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VietinBank 

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# INVESTOR NEWSLETTER

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## VIETINBANK DETERMINED ITS DEVELOPMENT STRATEGY IN SYNC WITH NATIONAL DEVELOPMENT STRATEGY

Sharing a desire to transform Vietnam into a developed country with high-income by 2045, VietinBank has also built and completed its 10-year development strategy for the period of 2021-2030; vision to develop VietinBank until 2045 and synchronize them with the country's development strategy.



Mr. Le Duc Tho, Member of the Party Central Committee, Secretary of the Party Committee, Chairman of the Board of Directors of VietinBank, one of the typical enterprise representatives attended the "Dialogue 2045"

"Dialogue 2045" - the meeting with typical businessmen and intellectuals was held in the afternoon of March 6, 2021 in Ho Chi Minh City and chaired by Prime Minister Nguyen Xuan Phuc. Mr. Le Duc Tho, Member of the Party Central Committee, Secretary of the Party Committee, Chairman of the Board of Directors of VietinBank, one of the typical enterprise representatives, attended the meeting.

"Dialogue 2045" was the first meeting held in 2021 by the Prime Minister to meet with representatives of many typical businessmen and Vietnamese

scholars to listen and discuss ideas or perspectives of successful entrepreneurs and erudite scholars with a core goal of "making Vietnam a prosperous developed country by 2045".

As a leading, major and key bank of the country, VietinBank built its development Strategy for the period 2021-2030 and vision to 2045, synchronizing VietinBank's development strategy with the development strategy of the country as well as of the banking sector. VietinBank determined its development viewpoint being a strong national bank, playing

a key role in the economy, serving the development of the country, promoting potential advantages of the bank, making full use of internal resources, linking the bank's growth with key economic sectors and key economic regions of the country, actively participating in the integration process with the world. Improve the quality of growth, narrow the gap with leading banks in the region, develop efficiently, safely and sustainably, effectively contributing to the successful implementation of Vietnam's development strategy ■

## VIETINBANK SUCCESSFULLY HELD 2021 INVESTORS AND ANALYSTS' MEETING

VietinBank held 2021 Investors and Analysts' Meeting in the morning of March 17, 2021 in Hanoi.



The meeting was held in the form of online Zoom meeting chaired by VietinBank Chairman, Mr. Le Duc Tho with the participation of nearly 50 guests who are representatives of investors and analysts from investment funds, securities companies, domestic and foreign fund management companies; VietinBank's shareholders and potential investors interested in VietinBank stock.

After the presentation delivered by VietinBank's representative giving updates on business performance of VietinBank in 2020, business outlook in 2021 and mid-term business plan 2021 - 2023, Q&A session took place excitingly, openly and received special attention from investors and analysts attending the Meeting. VietinBank management discussed, exchanged and answered several issues interested by shareholders, investors and analysts such as: profit target, cost management, CASA increase target, solution for NIM improvement, capital

raising solution, partnership with Manulife Insurance Company, banking digitalization, relationship with subsidiaries...

The Investors and Analysts Meeting took place in an open dialogue atmosphere, through which VietinBank provided up-to-date and in-depth information for valuable analysis and assessment of CTG investment opportunities by analysts as well as customers of leading securities companies, fund management companies, and investment funds. VietinBank management believes that the Meeting will continue to contribute to building the image of VietinBank and CTG shares that is transparent in information, effective in operation, friendly to the investor community and the market ■

## VIETINBANK SELECTED AS SETTLEMENT BANK FOR VIETNAM - THAILAND CROSS-BORDER BILATERAL TRANSACTION THROUGH QR CODE

From March 26, 2021, Vietnam - Thailand bilateral payment connection via QR code was officially deployed. VietinBank was selected by the State Bank of Vietnam as the settlement bank on behalf of member banks in Vietnam to make settlement with the settlement bank from Thailand.



The project of Vietnam - Thailand bilateral payment connection via QR code is implemented under the direction of the State Bank of Vietnam and the Central Bank of Thailand, in which the National Payment Corporation of Vietnam (NAPAS) and the National Interbank Transaction Management and Exchange (NITMX) play the role of financial switch; VietinBank and Bangkok Bank Thailand play the role of settlement banks.

The project connecting bilateral payments is to support Vietnamese tourists traveling in Thailand and Thai tourists traveling in Vietnam who can use mobile banking application of Vietnamese banks and Thai banks in financial transactions. Vietnamese tourists, when paying for goods and services in THB in Thailand, will immediately be notified by the issuing bank of the amount converted to VND; Conversely, Thai tourists will know immediately the corresponding

THB amount to pay for goods and services used in Vietnam. This utility greatly supports tourists in comparing prices and managing overseas spending, reducing exchange rate risk in payment.

In 2020, the number of tourists between Vietnam and Thailand decreased due to the complicated development of COVID-19. However, with the number of tourists from the two countries of about 1.5 million people in 2019 as well as strong measures by the governments of the two countries to control the disease and deploy vaccine passports, this cross-border payment service will benefit tourists when travel between the two countries back to normal ■

## VIETINBANK PIONEER IN APPLYING eKYC TECHNOLOGY IN ACQUIRING NEW CUSTOMERS

Right after Circular 16 of the State Bank of Vietnam supplementing regulations on opening eKYC personal payment accounts, VietinBank became the first bank in the Big4 group of Vietnam to officially launch eKYC to customers.



