

JANUARY
2021

VietinBank 

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INVESTOR NEWSLETTER

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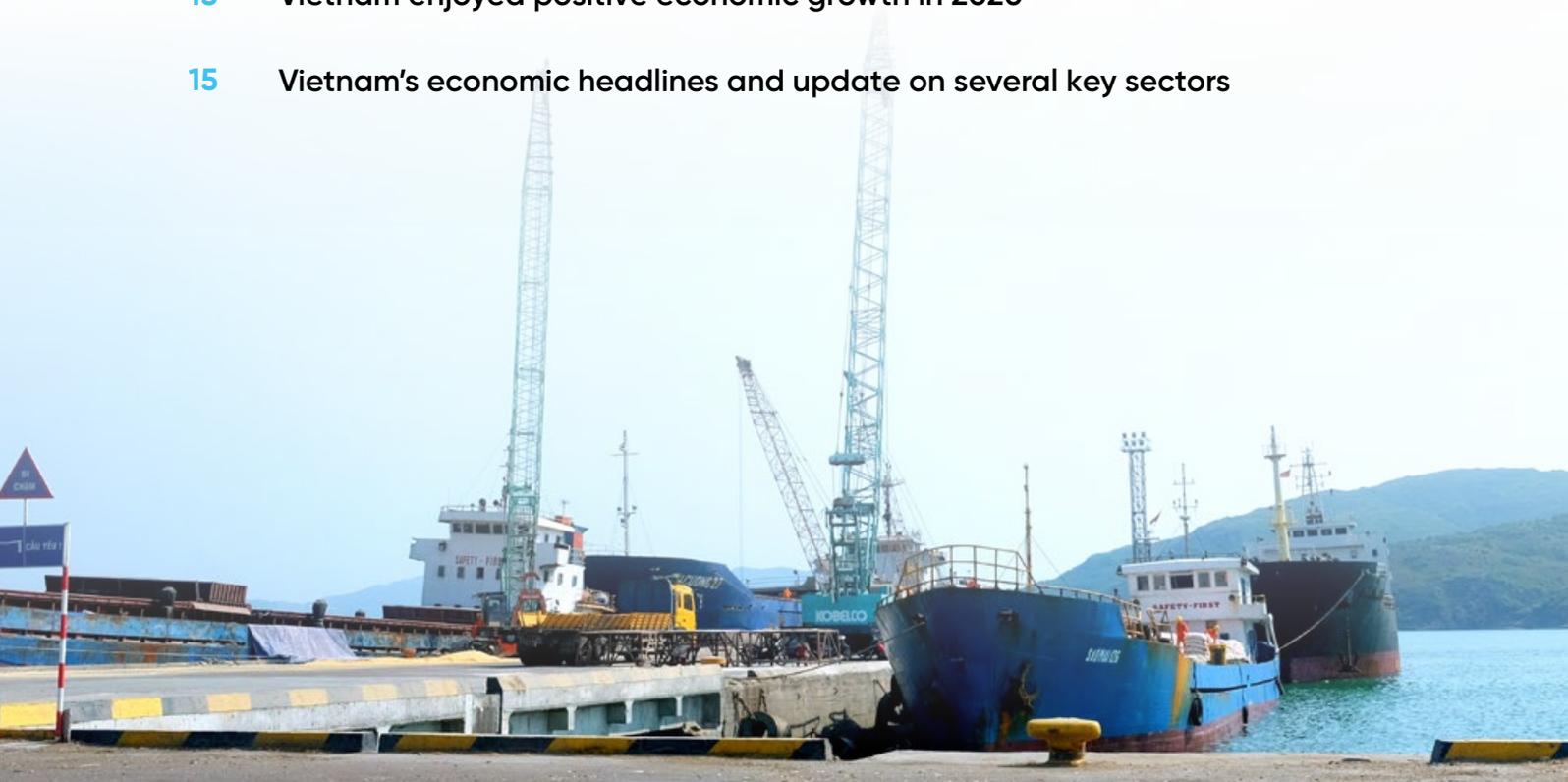
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VIETINBANK APPROVED DEVELOPMENT STRATEGY AND ORIENTATION FOR THE PERIOD 2021 – 2030, VISION TO 2045 AND MID-TERM BUSINESS PLAN 2021 – 2023

On 17th December 2020, VietinBank approved Development Strategy and Orientation for the period 2021 – 2030, Vision to 2045 and Mid-term Business Plan 2021 – 2023.

