

VIETINBANK FINANCIAL REPORTING NEWS

REVIEWED 1H2020



Investor Relations - Vietnam Joint Stock Commercial Bank For Industry and Trade
Tel: 84.24.39413622 - Email: investor@vietinbank.vn

VietinBank 

TABLE OF CONTENTS

1

Asset restructuring in a positive direction

2

Growing non interest income and enhanced costs controlling

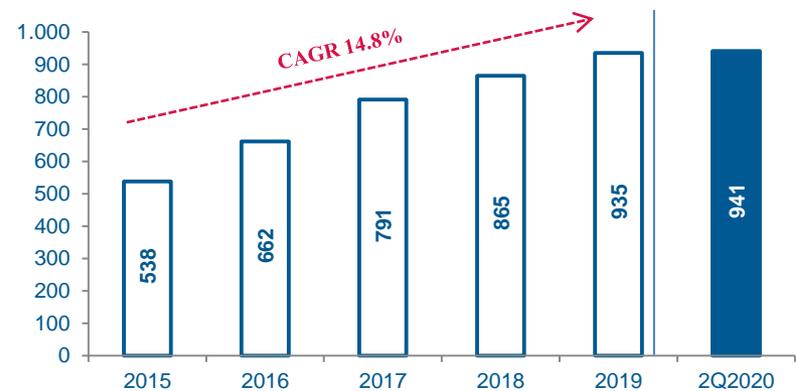
3

Well-controlled debt quality and risk provision cost

1. Asset restructuring in a positive direction



Customer Deposit



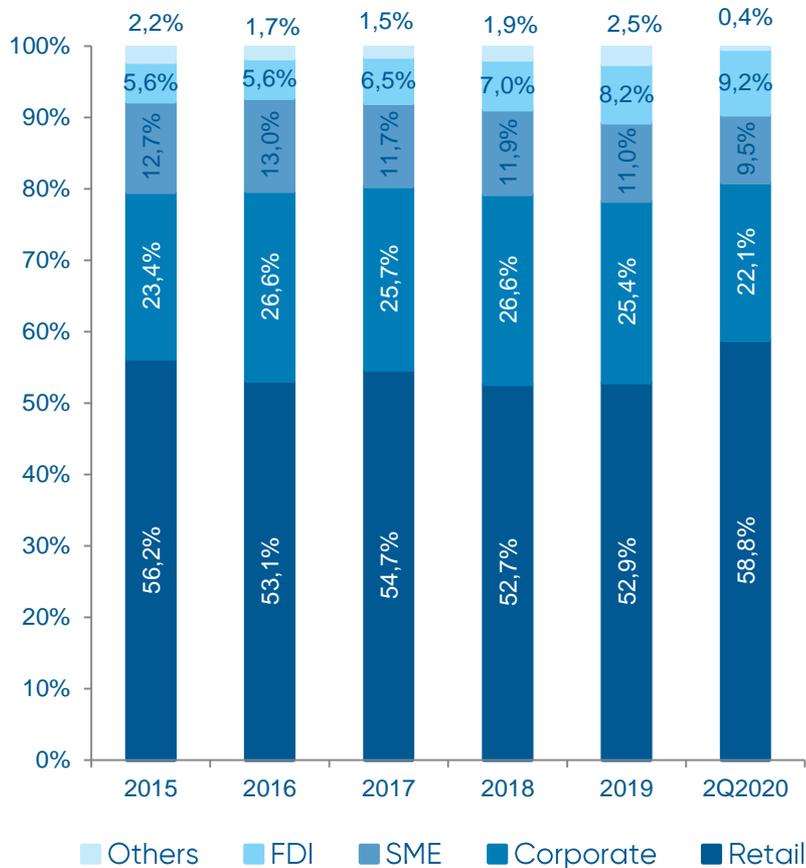
Total loans and advances to customers

Total assets went down slightly by 0.1% ytd. mainly because VietinBank reduced deposits at the State Bank of Vietnam (down 48.23% ytd.), ensuring optimization of capital efficiency, saving cost of funds but still in compliance with regulations on compulsory reserve ratio of the SBV.