Accordingly, customers who do not need to go to the counter, can still quickly and simply open themselves a "ZERO fee" payment account package right on VietinBank iPay Mobile app anytime and anywhere. The application of this modern technology is the very important premise for VietinBank to rapidly increase the number of new customers in the coming time.

Along with the deployment of eKYC allowing customers to open accounts right on the VietinBank iPay Mobile app, VietinBank also applies biometric technology to customer transaction authentication - FacePay. Accordingly, customers can set up face authentication for 100% of financial transactions performed on the application. With this authentication method, only customers can perform their transactions on VietinBank digital

banking application, providing customers with security and peace of mind.

In addition, VietinBank iPay Mobile version 5.2.1 also allows customers to choose the required account number or manually switch account packages right on the app.

As the first bank in the Big4 group to deploy eKYC solution from March 15, 2021, VietinBank once again affirmed its pioneering spirit in technology application and its position as a comprehensive digital bank in Vietnam, completely redefining its fee policy in the direction of "zero fee banking", accelerating the growth of new customers in 2021.

To experience this new service, customers can download VietinBank iPay Mobile app at App Store/Google Play app or visit VietinBank transaction counter for support ■

## "ONE TIME REGISTRATION, THREE YEAR FREE OF CHARGE" WITH VIETINBANK'S BUSINESS ACCOUNT SERVICE PACKAGES

From March 2, 2021, VietinBank officially introduced to the market 3 account service packages with an unprecedented fee discount policy for corporate customers, including: VietinBank - My Transaction Bank, V - Capital Account and V - SME.

### Booming incentives, serving all businesses

The 3 account service packages are designed by VietinBank with special incentives suitable to the needs of all corporate customers. Customers participating in these account service packages are given a self-selected account number, preferentially with up to 20 different fees of regular and essential banking services for businesses such as VND remittance, salary payment, E-banking service..., with preferential period up to three (03) years. In addition, businesses have the opportunity to participate in the capital financing programs with extremely preferential lending rates from VietinBank.

### Convenient, safe and secure transaction

With a network of nearly 1,100 transaction points across the country together with a modern Core Banking system that was properly invested and advanced security solutions, VietinBank is confident to provide corporate customers with diversified, multi-channel, multi-measure payments services and tech-savvy cash flow management solutions, committed to providing the best experience for corporate customers when using payment accounts at VietinBank.

Through account service packages deployed in 2021, VietinBank is expected to provide corporate customers with optimal option in choosing a transaction bank, supporting the need for cost management and accompanying with the success of corporate customers ■



## HEADLINES ON DEPOSIT AND LENDING INTEREST RATES

### Deposit rates of commercial banks

In March 2021, listed deposit rates of VietinBank, BIDV and Agribank continued to maintain the ground from December 2020, the highest listing rate at 5.6% p.a. Meanwhile, Vietcombank reduced interest rates and listed at a lower rate than the other three state-owned banks by 0.1-0.2% p.a.

For non-state joint stock commercial banks, the level of interest rate band differentiation among commercial banks has remained quite large for the past 3 months. Particularly, for 6M tenor, in order for interest rates gap compared with 12M tenor is not too large, non-state joint stock commercial banks set interest rate for this tenor 0.5-2.0% p.a higher than that of the state-owned commercial banks.

In April 2021, VietinBank expects to maintain this current deposit rates level and will make appropriate adjustment if necessary to ensure mark-to-market situation and VietinBank's capital balance.



### 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 2Q2021 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.

##### 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 real estates in industrial zones with total size of VND 5,000 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.

##### Supporting policy for corporate customers affected by COVID-19 (effective until 30/06/2021)

- 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.

#### 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 to cut lending rates applied to customers affected by Covid-19 (effective until 30/06/2021):
  - Supporting policy for medium and long term lending rates;
  - Policy to support the withdrawn amount of preferential interest rate and/or prepayment fee in case customers attempt to arrange cash flow for debt repayment before the due date for VietinBank.

## MACRO-ECONOMIC UPDATES FOR THE FIRST QUARTER OF 2021

**Vietnam is expected to maintain stable credit growth - GDP growth in the first quarter reached 4.48% yoy.**

Vietnam's economy continued to have a relatively good recovery momentum. In the first quarter, GDP grew 4.48% year-on-year although Vietnam was affected by the new COVID-19 outbreak. It was estimated that exports increased by 22.0%, imports increased by 26.3% against the first quarter of 2020, and cumulative trade surplus reached USD 2.03 billion. Total retail sales of goods increased by 5.1%, industrial production index increased by 6.5% yoy. Total realized foreign investment capital in the first quarter reached US \$ 4.1 billion, up 6.5% yoy. Annual cumulative consumer price index increased by an average of 0.29% yoy.

