



TRANSFORMATION

VIB Annual Report 2017



Vietnam International Bank
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Transformation to build VIB 2.0

VIB has 3 clear strategic pillars: Growth, Operational Excellence and Risk Management, which have been applied for more than 10 years and will continue to be followed in the years to come. These three strategic pillars are being implemented to realize VIB's vision to be the most innovative and customer-centric bank in Vietnam and also acted as the foundation for VIB 2.0 in 2017.

CONTENT

Overview of VIB	03	2017 highlights	05
Message from CEO	07	Overview of Achievements	11
Risk management	15	Corporate social responsibility	17
Activities of business divisions Retail Banking Wholesale Banking Treasury	18	Human Resources Organizational structure HR activities	29
Financial Report	45		

Transaction name

Name in Vietnamese: NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN QUỐC TẾ VIỆT NAM
Stock Code: VIB
Name in English: Vietnam International Commercial joint Stock Bank
Abbreviated name: Vietnam International Bank (VIB)

Charter capital

VND5,644 billion

Address of Head Office

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Business ID and Tax code

0100233488

Lines of business

- Finance
- Banking
- Insurance

Location of business

The bank has a head office, and 162 branches and transaction offices in 27 provinces and cities across Vietnam



- Overview of VIB
- 2017 highlights
- Income and profit distribution
- Investor relations
- Message from CEO
- Achievements
- Risk management
- Corporate social responsibility
- Activities of business divisions
- Human resources
- Financial report



- Overview of VIB
- 2017 highlights**
- Income and profit distribution
- Investor relations
- Message from CEO
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- Financial report

Business Growth

VND123.159 billion

Total assets

26%

Credit growth

83%

RB lending growth

52%

RB lending /Total lending

45%

Bancassurance revenue growth

Customer Perspective

2 million

RB customers

87%

Digital customer growth

148.2%

Card volume growth

104%

Mobile banking app MyVIB download growth

80%

Non-cash transaction growth

Performance

20%

Revenue growth

VND 2,002

EPS

12.8%

ROE

100%

Profit

B2

Moody's rating

Network & HR

162

Branches

5,005

Employees in 27 provinces and cities

70%

Market facing staffs/ Total bank staffs



Dear Shareholders, Customers and Investors,

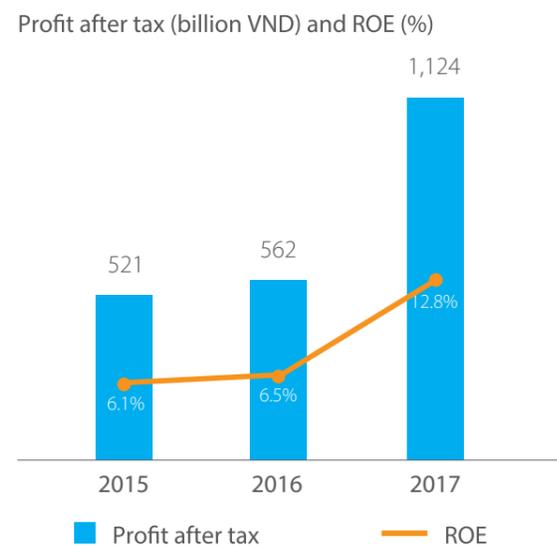
In 2017, Vietnam's economy witnessed positive developments across a wide range of sectors. The country's GDP reached 6.81%, surpassing the target of 6.7% to become the highest rate since 2010. Inflation remained under control at a low rate of 3.53%. Exchange rates were stable while interest rates tended to fall, facilitating business and production activities. Credit growth reached 18.17% and foreign currency reserves exceeded US\$50 billion. Favorable conditions in the economy created clearer business opportunities for Vietnamese banks over the course of the year, hence 2017 was assessed to have been a prosperous year for the banking sector with significant improvements in both growth and profit.

VIB recorded its fastest and best quality growth over the past 5 years in 2017, with all market-facing divisions exceeding both income and profit targets.

Total assets reached VND123,200 billion, equal to 103% of the plan approved by its shareholders at the general meeting; profit before tax was over VND1,400 billion, doubling that of the previous year. VIB also performed efficiently with its ROE amounting to 12.8% in comparison with an average ROE of 11.65% in the local banking sector in 2017.

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With growth momentum picking up in recent years



and its consistent vision and core values, VIB has continued to be acknowledged and recognized as a transparent bank with a healthy corporate culture by local authorities and international financial institutions.

VIB's achievements in 2017 and in previous years have provided significant benefits to its shareholders, especially in terms of return on investment.

Over the last few years, VIB has consistently paid a very high dividend (in cash and by bonus shares), at rates of 36% in 2017, 5% (in cash) in 2016, and 25% in 2015.

These achievements are thanks not only to the efforts of VIB leaders and employees, but also to the confidence and trust of its customers, shareholders and investors, and the important role the State Bank of Vietnam (SBV) plays in stabilizing the local economy.

Transformation to build VIB 2.0

VIB has 3 clear strategic pillars: Growth, Operational Excellence and Risk Management, which have been applied for more than 10 years and will continue to be followed in the years to come. This allows VIB to focus on building a strong position while minimizing negative impacts in the market. These three strategic pillars are being implemented to realize VIB's vision to be the most innovative and customer-centric bank in Vietnam and also acted as the foundation for VIB 2.0 in 2017.

As part of the transformation to VIB 2.0, a list of initiatives has been implemented efficiently to promote the VIB brand and its high quality products and services. A new specialized sales model with quality relationship managers has also helped to boost growth in terms of both size and quality. Initiatives in contribution-linked payment, human resources and recruitment and training policies have all enabled VIB to build an advanced and fair work environment with a people-oriented culture.

The achievements gained in 2017 also reflect the initial success of the bank's 5-year transformation process (2017 - 2021). This is a foundation period to build VIB 2.0 with an annual growth target of 20% - 30% in key areas such as lending, deposits, number of quality customers, income, profit.

In terms of manpower, the bank's Board of Directors and Board of Management have always strived to make VIB a leading and highly staff-engaged work environment. The bank has continued to enhance and apply an attractive remuneration policy as well as training and promotion policies, creating an innovative and democratic work environment, and improving the infrastructure and work facilities at both Head Office and its branch network. VIB is also designing a long-term employee stock ownership plan (ESOP) to attract and develop high quality human resources.

Direction for 2018

Based on a positive macroeconomic outlook for 2018 and the transformation process taking place at VIB, 2018 provides a chance for the bank to continue expanding its scale, improving quality, and bringing about attractive and sustainable benefits to shareholders.

Message from the Chief Executive Officer

In that context, VIB will continue to consistently follow its set strategies in 2018. The bank's transformation process (2017 - 2021) will continue to apply in a clear strategy with a key focus on business, smart management tools, strategic partner relations and efficient communication activities. Strategic initiatives will also focus on innovation, leadership, administration, expense control and capital management.

In 2018, VIB, the Corporate Transformation Center and other divisions will continue to speed up transformation, focusing on continuously improving and launching products at highly competitive prices; enhancing customer services and developing quality customers; expanding its sales force; increasing productivity; and building advanced sales models, risk management frameworks in compliance with Basel II.

