

MAY
2021

VietinBank 

www.vietinbank.vn

INVESTOR NEWSLETTER

TABLE OF CONTENTS

DEVELOPMENT ORIENTATION AND PLAN

- 3 VietinBank successfully organized the Annual General Meeting of Shareholders 2021
- 4 VietinBank: General guidelines on credit activities and capital increase process

EVENTS, COOPERATION ACTIVITIES

- 5 VietinBank and Novaland engaged into strategic cooperation
- 6 VietinBank and Sovico group signed comprehensive cooperation agreement
- 7 VietinBank excellently won 3 awards at Sao Khue 2021

PRODUCTS AND TECHNOLOGY

- 9 A special domestic card type first available in Vietnam

INTEREST RATES POLICY

- 11 Headlines on deposit and lending interest rates

MARKET UPDATES

- 13 Vietnam received positive macro-economic signals together with new challenges by COVID-19
- 15 Updates on several key economic sectors in April 2021

VIETINBANK SUCCESSFULLY ORGANIZED THE ANNUAL GENERAL MEETING OF SHAREHOLDERS 2021

In the morning of April 16, 2021 in Hanoi, Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) held the 2021 Annual General Meeting of Shareholders (AGM 2021). The AGM 2021 approved basic targets and important issues, thereby creating a strong driving force for VietinBank in 2021 and the following years.



Mr. Le Duc Tho – Party Central Committee member, VietinBank’s Party Committee Secretary, Chairman of VietinBank delivered the opening speech at the AGM 2021

In 2020, VietinBank’s business results developed strongly, improved fundamentally in quality and efficiency, income structure as well as customer structure were shifted in a positive direction. Consolidated profit for the year reached 17,085 billion dong. Asset quality was improved, NPL ratio stood at 0.94%. Operating cost to total operating income was controlled at 35.5%.

At the AGM, after the presentation on reports to the AGM 2021, the Board of Directors of VietinBank answered questions of shareholders’ representatives around issues of concern to shareholders; at the same time answered questions, provided sufficient information and plans of VietinBank in the coming time.

VietinBank’s AGM 2021 unanimously approved important reports and proposals such as: Report of the Board of Directors on task performance

in 2020 and development orientation for 2021; Report of the Board of Management on business performance in 2020, orientation and plan for 2021; Report on activities of the Supervisory Board in 2020 and plan for 2021; Proposal for the approval of the profit distribution plan for the year 2020; Proposal for approval of audited financial statements of 2020; Proposal on the amendments to corporate governance regulations of VietinBank and other proposals on personnel issues.

With the high consensus, VietinBank’s AGM 2021 took place successfully ■

VIETINBANK: GENERAL GUIDELINES ON CREDIT ACTIVITIES AND CAPITAL INCREASE PROCESS

On the sidelines of the 2021 Annual General Meeting of Shareholders (AGM 2021), Mr. Le Duc Tho – Chairman of VietinBank’s Board of Directors made an interview to the press sharing the Bank’s orientation in credit activities, capital raising process and several other issues.



VietinBank’s AGM 2021 took place successfully.

Interviewer: Recently, the State Bank of Vietnam (SBV) directed to control credit in securities and real estate sector. How has VietinBank performed disbursement of these groups and what is your general orientation?

Mr. Le Duc Tho: With the brand positioning as a national commercial bank, in its credit activities, VietinBank will inject capital in accordance with the needs of each industry and locality, as well as individual customers, directing capital flow to essential areas. Regarding real estate and securities sectors, VietinBank has policies to meet legitimate needs while also implementing strict risk management so that capital can flow into the life and society while ensuring macro economic stability. The proportion of real estate loans of VietinBank is less than 5%, mainly mortgage loans,

not loans for real estates investment.

Regarding general guidelines, VietinBank maintains the lowest lending interest rate in the market, service fees are also among the lowest so that businesses and people can access financial services; thereby serving the capital needs of the economy. As a major commercial bank, VietinBank will focus on the proportion of loans and credit mechanisms to balance the overall macro goals and the Bank’s own plans.

Interviewer: One of the concerns of VietinBank is to raise capital from retained earnings, and how is the progress of this process?

Mr. Le Duc Tho: Currently, VietinBank’s capital raising plan was submitted to the Government and awaiting approval. Upon approval

by the Government, we will immediately implement procedures to increase charter capital to ensure capital adequacy ratios, improve financial quality and comply with SBV regulations. The capital raising plan is still being implemented in accordance with the process and VietinBank will soon be able to increase charter capital in the near future.

Interviewer: IFC (International Finance Corporation) is divesting capital at VietinBank, does the bank intend to seek new investors?

