

JULY
2021

VietinBank 

www.vietinbank.vn

INVESTOR NEWSLETTER

TABLE OF CONTENTS

DEVELOPMENT ORIENTATION AND PLAN

- 3 VietinBank disclosed information on changes of key personnel
- 4 VietinBank's business activities in the first 6 months of the year achieved positive results

EVENTS, COOPERATION ACTIVITIES

- 5 VietinBank being honored as the bank with "The most Innovative Financial Solutions for Corporate Client"
- 6 VietinBank – The best SME bank in Vietnam

PRODUCTS AND TECHNOLOGY

- 7 Convenient transactions for VietinBank customers at VNPost post offices
- 8 VietinBank iConnect: Vietnam's leading open API platform

INTEREST RATES POLICY

- 9 Headlines on deposit and lending interest rates

MARKET UPDATES

- 11 Vietnam's GDP growth in the first half of the year reached 5.64%
- 13 Updates on several key economic sectors



VIETINBANK DISCLOSED INFORMATION ON CHANGES OF KEY PERSONNEL

On 2/7/2021, Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) received Decision No.1156/QĐ-NHNN by the State Bank of Vietnam on the termination of 40% State ownership's representative at VietinBank of Mr. Le Duc Tho, Chairman of the Board of Directors of VietinBank to implement new task as assigned by the Politburo in Decision No. 156-QĐNS/TW dated 25/6/2021. This Decision took effect from 3/7/2021.



Specifically, the Politburo decided to mobilize and appoint Mr. Le Duc Tho – Member of the Party Central Committee, member of the Standing Committee of the Party Committee of the Central Business Division, Secretary of the Party Committee, Chairman of the Board of Directors of Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) ceased to hold the position of Chairman of the Board of Directors of VietinBank; joined the Executive Committee, Standing Committee of the Party Committee of Ben Tre Province, held the position of Secretary of the Ben Tre Provincial Party Committee for the 2020-2025 term.

Pursuant to Point d, Clause 1, Article 35 of the Law on Credit Institutions No. 47/2010/QH12 dated 16/6/2010 and Law No. 17/2017/QH14

dated 20/11/2017 amending and supplementing a number of articles of Law on Credit Institutions No. 47/2010/QH12 and Point d, Clause 1, Article 45, Charter of VietinBank, Mr. Le Duc Tho was no longer a member of VietinBank's Board of Directors from 03/07/2021.

On that basis, on 5/7/2021, the Board of Directors of VietinBank promulgated Resolution No.222/NQ-HDQT-NHCT1.2 on assigning Mr. Tran Van Tan, the BoD's member who representing 30% state ownership at VietinBank, to be in-charge of the operation of VietinBank's BoD since Mr. Le Duc Tho resigned from the position of Chairman of the BoD of VietinBank to take on a new task according to Decision No. 156/QĐNS-TW dated 25/6/2021 of the Politburo ■

VIETINBANK'S BUSINESS ACTIVITIES IN THE FIRST 6 MONTHS OF THE YEAR ACHIEVED POSITIVE RESULTS

On June 30, 2021 in Hanoi, Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) held a conference to review business activities in the first 6 months of the year and implement tasks for the second half of 2021. With determination and efforts of the whole system, VietinBank has successfully implemented the "double goal", accompanying customers affected by the Covid-19 pandemic to overcome difficulties, restore and develop production and business, while achieving positive business results. On that basis, the Bank is determined to continue its efforts, accelerate innovation, reform and restructure its operations, and take advantage of opportunities to well fulfill its 2021 goals.



VietinBank's business results in the first 6 months of 2021 have seen positive changes: credit balance as of June 30 is estimated at 1,006 trillion dong, up 4.8% ytd, total mobilized capital is estimated at 1,200 trillion dong, up 3.4% ytd. The average CASA capital has improved significantly. Net fee income reached more than 3 trillion dong, up 27.6% yoy, of which fee income which achieved good results includes guarantee fee and e-banking fee; risk handling income increased sharply yoy.