In 2020, VietinBank completed its Restructuring Plan associated with handling bad debts (2016 – 2020) and Mid-term Business Plan (MTBP) 2018 – 2020. VietinBank has created major changes in efficiency, focusing on transforming its business model from large-scale growth to strong improvement in service quality, efficient development, good management of credit quality, network operation restructure, effective cost management associated with development of corporate culture, implementing the comprehensive 6-criteria program in all activities and levels, progressing to meet international standards and practices (Basel II) from January 1, 2021, setting important platform for formulating and implementing the development strategy for the next 10 years.

In the new development period 2021-2030, vision to 2045, as a major national bank, VietinBank determined a leading role, making great contribution to the economy in the journey towards a prosperous country, playing on regional and international level with the mission **"Being a pioneer bank in the country's development on the basis of bringing optimal value to customers, shareholders and employees"**, at the same time, continue to promote internal resources, exploiting potential

and advantages, VietinBank set a long-term vision to become: **"A leading multi-functional, modern and efficient bank in Vietnam, being among the Top 20 strongest banks in the Asia-Pacific region by 2030; and by 2045, being the strongest and most prestigious bank in Vietnam, a leading bank in the Asia-Pacific region and a highly reputable bank in the world"**.

VietinBank's core strategy is built with "customer-centric" philosophy, focusing on continuing to transform growth model; changing mode of competition; strengthening links among segments; exploiting value chain; associating our growth with sector economy and sectoral economic regions; comprehensively digitalizing operations; improving the quality of human resources and capacity for fast implementation.

With the aspirations and strategies set out, VietinBank affirmed its growth, scale development associated with operational efficiency, building the strongest and most prestigious bank position in Vietnam, reaching the world level, ranking equivalent to regional and global banks, building and affirming its worldwide reputation according to ratings of international rating agencies ■

VIETINBANK OFFICIALLY APPLIED CIRCULAR NO.41/2016/TT-NHNN FROM 01/01/2021

VietinBank officially registered to apply capital adequacy ratio (CAR) regulated under Circular No. 41/2016/TT-NHNN (Circular 41) by the State Bank of Vietnam (SBV) from 01/01/2021.



According to the orientation of implementing Basel II in Vietnam, since 2014, VietinBank has been actively implementing projects under Basel II program, aiming to meet international practices on risk management and capital management according to Basel Committee standards as well as regional practices. Upon adequate preparation, VietinBank has fully met the requirements of Circular 41 and Basel II standards on governance structure, regulations, internal control processes, information technology systems, database, human resources...

VietinBank also actively implemented synchronous solutions to improve its equity capacity, including: working with the State management agencies to request additional charter capital; issuing subordinated bonds; improving efficiency of investments and capital contribution; proactively adjusting risk-weighted assets portfolio structure, controlling average risk factor,... creating a solid foundation for VietinBank to keep its capital adequacy ratio as prescribed in Circular 41 from the beginning of 2021.

On November 23, 2020, the General Meeting of Shareholders of VietinBank approved the plan to increase charter capital by issuing

shares to pay dividends from profits after tax and funds appropriation of 2017 & 2018, and remaining profit after tax, funds appropriation and cash dividends of 2019. This was the basis for VietinBank to continue working with state management agencies and deploying capital increase plan in the coming time.

With results of projects under Basel II program during more than 5 years of preparation and improved capital capacity, on December 23, 2020, VietinBank officially sent a formal document to the SBV regarding application of Circular 41 at VietinBank from 01/01/2021. VietinBank's official application of capital adequacy ratio in accordance with Circular 41 and in conformity with Basel II standards will create a new position and driving force for VietinBank to continue expanding business operations; improve governance and financial capacity; improve assets quality; increase profitability associated with risk management; approach to regional practices; increase sustainable competitiveness during integration with international as well as regional markets and continue to affirm VietinBank's role and responsibility in building a healthy and transparent Vietnamese banking system, promoting sustainable national economic development ■

VIETINBANK HELD CONFERENCE FOR 2020 PERFORMANCE WRAP-UP AND 2021 BUSINESS TASKS IMPLEMENTATION

On January 6, 2021, VietinBank held a conference to summarize performance in 2020 and implement business tasks in 2021. As the last year of the implementation of the Restructuring Plan associated with handling bad debts in the period 2016 - 2020 and mid-term business plan (MTBP) 2018 - 2020, in 2020, VietinBank achieved impressive and comprehensive business results in all aspects of operations.



