

IR News

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Dear valued investors,

VPBank Investor Relations (IR) would like to inform our IR newsletter volume 02, issue May 2020.

VPBANK HIGHLIGHTS

Covid-19: Impacts and responses

In Q1/2020, the Covid-19 spread out all over the world despite the aggressive efforts of many governments and healthcare workers. In view of that situation, VPBank's leadership proactively and quickly implement a number of solutions in response to the pandemic's development with details as follows:

- Established a Steering Committee and activated business continuity plan (BCP) since the beginning of February 2020 to protect employees' health and safety as well as to sustain sufficient resources for business-as-usual activities;
- Reviewed and evaluated impacts to impacted customers and economic sectors in order to be fully prepared for appropriate business plans and policies. Meanwhile, tightened risk management policies, especially credit risks;
- Beefed up liquidity contingency programs to ensure operational safety;
- Joint plenty of corporate social responsibility actions to fight against the pandemic;
- Be well-prepared with available options to boost post-pandemic business activities.

Credit policies and customer relief measures

Since the begin of the outbreak, VPBank proactively reviewed and tightened its credit policies in order to closely control the disbursement process. VPBank restructured loans, reduced the annual interest rate by 0.5% - 2% for corporate customers with good credit profile, and reduced 1% - 3% for retail customers with small ticket, high interest rate unsecured loans, who have business or income in industries affected by Covid-19 in accordance with SBV's directions to support Covid-19 affected ones.

VPBank has encouraged customers to make cashless transactions via internet banking and VPBank Online app with many preferential programs including free inter-bank real-time transfer, up to additional 0.2% reward of annual interest rates for online savings in most tenures. For corporate segments, VPBank completely waived three types of fee i.e. VND internal transfers and interbank transfers; service registration and annual fee for all new online customers. These preferential programs aimed at convenient and safe transactions avoiding gatherings and direct contacts amid pandemic.

Social responsibility

VPBank promptly implemented many CSR actions and initiatives and to join hands with community to fight against the pandemic. VPBank and FE Credit have donated VND 15 billion in total; VPBank employees have also donated half a day's salary for the fight.

In addition, the "Household Business Academy" program, which was launched in April 2020, enabled business owners to conduct transactions via online channels, in light of the social distancing order as well as to maintain their revenue sources. VPBank also kicked-off "Cheer up Vietnam" campaign throughout the community in its attempt to promote a positive spirit amid the pandemic.



VPBank Post Covid-19

At present, different scenarios have been developed for the most effective business and operation solutions. VPBank

expects the optimistic scenario will come, in which the pandemic in Vietnam and other countries is contained by the end of 2Q2020 and daily life and economic activities will be back to normal.. This will be an opportunity for production and business to bounce back and thus the Bank shall recoup growth momentum. In the scenario where the pandemic lasts until 3Q2020 or later and the economy continues to stagnate, VPBank will aim at securing capital adequacy, asset quality, and stable revenue as well as cost optimization to ensure sufficient liquidity and capability to encounter any risks. In the meantime, the Bank shall proactively evaluate the situation as well as develop plans to promote business in preparation for post-Covid19.

FINANCIAL SNAPSHOT

Banking industry

The Covid-19 relatively affected the performance in 1Q2020 system-wide. Credit growth of the banking industry reached nearly 1%, a record of lowest in the last six years. Particularly, most banks experienced modest and even negative credit growth. On the other hand, customer deposit slowdown in Q1 due to the impact of Tet holidays and their shift to other investment channel given the influence of the outbreak.

According to the published financial statements of banks, the total profit before tax was VND 28,881 billion in 1Q2020, 6% year-on-year growth and lower than that of the previous two to three year. VPBank maintained its first rank among private commercial joint-stock banks in TOI and top 4 in PBT.

Regarding the performance of bank standalone, VPBank's continued to rank first among the private commercial joint-stock bank in NFI. In addition, profitable banks proactively made provision in preparation for upward NPL as warned by many experts.

The impacts of the Covid-19 pandemic on banks' business performance will be more visible in the remaining quarters of 2020, a year forecasted to be full of challenges and even "sacrifice" as the domestic economy struggles with the pandemic.

VPBank



In the first three months of 2020, VPBank continued to maintain its growth momentum with a focus on selective quality growth and efficiency. The consolidated credit growth reached 7.9%. Proactive portfolio restructure to control asset quality and promote collection helped VPBank to reduce its consolidated NPL ratio from 2.95% to 2.59% by the end of 1Q2020, which was quite distinctive while that of the parent bank decreased from 2.18% to 2.15%.

Prudential ratios by the end of March were sustained, Capital Adequacy Ratio (CAR) as per SBV's Circular 41 reached 11.1%, significantly higher than the minimum 8%.

By the end of Q1/2020, the consolidated TOI reach VND 9,906 billion, +24.4% y-o-y. The bank's income sources continued to be diversified and consolidated NFI was VND 695 billion, up 33.4% y-o-y.

Through digitalization, automation and cost optimization, consolidated OPEX remained roughly unchanged from Q4/2019 and only up 10.3% y-o-y.

Although the bank began to perceive the impacts of Covid-19 pandemic, positive business results were recorded in Q1/2020 with VND 2,911 billion consolidated PBT, equivalent to +63.3% y-o-y.

At the end of the first 4 months in 2020, in the context of Covid-19 pandemic peak in Vietnam, VPBank's consolidated credit growth reached 8.2%, continued its the goal of selective, efficient and safe growth. Consolidated PBT was VND 3,910 billion, up 56.6% y-o-y.

Detailed analysis on VPBank's operating results are updated periodically on its website ([Read more](#))

ANNUAL GENERAL MEETING

In light of the Covid-19 pandemic's impacts and social distancing, VPBank proactively proposed to SBV the postpone of the AGM but no later than June 30, 2020.

The AGM shall cover the reports of the BOD, the Supervisory Board and the Board of Management, ballot casting on profit and dividend distribution plan, election of the BOD and the Supervisory Board for 2020-2025 term, and other contents under the AGM's mandates.

VPBank has informed the shareholders of the deadline on May 14, 2020 to finalize the list of shareholders exercising their right to attend the AGM. The notice on meeting time and invitation shall be sent to the shareholders in the coming time.

Documents and resolutions related to the AGM 2020 are updated frequently on VPBank's website ([Read more](#))



ANALYSIS REPORTS ON VPBANK

SSI – 11.05.2020

"Management expects flat 2020 profit" - [Read more](#) -

VCSC – 22.04.2020

"Q1 results are broadly on track with our forecast " - [Read more](#) -

Maybank Kim Eng – 15.04.2020

"Hoping for the best but keep an eye out for the worst" - [Read more](#) -

SSI - 06.04.2020

"Broke the mold and blazed forward with elevated levels of credit growth" - [Read more](#) -

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