

# INVESTOR NEWSLETTER

## NEW EVENT

### MR. DAISUKE EJIMA, NEW MANAGING DIRECTOR OF MUFG BANK ASIA-PACIFIC REGION PAID A WORKING VISIT TO VIETINBANK



Mr. Tran Minh Binh and Mr. Daisuke Ejima and the delegates took souvenir photos on the occasion of the working session at VietinBank

Considering VietinBank as one of MUFG's important partners in Southeast Asia, on June 27, 2022, in Hanoi, Mr. Daisuke Ejima – the new Managing Director of MUFG Bank's Asia Pacific region paid a working visit and met with senior leaders of VietinBank right after receiving the new assignment.

At the meeting, VietinBank Chairman – Mr. Tran Minh Binh briefly updated VietinBank's business results in the first 6 months of 2022, and at the same time exchanged information on important projects being implemented at VietinBank. Chairman Tran Minh Binh thanked MUFG for always accompanying and promptly sharing valuable experiences for VietinBank in all business activities and banking governance.

Agreeing with Chairman Tran Minh Binh, Mr. Ejima emphasized: "The sharing of information and experiences plays an important role in deepening the relationship between the parties." As the Asia

Pacific regional manager, Mr. Ejima affirmed that he would continue to strongly support and promote the cooperation relationship between the two banks and cooperation between MUFG's partner banks in the region.

The strategic partnership between VietinBank – MUFG Bank has entered its 9th year and the leaders of the two banks have discussed many important initiatives to promote cooperation and demonstrated their commitment to devote resources to realizing these initiatives in the near future.

Details of the article at the link:

<https://www.vietinbank.vn/vn/tin-tuc/Ong-Daisuke-Ejima-tan-Giam-doc-dieu-Hanh-Khu-vuc-Chau-A-Thai-Binh-Duong-MUFG-Bank-toi-tham-va-lam-viec-tai-VietinBank-20220627183124.html>

## NEW EVENT

## VIETINBANK – BEST SERVICES FOR TRADE FINANCE IN VIETNAM 2022

Asiamoney magazine has just awarded VietinBank the Best Services for Trade Finance in Vietnam 2022.

In 2021, although the world and Vietnam's economic growth slowed down due to the unpredictable developments of the COVID-19 epidemic, VietinBank's trade finance sales achieved a high growth rate of 34.2% compared to that of 2020. In the first 5 months of 2022, VietinBank continued to set a new record with the growth rate of trade finance sales at 41.3% over the same period in 2021.

Not only being successful in traditional trade finance products and services; VietinBank also thrived in tailor-made trade finance products and services, effective solutions, etc. to accompany customers through the COVID-19 pandemic and post-pandemic recovery growth. Accordingly, the sales of issuing UPAS LC to corporate customers increased by 64%; sales of trade finance loans to domestic joint stock banks in the first 5 months of 2022 doubled compared to the same period in 2021.

This award is an objective and valuable result organized by Asiamoney - a prestigious magazine, with a large number of participating banks, financial institutions, organizations and businesses. The award has special meaning because it was the customers using trade finance services in the market who voted. The award not only affirms the trust of existing partners and customers, but also the market's recognition for VietinBank's outstanding and persistent efforts in improving quality and providing the best trade finance products and services for customers but also a meaningful message for VietinBank to attract potential customers to use trade finance services.

Details of the article at the link:

<https://www.vietinbank.vn/vn/tin-tuc/VietinBank-Ngan-hang-cung-cap-dich-vu-TTTM-tot-nhat-Viet-Nam-2022-20220624142035.html>

## VIETINBANK KEEPS THE LEADING POSITION IN CUSTOMER CARE INDUSTRY FOR 5 CONSECUTIVE YEARS

On June 8, VietinBank was honoured to be awarded the "Leading Contact Center Vietnam 2022" by Global Banking & Finance Review (GBAF - UK). This is the 5th consecutive year (2018 - 2022) VietinBank has been honoured to receive this prestigious award, and is also a worthy recognition for the efforts of innovation and strong breakthroughs in customer care activities of VietinBank's Contact Center.

With the operating motto "Customer experience is the focus", VietinBank has invested in researching and implementing many solutions to anticipate and quickly respond to customers' needs. Facing the changes in customer's transaction habits, in August 2021, VietinBank officially launched the Customer Care Channel through Fan page inbox, opening up many opportunities for customers to access the Call Center quickly and easily. The number of customers served through this channel has grown by an average of over 20% per month, showing the special acceptance and love of Gen Y and Gen Z customers.