VietinBank's Conference

In 2020, VietinBank continued to proactively endeavor to comprehensively restructure all aspects of its operations, strongly transforming the business model from growth of scale to in-depth development, from relying on growing scale to improving service quality, shifting business structure, increasing non-interest income, controlling and optimizing efficiency of capital use and operating costs of the bank. In addition, the customer structure was shifted positively towards increasing the proportion of highly profitable segments such as retail and SMEs.

VietinBank's business performance in 2020 all met and exceeded the set targets, continued to achieve the growth rate of business efficiency many times higher than the growth rate of scale for the third consecutive year.

Consolidated credit exposure increased by 7.7% yoy, mobilized funds increased by 11% yoy, LDR ratio in compliance with SBV regulations, CASA funding continued to be improved by 15.5% yoy, the proportion of CASA increased yoy. Non-interest income increased by 35.2% yoy, the proportion of non-interest income over total operating income grew well from 16.5% in 2019 to nearly 20.1% in 2020, of which net fee and services income increased by nearly 12%, income from foreign currency trading increased 24%, profit from treasury dealings increased by 70% yoy. NPLs was kept below 1%, provision for bad debts coverage for on-balance sheet loans and bonds was about 130%, higher than that of 2019. Separate profit before tax reached VND 16,450 billion, ROE and ROA were 16.8% and 1.3% respectively, continuing to improve strongly

compared to 2019. CIR ratio was well controlled, down from 37.7% in 2019 to approximately 35% in 2020, which was a low level compared to the market.

In 2020, VietinBank set aside nearly 5,000 billion VND of profits resulting from cutting interest rates and waiving fees and interest to support businesses and people affected by the COVID-19 pandemic; well completed the objectives of the Restructuring Plan associated with handling bad debts in the period 2016-2020; meeting the equity capital level according to Basel II standards and officially applying Circular 41/2016/TT-NHNN since early 2021; and repurchase all VAMC special bonds in less than 2 years (from December 2018 to October 2020) instead of 5 years as expected.

In 2020, VietinBank successfully signed an exclusive cooperation agreement for insurance distribution with Manulife Vietnam to provide a comprehensive and effective financial solution for customers, a strategic cooperation agreement with Grab and many other major partners, contributing to expanding and improving services that VietinBank is providing in the market.

In particular, VietinBank is a pioneer, typical

bank in the investment, development and widespread application of modern, synchronous IT in business operations and administration, strongly utilizing digitalization in developing products with modern technologies. VietinBank iPay application grew by 50% in the number of customers, up to 3 million users, transactions number increased by 100% compared to 2019. In addition, VietinBank successfully piloted "Smart Digital Branch" which applied biometrics in identifying, streamlining and improving customer experience and service quality, contributing to increased labor productivity.

2021 is the first year of implementing the medium-term plan of 2021-2023 under VietinBank's 10-year development strategy for the period 2021-2030 and vision to 2045. Following are our key targets for 2021:

- Total assets: approximate growth of 3% - 6%;
- Credit exposure: approximate growth of 8% - 11%;
- Fund mobilization: growth of 10% - 12%;
- NPL ratio: below 2%;
- Separated and consolidated PBT: continue to be improved strongly, up by 10% - 20% ■

CONSOLIDATED CREDIT EXPOSURE

↑ 7.7%

CASA FUNDING

↑ 15.5%

SEPARATED PBT

16,450 VND BIL

FUND MOBILIZATION

↑ 11%

NON-INTEREST INCOME

↑ 35.2%

ROE

16.8%

ROA

1.3%

CIR

35%

VIETINBANK PREPARES FOR POST-COVID 19 FDI "WAVE"

Given the rising shift of foreign direct investment (FDI) from China to the Southeast Asian region, coupled with Vietnam's success in preventing and controlling COVID-19, and other numerous advantages including macroeconomic stability, abundant human resources, open-door policies and free trade agreements, Vietnam has become an increasingly safe investment destination, attracting more and more high quality FDI inflows. In this context, VietinBank stands firm on its goal of becoming the leading bank in providing project financing and investment advisory to FDI customers. The bank also striving to provide comprehensive and competitive financial solutions that meet international standards.

