

2018 RESULTS

Hanoi, Jan 2019

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01 Overview Of VPBank



VPBANK AT A GLANCE











Accumulated as at 31.12.2018

VPBANK

- ✓ Upgraded Baseline Credit Assessment from **B2 to B1** and Counterparty Risk Assessment from **B1 to Ba3** by Moody's
- ✓ VND **323 trillion** total assets
- ✓ Around **5.8 million** active customers
- ✓ VND **31,086 billion** TOI and **9,199 billion** PBT
- ✓ **2** subsidiaries, **9** business segments
- ✓ Full coverage of all banking segments
- ✓ Highly centralized and specialized organization model
- ✓ Pioneering in digitalization and data management & security information

HIGHLIGHTS IN 2018

YOLO

-  Moody's credit rating upgrade Bank & FE Credit
 -  Digitalization Journey
-  VPBank Diamond Prestige for Affluent Banking Customers
 -  IFC Corporate Governance Showcase in Vietnam
 -  Immense growth of fee income
-  Credit Card journey, spending per card is top in market
 -  Ready for Circular 41 early adoption
 -  IFRS 9 implementation in progress
 -  \$NAP by FE Credit
-  Consumer Finance Product of the Year by The Asian Banker

MOODY'S CREDIT RATING

Bank

- Upgraded Baseline Credit Assessment (BCA) from **B2 to B1**. Counterparty Risk Assessment and Counterparty Risk Rating upgraded from **B1 to Ba3**
- Outlook affirmed at stable. Long-term local- and foreign-currency bank deposit and issuer ratings at B1

FE Credit

- Upgraded Corporate Family Rating (CFR) of from **B2 to B1**. Standalone credit profile is affirmed at b3. Outlook is stable
- B1 CFR of FE Credit is equivalent to the rating level of several leading domestic and foreign financial institutions in Vietnam
- Rationale for the assigned rating
 - Good position in Vietnam's consumer finance market
 - Strong internal capital generation supported by the company's high profitability
 - Very high probability of support from VPBank (B1 stable, b1), given the strategic importance of FE Credit to its parent

CORPORATE GOVERNANCE SHOWCASE IN VIETNAM

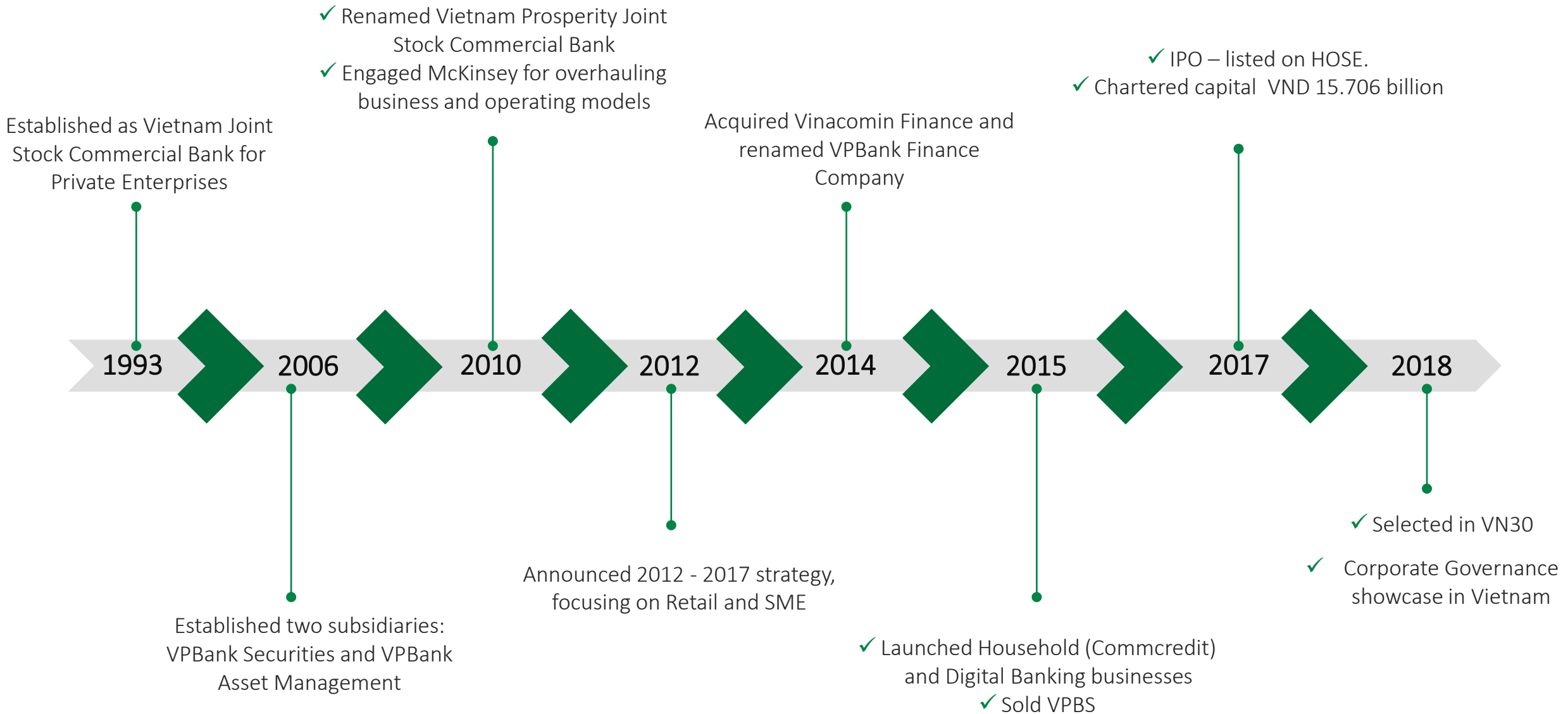
Being selected by IFC as 1 out of 3 case studies in Corporate Governance in Vietnam along with VinaMilk and Thien Minh Group



“ As VPBank aimed to become a top-tier bank in Vietnam, it recognized the need to improve its governance framework and go beyond the legislative minimum. The bank demonstrated a clear commitment to good Corporate Governance, though internal policies and by-laws were compliance-driven and adopted to meet regulatory requirements. ”

Source: IFC Corporate Governance Case Studies/Vietnam – Jun 2018

DEVELOPMENT HISTORY



EXPERIENCED LEADERSHIP TEAM

Board Of Management

BANK



Mr. Sanjeev Nanavati
Standing DCEO,
Senior Executive
Managing Director



Mr. Nguyen Duc Vinh
CEO, Member of BOD



Mrs. Luu Thi Thao
Standing DCEO,
Senior Executive
Managing Director

In charge of all revenue generating business units including RB/SME/HHB/CMB/CIB/FM/FITB/DBS and related functions of SPM & Marcom

In charge of supporting business units including FIN/IT/OPS/RM/CM/HR/LC/BICC

SUBSIDIARIES



Mr. Kalidas Ghose
Director of VPB FC



Mr. Hoang Anh Tuan
Director of VPB
AMC

VPBANK

4 Pillar strategic segments

1 Consumer Finance (FE Credit)

- ✓ Largest consumer finance company in Vietnam
- ✓ Key products: cash loans & sales finance (two-wheeler & consumer durables loans) and credit card
- ✓ Robotic Process Automation

2 Retail Banking

- ✓ Core focus on retail bank lending and deposit products and services
- ✓ Key loan products: home loan, auto loan, consumption loan, business loan, UPL, credit card
- ✓ Promote Affluent Banking & Digital channels

3 Household Banking (Comm credit)

- ✓ Division formed in July 2015
- ✓ Launched CommCredit to emphasize its focus on serving local communities and target at self-employed mass market
- ✓ Break-even in 2018

4 SME Banking

- ✓ Target micro companies and SMEs through a network of SME centers
- ✓ Offer a full suite of banking products

5 Digital Banking Services

- ✓ Launched digital banking as a separate business segment in 2015 to digitize existing banking process and services
- ✓ Offers standard banking products through e-banking system accessible from the web and mobile apps
- ✓ Partnerships with FinTech companies

6 VP Direct

- ✓ Started in March 2017 and went live in September 2018
- ✓ Aim at becoming a digital bank operated to international standards

7 Commercial Banking (CMB)

- ✓ Serve VPBank's corporate customers with annual revenues ranging from VND400bil to VND1,600bil
- ✓ Customers include private and local enterprises as well as medium-scale State-owned enterprises

8 Corporate and Investment Banking (CIB)

- ✓ Target enterprises with annual revenues above VND1,600 billion
- ✓ Focus on expanding corporate deposits and selectively growing its loan portfolio

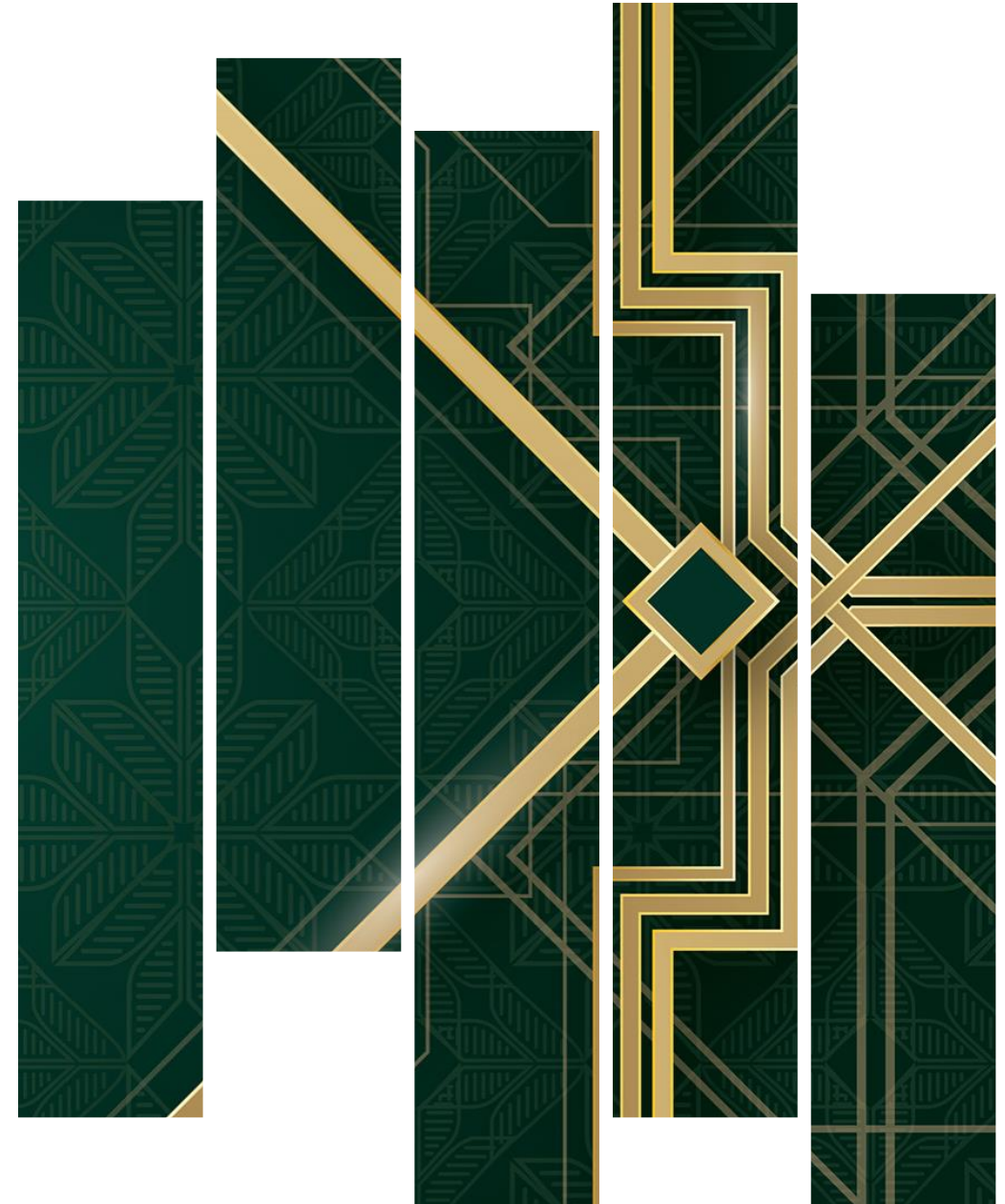
9 Financial Markets / FI & Transaction Banking

- ✓ VPBank's capital markets division performs FX, money market and bond market transactions
- ✓ Handle primarily transaction banking services for domestic and international financial institutions

02

BUSINESS HIGHLIGHTS

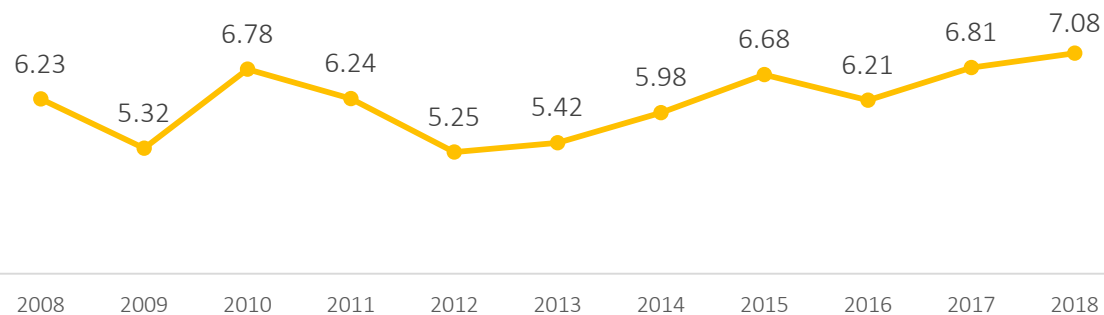
- ◆ OPERATING ENVIROMENT
- ◆ KEY FOOTPRINT METRICS
- ◆ INTINIATIVES UPDATE
- ◆ RISK MANAGEMENT



OPERATING ENVIRONMENT

GDP

GDP is up **7.08%** in 2018, best since 2007. The high growth is driven by processing and manufacturing and services, as well as the agricultural, forestry and fisheries sectors. The macro economy continues to be stable, according to the National Financial Supervisory Commission report.



OTHER MACROECONOMIC FACTORS

PMI: continues to growth momentum at 53.8, driven by the rise of consumer production, seems to beneficial from the US-China tensions

Inflation: Inflation was unchanged at November's 3.5% in December, remaining below the Central Bank's target of 4.0%. Meanwhile, annual average inflation ticked up to an over one-year high of 3.6% in December from 3.5% in November

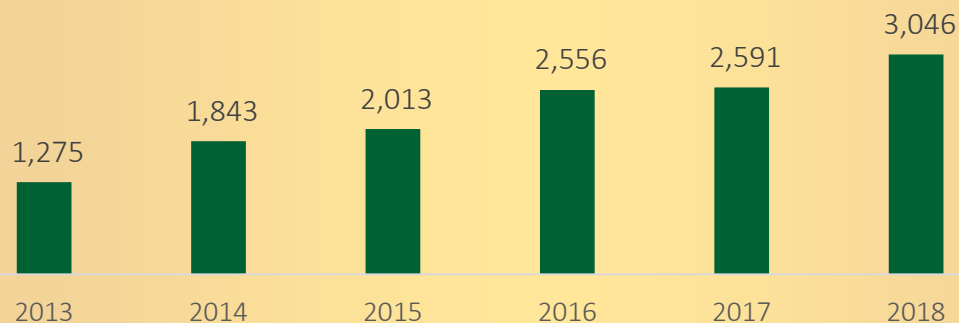
CPI: In the fourth quarter of 2018 increased by 0.6% as compared to that of the previous quarter, and by 3.44% in comparison with the same period of 2017. The average CPI of 2018 increased by 3.54% as compared to that of 2017.

PMI: Purchasing Managers' Index - based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. Threshold score is 50. Above 50 is positive and below 50 is negative.

FDI INFLOW IN VIETNAM IS USD 35.46 BIL, 98.8% YOY

Vietnam is still a good place for global FDI inflow, however, the 2018 amount is not as high as 2017, as being challenged by (i) competitiveness from other countries in the region or major economies' policies; (ii) the regulatory drawbacks; (iii) the movement trend of cash flow to safer regions rather than the emerging markets.