With the transformation process to VIB 2.0 and existing strategies, VIB is expected to continue maintaining a higher-than-market growth rate in both scale and quality. In particular, VIB has set some key targets for 2018: credit growth rate of 25% (over 4 consecutive years); profit before tax of over VND2,000 billion.

VIB also plans to increase its charter capital to VND8,100 billion in a number of ways, including offering treasury shares, issuing new shares, and distributing bonus shares from the charter capital reserve fund, investment and development fund, retained profit and charter capital surplus fund. The increased capital will be used to finance customers with a stable financial status, and to invest in highly liquid assets, infrastructure, technologies, risk management and network expansion.

Some key financial indicators in 2017 and business plan for 2018 (Unit: billion VND, %)

No.	Indicators	Plan 2018	Implementation 2017	% growth
1	Total assets	150,231	123,159	22%
	Lending			
2a	- Option 1	105,220	84,176	25%
2b	- Option 2	95,960	84,176	14%
3	Deposits from customers	82,000	68,378	20%
4	Deposits and loans from credit institutions (including foreign financial institutions)	34,700	33,696	3%
5	CAR	13.00%	13.07%	-0%
6	Short-term deposits to long-and-medium-term loan ratio	< 40.0%	40.8%	
7	Lending to deposit ratio	< 80.0%	74.8%	
8	Non-performing loan ratio	< 3.0%	2.49%	
9	Profit before tax	2,005	1,405	43%
10	Return on Equity (ROE)	17.0%	12.8%	33%
11	Return on Assets (ROA)	1.2%	1.0%	20%

Conclusion

2017 was a successful year for VIB in terms of transformation, growth and profit. We now have a big opportunity to build a leading quality bank with a large scale, high profits and sustainable growth. With the bank's existing high quality and enthusiastic staff, we are confident that the 2018 business plan and targets for the 5-year transformation process will all be realized.

On behalf of VIB Board of Management, I would like to

extend our sincerest thanks to all employees, the Board of Directors, and Supervisory Board for your support, enthusiasm, devotion and trust in the process of building VIB 2.0. I would also like to convey special thanks to all customers, partners, investors, media agencies, SBV and competent authorities for supporting and accompanying us over the years, and we hope to receive the same support from you on our journey forward.



Han Ngoc Vu
Chief Executive Officer

Overview of achievements

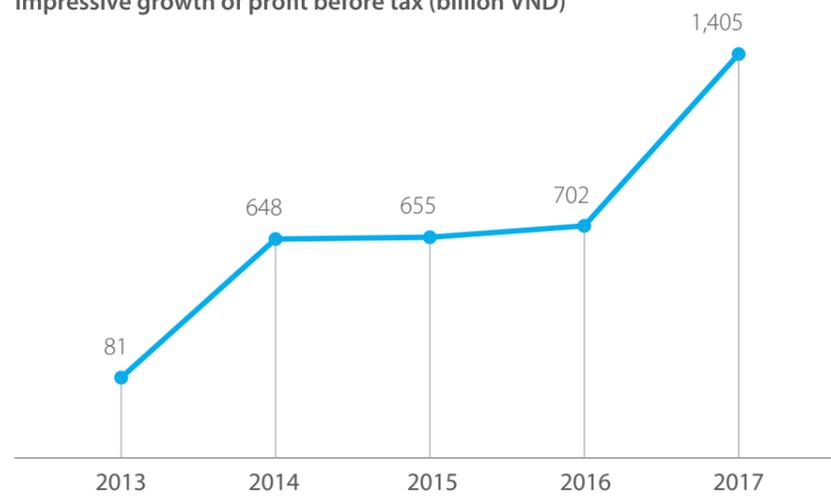
2017 was VIB's best in the past 5 years with almost all targets surpassed:

- Profit before tax reached VND1,405 billion, doubling that in 2016 and equal to 187% of the plan approved by the bank's Shareholders.
- Total assets reached VND123,200 billion, 18% higher than in 2016 and equal to 103% of the plan approved by the Shareholders.
- Credit growth rate of 26%.
- Provision expense decreased by 42% compared to 2016 thanks to efficient NPL collection and due control over the lending portfolio.

Profit

2017 was an outstanding year for VIB with a profit growth rate of 100% and membership of the "VND1 trillion club" for the first time. This is thanks to impressive growth in all areas. In particular, interest income went up by 32% while income from services and fees increased by nearly 60% compared with 2016. Additionally, the bank accelerated its handling of NPLs and focused on quality assets, contributing to lower provision costs. Efficient costs and productivity also contributed to VIB's impressive profit growth.

Impressive growth of profit before tax (billion VND)



(Unit: Billion VND, %)

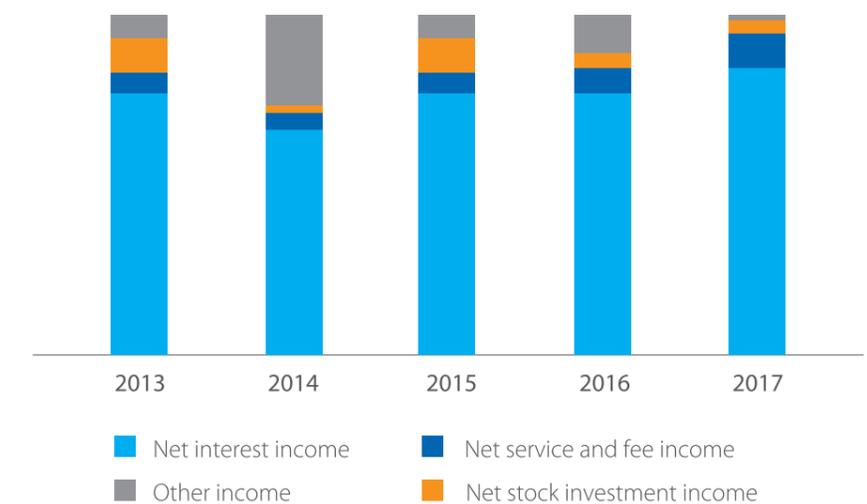
Indicators	2013	2014	2015	2016	2017
CAR	17.3%	17.7%	18.0%	13.3%	13.1%
ROE	0.6%	6.3%	6.1%	6.5%	12.8%
EPS	118	1,230	1,161	1,125	2,002
CIR	62.1%	47.1%	60.3%	61.5%	57.1%

Income

With a strategy to expand its retail banking segment, VIB has launched a number of lending products at highly competitive prices. The bank's home loans and auto loans have been named among the most competitive products on the market, contributing to an 83% retail credit growth rate in 2017 and making VIB a leading lender in terms of auto loans. Thanks to its robust growth rate and improved net interest margin (NIM), VIB's net interest income increased by 32% compared with the previous year, making an 85% contribution to its operating income structure.

Non-interest income also witnessed significant growth. Notably, income from services and fees went up by nearly 60% compared with 2016, and increased its ratio in the bank's total operating income from 8% in 2016 to 10% in 2017. This result was achieved thanks to VIB's heavy investment in card products (78% growth rate in number of credit cards issued) and bancassurance product (45% sales growth rate), helping to diversify its income sources.

