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VietinBank 

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INVESTOR NEWSLETTER

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VIETINBANK APPROVED THE PLAN TO INCREASE CHARTER CAPITAL

On May 31, 2021, the Board of Directors of VietinBank issued Resolution No. 163/NQ-HĐQT-NHCT2.1 approving the plan to increase charter capital, which is the basis for VietinBank to continue implementing the procedures related to realizing the increase of charter capital, creating a premise for VietinBank to continue to expand its business activities.

According to the Resolution of the General Meeting of Shareholders of VietinBank No. 22/NQ-DHĐDD dated November 23, 2020, the General Meeting of Shareholders authorized and assigned the Board of Directors of VietinBank to decide "The plan to increase charter capital by issuing shares to pay dividend from profit after tax and after fund appropriation in accordance with regulations

of 2017 & 2018, and remaining profit after tax, after fund appropriation in accordance with regulations and cash dividend of 2019" in accordance with the content approved by a competent state agency.

Pursuant to Decision No. 765/QĐ-TTg dated May 22, 2021 of the Prime Minister approving the plan for additional State capital investment in VietinBank, Official Letter No. 3829/NHNN-



VietinBank approved the plan to increase charter capital and are actively and urgently completing the procedures to increase capital.

TTGSNH dated May 28 2021 by the State Bank of Vietnam on the plan for additional State capital investment in VietinBank, on May 31, 2021, the Board of Directors of VietinBank issued the Resolution No. 163/NQ-HĐQT-NHCT2.1 regarding approval of the plan to increase charter capital by issuing shares to pay dividend from profits after tax and fund appropriation of 2017 & 2018, and remaining profit after tax, fund appropriation and cash dividend of 2019. This is the basis for VietinBank to continue to carry out relevant procedures with competent State agencies and get closer to the goal of completing the increase of charter capital.

The additional charter capital is an important basis for VietinBank to continue to expand its business activities by increasing credit limit, investment limit, etc., thereby enhancing the ability to supply capital to the economy. At the same time, with the capital flow being cleared, VietinBank will actively promote its position and potential, improve governance capacity and financial capacity, invest in facilities and technology infrastructure, develop services and networks, increase shareholder benefits and contribute to the socio-economic

promotion of the country. In addition, the increase in charter capital will contribute to improving VietinBank's credit rating according to the assessment of international credit rating agencies, thereby positively affecting the assessment of international credit rating agencies for the general outlook for Vietnam's Banking and Finance Industry in particular and the Vietnamese economy in general.

VietinBank is actively and expeditiously implementing procedures with competent state agencies to implement the Plan to increase charter capital through issuing shares to pay dividends as soon as possible. It is expected that VietinBank will complete the issuance of shares to pay dividends in the third and fourth quarter of 2021, the dividend payment rate of VietinBank is 29.0695%. Upon completion, VietinBank's charter capital is expected to increase by 10,824 billion VND, raising the charter capital from 37,234 billion VND to **48,058 billion VND**. Additional issued shares will be registered by VietinBank for depository at the Vietnam Securities Depository and additionally listed on the Ho Chi Minh City Stock Exchange according to current regulations ■



VIETINBANK POSITIVELY AND PROACTIVELY SUPPORTING CUSTOMERS AFFECTED BY COVID-19



interest rates, exempt and reduce service fees to accompany and share difficulties with businesses and people affected by the COVID-19 pandemic with a popular interest rate reduction of 2% - 2.5% pa for nearly 7,800 customers with outstanding loans being exempted and reduced interest rates reaching more than VND 260,000 billion. At the same time, VietinBank also restructured the repayment period, keeping the debt group unchanged according to Circular 01. Accordingly, at the end of May 2021, VietinBank had nearly 1,000 customers whose repayment period was being restructured while the debt group remained unchanged, in which the transportation sector (especially air transport), accommodation and catering services (including travel and tourism services), textiles, consumption, real estate

business and capital construction are the sectors with the largest proportion of outstanding loans being rescheduled for repayment.