New projects 2013 – 2018: the highest is in 2018

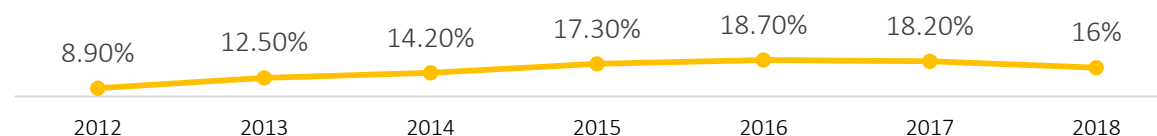


CREDIT GROWTH RATE IS BELOW 16% FOR 2018, LOWER THAN THE TARGET OF 17%

Credit growth rate for the whole 2018 is at 16%, lower than the target and at the lowest level in 4 recent years. Top private commercial banks such as TCB, MBB, VPB maintain high credit growth while medium and small size peers such as SHB, KLB, LVB do not expand the portfolio significantly

Forecast: Credit growth rate is expected to cool down next year. The projected figure by experts is around 15%

Credit growth rate



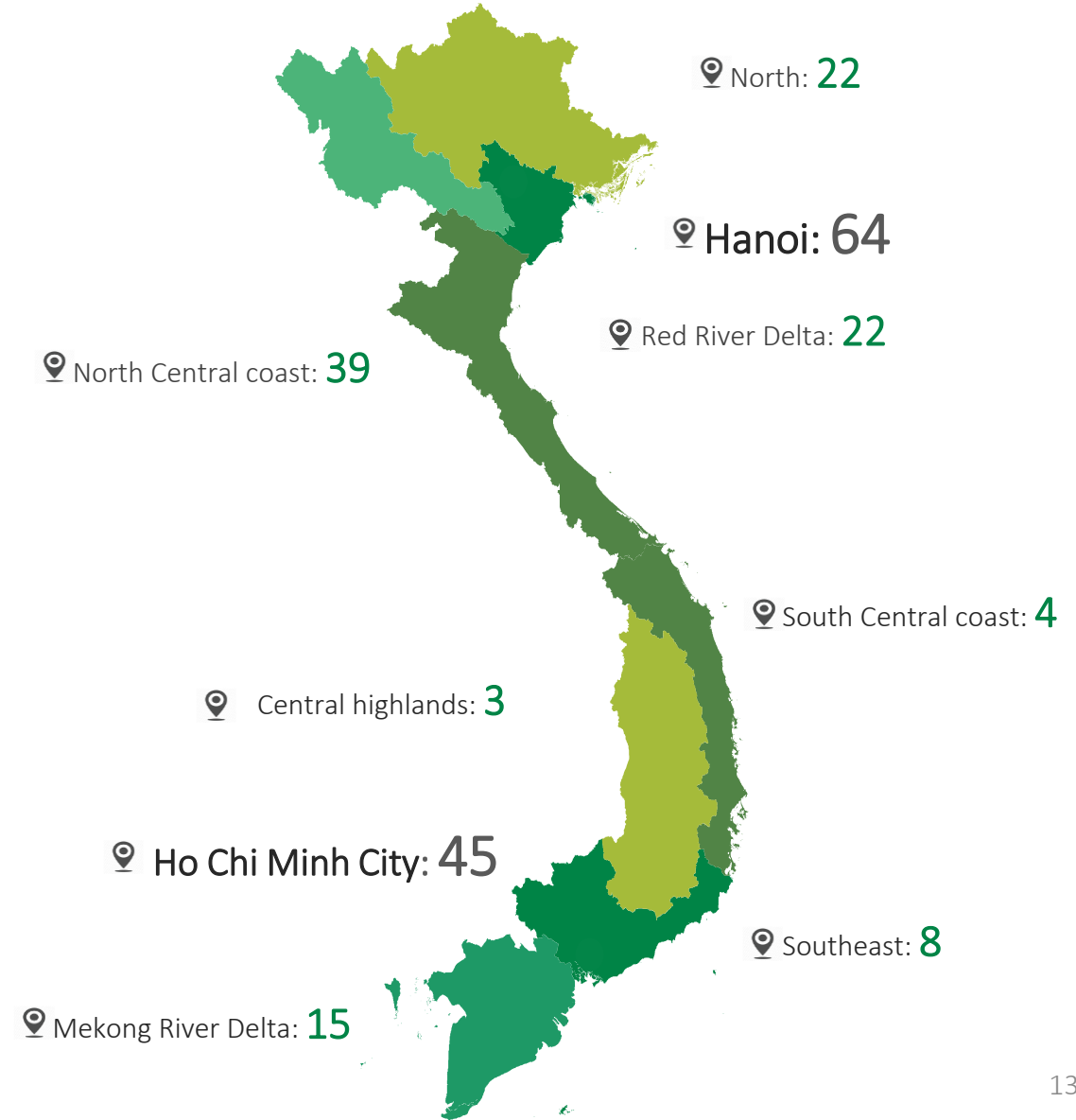
KEY FOOTPRINT METRICS - NETWORK DISTRIBUTION

Physical distribution channels

- Around **27,500** employees
- **222** branches and **83** SME centers & hubs, opened **5** branches since beginning of 2018
- Nearly **650** branded ATMs/CDMs

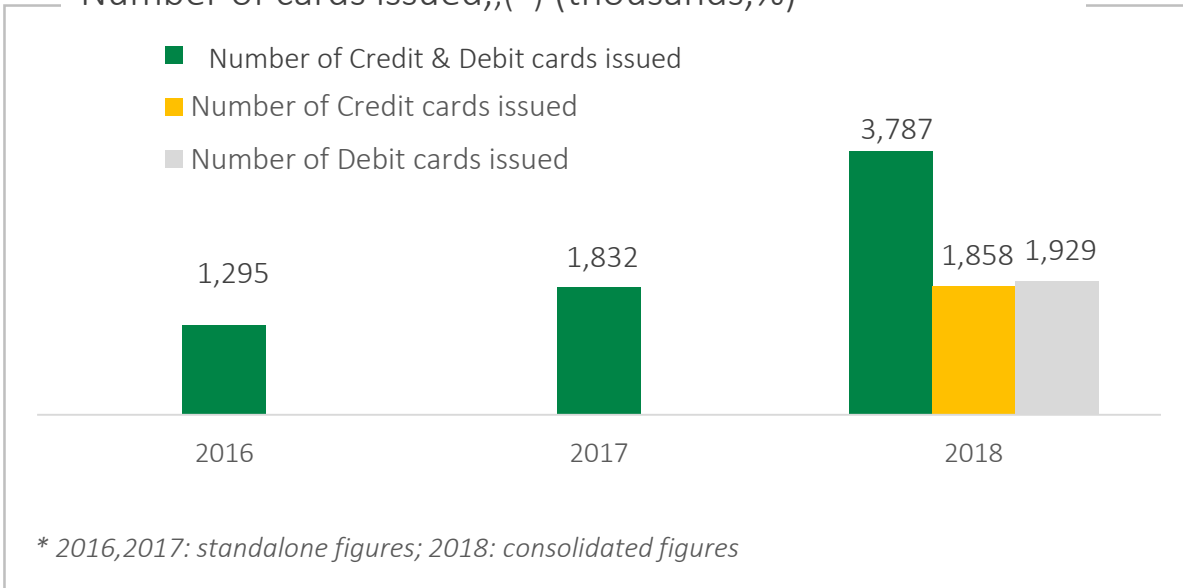
Channels	Transaction points at 31.12.2017	Transaction points at 31.12.2018
Retail branches	217	222
SME centers and hubs	77	83
Household centers (CommCredit)	236	171
Corporate banking branches	4	4
Consumer finance (FE Credit)	>11,000	>12,000 POS >34,000 Point of Cash
ATM/CDM/Timo CDM	474/105	480/150/4

Distribution network - bank branches

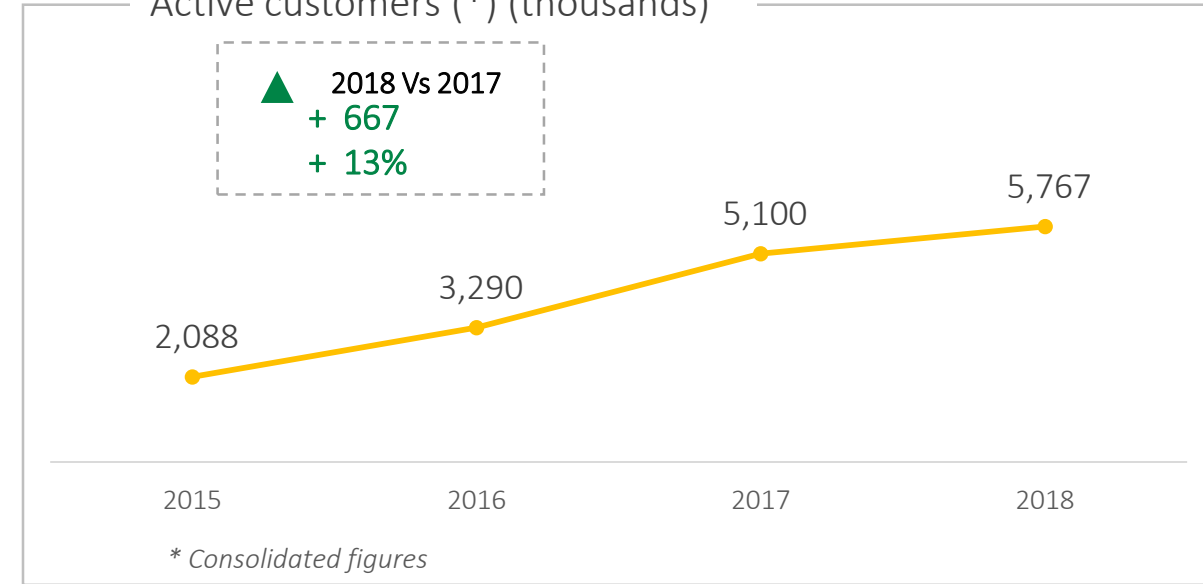


KEY FOOTPRINT METRICS - CUSTOMER BASE

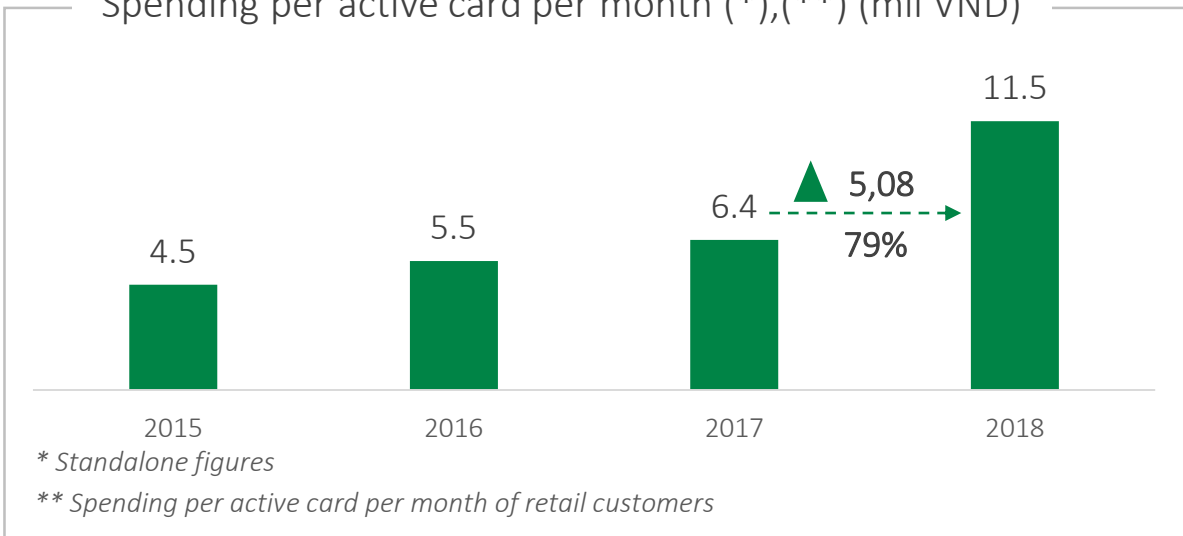
Number of cards issued,,(*) (thousands,%)



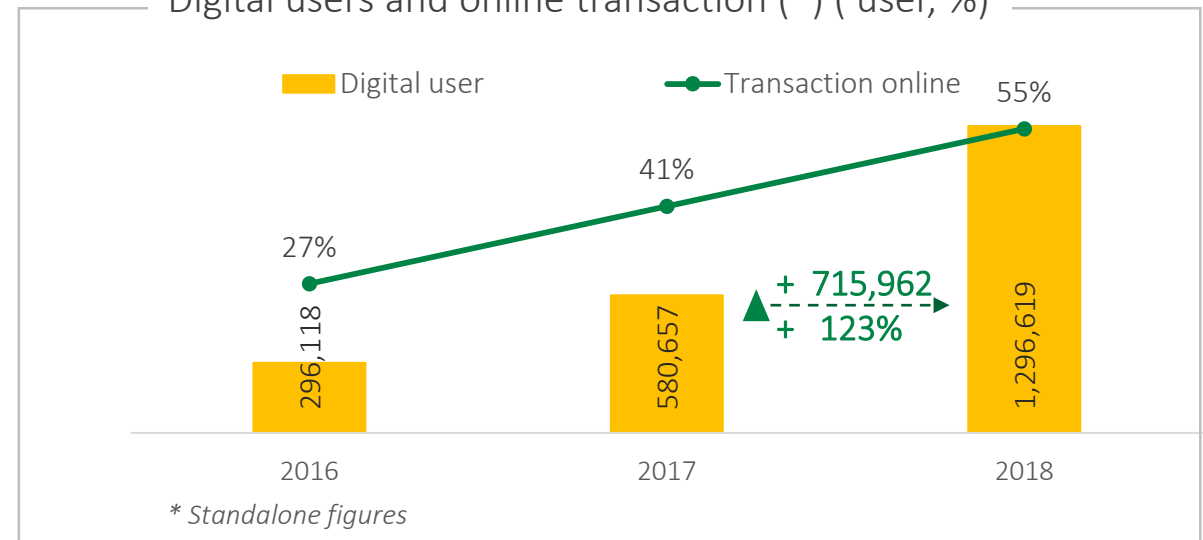
Active customers (*) (thousands)



Spending per active card per month (*),(**) (mil VND)



Digital users and online transaction (*) (user, %)



INITIATIVES UPDATE

RETAIL

COMMERCREDIT

SME

VPDIRECT

DIGITAL

A large graphic featuring the text "VPBANK" in a gold, serif font, centered on a dark green background. The background is decorated with intricate, golden geometric patterns, including lines and squares, creating a complex, circuit-like or architectural design.

VPBANK

RETAIL - AFFLUENT BANKING

2018 – A year of accomplishments

FINANCIALS

- In 2018, AF contributed 75% to Bank deposits, 50% to insurance sales and 100% in investment products sales. NFI grew 130% YoY in 2018 with strong insurance and investment product sales.

Branding & Service


- DIAMOND brand is one of the most competitive affluent banking CVP in Vietnam that brings clients wide range of **wealth management products** to help them achieve short or long terms goals, **preferential rates** on deposits and lending, World Credit Card, fast track services, **tailor-made solutions** and many other value added **services and privileges** like exclusive airport lounge
- **AF Customer Base** has continued great momentum to increase **fivefold higher** since Jan – Dec 2018

SALES PRODUCTIVITY MODELS

- Strengthened sales and distribution model, enabling branches in 3 different tier with different level of enablement. **Sales productivity** on client acquisition and fee income products like Mutual Funds and Insurance **grew fourfold**.
- Net Promoter Score (**NPS**) **score has continuously improved from 31% in Jul to 62% and 95% in Dec.**



RETAIL - MARKET SHARE OF CREDIT CARD

	Indicators	30.09.2017	30.09.2018	YoY Growth
	No of card (million)	0.29	0.45	66%
	GDV (million USD)	246	399	70%
	Monthly Average Spending Per Card (USD)	287	294	2%
MARKET	No of card (million)	3.10	4.66	50%
	GDV (million USD)	1,474	2,204	50%
	Monthly Average Spending Per Card (USD)	158	158	-1%
SHARE OF VPBANK IN VIETNAM MARKET	No of card (million)	9.3%	9.7%	
	GDV (million USD)	16.7%	18.1%	
	Monthly Average Spending Per Card (USD)	1.81x	1.86x	

- Continue to enhance SmartLead by connecting 2 new channels of distribution, TOTAL 8149 and TELESALES
- Prepare the foundation for 2019 by connecting to 2 - 3 other advanced lead collection channels (FACEBOOK - GOOGLE AD - WEBSITE)

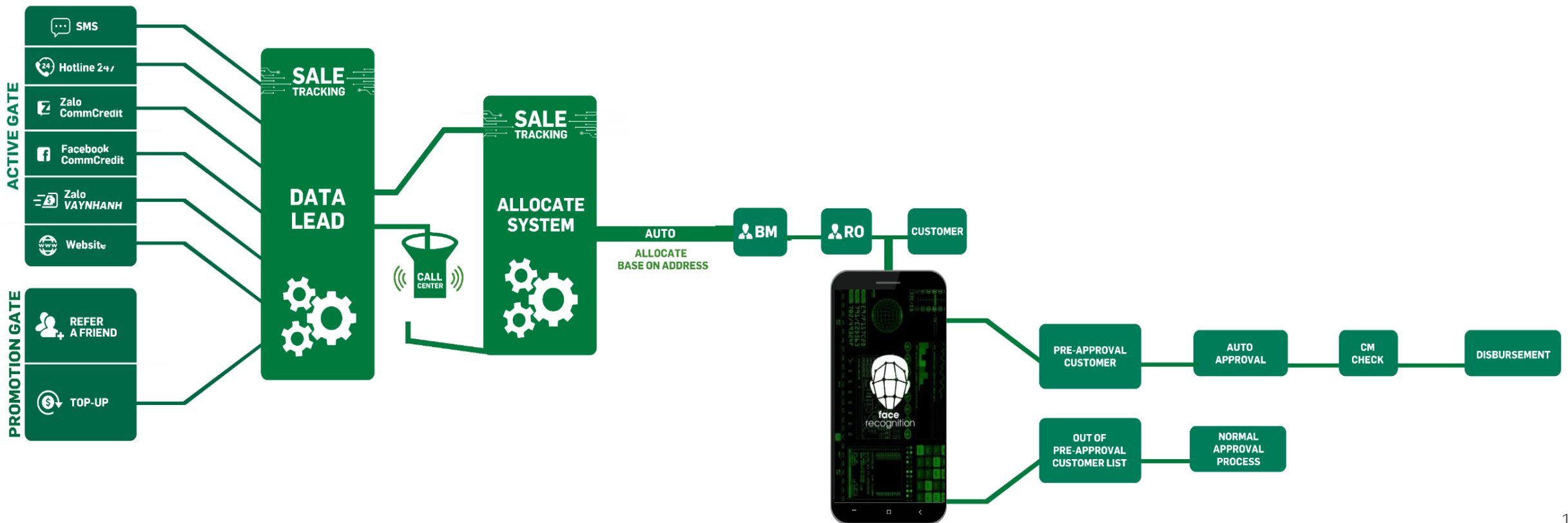
RESULTS

Numbers of disbursement: **19% growth**

Disbursement amount: **39% growth**

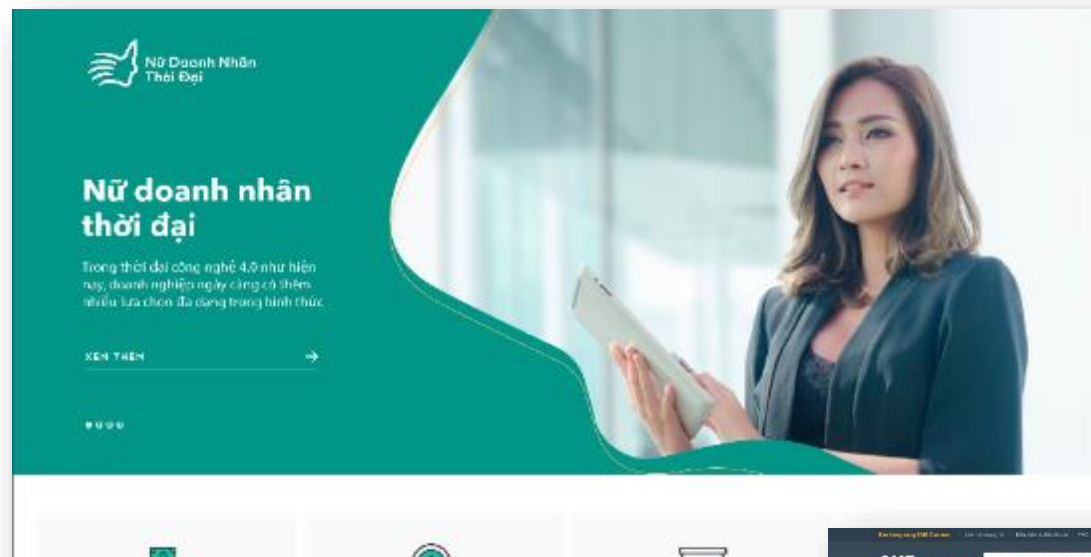
Achieved **break-even** point in 2018

**Data as at 31.12.2018*



SME CONNECT PROJECT

- First version of the SME Connect portal was launched in Q4 2017
- As at year end 2018, number of users increased **77%** compared with mid year 2018
- 2019 goals: Enhance Web based and Mobile Application of SME Connect business matching platform to SME customers



Lợi ích khi tham gia SME CONNECT

- Sự kiện**
 - Tham gia các hội thảo chuyên gia chất lượng cao.
 - Tham gia các hội thảo chuyên gia chất lượng cao.
 - Tham gia các hội thảo chuyên gia chất lượng cao.
- Giải pháp tài chính**
 - Cung cấp gói vay tài chính hàng đầu cho các doanh nghiệp vừa và nhỏ.
 - Mở rộng và đa dạng tài trợ doanh nghiệp phát triển kinh doanh.
- Mở rộng doanh nghiệp online**
 - Marketing.
- Tin tức & công cụ doanh nghiệp**
 - Cập nhật tin tức thị trường, kinh tế, pháp luật chuyên sâu.
 - Công cụ công nghệ quản lý doanh nghiệp chuyên nghiệp.