Net interest income accounted for a large ratio, while service and fee income increased



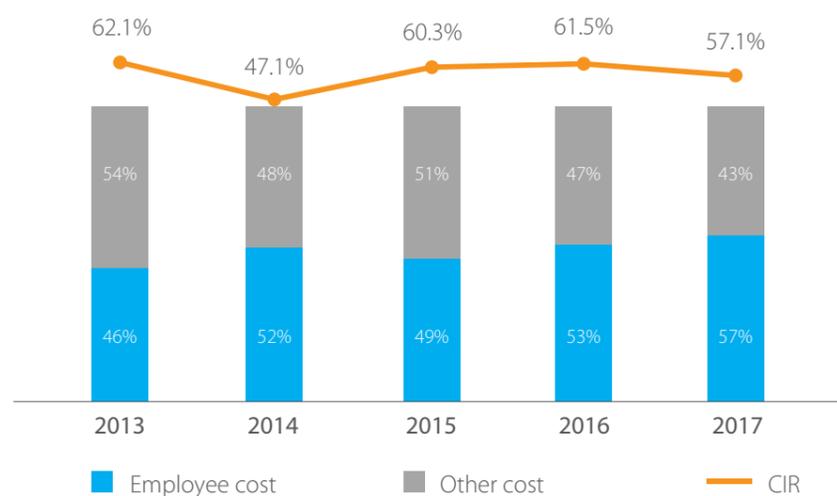
Overview of achievements

Expenses

Efficient cost management is also another highlight at the bank. Its cost to revenue ratio has continuously improved over the last 5 years, and decreased to 66% in 2017 from 79% in 2016 by applying efficient management of costs and productivity.

Employee costs increased to 57% in 2017 from 53% in 2016 due to an expanded workforce for its retail banking and the contribution-linked payment scheme. VIB offers its employees one of the highest salaries in the sector, with an average monthly income of VND20.3 million.

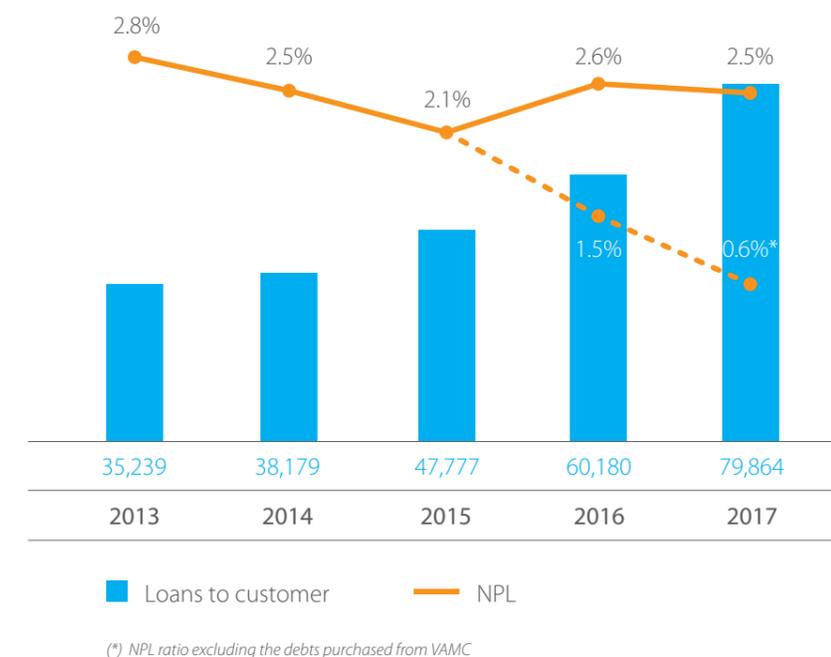
Effectively operating cost managed, employee cost increased



NPL control

Targeting efficient and safe credit growth, in 2017 VIB continued to strengthen its risk management division and improved its early credit risk identification and warning processes. In addition to controlling the quality of new loans, the bank also focused on handling its previous bad debt. As a result, VIB's NPL ratio decreased from 2.58% in 2016 to 2.49% in 2017 (the NPL ratio would have been less than 2% if the debts purchased from VAMC were excluded).

Safely credit growth increased, well bad debt controlled (Unit: Billion VND, %)



Capital Adequacy Ratio (CAR)

At the end of 2017, the bank's CAR stood at 13.07% in the context of 17% growth of total assets in 2017.

Risk Management

Throughout 2017, under the leadership and guidance from the of Board of Management, VIB continued on its journey to build a sound risk management framework and culture. This has its foundations in the application of international best practices, innovative and effective use of technology, a strong understanding of our key market segments and the ongoing development of our risk management team.

Credit Risk management

Credit risk has been managed through a robust shift to retail credit products. The credit portfolio has been improved in the direction of scattering and minimizing retail credit risks, and controlling corporate credit risks selectively. We continued to reinforce the following areas.

- Centralization of credit approval for Wholesale Banking: this process has been in place since 2013 and, aligned with a refined approach to risk appetite, has resulted in a continuously very high loan origination quality, with no material new bad debt case on the Wholesale Banking portfolio for the past several years.
- Partial de-centralization of credit approval for Retail Banking to ensure competitive turn-around time. This process is closely monitored with credit delegation limits reviewed on a quarterly basis by our Risk Management Division and approved by our Credit Committee based on a scorecard built internally and constantly updated.
- Credit Risk Identification function: this function was established in early 2015 for monitoring and taking action on high-risk borrowers and newly overdue borrowers for both Wholesale Banking and Retail Banking customers. VIB has continued to enhance this function in 2017 by expanding watch-list protocols and data analytics.
- End-to-end collections process: firmly established for both our Wholesale Banking and Retail Banking businesses, VIB's centralized collections process ensures that all Category 2 to Category 5 loans are managed by our Risk Collections teams in liaison with Wholesale Banking and Retail Banking business

units. As a result of the effective collections process, the amount of VAMC bonds could be reduced from more than VND 4,000 billion initially to VND 1,500 billion at the end of 2017.

- Credit Policies & Procedures: Risk Management Division is constantly enhancing credit policies & procedures established under the format of a comprehensive Functional Instruction Manual (FIM).

Market and Liquidity Risk management

Throughout 2017, VIB has maintained sound market and liquidity risk management under the guidance and control of ALCO. Our bank's CAR has been maintained at 13.07%. Market and liquidity risk management policies and procedures are in compliance with SBV regulations.

Operational Risk management

Operational Risk Management has been restructured by streamlining its support teams, strengthening resources for market facing divisions, automating work procedures, and enhancing internal control. In 2017, VIB continued to focus on fighting fraud and corruption, handling negative cases, and facilitating integrity and compliance across the bank. Preparation for a new centralized Operational Risk Management IT system started in 2017 and is to be completed in 2018.

Basel II

VIB was one of 10 banks selected by SBV to be in the first group of banks to move to Basel II compliance.

Through the support of our strategic shareholder, the Commonwealth Bank of Australia (CBA), one of the first banks in the world to be Basel II and III compliant and rated by credit agencies as one of the safest banks in the world, as well as through our internal resources, VIB has made good progress for the implementation of Basel II, with expected implementation in 2018.