For the past few years, VietinBank has gradually built a specialization model; improved the customer-oriented transaction processes, designed and provided modern, diversified products suitable to business activities of FDI enterprises according to international practices as well as Vietnamese laws, such as loan guarantee, export credit agency (ECA) and financial structures namely leveraged buyout (LBO), leverage buyin (LBI) and merge and acquisition (M&A); strongly developed link chain according to FDI customer ecosystem with a number of preferential and promotional programs on interest rates and transaction fees, free-of-charge eFast transactions (e-banking solution for businesses)...

Realizing the great opportunity that Vietnam is one of the strategic destinations of Japanese enterprises in the trend of shifting production, expanding supply chains, diversifying overseas production facilities, VietinBank has launched specialized financial solution packages for Japanese enterprises investing in key economic sectors following new trends. Given our strategic partnership, VietinBank continued to accompany MUFG Bank in building common solutions, taking advantages of financial potentials and strengths of the two parties to bring outstanding solutions to Japanese enterprises; aiming to dominate market share and become the number 1 bank for Japanese enterprises in Vietnam.

VietinBank is the only bank in Vietnam chosen by Japan Finance Corporation (JFC) - a financial institution of the Government of Japan to be its partner to implement the 100% Debt Liability Guarantee Program (including principal, interest, fee) for Japanese small and medium enterprises (SMEs) operating in Vietnam with collaterals being Stand-by Letters of Credit (SBLC) issued by JFC. The SBLC program, with simple procedures and fast processes, preferential interest rates and many advantages such as: loans in local currency, avoiding exchange rate risks; diversified financial sources; improving financial position of parent companies in Japan ..., promised to bring many practical benefits to Japanese SMEs in Vietnam ■

(Source: excerpt from the Saigon Times Online dated 28/12/2020)



VIETINBANK PARTNERED WITH SENDO TO ISSUE E-KYC PHYSICAL AND NON-PHYSICAL CARDS

Circular No. 16/2020/TT-NHNN dated 04/12/2020 by the State Bank of Vietnam (SBV) enabled banks to open current accounts for customers by electronic method (e-KYC) from March 5, 2021. In anticipation of the trend, on December 21, 2020, VietinBank signed a cooperation agreement with Sen Do Company (Sendo) to coordinate the issuance and promotion of the first type of international debit and credit cards applying e-KYC designation via e-commerce channel.



According to the signed agreement, VietinBank and Sendo committed to cooperate in many fields such as: Developing physical and non-physical linked cards - eKYC designation (co-branding) and coordinating to promote marketing programs for this new card products to customers as well as implementing issuance solutions and supporting payment promotion for e-commerce platform.

Especially, digitalization technology integration between

VietinBank and Sendo launched an online card issuance process, bringing a completely different experience to customers. Customers can quickly access VietinBank's services, proactively register to open a card right in Sendo app and opt to issue physical or non-physical card with thousands of attractive incentives and gifts. With the launch of non-physical card product, customers can shop online right away without waiting for the physical card production, making the most of the time and