ĐĂNG KÝ NGAY

Trở thành Doanh nghiệp lớn Tại sao không?

Cấp vốn cho doanh nghiệp mới hoạt động

Doanh thu trung bình hàng năm: **0.05 tỷ**

Kỳ hạn vay: **6 tháng**

Số tiền trả bình quân hàng tháng: **8,27 triệu**

ĐĂNG KÝ NGAY

TOP 1000 ÔTÔ - XE MÁY - PHỤ KIỆN

ƯU ĐÃI ĐẾN 40% + QUÀ TẶNG HẤP DẪN

Sản phẩm ưu đãi

VPDIRECT - YOLO

Launched to open market on 14 September 2018



YOLO - The most outstanding mobile banking application of Vietnam Digital Awards from Vietnam Digital Communications Association

Best Digital Finance Ecosystem Initiative, Application or Program – “YOLO” from The Asian Bankers

Best Youth Centric Digital Banking Initiative - YOLO by VPBank Vietnam 2018 from Global Banking and Finance Review

YOLO is in the top 3 popular free banking and financial applications on Google play

Key figures

- 200,000+ users
- 4,500+ Master YOLO debit card issuance
- VND 3,000+ bil Value of transactions
- 471,000+ Transactions

YOLO is the cutting-edge utility digital banking for young generation

DIGITAL JOURNEYS

Continue to be key initiatives

Credit Card Onboarding

Conversion rate	12%
Digital contribution to total RB cards	32%
Cards issued	*4.6x

Overdraft

Online accounts	*2.3x
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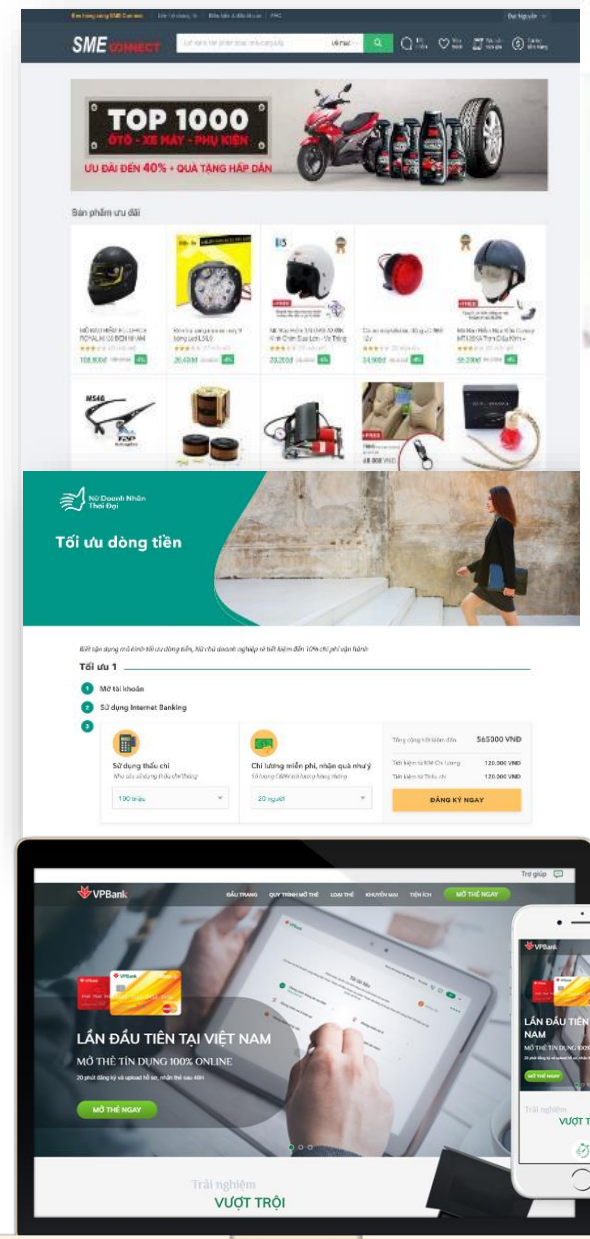
UPL Onboarding

Digital contribution to total UPL disbursed loans	35%
Disbursed Amount	*7.5x

Dream CASA & TD

Accumulated Dream users	*3.5x
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*y-o-y growth

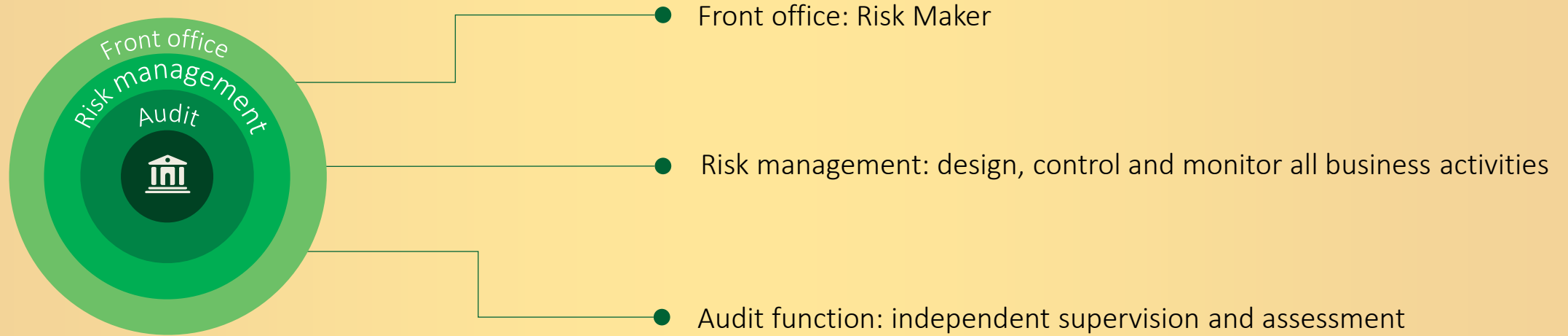


RISK MANAGEMENT

UTILIZE RISK MEASURES IN BUSINESS DECISION-MAKING PROCESS

Efficient recovery with disciplined NPL approach and advanced IT infrastructure

VPBANK APPLIES ITS THREE-LINES-OF-DEFENCE APPROACH ACROSS ALL FRONT OFFICE, RISK MANAGEMENT AND AUDIT FUNCTIONS



50x

Faster UW time for Retail compared to manual workflow (22 mins. vs. 1 day). Deployed CPC role decentralization, auto allocation, auto checklist

100%

Compliance with Pillar 1 and Pillar 3 under Basel 2 standard, having submitted application to Regulator for early compliance of Circular 41

1.9x

times higher than 2017 in Collection fulfillment

2.41%

NPL ratio – bank standalone
Fully in compliance with SBV requirement

The logo for VPBANK is displayed in a gold, serif font. It is centered on a dark green background that features a repeating geometric pattern of interlocking lines and squares. The pattern is framed by a decorative border of gold lines and squares.

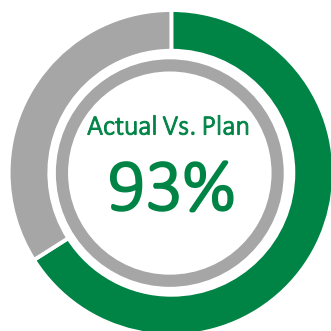
03

FY2018 **FINANCIAL** PERFORMANCE

FY2018 – PERFORMANCE INDICATOR HIGHLIGHTS

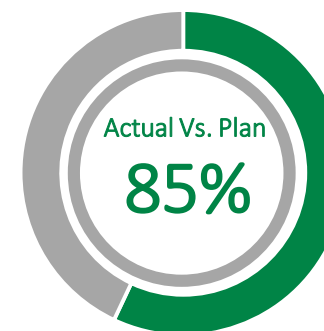
Balance Sheet	31/12/2018	31/12/2017	Y-o-Y growth
Credit to customers	230,790	196,673	17.3%
Total assets	323,308	277,752	16.4%
Deposits from customers (including valuable papers)	219,509	199,655	9.9%
CAR Cir 36	11.9%	14.6%	
CAR Basel II	11.1%	12.6%	

TOI



2018	31,086
Y-o-Y growth	24%

PBT



2018	9,199
Y-o-Y growth	13%

CIR

34.2%

ROE

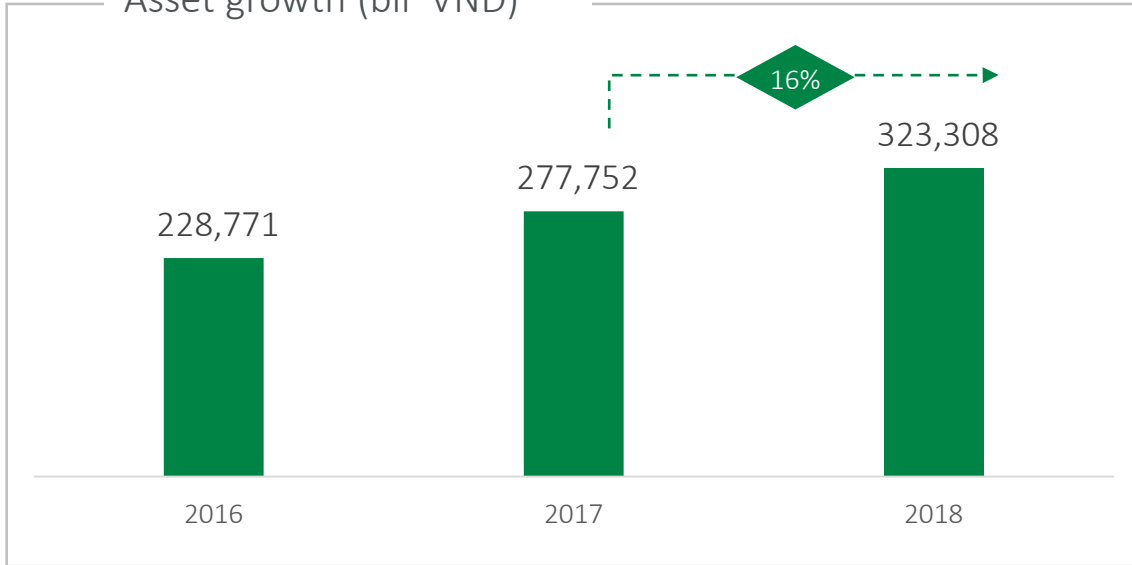
Conso	22.8%	Bank*	18.5%
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ROA

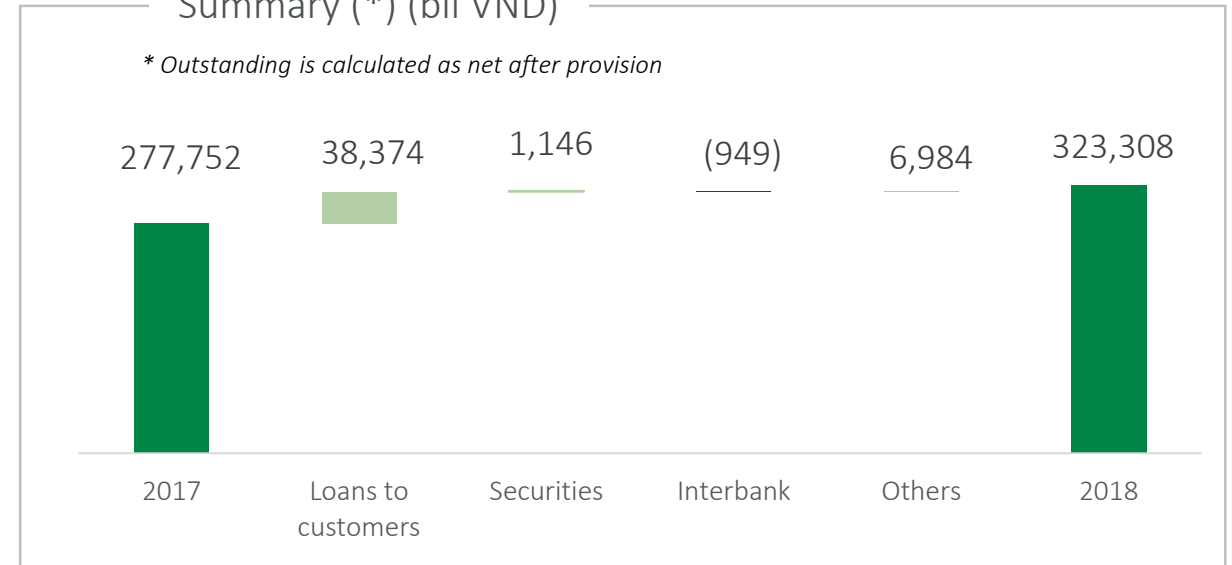
2.4%

ASSET GROWTH

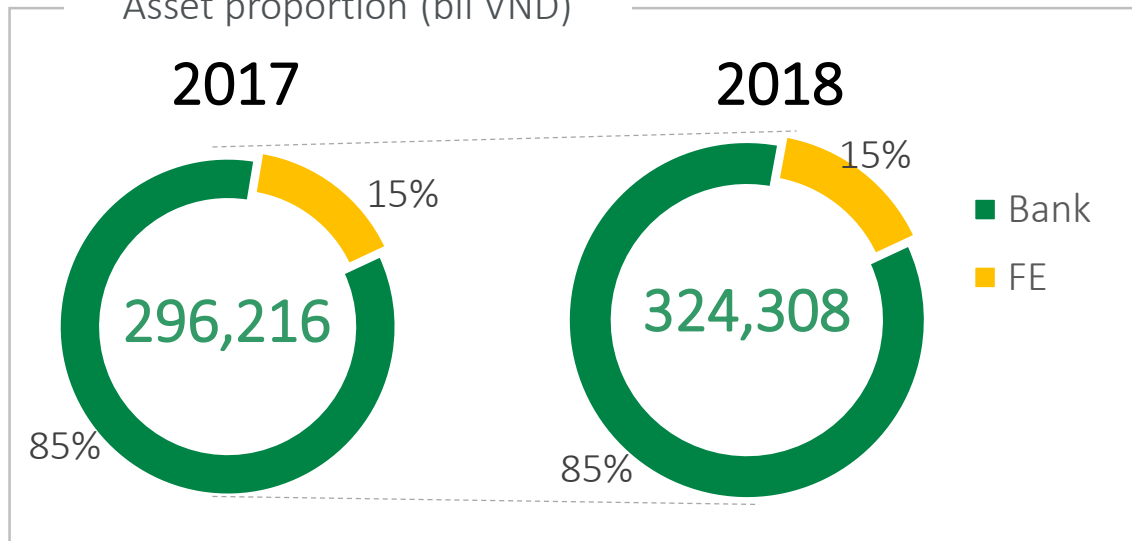
Asset growth (bil VND)



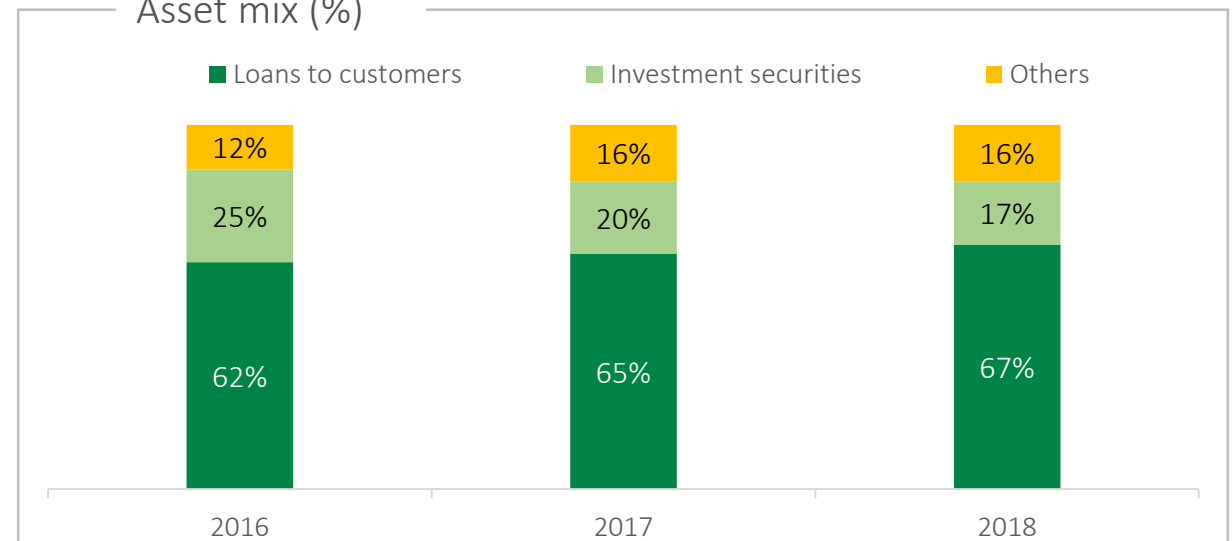
Summary (*) (bil VND)



Asset proportion (bil VND)