VIB also enjoys a sound capital position, prudent risk

appetite and provisioning policies, and a stable technology platform; all essential ingredients for the implementation of Basel II.

Targets/directions for 2018

In 2018, VIB's Risk Management Division will aim to:

- Continue its focus on supporting market facing divisions' growth objectives in a prudent and sustainable manner
- Clean the VAMC loan as soon as possible
- Continue to enhance the operational risk management framework built on three sound lines of defense, supported by the implementation of our new centralized Operational Risk Management IT system
- Achieve Basel II compliance



In addition to our achievements in the finance and banking sectors, VIB has continued to carry out different corporate social responsibility activities (CSR) in many localities across the country. These are aimed at making contributions to people's development and society.

Over the years, VIB has been actively involved in key social programs concentrating on 3 areas: Education, Environment, and Enrichment. For instance, the bank has provided financial support for victims of the Can Tho Bridge collapse, construction of hospitals for poor people in Kien Giang Province, the Operation Smile Fund and helped people in flooded areas in central provinces. VIB has also sponsored the Academy of Banking's "Future Bankers" program and the "Glorify Vietnam" program, as well as supporting poor and talented students in primary schools, etc.

Notably, for many years, VIB has accompanied

Operation Smile on a pathway to change lives of disadvantaged children born with cleft lips, cleft palates by providing free and safe surgeries. In 2017, VIB coordinated with the largest volunteer-based organization to provide medical consultations and free surgeries for nearly 200 children with cleft lips, cleft palates through several medical missions conducted in different provinces in Vietnam. Moreover, VIB and Operation Smile have trained phonetics for nearly 400 families of patients across the country. Not limited in financial support, VIB employees directly or indirectly contributed their time, effort, expertise to support Operation Smile in missions in Hanoi and Ho Chi Minh City, and become encouragement as well as spiritual supporters to patients and their families.

In 2013, VIB was honored with the "The Excellence of Corporate Social Responsibility" award granted by the Ministry of Planning and Investment and the Economics & Forecast magazine.

Retail Banking

VIB's Retail Banking Division (RB) is now financing customers and providing them with different financial advice/services/products. Currently, RB has nearly 2 million customers, including personal customers and micro enterprises. In 2017 alone, RB acquired nearly 242 thousand customers, including over 235 thousand local personal customers, nearly 2.8 thousand foreign personal customers, and approximately 3.5 thousand micro enterprises.

Achievements in 2017

VIB has been investing a large amount of resources in RB, its key focus segment, over the past 5 years. The bank has been working closely with its strategic partner, the Commonwealth Bank of Australia (CBA - one of the leading retail banks in Australia, holding a 20% stake at VIB), to build a firm foundation, increase competitiveness and improve customer services in retail banking towards international standards. This has helped VIB achieve positive results.

In 2017, RB's credit growth rate reached 83%, the highest rate ever achieved and contributing to increasing RB's lending ratio within the bank from 40% to 50%. Retail revenue increased by 43% while RB's profit before tax was much higher than its target for the year. Specially, RB contributed up to 20% in the bank's total profit. Meanwhile, RB's NPL ratio was controlled at less than 1%.

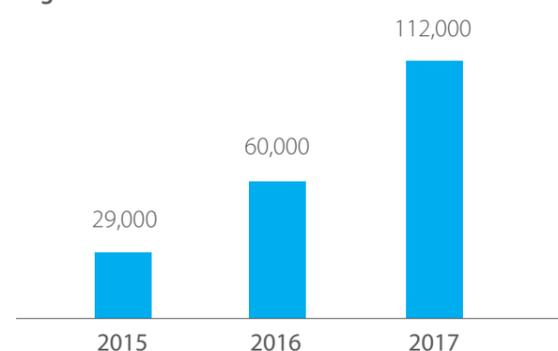
RB's 4 key products, home loans, auto loans, bancassurance and credit cards, have all witnessed high growth and gained competitive edge in the market. Home loans and auto loans grew rapidly in 2017, accounting for 45% and 33%, respectively, of the personal loan portfolio. VIB is now in the group of leading lenders for new auto loans with a market share of 11% in 2017 and 18% in Q1, 2018.

In terms of bancassurance, revenue has doubled year on year over the last 3 years. The bank is now a leading distributor of Prudential Vietnam life insurance products. For credit cards, VIB achieved a 78% growth rate in new cards issued in 2017 compared with 2016. That figure is forecast to double in 2018. VIB has been continuing to launch different card products for its customers. The number of new cards issued in Q1, 2018 increased by 105% against the same period last year. According to a Nielsen report, VIB's credit card was the most mentioned online in 2017.

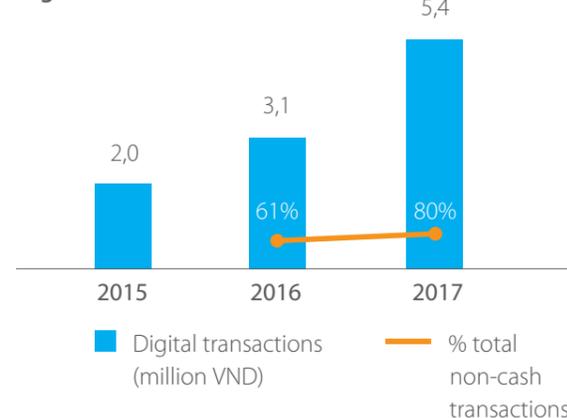
Retail Banking

Mobile banking app, MyVIB, is now rated one of the best banking apps in Vietnam. MyVIB has won many different awards: “Best ebank Vietnam”, “Best Retail Mobile Banking Experience of 2017” from The Asset, and “Vietnam’s Outstanding Innovative Banking Service Award in 2017” from IDG. This product was jointly developed by VIB and CBA’s digital technology experts. In 2017, the number of customers downloading MyVIB increased by 104% while the number of frequent users went up by 87% compared with 2016.

Digital active users



Digital transactions



Several factors contributing to success

Even though VIB has only focused on developing the retail segment in few recent years, the bank has achieved a high growth rate thanks to a comprehensive transformation process (period 2017 - 2021). We have mobilised our entire RB division to implement this transformation process, and made full use of support from relevant teams to realise transformation initiatives in the retail segment.

VIB has focused on improving and launching high quality products at reasonable prices, enhancing customer services and developing quality customers, expanding and improving the sales force and productivity, and building advanced sales tools, risk management and compliance frameworks, including Basel II.

Retail products have been modified to adapt to our target customers’ needs, while we have simplified procedures and created a specialised sales channel. Notably, it took VIB only 1 week to launch a new product while our competitors often take at least 3 months to change their prices. VIB also adjusts its pricing policy regularly to ensure it remains competitive.

In terms of auto loans, RB disbursed more than 29 thousand loans in 2017, accounting for 33% of RB’s total lending balance.

29,018 auto loans were disbursed, contributing 33% in RB’s lending balance

VIB’s auto loan market share

Market share	2016	2017	Q1/2018
%	3.5%	11%	19%

Note: Market share is based on the number of automobiles financed by VIB among the total number of automobiles sold in the market, according to statistics from the Vietnam Automobile Manufacturers Association (VAMA).

