/2020/TT-NHNN dated March 13th, 2020 and other relevant directives.

2. Shifting business structure and bussiness growth model

Effective sustainable development creditstrategy.

Focusing on development of new customers with strong financial background. Shifting credit portfolio structure towards increasing proportion of customers in group A (Growth group) outstanding balances; gradually reducing the proportion customers in group B (Maintenance group) of outstanding balances; promptly withdrawing and reducing the outstanding balances of groups C and D Customers (Withdrawal groups); speeding up the credit processing processs, etc.

Focusing on growth of both wholesale and retail short-term credits,offering potential FDI customers segment with low credit risk and full package of services , providing credits for Midcom customers and major Customers in the Southern area.

Continue to expand retail credit lending and general credits through transaction offices.

Stimulating e-banking service activities and expanding non-interest income

Adoption of digitalization of banking services. Focusing on products and services development towards improving customer experiences.

Expanding the base of new e-banking customers, e-commerce business customers and improving the loyalty of customers using e-banking services.

Expanding business with companies with large import-export payment turnover, high trading volume with export processing industrial zones, and companies in the value chain of a larger FDI customer.

Increasing the market share of foreign currency trading. Effectively utilizing the combined services of international payment and foreign currency trading.

Promoting sale and cross-sale of non-credit services, linked products, and cash flow services.

Improving deposit growth efficiency and sustainability

Regulating funding growth rate in line with funding use.

Increasing scale of low-cost funding through providing electronic payment utilities for enterprises, increasing individual accounts and customers using payment service and investment banking services, etc.



3. Increasing profitability from capital trading and investment banking

Liquidity management in connection with efficient funding use to support sales units.

Improving the efficiency of investment activities; rolling out investment banking products that meet customer needs.

4. Strengthening control of credit quality, promoting recovery of written-off loans

Continuing to reduce credit exposure with high-risk sectors, customers without collaterals, customers with potential risks, customers with no overall benefits to Vietcombank.

Regularly reviewing debts structured under the Circular 01, developing debt recovery plans and promptly applying necessary solutions.

Implementing the management of retail credit portfolio by advanced methods.

Accelerating the recovery of written-off loans: Developing a work plan and settlement schedule for each bad debt, assigning specific tasks to each officer.

Strictly complying with the laws and Vietcombank's internal regulations on granting credit and prevention of moral hazard and misconducts.

BUSINESS ORIENTATION IN 2021

5. Solutions to promote business efficiency

Business support solutions

Promoting the development of new products, specialized products in line with customer segments, and investment banking products.

Developing and implementing technology-based payment services in key sectors such as collection and payment services with Social Insurance, State Treasury; public transport fare collection, non-stop road toll collection, collection of health care and education fees, etc.

Developing digital products/services/platforms with application of high technology, encouraging transactions on digital banking channels.

Supportive solutions in terms of technology, human resources, and management information

Strengthening infrastructure capacity, meeting business requirements; ensuring safety, security and confidentiality of the IT system; cooperating with Fintech companies to develop a Vietcombank ecosystem.

Optimizing the organization model, functions and roles of units at the Head Office and Branches in order to focus on management and administration based on operational divisions. Establishing and putting into operation Vietcombank Asset Valuation Center and centralizing debt management.

Prioritizing the allocation of sales staff, tech savvy staff; continuing to reform the remuneration policy that links to business efficiency and productivity.

Improving the quality of scientific research and innovations throughout the Bank for effective implementation of Vietcombank's growth and business promotion strategies.



Risk management solutions

Strengthening internal inspection and audit while strictly monitoring the results of implementing remote inspection, auditing and supervision 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, especially in the context of Covid-19 epidemic.

Other solutions

Increasing charter capital being approved by the competent authorities.

Improving the efficiency of cost management in the bank, managing and closely monitoring the implementation of budget plans, reducing operating costs, controlling the operating expenses/income ratio.

Optimizing the organizational structure and working facilities based on the approved plan for the purpose of better business efficiency for the higher business efficiency.

Implementing various social activities to support localities, alleviating damages of natural disasters, prioritizing education, healthcare, etc. Conducting various social activities to support local activities.

ASSESSMENT BY BOARD OF DIRECTORS

1
ASSESSMENT BY BOARD OF DIRECTORS

With the motto of "Transformation - Safety - Efficiency - Sustainability" in management and the viewpoint of "Responsibility - Action - Creativity", with the aim of innovating the growth model in depth, operational restructuring for sustainable and efficient growth, the Board of Directors drastically directed, and regulated the Bank's 2020 business direction promptly and flexibly in the context of the business environment under many adverse impacts from Covid-19 pandemic.

With great effort, responsibility and determination, Vietcombank successfully completed the following goals: effectively preventing Covid-19 pandemic, sharing difficulties with customers and developing sustainable business. In 2020, VCB achieved many impressive results, exceeding the targets assigned by the General Meeting of Shareholders, continuing to lead the banking system in terms of profit scale and asset quality.

Assessment of accomplishment of business targets set by Shareholders' General Meeting as follows:



Business results

With business going in the right track, In 2020, Vietcombank achieved positive results, especially profits continued to be stand at the highest level in the Vietnamese banking sector.