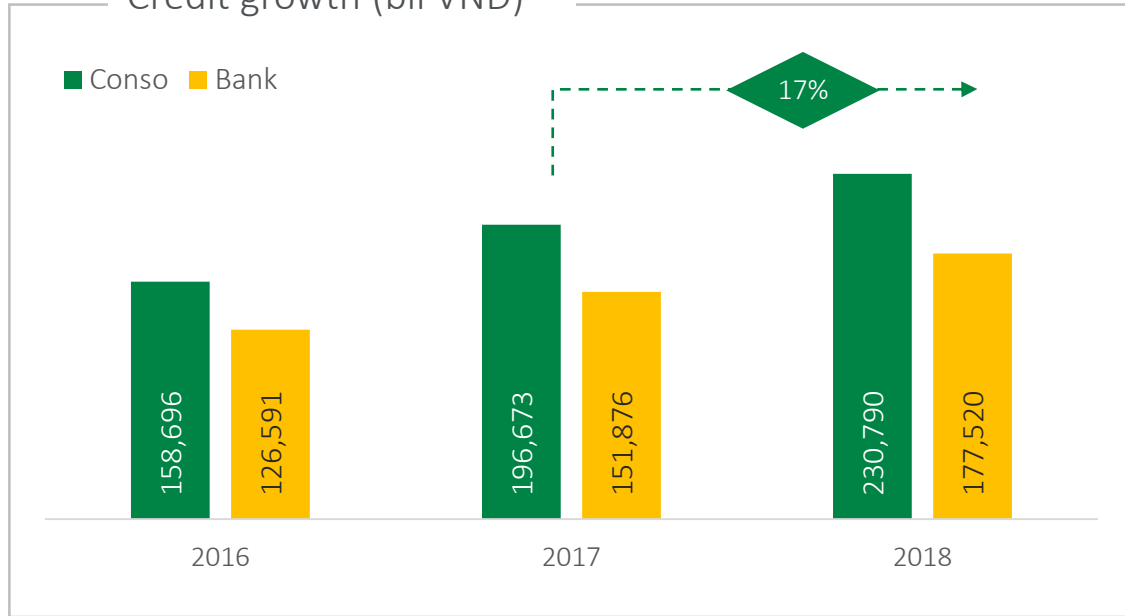


Asset mix (%)

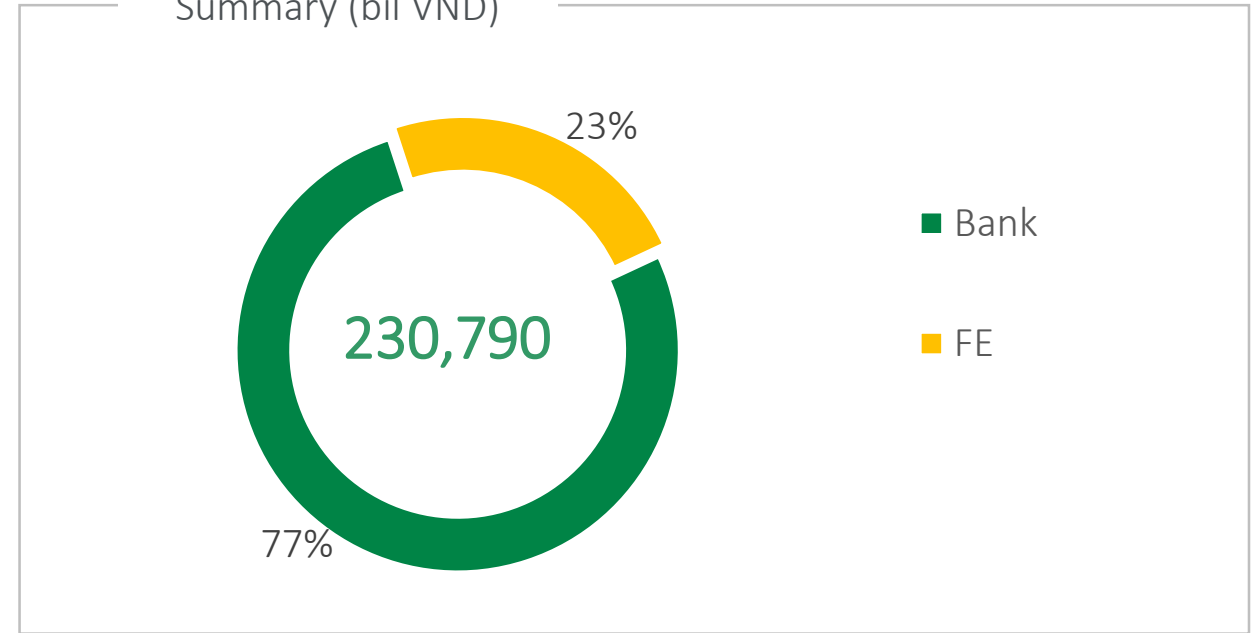


LOAN PORTFOLIO (*)

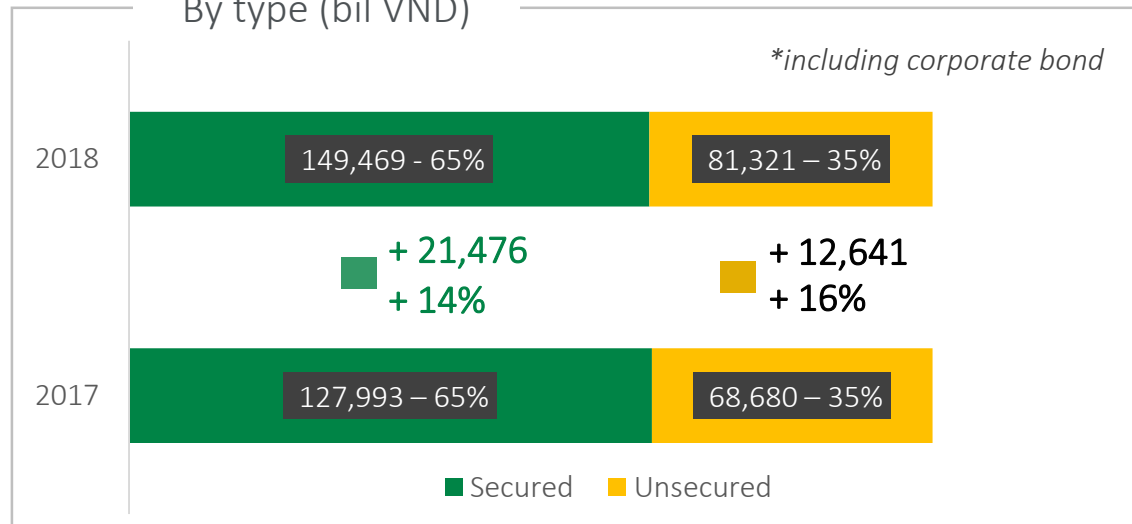
Credit growth (bil VND)



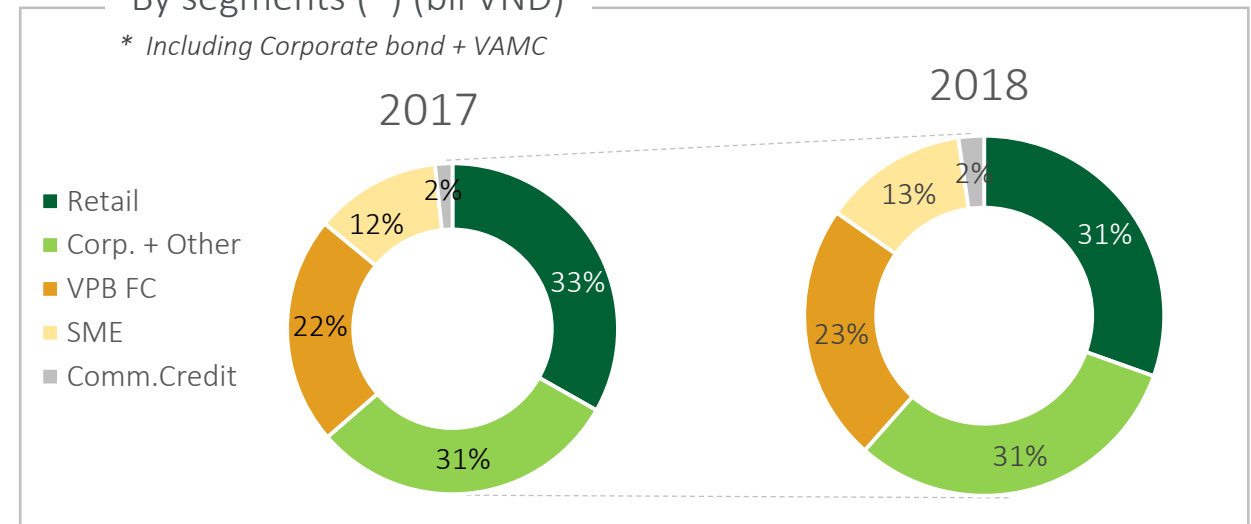
Summary (bil VND)



By type (bil VND)

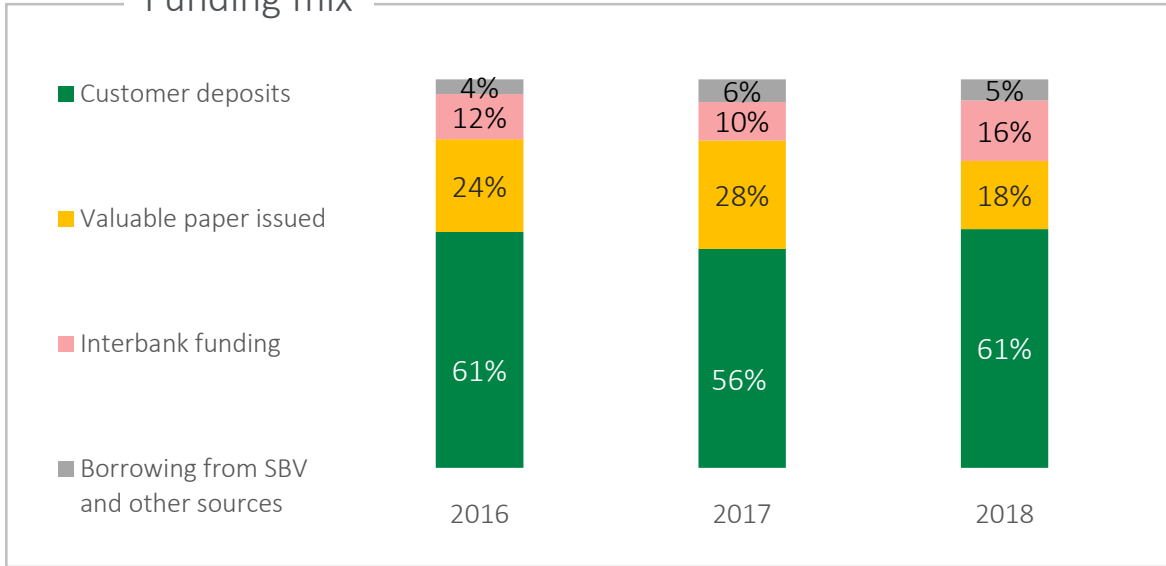


By segments (*) (bil VND)

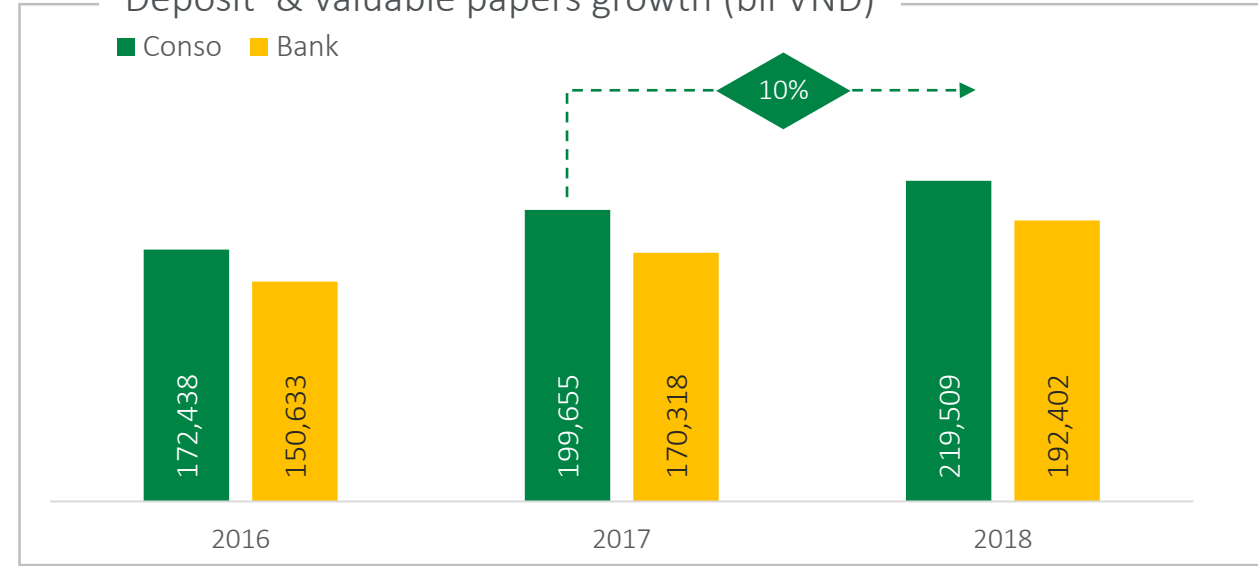


FUNDING MIX

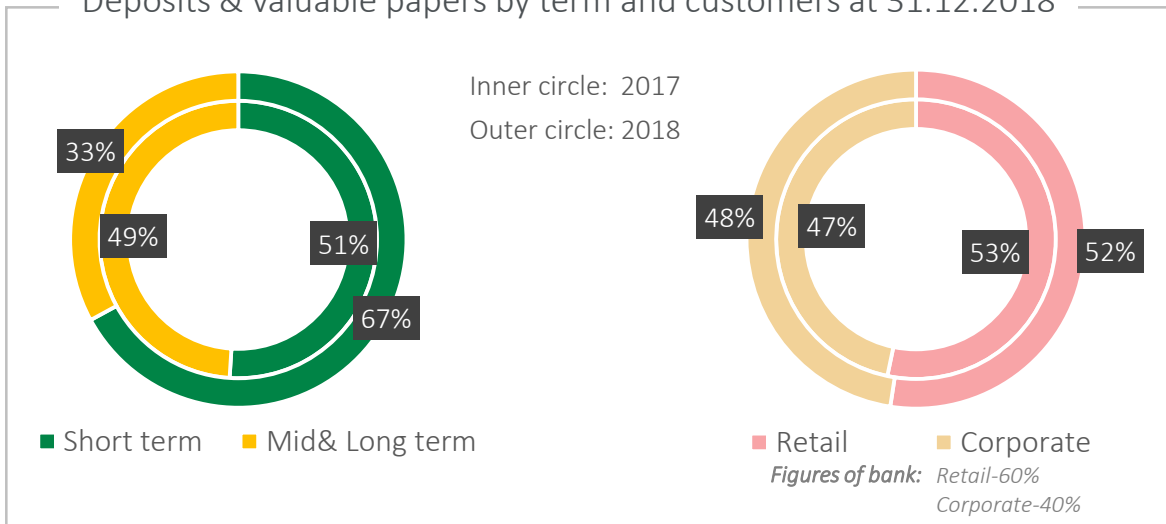
Funding mix



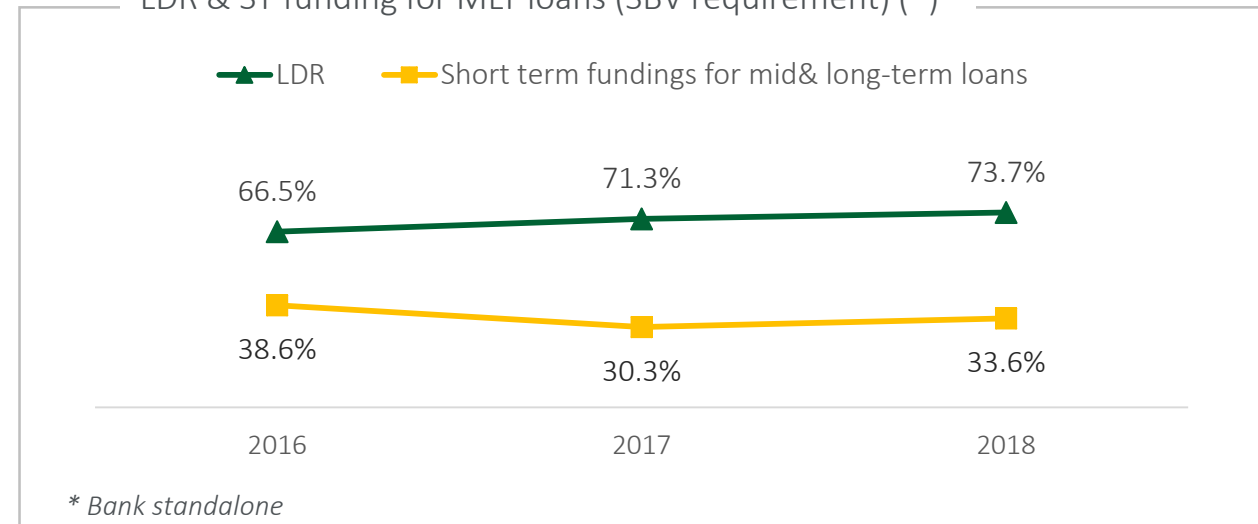
Deposit & valuable papers growth (bil VND)



Deposits & valuable papers by term and customers at 31.12.2018

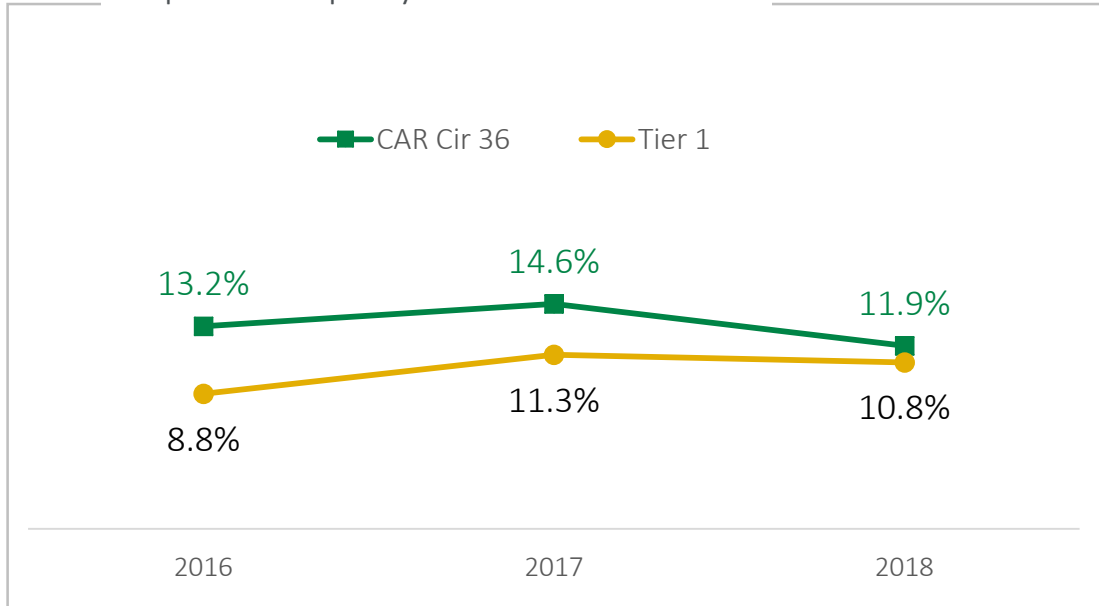


LDR & ST funding for MLT loans (SBV requirement) (*)