VIB stands out in the market thanks to its simple auto loan products which are tailored to customers’ needs. Additionally, the bank has also set up a strong sales force and specialized sales channels. Thanks to our understanding of customers’ needs, the bank’s auto loan products are designed for customers buying both new and second-hand automobiles. Customers can choose to payment monthly, quarterly or biannually, and the maximum loan limit is up to 95% of the invoice including VAT. Our improved lending process with simpler, streamlined paperwork helps customers save time, while the disbursement period has been shortened, creating a competitive advantage for us in the market.

RB has also coordinated with the branch network and the direct sales division to successfully build a specialized sales model for auto loans, including a set-up of over 30 teams working with 700 auto dealers. Simultaneously, the bank has also established an auto partnership team at the Head Office to act as a key contact point for all auto partnership activities both in and outside VIB. For its sales force, VIB has built a unique brand through its specialized, professional staff and high quality services. The bank has also adopted a quarterly contribution-linked payment scheme for its market-facing staff. Head Office has also assigned management and support tasks smoothly and effectively to every zone/region/team/business unit.

In terms of home loans, though VIB is a market follower and now holds less than a 10% market share in this segment, the bank witnessed a high growth rate of 80 - 90% in 2017 compared with 2016, and this growth is expected to continue. To achieve this growth, VIB has modified its processes and regularly adjusts its prices to ensure competitiveness. The bank has applied a more

flexible approval process in the direction of minimizing paperwork and moving from a centralized approval process to allowing branch managers to approve loan applications within their authority. This helps to shorten the approval time from 5 days to 1 - 1.5 days. As well as the normal disbursement processes, VIB also has a fast track package which allows us to disburse loans immediately when buyer and seller sign a property sale and purchase contract at a notary office. This package satisfies many customers with instant needs.

To approach target customers, VIB has set up specialized sales teams for its home loan product and taken advantage of its network of over 160 branches and 8 direct sales centers across the country. The bank has an extensive, strong and professional sales force who can take good care of customers. The bank has also expanded its cooperation with more than 500 real estate partners to help meet a vast number of customers’ needs.

In terms of customers, VIB has mainly focused on people with existing land/property collateral to ensure good asset quality and maintain a low NPL rate.

In terms of digital banking, VIB has continued to invest in its innovative digital banking technology with the aim of realising the bank’s vision “to be the most innovative and customer-centric bank of Vietnam”. Through innovative products and services, including MyVIB, VIB regularly upgrades its products and service quality and puts customers at the center of its innovation.

We have improved MyVIB’s functionality and convenience for customers. For instance, in 2017, the Social Keyboard feature was set up so that MyVIB users can transfer money quickly and safely. Users can transfer to any recipient while they are chatting together on popular social platforms such as Viber, Facebook, Zalo, etc. The user simply needs to turn on the “MyVIB Keyboard” directly on chatting platforms instead of switching between applications.

Retail Banking

VIB's customers can also easily search, compare and book local and international air tickets directly on MyVIB. This service is the result of cooperation between VIB and Gotadi.com, part of the Royal Air Service & Tourism Company. It also enables customers to easily manage their air tickets and schedules and "check in" at airports.

In Vietnam, VIB is one of the first banks to allow customers to log in using biometric technology such as Face ID and Touch ID.

We have also been implementing a project to make VIB's website a sales portal, enabling customers to conduct banking transactions online such as opening accounts and applying for credit cards, loans, bancassurance and consulting in a safe and secure manner.

Direction for 2018

Following the success of 2017, RB will continue to transform its business activities by identifying opportunities, reviewing and shortening processes, and simplifying procedures. This is aimed at improving customer service quality, increasing business efficiency and enhancing customers' experience at VIB's branch network.

VIB is confident RB will exceed all targets set for 2018, and it is highly possible that auto loans will grow thanks to the bank's cooperation with the majority of auto dealers under VAMA. In addition, the Vietnamese automobile market has high growth prospects given the number of automobile owners is only 16 out of every 1,000 people, which is 21 times, 12 times, and nearly 4 times lower than that in Malaysia (341 automobiles/ 1,000 people), Thailand (196 automobiles/ 1,000 people), and Indonesia (55 automobiles/ 1,000 people). The bank will also continue to improve its business models for bancassurance and home loan products and launch new card products, helping to provide more choices to customers and strengthening RB's competitive advantage.

RB targets for 2018:

Credit growth
50%

Deposit growth
45%

Revenue growth
53%

Profit before tax growth
200%

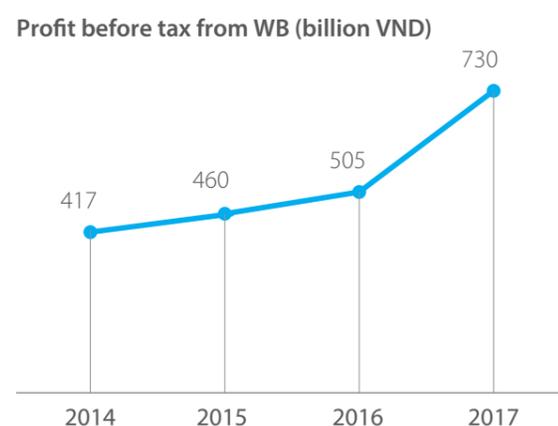
Wholesale Banking

In terms of the Wholesale Banking segment, VIB has been providing full package solutions to its customers to improve both efficiency and customer satisfaction while applying risk management methods.

VIB's Wholesale Banking Division (WB) provides a number of financial services to support small-and-medium-sized enterprises (SMEs) in Vietnam, including foreign invested enterprises. Apart from financing enterprises with a stable financial status, VIB also provides new loans to enterprises in priority areas such as contractors' development programs, EVN contractors, etc. WB made great strides to apply new technologies in 2017, particularly a cash flow management solution and a technology platform to build financing solutions for suppliers (controlling document transfer and routes online).

Achievements in 2017

In 2017, WB contributed a large ratio to VIB's total profit. The division successfully achieved its business targets for the year, and accounted for approximately 50% of the bank's total profit. The division's net income and profit increased by 23% (VND1,252 billion) and 45% year-on-year, while its CIR and overdue debt ratio decreased by 4% (to 41%) and 0.04% (to 0.2%), respectively.



In 2017, WB strived for sustainable revenue growth, and developed a quality customer base of leading prestigious and reputed enterprises involved in the trade, service and manufacturing sectors.

To achieve these significant results, WB focused on optimising its baseline processes, improving credit policies and products, and issued a new pricing management policy. Comprehensive transformation of its organisational structure and sales force was also an important factor that contributed to the division's impressive growth. Specific actions included:

1. Focused on developing and banking with new customer segments in key focus areas and corporate customer relations. With this strategy, WB implemented a list of policies including a credit policy for EVN contractors and pharmaceutical customers, and signed cooperation contracts and provided credit to auto dealers. The corporate customer referral program was also successfully implemented in 2017 and helped attract more than

300 corporate customers.