- Total assets reached VND 1,326,230 billion, increasing by 8.5% compared to 2019 and reaching 101.3% the 2020 goal set by the General Meeting of Shareholders.
- Total outstanding loans reached VND 845,128 billion, increasing by 14% against 2019, in line with the credit growth quota allowed by the State Bank of Vietnam and covering 103.9% the 2020 target set by the General Meeting of Shareholders.
- Total deposits reached VND 1,053,354 billion, up 10.9% over 2019, covering 101.9% the 2020 target assigned by the General Meeting of Shareholders.
- Vietcombank continued to tightly control credit quality and promote the recovery of non-performing loans. Non-performing loan was VND 5,229 billion, non-performing loan ratio was 0.62%, while loan loss provision was VND 19,243 billion. Vietcombank's loan loss coverage ratio was 368%, which was the all-time highest level for the Bank and in the whole banking industry.
- Number of employees at the end of 2020 increased by 5.9% compared to 2019, Salary cost/profit before tax the Salary cost Profit before tax excluding salary reached 26%. All these targets are within the range assigned by the General Meeting of Shareholders.
- 2020 profit before tax was VND 23,050 billion (equivalent to 2019), exceeding the plan set by the State Bank of Vietnam by 116.3%.
- VCB's market capitalization exceeded USD 15.7 billion as of December 31st, 2020, continuing to stand at leading position among all the listed banks.



ASSESSMENT BY BOARD OF DIRECTORS

Governance and management activities

Network development, human resources management and training

- In 2020, 05 new Branches and 33 Transaction Offices were established, increasing the total number of transaction points to 116 Branches and 474 Transaction Offices. Furthermore, Vietcombank got approval from the Prime Minister to establish a branch in Australia.
- Average labor productivity throughout the network continued to be at high level (EBT/person reached VND ~1.22 billion). VCB maintained its leading position for 5 consecutive years as the bank with the best working environment in Vietnam. The scientific research and activities of the Scientific Council were promoted and strictly deployed.

Digital banking transformation

- The activities of digital banking were implemented in line with orientation with many breakthrough innovations: successfully operating the new Core banking system – Core banking Signature, launching a completely new digital banking service – VCB Digibank, becoming a typical digital transformation bank in 2020, implementing products of new digital banking products such as VCB Booking, e-KYC, etc.
- Vietcombank was the first bank to successfully establish connection with the National Public Service Portal and used this portal for social insurance payment. The Bank plans to continue expanding this cooperation, providing online payment solutions for healthcare, education, customs, insurance, etc.
- Continuing to research and deploy the Digital Banking applications and projects as planned in line with the bank's strategy.



Transformation projects

- IT Development Scheme to 2020 achieved many positive results. A series of key projects in the Scheme in order to improve efficiency of system operation and administration and upgrading information technology infrastructure have been completed and deployed, typically Core Banking project, MPA, Centralized Backup Storage, etc.
- By the end of 2020, Basel II Program basically completed most of the recommended initiatives. Some initiatives of Basel II Program regarding advanced components are ready for deployment right when the State Bank of Vietnam gives the green-light.

Other management activities

- The BOD approved reports to summarize 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 continuously gave direction and periodically urged to review and evaluate the implementation of the Vietcombank's Development Strategy by 2025, a vision by 2030; and sub-schemes, action programs performed by Strategic divisions.

ASSESSMENT BY BOARD OF DIRECTORS

2

ASSESSMENT BY BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

- The Board conducts monthly meetings to assess the business activities and performance of tasks assigned to each Board member. Subsequently, a resolution was promulgated to direct business activities, assign specific tasks to each member of the BOD and supervise the BOM to implement, comply with regulations at the Bank's Charter, Regulations on organization and operation of the BOD, Internal management regulations and relevant regulations of Vietcombank.
- In December 2019, the BOD issued the Resolution No. 686 on business orientation in 2020. While the business market suffered many adverse effects due to the Covid-19 epidemic, in June 2020, the BOD issued the Resolution No. 268 to timely adjust some business orientation, helping VCB's operations safety and maintain growth momentum and efficiency.
- Members of the BOD and the BOM always considered interests of shareholders, the State and the Bank as top goals of implementation, well directed, operated and fulfilled their assigned duties and responsibilities.



3

BUSINESS ORIENTATION IN 2021

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

In 2021, Vietcombank will focus on 5 strategic breakthroughs, namely:

1	Renovating the growth model and restructuring business operations;
2	Promoting customer and product development;
3	Completing mechanisms and policies;
4	Enhancing the quality of human resources and the ability to adapt to the digital banking;
5	Completing and upgrading IT system, deploying digital banking services.

Viewpoint of management: "Responsibility - Action - Creativity".

3 central objectives in operational restructuring:

01

Keeping reasonable credit growth along with credit portfolio restructuring to gain efficiency and sustainability: Increasing the proportion of retail loans and loans provided at transaction offices; increasing the proportion of collateral against the total outstanding loans;

02

Increasing the proportion of non-interest income with a focus on income from services and treasury;

03

Performing capital restructuring to gain efficient increase.