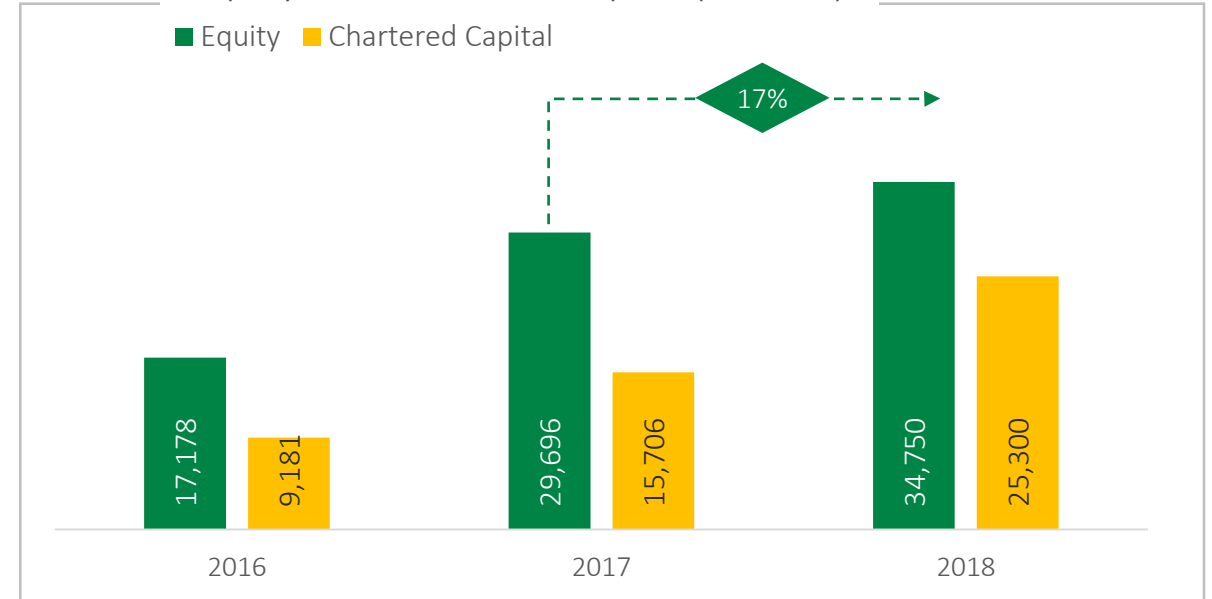


CAPITAL BASE

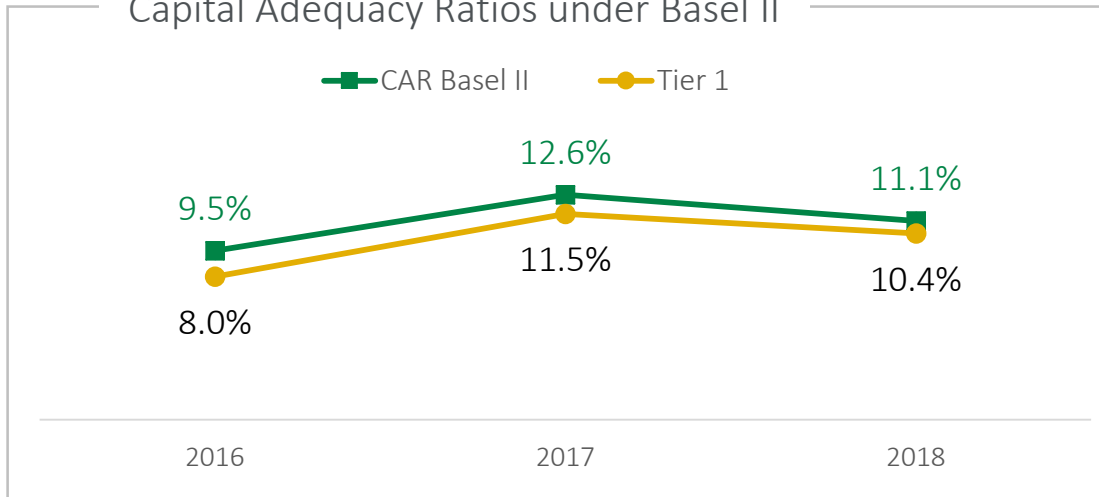
Capital Adequacy Ratios under Cir 36



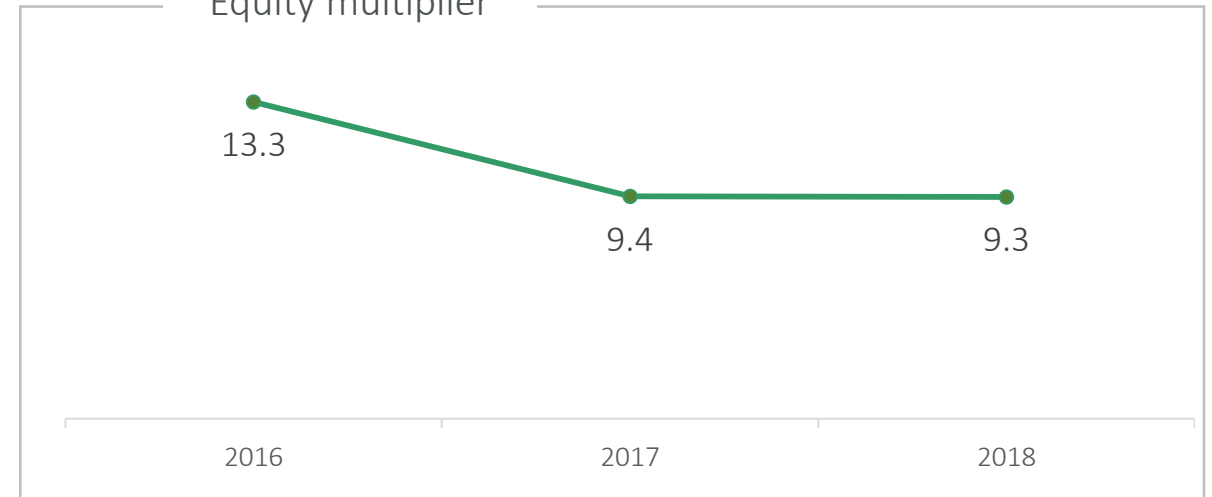
Equity and Chartered Capital (Bil VND)



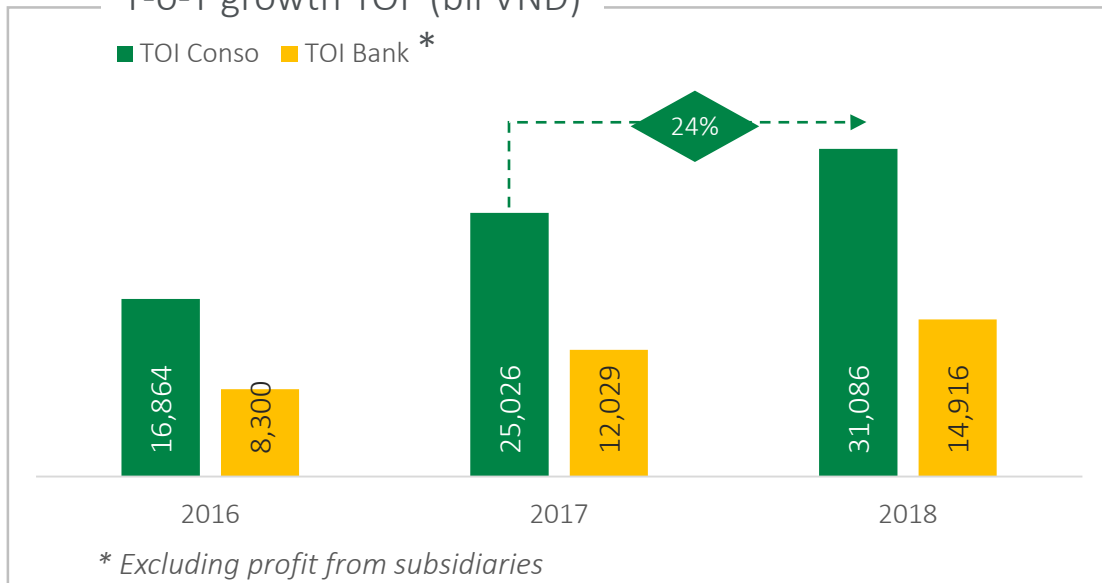
Capital Adequacy Ratios under Basel II



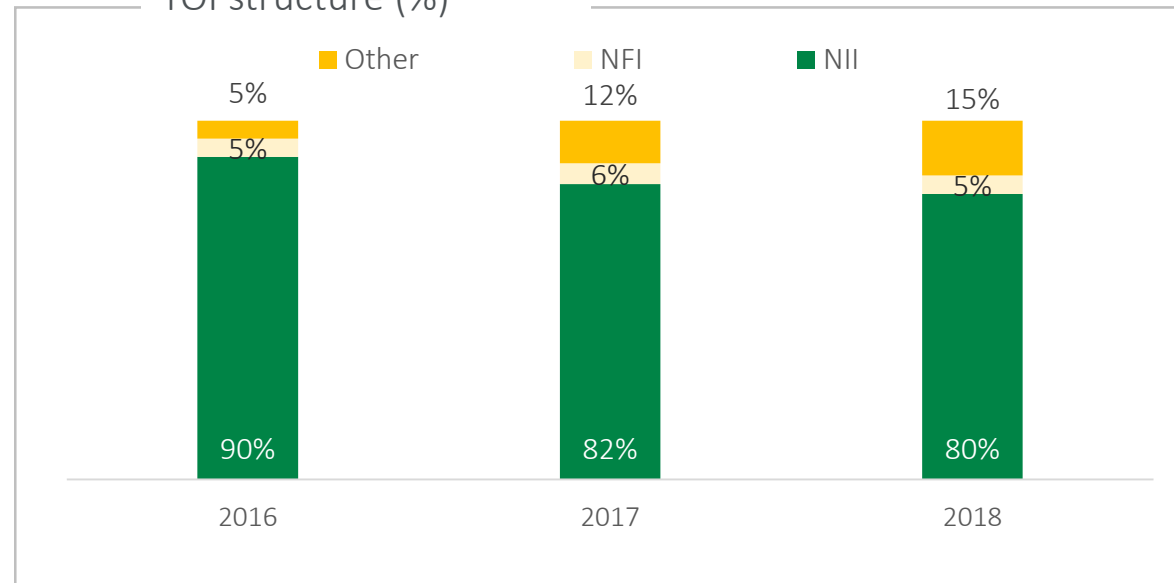
Equity multiplier



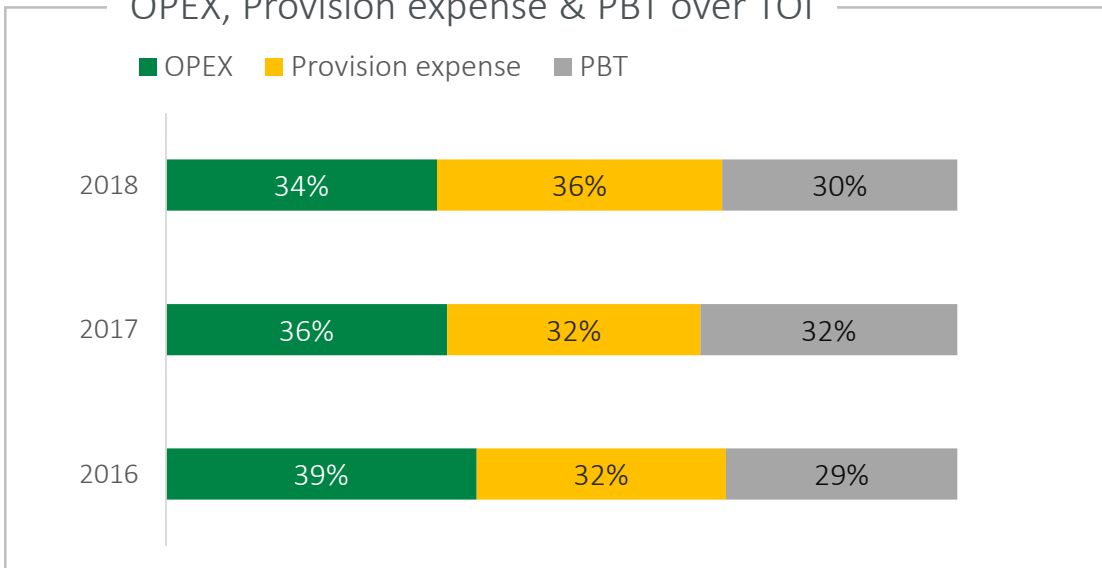
Y-o-Y growth TOI (bil VND)



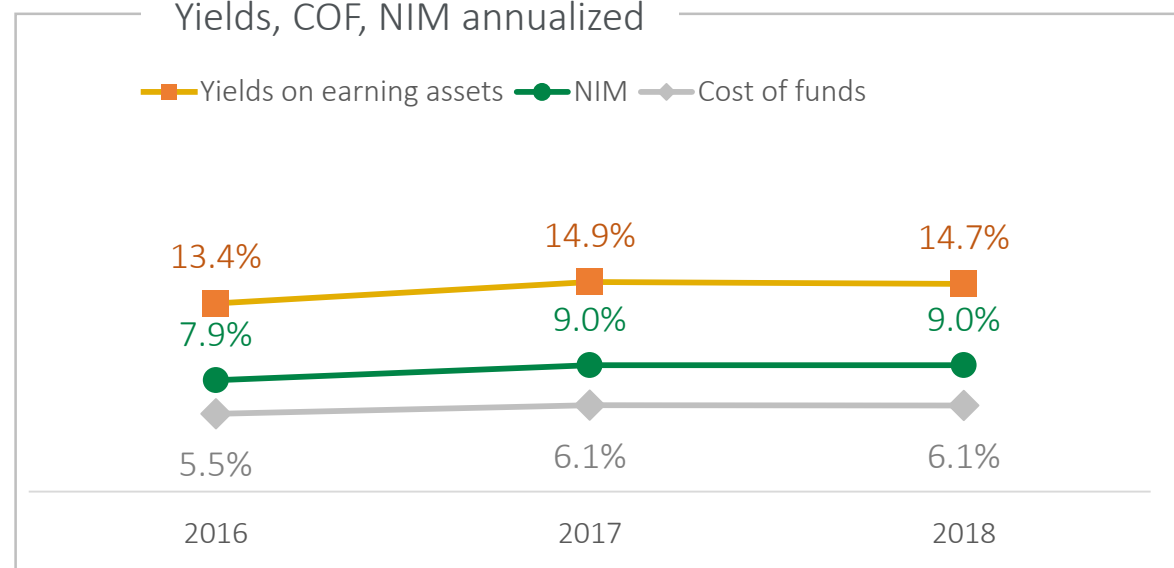
TOI structure (%)