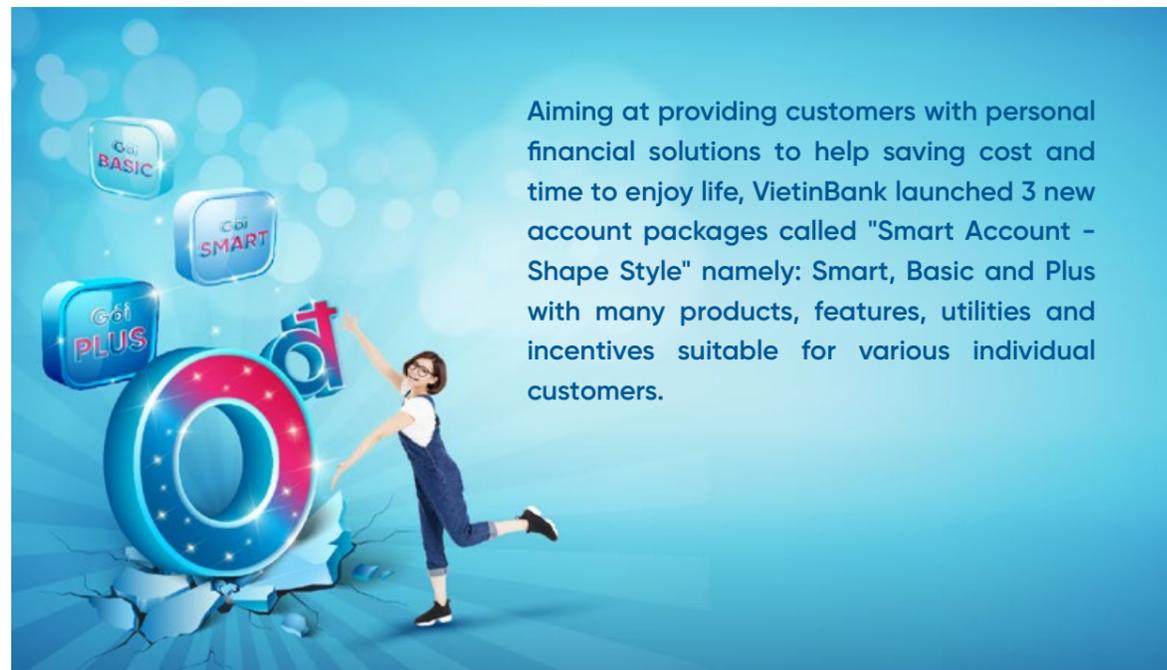
promotion programs on Sendo.

This agreement helped VietinBank and Sendo make full use of strengths and potentials of each party, contributing to growth of market share and competitiveness in the market. This was also a good opportunity for VietinBank to provide banking products and services in general and card products and services in particular to jointly support and develop the business of both parties ■



Signing ceremony of cooperation agreement between VietinBank and Sendo

ENJOYING FREE INCENTIVES WITH VIETINBANK'S NEW ACCOUNT PACKAGES



Aiming at providing customers with personal financial solutions to help saving cost and time to enjoy life, VietinBank launched 3 new account packages called "Smart Account - Shape Style" namely: Smart, Basic and Plus with many products, features, utilities and incentives suitable for various individual customers.

Smart account package is customized for young customers who can easily use Internet Banking and receive account statements via OTT messages on mobile application. Joining Smart account package, customers need to maintain an average monthly payment account balance from only 2 million VND or pay a monthly maintenance fee of 15,000 VND, then customers will be exempt from the following fees: payment account maintenance fee, VietinBank iPay maintenance fee, account statements via OTT messages maintenance fee, internal and inter-bank money transfer fee via VietinBank iPay. Customer's iPay daily limit can be up to 3 billion VND.

Basic account package is customized for customers who have basic requirements at transaction counter and want to receive account statements via SMS. Just maintaining average monthly payment account balance from 2 million VND or paying a monthly maintenance fee of 15,000 VND, customers who registered this package can be waived from the following fees: payment account maintenance fee, account statements via SMS messages maintenance fee.

Plus account package is customized for customers who have frequent transactions via bank accounts and wish to synchronously use digital banking services. With this package, customers who maintain an average monthly payment account balance from 5 million VND or pay a monthly maintenance fee of 40,000 VND will be exempt from the following fees: payment account maintenance fee, VietinBank iPay maintenance fee, account statements via SMS messages maintenance fee, internal and inter-bank money transfer fee via VietinBank iPay. Customer's iPay daily limit can be up to 3 billion VND.

These new account packages were expected to meet diverse transaction needs of all types of customers; at the same time bringing the most efficient, cost-effective and convenient financial solutions ■

ISSUE AND CHANGE PIN EASILY ON VIETINBANK IPAY MOBILE (IPIN)

Pioneering in applying electronic PIN for E-Partner ATM cardholders, following the success of e-PIN solution (allowing cardholders to receive PIN via phone messages), since December 14, 2020, VietinBank introduced PIN issue/change service (iPIN) on VietinBank iPay Mobile app. This iPIN solution allows cardholders to receive PIN of cards issued for the first time right on the app. Especially, for the first time, VietinBank cardholders can easily change their PIN without going to a transaction counter or ATM, increasing PIN security for customers.