In addition, in order to continuously increase benefits and support the growing of customers, in April 2022, VietinBank officially launched a separate line to support corporate customers using eFAST digital banking services, becoming the first bank in Big4 to provide this specialized customer care channel. Business customers are connected with quick support 24/7, served exclusively by a team of professional customer care specialists. In nearly 2 months of operation, the number of business customers served reached more than 8,000 customers, increasing the total interaction of business customers in the first 5 months of 2022 to 75.9% compared to the same period in 2021. Allocating resources to serve priority customers and corporate customers is a strategy VietinBank has been vigorously implementing, in order to bring priority customers and business customers worthy experiences, actively contributing to VietinBank's overall business goals.

Details of the article at the link:

<https://www.vietinbank.vn/vn/tin-tuc/5-nam-lien-tiep-VietinBank-giu-vung-vi-the-dan-dau-trong-nganh-cham-soc-khach-hang-20220624155105.html>

Leading  
Contact Center Vietnam



## NEW PRODUCTS, TECHNOLOGY

### VOICE BIOMETRICS: AUTHENTICATION TECHNOLOGY ALTERNATIVE TO PASSWORD

In addition to traditional authentication solutions such as declaring username and password or OTP code, the new authentication method based on voice biometrics technology (Voice Biometrics - VB) is both quick and simple, as well as at a high level of security. Especially in the banking sector, this method is considered as the key to creating a competitive advantage in customer experience and improving transaction convenience.

#### Advantages of VB

VB is a technology that relies on recognizing voice samples to authenticate and verify an individual's identity. The VB system works by generating a speech printout or "sample" of speech. User registration form can be recorded directly or taken from an existing recording file, 3 short segments of 2-3s each. The system will then extract the user's voice features and save it to the system. When needing to verify, the user will say 1 sentence and the system will verify again with the registered form in the system for authentication. Voice recognition technology allows a higher level of security than other identification systems that can be used as an alternative to passwords, and is also easy to use, safe and quick and convenient for customers.

#### Application in the banking sector

Biometrics may become a trend in the digital age and gradually replace traditional authentication methods for transactions such as Internet Banking, Mobile Banking or transactions at transaction offices and branches of banks. This is considered the key to creating a competitive advantage in customer experience and improving transaction convenience. Taking the outstanding advantages

of VB, VietinBank is researching and applying this technology in activities to improve customer experience when contacting the Customer Service Center (Contact Center), and at the same time applying it to fraud detection for customers with suspicious transactions and using VB in combination with CallBot (automatic calling robot) as a modern transaction authentication channel besides the usual measures such as: account, login name, password, code OTP.

In addition, VietinBank also researched and applied VB technology in combination with automatic CallBot in a number of possible banking operations such as: Inquiring account information, savings, loan information; retrieve information that customers forget or lose such as: ePin, username, password...; instant account locking/opening; financial transactions: Transfer and receive money; overdue debt reminder, debt recovery...



*Voice biometrics technology verifies customer identity through speech*

## INFORMATION DISCLOSED

### ANNOUNCEMENT ON CHANGES TO VIETINBANK ESTABLISHMENT AND OPERATION LICENSE

Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) announced the License for Establishment and Operation of a Joint Stock Commercial Bank No. 13/GP-NHNN dated June 17, 2022 issued by the State Bank of Vietnam, renewing and replacing the License for Establishment and Operation of Joint Stock Commercial Bank No. 142/GP-NHNN dated 3/7/2009 and the Decisions amending and supplementing VietinBank's License for Establishment and Operation from 2017 to 2021. Details of the article at the link:

<https://investor.vietinbank.vn/News/2022/6/24/86255.aspx>



Other information is published on VietinBank's IR website:

<https://investor.vietinbank.vn/Filings.aspx>

## INTEREST RATES POLICY

### HEADLINES ON DEPOSIT AND LENDING INTEREST RATES

#### Deposit rates of commercial banks

Regarding interest rates of state-owned JSC banks: in June 2022, BIDV and Agribank both adjusted the floor of listed interest rate for 12M term (both Retail and Corporate customers) to the same level as VietinBank. Thus, in the group of 4 state-owned JSC banks, only VCB maintained the lowest listed operating margin in the tenor bands. However, commercial banks have raised the level of operating margin through proactive mechanisms to support branches to maintain and attract deposits.

Regarding the deposit interest rate level of joint-stock commercial banks: in June 2022, especially the last week of June 2022, most commercial banks took action to increase their listed deposit interest rates. Particularly, for 6M tenor, in order for interest rates gap compared with 12M tenor was 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 July 2022, 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.

