

1Q2019

RESULTS UPDATE

Hanoi, Apr 2019

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01

Overview Of VPBank

VPBANK AT A GLANCE

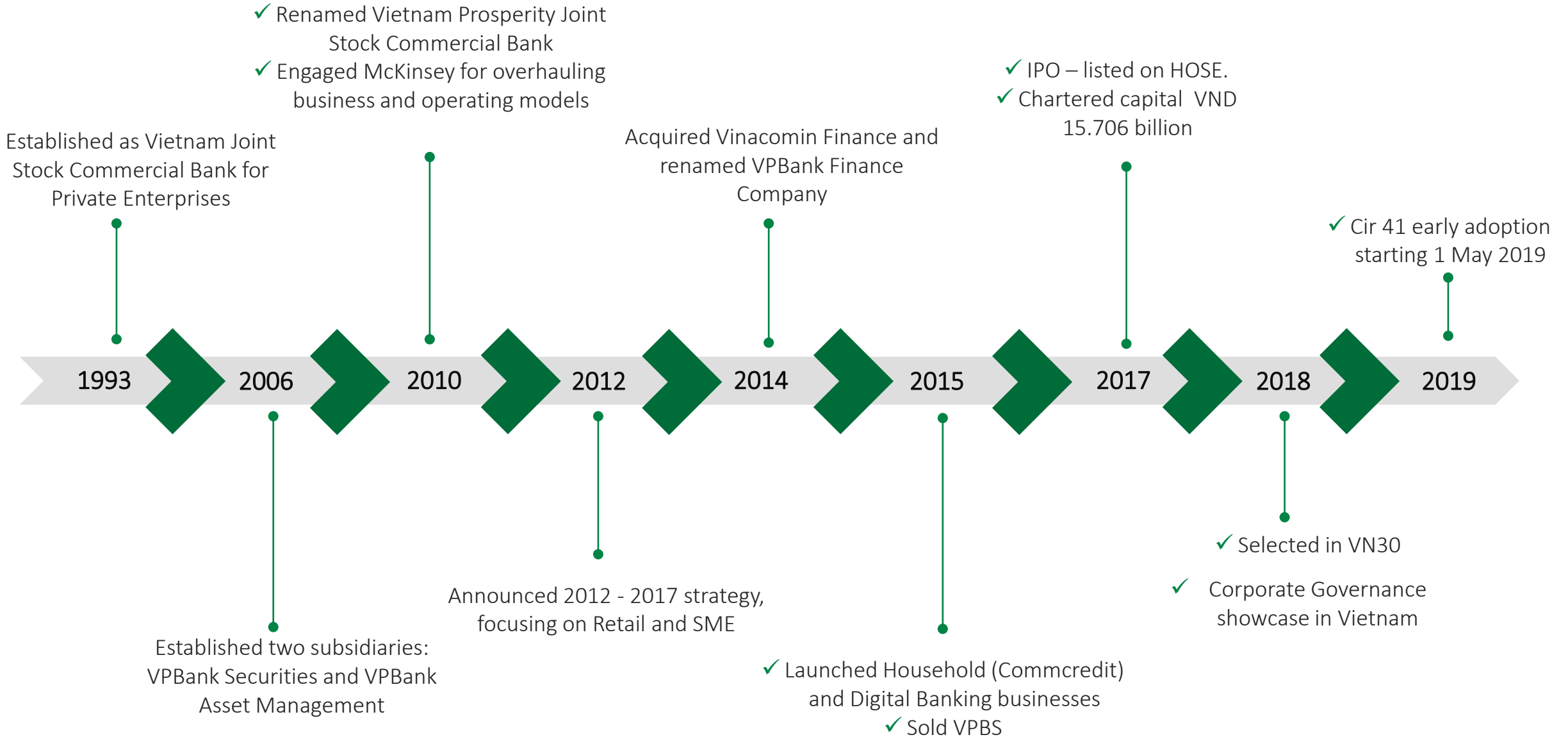
Accumulated as at 31.03.2019



- ✓ Affirmed Baseline Credit Assessment at **B1** and Counterparty Risk Assessment at **Ba3** by Moody's
- ✓ VND **322 trillion** total assets
- ✓ Around **5.9 million** active customers
- ✓ VND **7,963 billion** TOI and **1,783 billion** PBT

- ✓ Full coverage of all banking segments
- ✓ Highly centralized and specialized organization model
- ✓ Pioneering in digitalization and data management & security information
- ✓ Circular 41 (Basel II) approval for early adoption starting 01 May 2019

DEVELOPMENT HISTORY



EXPERIENCED LEADERSHIP TEAM

Board Of Management

BANK



Mr. Sanjeev Nanavati

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



Mr. Nguyen Duc Vinh
CEO, Member of BOD



Mrs. Luu Thi Thao

Standing DCEO,
Senior Executive Managing Director

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

SUBSIDIARIES



Mr. Kalidas Ghose
Director of
VPB FC

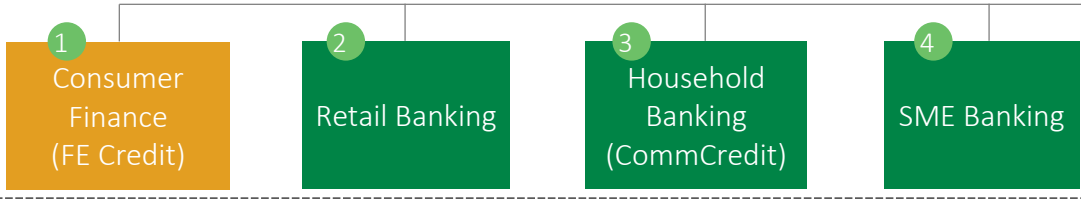


Mr. Hoang Anh Tuan
Director of
VPB AMC

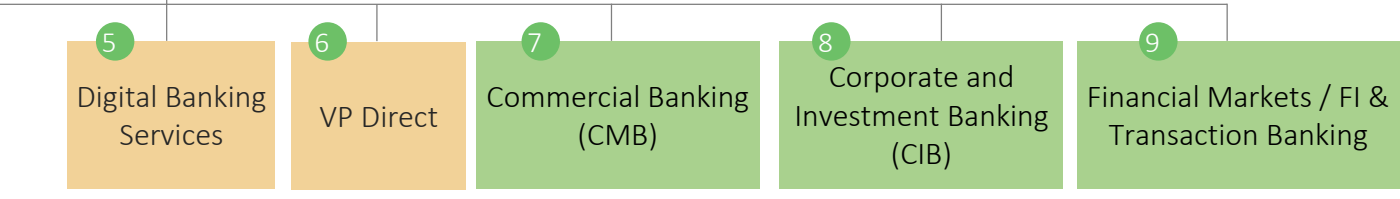
BUSINESS SEGMENTS

VPBANK

4 Pillar strategic segments



- ✓ Largest consumer finance company in Vietnam
 - ✓ Key products: cash loans & sales finance (two-wheeler & consumer durables loans) and credit card
 - ✓ Robotic Process Automation
- ✓ 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
- ✓ 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
- ✓ Target micro companies and SMEs through a network of SME centers
 - ✓ Offer a full suite of banking products



- ✓ 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
- ✓ Started in March 2017 and went live in September 2018
 - ✓ Aim at becoming a digital bank operated to international standards
- ✓ 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
- ✓ Target enterprises with annual revenues above VND1,600 billion
 - ✓ Focus on expanding corporate deposits and selectively growing its loan portfolio
- ✓ VPBank's capital markets division performs FX, money market and bond market transactions
 - ✓ Handle primarily transaction banking services for domestic and international financial institutions

VPBANK IS A VOID PLATINUM MEMBER

- VPBank was selected to become the Platinum member of the Vietnam Institute of Directors (VOID) in 2019
- VOID is an independent organization established under the support HOSE, HNX and IFC to strengthen cooperation, promote high standards and good corporate governance practices for Vietnamese private companies
- VPBank will have opportunities to participate in advanced management programs, annual corporate management conferences and forums to enhance cooperation and sharing under the guidance of the VOID for further professionalism, expertise of Board members' roles.





02

BUSINESS HIGHLIGHTS

OPERATING ENVIROMENT

KEY FOOTPRINT METRICS

THE JOURNEY OF CIRCULAR 41 COMPLIANCE

BUSINESS UPDATES

OPERATING ENVIRONMENT

Regulatory Updates

Prime Minister has approved a Scheme to restructure the stock market until 2020 with a vision to 2025. Some details objectives:

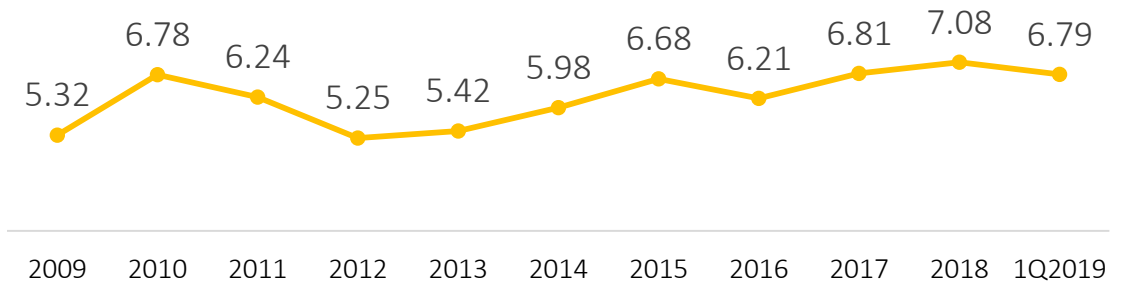
- Market scale to increase to 100% of GDP in 2020 and 120% in 2025 (currently 70% of GDP), and that of bond market reaching 47% of GDP in 2020 and 55% in 2025 (currently 37% of GDP);
- The number of listed firms to rise by 20% in 2020 compared to that in 2017;
- The number of investors to reach 3% of the population in 2020 and 5% in 2025;
- More products are introduced (covered warranty, bond future, index future contract, etc. Upgrade domestic market to Emerging market (currently: Frontier market));
- All banks must be listed and register for officially trading on the HOSE, HNX, and UPCOM by the end of 2020.

Circular 52/2018 by SBV regarding ratings of credit institutions, effective 1 Apr 2019

- The rating is conducted once a year at least based on standalone annual financials and qualitative information. The rating result is approved by the Governor before 30 June annually and announced to the credit institutions individually 15 days later
- Credit institutions must not provide the rating to third party in any form; the rating information is confidential.

GDP

GDP in the first quarter of 2019 is 6.79% over the same period last year. The industry and construction sector contributed the most to GDP growth this year, with a contribution of 51.2%, followed by the agriculture, forestry and fishery sector.



Credit Growth

Credit growth of 1Q2019 is 2.28%, a bit lower than corresponding period last year. The deposit and lending interest rates continued to be stable, short-term lending rates were popular at 6-9% / year, 9 - 11% / year for medium and long term.

Other indicators

- **Purchasing Managers' Index (PMI)** fell to 51.2, nevertheless, as it's still above the threshold of 50 points, firms said to be optimistic in the outlook for the year ahead and expressed expectations of improvements in demand in short-term.
- **Registered FDI** increased by 57.8% y-o-y, but the disbursed FDI up by 9.8% y-o-y. The industries attract highest volume of fund are manufacturing and real estate development.
- **Average CPI** of 1Q2019 is 2.63%

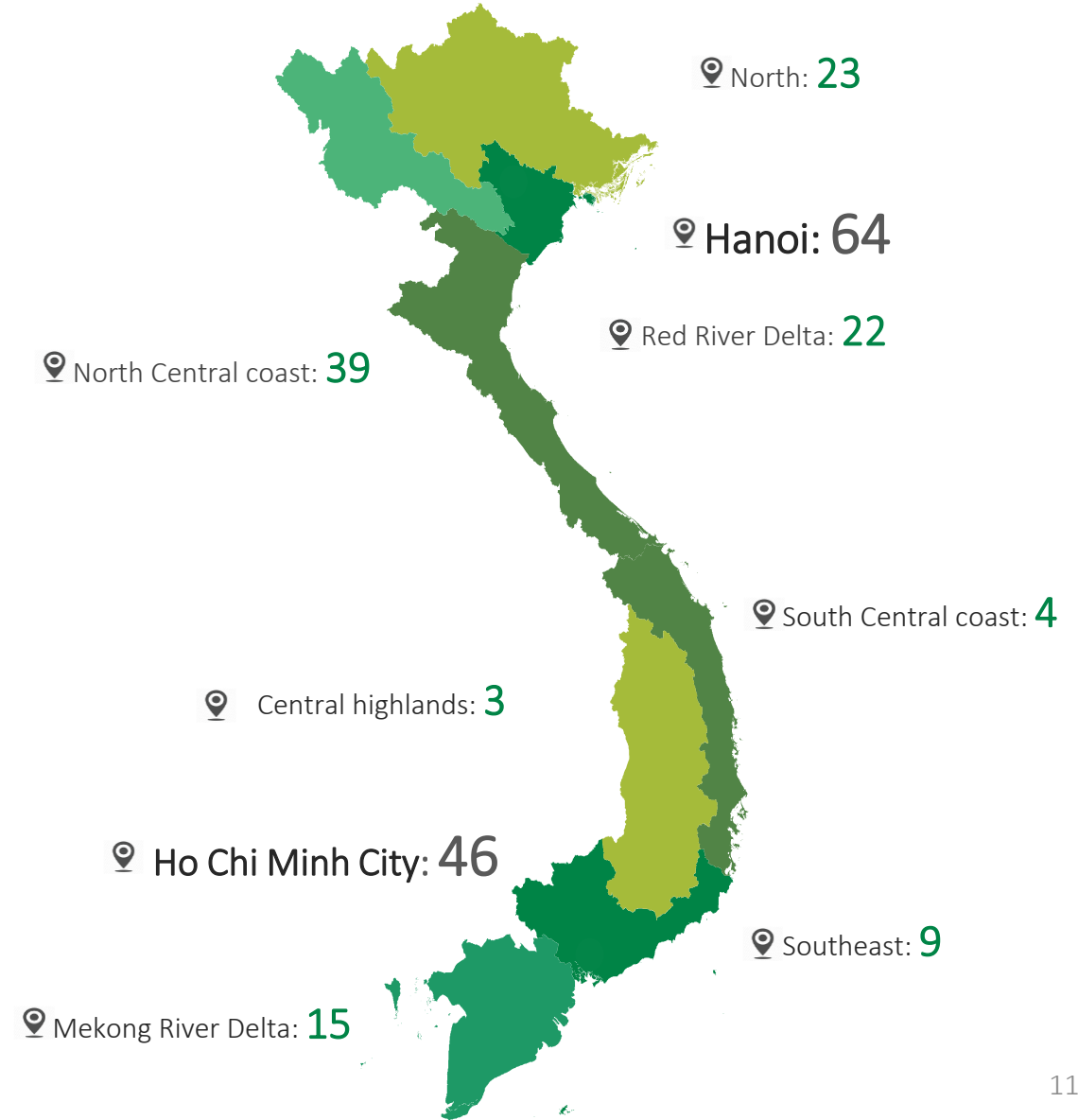
KEY FOOTPRINT METRICS - NETWORK DISTRIBUTION

Physical distribution channels

- Around **27,500** employees
- **225** branches and **84** SME centers & hubs
- Nearly **650** branded ATMs/CDMs