Introducing ePIN and iPIN to customers is a breakthrough of VietinBank in card services, aiming to turn inconvenient and complicated procedures into simple and quick operations. This improvement not only helps improve safety and security while bringing convenience and activeness to cardholders, but also helps customers save time and reduce costs ■



HEADLINES ON DEPOSIT AND LENDING INTEREST RATES

Deposit rates of commercial banks

deposit rates at the same level as previously adjusted by the end of November (deposit rates for individuals down 0.2% p.a to 5.6% p.a).

For non-state joint stock commercial banks, following the listed deposit rates cut by state-owned commercial banks, a series of joint stock commercial banks also cut down their interest rates accordingly. However, the level of interest rate band differentiation among commercial banks is quite large.

Particularly for 6M tenor, in order for interest rates gap compared with 12M tenor is not too large, commercial banks set interest rate for this tenor 0.5-2.0% p.a higher than that of the state-owned commercial banks.

In early 2021, VietinBank expected to maintain this current deposit rates level.



VietinBank's credit programs with preferential lending rates

FOR CORPORATE CUSTOMERS

Short term lending

- Accompanying with Corporate Customers Program: VND lending rate from 5.9% p.a; USD lending rate from 2.7% p.a (varies from customers and loan terms).
- Credit package to promote outstanding loans and support branches to compete in 1Q2021 with total size of VND 60,000 billion and USD 600 million: preferential lending rate from 4.0% p.a in VND and from 2.0% p.a in USD;
- Preferential package for SMEs in commercial distribution sector with total size of VND 10,000 billion and lending rate from 4.0% p.a.

Supporting policy for corporate customers affected by COVID-19 (effective until 31/03/2021)

- Supporting policy for short term and medium, long term lending rates.
- Preferential policy for fees applied in international payment & trade finance and VietinBank eFAST service fee - financial package.

Medium and long term lending

- Preferential package for commercially performing renewable energy project refinancing loans: lending rate for the 1st year applies VietinBank's preferential program for qualified customers, preferential margin for the following years starting from 2.8% p.a;
- Preferential package for medium and long term loans in VND in 2021 with preferential fixed lending rate from 7.8% p.a.
- Preferential program for medium and long term loans for SMEs in 2020 with lending rate from 7.5% p.a.
- Preferential package for SMEs who invested in ready-built factories for rent in industrial parks with a scale of VND 3,000 billion: preferential lending rate for the 1st year starting from 8.1% p.a and preferential margin for the following years starting from 3.2% p.a;
- Preferential package for corporate customers investing in industrial real estates with total size of VND 5,000 billion: preferential lending rate for the 1st year starting from 8.5% p.a and preferential margin for the following years starting from 3.5% p.a.

FOR RETAIL CUSTOMERS

- Preferential lending program with gratitude interest rates starting from only 5.5% p.a for short term loans and 7.0% p.a for medium and long term loans (varies from preferential period and loan term).

- Supporting policy for retail customers affected by floods in the central provinces and Central Highland in 2020: interest rate support for customers who incur group 2 debts due to natural disasters affecting their ability to arrange resources for timely repayment to VietinBank. This supporting policy will help customers stabilize their lives and restore their production and business activities ■

VIETNAM ENJOYED POSITIVE ECONOMIC GROWTH IN 2020

The world economy in 2020 was severely affected by the impact of the COVID-19 pandemic, causing most countries, including leading economies such as the US and Europe, to fall into negative growth. In that context, thanks to good disease control, some Asian countries, including Vietnam still maintained positive growth. Estimates of the General Statistics Office showed that Vietnam's GDP in 4Q2020 increased by 4.48% y.o.y, bringing 2020 total GDP growth to 2.91%. This growth was significantly higher than the previous forecast of international financial institutions such as ADB (2.3%), IMF (1.6%), equivalent to the forecast of the World Bank (from 2.5 - 3.0%).

The most prominent highlight in Vietnam's economic growth in 2020 was import and export growth. The pandemic caused global trade to plunge, but with growing position in the global supply chain, Vietnam maintained export growth of 6.5%, import growth of 3.6% and a high record of estimated export surplus of 19.1 billion USD. The largest export markets such as the US and China grew by 24.5% and 17.1%, respectively. Notably, imports in 4Q2020 recovered strongly, up 15.7% over the same period, of which imports of production materials accounted for 93%. With a developing economy like Vietnam, import growth was just as important as exports. The recovery of both trade directions showed that Vietnam was gradually becoming an important export processing destination in the world's supply chain.