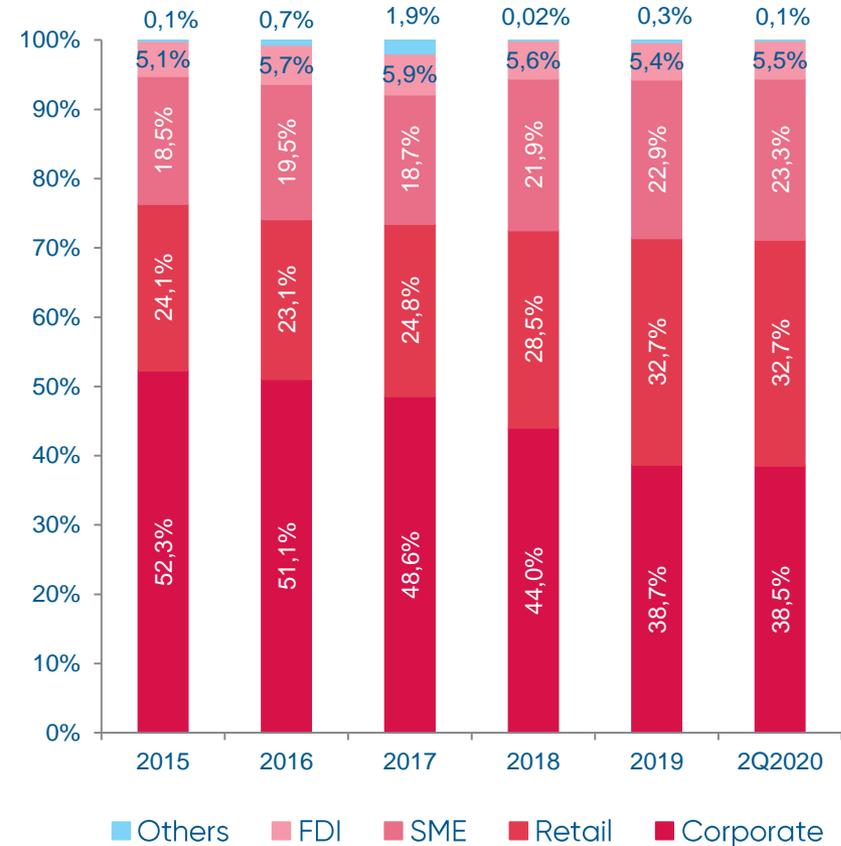
1. Asset restructuring in a positive direction

- ❖ Capital structure changed positively with increasing proportion of deposits in retail and FDI customer sectors.
- ❖ Lending structure continues to shift towards increasing proportion in highly profitable segments such as retail and SMEs.

Customer deposit breakdown



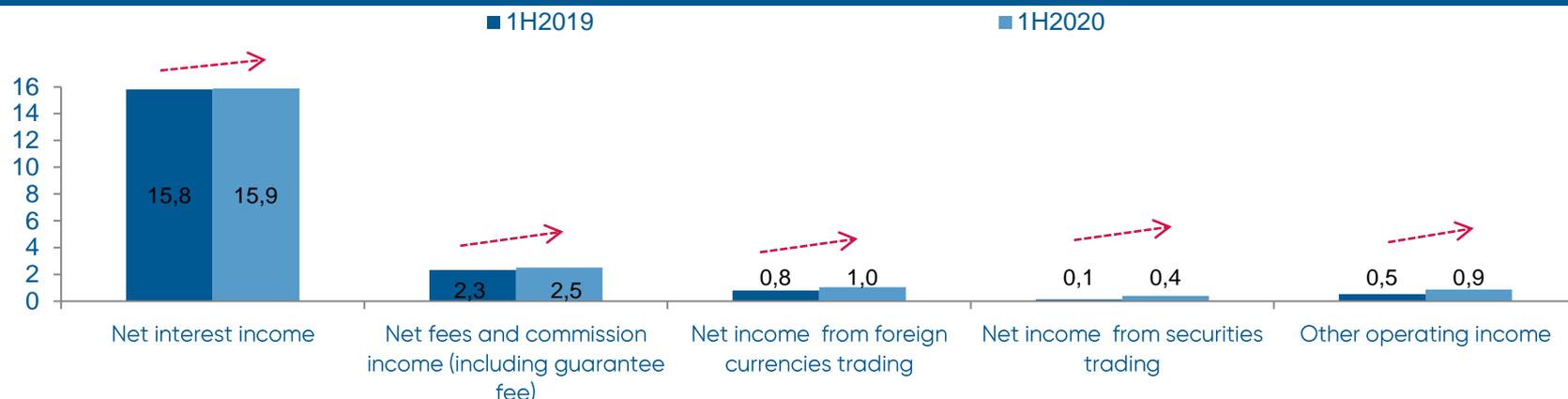
Loan breakdown



2. Growing non interest income and enhanced costs controlling

- ❖ Total operating income 1H2020 reached 20,659 VND bil, up by 5.6% YoY.
- ❖ Net interest income (excluding guarantees) 1H2020 was 15,868 VND bil, up by 0.4% YoY. for main reasons: *(i)* Declined credit demand due to COVID-19 pandemic while VietinBank did not loosen credit-granting standards; *(ii)* VietinBank actively deployed interest rate exemption and reduction policies to support customers.
- ❖ Net fees and commission income (including guarantee fee) 1H2020 reached nearly 2,510 VND bil, up by 7.9% YoY thanks to synchronous deployment of many solutions and applications, especially in e-banking.
- ❖ Non interest income achieved 4,791 VND bil, strongly increased (+27.2%) YoY thanks to: *(i)* Net income from FX trading reaching 1,037 VND bil, up by 31.7% YoY; *(ii)* Net income from securities trading reaching 389 VND bil, up by 186.1% YoY.