In addition, VietinBank promotes non-cash payment solutions to help customers avoid the risk of infection when doing transactions at the counter and using cash payment. Specifically, VietinBank provides multi-channel communication so that customers can conveniently and quickly conduct transactions at Internet Banking, eFAST, Fax, email, We-transfer... VietinBank also applies free/reduced service fees for customers with preferential policies of up to 20 types of fees from the beginning of 2021 until now with the goal of making VietinBank the first choice of enterprises for transaction banking services ■

Facing the difficulties and challenges of the economy caused by the COVID-19 pandemic, the State Bank of Vietnam (SBV) has issued many monetary policies to support subjects negatively affected by the pandemic such as Circular 01/2020/TT-NHNN dated March 13, 2020 on credit institutions, foreign bank branches restructured debt repayment terms, exempted and reduced interest and fees, and kept the same debt group in order to support customers affected by the Covid-19 pandemic (Circular 01) and Circular 03/2021/TT-NHNN amending and supplementing a number of articles of Circular No. 01/2020/TT-NHNN. As a state-owned commercial bank, a key

pillar of the economy, accompanying and supporting businesses, VietinBank has timely implemented many solutions to accompany and share with businesses affected by the COVID-19 pandemic such as reducing interest rates, providing new loans to support customers, restructuring debt repayment terms, exempting and reducing interest rates, and maintaining debt groups according to Circular 01.

From January 23, 2020 to the end of May 2021, VietinBank has lent nearly VND 570,000 billion to nearly 7,200 customers facing difficulties due to the impact of the pandemic. At the same time, VietinBank has supported to lower



VIETINBANK AWARDED “FINANCIAL DERIVATIVES PROVIDER OF THE YEAR IN VIETNAM”

The world prestigious magazine The Asian Banker has just announced VietinBank as "Financial derivatives provider of the year in Vietnam".

Mr. Nguyen Duc Thanh – VietinBank's Deputy General Director cum Director of Treasury Dealing and Capital Markets Division and managers of the Foreign Exchange Department and Treasury Dealing Departments received the award from The Asian Banker



The appraisal council of The Asian Banker rated VietinBank as one of the largest banks in Vietnam, pioneering in researching and providing financial products in the market. As a result, VietinBank provides Vietnamese businesses with many solutions for financial management, capacity building, and economic development. At the same time, VietinBank also contributes to the diversification and development of financial instruments, strengthening the position of Vietnam's financial market in Southeast Asia and moving towards the development trend of the world financial market in the future.

VietinBank is proud to be a market maker in the domestic market and one of the leading banks in the derivatives trading market in Vietnam. Up to now, in the interbank market,

VietinBank is the Top 1 bank in terms of sales and market share; At the same time, it is also the Top 1 bank in the market in terms of transaction turnover with customers (accounting for over 20%). In addition to traditional spot products and services, VietinBank orients to diversify its product and service portfolio by promoting the provision of derivative products... in order to provide customers with tools to hedge against exchange rate risks, bringing maximum benefits to customers. At the same time, the strong shift of over-the-counter transactions to online FX transactions on eFAST (for corporate customers) and iPay (for individual customers) has shown efficiency as well as increased service quality to customers.

To achieve the above outstanding results, VietinBank has applied technology to foreign exchange business,

in order to provide the most accurate information to customers, easily manage and implement foreign exchange transactions quickly. VietinBank is the only Vietnamese bank at the moment using the most modern Core Treasury Murex system in the world. This is an integrated system which enables comprehensive management of foreign exchange business and investment activities smoothly from the direct trading department (Front Office), through the risk management department (Middle Office) to the supporting department (Back Office) with automated workflows; at the same time, it also integrates all transactions into the system, providing foreign exchange status, cash flow ... creating maximum conditions for analysis of foreign exchange business orientation ■

INCENTIVE PACKAGE “VIETINBANK SME STRONGER 2021 – STAY STRONG TO SOAR” FOR SMALL & MEDIUM ENTERPRISES

With the desire to become a sustainable development partner for the business community, VietinBank has launched the promotion package “VietinBank SME Stronger 2021 package – Stay Strong to Soar” with aim to increasing useful incentives, products and programs to the small and medium enterprises (SMEs) segment.

The incentive package includes three main themes: V - SME 1 offers preferential, free interest rates and attractive fee reductions, demonstrating the bank's companionship with businesses to improve operational efficiency, expand production and business; V - SME 2 provides policy incentives for SMEs based on the characteristics and special points of industries, business fields and business connections in the supply/distribution chain, bringing added value for SME customers based on the advantages of the industry and/or chain of operations; V-SME 3 provides domestic and international connection solutions to support SMEs to increase opportunities to connect with customers,

cooperate in business and expand markets (It is expected that in October 2021, VietinBank will coordinate with MUFG Bank Japan to organize a business connection event for Vietnamese enterprises with partners from Japan, Thailand, Indonesia, etc.).