OPEX, Provision expense & PBT over TOI

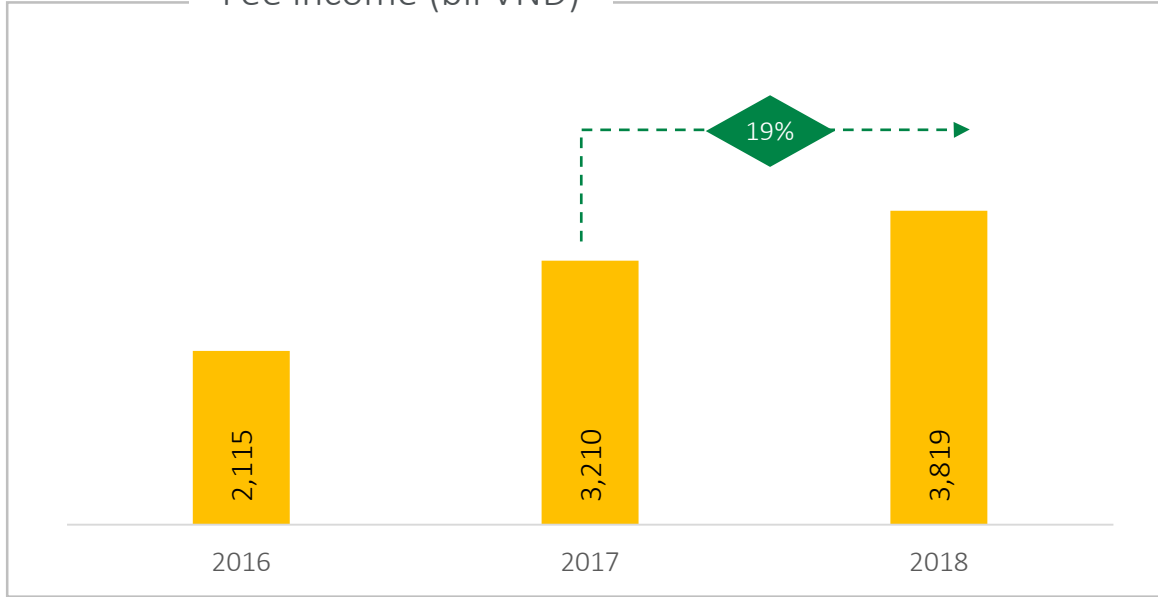


Yields, COF, NIM annualized

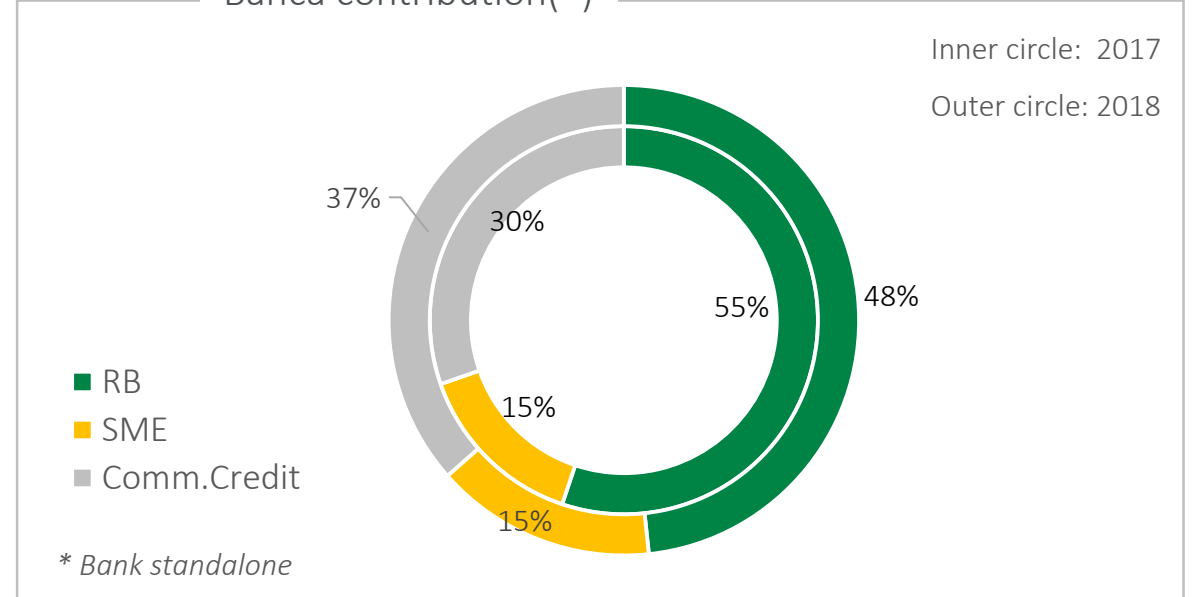


FEE INCOME

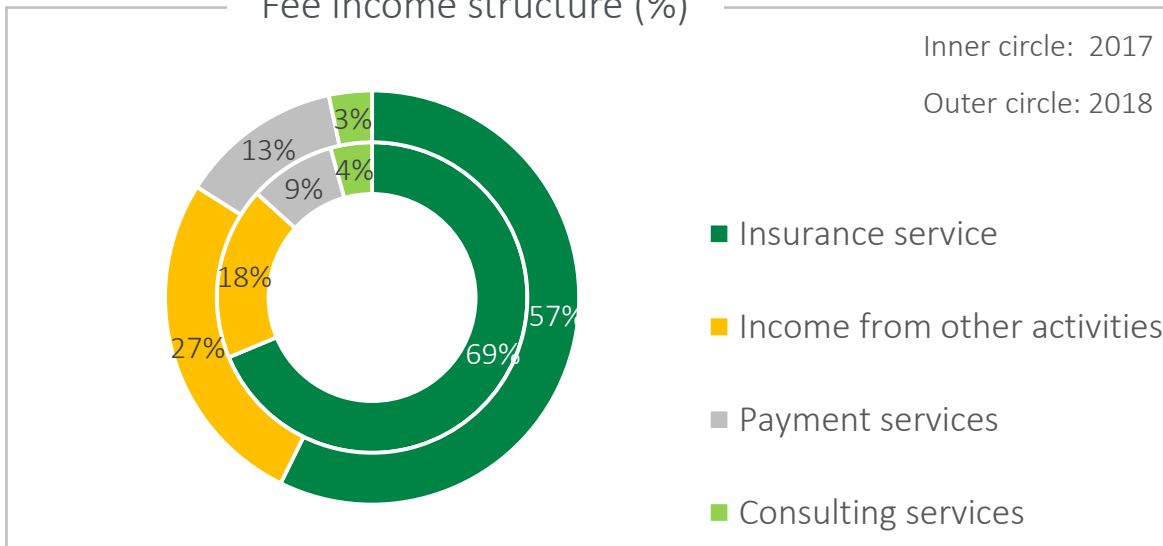
Fee income (bil VND)



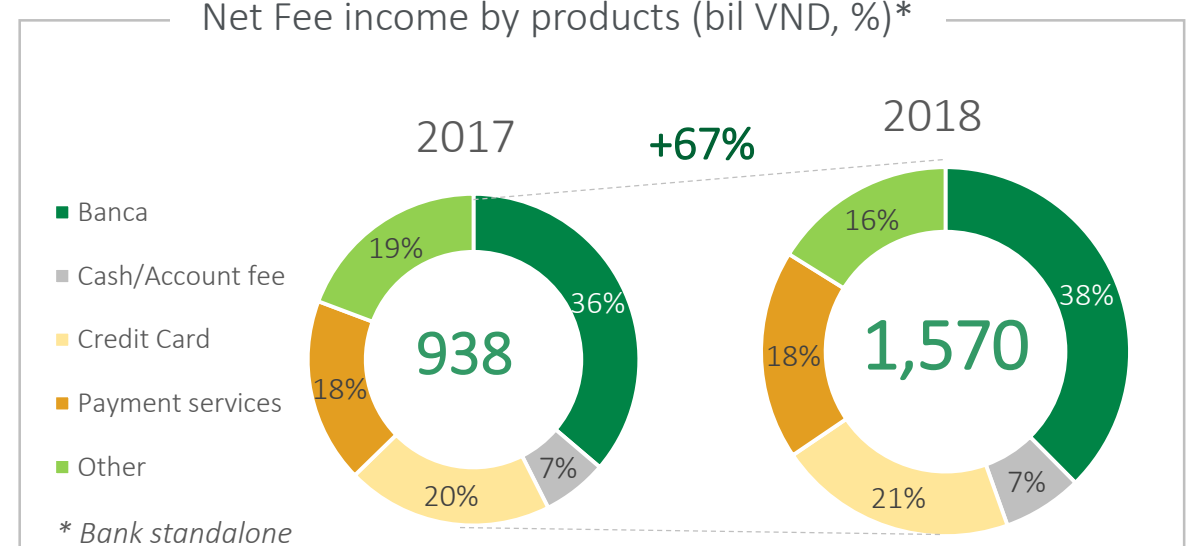
Banca contribution(*)



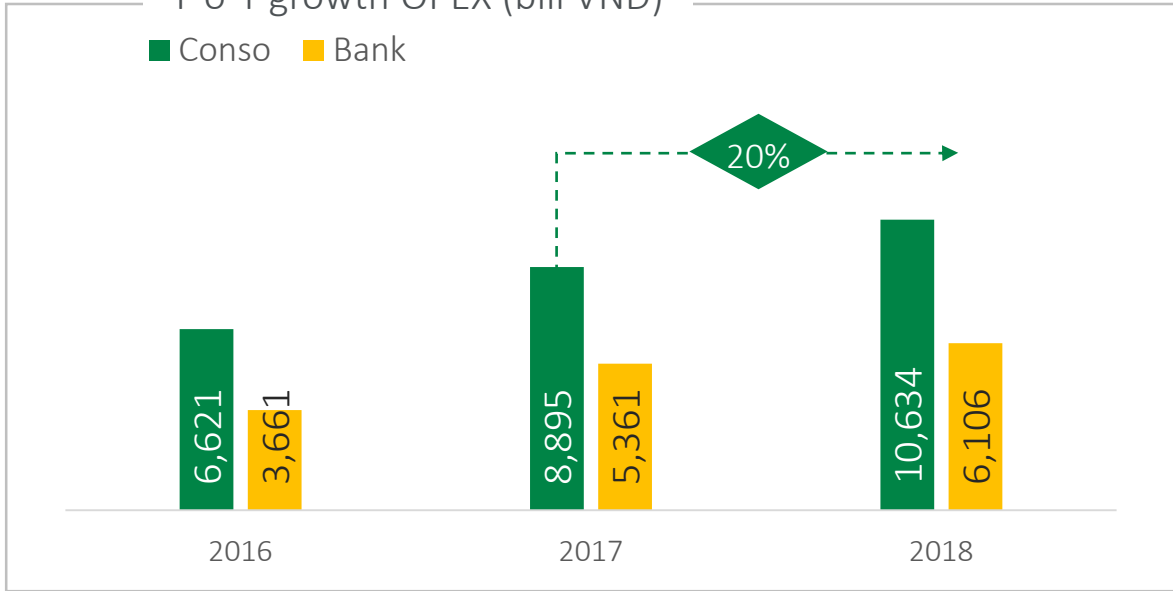
Fee income structure (%)



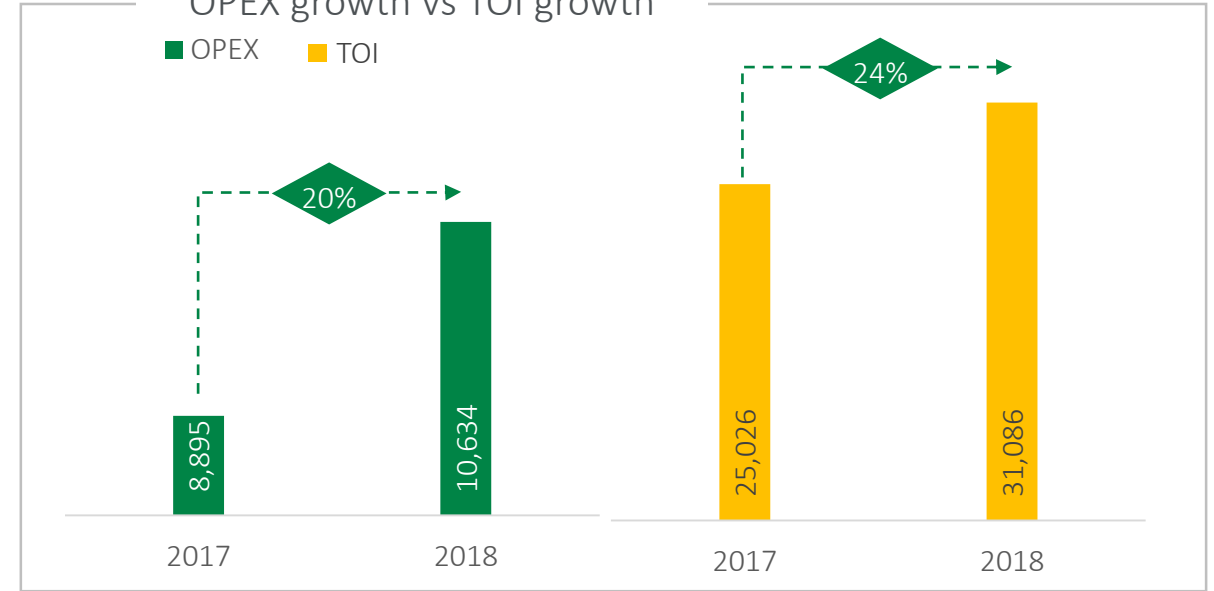
Net Fee income by products (bil VND, %)*



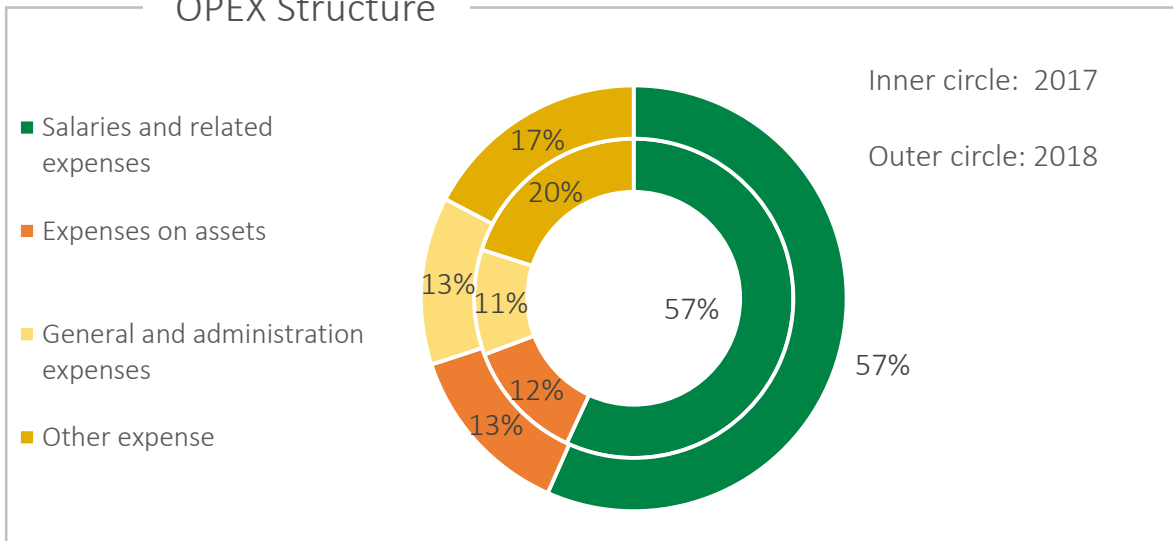
Y-o-Y growth OPEX (bill VND)



