
No: 080 /HĐQT-NHCT11+44

Hanoi, 30th January 2019

Re: Disclosure of Quarter IV/2018's consolidated
and non-consolidated financial statements

INFORMATION DISCLOSURE

Respectfully to: - The State Securities Commission
- Ho Chi Minh Stock Exchange

Company name: Viet Nam Joint Stock Commercial Bank for Industry & Trade

Securities code: CTG

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Disclosure person: **Mr. Le Duc Tho - Chairman of the BoDs**

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Type of disclosed information: 24 hours Extraordinary As per request Periodic

Contents of information disclosure:

VietinBank's Quarter IV/2018's consolidated and non-consolidated financial statements, including:

- Balance Sheet;
- Income Statement;
- Statement of cash flows;
- Notes to the financial statement.

This information has been announced on electronic website of VietinBank on 30th January 2019 at <http://investor.vietinbank.vn>

We hereby commit that the disclosed information above is true and are entirely responsible for the contents of published information. 

Attachments:

- Quarter IV/2018's consolidated and non-consolidated financial statements;
- Appendix on profit fluctuations explanation.

LEGAL REPRESENTATIVE
CHAIRMAN OF THE BoDs




Le Duc Tho

APPENDIX – CLARIFICATION FOR FLUCTUATION OF PROFIT

1. Non-consolidated Financial Statements

4Q2018 non-consolidated profit after tax decreased by VND 2,233 billion y-o-y (approximately a decrease of 142%) mainly due to the y-o-y decrease of 4Q2018 non-consolidated profit before tax of VND 2,770 billion (approximately a decrease of 143%) accounting for the following items:

	Impacts	
	Amount	Percentage
Items with major fluctuations	VND bil	%
Decrease in net interest income	(6,613)	-342.29%
Increase in net interest income from service activities	137	7.07%
Increase in net interest income from trading investment securities	101	5.25%
Decrease in provision expenses for credit losses	2,248	116.36%
Decrease in operating expenses	1,995	103.24%
	(2,132)	-110.37%

2018 non-consolidated profit after tax decreased by VND 1,523 billion y-o-y (approximately a decrease of 23%) mainly due to the y-o-y decrease of the Bank's 2018 profit before tax of VND 1,983 billion (approximately a decrease of 24%) accounting for the following items:

	Impacts	
	Amount	Percentage
Items with major fluctuations	VND bil	%
Decrease in net interest income	(4,657)	-55.78%
Increase in net interest income from service activities	582	6.97%
Increase in net interest income from trading investment securities	309	3.70%
Decrease in provision expenses for credit losses	592	7.08%
Decrease in operating expenses	1,388	16.62%
	(1,787)	-21.40%

Detailed clarifications:

- Net interest income decreased mainly because the capital increase plan was not approved, hence limiting the room for credit growth of the Bank. Especially, in 4Q2018, VietinBank had to manage to reduce its credit exposure of approximately 34.3 trillion dong, affecting the bank's interest income. In addition, VietinBank also devoted financial resources to handle restructuring under the restructuring plan of VietinBank during the period 2016-2020 which was approved by the State Bank of Vietnam. Accordingly, VietinBank urgently applied Basel II regulations with tightened debt classification standards, resulting in a number of outstanding loans being classified to loan groups of higher risk, which impacted the accrued interest, hence affecting the profitability of the fourth quarter and the whole year 2018.
- Net income from service activities increased positively: In the fourth quarter, net income from service activities increased by 34% over the same period, accumulated in 2018 net revenue from service activities increased by 38% compared to 2017. It is because in 2018 VietinBank oriented the shift in income structure towards increasing the proportion of non-interest income, boosting the fee income through improving the quality of products and services, especially the payment service. With the application of modern core banking system, VietinBank has a strong basis to develop a sustainable payment platform, and at the same time, well control risks in payment operations. VietinBank intended to continue implementing synchronous measures and solutions to promote fee collection activities.
- Net income from investment securities trading activities increased relatively well because VietinBank restructured its portfolio during the year. Accordingly, VietinBank realized profits of some investments in the portfolio.
- Provision expenses for credit losses relatively decreased y-o-y due to the fact that in 2017, VietinBank made a full provision for the settlement of VAMC bonds, leading to sharp increase in 2017 provision expenses for credit losses, accordingly, the figure of 4Q2018 provision expenses for credit losses decreased y-o-y.
- Operating expenses: In 2018, VietinBank implemented its restructuring plan. Accordingly, VietinBank also proactively reduced costs during the year to achieve the its profit target. Implementing the restructuring plan is expected to impact profitability in the short term but it is necessary to improve the Bank's asset quality, loan portfolio, hence, creating a sustainable development foundation in 2019 and the following years, developing in accordance with good international practices, fostering proactive and successful international integration.

2. Consolidated Financial Statements

4Q2018 consolidated profit after tax decreased by VND 2,284 billion y-o-y (approximately a decrease of 144%) mainly due to the y-o-y decrease of 4Q2018 consolidated profit before tax of VND 2,827 billion (approximately a decrease of 143%) accounting for the following items:

	Impacts	
	Amount	Percentage on profit before tax
Items with major fluctuations	VND bil	%
Decrease in net interest income	(6,583)	-333.50%
Increase in net interest income from service activities	212	10.74%
Decrease in provision expenses for credit losses	1,469	74.43%
Decrease in operating expenses	2,263	114.66%
	(2,639)	-133.7%

2018 consolidated profit after tax decreased by VND 2,031 billion y-o-y (approximately a decrease of 27.23%) mainly due to the y-o-y decrease of 2018 consolidated profit before tax of VND 2,464 billion (approximately a decrease of 26.76%) accounting for the following items:

	Impacts	
	Amount	Percentage on profit before tax
Items with major fluctuations	VND bil	%
Decrease in net interest income	(4,553)	-49.46%
Increase in net interest income from service activities	915	9.94%
Decrease in provision expenses for credit losses	596	6.47%
Decrease in operating expenses	813	8.83%
	(2,229)	-24.22%

Detailed clarification: same as clarification for the non-consolidated Financial Statements.