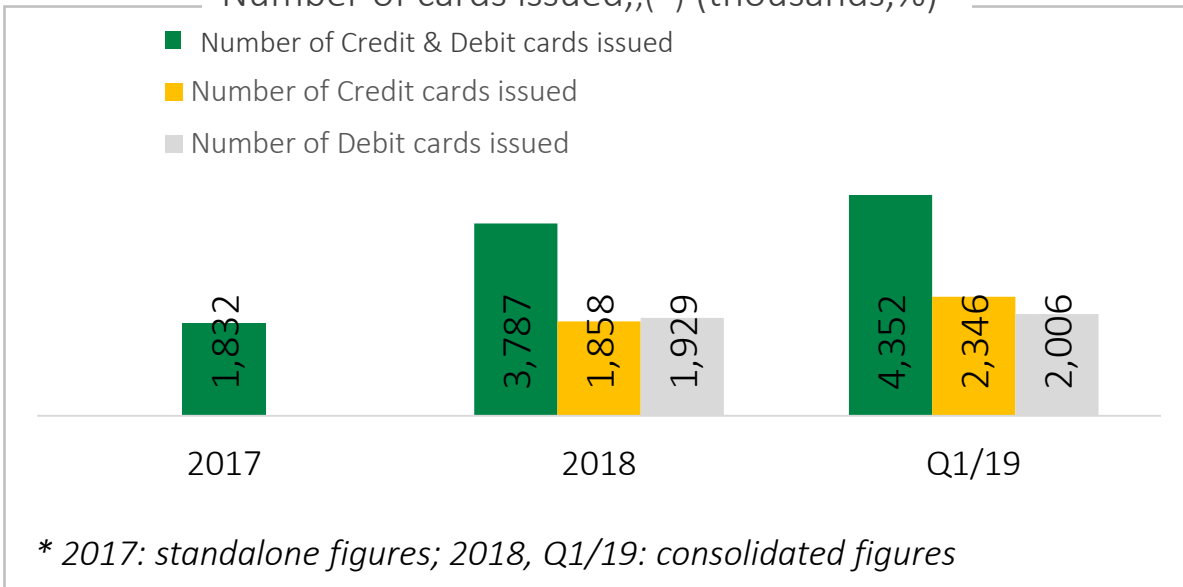
Channels	Transaction points at 31.12.2018	Transaction points at 31.03.2019
Retail branches	222	225
SME centers and hubs	83	84
Household centers (CommCredit)	171	157
Corporate banking branches	4	4
FE Credit	>12,000 POS >34,000 POC	>12,200 POS >34,000 POC
ATM/CDM/Timo CDM	480/154	482/154

Distribution network - bank branches

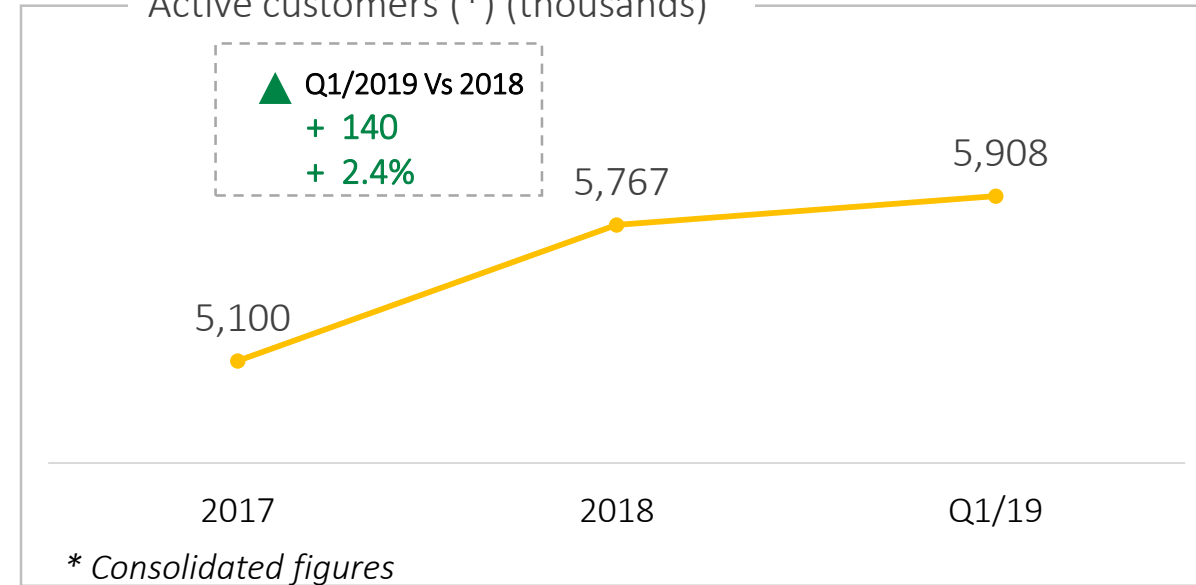


KEY FOOTPRINT METRICS - CUSTOMER BASE

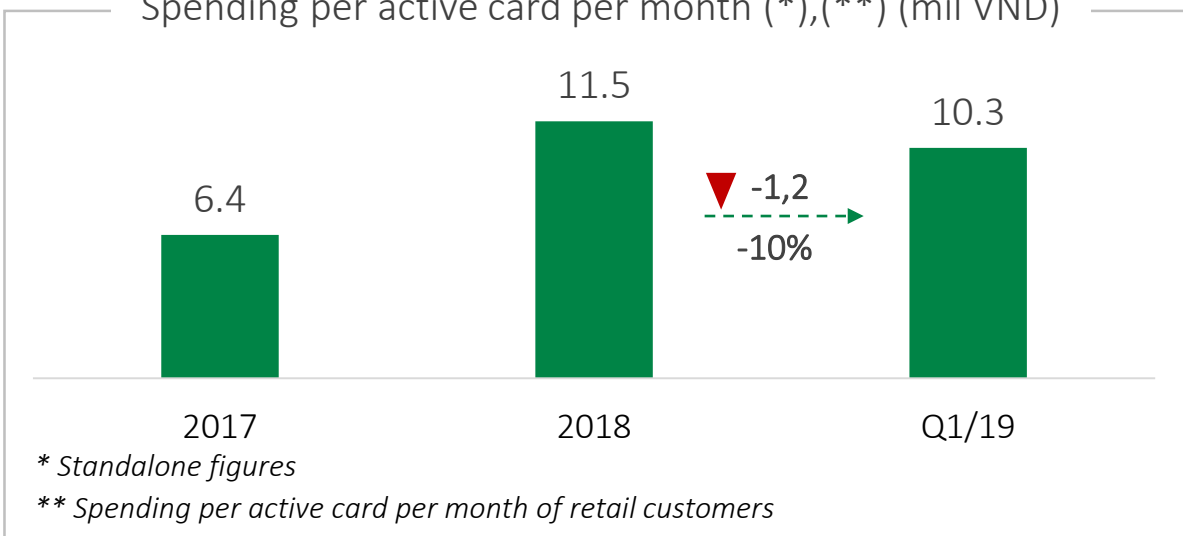
Number of cards issued,,(*) (thousands,%)



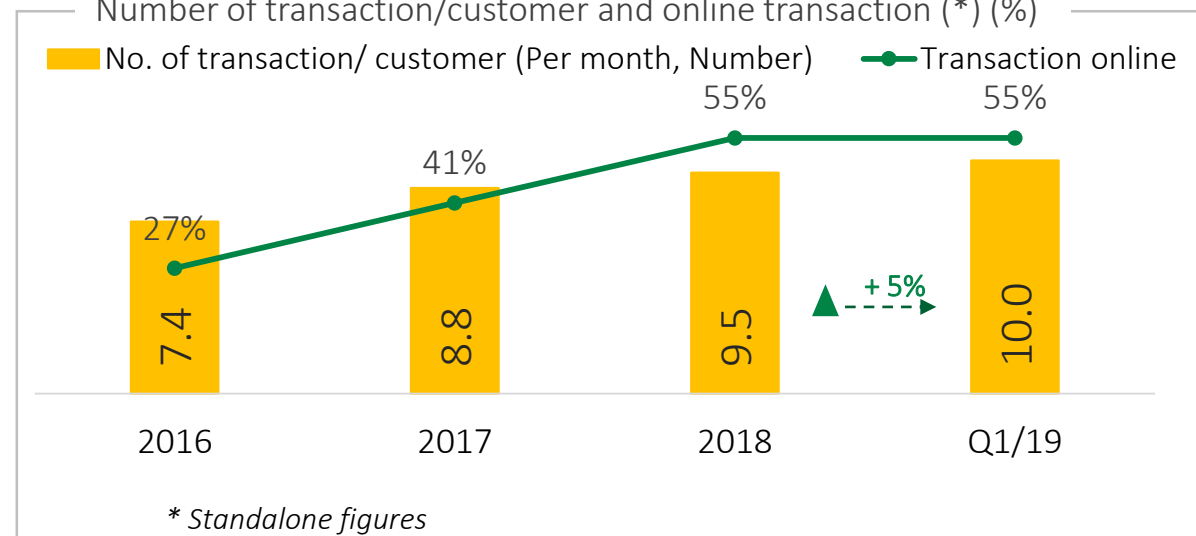
Active customers (*) (thousands)



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



Number of transaction/customer and online transaction (*) (%)



THE JOURNEY OF CIRCULAR 41 COMPLIANCE – GROWING OVER TIME

2015 | **Establishment**

- Cir 41 implementation master plan was submitted to the SBV;

2016 | **Stabilizing operation**

- Calculation solution was built, enabled monthly CAR report;
- Data quality's checking criteria were established;
- ICAAP implementation was initiated;
- Launched regular workshop with Business Units to increase awareness and understanding of risk quantification.

2017 | **Accelerating progress**

- Embedded CAR in business decision making;
- Risk data quality improvement became regular process;
- Requirement on Pillar 1 was fully completed;
- Risk governance framework was significantly enhanced following Pillar 2 requirement.

2018 | **Full compliance**

- Internal Audit of CAR calculation was conducted;
- CAR/RWA and related figures were disclosed;
- ICAAP implementation was approaching completion.

2019 | **SBV approval of compliance**

- On 17 Apr 2019, SBV granted VPBank the approval of early compliance, effective from 1 May 2019

KEY VALUES



Sustainable growth & corporate governance enhancement



Building competencies:
A professional team of local specialists



Developing internal solution
instead of buying external
calculation engine

THE JOURNEY OF CIRCULAR 41 COMPLIANCE – HOW THE BANK HAS CHANGED

With the consensus from Top management that Circular 41 implementation is not a one-off compliance exercise, but a transformation strategy, positive impacts have been brought to the bank's operation:

Decision making process is prudent with risk information

BUSINESS

CORPORATE GOVERNANCE

Senior management is kept informed on the impact of business activities and strategies on risk profile of the bank

Risk management knowledge is bank-wide spread

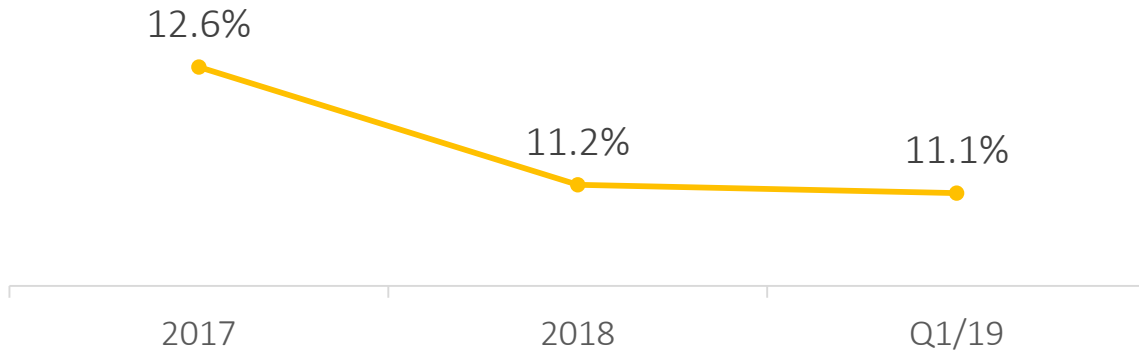
RISK MANAGEMENT CULTURE

RISK PROFESSIONAL

Risk management competency is built and maintained within the bank

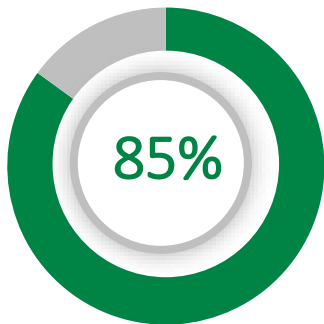
Pillar 1: CONSOLIDATED CAR is always far above 8%

__following circular 41__



Pillar 2: ICAAP – Part of Circular 13/2018

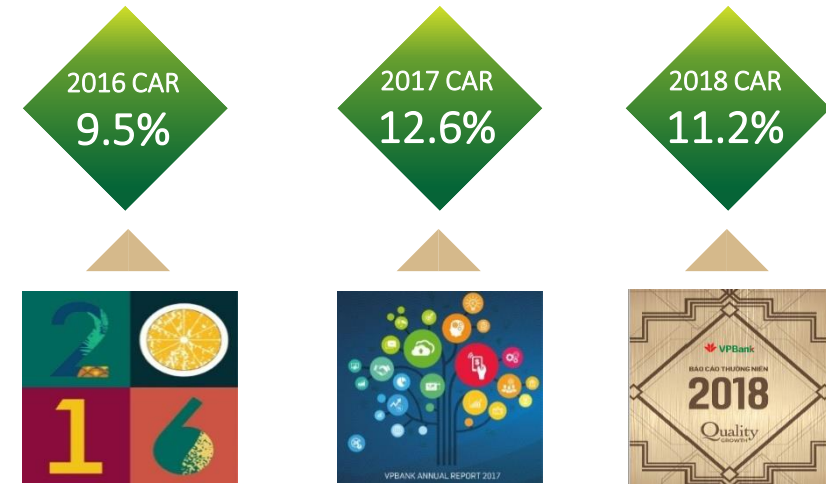
Regulations on managing material risks in accordance with Circular 13’s requirements were issued. ICAAP requirements under Chapter V of Circular 13 are expected to accomplish at the end of 2019.



- Fully complied Material Risks Management
- Partially complied ICAAP requirements


Pillar 3: Information disclosure exercise

VPBank has already disclosed CAR information in accordance with SBV’s requirements through multiple channels.



RETAIL - MARKET SHARE OF CREDIT CARD

Leading credit card performance

	Indicators	31.12.2017	31.12.2018	YoY Growth
	Cards in force (thousands)	296	416	40.7%
	GDV (million USD)	829	1,548	86.8%
MARKET	Cards in force (thousands)	3,349	4,014	19.8%
	GDV (million USD)	5,679	8,595	51.3%
SHARE OF VPBANK IN VIETNAM MARKET	Cards in force (million)	10.1%	10.4%	
	GDV (million USD)	14.6%	18.0%	

RETAIL - AFFLUENT BANKING

1Q2019, a promising start

FINANCIALS

- In Q1 2019, VPBank Diamond continued aggressive client acquisition plan, growing 190% y-o-y on new-to-bank AF customers. AF remains a core business of VPBank, contributing 87% to PBT of RB in Q1. On the other hand, CIR has been well managed by reducing it from 19.4% in 2018 to 18% by end of March 2019.