Mr. Le Duc Tho: The divestment of IFC is totally a market factor. The amount of shares that IFC sold was absorbed by the market. With VietinBank, the strategic shareholder is still The Bank of Tokyo – Mitsubishi UFJ (MUFG), we have not had any plans to look for new investors

VIETINBANK AND NOVALAND ENGAGED INTO STRATEGIC COOPERATION

In the morning of April 9, 2021 in Ho Chi Minh City, VietinBank and Novaland Group (Novaland) held the signing ceremony of a strategic cooperation agreement between the two parties. The signing ceremony between VietinBank and Novaland will contribute to the realization and enhancement of the bilateral cooperation relationship which has been established over the years, and at the same time will open a new path for the cooperation process between the two sides.



Representatives of VietinBank and Novaland Group signed a strategic cooperation agreement

This strategic partnership between VietinBank and Novaland is to meet capital needs of customers wishing to borrow to buy houses of projects invested and developed by Novaland, Novaland's member companies and other contractors. According to the agreement, VietinBank will also provide preeminent financial aid packages to Novaland's customers; cooperating to develop preferential policies for credit packages for VietinBank employees and customers who transact at Novaland and vice versa. The agreement was signed in

order to enhance the higher level of coordination between the two parties, implemented through cooperation activities in financial services, banking, technology, brand promotion, and communication activities, joint venture, association, and mutual assistance in expanding and developing business activities. VietinBank provides a full range of products and services, meet the needs of working capital loans, medium and long term loans, loan guarantees for Novaland's contractors, factoring and international payment. At the same time, VietinBank also provides service packages,

payment, card issuance, domestic and international money transfer for Novaland and its member units... with a competitive credit policy, pricing and fees. In contrast, VietinBank and its members will also be given priority to use convenient services in the Novaland Group's ecosystem such as: resort travel services, healthcare, education, entertainment...

Specific action plans and schedules will be implemented by two units suitable for each goal for each phase, through the signing of separate agreements and contracts in the coming time ■

VIETINBANK AND SOVICO GROUP SIGNED COMPREHENSIVE COOPERATION AGREEMENT

In the afternoon of April 14, 2021 in Hanoi, the signing ceremony of a comprehensive cooperation agreement between VietinBank and Sovico Group took place.



Mr. Tran Minh Binh – Board Member cum CEO of VietinBank and leaders of Sovico Group and its member units signed cooperation agreement

Sovico Group is a leading multidisciplinary economic group that positively contributes to the growth of the private economy, contributing to the image of an integrated, resilient, innovation and developing country.

In order to strengthen cooperation, VietinBank and Sovico Group signed a comprehensive cooperation agreement. This is a milestone marking the sustainable cooperation to best exploit the existing potential of each party. With the companionship of VietinBank's strategic, comprehensive and long-term cooperation, the scale and fields of operations of Sovico Group will increasingly develop and create a good impression on domestic and foreign customers as well as on international level.

VietinBank believes that the comprehensive and long-term strategic cooperation between the two sides will bring greater added value to both sides. Moreover, the signing of this cooperation agreement not only contributes to the development of each party's enterprises, but also contributes to the economic development of the country ■

VIETINBANK EXCELLENTLY WON 3 AWARDS AT SAO KHUE 2021

In the morning of April 24, 2021, the Vietnam Software and Information Technology Services (VINASA) Association officially announced and awarded the Sao Khue Award 2021. VietinBank's 03 banking products and services namely: VietinBank iPay Mobile Digital Banking Application, E-Banking Service for Corporate Customers - VietinBank eFAST and ERP Connection Service for Business Customers - VietinBank ERP-Connect won Sao Khue Award 2021. In which, VietinBank iPay Mobile continued to be in the Top 10 Sao Khue for 2 consecutive years.



Mr. Dam Hong Tien – Director of Retail Banking Division of VietinBank received Sao Khue Award for VietinBank iPay Mobile – Top 10 Sao Khue for 2 consecutive years

VietinBank iPay Mobile

Ahead of the wave of digital transformation and the Industrial Revolution 4.0 taking place at banks, VietinBank has invested heavily in the development of digital banking applications and launched VietinBank iPay Mobile, a banking application with a number of breakthroughs in service and design, leading in speed and security, providing users with a complete mobile transaction experience.

iPay Mobile owns the features that maximize transaction needs of customers from payment accounts management, credit card accounts, balance inquiry, money transfer, bill payment, loan repayment, saving accounts to outstanding features such as: payment using QRPay, money withdrawal at ATMs without physical card, online shopping, air tickets booking, movie tickets booking, bills payment, shopping with credit cards and hundreds of other utilities.