At the same time, through the VietinBank SME Stronger 2021 incentive package, customers also receive many incentives from VietinBank's subsidiaries and affiliates to help SMEs increase their great experiences with VietinBank. In particular, in 2021, customers who register for eFAST financial package (including new customers or customers of VietinBank but have never had financial transactions on eFAST) will be completely

exempt from the following fees: VND transfer fee within and outside the system; salary payment fee; payment fee to the State Budget; charges for VietinBank OTP double authentication devices; fee for registration and maintenance of VietinBank eFAST.

With continuous efforts to develop and improve services for SMEs customers of VietinBank, in April 2021, The Asian Banker – The prestigious Asia-Pacific magazine awarded VietinBank as the Best SME Bank. This award affirms the Bank's reputation, as well as positive recognition of its programs, products, and preferential packages VietinBank SME Stronger... that the Bank has brought to customers ■



VIETINBANK PIONEERING AGAINST DATA BREACH, PROACTIVELY PROTECTING CUSTOMERS

A Data breach - also known as a data leak or information leak is the unauthorized access and retrieval of sensitive information by an individual, organization or software system. Protecting against data breaches and user privacy is a long-term battle of all organizations, businesses in general and banks in particular.

The rapid development of information technology creates a driving force for socio-economic development, and at the same time raises the risk of security holes, creating conditions for cybercriminals to take advantage of user information theft. In which, data breaches can cause financial loss to an organization, the risk of data loss or theft affecting customer trust, as well as problems with legal investigations and data recovery efforts. Therefore, the issue of data breaches needs to be concerned and focused by organizations and businesses in the digital era. For the financial - banking sector, data is a valuable resource and an important

foundation for digital banking development. The bank uses digital data to provide diversified and innovative products and services to customers. However, with the increasing sophistication of criminals in the digital space, the risk of bank data being compromised and stolen is always lurking.

In Vietnam, VietinBank is a pioneer in digitalization and building a digital banking ecosystem. VietinBank is making efforts and actively applying data analysis tools to create new products and services on a digital platform, maximizing customer experience. Along with that, to protect customer data, VietinBank

has invested heavily in security and authentication technology. Specifically, such as: Biometrics Authentication, customer identification based on artificial intelligence (AI), electronic identification solutions (eKYC), digital signatures, FacePay... With card products, VietinBank applied 3D Secure feature, and Chip Contactless card technology.

VietinBank's strong investment in security technology is extremely important in data management; creating a foundation for the development of digital banking, towards the strong and modern development of the bank in the future ■



VietinBank invests heavily in security technology to protect customer data

HEADLINES ON DEPOSIT AND LENDING INTEREST RATES

Deposit rates of commercial banks

In May 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 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 5 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 June 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;

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;
- 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.

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 5.3% p.a for short term loans and 7.0% p.a for medium and long term loans (varies from preferential period and loan term).
- 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.

VIETNAM ECONOMY: STRIVING TO MAINTAIN GROWTH AMID THE NEW COVID-19 WAVE

In the context of the complicated development of the COVID-19 pandemic since the beginning of May 2021 with a series of large outbreaks detected in many provinces and cities across the country, Vietnam has made great efforts to maintain normal economic activities in the new wave of pandemic and recorded some positive points in the macro-economy last month. Export value in May was estimated at \$26 billion, up about 35% year-on-year. Import value was estimated to increase sharply by 56% over the same period. The strong growth in import activities led to an estimated cumulative trade deficit of about 370 million USD. The consumer price index in May increased by 0.16% from the previous month and about 2.9% higher yoy. Inflation was still under control. The 5-month average consumer price index increased by 1.29%, core inflation went up by 0.82% yoy. Foreign investment inflows remained stable with accumulated realized investment capital reaching 7.15 billion USD, up 6.7% yoy.

Despite this, the new wave of pandemic had immediate effects on the economy. Consumption decreased due to the impact of income reduction and pandemic prevention and control measures. Total retail sales of goods in May decreased by 3.1% compared to the previous month and decreased by 1% yoy. The pandemic strongly affected the provinces where industrial activities were concentrated, increasing unemployment and stalling production in industrial zones. Besides,

the uptrend in input prices of basic goods and industrial services is still a risk for the domestic production: Brent oil price is currently anchored at a high level of ~ \$70/barrel, the price of many metals commodities such as copper, steel... continuously peaked and have at least doubled in the past 1 year, the shipping price index also reached a record high in nearly 10 years. However, strict disease control and promotion of vaccination in the coming time are expected to be important keys for Vietnam to maintain economic growth and competitiveness compared to the region.