#### Preferential deposit rates for individual customers

Preferential policy of additional interest rate 0.3%-0.4%/year for customers to save online on iPay/ATM VietinBank channel.

#### VietinBank's credit programs with preferential lending rates

##### FOR CORPORATE CUSTOMERS

##### → Short-term lending

- Accompanying with Corporate Customers Program: VND lending rate from 5.5% p.a; USD lending rate from 2.7% p.a (varies from customers and loan terms);

##### → Medium and long - term lending

- Preferential package for medium and long-term loans in VND with preferential fixed lending rate from 6.8% p.a;
- Preferential program for medium and long-term loans for SMEs 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 8.0% 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 7.8% p.a and preferential margin for the following years starting from 3.2% 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 8.0% p.a and preferential margin for the following years starting from 3.2% p.a.

##### FOR RETAIL CUSTOMERS

→ **Preferential lending program with gratitude interest rates:** customers choose one of the following two policies:

- Package 1: For customers participating in VBI or Manulife insurance contract: lending interest rate starting from only 5.3% p.a for short term loans and 7.2% p.a for medium and long-term loans (varies from preferential period and loan term)
- Package 2: For customers not participating in insurance contract: lending interest rate starting from only 5.8% p.a for short term loans and 7.7% p.a for medium and long-term loans (varies from preferential period and loan term)
- Validation until 31/01/2023.

→ **Supporting policy to cut lending rates applied to customers affected by COVID-19:**

- Short-term as well as medium and long-term interest rate support policy with a maximum interest rate reduction of 0.5% p.a.
- 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.



In accordance with **Decree No. 31/2022/ND-CP dated May 20, 2022**, from June 28, 2022 VietinBank started its support program with subsidized interest rate of 2%/year (from the State budget) for loans of enterprises, cooperatives and household businesses.



### Applicable loans and interest rate support



The subsidized interest rate for customers is **2%/year**, applicable to loan outstanding balance and the actual loan term subject to interest rate support within the specified time period.



Applicable to loans in VND with a loan agreement signed and disbursed during the period from **January 1, 2022 to December 31, 2023**.



### Subjects of application



**Purpose of using loan capital:** to support one of the registered business sectors specified in the Prime Minister's Decision No. 27/2018/QĐ-TTg dated July 6, 2018 promulgating the system of Vietnamese economic sectors, including: aviation, transportation and logistics (H), tourism (N79), accommodation and catering services (I), education and training (P), agriculture, forestry and fisheries (A), manufacturing and processing industries (C), software publishing (J582), Computer programming and related activities (J-62), information services activities (J-63) ; including construction activities directly serving the above-mentioned economic sectors but excluding construction activities for real estate business purposes specified in economic sector code (L) under Decision No. 27/2018/QĐ-TTg;



**Purpose of using loan capital:** to implement projects on construction of social housing, housing for workers, renovating old apartment buildings on the list of projects compiled and announced by the Ministry of Construction

## MACROECONOMIC UPDATES

## ECONOMIC RECOVERY IN THE FIRST 6 MONTHS OF THE YEAR

Given the context that the world economic growth is forecasted to decrease after 2 years affected by the COVID-19 pandemic and the impact of the Russia-Ukraine conflict, Vietnam's GDP growth in 2Q2022 bounced to the highest level in a recent decade, reaching 7.72% yoy, GDP in the first 6 months of this year increased by 6.42%. In the general growth of the whole economy in the first 6 months of the year, the industry and construction sector increased by 7.7% (accounting for 48.33%), in which the processing and manufacturing industry continued to be the growth driving force of the whole economy with an increase of 9.6%.

Regarding trade activities, the export turnover of goods in June 2022 was estimated at 32.65 billion USD, up 5.6% compared to the previous month, in general in the first 6 months of 2022, export turnover of goods was estimated at 185.94 billion USD, up 17.3% yoy. The trade balance of goods in the first 6 months of the year was estimated to have a trade surplus of 710 million USD.

Regarding investment, in the first 6 months of 2022, investment capital realized from the State budget was estimated at 192.2 trillion VND, equaling 35.3% of the year plan and up 10.1% yoy. Meanwhile, realized FDI in Vietnam reached the highest level compared to the first 6 months of the years 2018-2022, this

was an important driving force contributing to the growth of the first 6 months and the whole year of 2022.

Regarding the consumer price index, CPI in June 2022 increased by 0.69% compared to the previous month; recorded as the highest increase from 2016 to now. On average, in the first 6 months, CPI increased by 2.44% yoy. The main reasons for increasing inflation were the increase in domestic gasoline prices by 51.83%, gas prices by 25.92% yoy.