VietinBank eFAST

Regarding VietinBank eFAST application – the banking service distribution channel that allows corporate customers to perform banking transactions over the Internet on a secure website maintained by VietinBank, this is the third time that VietinBank eFAST has won Sao Khue Award.

VietinBank eFAST is built to become a "virtual assistant" that understands each transaction need in order to provide a perfect experience for each corporate customer. Specifically, VietinBank eFAST is designed with full counter transaction functions such as: Inquiry, money transfer, payment, credit, deposit, payment to the State Budget, bill payment... At the same time, VietinBank also constantly invests, upgrades and adds new features on the VietinBank eFAST to optimize customer experience when using the service. Up to now, there are more than 80,000 active customers and more than 18,000 downloads of VietinBank eFAST application.



Mr. Le Duy Hai – Director of Corporate Banking Division of VietinBank received Sao Khue Award for 2 products including VietinBank eFAST and ERP Connection Service for Business Customers

ERP Connection Service

Another "newbie" of VietinBank who excellently awarded Sao Khue Award 2021 is ERP Connection service for corporate customers. This service allows customers to operate directly on the accounting software/ ERP system of the unit to perform banking operations without going through the bank or using the bank's Internet Banking system.

The products and services provided through VietinBank's ERP connection service channel are diversified: Account balance inquiry; transaction history statement; money transfer in file; transfer within/outside the system; 24/7 fast money transfer; payment to the state budget in file; salary payment; transaction statistics report; collection report...

Up to now, ERP connection service has had a strong growth in the number of connected customers (an increase of more than 5 times the number of directly connected customers; an increase of nearly 3 times the number of customers via affiliated units) in 2020.

The awards achieved at Sao Khue 2021 are the recognition and the motivation for VietinBank to continue to be more creative, worthy of its position as the leading commercial bank, the mainstay of the banking industry. In the coming time, VietinBank will continue to research and develop products and services to suit the digital transformation and build a convenient, modern and comprehensive digital life in Vietnam



A SPECIAL DOMESTIC CARD TYPE FIRST AVAILABLE IN VIETNAM

In the afternoon of April 13, 2021 in Hanoi, Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) and Vietnam National Payment Joint Stock Company (NAPAS) signed a cooperation agreement to issue 2Card - a special domestic card type first available in Vietnam.



Representatives of VietinBank and NAPAS introduced 2Card prototype

As a pioneer in developing modern and synchronous banking technology as well as providing a variety of card products and services according to international standards, VietinBank partnered with NAPAS to launch a card type named 2Card launching in Vietnam for the first time. This is a premium 2-in-1 card but suitable for everyone with VietinBank's desire to bring customers a completely new and different experience.

According to the cooperation content, VietinBank and NAPAS will jointly develop, deploy and promote the 2Card type which integrated Domestic Credit Card and Domestic Debit Card on a single physical card. This allows customers to simplify card issuance procedures and process; at the same time, meeting all spending needs, shopping, cash withdrawal, accumulating bonus points and increasing convenience and safety with the

most competitive fees.

The 2Card is designed in a 3D pattern with a modern youthful style, eye-catching colors with squares symbolizing the portals of space, leading customers to new experiences, different payment options. On the other hand, the color distinction at the two ends of the card and in the middle of the card ensures both aesthetics and easy to distinguish the card type while using.

The signing of cooperation between VietinBank and NAPAS continues to affirm the sustainable and close cooperation relationship between the two parties. With the emergence of special domestic cards for the first time in Vietnam - 2Card, VietinBank and NAPAS jointly affirmed the customer-centric development strategy, creating cohesion between buyers, businesses and banks with innovative, reliable and convenient payment products in everyday life



2Card is designed with modern youthful 3D pattern

HEADLINES ON DEPOSIT AND LENDING INTEREST RATES

Deposit rates of commercial banks

In April 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 4 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 May 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.

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

- Supporting policy for short term and medium, long term lending rates.
- Preferential policy for fees applied in international payment & trade finance and VietinBank eFAST service fee - financial package.

For retail customers

- Preferential lending program with gratitude interest rates starting from only 5.5% p.a for short term loans and 7.0% p.a for medium and long term loans (varies from preferential period and loan term).
- Supporting policy to cut lending rates applied to customers affected by Covid-19 (effective until 30/06/2021):
- Supporting policy for medium and long term lending rates;
- Policy to support the withdrawn amount of preferential interest rate and/or prepayment fee in case customers attempt to arrange cash flow for debt repayment before the due date for VietinBank.