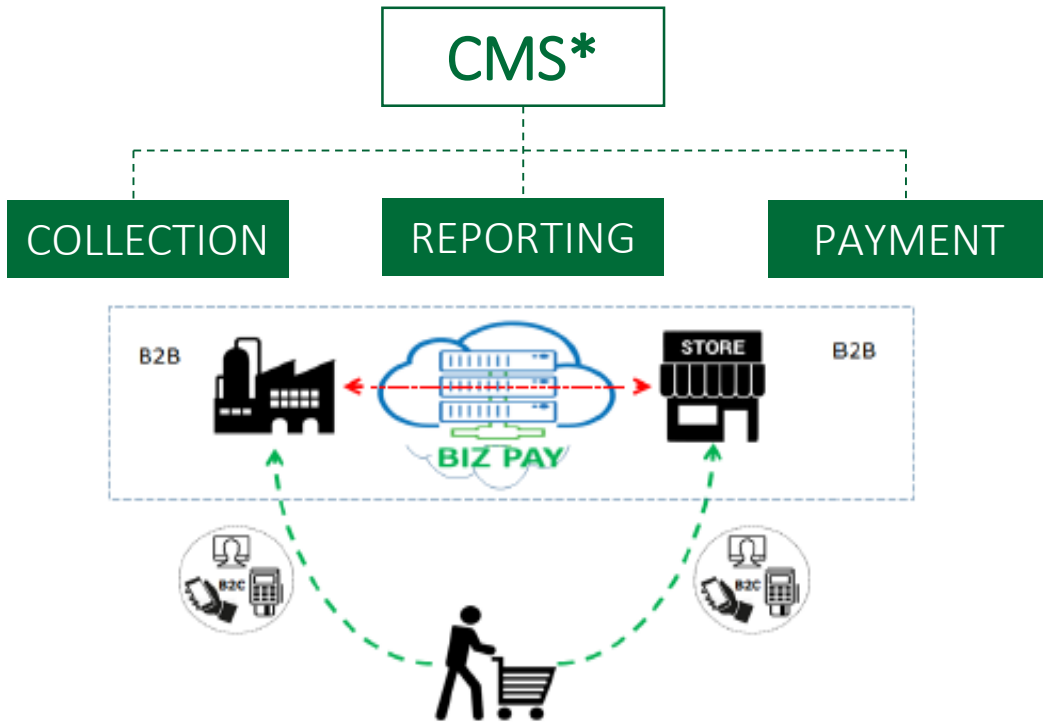
Branding & Service

- 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
- By various sales management measures including continuous coaching, RM productivity & Activation Rate in Wealth and Bancassurance continues significant month-on-month growth.

SALES PRODUCTIVITY MODELS

- Strengthened sales and distribution model, enabling branches in 3 different tier with different level of enablement.
- Net Promoter Score (NPS) score has been maintained around 90% during Q1, while client attrition rate with stable AUM has been kept on plan (below 2.8%/month). That reflects strong validation from clients to VPBank DIAMOND.

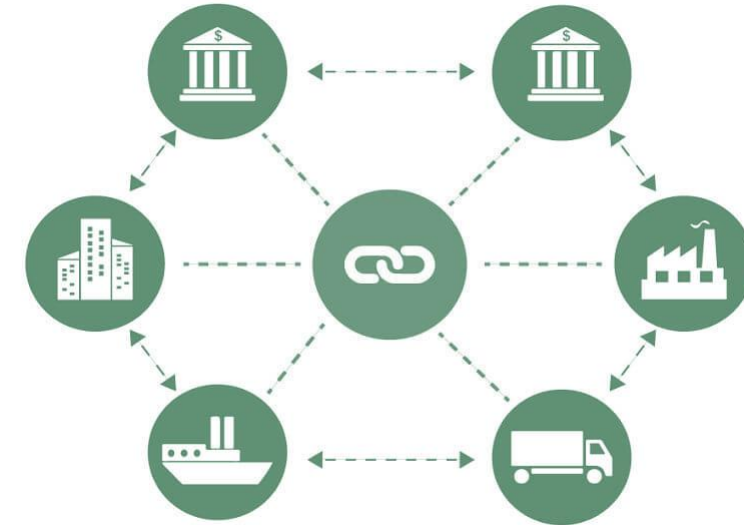




- ✓ Launch BizPay platform to grow commercial payment
- ✓ Implement payment gateway service to grow ecommerce acquisition
- ✓ Grow VPBiz card issuing volume
- ✓ Partner with payment facilitator to rapidly increase merchant base

*Cash Management Services

TRADE FINANCE



- ✓ Simplify process & documentation to improve overall customer experience
- ✓ Focus on high fee field: import-export payment, guarantee & cash management (including Card & POS)
- ✓ Continue to raise trade knowledge internally & X-sell aggressively

DIGITAL JOURNEYS

Continue to be key initiatives

Credit Card Onboarding

Digital contribution to total RB cards **42%**

Cards issued ***3.4x**

UPL Onboarding

Digital contribution to total UPL disbursed loans **21%**

Disbursed contract ***6.2x**

Disbursed amount ***4.1x**

Overdraft

Online accounts ***1.6x**

Dream CASA & TD

Accumulated Dream users ***3.5x**



**q-o-q growth*

Source: data as at 31.03.2019



03

1Q2019 FINANCIAL PERFORMANCE

1Q2019 – FINANCIAL HIGHLIGHTS

Balance Sheet	31/03/2019	31/12/2018	Q-o-Q growth
Credit to customers	246,383	230,790	6.8%
Total assets	322,080	323,308	-0.4%
Deposits from customers (including valuable papers)	234,979	219,509	7.0%
CAR Cir 36	13.0%	12.3%	
CAR Basel II	11.1%	11.2%	

TOI

Q1/19	7,963	Y-o-Y growth	4.3%
Q1/18	7,636	Y-o-Y growth	17.5%
Q1/18*	6,780		

PBT

Q1/19	1,783	Y-o-Y growth	-31.9%
Q1/18	2,619	Y-o-Y growth	1.1%
Q1/18*	1,763		

CIR

37.4%

ROE

Conso	16.0%	Bank**	14.2%
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ROA

1.8%

NIM

9.2%

Unit: bil VND

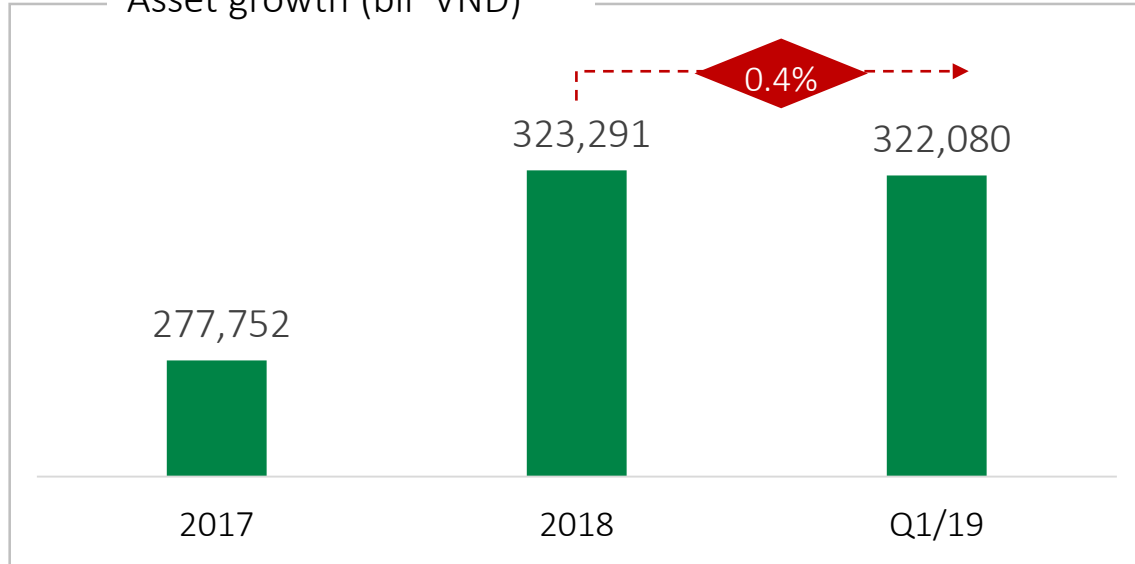
Source: Unaudited Consolidated FS at 31.03.2019

* Exclude one-off income

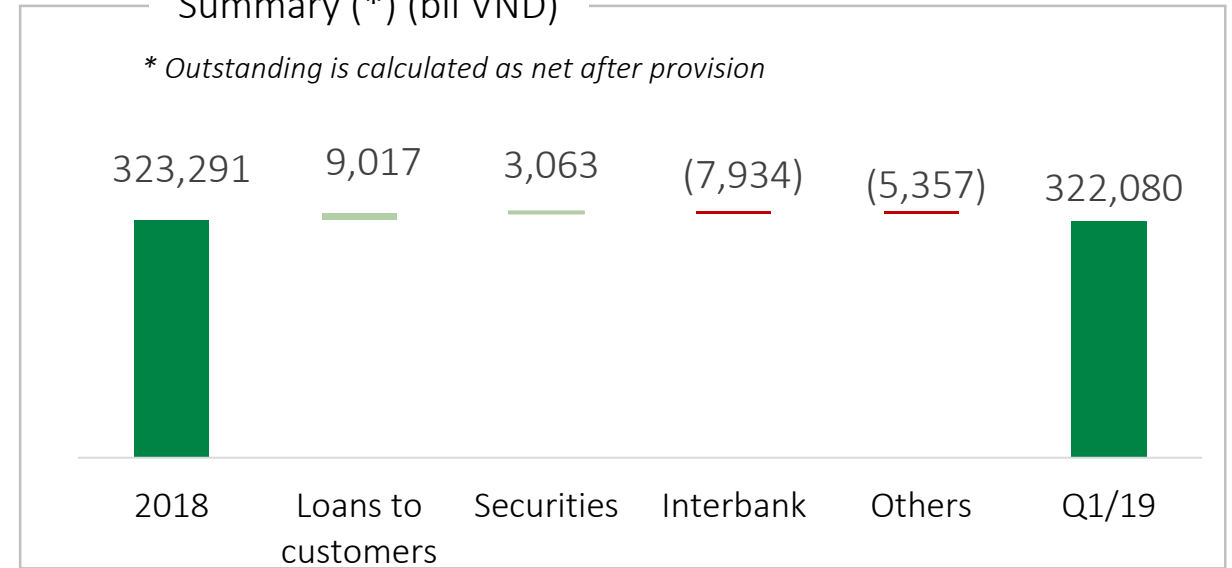
** Exclude income from subsidiaries & one-off income & adjusted capital

ASSET GROWTH

Asset growth (bil VND)

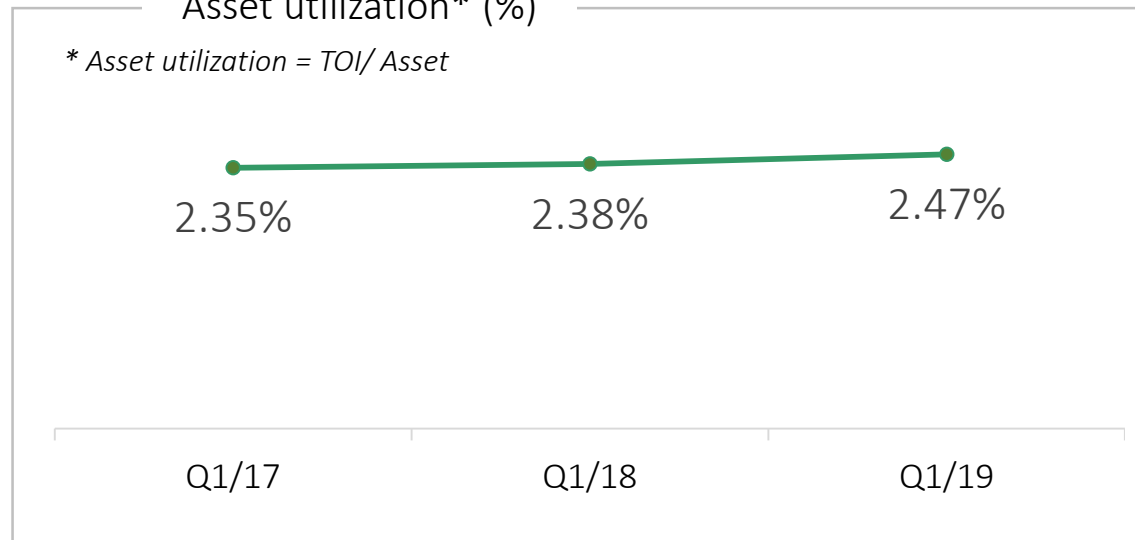


Summary (*) (bil VND)

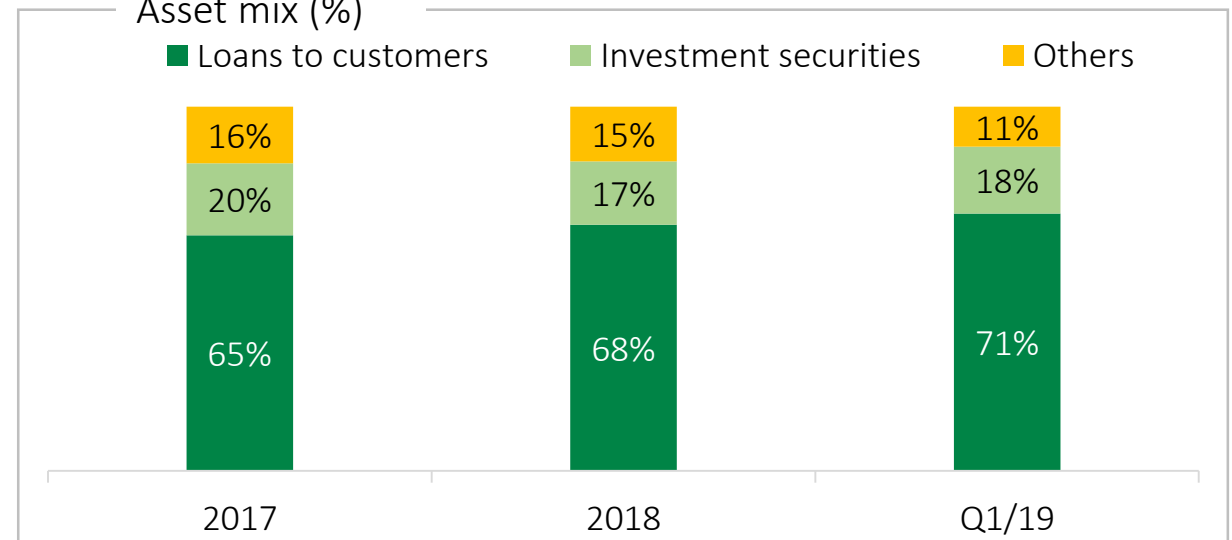


Asset utilization* (%)

* Asset utilization = TOI/ Asset

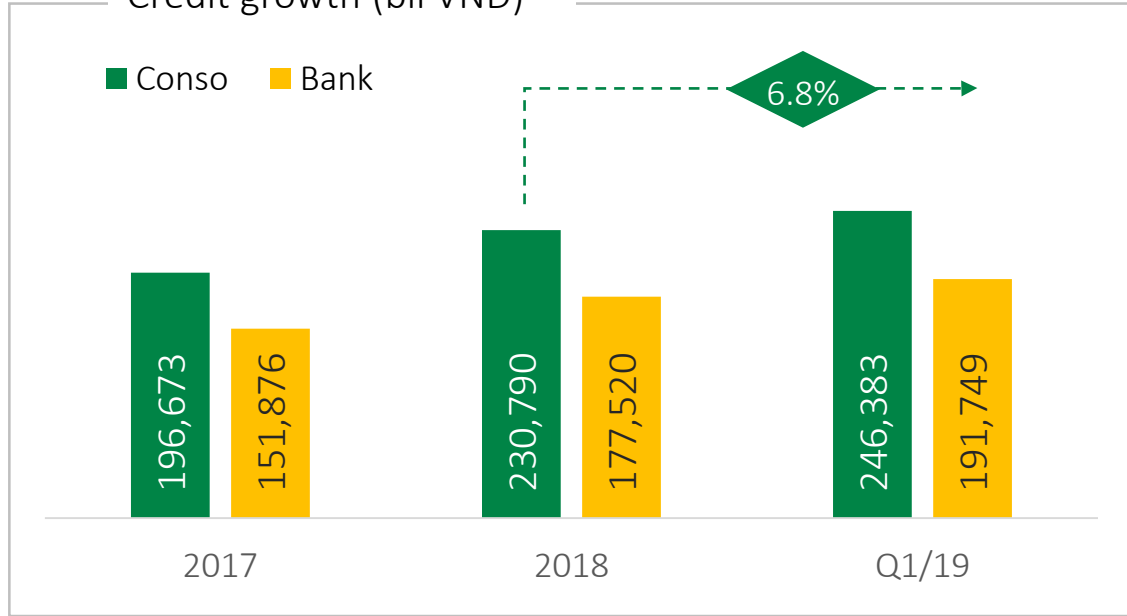


Asset mix (%)