Business efficiency improved,

cost efficiency continued to be improved, growth quality was well managed, VietinBank's asset quality continued to be well managed, NPL/credit balance ratio was kept at 1.38%, which is low compared to the industry average, the bad debt coverage ratio reached 109%. Profit in the first 6 months of 2021 is estimated at 13,000 billion dong.

On the basis of these achievements, the whole VietinBank system continues to vigorously and aggressively deploy business activities in the last 6 months of 2021, closely follow the key goals and tasks

in 2021, continuously innovate, seize market opportunities, overcome difficulties and limitations; continue to improve financial capacity to create resources for long-term development; strongly structure business; adjust the structure of profitable assets and risk-weighted assets; continue to innovate in governance and control in a substantive direction to improve growth quality, drastically improve business efficiency and develop sustainably ■



VIETINBANK BEING HONORED AS THE BANK WITH "THE MOST INNOVATIVE FINANCIAL SOLUTIONS FOR CORPORATE CLIENT"

Recently, the prestigious international financial and banking magazine Global Banking & Finance Review honored VietinBank with the award "The most Innovative Financial Solution for Corporate Client Vietnam 2021".

The award affirms VietinBank's pioneering position in providing optimal and modern financial solutions with outstanding benefits and enhanced customer experience. At the same time, this award is also a recognition for VietinBank's efforts in providing comprehensive financial solutions with modern products and services according to international standards.

With its own Center for designing financial solutions exclusively for customers, VietinBank is currently the leading bank providing comprehensive financial solutions and a strategic and comprehensive partner of many corporations, leading companies and enterprises in domestic industries and fields; also being a reliable partner of foreign direct investment (FDI) enterprises.

Especially, facing impacts of the COVID-19 pandemic in the past time, VietinBank has

quickly grasped the needs and changes in customer behavior, focusing on improving processes, products and services; thereby offering useful, creative solutions that best meet the diverse needs of businesses. Accordingly, VietinBank provides the market with the best financial products and services, with many new and modern features, bringing the highest convenience and benefits to customers through the application of state-of-the-art technology into the Bank's financial products.

Based on the strength of modern technology system and advanced transaction banking platform, VietinBank has always been the first banking choice of enterprises in providing comprehensive financial solutions, fully meeting the needs of enterprises executive management, the need to expand and optimize business operations. ■



VIETINBANK – THE BEST SME BANK IN VIETNAM

VietinBank continuously received the "Best SME Bank in Vietnam" award from The Asian Banker Magazine (Singapore) and Global Banking & Finance Review (UK). This is a recognition and honor for VietinBank's efforts in promoting the key role and pillar of the Vietnamese banking system, as well as being a solid fulcrum for the business community in general - including small and medium enterprises (SME customers).

At the end of 2020, VietinBank achieved impressive results for SME segment in terms of both capital and outstanding loans. In particular, this customer segment has maintained a high and sustainable growth rate (from 2015 until now, the average growth rate of outstanding loans has reached over 20%). At the same time, VietinBank is constantly improving and implementing a variety of customer-oriented programs and products, accompanying customers to overcome difficulties and challenges from natural disasters and the COVID-19 pandemic.

Accordingly, VietinBank has implemented many credit programs and financial solutions to suit the increasingly diverse needs of SME customers - especially during the COVID-19 outbreak. Highlights include the comprehensive package of incentives "VietinBank SME Stronger 2020", "VietinBank SME Stronger 2021 - Stay Strong to Soar", the seminar "VietinBank SME Stronger - Together with enterprises firmly overcome the waves" with many outstanding and attractive incentives, in accordance with the needs of customers. This activity helps SME customers

increase their great experience with VietinBank.