VIETNAM RECEIVED POSITIVE MACRO ECONOMIC SIGNALS TOGETHER WITH NEW CHALLENGES BY COVID-19

Vietnam's economy experienced the first four months of 2021 with many positive signals, in addition to many challenges posed in both the short and long term. In April, the US Treasury Department removed its monetary manipulation assessment against Vietnam in a report submitted to the US Congress. Although it remains on the watch list in subsequent reviews, this is still positive news for Vietnam, the risk of affecting trade activities and attracting foreign investment is mitigated. Credit continues to grow steadily. As of April 16, 2021, credit growth compared to the end of 2020 reached 3.34%, much higher than the same period (0.78%) and still in the momentum of increasing 8-12% according to the annual plan of the State Bank.

In addition to positive macro signs, Vietnam has to face many new challenges as the COVID-19 pandemic continues to progress complicatedly. Neighboring countries such as Cambodia, Laos, and Thailand are experiencing severe outbreaks, the risk of epidemics in Vietnam is therefore also increasing, while the process of accessing vaccines is still relatively slow. Capital flows into risky investment channels such as stocks and real estate are becoming an important issue to control in the context of declining production investment demand due to COVID-19 pandemic and the sharp increase in prices of risk-weighted assets. In the medium and long term, inflation is a potential risk. The Government has set an average inflation target of 4% in 2021, but in the context of a sharp rise in raw material and fuel prices in the global market, domestic inflationary pressure is expected. This target can be challenging.

On the interbank market, interest rates since the end of April increased again due to the high demand for VND payments on the occasion of April 30th holiday, short term interest rates increased by about 20-70 bps compared to the beginning of the month, especially for short terms tenor such as overnight (ON), 1W, 2W. Along with that, the spot USD/VND exchange rate also decreased by about 30 points compared to the end of March, currently trading at around 23,050 ■

UPDATES ON SEVERAL KEY ECONOMIC SECTORS IN APRIL 2021

Steel: High demand caused price to increase continuously

Steel prices are rising sharply in all markets, from Asia to North America, iron ore prices are also rising non-stop and approaching record high. The reason is that demand exceeds supply in the context of market confidence in the global economic recovery. Specifically, in the North American market, the price of hot rolled steel coil increased 3 times from the low recorded when the COVID-19 pandemic broke out. In Europe, prices are also rising sharply. Also in China, steel prices has stood at the highest level since 2008 due to great demand during the past year. According to the World Steel Association, forecasts of world steel consumption will increase 5.8% this year, higher than the time before the outbreak of COVID-19. In particular, Chinese consumption, which currently accounts for about half of the world, will continue to increase. In domestic market, the high rise in steel prices, coupled with the great demand of the market, brought great profits to steel enterprises in 1Q2021, including many big names such as Hoa Phat Group and Hoa Sen Group, Tien Len Steel, Nam Kim Steel...

Rice: Rice export volume fell sharply in the first quarter

According to the Ministry of Agriculture and Rural Development, at the end of the first quarter of this year, Vietnam's rice industry recorded rather bleak rice export results when the export volume was only 1.1 million tons, down sharply by 30.4% yoy and the value reached 606 million USD, down 17.4%. The reason was attributed to difficulties in finding containers to load to the EU and high container charges, leading to a sharp drop in rice export volume because partners look for exporters with more convenient transport locations (India) to avoid long delivery times. Tensions on shipping and container freight, together with adding export competitors such as Thailand and India who recently continuously adjusted down the price of export rice, have forced Vietnamese rice exporters to sharply reduce rice prices since the end of 1Q2021 until now. Besides, the continuous decline in export prices also put pressure on the domestic rice market. However, with large fluctuations due to the strong outbreak of COVID-19 in India in the second half of April 2021, it is expected that export pressure on Vietnamese rice will be less stressful in the short term.

Oil and gas: Oil prices continued to rise due to bright demand outlook

World oil prices continued to rise thanks to positive economic data coming from the US and both the International Energy Agency (IEA) and the Organization of the Petroleum Exporting Countries (OPEC) forecast that oil demand will increase when the economies began to recover from the COVID-19 pandemic. As a crude oil producer and exporter, an increase in oil demand in the coming time will help Vietnam's oil export increase. In line with the general trend of the world, domestic crude oil production in the first two months of the year reached 1.51 million tons, up 112.6% compared to the plan of 1.34 million tons, but 10% lower than the same period in 2020. According to the plan, the domestic crude oil exploitation in 2021 will be 7.99 million tons, lower than the plan in 2020 (8.83 million tons). In the coming time, a series of new oil fields such as Dai Hung and Su Tu Trang (White Lion) will have a number of blocks to be put into operation, plus an increase in world oil demand will help increase production again ■



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