The State Bank of Vietnam gave three credit growth scenarios corresponding to the Covid-19 pandemic situation. Accordingly, the lowest possible increase is 7-8% and the high rate is around 12-13%. If actual developments follow this plan, this year will be the fourth consecutive year that Vietnam has had credit growth on a relatively low level compared to its history - for the last three years credit growth has reached 12-13%, compared with an increase of approximately 18% during the years 2015 - 2017. The setting of credit growth target to remain stable at the same level as previous years showed the cautious view of the State Bank on policy management, in the context of inflation risk may increase when the domestic economy and the world recovering from the pandemic. As of March 17, credit growth increased by 1.2%, the whole first quarter was estimated to increase by 2.0% ytd, this figure was higher than that of the first quarter of 2020 which was 0.68%.

On financial market, savings interest rate remained stable because capital demand in the first phase of the year did not change much. Interest rates for 12-month term were popularly maintained from 5.1 to 6.3%/year. On inter-bank market, interest rates for terms from overnight to 1 month decreased from 10 to 25 basis points in March 2021. The USD/VND exchange rate continued to increase by about 60 points compared to the end of February 2021, currently at 23,085 - 23,095. The exchange rate increase was accompanied by the increase in the price of the USD globally ■

## UPDATES ON SEVERAL KEY ECONOMIC SECTORS IN MARCH 2021



### Real estates: "bubble" land price took place in many localities since the beginning of 2021

Right after the Lunar New Year holiday in 2021, the "bubble" land price has appeared in many regions and localities recently, real estate prices tend to increase (an average increase of 10% per month, some places increase 2-3 times in just 1-2 months), posing potential risks to the economy, affecting the management of socio-economic development and the implementation of investment projects. According to the Ministry of Construction, there are many different reasons causing real estate price increases in localities in recent years, including:

- (i) The issuance of higher land price list by localities;
- (ii) Population growth, economic development, industrialization - urbanization, but the supply has not met in time, leading to a gap in supply and demand;
- (iii) The transfer of investment capital flows to ensure safety when other investment channels face difficulties;
- (iv) Information on urban planning, construction of infrastructure works, urban expansion and administrative boundary adjustments;
- (v) The higher prices of land and real estates by speculators.

According to real estate experts, it is normal for land prices to increase thanks to the attraction from projects as well as increasing completion of social and transport infrastructure systems in localities. However, in some localities, the current sudden increase in housing prices is due to the unclear information about projects, planning and investment in infrastructure of localities, creating opportunities for speculators to buy and sell, creating "bubble" land prices to attract customers and gain illicit profits.

### Textile, garment and footwear: many positive signals in the first quarter

Report on the situation of industrial production and trade activities of the Ministry of Industry and Trade said that the textile production index in March 2021 increased by 5.3%, for the first 3 months of the year, it increased by more than 5% yoy. Export turnover of textiles and garments is estimated at \$ 7.2 billion, up more than 1% over the same period. For leather and footwear industry, the index of leather production and related products increased by 4.3% yoy. Footwear export turnover is estimated at US \$ 4.74 billion, up 13.5% compared to 1Q2020. Although the pandemic still persists, up to now, businesses have found suitable direction. The world textile, garment and footwear market has gradually become active again. The continuous introduction of COVID-19 vaccines to people by countries has also increased confidence, contributing to boosting consumer demand, including consumption of textiles and footwear. Although the quantity and unit price of the product have not returned to the threshold in 2019, the market signal has gradually recovered.



### Fishery: positive signals from trade agreements impacts & the return of China import market

Although Vietnam's fishery industry suffered many difficulties by the Covid-19 pandemic in the first months of 2020, it still maintained a positive growth rate for the whole 2020. Seafood export in the first 2 months of 2021 reached over 1 billion USD, an increase of 2.2% yoy, of which export in January 2021 reached USD 606 million (up 23.4% yoy) but export in February 2021 only reached USD 405 million (down 19% yoy). In February, the negative growth was due to the coincidence with the Lunar New Year holiday, the production-exploiting-processing time was less than in February 2020. After a 10% decrease in the value of seafood imports from Vietnam in January 2021, in February, the Chinese market returned to import strongly, up 114%. This recovery brings positive signals for seafood exports in the following months.



### Automobile: selling prices plummeted due to bleak market demand

Vietnamese car market is in the midst of the low season of the year when consumer shopping needs fall sharply. Car manufacturers also face many difficulties due to the impact of the Covid-19 pandemic. According to Vietnam Automobile Manufacturers Association (VAMA), in February 2021, the total purchasing power on the market was only 13,585 units, down 48.6% compared to the first month of the year. Notably, car purchasing power in January 2021 also decreased by 45% compared to the last month of 2020, when car sales reached the highest level in the past 2 years. Concerns about weak consumption, along with the policy of a 50% reduction in registration fees for domestically manufactured and assembled cars not being renewed have caused the auto market to continue to struggle after a short time of recovery. The gloom of the market forced many firms and agents to offer discounts or promotions to stimulate consumer demand, as well as to compete with competitors ■



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