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VietinBank 

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INVESTOR NEWSLETTER

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VIETINBANK REVIEWED 9M2021 BUSINESS OPERATIONS AND IMPLEMENTED TASKS FOR 4Q2021

In the morning of September 22, 2021, Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) held a conference to review business activities in the first 9 months of the year and implement tasks for the last 3 months of 2021. The conference was held online from the Head Office in Hanoi connected to all branches in the whole VietinBank system and strictly complied with the regulations on prevention and control of the COVID-19 pandemic.



Mr. Tran Minh Binh – Secretary of VietinBank’s Party Committee, Chairman of the Board of Directors of VietinBank delivered the opening speech

The wave of COVID-19 pandemic spreading to most localities since the end of April 2021 has severely affected the Vietnamese economy as well as production and business activities of enterprises and banks, including VietinBank. Over the past time, the entire VietinBank system, especially branches in the "epicentre", has actively implemented measures to prevent and control the epidemic to protect our resources and maintain continuous

business activities. VietinBank has been actively implementing a number of key solutions in credit activities, fund mobilization, promoting shift in income structure and especially digital transformation to ensure business continuity and efficiency.

The conference to review VietinBank’s 9M2021 business activities and implement tasks for the last 3 months of 2021 was held with the direction of comprehensive innovation from mindset to action, implemented from all levels of leadership at Head Office and branches to each employee in VietinBank system. Up to now, VietinBank’s business performance indicators have all achieved positive results, credit and capital scale have grown well compared to the beginning of the year, the growth rate of effective indicators continues to be kept at a higher rate than the growth rate, provision for

credit loss was made more cautiously than prescribed by the State Bank of Vietnam to increase NPL coverage ratio, allowing VietinBank to proactively responding to disadvantageous fluctuations of the economy, ensuring to closely monitor and realize business goals set by the 2021 Annual General Meeting of Shareholders.

The COVID-19 pandemic is gradually being controlled, the demand for financial and banking products and services is expected to increase when the economy recovers. In order to promptly seize opportunities and develop breakthroughs, the entire VietinBank system will continue to strive to overcome difficulties and challenges, proactively and actively promote business activities to soon complete the set goals, maintaining its position as a key commercial bank, a leading pillar of Vietnam’s economy ■



The conference was held online from Head Office connecting to all branches throughout the system, ensuring compliance with regulations on epidemic prevention and control

THE 16TH MEETING OF STRATEGIC COOPERATION STEERING COMMITTEE BETWEEN VIETINBANK AND MUFG BANK: ENCOUNTERING DIFFICULTY, CONQUERING CHALLENGES

In the morning of September 16, 2021, the 16th meeting of the Steering Committee for Strategic Cooperation between VietinBank - MUFG Bank (SC16) took place online, with the participation of the meeting members from many teleconference points in Vietnam, Japan and Singapore.



VietinBank Chairman Tran Minh Binh highly appreciates the strategic cooperation between VietinBank and MUFG Bank

The meeting was co-chaired by Mr. Tran Minh Binh - Chairman of VietinBank's Board of Directors (BOD) and Mr. Hiroshi Masaki - Executive Officer & Deputy Chief Executive, Global Commercial Banking Unit, Tokyo of MUFG Bank.

Accompanying customers to overcome the pandemic

At the opening session, VietinBank Chairman Tran Minh Binh informed the fundamental features of Vietnam's economic situation in the context that the country was currently struggling

with the heaviest COVID-19 outbreak ever. As a pillar bank of the economy, in the context that the Government was gradually controlling the epidemic and reopening the economy, VietinBank continued to implement a number of key solutions in credit activities and fund mobilization, accelerating the shift of income structure and especially digital transformation to ensure business performance. These were the contents that the two banks discussed in depth in this meeting.

In order for MUFG Bank members attending the meeting from abroad to better understand the new context in Vietnam, Deputy General Director in charge of the Board of Management Mr. Nguyen Hoang Dung gave an overview of the macro economy as well as the banking industry in Vietnam; summarized the implementation of VietinBank's mid-term business plan for the period of 2021 - 2023; shared information on debt quality and VietinBank's necessary solutions and changes to cope with current difficulties as well as longer-term solutions to support when the economy enters the recovery phase.

