

**JSC BANK FOR FOREIGN  
TRADE OF VIETNAM**

Address: 198 Tran Quang Khai, Hanoi  
Business Registration No. 0100112437  
(15<sup>th</sup> revision dated April 14<sup>th</sup>, 2022)

**SOCIALIST REPUBLIC OF VIETNAM  
Independence - Freedom - Happiness**

Hanoi, April 21<sup>st</sup>, 2023

**REPORT OF THE BOARD OF DIRECTORS  
ON THE 2022 OPERATION AND 2023 ORIENTATION**

**I. OPERATION REPORT OF 2022**

**1. Highlights and overview**

In 2022, the world faced unprecedented challenges due to the dual impact of the Covid-19 pandemic and the Russia-Ukraine crisis. Energy and food prices went up, supply chains were disrupted, and inflation surged to record levels in many decades, forcing central banks of many countries to tighten monetary policies and aggressively increased interest rates; there was a risk of a global economic recession.

Despite facing such inevitable challenges, the Vietnamese economy in 2022 has shown a strong recovery, has overcome the harmful effects of the Covid-19 pandemic, and is regaining its growth momentum. GDP increased by 8.02%, while the average CPI rose by 3.15%. The total import-export turnover reached 732.5 billion USD, up 9.5% compared to 2021, of which exports increased by 10.6%, imports increased by 8.4%, and the trade surplus is estimated to reach 11.2 billion USD.

In the context of domestic financial markets facing significant pressure from international markets as well as unfavorable fluctuations in the real estate market, stock market, and domestic corporate bond market, the State Bank of Vietnam has proactively and flexibly implemented monetary policies that played an essential role in ensuring macroeconomic stability, controlling inflation, providing capital support for the economy, and maintaining growth momentum.

## **2. Review the implementation of the missions assigned by the AGM**

In 2022, the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) achieved impressive business results and met and exceeded the Annual General Meeting of Shareholders (AGM) targets. Vietcombank remained the leading Bank regarding profitability, asset quality, and business efficiency.

The results of the implementation of missions assigned by the AGM are as follows:

### **2.1 Business operation outcomes**

In 2021, Vietcombank achieved and exceeded the targets set by the AGM:

- Total assets reached VND 1,813,815 billion, up 28 % compared to 2021, completing 119 % of the target set by the AGM.
- The loan outstanding reached VND 1,156,148 billion, up 19% compared to 2021, within the credit growth limit assigned by the State Bank, and completed 103% of the target set by the AGM.
- Total deposit reached VND 1,257,806 billion, up 9% compared to 2021, completed 100% of the target set by AGM.
- VCB continued to control credit quality strictly and accelerated bad debt handling. The balance of NPL on the balance sheet was VND 7,820 billion; the NPL ratio was 0.68%, while the balance of the provision reserve fund was VND 24,779 billion. The loan loss coverage ratio was 317%, the highest level within the banking system.
- Consolidated profit before tax reached VND 37,368 billion, up 36% compared to 2021, and exceeded the target set by the AGM (an increase of at least 12%).
- Market capitalization reached USD 16.5 billion, the highest among listed companies in Vietnam, among the top 100 world-listed banks with the largest market capitalization.

(For more details, please see BOM's report).

### **2.2 Business direction and management**

Bank governance was the focus of the Board of Directors with outstanding activities in 2022, including:

*(i) Submit to SBV to approve VCB strategy to 2025, vision to 2030 to maintain the no.1 position in Vietnam, gradually reaching out to the region and the world, based on Resolution no. 14/TN2021/NQ-ĐHĐCĐ dated 23/04/2021*

*(ii) Network development, human resource management, and training*

- Finalized the high-rank cadre and gradually completed the mid-level personnel, consolidated/restructured organization model at the Head Office and for RTOM at branches. Officially established the Wholesale Banking, Retail Banking, Information Technology and Digital Transformation, and The Operation Division to accelerate the progress of the digital transformation program; opened five new branches and 34 transaction offices as planned.
- Recruited high-level personnel and experts to implement the Digital Transformation Action Program and the Digital Transformation Action Plan.
- Accelerated training, focusing on information technology and digital transformation programs.
- Promoted and implemented serious and methodical scientific research and operations of the Scientific Council.
- Organized the initiative contest "VCB: 60 years of Innovation & Creativity" to find creative ideas, innovations/improvements aimed at implementing the digital transformation strategy, enhancing customer experience, and optimizing the Bank's operations.