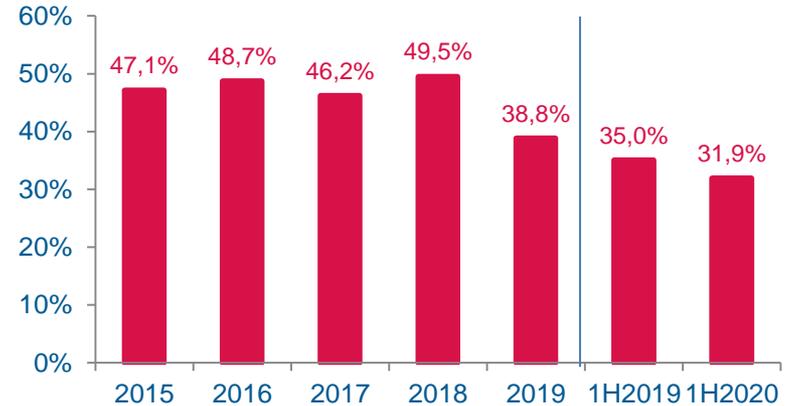
Movements of income and expenses (VND, trillion)



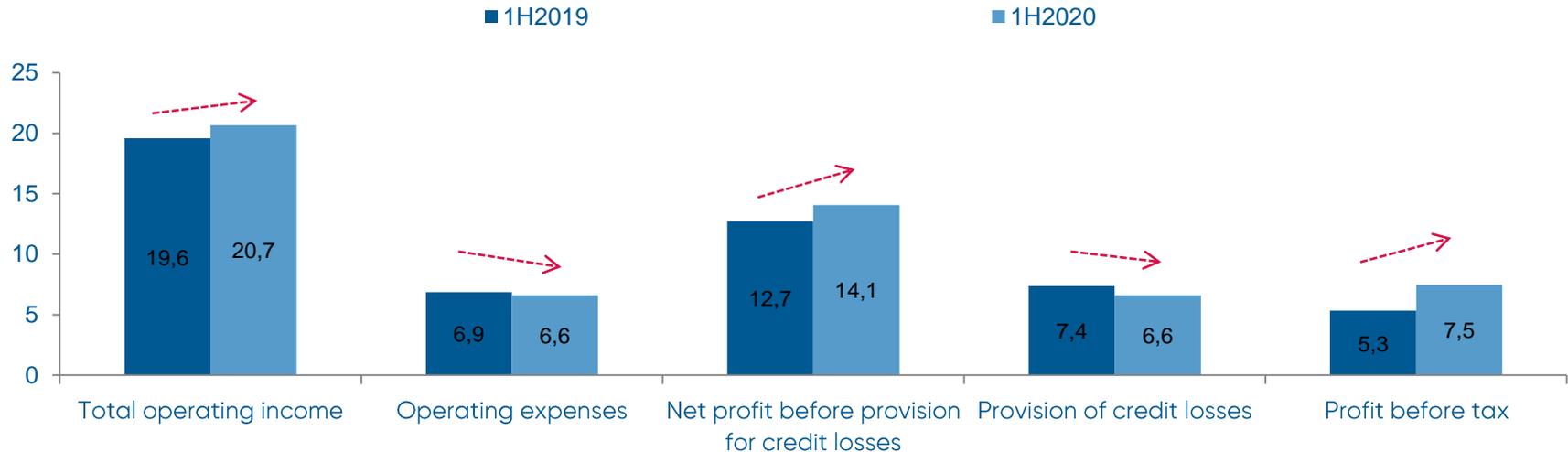
2. Growing non interest income and enhanced costs controlling

- ❖ Operating expenses 1H2020 was 6,599 VND bil, down by 3.8% YoY.
- ❖ CIR 1H2020 stood at 31.9%, down by 3.1% YoY.
- ❖ *Accumulated profit before tax* 1H2020 reached 7,460 VND bil, thanks to sharp increase in non-interest income and effective cost reduction.

Cost to income ratio (CIR)



Movements of income and expenses (VND, trillion)



3. Well-controlled debt quality and risk provision cost

Non-performing loan ratio (NPL)



- ❖ **NPL ratio (out of total outstanding loan to customers)** as at 30/6/2020 was 1.7%, maintaining among banks with best debt quality.
- ❖ **Credit loss provision expense 1H2020** went down by 10.6% YoY thanks to great efforts in debt quality control and effective implementation of accompanying measures to support customers in restoring business.
- ❖ **VAMC buy-back value** in 1H2020 alone reached over 6,000 VND bil. Total buy-back value from selling date in Dec 2018 to date (approx. 1 year and a half) topped nearly 6,800 VND bil (accounting for more than half of original par value). VietinBank also made provision of about 50% of debt value for the remaining VAMC bond, speeding up the implementation of the Restructuring Plan associated with handling bad debts for the period of 2016-2020.

Thank you!

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