Promoting cooperation and development between VietinBank and MUFG Bank

At the meeting, participants also discussed and shared many new initiatives to strongly promote cooperation in corporate and retail customer segments in the coming time. In particular, the update on Digitalization Strategy

- a new content in the agenda of SC16 this year presented by Mr. Tran Cong Quynh Lan - Deputy General Director cum Director of Digitalization of VietinBank, fully covered the main spearheads of VietinBank's Digital Strategy. At the same time, it opened up many new ideas and applications of information technology in financial - banking operations and the trend of serving customer on digital channels in the future.

The Sessions of the Steering Committee for Strategic Cooperation with the participation and direction of Senior Leaders of the two banks serve as an extremely effective channel to ensure that the two sides can achieve ultimate goal of cooperation: Meet and exceed customers' expectations to help them develop their business and contribute more to Vietnam's economy. MUFG Bank - the largest bank in Japan and VietinBank - the pillar bank of Vietnam's economy, have been and will be side by side, facing difficulties and overcoming all challenges to strongly rise up together ■



Mr. Hiroshi Masaki expects VietinBank and MUFG Bank to accompany, overcome challenges and seize business opportunities after the pandemic

INTRODUCING CO-BRANDED MASTERCARD PLATINUM VIETINBANK - SENDO WITH UNLIMITED PREFERENTIAL OFFERS

VietinBank has officially launched a pair of co-branded MasterCard Platinum cards VietinBank - Sendo including: Non-physical International Debit Card and physical International Credit Card connected to the e-commerce platform Sendo which is based on Electronic Identity Authentication Solution (eKYC). With these two powerful cards, customers can not only shop on Sendo - Vietnam's first e-commerce platform, enjoy unlimited privileges exclusively for cardholders; but also improve the effectiveness of pandemic prevention and control, ensuring the safety of themselves and the society.



As a leading commercial bank specializing in providing tech-savvy products and services; VietinBank always strives to bring the safest and most effective online payment methods and shopping experience to customers. Accordingly, VietinBank and Sendo

have partnered to launch a pair of MasterCard Platinum VietinBank - Sendo co-branded cards including international debit and international credit cards. The pair of MasterCard Platinum VietinBank - Sendo co-branded cards issued online on Sendo App promises to bring customers



Signing ceremony of cooperation agreement between VietinBank and Sendo

an effective online payment tool right on the Sendo e-commerce platform.

Given the complicated development of the COVID-19 pandemic, online shopping has become a new trend that has been enthusiastically responded by consumers. This trend not only ensures safety and health of yourself and your family but also fully meets individual needs. On the Sendo e-commerce platform, customers can freely choose products in a super-huge warehouse with 29 essential product categories and more than 10 million products from the largest and most prestigious suppliers in Vietnam with many preferential programs as well as continuous offers and promotions for essential items to promptly serve people of the country.

The partnership between Sendo - Vietnam's first e-commerce platform with deep understanding of culture and market as well as the ability to flexibly grasp the consumption trends of Vietnamese people and VietinBank - a bank with modern technology platform and strong financial capabilities enables the two parties to

take advantage and fully exploit the strengths and potentials of each other. In particular, VietinBank and Sendo are committed to bringing extremely quality values with a perfect service experience and ensuring maximum benefits for customers when spending - especially when shopping online on Sendo e-commerce platform. Becoming a MasterCard Platinum VietinBank - Sendo international credit/debit card holder, customers will immediately receive attractive incentives such as unlimited 1% cashback for all spending and shopping transactions on Sendo; getting a lifetime shipping code up to 20,000 VND per code; enjoying 20% off, up to 50,000 VND for spending transactions on 9/9, 10/10, 11/11, 12/12, maximum 2 times per day and many other e-vouchers with total value up to 720,000 VND per customer per year.

Especially from 9/9/2021 - 9/12/2021, VietinBank also offers 100,000 VND for the first 10,000 new customers to issue, activate and incur a cumulative spending of at least 200,000 VND per card within 30 days from the date of activation of international credit/debit MasterCard Platinum VietinBank Sendo card ■

HEADLINES ON DEPOSIT AND LENDING INTEREST RATES

Deposit rates of commercial banks

VietinBank and other State-owned commercial banks continue to maintain the same listed deposit interest rates for short terms. With tenors of 12M or longer, VietinBank is listing the interest rate at 5.6% p.a for individual customers, 0.1% p.a higher than the other three banks in the group.