Within the SME segment, actions included: (i) developing standard credit products; (ii) improving relevant processes and forms; (iii) improving credit approval quality and adjusting pricing schemes accordingly; and (iv) improving product launches and sales schemes.

2. In terms of product development, WB continued to adjust and improve its standard products, shorten approval times and attracted new customers. New auto loan products and fast loans for working capital were also adjusted and issued.
3. Through the bank's market research and customer development, WB completed and issued a new pricing scheme for corporate customers based on their own contributions. With the new pricing scheme and interest management based on customers' portfolios, lending interest improved to 0.38%.
4. WB's organizational apparatus was restructured in 2017 to optimize the existing system and the division officially launched the new contribution-linked payment scheme for market-facing staff. This aimed to boost efficient sales and reward sales staff based on their performance.

In addition to these actions, WB also implemented risk management tasks. The division adjusted and improved its credit approval mechanism, simplified and standardized credit approval and appraisal processes for SMEs. WB also improved and standardized its credit processes and policies to minimize processing times.

Direction for 2018

In 2018, WB will continue to concentrate on key areas including customers, products, pricing, sales force and risk management. The division will continue to manage and bank with corporate customers by improving lending interest rates and upgrading its models for cross-selling and contracts. The division will also focus on developing partnerships among SMEs, and improving and optimizing standard products designed for this segment.

WB's business targets for 2018

Lending balance
VND24,800 billion

Deposit
VND25,700 billion

Net income
VND1,240 billion

Profit before tax
VND765 billion

Overdue debt ratio
0.8%

CIR
39.9%

Treasury Division

VIB's Treasury Division (TD) is involved in several areas, including bond and forex trading, and lending and deposits in foreign currencies. Forex trading continued to grow strongly in terms of proprietary trading turnover in 2017, with a growth rate of 16% over 2016, surpassing the annual target by 20%. VIB maintained its market share and ranked among the top banks in terms of forex trading efficiency. In addition to the fundamental forex product, VIB also focused on developing structured forex products, which witnessed a good growth rate and reached 224.67% of the plan. In 2017, the division contributed an approximate 40% ratio in the bank's total profit.

Achievements in 2017

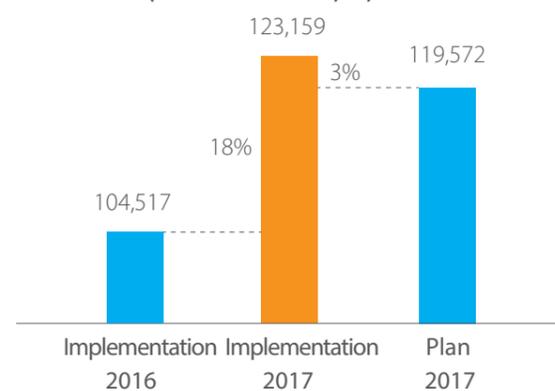
Treasury Division's business results in 2017

Net income	+33%, gain VND722 billion
Profit before tax	+35%, gain VND615 billion
CIR	-25% to 8.6%
Overdue debt ratio	0%

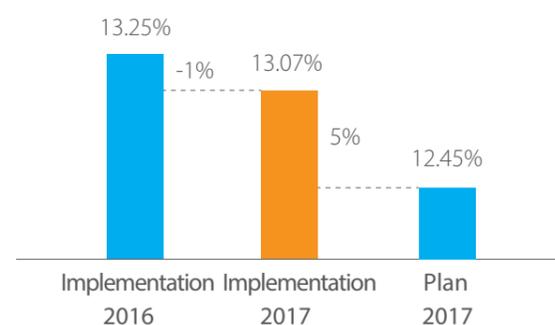
Risk management

Understanding the important role of a healthy balance sheet for a bank's sustainable development, VIB has always focused on managing its assets and liabilities structure in a proper, safe and highly profitable manner. VIB's total assets increased by 18% in 2017 compared to 2016; its lending growth rate reached 25.9%, higher than the average rate of 18.17% across the entire banking industry. Asset quality was well reflected with a low NPL rate of 2.49% and a high CAR of 13.07%, in comparison with the 9% ratio set by the State Bank of Vietnam (SBV).

Total assets (Unit: billion VND, %)



Capital Adequacy Ratio (CAR)



VIB has particularly focused on holding low-risk, high-liquidity assets to maintain stable liquidity. The ratio of high-liquidity assets over the bank's total assets remained stable at approximately 20% in 2017. The liquidity ratio stayed at around 20%, roughly 2 times higher than the required minimum ratio of 10%; 30-day solvency ratios for VND and foreign currencies reached approximately 60% and 30%, respectively, much higher than the respective ratios (50% and 10%) required by SBV. VIB's term assets - liabilities were guaranteed by the short-term deposit to long-and-medium-term lending ratio of 40.76%, which was lower than the maximum ratio of 50% required by SBV.

Credit growth rate

25.9%

7.7 percentage points higher than the industry average

Capital adequacy ratio (CAR)

13.07%

4 percentage points higher than the min required by SBV

NPL ratio

2.49%

Lower than the 3% ratio required by SBV

2017 was an important milestone for the bank thanks to the signing of a 5-year syndicated loan worth US\$185 million without collateral with IFC and other foreign banks. The loan was aimed at helping VIB better finance SMEs and personal customers in certain segments, and also improving its long-term liquidity.

In 2017, VIB continued to be highly appreciated by SBV, international financial institutions (IFC, ADB) and other partners for its capabilities, reputation and safe business activities. The bank's position is expected to further improve in the near future when it completes Basel II compliance in line with international risk management standards.

Improved banking reputation & innovative business and investment

2017 continued to be an extremely successful year for TD's financial institution segment, including banking financial institutions and non-banking financial institutions. Total lending and investment in non-banking financial institutions grew by 278%, while net profit increased by 300%. The division built a diversified list of products and services tailored to satisfy different groups of customers.

Strengthened position on the monetary and fixed income market

Bond trading is a key business segment for VIB. The segment aim to create profit for the bank and provide fund management to ensure constant liquidity for the whole system.

VIB's Government bond trading grew in 2017, ranking it among the 13 banks with the highest Government bond trading value on the Hanoi Stock Exchange. The bank also ranked 6th among secondary market makers, according to the Vietnam Bond Market Association (VBMA). The Ministry of Finance also named VIB one of the primary market makers in 2017.

In 2017, the bank successfully issued VND1,100 billion worth of tier-2 bonds and VND2,800 billion worth of 3-year bonds, contributing to lifting the bank's long-term deposit ratio and meeting its expansion needs.

Treasury Division

Direction for 2018

In 2018, the Government and SBV will continue to implement policies to stabilize the macro economy and control inflation. This lays a firm foundation for commercial banks to expand their businesses and contribute to sustainable economic growth. With the ongoing transformation strategy focusing on the retail business segment, TD plans to cooperate with other divisions to implement the following business directions:

- Flexible management of internal fund transfer pricing to facilitate the bank's core business activities, while ensuring compliance with the liquidity and prudential ratios as they are gradually tightened by SBV.
- Development of forex products to serve personal customers and expansion of these products across the branch network.
- Active participation in market of Government bonds, futures and foreign exchange markets.
- Diversification of products and customer base in order to create new business opportunities.