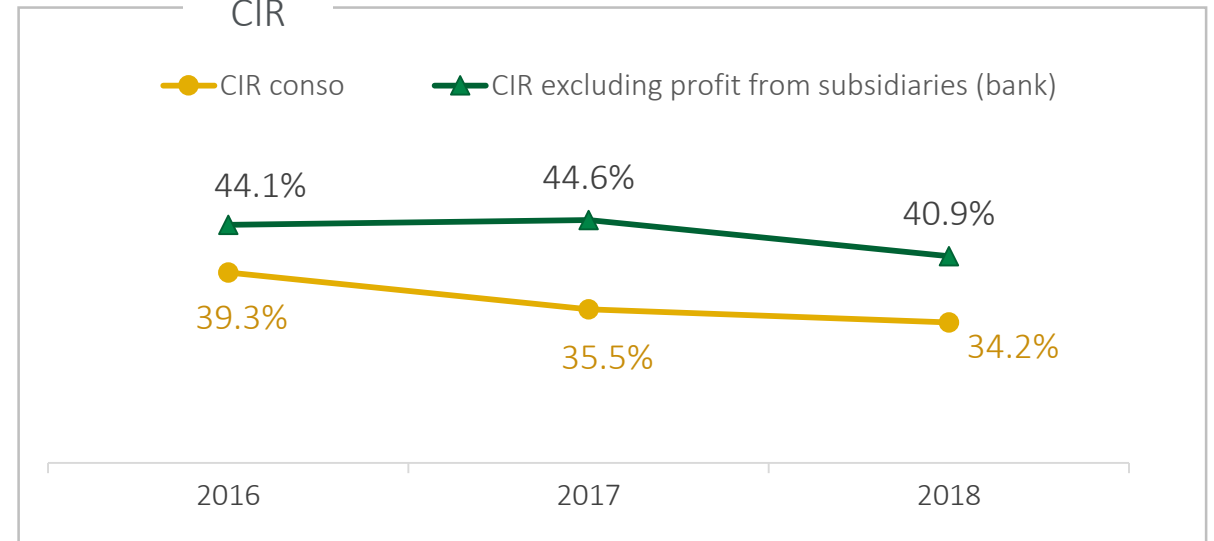
OPEX growth vs TOI growth



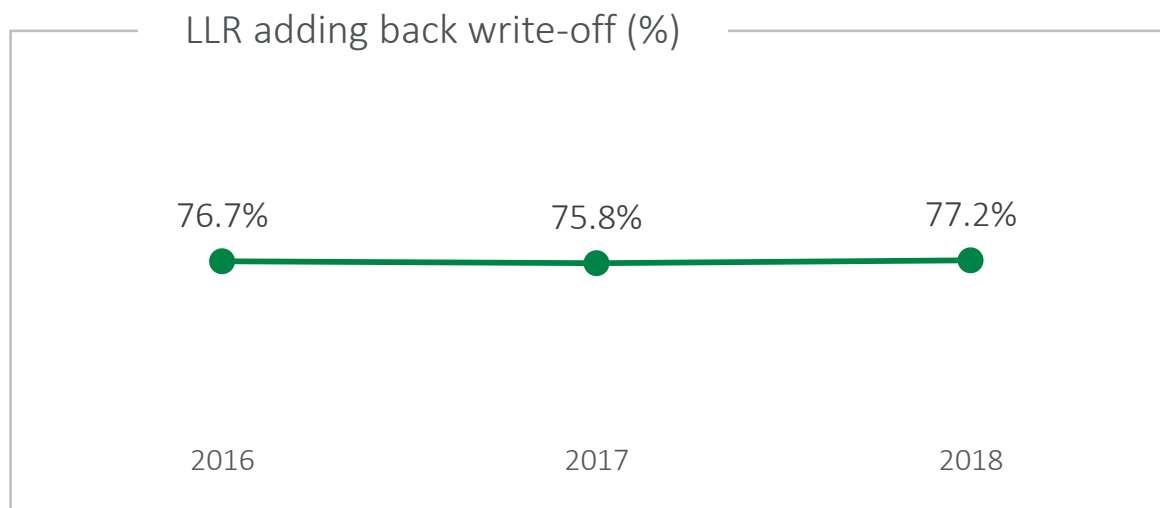
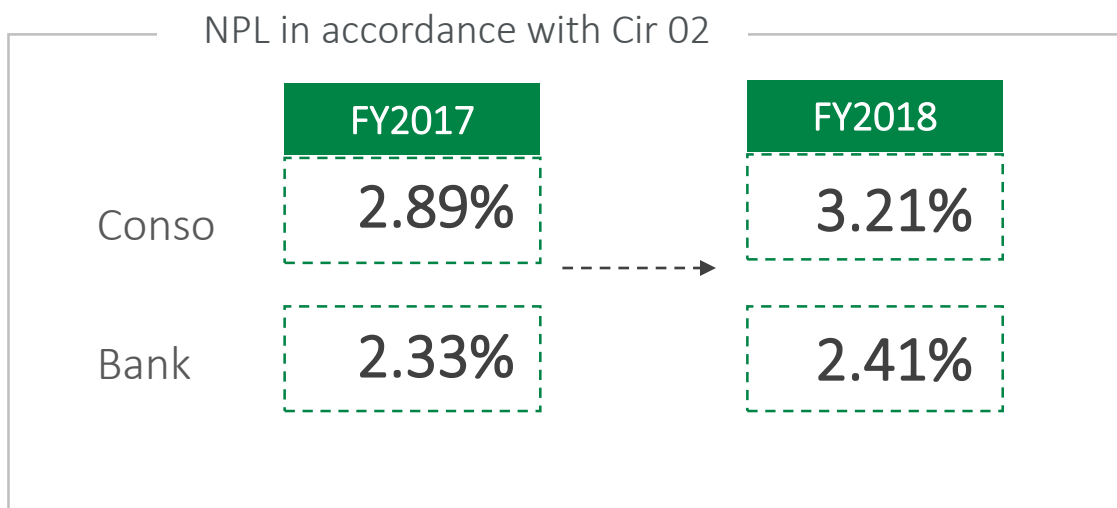
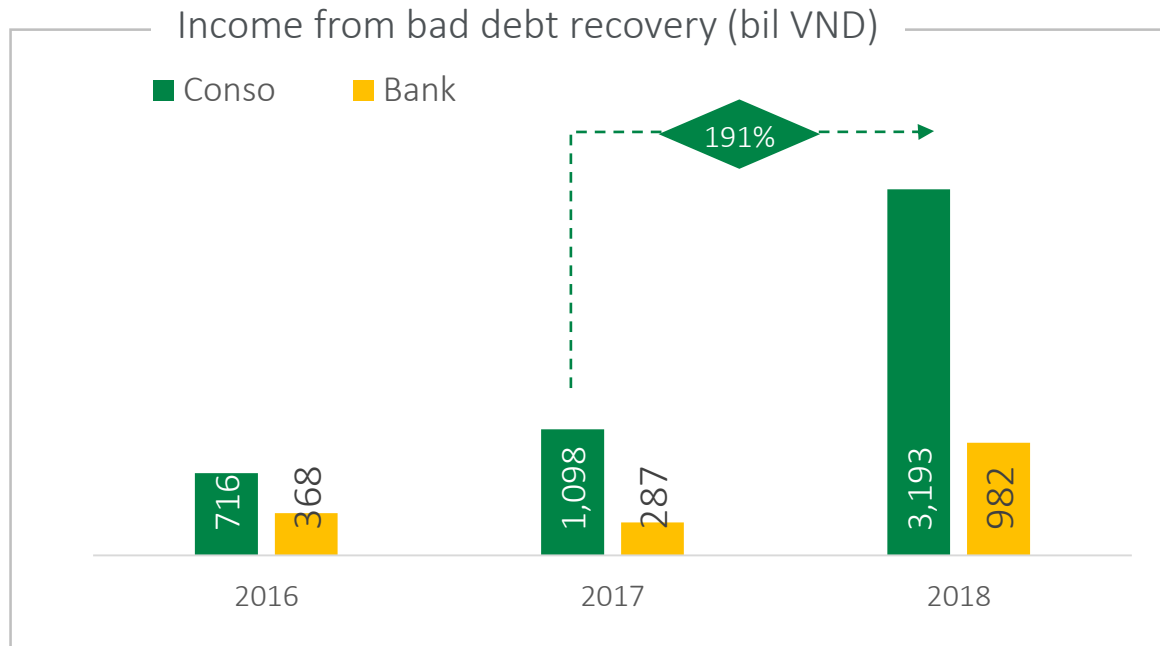
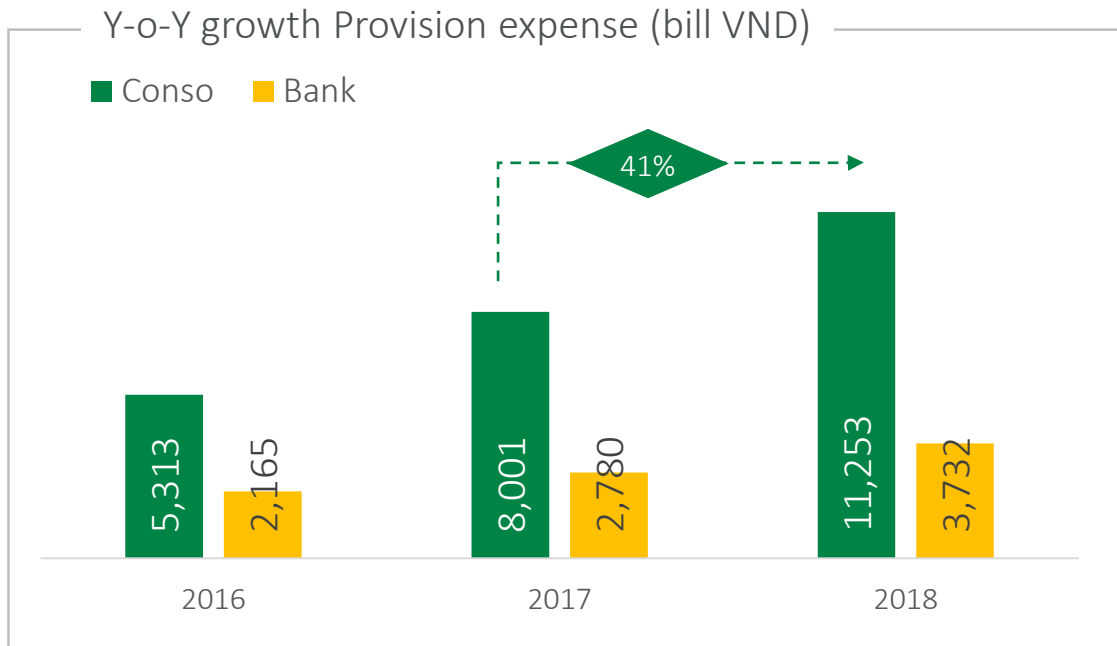
OPEX Structure

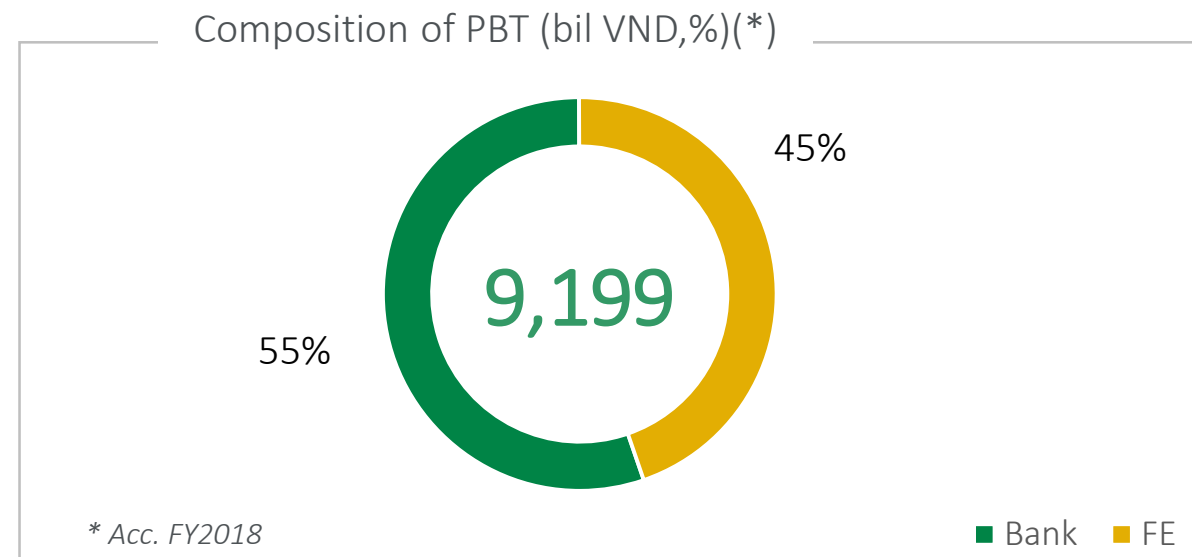
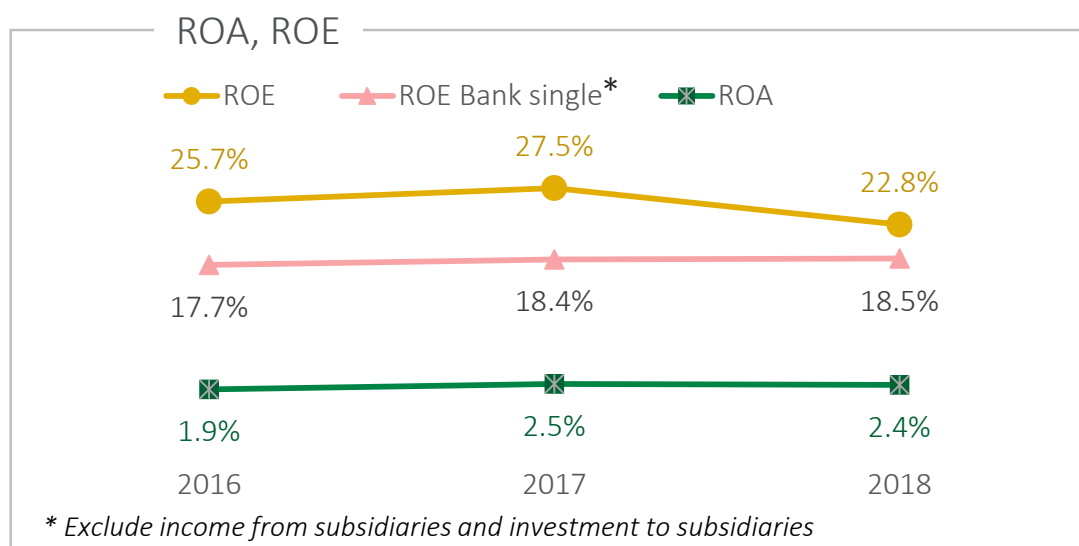
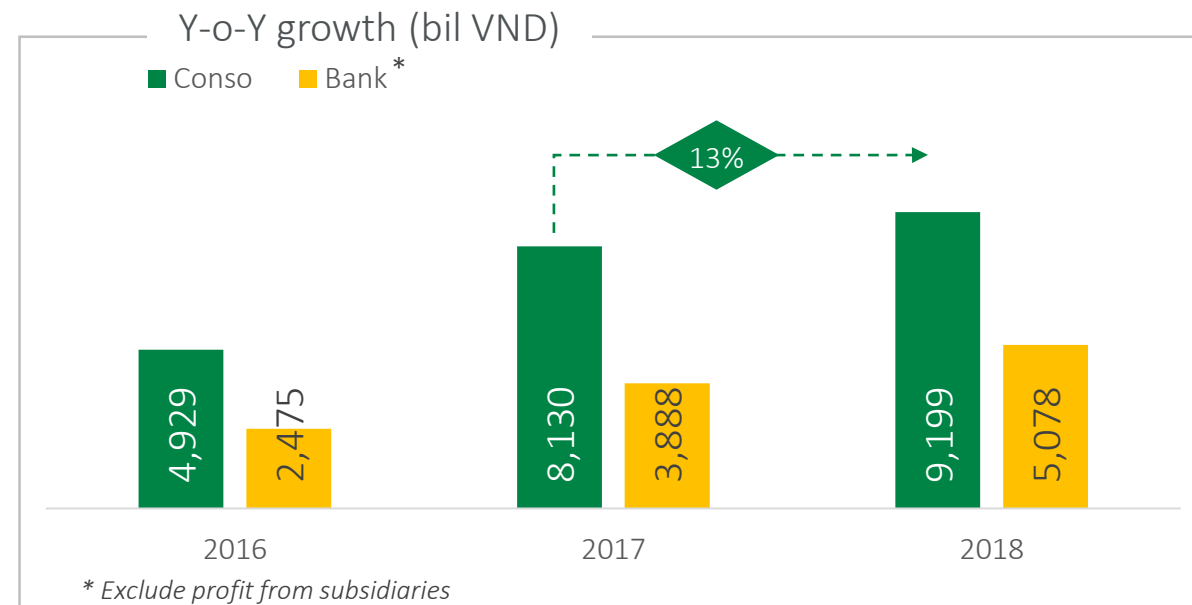
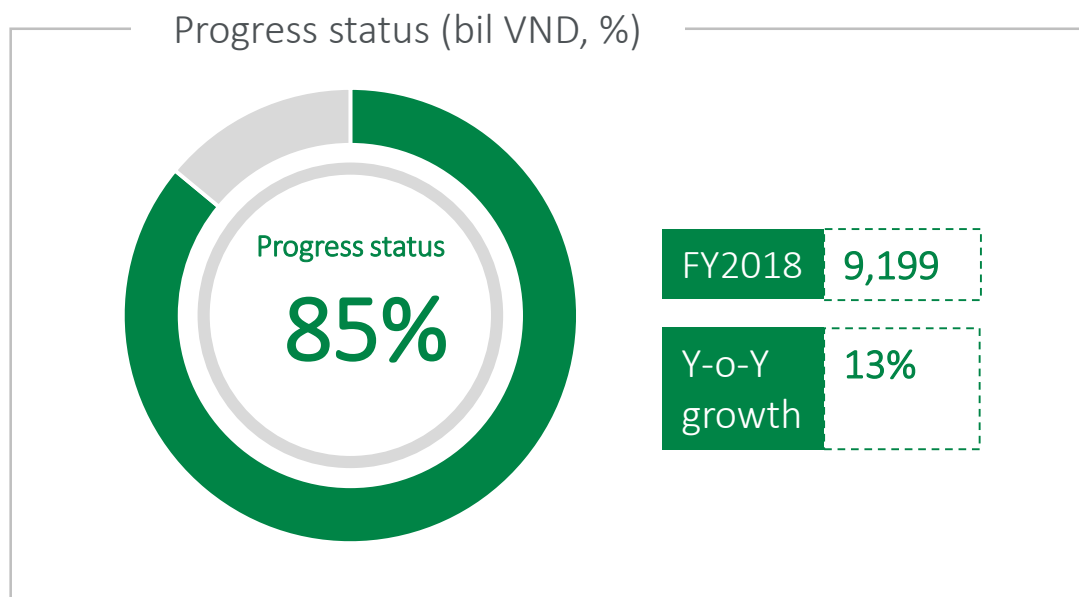


CIR



PROVISION EXPENSE





04

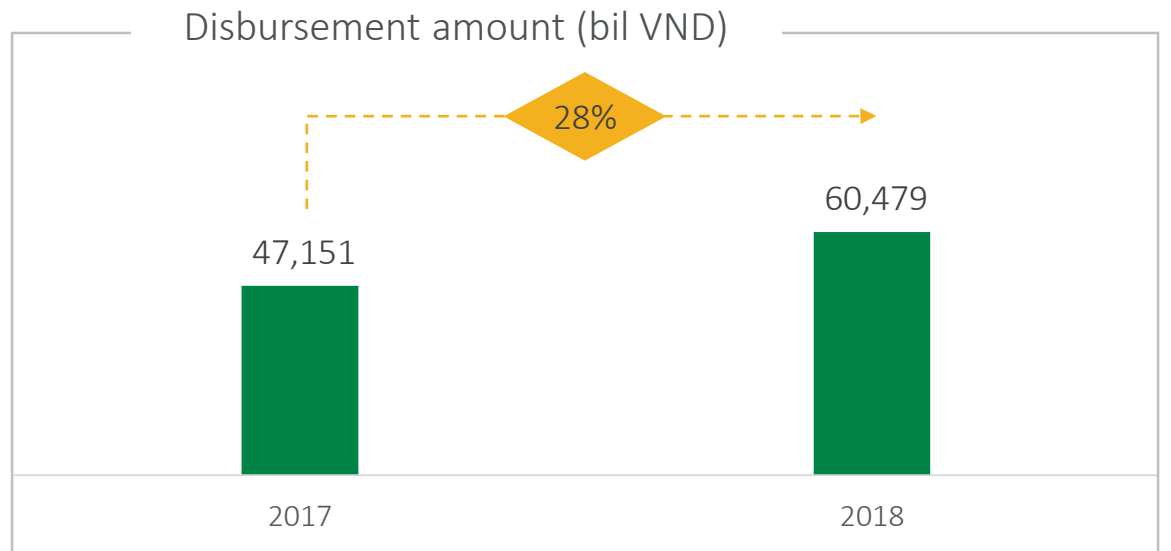
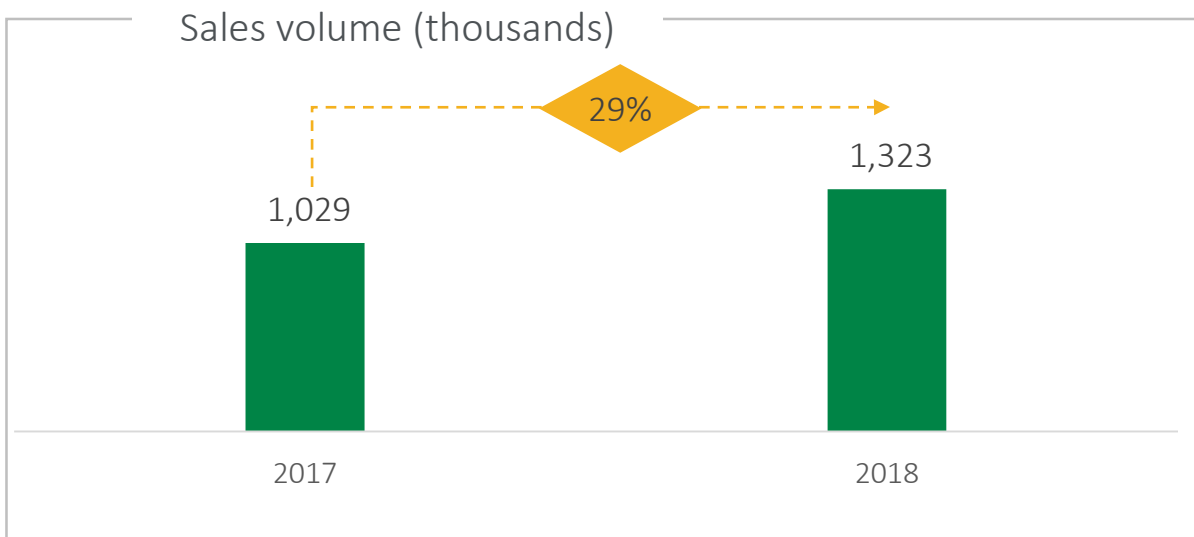
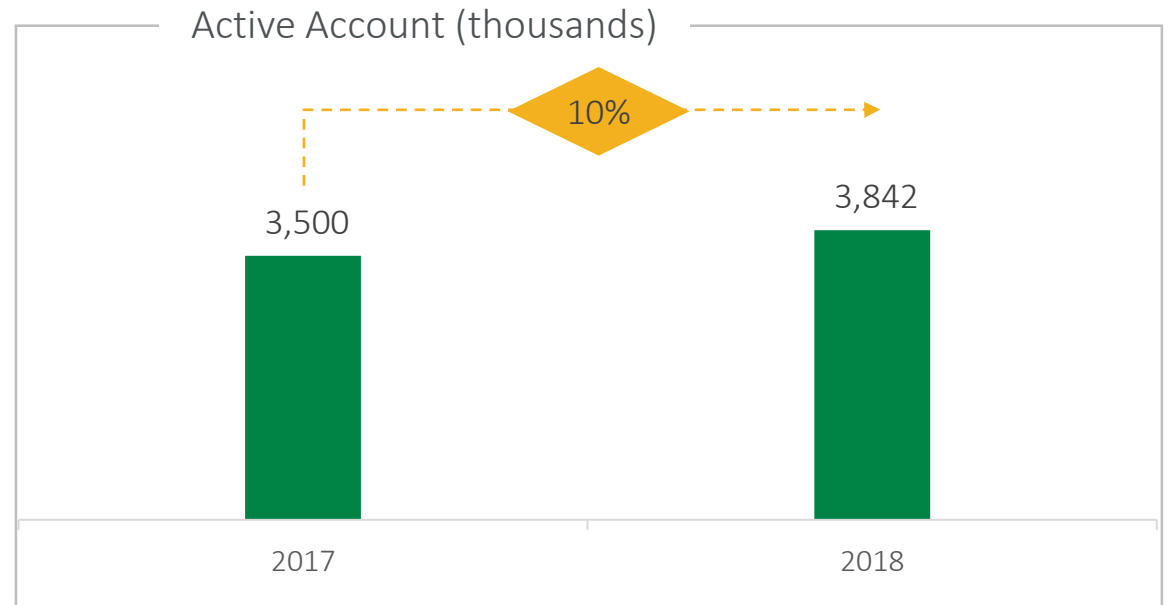
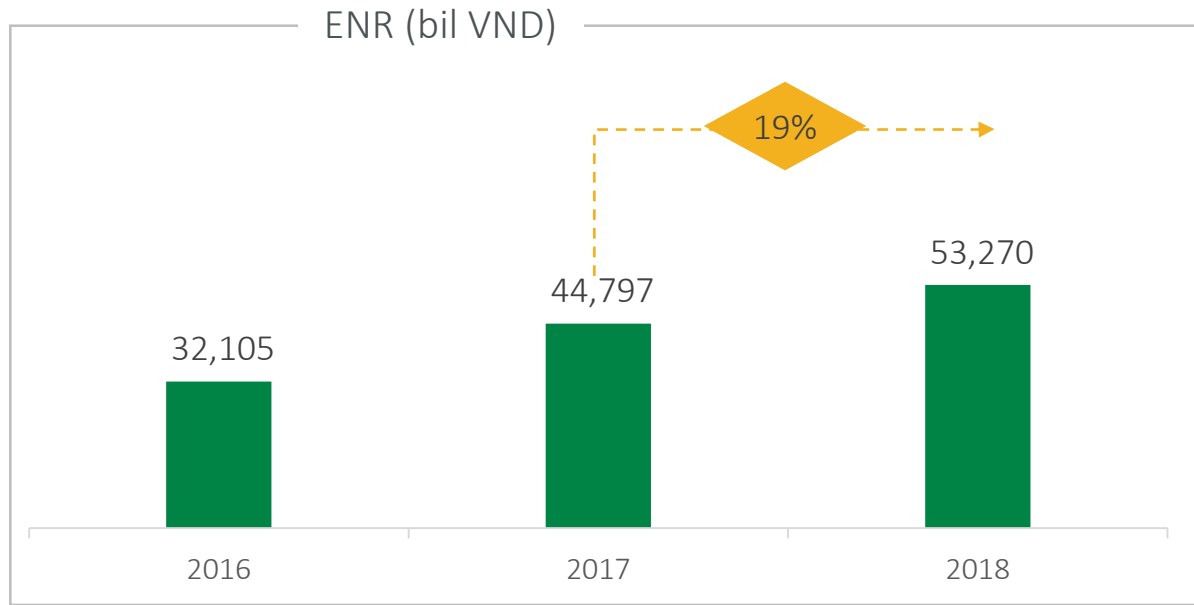
2018