*(iii) Digital transformation and progress of capacity-building projects*

- Promulgating the Digital Transformation Action Scheme to 2025, with a vision to 2030 with 15 specific goals; promulgating the Transformation Action Plan to implement the Digital Transformation Action Scheme.
- The Digital Transformation Action Program is being implemented according to the roadmap. VCB has completed the selection of an international consulting firm to support VCB in the initial stage of implementing the Transformation Action Plan and is vigorously implementing tasks with the

consulting firm, focusing on three pillars: digitization, data & technology

- Completed seven additional projects (ALM/FTP, V-Treasury, ERP, GLIMS, E-invoice, IFRS9, and CRC Centralization (#14 CTOM)). Some key projects have been kickoff and are being implemented on schedule with the support of international consulting partners: RTOM Phase 2, RLOS, Capability Framework, and Hiring consulting to support VCB in implementing the Digital Transformation Action Plan. Project management activities are satisfactory, and the projects continue to follow the set schedule.
- Focused on investing and upgrading IT infrastructure to serve the digital transformation core activities. The Bank has started implementing key IT projects, such as investing in expanding the virtual server system, adding high-speed centralized storage, and investing in the network system.

*(iv) Fulfilled responsibilities to the community*

- As a leading bank in the market and a socially responsible brand, VCB has proactively implemented interest rate reduction and exemption programs to support individuals and businesses in overcoming difficulties, stabilizing their lives, and recovering production. Since the beginning of the year, VCB has waived all transfer fees and service maintenance fees on the VCB Digibank channel, helping tens of millions of customers save billions of dong in service fees each year. In addition, VCB has implemented a program to reduce lending interest rates to 1% per year for the last 2 months for over 175,000 customers with outstanding loan balances of over 500 trillion dong, accounting for nearly 50% of existing debt. VCB also promoted social welfare programs for the community with a total committed sponsorship of approximately 490 billion dong in 2022.

***2.3 2021 profit distribution - Article 1 - Resolution No. 15/TN2022/NQ-ĐHĐCĐ of the 2022 AGM (Resolution no.15)***

In accordance with SBV's approval under Official Letter No. 8861/NHNN-TCKT dated 16/12/2022, BOD issued Resolution No. 680/NQ-

VCB-HDQT dated 30/12/2022 to approve the 2021 profit distribution plan. Accordingly, VCB will pay the stock dividend from the remaining after tax profit after booking all the reserves for the year 2021.

The BOD developed a plan to increase charter capital from the 2021 remaining profits and the accumulated profits until the end of 2018 (the Plan). It was submitted to the extraordinary General Meeting of Shareholders on January 31st, 2023. The Plan was approved at Article 2 of Resolution No. 06/BT2023/NQ-EGM of the extraordinary General Meeting of Shareholders in 2023.

#### ***2.4 Operating fund, remuneration for the BOD and Supervisory Board in 2022 - Article 3 Resolution nr. 15***

The remuneration of the BOD and Supervisory Board incurred and paid from the salary fund in the financial year 2021 was 0.06% x profit after tax, in line with Resolution No.15. Details are disclosed in VCB's 2022 audited consolidated financial statements.

#### ***2.5 Independent auditing company selection - Article 4 Resolution 15***

The BOD has approved the result of selecting a firm to review the 2023 Second quarter interim reports, audit financial reports, and operations of 2023 VCB's internal control system. The selected firm is Ernst & Young Vietnam Company Ltd.

#### ***2.6 Listing of non-convertible bonds and bonds without warrants for public issuance - Article 6 Resolution 15***

Based on the year-end 2022 corporate bond market situation and VCB's capital balance, the BOD approved not to implement the issuance of capital-increasing bonds to the public in 2022 in Resolution 631/NQ-VCB-HDQT dated 08/12/2022.

#### ***2.7 Supplement to operations of VCB containing clearing and settlement services for securities transactions - Article 7 Resolution 15***

The BOD completed steps related to authorities to supplement to operations of VCB with clearing and settlement services for securities

transactions. On April 19th, 2022, SBV issued Decision 700/QD-NHNN regarding supplementing this to VCB's license for establishment and operation.

### ***2.8 Capital raising plan 2022 - Article 8 Resolution 15***

The 2022 AGM approved the Capital raising plan 2022 (charter capital increase by issuing stocks from 2019 and 2020 retained earnings).

Prime Minister approved the Plan according to Decision 326/QD-TTg dated March 31st, 2023. VCB is carrying out the next steps.

### ***2.9 The mandatory transfer of a bank – Article 9 Resolution 15***

Based on AGM's Resolution 15, VCB proposed SBV to propose the Government for principle approval of the mandatory transfer of a bank to VCB.