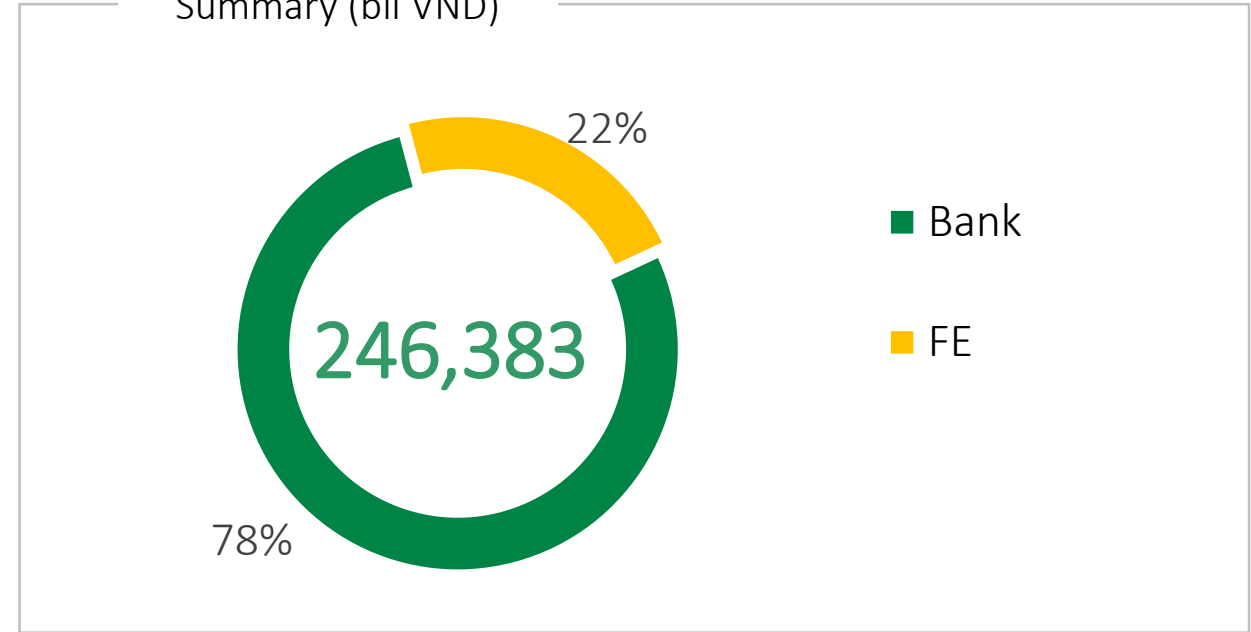


CREDIT PORTFOLIO (*)

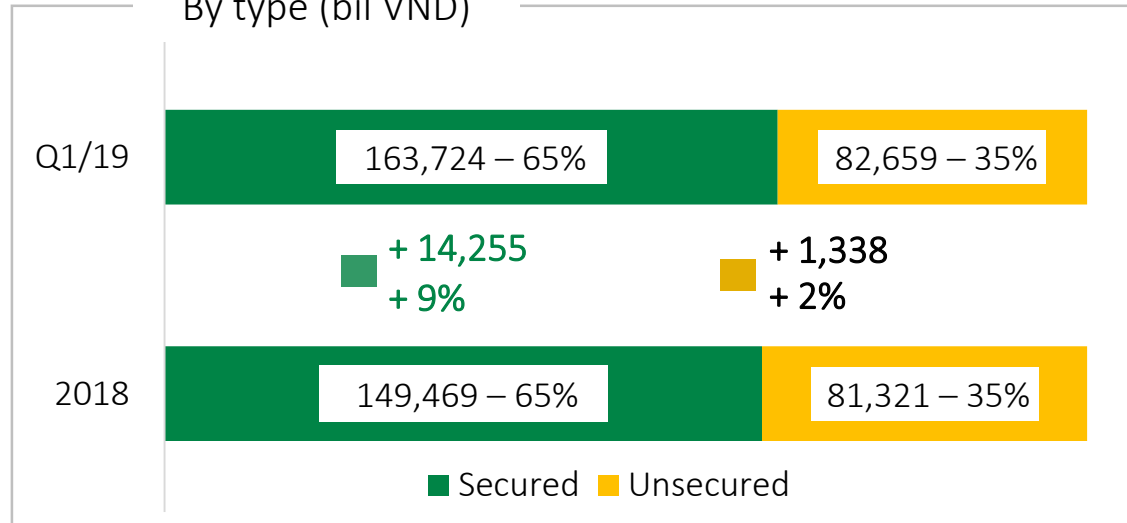
Credit growth (bil VND)



Summary (bil VND)

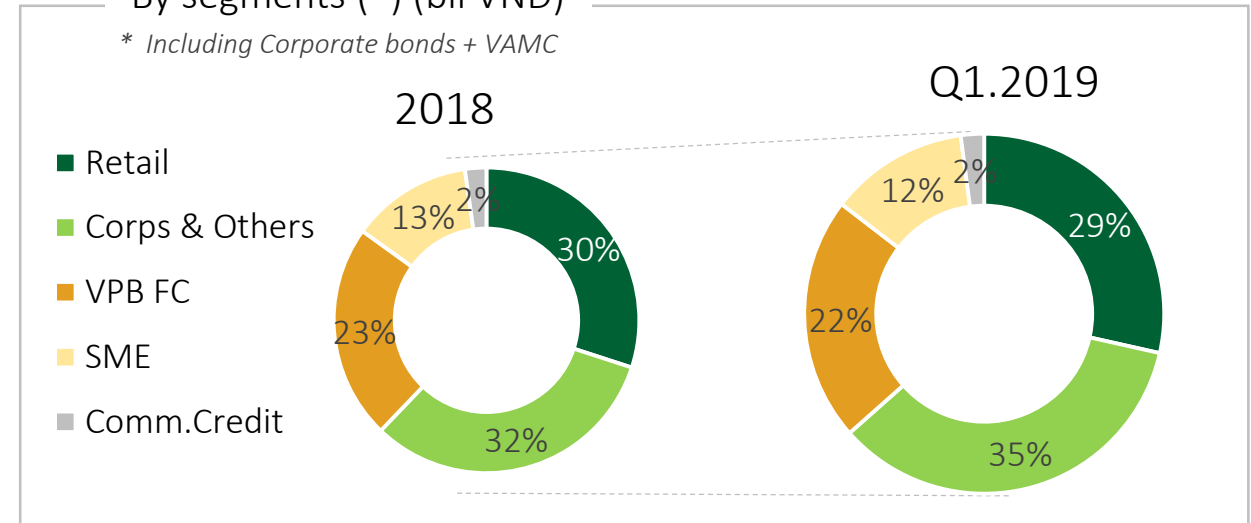


By type (bil VND)



By segments (*) (bil VND)

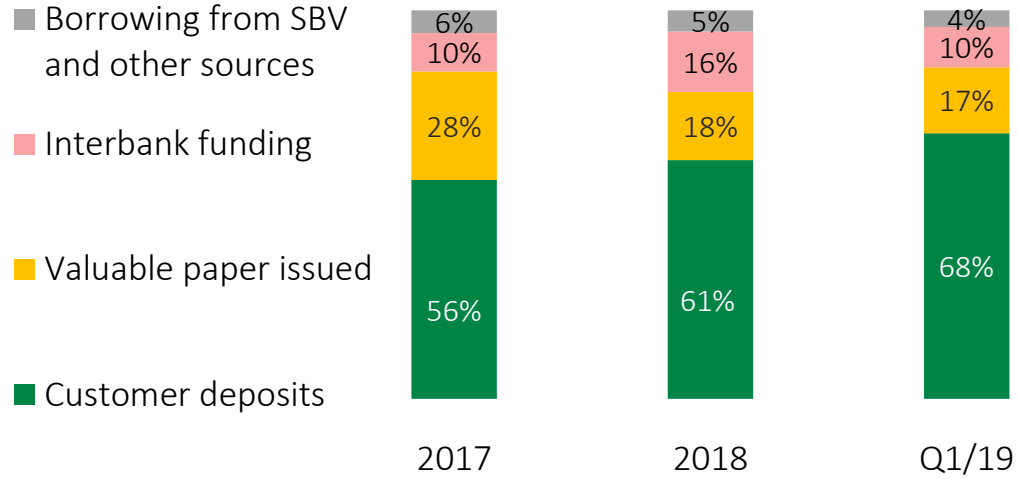
* Including Corporate bonds + VAMC



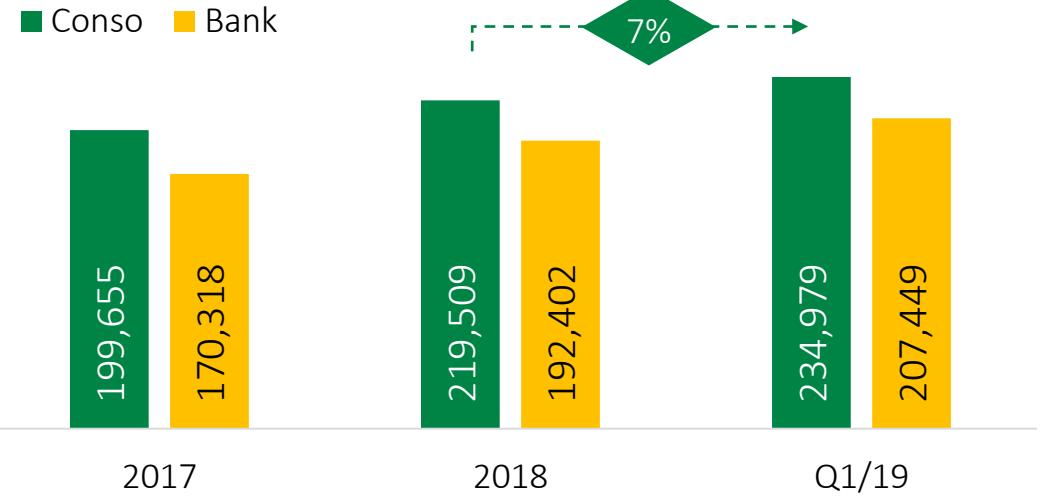
* Including Corporate bonds

FUNDING MIX

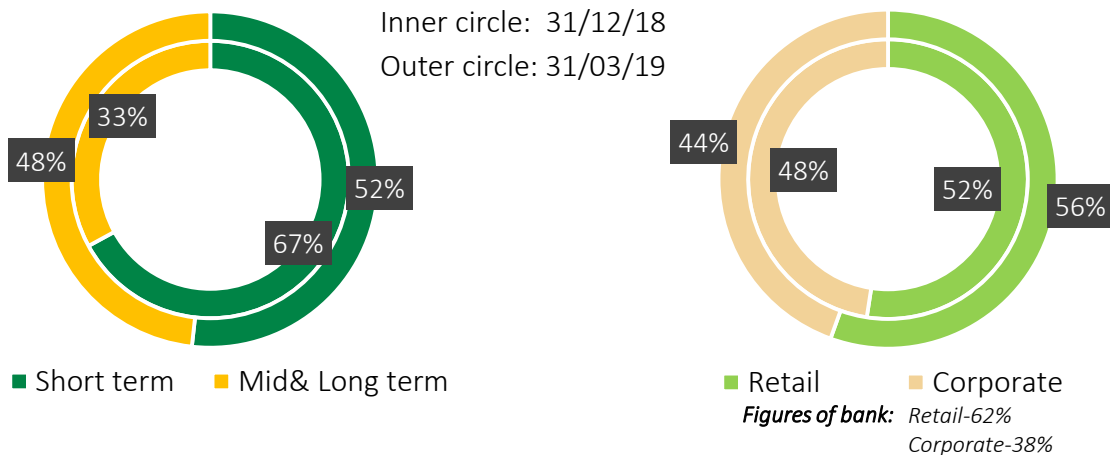
Funding mix



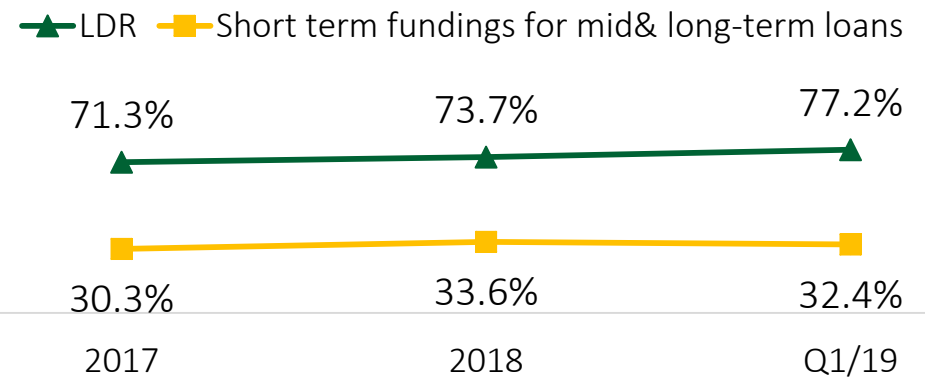
Deposit & valuable papers growth (bil VND)



Deposits & valuable papers by term and customers



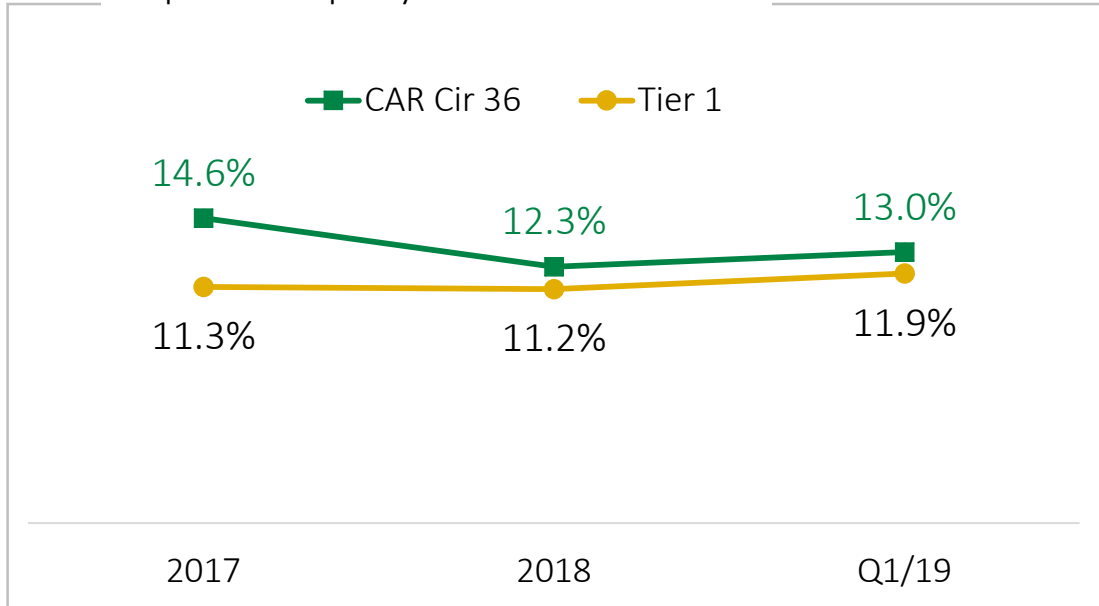
LDR & ST funding for MLT loans (SBV requirement) (*)