In September 2021, a number of non-State joint stock commercial banks continued to reduce their listed deposit interest rates. The level of interest rate band differentiation among this group has remained quite large since the beginning of this year. 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 0.5-1.0% p.a higher than that of the State-owned commercial banks.

In October 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 4Q2021: preferential lending rate from 4.2% p.a in VND and from 2.0% p.a in USD.
- Preferential package for trading in agricultural machinery and equipment with total size of VND 700 billion, preferential lending rate starting from 5.2% p.a.
- Credit package to accompany business customers in 19 southern provinces and cities for production and business activities in essential fields/businesses and affected by the pandemic with total size of VND 20,000 billion, preferential lending rate starting from 4.0% p.a.
- Program to support interest rate up to 0.3% p.a. for SMEs customers to disburse salary to employees' accounts opened at VietinBank.

Medium and long term lending

- Preferential package for medium and long term loans in VND in 2021 with preferential fixed lending rate from 6.8% p.a;
- Preferential program for medium and long term loans for SMEs in 2020 with lending rate from 6.8% 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 investment loans to build farms/livestock farms under the 3F model (Feed – Farm – Food) with total size of VND 5,000 billion, preferential lending rate for the 1st year starting from 8.1% p.a.

Supporting policy for corporate customers affected by COVID-19 (effective until 31/12/2021)

- Supporting policy for short term and medium, long term lending rates up to 1% p.a.
- Preferential policy for fees applied in international payment & trade finance and VietinBank eFAST service fee - financial package, VND domestic transfer fee outside VietinBank system.
- Instructions for transactions via e-banking channels eFAST/Fax/Email during the complicated development of the pandemic.

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):
 - Short-term interest rate support policy with a maximum interest rate reduction of 0.5% p.a.
 - 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.