In the financial market, as of June 29, the State Bank has sucked out nearly VND100,000 billion in liquidity through the T-bill channel in 6 trading sessions, causing the overnight VND interest rate on the interbank market to increase to 0.6 - 0.7% from 0.3 - 0.4% previously. This development partly helped correct the uptrend of the exchange rate and reduce pressure on foreign exchange reserves. Previously, the USD interest rate increased sharply, causing the interest rate difference between VND and USD in market 2 to decrease continuously, even to negative levels at the end of May and the beginning of June, especially for short terms, causing pressure on the exchange rates. Credit growth as of June 20 was estimated at 8.51%, much higher than the same period last year (5.47%), however, the growth rate showed signs of slowing down in the second quarter due to the fact that many banks are currently reach their approved credit growth limit.



## INDUSTRY UPDATES



## TEXTILE

### Garment and textile exports were positive, yet the textile industry still faces challenges

The Vietnam Textile and Apparel Association estimated that the export turnover of 6M2022 reached about 22 billion USD, up 17.7% yoy, of which garment exports were estimated at 16.94 billion USD (up 19.5%), fabric export was estimated at 1.4 billion USD (up 20.8%). In the first half of 2022, the textile and garment industry had a trade surplus of about 8.86 billion USD. Exports increased sharply to the US market with an export value of USD 7.58 billion, up 26.1%, equivalent to USD 1.57 billion and contributed 57% to the increase in export value.

However, the profit of businesses was not as high as the growth rate. The main reason was that enterprises, in addition to compensating for production costs due to increased input prices, also implemented policies to support employees.



## COFFEE

### World market

The global coffee market was expected to experience a deficit of about 3.1 million bags in the 2021-2022 crop year. The ICO maintained its forecast for global coffee supply for the current coffee year 2021-2022 at 167.2 million bags, down more than 2.1% from the previous crop. However, the ICO also maintained its forecast for global coffee consumption to increase by 3.3%, to 170.3 million bags. Therefore, it was forecasted that the price of coffee would continue to increase in the end of 2022.

### Local market

Vietnam is the world's second largest coffee exporter, with exports reaching 16.2 million bags from the beginning of the 2021-2022 crop year to the end of May 2022, a sharp increase of 19% compared to the previous crop year. The average export price of Vietnam's coffee is estimated at \$2,251 per ton, up 24% yoy. With coffee export turnover in the first five months of the year exceeding \$2 billion, Vietnam Coffee - Cocoa Association (Vicofa) believes that the coffee industry has a chance to surpass the record number of USD 3.7 billion in 2012, to reach USD 4 billion for the first time this year. However, Vietnam's coffee exports also face many challenges: (i) pressure on input costs (fertilizers); (ii) logistics costs to serve increased sharply.



## TELECOMMUNICATION

### The ICT (information & communication technology) industry had good prospects with many businesses having positive business results.

Regarding the ICT industry, revenue and profit of enterprises in this field in 1Q2022 both increased slightly yoy. In which, the proportion of revenue of Vietnamese enterprises accounted for 17% of total revenue of ICT industry in Vietnam; the ratio of Vietnam's value to total revenue in the ICT industry sector accounted for 27% as of March 2022.

Telecommunications enterprises achieved good business results right from 1Q2022, such as FPT Telecom (yoy growth of 20% in revenue), Vietnam Posts and Telecommunications Group (consolidated profit of the group increased by 3.04% yoy), the Military Industry and Telecommunication Group (Viettel) (profit reached VND 12.9 trillion, completing 132.7% of the plan, an increase of 31.8%).



## STEEL

### Iron and steel extended the downward trend

In 2Q2022, the world iron and steel market was continuously under pressure after a series of negative news on the price of futures contracts. According to the Vietnam Commodity Exchange (MXV), the MXV-Index Metals has dropped more than 20% since the beginning of April until now. Notably, in the same period mentioned above, the price of iron ore linked to the Singapore Exchange (SGX) also plunged more than 20%, to about 110 USD/ton.

Since the beginning of May until now, the domestic steel price has fluctuated very strongly and has now fallen for the 7th time in a row and is moving sideways. The main reason comes from weak demand, abundant supply with large inventories, and reduced exports. Falling steel prices are an opportunity to spur construction back on. However, the domestic supply of iron ore is only enough to meet 30% of the demand for domestic steel production, while the cost of iron ore accounts for 20-30% of the cost of finished steel. Fluctuations in world prices will greatly affect the domestic construction material industry and thus, directly affect industrial activities and construction investment.



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