In June 2021, VietinBank was honored to receive the "Best SME Bank in Vietnam" award in 2021 by The Asian Banker Magazine (Singapore) and Global Banking & Finance Review (UK). In addition, VietinBank was also honored by many other world-renowned organizations for its products and services for SME segment such as: Best Working Capital Trade Finance Bank in Vietnam honored by The Asset Magazine in 2017; Vietnam's Fastest Growing SME Bank 2017 awarded by Global Banking & Finance review; SME Bank of the Year 2017 by The Asian Banker Magazine; Best Bank for SMEs in Vietnam awarded by Asia Money in 2018; The fastest growing SME bank in Vietnam in 2020 honored by Global Banking & Finance Review.

These awards are the motivation for VietinBank to continue to deploy more products and services with high and outstanding technology content to bring safe and effective financial solutions; since then become a reliable companion of the SME community ■

CONVENIENT TRANSACTIONS FOR VIETINBANK CUSTOMERS AT VNPOST POST OFFICES



With a network of nearly 6,000 post offices throughout the villages, the new service of VietinBank and VNPost enables VietinBank customers to deposit cash into their accounts and withdraw cash from VietinBank accounts without going to the transaction counter or searching for ATM.

With cash deposit service into the payee's current account opened at VietinBank, customers can pay cash at VNPost post offices with a limit of up to VND 20,000,000/transaction. Thanks to the modern technology connection between VietinBank and VNPost, the transaction will be instantly credited to the payee's current account at VietinBank. With this service, customers can deposit cash into their own account and transfer payment to the recipient's account opened at VietinBank quickly and conveniently without going to the bank's transaction office.

VietinBank and VNPost also deploy cash withdrawal services by account holders. Accordingly, customers who are current account holders opened at VietinBank can withdraw cash at VNPost's post offices with a limit of VND 10,000,000/transaction.

Deploying the above services, VietinBank brings simplicity and convenience to customers. Procedures for depositing and receiving money

are simple, convenient, and transactions are fast, accurate and safe. Especially, with nearly 6,000 post offices of VNPost, the scope of service provision is wide, present in rural, remote and isolated areas across the country; This service of VietinBank is really convenient and useful. Besides, with flexible customer service time, VNPost post offices work even on weekends, holidays, extended working hours to serve even outside office hours.

For more information about this service, customers can visit VNPost's post office or contact VietinBank's Customer Service Center: 1900 558 868; email: contact@vietinbank.vn for advice and information ■

VIETINBANK ICONNECT: VIETNAM'S LEADING OPEN API PLATFORM



With VietinBank iConnect, businesses, the fintech community and the startup community have more tools to experience and develop their business.

What is VietinBank iConnect?

As a pioneer bank in digital transformation and application of modern technology in business activities, VietinBank always determines the highest goal in providing digital services and experiences as: Meeting the needs of customers to the maximum use; support partners to optimize the development and operation process; Reduce resource costs compared to traditional business methods.

VietinBank's "Open Banking" activity is aimed at multi-field cooperation and comprehensive integration with businesses, technology partners, fintech community, start-up community to build most convenient digital experiences for users; building flexible business solutions applying high technology; accompanying the development of the national digital economy.

VietinBank has developed an open application programming

interface sharing platform (Open APIs) named VietinBank iConnect at <https://developer.vietinbank.vn/>. Partners can access and consult financial and banking services that are packaged into digital connections (APIs) provided by VietinBank; and receive advice and support during application development, service integration and deployment.

VietinBank iConnect is currently providing hundreds of APIs to meet the needs of partners, some main groups of APIs include: Finance: Open an account, open a card, deposit savings, apply for a loan, manage financial information at VietinBank; Cash flow management: Collecting, paying for, connecting ERP with VietinBank; Payment: Bill payment, money transfer, payment gateway integration, QRPay, POS with VietinBank; Fintech: Connecting e-wallets, depositing, withdrawing, supporting money transfer, bill payment, deposit activities, loans...