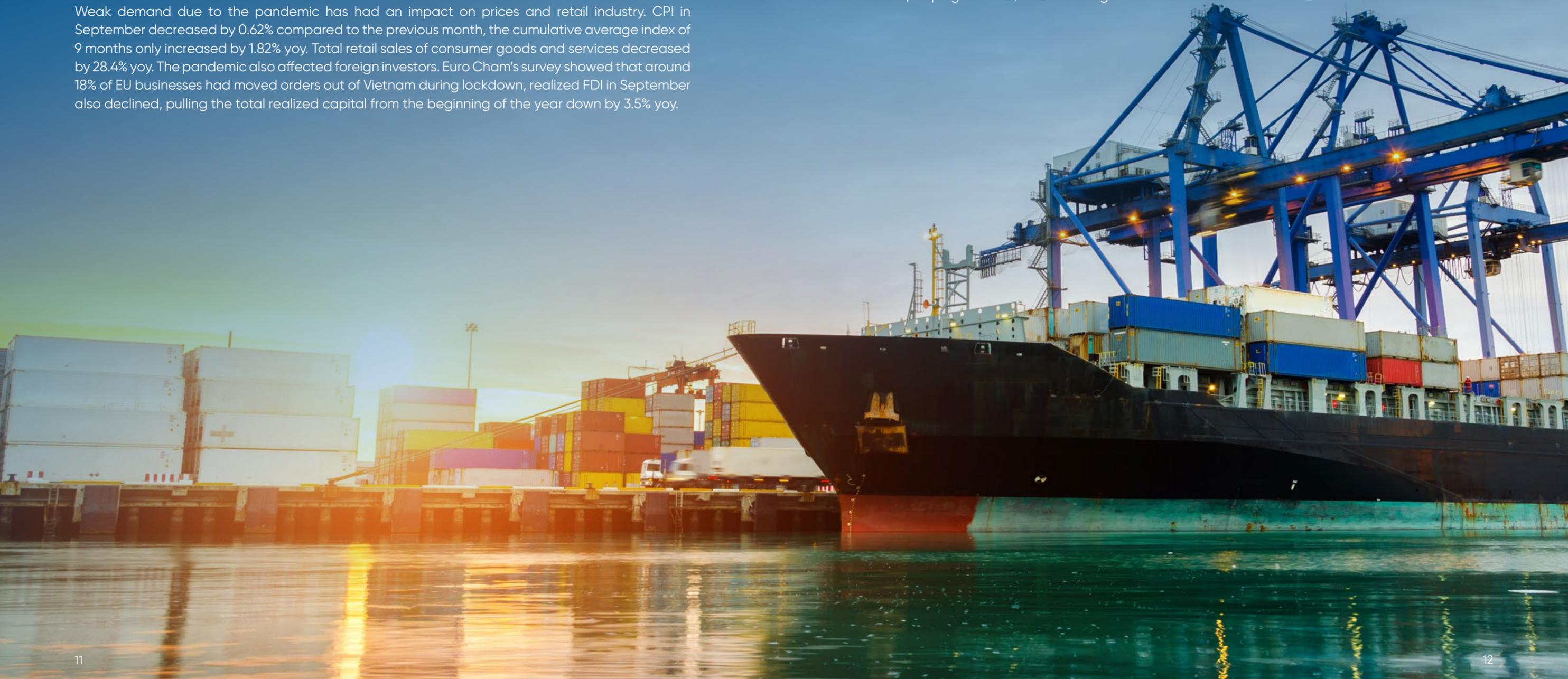
3Q2021 GDP PLUMMETED, DISCOURAGING GROWTH PROSPECT FOR FULL YEAR

In 3Q2021, the economy was affected by measures to control the pandemic and prolonged social distancing. 3Q2021 GDP decreased by 6.17% yoy, the strongest decrease in the history of statistics. Accumulating 9 months, GDP growth over the same period only reached 1.42%. Exports in September 2021 were estimated at \$27 billion, down 0.8% from the previous month. Imports were estimated at US\$26.5 billion, down 3.1% from the previous month. In 9 months, exports and imports grew by 18.8% and 30.5% respectively over the same period. The accumulated trade balance had a deficit of 2.13 billion USD while the same period last year had a trade surplus of 16.6 billion USD. As of September 20, credit grew by 7.17% ytd.

Weak demand due to the pandemic has had an impact on prices and retail industry. CPI in September decreased by 0.62% compared to the previous month, the cumulative average index of 9 months only increased by 1.82% yoy. Total retail sales of consumer goods and services decreased by 28.4% yoy. The pandemic also affected foreign investors. Euro Cham's survey showed that around 18% of EU businesses had moved orders out of Vietnam during lockdown, realized FDI in September also declined, pulling the total realized capital from the beginning of the year down by 3.5% yoy.

In September update publication, the Asian Development Bank (ADB) lowered its forecast for Vietnam's 2021 GDP growth to 3.8% - a growth rate of about 40% lower than the forecast before the fourth wave of COVID outbreak. According to ADB, it was positive that Vietnam's major trading partners such as the US, EU and China were still recovering. Nevertheless, Vietnam would face challenges such as labor shortage and limitation of fiscal policy in promoting economic recovery.

On money market, liquidity continued to remain stable. Interbank interest rates for 1M and shorter tenors decreased slightly, ranging from 0.7 - 1.2% p.a. Although monetary policy was forecasted to maintain support for economic recovery, interest rates may still be under upward pressure due to the peak credit demand at the end of the year. The USD/VND exchange rate in September decreased slightly after a deep decline in July-August, trading at 22,755 range - close to the buying threshold of the State Bank of Vietnam. In the context of gradually opening up the economy, trade balance was expected to improve and at the same time helped FDI disburse more actively. These factors helped the supply and demand of foreign currency in the market to be kept at a balanced level, helping the USD/VND exchange rate maintain a stable status ■



UPDATE ON SEVERAL KEY ECONOMIC SECTORS

Oil & Gas: Oil prices rose in a row in September, reaching the highest level since October 2018

Brent oil price surpassed 80 USD per barrel in September 2021. In the trading session on 24/9/2021, oil price reached 84 USD per barrel – the highest level since October 2018, up 53% ytd and nearly 88% compared to the average price in 2020 (~\$42 per barrel). This impressive price increase was the result of a recovery in world crude oil demand amid a sharp drop in supply due to a number of factors: the difficulty of oil producing and exporting countries in increasing output after 1 year of cutting down, crude oil reserves in the US dropped sharply and energy demand was forecasted to increase again when the economy recovered post-pandemic.

Experts all said that the uptrend of oil prices would continue in the near future, because basic factors were still quite favorable for the increase of oil prices: demand was recovering strongly in the near future while supply could not keep up with the demand for oil. There was no factor that could stop the oil prices rise currently. In the context of a shortage of natural gas supply leading to high gas prices, crude oil would be selected as one of the most viable alternatives. Experts expected this to be a bullish driver for the crude oil market this winter, when oil demand was supposed to increase the most during the year.