Foreign direct investment (including newly registered and adjusted) reached about 21 billion USD, down 7% compared to 2019, reflecting impact of the pandemic on international capital flows. However, this was only a slight decrease, showing that Vietnam's trend of attracting investment capital still had good prospects.

The financial market also had a relatively positive year. Pressure on exchange rate was not as much as that of previous years, the USD/VND exchange rate on interbank market is currently being traded around 23,125 - 23,135, slightly down from the beginning of 2020. The buying rate of the State Bank of Vietnam decreased by 50 points compared with that of 1 year ago. The positive movement of foreign currency supply and demand helped Vietnam continue to increase its foreign exchange reserves to a record level - reaching about USD 93 billion by October 2020 ■



VIETNAM'S ECONOMIC HEADLINES AND UPDATE ON SEVERAL KEY SECTORS

Ending the year 2020 with many difficulties, Vietnam's economy has recovered quickly thanks to the good domestic control of COVID-19 pandemic, as well as the implementation of important strategic trade agreements. According to the General Statistics Office's report in December, 2020 GDP reached a positive growth of 2.91%; the stock market in the last months of the year also experienced a remarkable recovery, in both volume and value of transactions; industrial production increased by 3.36% y.o.y; export turnover continuously peaked, estimated at 281.5 billion USD, up 6.5% compared to 2019. The prolonged trade surplus with the US is one of the reasons causing Vietnam to be tied to the label of currency manipulation. However, the State Bank of Vietnam affirmed the exchange rate management in recent years - within the framework of general monetary policy - is to achieve consistent goal of controlling inflation and stabilizing the macro economy.



Rice: Rice exports achieved positive results from the beginning of the year thanks to increased world market demand and EVFTA's momentum.

According to preliminary statistics of the General Department of Customs, in the first 11 months of 2020, the country's rice export volume reached over 5.7 million tons, earned nearly 2.83 billion USD, average price reached 496 USD/ton, down 2.9% in volume, up 9.7% in turnover and up 12.9% in price over the same period in 2019. Vietnam's rice export price on the world exchange continuously stood at a high and stable level of 493-497 USD/ton, about 30 USD/ton higher than Thailand's rice. Notably, in the EU market, thanks to the effect from the EVFTA agreement, many fragrant rice exports of Vietnamese enterprises were priced between 600 and 1,000 USD/ton.

Currently, Vietnam's rice export opportunities are still wide open because world demand is stable. It is forecasted that world consumption demand and rice export prices in the coming time will be quite good.

Iron and steel: Iron and steel exports increased sharply in volume but decreased in price compared to 2019. The Ministry of Industry and Trade imposed dumping tax on Chinese cold rolled steel products.