FINANCIAL

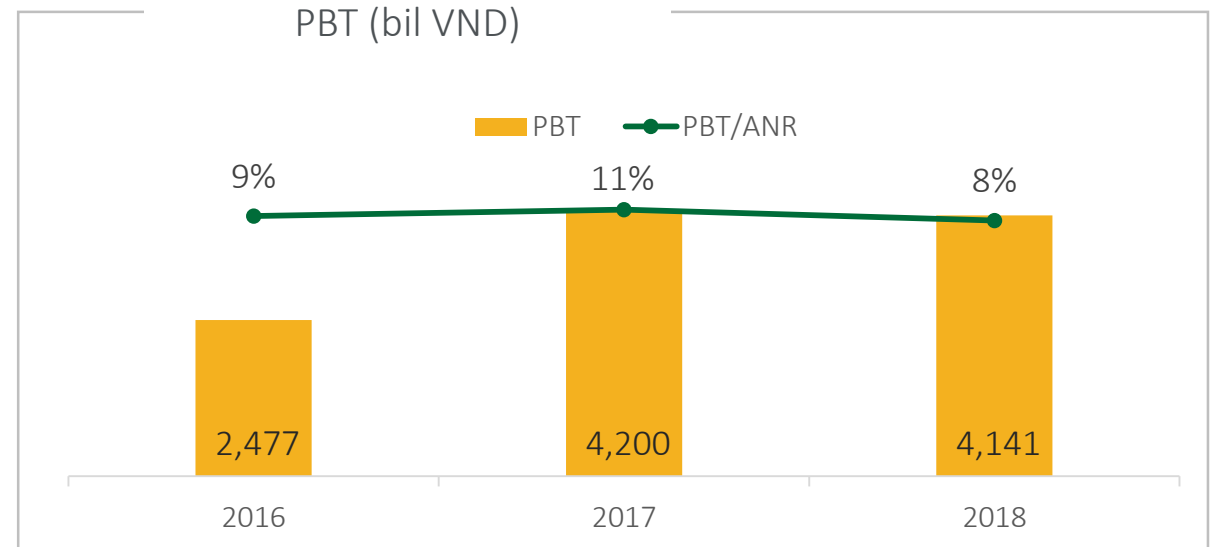
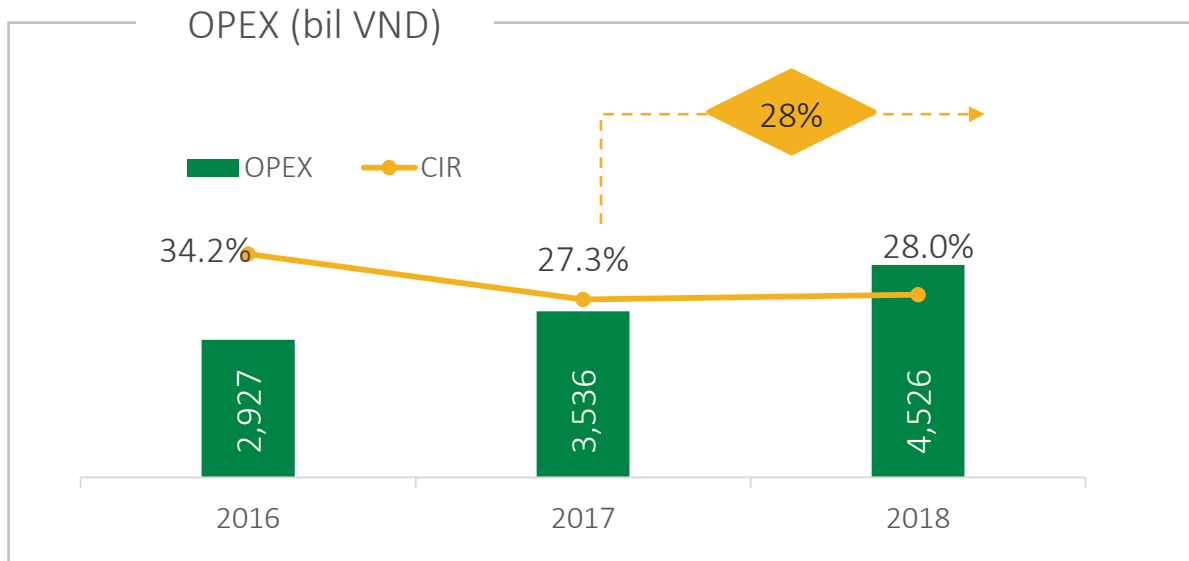
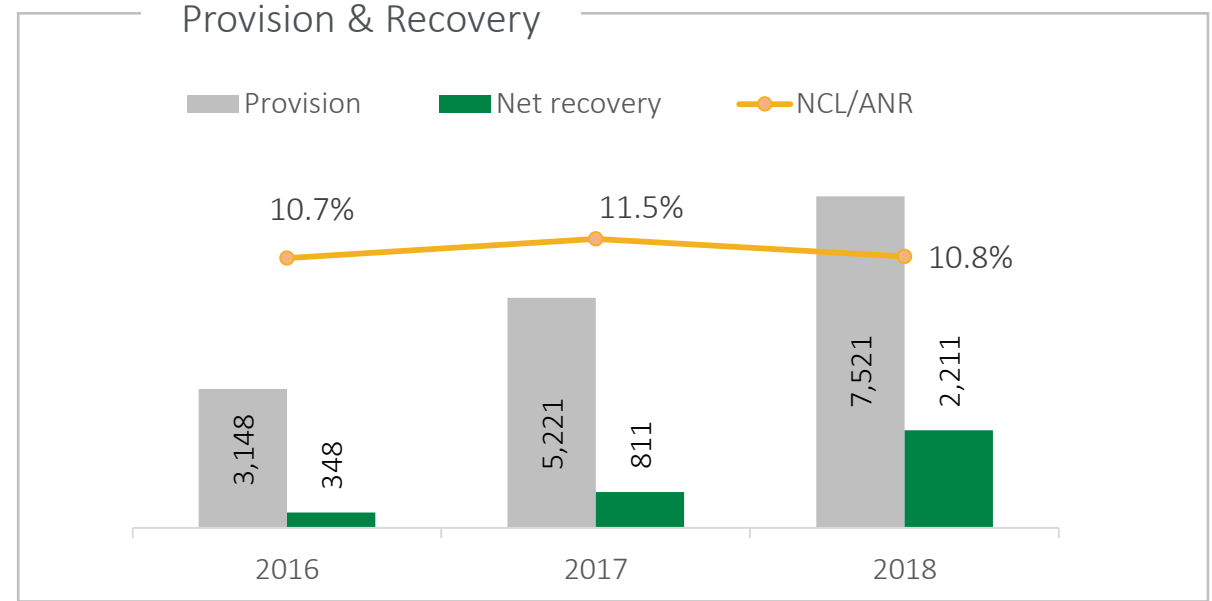
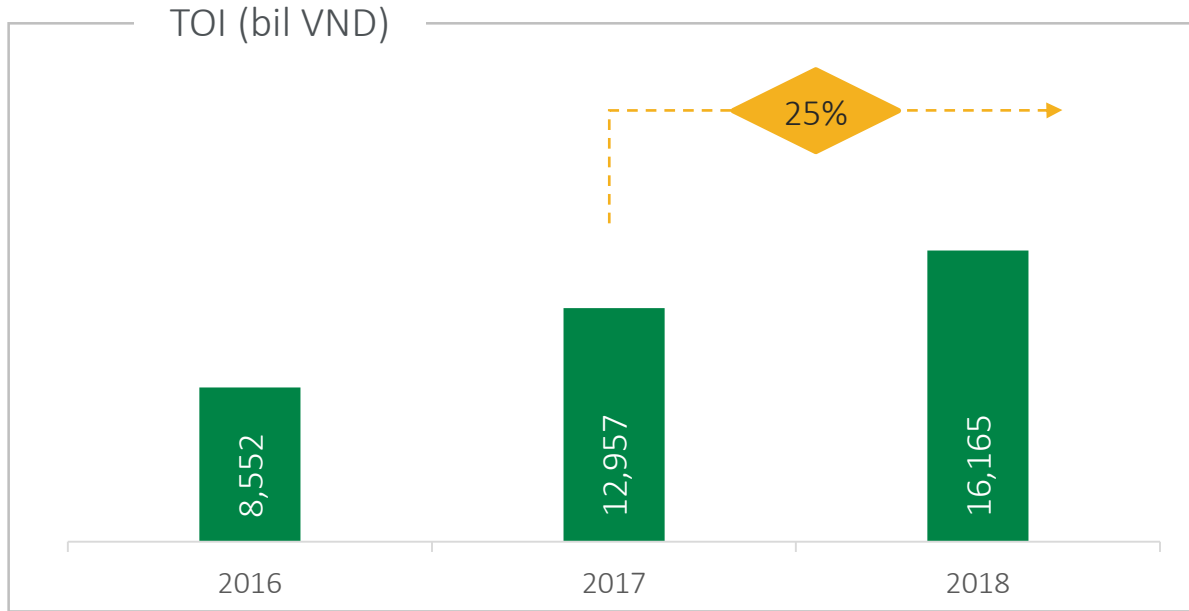
PERFORMANCE

FE CREDIT

BUSINESS PERFORMANCE – FE CREDIT



FINANCIAL PERFORMANCE – FE CREDIT



05

BUSINESS PLAN

2019

BUSINESS PLAN 2019 (1/3)

VPBANK is setting bold aspirations for 2022

“

Become one of **the top 3 most VALUABLE** banks in Vietnam by 2022

Become the **most consumer friendly** bank through technology

”



BUSINESS PLAN 2019

(2/3)

2

TOP 3 COMMERCIAL BANK IN RETAIL BANKING

- Lending
- Deposits
- Profit

1

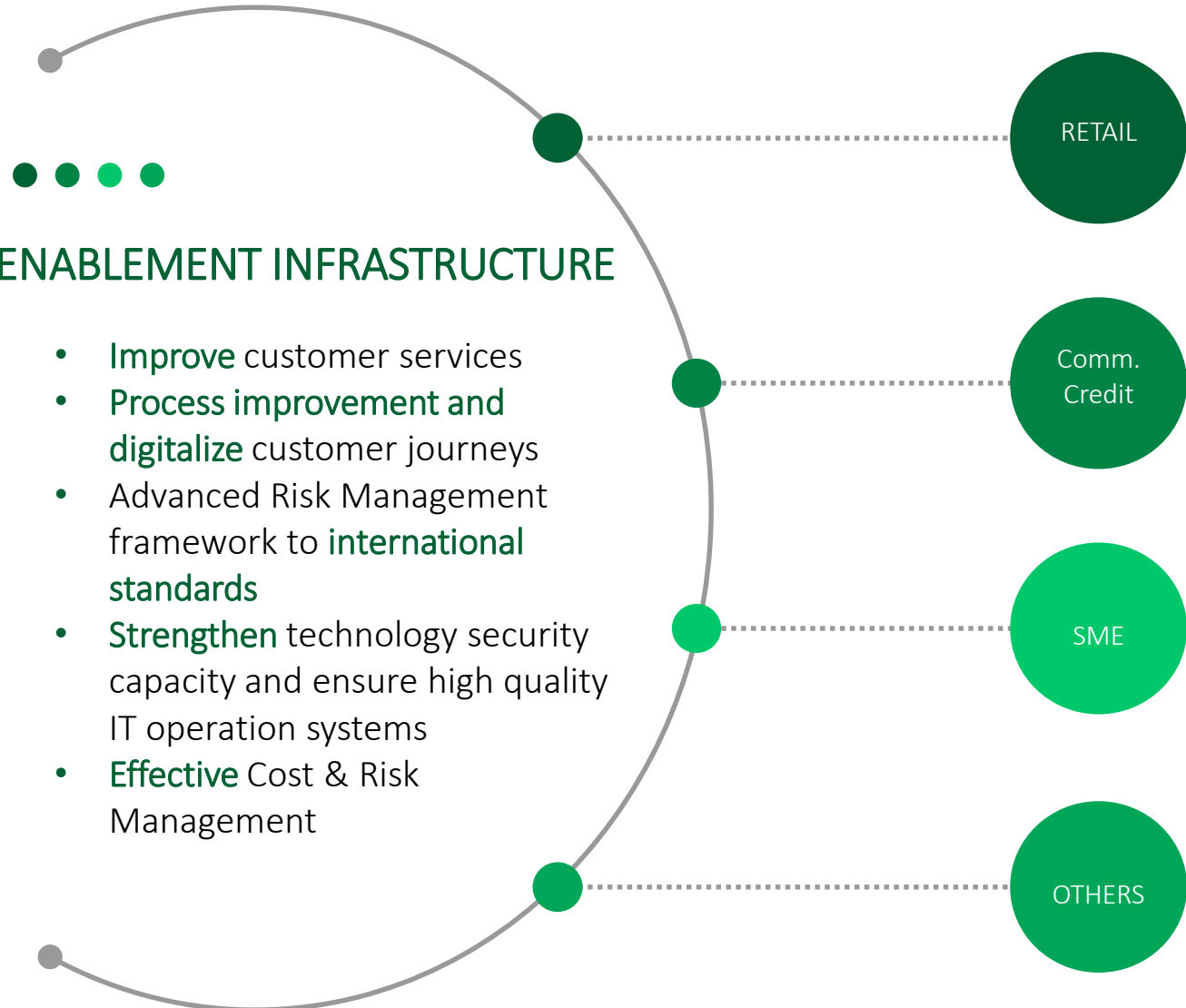
TOP 5 COMMERCIAL BANK

- Customers Lending
- Customers Deposits
- Profit

3

QUALITY GROWTH AND SELECTIVE BALANCE SHEET GROWTH

- Balance Sheet and Efficiency Indicators are set at higher pace than industry average
- Enhance sales productivity and quality of salesforce to boost lending & deposits growth
- Improve and upgrade enablement infrastructure with 4 goals: centralization, automation, digitalization and simplification



- **Improve** customer services
- **Process improvement and digitalize** customer journeys
- Advanced Risk Management framework to **international standards**
- **Strengthen** technology security capacity and ensure high quality IT operation systems
- **Effective** Cost & Risk Management

- **Focus on 3 areas:** 1) Productivity; 2) Product Differentiation; and 3) Customer segmentation
- **High net worth** of affluent customers

- **Improve** productivity and optimize sales support tools
- Build a **sustainable** operation model and maintain close relationships between customers and VPBank

- **Strengthen** business operating model and promote development of SME micro-segment network
- **Promote partnerships** through VPBank SME Connect portals

- **Promote** product efficiency and cross-sale
- **Improve** fee generating services

AWARDS IN 2018



**IDG &
Vietnam Banking
Group**



GBA



IFC



**Global Banking &
Finance Review
magazine**



VDC Association



Asian Banker



Bridge Investment



**General
Department of
Taxation**



Forbes



Vietnam Report

GLOSSARY

AMC	Asset Management Company
ANR	Average Net Receivables
CAR	Capital Adequacy Ratio
CASA	Current Account Savings Account
CCR	Credit Card
CIC	Credit Information Center
CIR	Cost-to-Income Ratio
ENR	Ending Net Receivables
ESOP	Employee Stock Ownership Plan
HHB	Household Banking
LLR	Loan Loss Reserve
NFI	Net Fee Income
NCL	Net Credit Loss

NIM	Net Interest Margin
NPL	Non-Performing Loan
PLNTB	Personal loans New to Bank
OPEX	Operating expense
ROE	Return on Equity
ROA	Return on Asset
SBV	State Bank of Vietnam
SME	Small and Medium-Sized Enterprises
TOI	Total Operating Income
UPL	Unsecured Personal Loan
XS/TU	Cross-sell/Top-up

DISCLAIMER

The material in this presentation is general background information about VPBank's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

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