VCB completed the Plan to receive the mandatory transfer of a bank and is now waiting for approval from the competent authority.

## **3. Summary of the BOD's meetings and resolutions**

In 2022, the BOD organized 55 meetings and collected 130 written opinions to orient and direct VCB performance in each period and consider and evaluate works under the BOD's authority/management.

*A list of Resolutions/Decisions issued by the BOD in 2022 is disclosed in VCB's 2022 Report on Management - which is available on VCB's website.*

## **4. Report on transactions between Bank, subsidiaries, and companies that VCB owns more than 50% charter capital with members of BOD and related persons; transactions between VCB and companies, whose member of the BOD is a founding member or Manager within the last three years before the transaction.**

*Details of transactions can be found in Appendix 4 of VCB's 2022 Report on Management - which is available on VCB's website.*

## **5. Performance of Independent BOD member and assessment of Independent BOD member on BOD activities.**

BOD operations in 2022 were organized and implemented in compliance with the VCB Charter, Regulation on the organization and operation of the



BOD, and current legal regulations; fully implemented the contents in AGM Resolutions and the contents approved by AGM.

In 2022, the BOD has led and directed the system to achieve and exceed business targets and fulfilled State obligations, community responsibilities, and shareholders employee's interests, played a prominent role in shaping business strategy and risk management, and contributed positively to the whole system operation.

*Details as in Appendix 01.*

## **6. Assessment of the Performance of the Committees**

In 2022, the Committees fully exercised their functions and completed their assigned tasks per the functions specified in the Regulation on the organization and operation of each Committee.

*Details as in Appendix 02.*

## **7. BOM supervision**

The BOD supervision of the BOM is based on VCB's Regulation on Internal Management.

BOD holds plenary meetings monthly to assess business operations, analyze the market and carry out timely and practical directions. At these meetings, the Deputy CEO in charge of the BOM reports on Bank's overall operation; AGM resolution implementation; BOD resolution and decision implementation; or some specific topics required by the BOD; The BOD allocates and assigns a task for each BOD member and the Deputy CEO in charge of the BOM for implementation. The BOD holds a weekly meeting to promptly resolve and handle tasks, documents, and any issues arising from practice under function and authority.

Besides, the BOD supervision of the BOM is done by reviewing Supervisory Board's monthly report.

In general, the BOD in 2022 has supervised and directed the BOM on VCB business operations in accordance with the orientation and strategic goal. All solutions were implemented actively and synchronously, ensuring the

implementation of the roadmap and set goals; the targets were completed as planned. The BOM has followed the regulation of the Law on credit institutions, the VCB Charter, and BOD resolution in directing and orienting business operations.

With outstanding accomplishments, VCB was honored to receive the State's highest title of honor (The Hero of Labor) on its 60 anniversary (April 1st, 1963 - April 1st, 2023). Besides, VCB has been awarded many prestigious awards and titles from international and domestic organizations.

## **II. ORIENTATION FOR THE OPERATION IN 2023**

### **1. The primary factor to set up the 2023 business plan**

The domestic and international markets are alternatively predicted with opportunities, advantages, difficulties, and threats. IMF forecasted that the global economy would grow at ~2.9% in 2023 (lower than 2022 of 3.4% and 2021 of 5.5%).

The Government sets up a 2023 GDP growth rate of 6.5%, prioritizes macroeconomic stabilization, and controls inflation under 4.5%. The policies to support businesses to be implemented continually, monetary policy to be actively and flexibly operated in accordance with new circumstances; credit growth of the banking sector is expected at 13-14%.

### **2. Orientation for operation in 2023**

With the motto “*Transformation - Effectiveness - Sustainability*”, with the guidelines and management orientation “*Responsibilities - Action - Innovation*”, in line with VCB's strategic development plan to 2025 with the vision of 2030, VCB, as a whole, shall make the best efforts to execute all tasks & solutions to fulfill 2023 targets as followed:

- Total assets: +9%;
- Credit: +14% at max;
- Deposits: in line with credit growth.  
LDR is no higher than the 2022 LDR.
- PBT: +15% at least;



- NPL ratio: <1,5%;
- Dividend payout: according to the approval of competent Government authority;
- Prudent ratios: according to the current regulation of SBV.

Propose to AGM to assign the BOD to instruct the execution and decide the adjustment of the 2023 business plan in accordance with actual circumstances and based on approval of Government authority.