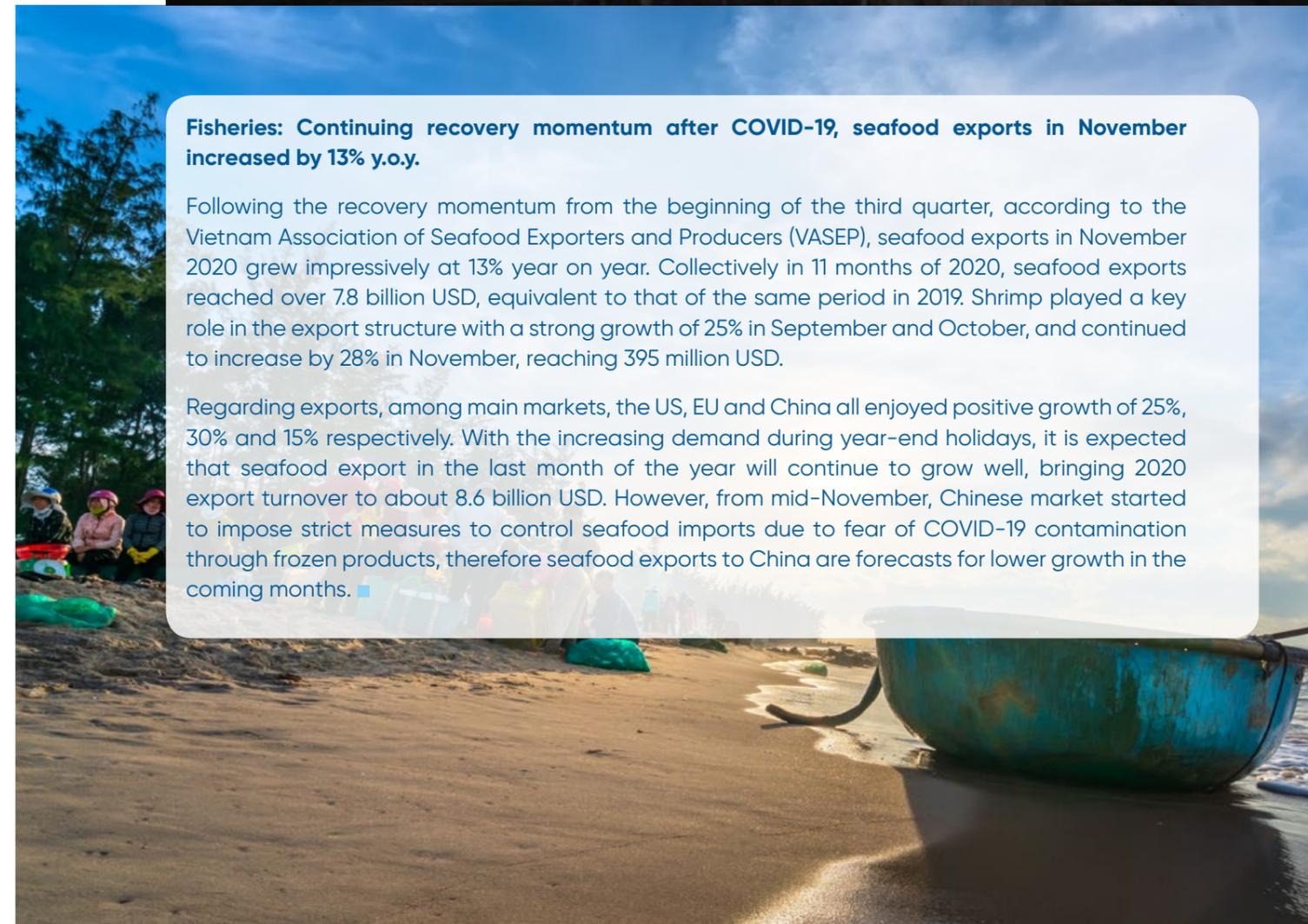
According to preliminary statistics of the General Department of Customs, iron and steel exports in November 2020 reached 984,441 tons, equivalent to 543.06 million USD. Collectively in 11 months of 2020, Vietnam exported 8.91 million tons of iron and steel with the largest markets being China, Cambodia and Thailand, earning over 4.7 billion USD, average price of 527.5 USD/ton, a sharp increase of 48.2% in volume and 22.3% in turnover but a decrease of 17.5% in price compared to the first 11 months of 2019. The Ministry of Industry and Trade officially imposed anti-dumping tax on China's cold rolled steel products in coils and sheets, effective for 5 years from December 21, 2020. This was to prevent and minimize damage to the domestic manufacturing industry, protect interests of domestic manufacturing industry as well as interests of downstream industries which use these steel products.



Fisheries: Continuing recovery momentum after COVID-19, seafood exports in November increased by 13% y.o.y.

Following the recovery momentum from the beginning of the third quarter, according to the Vietnam Association of Seafood Exporters and Producers (VASEP), seafood exports in November 2020 grew impressively at 13% year on year. Collectively in 11 months of 2020, seafood exports reached over 7.8 billion USD, equivalent to that of the same period in 2019. Shrimp played a key role in the export structure with a strong growth of 25% in September and October, and continued to increase by 28% in November, reaching 395 million USD.

Regarding exports, among main markets, the US, EU and China all enjoyed positive growth of 25%, 30% and 15% respectively. With the increasing demand during year-end holidays, it is expected that seafood export in the last month of the year will continue to grow well, bringing 2020 export turnover to about 8.6 billion USD. However, from mid-November, Chinese market started to impose strict measures to control seafood imports due to fear of COVID-19 contamination through frozen products, therefore seafood exports to China are forecasts for lower growth in the coming months. ■





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