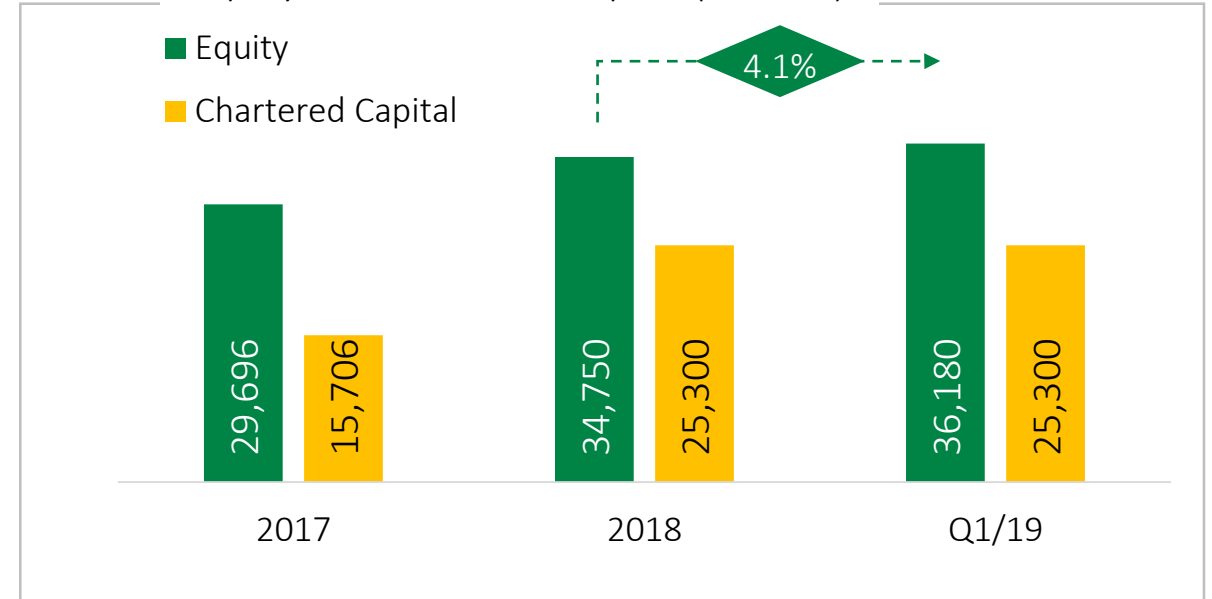
* Bank standalone

CAPITAL BASE

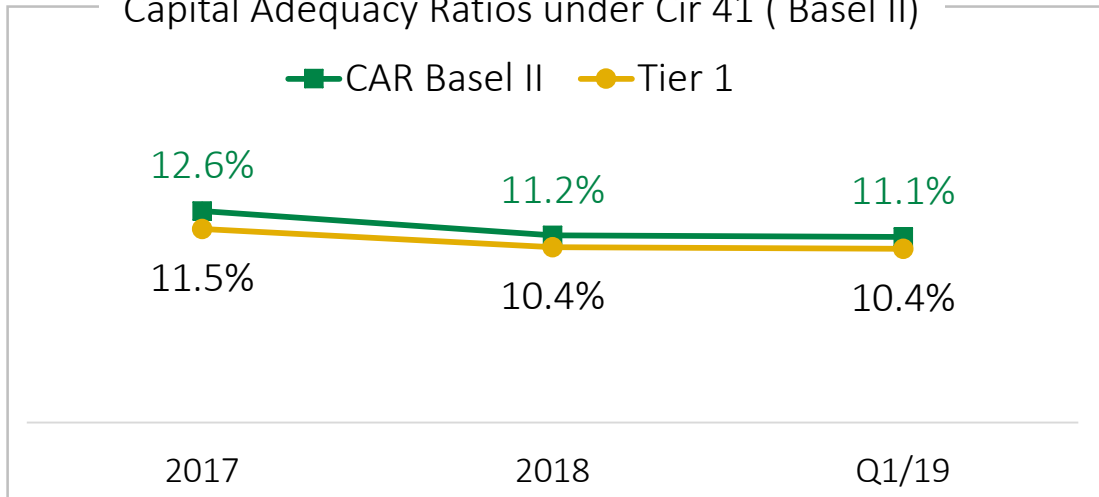
Capital Adequacy Ratios under Cir 36



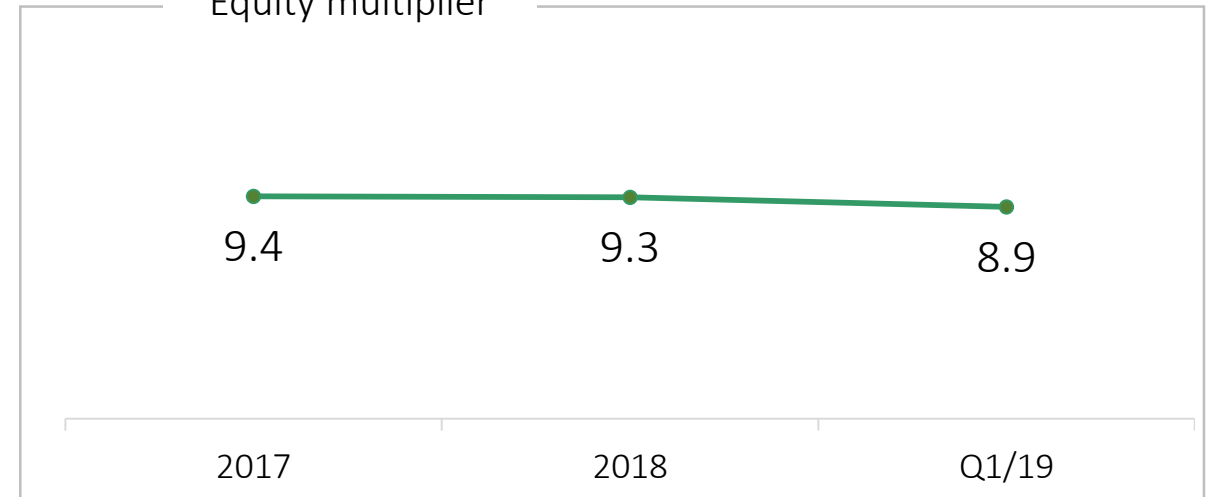
Equity and Chartered Capital (Bil VND)



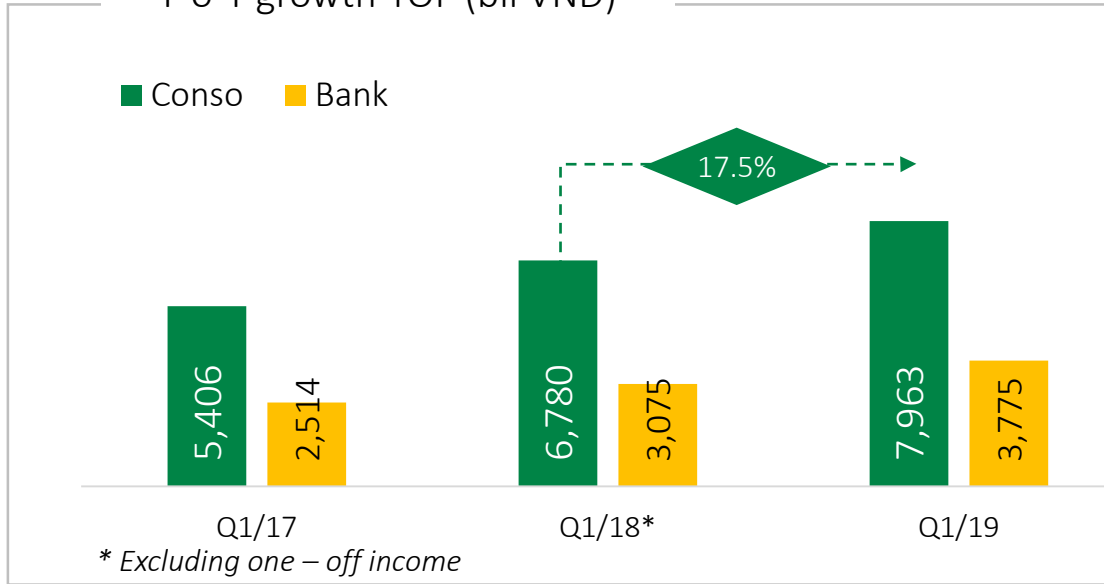
Capital Adequacy Ratios under Cir 41 (Basel II)



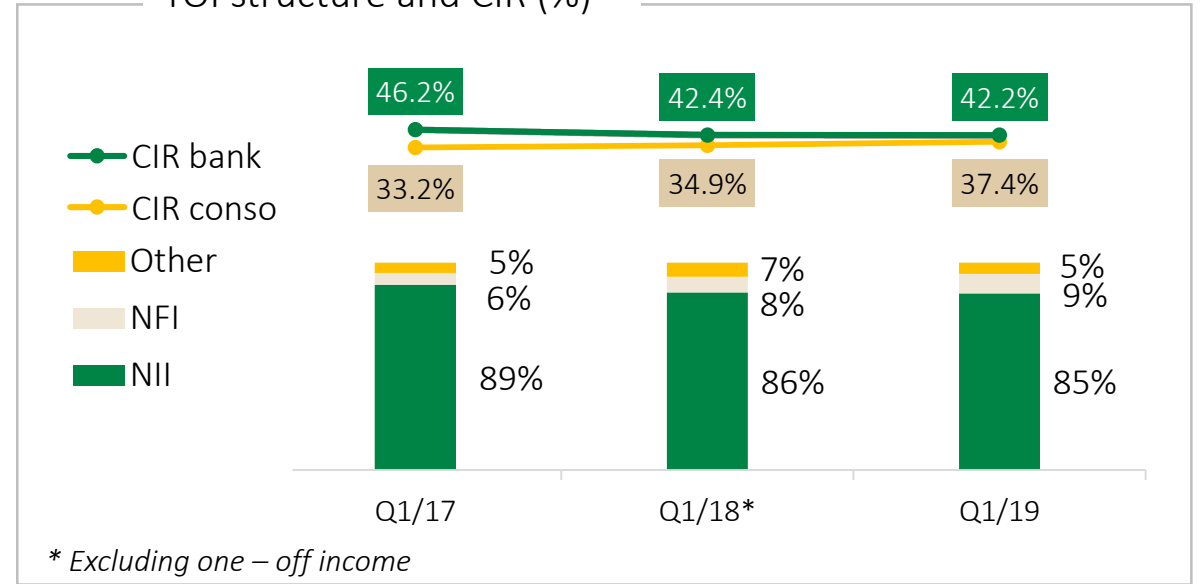
Equity multiplier



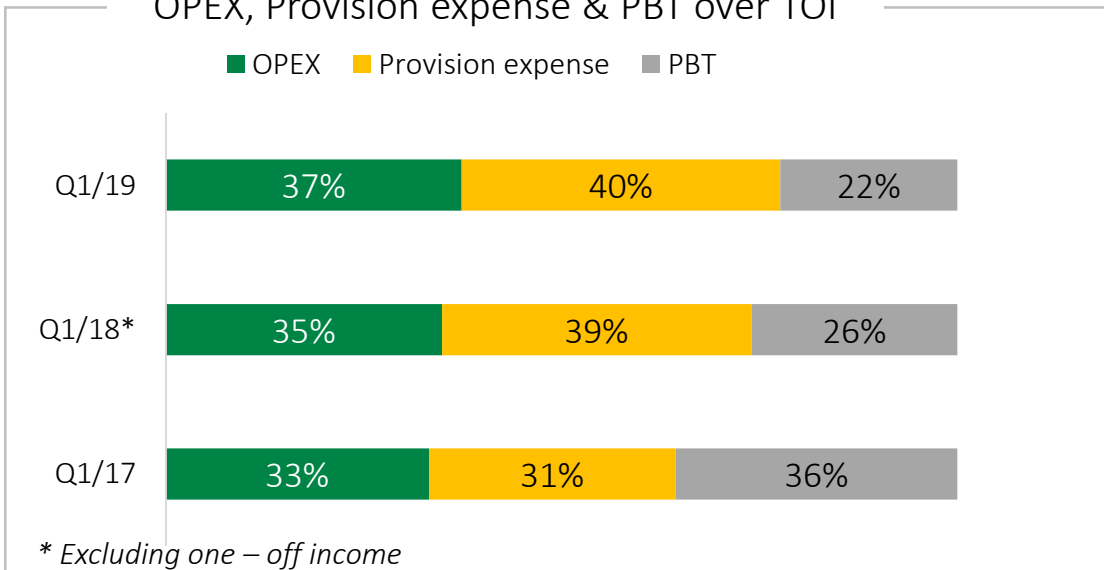
Y-o-Y growth TOI (bil VND)



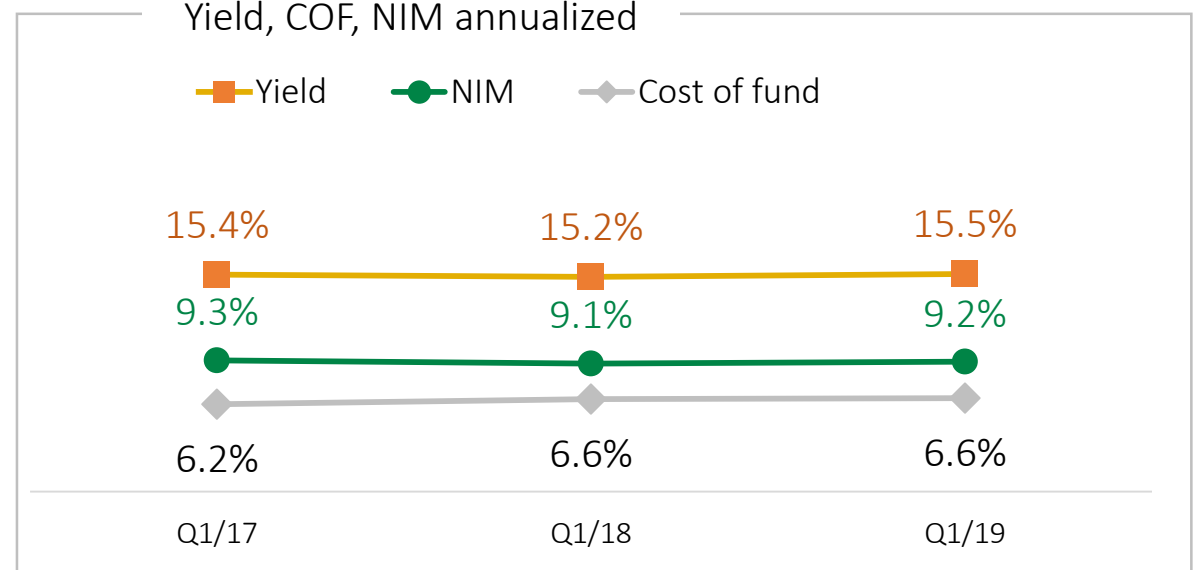
TOI structure and CIR (%)