Accordingly, the main orientation in some specific fields is as follows:

## **2.1. Business activities**

### **(i) Focus on 6 breakthroughs:**

- Implement the Digital transformation Action program and Transformation action Plan on time as approved, and ensure quality.
- Enhance human resources quality; focus on resources to adapt digital bank/transformation, develop/build digital culture, and apply Agile.
- Transform the growing model with changing operation structure, taking full advantage of VCB's entire system.
- Promote customer and product development.
- Improve regime and policy system.
- Implement on schedule the Plan to receive the mandatory transfer of a bank.

### **(ii) Implement 3 pillars of business transformation:**

- Credit growth associated with effective and sustainable credit restructuring: Increase collateral and quality of collateral; Grow wholesale credit related to customer and service development; Increase retail and transaction office loan while maintaining its loan quality.
- Strive to improve the proportion of non-interest income, focusing mainly on fee income, Expanding products and services on digital channels, and improving service quality and customer experience.
- Structure deposit aiming at sustainable development. Develop VCB's market maker position.

*(iii) Deposit*

- Primary market mobilization grows in line with credit growth.
- Closely following market movements, capital utilizing the situation of VCB to take appropriate solutions to mobilize capital promptly.
- Increasing CASA mobilization by accelerating the shift of customers to digital channels.

*(iv) Credit*

- Credit growth oriented to customers and sectors; Expansion of short-term credit associated with accompanying products and services.
- Piloting lending programs within the Retail Transfer Operational Model (RTOM 2) project framework at the branch .

*(v) Risk Management*

- Strictly control the quality of credit portfolio by industry and field. Closely monitor market movements to make timely adjustments to credit policies, collateral policies, and credit growth orientations.
- Regularly review, evaluate, monitor, and check customers and collateral quality. For declining financial situations, risk-potential customers generate drastic measures to reduce outstanding loans and supplement the collateral required.
- Develop a measurement tool that provides early warning of portfolio quality.
- Concentrate resources, implement on schedule, and ensure the quality of transformation projects to improve risk management capacity.
- Ensure to meet Basel II advance requirements fully.
- Develop and drastically implement the plans to meet Basel III standards as soon as possible.

*(vi) Services*

- Strive to increase the proportion of service income in total operating income.

- Maintain and promote advantages in foreign currency trading, international payment, and trade finance through diversifying customer portfolios, developing new customers segment, and developing new products with competitive advantages.
- Developing financial advisory services on mergers and acquisitions, capital contribution procedures, and corporate equity purchases.
- Expanding links with non-banking service providers, Fintech companies to increase the number of individual customers using digital banking services.
- Re-planning digital distribution channels to ensure efficiency.

## **2.2. Management**

### *(i) Human resources management and development*

- Continue to implement the human resource development and management strategy according to the Human resource management & development scheme.
- Research and develop training programs for talented staff to master both financial and technological aspects.
- Continue to develop the organizational model, functions, and tasks of the Head Office and Branches units, focusing on management and administration according to operational divisions. Completing policies and regulations on employee management and employee remuneration regimes.
- Implement the development of labor plans, recruitment, and training to ensure availability before assigning the annual business plan.
- Continue focusing on training, scientific research, and innovation and technology application.

### *(ii) Information technology & Digital transformation*

- Implement the Digital Transformation Action Program and the Transformation Action Plan effectively, with quality, and on schedule.
- Deploying solutions to develop digital products and services associated

with improving technology capabilities, data analysis, and digitization capabilities.

- Strengthen infrastructure capacity to meet business requirements
- Strengthening the safety, security, and confidentiality of information technology systems.

*(iii) Transformation projects*

- Concentrate the resources, accelerate the progress of projects supporting digital transformation, and ensure the quality of critical projects in the implementation stage.

With the great efforts and determination of the Board of Directors and all employees in the whole system, VCB will focus its resources and successfully complete the tasks assigned by the General Meeting of Shareholders in 2023, contributing to the achievement of VCB's strategic goals to 2025 and vision to 2030

**ON BEHALF OF BOD  
CHAIRMAN**

**Pham Quang Dzung**

## APPENDIX 01

### EVALUATION REPORT BY THE INDEPENDENT MEMBER OF THE BOARD OF DIRECTORS IN 2022

Pursuant to Clause 4, Article 280 of Decree No. 155/2020/ND-CP dated December 31st, 2020, of the Government detailing a number of articles of the Law on Securities, an Independent member of the Board of Directors would like to report on performance evaluation of the Board of Directors (BOD). VCB in 2022 is as follows:

#### **1. VCB BOD organization structure:**

VCB BOD organizational structure is in compliance with the Charter and the Law on the number, standards, and conditions to be the members of the Board of Directors, as well as the specialized legal regulations on the independent member of the Board of Directors.