Net income

VND740 billion

Profit before tax

VND652 billion

CIR

9%

Overdue debt ratio

0%





Mr. Dang Khac Vy

Nationality: Vietnam

Chairman of the Board of Directors
Chairman of the Human Resource Committee

Career path

1996-present

Chairman of the Board of Directors (9/2013-present)
Chairman of the Human Resource Committee (9/2013-present)
Member of the Board of Directors (1996-present)
Vietnam International Bank (VIB)

2011-present

Chairman
Mareven Food Holdings

1992-1995

Private company in the F. R. Russia

Educational qualifications

Doctor of Economics
Russian Academy of Sciences

Geotechnical Engineer
Moscow Geological Prospecting University



Mr. Dang Van Son

Nationality: Vietnam

Vice Chairman of the Board of Directors
Chairman of Risk Committee

Career path

2007-present

Vice Chairman of the Board of Directors (9/2013-present)
Chairman of Risk Committee (9/2013-present)
Member of Board of Directors (2007-2013)
Vietnam International Bank (VIB)

2007-2013

Chairman
International System Trading and Investment JSC(Nettra)

2003-2007

CEO
Huong Dien Hydropower JSC

1989-2003

Managing Director
InterMark company, Russia

Representative
FPT Group in Moscow (Russia)

Chairman
ValMa-M company, Russia

Educational qualifications

Senior Management Program
The American Association of Information Technology and Management

Bachelor of Economics
Russian Academy of Sciences



Mr. Do Xuan Hoang

Nationality: Vietnam

Member of the Board of Directors

Career path

2005-present

Member of BoD (2005-present)
Vice Chairman of BoD (2007)
Vietnam International Bank(VIB)

1993-present

CEO,
Mareven Food Central

1991-1993

Engineer
Vinnitsa, Ukraine

Educational qualifications

Doctor of Economics
The Russian Academy of Sciences

Master of Technology
Vinnitsa University (Ukraine)

Other activities

Member of the Central Committee of Vietnam
Fatherland Front, Terms VI, VII, VIII

Member of the Sponsorship Council for the
Community Support Fund (Committee for
Overseas Vietnamese People, Ministry of Foreign
Affairs)

Founding Member and Chairman of the
Overseas Vietnamese Association in the Russian
Federation



Mr. Han Ngoc Vu

Nationality: Vietnam

Member of the Board of Directors
Chief Executive Officer

Career path

2006-present

Member of BoD, CEO (2013-present)
Chairman of BoD (2008-2013)
CEO (2006-2008)
Vietnam International Bank (VIB)

2004-2006

Country Head of Corporate Banking of Citigroup
Vietnam cum Hanoi Branch Manager of
Citigroup (2004-2006)
Citibank Vietnam

Hanoi Branch Manager (2004)
Calyon Bank

1990-2004

Country Sales Manager cum HCMC Branch
Manager (2001-2004)
Country Sales Manager (1999-2003)
Credit officer (1993-1998)
Credit Lyonnais Bank Vietnam

Assistant,
Representative Office of Credit Lyonnais Bank,
Hanoi (1990-1992)

Educational qualifications

Master of Business Administration
Solvay Business School - Liberty Bruxelles
University (Belgium)

Bachelor of Business English,
Metropolitan Business College (Australia)

Bachelor of International Relations,
The Institute of International Relations - Vietnam

Certificate of General relation skills,
Harvard Business School (America)



Mr. Coenraad Johannes Jonker

Nationality: South Africa

Member of the Board of Directors

Career path

2016-present	Member of BoD Vietnam International Bank(VIB)
2015-present	Executive General Manager of Digital Banking CBA International Financial Services Limited (Hong Kong)
2013-present	Member of BoD TYME Infield Proprietary Ltd., South Africa
2012-2015	Member of BoD Vatoscan Proprietary Ltd., South Africa
2005-2011	Managing Director, TYME, South Africa
2000-2005	Sales Manager, Standard Bank, South Africa
1995-2000	Managing Director (1998-2000) Shareholder cum Manager of Labour Law Lawyer Edward Nathan Sonnenbergs, South Africa

Educational qualifications

Master of Business Administration /MBA
Pretoria University (South Africa)



Mr. Michael John Murphy

Nationality: Australia

Member of the Board of Directors

Career path

Present	Member of BoD Vietnam International Bank(VIB)
2015-present	Chief Financial Officer (2017-present) General Finance Manager (2015-present) International Financial Services (IFS) Commonwealth Bank, Hong Kong
1999-2013	CEO (2011-2013), Calibre Asset Management CEO, Strategic Projects Asia (2009-2010) Chief Financial Officer, Asia (2005-2009) National Australia Bank, Hong Kong
1999-2002	Finance Supervisor MLC Limited Australia (a subsidiary of National Australia Bank)
1992-1999	Auditing Manager Arthur Andersen - Sydney and London

Educational qualifications

Bachelor of Commerce (accounting/finance)
University of NSW, Sydney, Australia

Diploma in Applied Finance and Investment
Securities Institute of Australia



Mr. Ian Park

Nationality: New Zealand

Independent Member of
the Board of Directors

Career path

2016-present	Independent Member of BoD Vietnam International Bank(VIB)
1987-present	Executive General Manager Retail and Business Banking, (2005-present) Head of Personal Banking Service (2001-2005) Head of Retail Banking (1997-2000) Regional Manager (1987-1996) ASB Bank (CBA in New Zealand)



Mr. Tran Tuan Phong

Nationality: Vietnam

Independent Member of
the Board of Directors

Career path

2016-present	Member of the Board of Directors Vietnam International Bank (VIB)
2015-present	Chairman of Vietnam Business Lawyer Club (under Vietnam Bar Federation)
1996-2016	Founder Lawyer Vietnam International Law Firm (VILAF- Hong Duc)
1995-1996	Trainee Lawyer Clifford Chance Law Firm, Hanoi Branch
1995	Lecturer Hanoi Law University

Educational qualifications

Master of Law
Tulane University Law School - US

MBA course from National Economy University
and Hanns Seidel Foundation
(Germany)

Bachelor of Law,
Hanoi Law University

Supervisory Board



Mr. Trinh Thanh Binh
Nationality: Vietnam
Head of Supervisory Board

Career path

2016-present

Head of Supervisory Board
Vietnam International Bank (VIB)

Before 2016

Deputy CEO
Deputy CEO - Head of Retail Banking
Deputy CEO - Director of Credit Cards
Operations
Vietnam International Bank (VIB)

Head of Foreign Exchange
Bank for Agriculture and Rural Development of
Vietnam

Head of International Payment
Bank for Agriculture and Rural Development of
Vietnam - North Hanoi Branch

Educational qualifications

Doctorate of Business Administration (DBA)
The Southern Luzon State University, Philippines

Master of Business Administration (MBA)
The Asian Institute of Management (AIM),
Philippines

Bachelor of Banking and Finance
The National Economics University



Mr. Anthony Michael Greenhill
Nationality: Australia
Member of Supervisory Board

Career path

2014-present

Member of Supervisory Board
Vietnam International Bank (VIB)

2002-present

General Manager for Audit and Assurance
Commonwealth Bank of Australia

1998-2002

Auditor cum Assistant to Vice Chairman
Credit Suisse (London)

1997-1998

Business Analyst
Quantas Ltd.