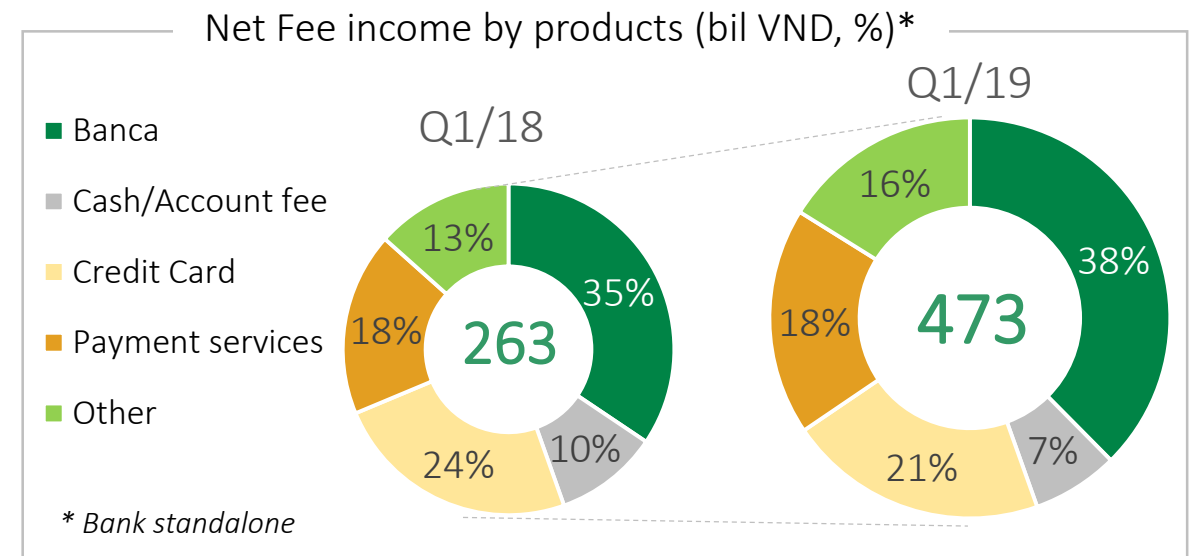
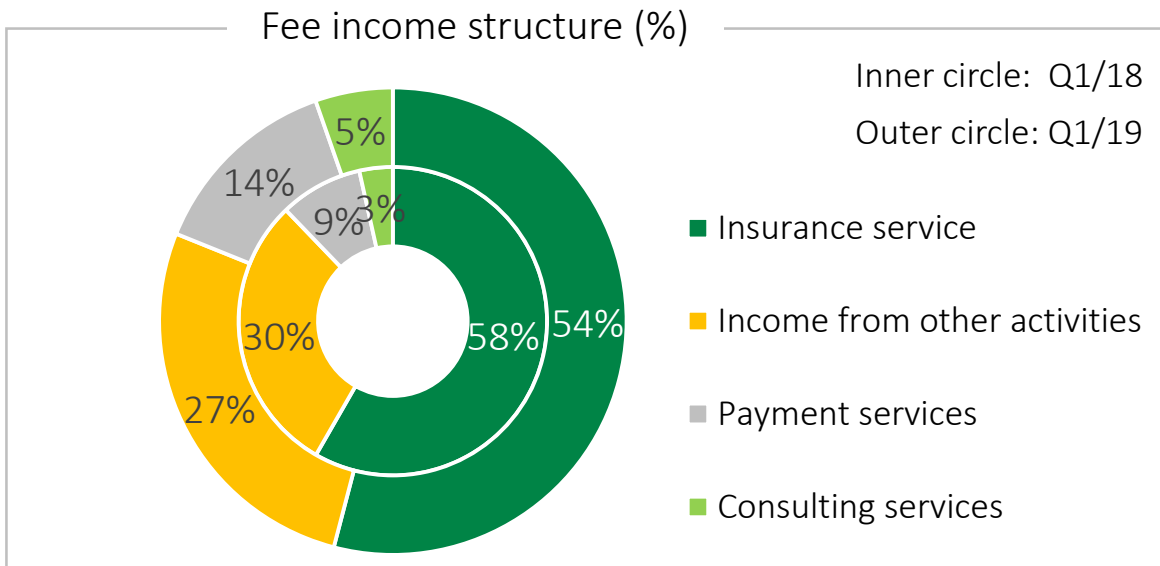
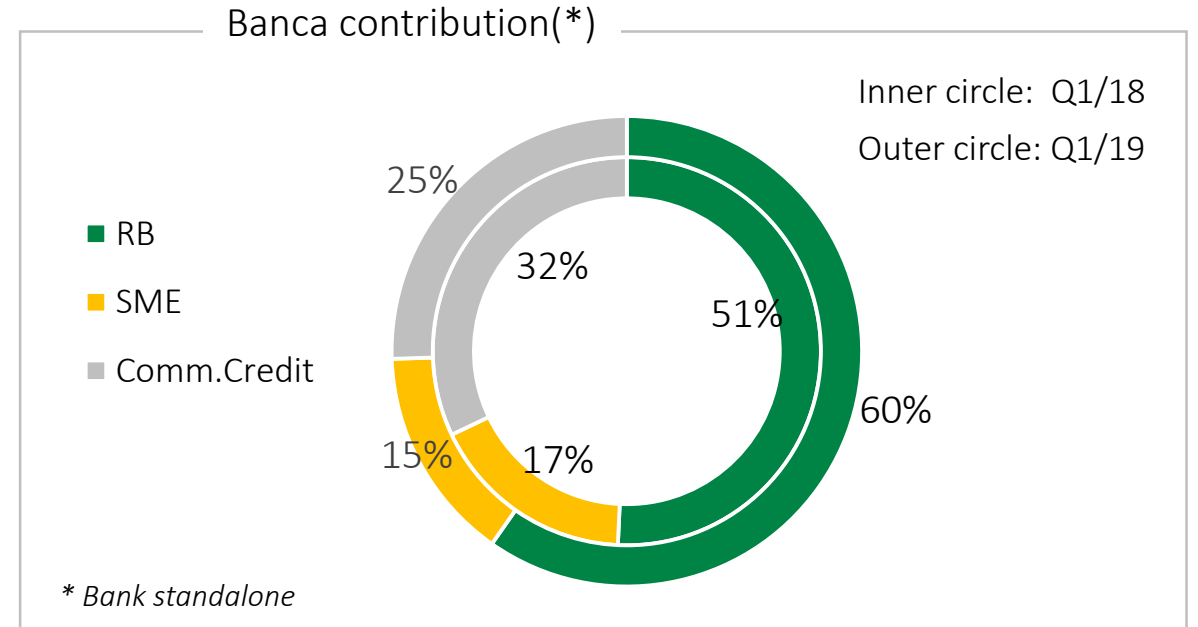
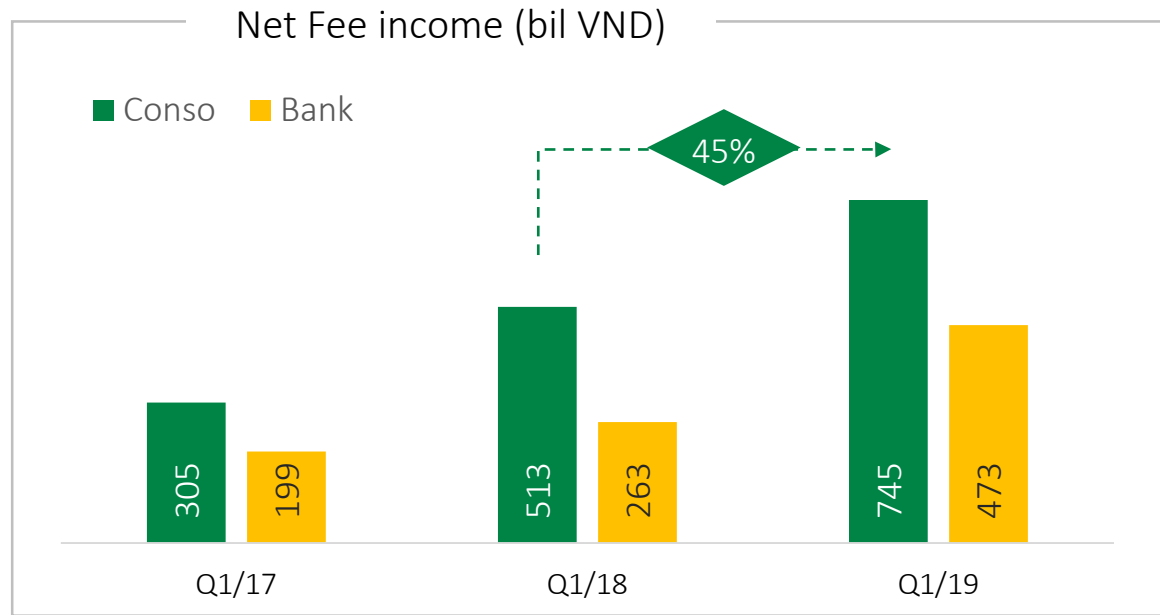
OPEX, Provision expense & PBT over TOI



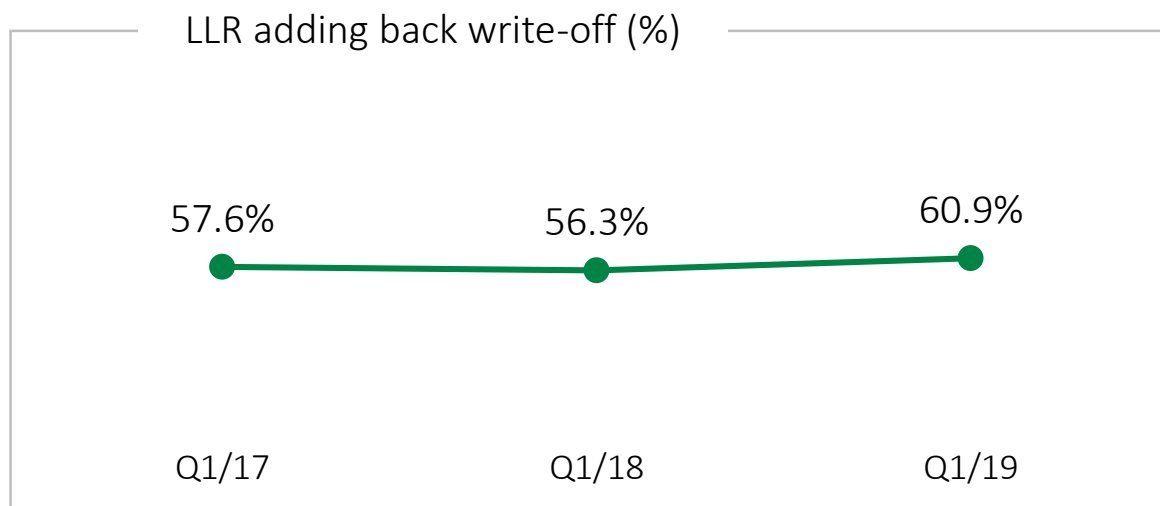
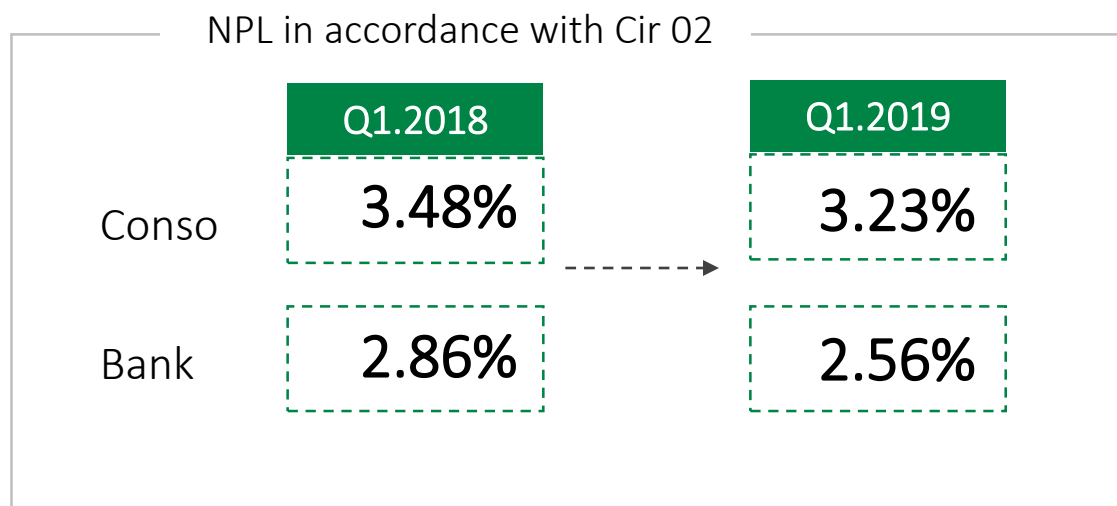
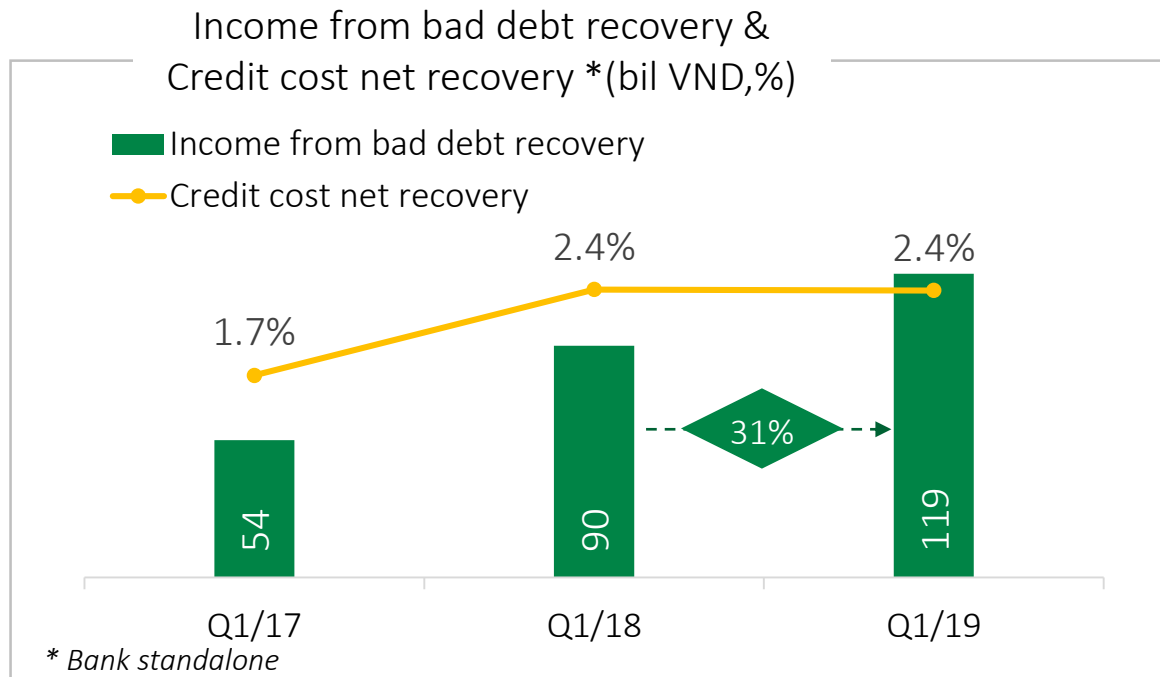
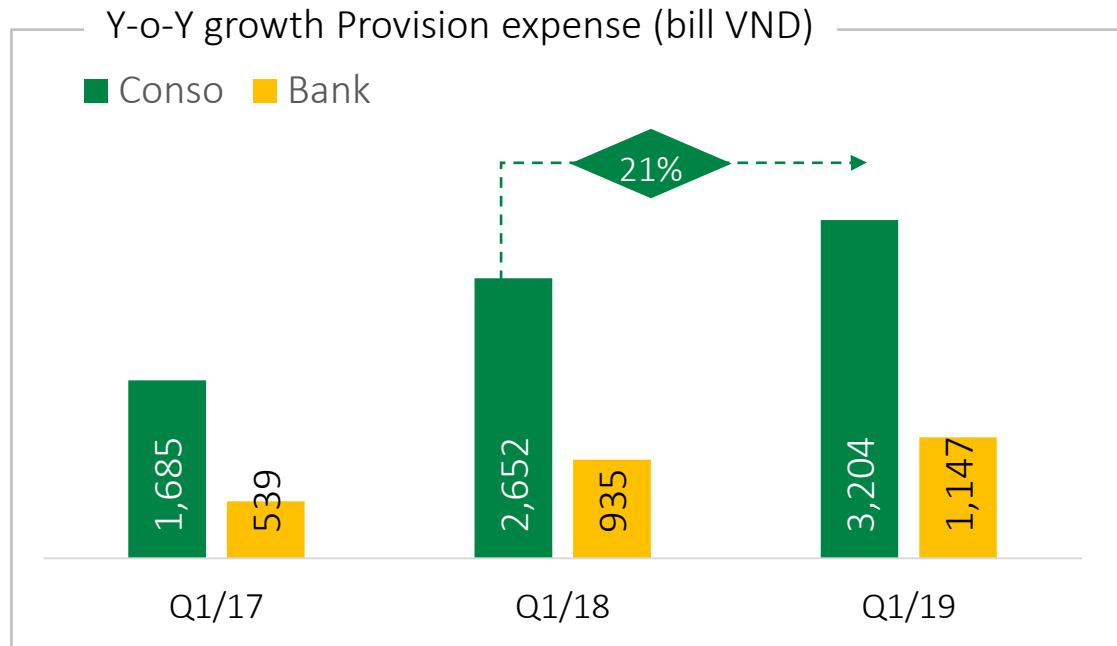
Yield, COF, NIM annualized