#### **2. Working mechanism:**

In 2022, VCB BOD held 55 meetings and consulted in writing on 130 issues about VCB strategy and operation each period, considering and deciding on the works within the approval authority of the BOD. BOD meetings and written approval collection are fully and duly organized to ensure the order, procedures, and forms as prescribed.

The activities of the Committees under BOD (Risk Management Committee, Human Resources Committee) have complied with the regulations of the State Bank of Vietnam and current laws. The Committees have provided timely support and consultation to BOD on specific areas within their scope of work.

#### **3. Management and Supervision performance.**

With the motto *Transformation – Effectiveness – Sustainability*, with the guidelines and management orientation *Responsibilities - Action – Innovation*, in line with VCB's strategic development plan to 2025 with the vision of 2030, VCB BOD has foreseen challenges in the 2022 banking system due to unfavorable macro-economic situation domestic and abroad. Therefore, the management should be adjusted to follow up with the market trend and for customers. With tremendous effort, responsibility, and determination, VCB has fulfilled all targets assigned by AGM and continues to lead the banking system in terms of profit, asset quality, and

business efficiency.

Below are some of the outstanding management activities in 2022:

- Direct the whole system to complete all business plans approved by the AGM. The BOD has proactively built the orientation and agreed to adopt guidelines for business in 2022, set out action guidelines and business management viewpoints in 2022, approved the whole system and branch essential business target in 2022, assigned target and business plan for department/unit/center at the Head Office.

- Successfully organized meetings to assign business tasks to the key staff of the whole system. Thoroughly grasp the guiding document, policies, action plan, and directives from the SBV.

- Based on the function and duties of the BOD, the Chairman, and the BOD members have proactively and actively coordinated and directed in a timely and profound manner the tasks according to the guidelines and Resolutions of the BOD. They directly participated, gave opinions, chaired regional meetings to deploy business tasks, grasp the situation, solve difficulties, and advise BOD to issue orientation/guidelines for branches.

- Continue to direct the research and develop and issue new rules, regulations, and policies to meet the business management requirement.

- Continue to implement projects toward orientation and timeline as planned, promote the transformation to enhance service quality and customer experience, and continue to require the concretization of the implementation plan, including recommendations on resources and management apparatus to implement the transformation action plan.

- Actively promote social welfare activities and disease prevention. In 2022, VCB committed to/implemented social security programs totaling VND 490 billion.

**Conclusion:** The activities of VCB's Board of Directors in 2022 have been organized and implemented in compliance with VCB's Charter, the Organization and Operation Regulations of the BOD, and current legal regulations, fully implementing the contents in the Resolution of the General Meeting of Shareholders and the contents approved by the General Meeting of Shareholders. In 2022, VCB's Board of Directors has led and directed the whole system to achieve and exceed business



targets, performed obligations to the State, taken responsibility to the community, ensured the full rights of shareholders and employees, shown a prominent role in guiding business strategies, risk management, positively contributed to the overall performance of the whole banking system.

## **INDEPENDENT BOD MEMBER**

**Truong Gia Binh**

## APPENDIX 02

### PERFORMANCE OF THE COMMITTEES

VCB has 02 committees under the Board of Directors: Risk Management Committee and Human Resources Committee. The establishment of Committees ensures compliance with regulations of the State Bank of Vietnam (SBV) and laws. The Committees operate according to the Regulation on organization and operation of each Committee issued by the Board of Directors.

**The Risk Management Committee** (the RMC) advises the Board of Directors in approving appropriate policies and orientations from time to time related to different types of risks (credit risk, market risk, operational risk) action...), including the determination of the Bank's rates, limits/restrictions and risk appetite. In 2022, the RMC held 04 regular meetings, continued to coordinate with relevant departments to develop and complete the regulations/models of VCB. In addition, the RMC also organizes seminars, exchanges with experts, comments and assessments on the macroeconomic situation, the impact on the Bank's operations and policy implications. The RMC advises and proposes to the Board of Directors strategies, risk management policies, and measures to prevent risks in many areas of operation. In line with the change of senior personnel and the actual operation situation, in 2022, VCB has strengthened the personnel of the RMC.

The Human Resources Committee (the HRC) has the role of advising and advising the Board of Directors on issues related to personnel, salary, remuneration, bonus and other remuneration policies of VCB. The HRC has been active and proactive in advising, evaluating, proposing planning, appointing and managing cadres under decentralization of authority, consolidating the organizational model according to Groups and developing the network and personnel. consistent with the development strategy and business goals of VCB.