Data security

VietinBank always ensures the highest requirements in risk management activities, safety and security and compliance with legal regulations. All APIs shared on VietinBank iConnect are based on the customer's consent or authorization for the process of connecting and using the service. VietinBank uses international security standards such as OAuth2, OpenID Connect combined with OTP forms to authenticate customers. To ensure security, all APIs are regularly attack tested and comply with international standards such as REST, OWASP ■

In 2020, The Asian Banker honored Open APIs VietinBank iConnect and the results of VietinBank's Open Banking implementation in collaboration with IBM partner with the award "Best APIs Implementation and Open Banking in 2020".

HEADLINES ON DEPOSIT AND LENDING INTEREST RATES

Deposit rates of commercial banks

In June 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. After many months of stabilizing, Vietcombank adjusted to increase the deposit interest rate from 1 month - under 12 months to 0.2%/year in both individual and corporate customer segments.

For non-state joint stock commercial banks, the level of interest rate band differentiation among commercial banks has remained quite large for the 1st half of 2021. 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 July 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 3Q2021 with total size of VND 60,000 billion and USD 600 million: preferential lending rate from 4.2% p.a in VND and from 2.0% p.a in USD.

Supporting policy for corporate customers affected by COVID-19 (effective until 30/09/2021)

- 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 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;
- Preferential package for corporate customers investing in Logistics sector with total size of VND 5,000 billion, preferential lending rate for the 1st year starting from 7.3% p.a and preferential margin for the following years starting from 2.8% p.a;
- Preferential package for corporate customers trading in agricultural machinery and equipment with total size of VND 700 billion, preferential lending rate starting from 5.2% p.a.

For retail customers

- Preferential lending program with gratitude interest rates starting from only 5.3% p.a for short term loans and 7.0% p.a for medium and long term loans (varies from preferential period and loan term), extended deployment until 30/06/2022.
- Supporting policy to cut lending rates applied to customers affected by Covid-19 (effective until 15/01/2022):
 - New short-term interest rate support policy with a maximum interest rate reduction of 0.5%/year.
 - 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.

VIETNAM'S GDP GROWTH IN THE FIRST HALF OF THE YEAR REACHED 5.64%

In the context of facing the largest wave of COVID-19 pandemic ever, Vietnam's GDP growth in 2Q2021 was estimated at 6.61% yoy, higher than that of 0.39% in 2020, but still lower than the level of 6.73% in 2019. The industry - construction sector was an important driver with an increase of 10.28%. Overall, in the first 6 months, Vietnam's GDP growth reached 5.64% yoy, with the industry - construction sector increasing by 8.36%.

Import and export activities continued to grow, June exports were estimated at US\$26.5 billion, up 17.3% yoy. Imports were estimated at US\$27.5 billion and up 33.5% yoy. Generally, in the first 6 months of the year, exports grew by 28.4%, imports increased by 36.1%. The slow growth of exports and a sharp increase in imports, especially from the second quarter, made the trade balance deficit about 1.47 billion USD, while in the same period there was a surplus of about 5.86 billion USD. The FDI sector is still the growth engine for import and export activities. Along with that, foreign investment attraction was positive: FDI disbursement in the first half of this year reached US\$9.24 billion, up 6.8% yoy. Inflation in 6 months increased by 1.47% on average, the trend is stronger but the fluctuation is not to a worrying level.

As of June 15, credit grew by 5.1% ytd, higher than the growth rate of the previous period (2.26%). Interbank short-term interest rates have increased from the bottom of 2020. High investment demand may boost interest rates in the second half. In the foreign exchange market, the USD/VND exchange rate dropped sharply after the State Bank cut the price of buying USD futures from 23,125 to 22,975. The interbank USD/VND exchange rate currently remains around 22,980 - 23,030 VND.