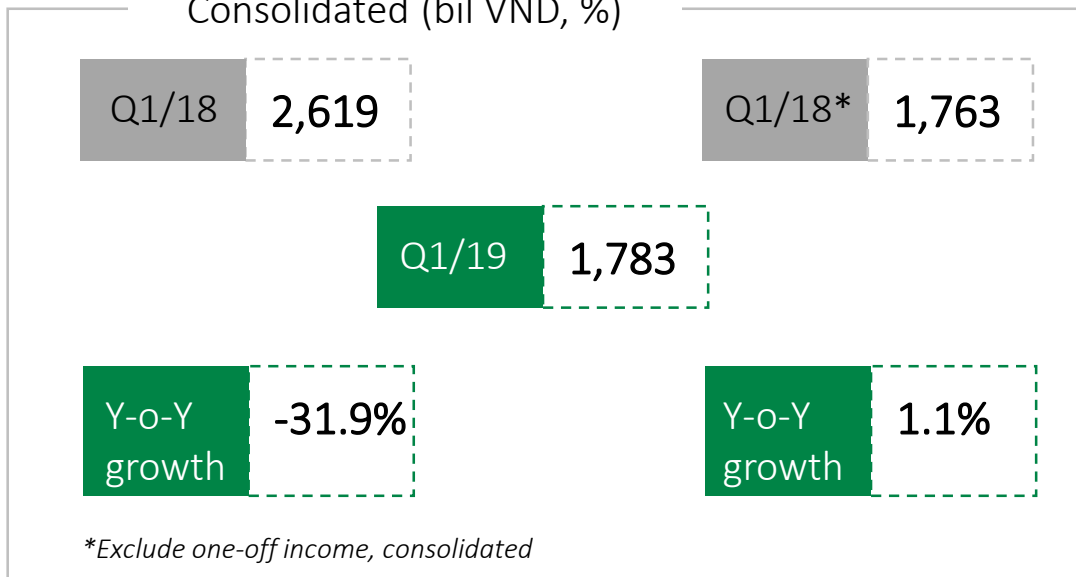
FEE INCOME



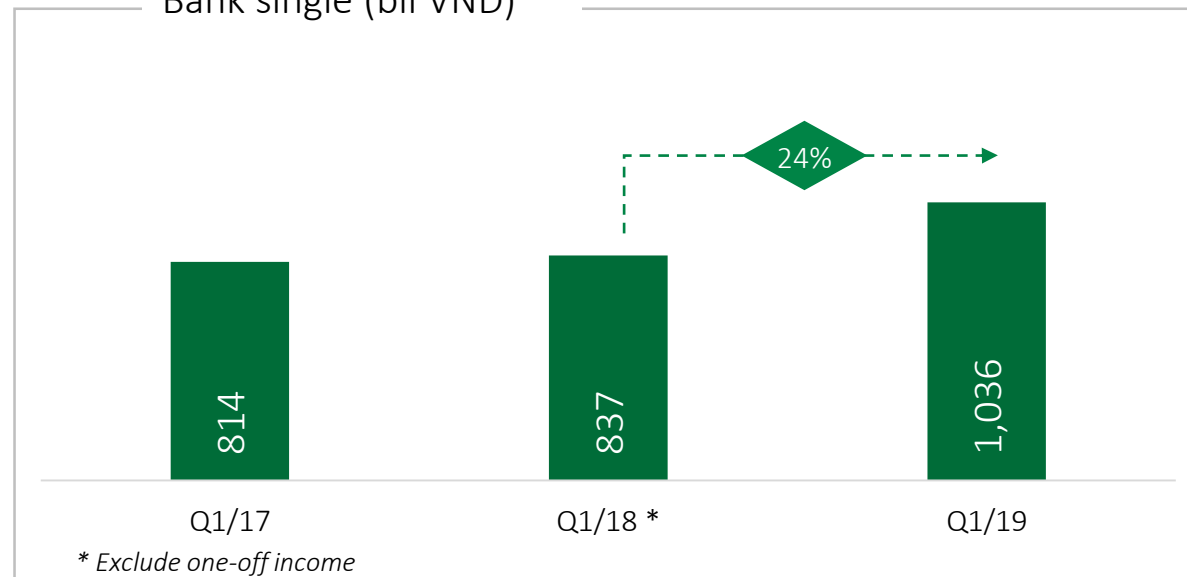
ASSET QUALITY



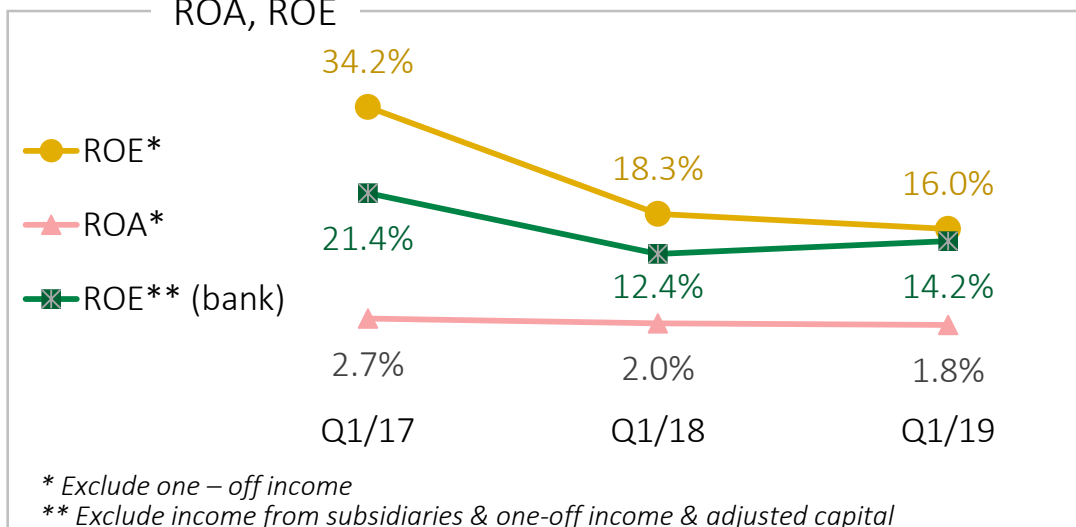
Consolidated (bil VND, %)



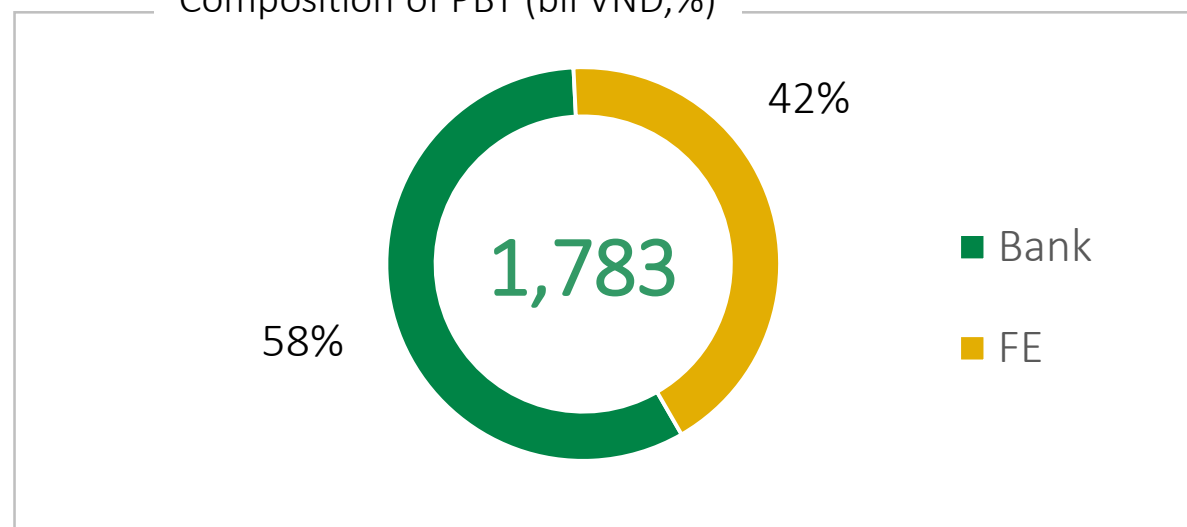
Bank single (bil VND)



ROA, ROE



Composition of PBT (bil VND, %)





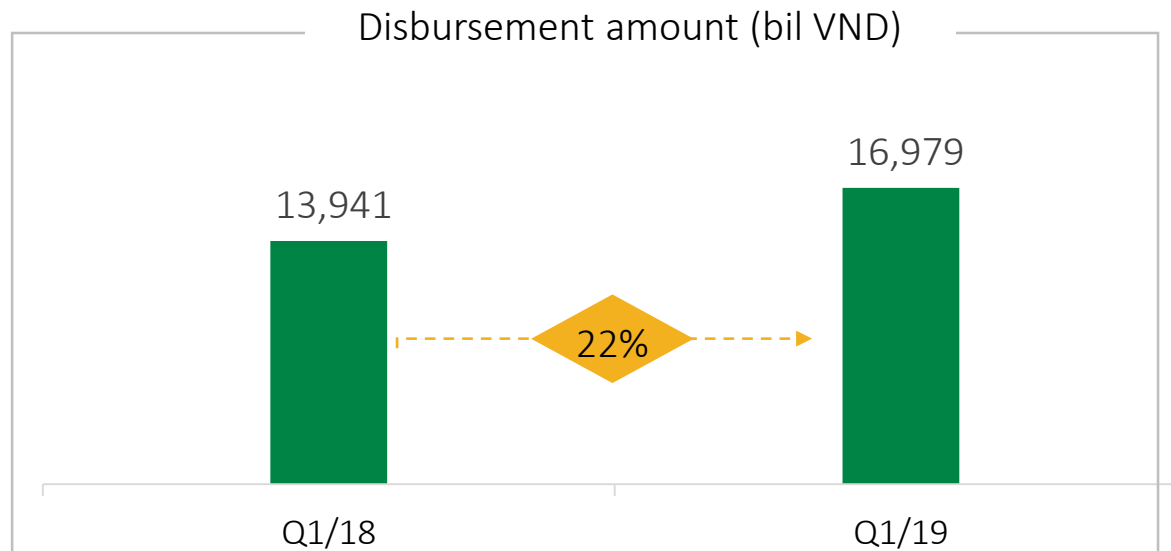
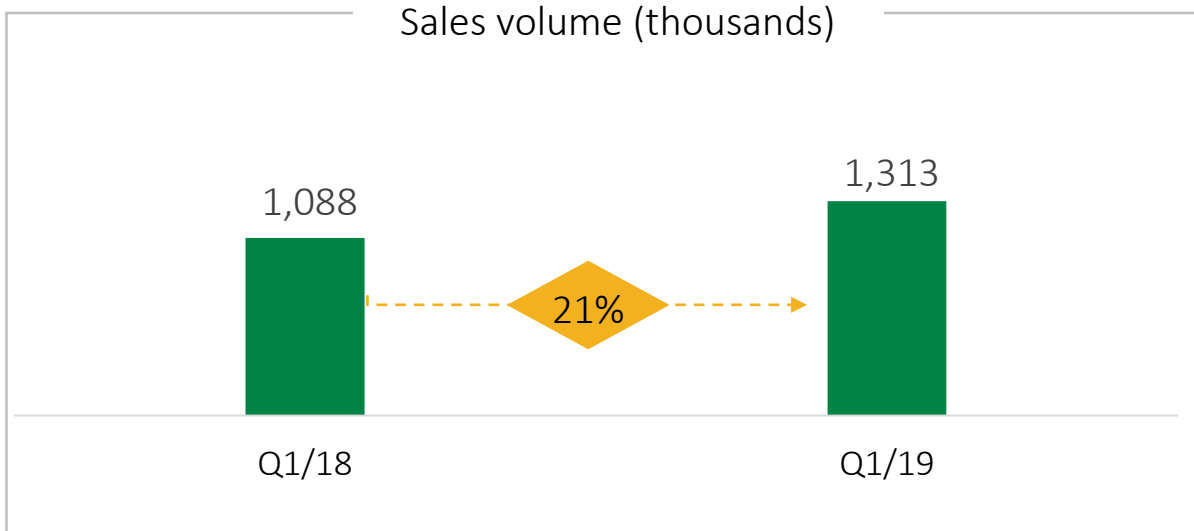
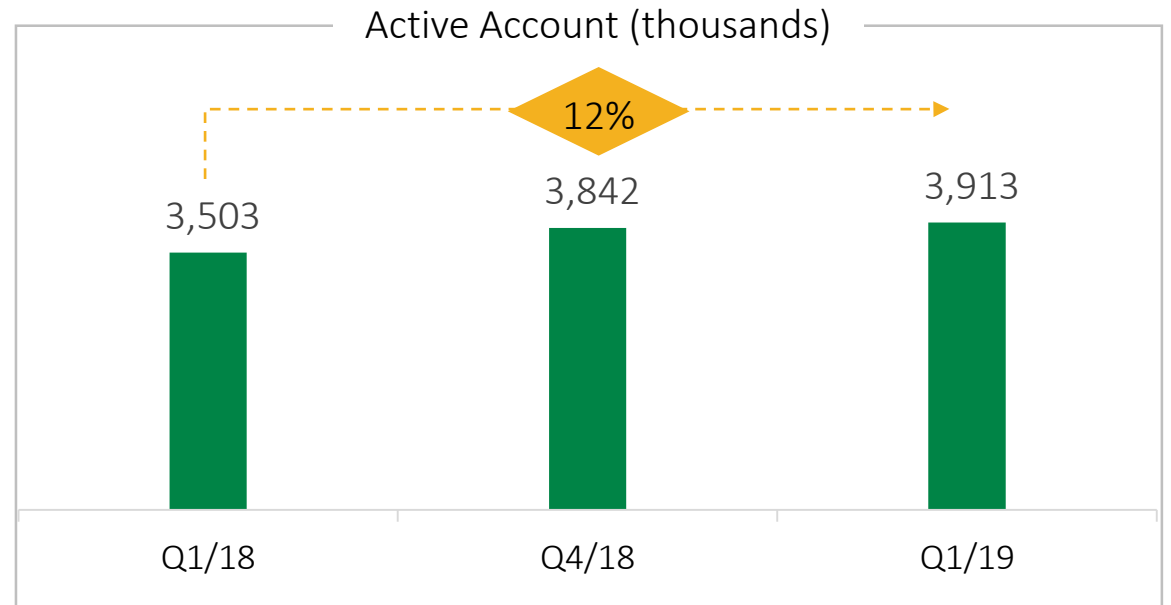
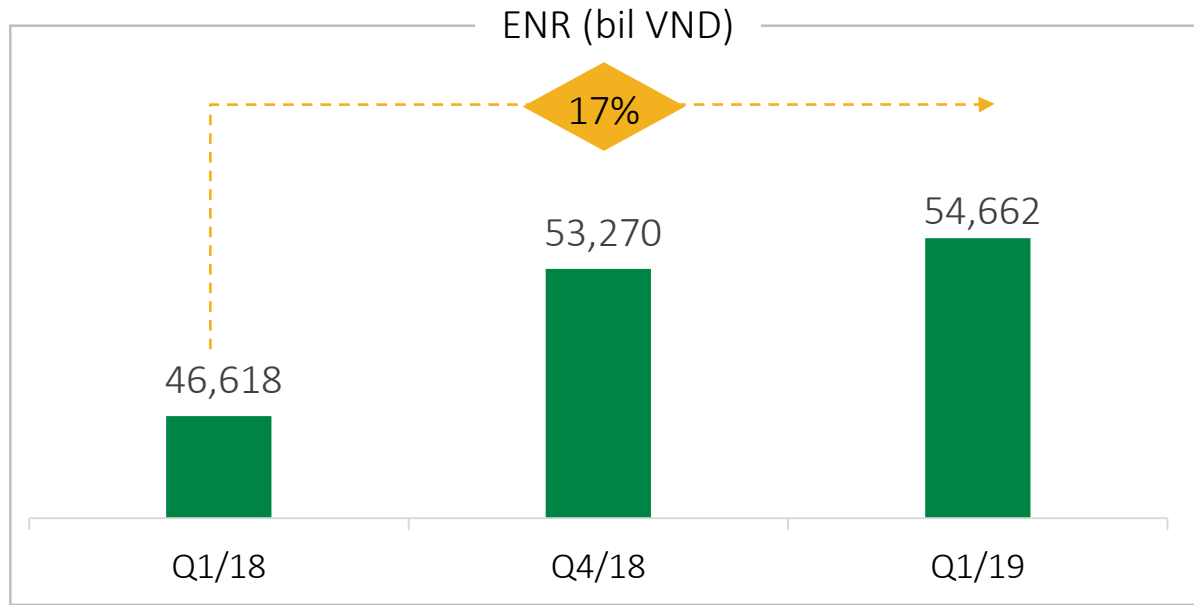
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1Q2019