In parallel with sharply increased public investment activities to support the economy, last month, the State Treasury increased the mobilization of bond capital with the value of 29,533 billion VND, up 12% compared to the previous month. Winning primary interest rates for tenors of 5 - 15 years increased by 5 - 6 percentage points compared to the previous month. By the end of May, market yields for these tenors decreased by 4 - 10 percentage points. Meanwhile, interest rates in the interbank market for short tenors (under 3 months) increased by 30-50 percentage points, short-term liquidity was under pressure in the context that credit growth was significantly higher than that of capital mobilization growth. On the foreign exchange market, the USD/VND exchange rate was stable around 23,040 - 23,070, continuing the slight downtrend since early April due to the decline of the USD in the world market ■



UPDATES ON SEVERAL KEY ECONOMIC SECTORS



Steel: Iron ore bull cycle may soon end

From the beginning of 2021 until now, the price of iron and steel has increased sharply. However, compared to the time when the iron ore price reached a record of 224 USD/ton on May 16, 2021, by May 25, 2021, the steel price has decreased by 9% to 204 USD/ton. Many forecasts said that Chinese steel price was about to peak, and near the end of the year it would cool down. In its short-term outlook for 2021-2022, the World Steel Association (WSA) said steel demand would grow by 5.8% this year to 1,874 million tons after a slight decline last year. In 2022, steel demand may increase by 2.7% to 1,924.6 million tons. According to WSA, the global construction industry in 2022 will return to the production milestone of 2019, similar to the automobile manufacturing industry. However, WSA forecasts that steel demand next year will fall below 2019 level. This is the basis for analysts to believe that sooner or later, iron ore prices will be under downward pressure in the near future.



Aquaculture: Seafood exports grow impressively in many markets

Thanks to a growth of nearly 17% in March with over 735 million USD, the country's seafood export turnover in the first quarter of 2021 reached 1.7 billion USD, up nearly 7% yoy. It is forecasted that seafood exports in the second quarter will continue to grow by 10%, reaching about 2.1 billion USD. In which, shrimp products continued to grow positively by 10% to reach \$980 million. The US market will continue to be a bright spot for Vietnamese seafood, with an anticipated increase in demand for both shrimp, pangasius, tuna and other seafood. For the EU market, in the second quarter and the following months, shrimp exports to the EU are forecasted to recover only slightly, mainly in the markets of Spain, the Netherlands, and Italy. The Chinese market has tightened measures to control corona virus from the last months of 2020 until now, affecting seafood imports from countries including Vietnam. However, statistics show that export turnover to China still increased significantly, because in fact, the control of COVID-19, especially in border trade of Vietnam and neighboring countries, is also a cause contributing to increase official export turnover to a number of countries bordering Vietnam such as China, Cambodia, and Thailand. This trend will continue at least into the 2nd quarter of 2021.

Electricity: Power Planning Project VIII will be re-submitted in June 2021, cutting nearly 1.7 billion kWh of renewable energy in 2021

Power Planning Project VIII had not been approved by the Government for the 2016 - 2021 term in late March and early April 2021 as expected. Concerns came from the Project's failure to provide an assessment of primary energy sources, the proportion of domestic and imported primary energy sources for electricity production to ensure national energy security. Also because of the large inclusion of renewable energy sources, the corresponding amount of investment in the transmission grid in the Project has also become very large because it is designed in sync with the potential power source. This can lead to a situation where "potential" source projects are not implemented but related grid works have been invested and vice versa, causing great waste. Meanwhile, the National Load Dispatch Center (A0) said that to ensure the safe operation of the national power system in the context of a large renewable energy supply, while the electricity consumption demand is low, the mobilization of sources is carried out in order of priority for power plants that ensure technical conditions (voltage, stability, inertia, frequency control backup, peak capacity) then renewable energy sources (wind power, solar power, biomass, small and medium hydropower, large hydropower discharging), then to the remaining power sources. Therefore, in the first 4 months of this year, A0 was forced to cut nearly 470 million kWh of renewable energy including wind and solar power, and is expected to cut a total of 1.7 billion kWh in 2021 kWh of renewable energy ■



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