Coffee: coffee exports increased, uptrend of coffee prices forecasted to slow down in the last months of the year

In August and early September 2021, domestic coffee prices increased sharply. The domestic price of Robusta coffee increased by 6.6 - 6.8% compared to the end of July. According to the General Department of Customs, Vietnam's coffee exports in August 2021 reached 105 thousand tons, worth 207 million USD, down 14.1% in volume and 11.9% in value compared to July 2021, but up 4.8% in volume and 12.3% in value compared to August 2020. In the first 8 months of 2021, Vietnam's coffee exports were estimated at 1.07 million tons, worth 1.99 billion USD, down 6.9% in volume, but up 1.1% in value compared to the first 8 months of 2020. The reason for increase in export value and volume compared to the same period in August 2020 was that the COVID-19 pandemic was gradually being controlled in Europe, Asia, America, and countries that have loosened the lockdown, increasing consumption demand; at the same time, coffee prices have tended to increase in recent months due to a decrease in coffee supply.

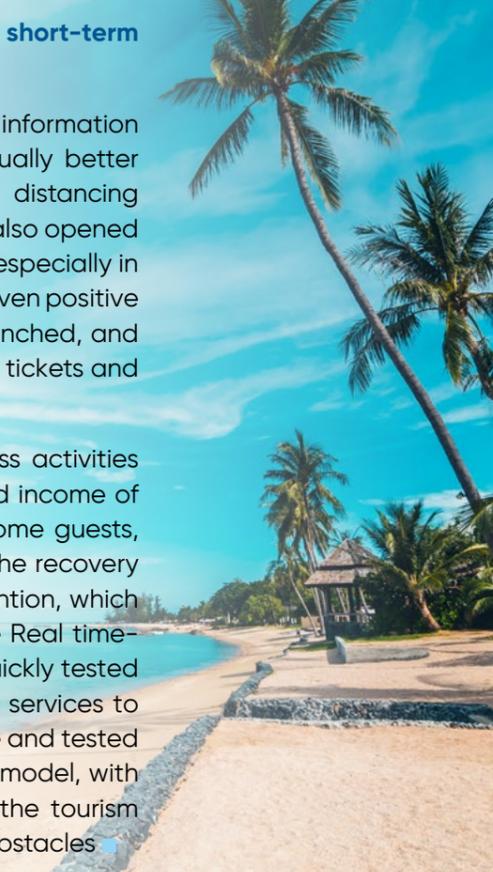


However, it was forecasted that the upward momentum of global coffee prices in the last months of the year would slow down. The reason was that the supply of Robusta coffee was replenished, while market demand slowed and declined due to concerns about the spread of a new variant, causing many countries to re-establish stronger social distancing measures. Besides, Brazil's weather was forecasted to be favorable from the beginning of September. This would restrain the increase in price of coffee.

Tourism: many localities began to reopen tourism activities, but short-term demand not expected to recover.

In September 2021, the tourism industry received a lot of positive information when the COVID-19 pandemic situation in the country was gradually better controlled, many provinces and cities began to loosen social distancing measures. Almost immediately, many tourist attractions and resorts also opened their doors to welcome tourists after a long period of "hibernation", especially in "tourist paradises" such as Quang Ninh, Khanh Hoa, and Phu Quoc. Given positive signals of the tourism industry, many promotional combos were launched, and online shopping sites were busy selling travel packages including air tickets and accommodation.

However, the pandemic not only affected production and business activities of enterprises, but also had a great impact on the psychology and income of consumers. In fact, after more than a week of reopening to welcome guests, Ha Long Bay (Quang Ninh) was still in a gloomy state. In addition, the recovery of tourism industry must be closely linked with safe epidemic prevention, which clearly required tourists from outside provinces to have a negative Real time-PCR test within 48 hours; complete 2 doses of vaccine and being quickly tested after completing the tour. People who carries goods and provides services to Quang Ninh province must also receive 2 doses of COVID-19 vaccine and tested negative; employees in the tourism industry applied the "3 on-site" model, with daily screening tests. These factors would make the recovery of the tourism industry in the short term, at least until the end of 2021, face many obstacles.





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