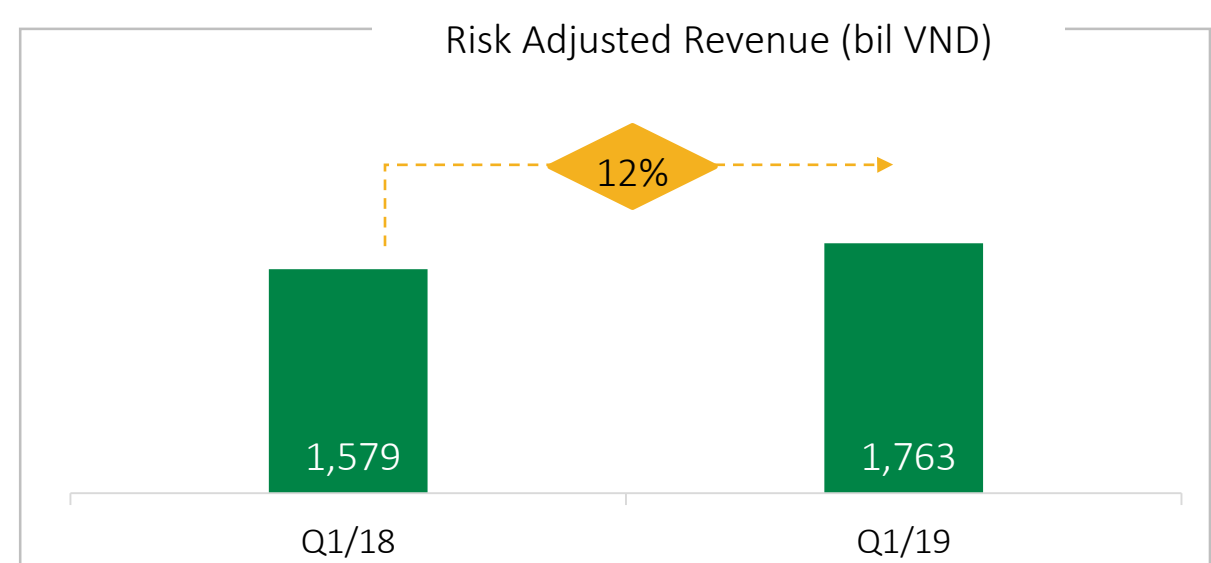
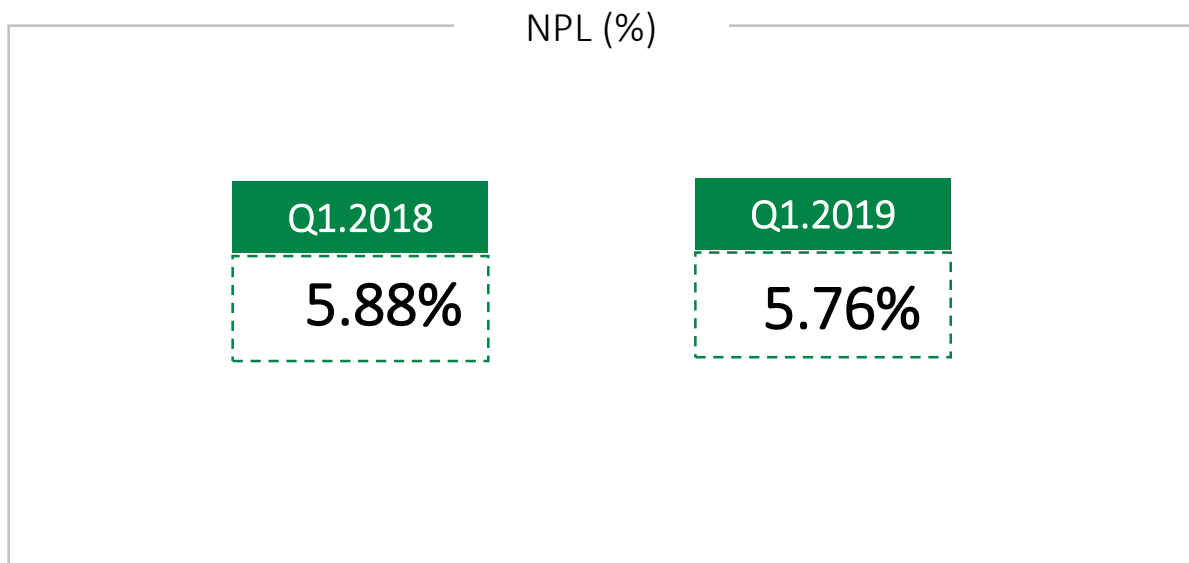
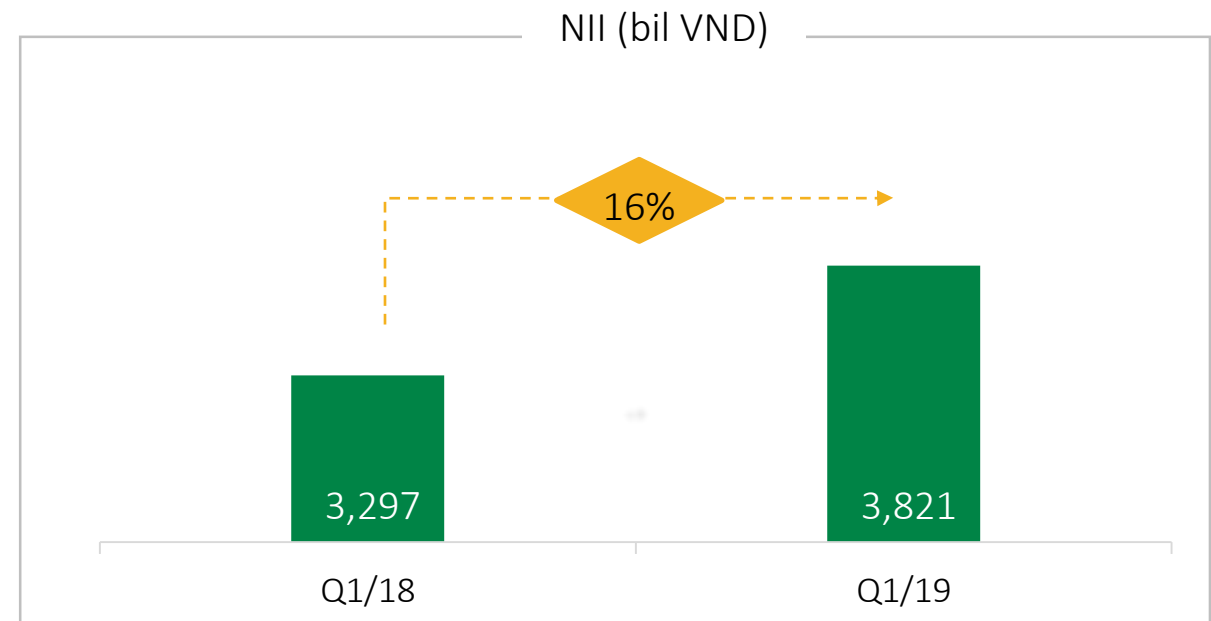
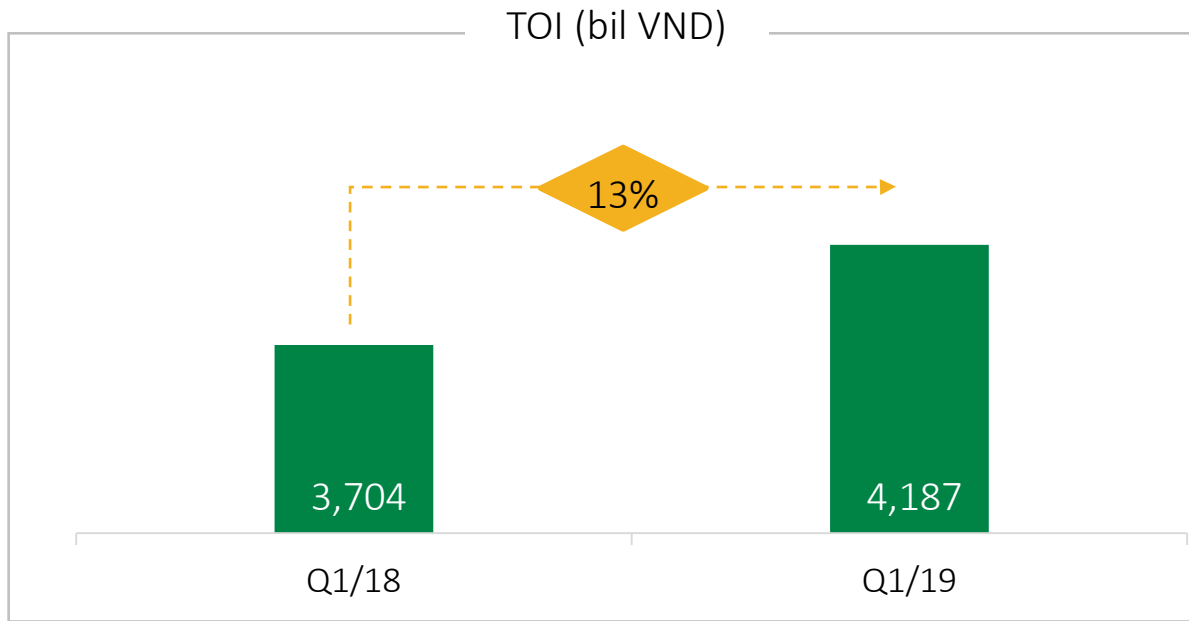
FINANCIAL PERFORMANCE

FE CREDIT

BUSINESS PERFORMANCE – FE CREDIT



FINANCIAL PERFORMANCE – FE CREDIT



05

BUSINESS PLAN

2019

STRATEGIC THEMES TO ACHIEVE 2022 ASPIRATIONS

VPBANK is setting bold aspirations for 2022

Establish program to enhance sales and network productivity to drive value from **existing franchises** in retail, SME, household and commercial banking

Conduct end-to-end redesign and digitization of core banking journeys to substantially improve customer experience and lower costs

Achieve excellence in risk management and IT to support the growth of the bank while ensuring credit quality, including through investment in modern risk management tools



Launch new growth engines (e.g. transactions banking, mobility and housing ecosystems) and scale up strategic partnerships (e.g. banca) to fuel future growth for VPBank

Build next generation capabilities in data and analytics to drive non-linear growth and improve decision making

Strengthen governance to build a performance-driven organization that attracts the best banking talent and **defines a VPBank culture** that promotes cross-functional collaboration

FINANCIAL TARGETS 2019

Total assets

373,649

Bad debt ratio
(Bank separate)

< 3%

Customer deposits and
Valuable papers issued

252,435

PBT

9,500

Credit to customers

265,408

	2018	2018 vs. 2017	2019 Target vs. 2018
Total assets	323,291	16%	16%
Credit to customers	230,790	17%	15%
Customer deposits and Valuable papers issued	219,509	10%	15%
PBT	9,199	13%	3%
- If excluding one-off income	8,343		14%

CAPITAL PLAN in 2019

Batch 1: ESOP

Sell 31 mil shares to qualified employees at par value



- Schedule in 2Q2019
- 2 options will be decided by AGM
 - ✓ Sell current treasury shares of VPBank
 - ✓ Issue new shares at preferential prices, capital increase by VND 310 bil

Batch 2: Private Placement

Issuance of 260 mil shares to local and international investors



- Maximize foreign ownership limit at 30%
- Schedule within 2019 – 2020 subject to market conditions and procedures by laws
- Increase charter capital by VND 2,600 bil

INVESTMENT RECAPS

- 1 QUALITY GROWTH**
Scale and Efficiency Indicators are set at higher pace than industry average
- 2 DIGITALIZATION**
Digital pioneer and disruptor
- 3 EFFECTIVE COST MANAGEMENT**
High disciplined cost management leading to market leading cost structure
- 4 CUSTOMER SEGMENTATION**
Best proxy to “consumer” in Vietnam
- 5 STRONG PROFITABILITY GROWTH**
Strong track record of delivering robust growth; top 4 PBT for 3 consecutive years among JSCBs
- 6 RISK MANAGEMENT**
Advanced risk management platform fully integrated across entire business
- 7 CORPORATE GOVERNANCE**
Experienced management team dedicated to strong corporate governance

GLOSSARY

AMC	Asset Management Company	NIM	Net Interest Margin
CAR	Capital Adequacy Ratio	NPL	Non-Performing Loan
CASA	Current Account Savings Account	PLNTB	Personal loans New to Bank
CCR	Credit Card	OPEX	Operating expense
CIC	Credit Information Center	ROE	Return on Equity
CIR	Cost-to-Income Ratio	ROA	Return on Asset
ENR	Ending Net Receivables	SBV	State Bank of Vietnam
ESOP	Employee Stock Ownership Plan	SME	Small and Medium-Sized Enterprises
HHB	Household Banking	TOI	Total Operating Income
LLR	Loan Loss Reserve	UPL	Unsecured Personal Loan
NFI	Net Fee Income	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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