The race to reopen the economy now depends more on vaccination campaigns to achieve herd immunity. In addition, the epidemic still has a negative impact on the global supply chain, the sharp increase in raw material prices may negatively affect corporate profits and potentially increase inflation risks. For Vietnamese economy at the moment, fighting the COVID-19 pandemic is still the fundamental key to solving the immediate difficulties ■

UPDATES ON SEVERAL KEY ECONOMIC SECTORS



Sugarcane: The domestic sugar industry reacted positively to the decision to impose anti-dumping duties on some sugar products from Thailand.

After the Ministry of Industry and Trade officially decided to impose anti-dumping and anti-subsidy tax at 47.64% on cane sugar originating from Thailand, the purchase price of sugarcane for farmers has increased from 100-200 thousand dong/ton, contributing to the result for the first time in many years, Vietnam consumed all 6 million tons of domestic raw sugarcane production.

Before the pilot time as well as the official imposition of this anti-dumping tax, the domestic sugar industry was severely affected. In 2020, subsidized and dumped imported sugar from Thailand increased sharply to nearly 1.3 million tons, an increase of 330.4% compared to 2019. As a result, manufacturers could not compete. In terms of price, it was imperative to lower the price of buying sugarcane to survive, farmers selling cane could not recover enough capital, so they did not stick to sugarcane, the raw material area narrowed, and productivity decreased. Therefore, the implementation of anti-dumping policy was carried out on the basis of an assessment of socio-economic impacts, including impacts on downstream industries and consumers ■



Construction: Potential risks from sudden increase in material prices

Recently, the construction materials market has had great fluctuations, many types of construction materials have increased dramatically, which has greatly affected construction activities. According to calculations, the proportion of construction steel costs accounts for 12% - 16% of the total value of civil works. If the steel price fluctuates by 10%, the construction price will increase by 1%... Thus, up to now, the steel price alone has caused the construction value to increase by about 4% for civil works, not to mention the price increase of other building materials. With the construction of factories, iron and steel account for more than 50% of the cost, hence, construction contractors are more prone to losses. Meanwhile, for a construction contractor, the interest of a project only fluctuates around 5-7%, provided that the client pays on time, without arrears. Therefore, many construction contractors do not have measures to control material price fluctuations, which will greatly affect profits or even losses. Most of the profit in the first quarter of 2021 of major construction contractors in the market such as Ricons and Coteccons all plummeted ■

Textile: US anti-dumping on Vietnamese polyester (PTY) products

On May 31, the Trade Remedies Administration, Ministry of Industry and Trade received information about the US Department of Commerce (DOC) announcing the preliminary conclusion in the case of anti-dumping investigation on polyester textured yarn (PTY) products of Malaysia, Indonesia, Thailand and Vietnam. Accordingly, Vietnamese enterprises were determined the dumping margin ranging from 2.67% to 22.82%; Thailand: at 14.8 - 56.08%; Indonesia: from 7.45% to 26.07%; and Malaysia: at 7.35%. On the Vietnamese side, PTY manufacturers with a large export market share to the US are most affected. However, in 2020, only 4.1% of Vietnam's yarn products were exported to the US. Some large yarn enterprises in Vietnam such as: Century Yarn (mainly drawn textured yarn - DTY and fully drawn yarn - FDY, PTY accounts for a small proportion); Dinh Vu fiber (PVTex is mainly DTY). Therefore, it is estimated that the impact of this event on the domestic textile industry in general is not too great ■





INVESTOR NEWSLETTER

Disclaimer:

The information in this investor newsletter is provided for reference purpose only. VietinBank does not take responsibility for any loss caused by the use of the above information in business activities.

**Investor Relations - Secretariat to the BoD and Investor Relations
Office of the Board of Directors
Vietnam Joint Stock Commercial Bank for Industry and Trade**

108 Tran Hung Dao, Hoan Kiem, Hanoi, Vietnam

E investor@vietinbank.vn | **T** 024 3941 3622 | **W** www.investor.vietinbank.vn