1995-1997

Senior Consultant
Price Waterhouse Coopers

Educational qualifications

Master of Trade,
New South Wales University (Australia)

Bachelor of IT
Bond University (Australia)



Mrs. Nguyen Luong Thi Bich Thuy
Nationality: Vietnam
Member of Supervisory Board

Career path

2004-present

Member of Supervisory Board (2013-present),
Vice Director of Internal Audit(2004-2013),
Vietnam International Bank (VIB)

2000-2004

Audit and Debt Collection
Sacombank

1999-2000

Sales officer
Khai Hoan Trading Co., Ltd

Educational qualifications

Bachelor in Economics
University of Economics Ho Chi Minh City

Bachelor of Law
Ho Chi Minh City University of Law

Board of Management



Mr. Han Ngoc Vu

Nationality: Vietnam

Member of the Board of Directors
Chief Executive Officer

Career path

2006-present

Member of BoD, CEO (2013-present)
Chairman of BoD (2008-2013)
CEO (2006-2008)
Vietnam International Bank (VIB)

2004-2006

Country Head of Corporate Banking of Citigroup
Vietnam cum Hanoi Branch Manager of
Citigroup (2004-2006)
Citibank Vietnam

Hanoi Branch Manager (2004)
Calyon Bank

1990-2004

Country Sales Manager cum HCMC Branch
Manager (2001-2004)
Country Sales Manager (1999-2003)
Credit officer (1993-1998)
Credit Lyonnais Bank Vietnam

Assistant,
Representative Office of Credit Lyonnais Bank,
Hanoi (1990-1992)

Educational qualifications

Master of Business Administration
Solvay Business School - Liberty Bruxelles
University (Belgium)

Bachelor of Business English,
Metropolitan Business College (Australia)

Bachelor of International Relations,
The Institute of International Relations - Vietnam

Certificate of General relation skills,
Harvard Business School (America)



Mr. Tran Nhat Minh

Nationality: Vietnam

Deputy CEO cum Head of BTS Division

Career path

2006-present

Deputy CEO (2012-present)
Head of BTS Division
Member of BoD (2010-2016)
Head of Digital Banking
Vietnam International Bank (VIB)

Managing Director,
Mareven Food Central Co., Ltd

Deputy CEO/ CEO
ProInvest Co., Ltd
FG Group Co., Ltd
ZAO "DHV-S" JSC

Educational qualifications

Doctor of Science and Technology
Moscow University of Telecommunications and
Informatics

Master of Business Administration
The International Institute of Management LINK,
Russia
Graduated from Moscow University of Energy



Mr. Le Quang Trung

Nationality: Vietnam

Deputy CEO cum
Head of Treasury Division

Career path

2009-present

Deputy CEO cum Head of Treasury Division
(2013-present)
Acting CEO (2013)
Deputy CEO (2010-2013)
Assistant to CEO cum Senior Advisor for Head of
Treasury (2009)
Vietnam International Bank (VIB)

Head of Monetary and Fund,
BNP Paribas Bank

Head of Monetary,
Citigroup Vietnam

Independent Consultant on Monetary and Fund
Head of Monetary and Fund, Member of ALCO
Committee of Deutsche Bank AG
Deutsche Bank AG

Lecturer of Training Center for Banking (MPDF) &
BTC

Educational qualifications

Master of Business Administration
Maastricht School of Management (Netherlands)



Mr. Loic Faussier

Nationality: France

Deputy CEO cum Chief Risk Officer

Career path

2012-present

Deputy CEO cum Chief Risk Officer
Vietnam International Bank (VIB)

Head of global banking,
HSBC Vietnam

Hanoi Branch Manager
HSBC in Hanoi

Deputy Head of Commercial Department
French Embassy in Beijing, China

Citibank in Paris (France)

Educational qualifications

Degree in Business Law
The Paris Institute of Political Studies

Degree in Economics and Finance
Dauphine University

Board of Management



Mr. An Thanh Son

Nationality: Vietnam

Deputy CEO cum
Head of Corporate Governance
Division

Career path

2002-present

Deputy CEO cum Head of Corporate Governance Division (2013-present)
Member of BoD (2010-2013)
CEO (2008-2011)
Deputy CEO
Head of Branch and Services,
Chief of staff
Assistant to CEO
Vietnam International Bank (VIB)

Chairman
Assets Management Company
Vietnam International Bank (VIBAMC)

Chief of staff
Deputy chief of staff
Head of Organization and Personnel
Marketing officer
Vietnam Maritime Commercial Joint Stock Bank

Educational qualifications

Master of International Business Administration

Bachelor of Economic Law
Hanoi Law University

Engineer of Marine Transportation Economics
Maritime University of Vietnam



Mrs. Vuong Thi Huyen

Nationality: Vietnam

Deputy CEO cum
Head of Wholesale Banking Division

Career path

2013-present

Deputy CEO cum Head of Wholesale Banking Division (2016-present)
Head of Wholesale Banking (2013-present)
Vietnam International Bank (VIB)

Head of Structured Export Finance,
Corporate Finance
ANZ Vietnam

Hanoi Branch Manager
Credit Agricole Corporate and Investment Bank
(Calyon)

Head of SME Banking Division
Vietnam Joint Stock Commercial Bank for
Industry and Trade (VietinBank)

Educational qualifications

Master of Business Administration
Columbia Southern University

Bachelor degree in Credit and Banking
Banking Academy of Vietnam

Bachelor of Arts in English
University of Languages & International Studies



Mr. Ho Van Long

Nationality: Vietnam

Deputy CEO cum
Head of Corporate Transformation
Center

Career path

2008 -present

Deputy CEO cum Head of Corporate Transformation Center (2016-present),
Chief Financial Officer (from 2010)
Deputy CFO,
Vietnam International Bank (VIB)

CFO of the Preparatory Committee for the establishment of Vietstar Joint Stock Bank
Assistant to CEO cum Head of MIS & ABC Project
Techcombank

Senior auditor
Ernst & Young Vietnam

Senior financial accountant
Asia Pacific Breweries Ltd

State auditor (since 2004)

Educational qualifications

Bachelor of Economics
Member of ACCA (the Association of Chartered Certified Accountants UK)



Mrs. Dang Thi Phuong Diem

Nationality: Vietnam

Head of General Operations Division

Career path

2001-present

Head of General Operations Division (2012-present),
Manager of Trade Finance
Head of Processing Center
Deputy Head of General Operations
Vietnam International Bank (VIB)

Head of Credit Department,
Techcombank

Educational qualifications

Master in Economics,
HCMC Economics University

Board of Management



Mr. Hoang Linh
Nationality: Vietnam
Head of Financial Services Division

Career path

2012-present

Chief Financial Officer (2017-present)
Acting Chief Financial Officer (since 2016)
Head of Planning Department
Manager of Investor Relation
Manager of Financial Reporting & Analysis
Finance Manager for Treasury Finance,
Global Banking Finance and Digital Banking
FTP and strategic balance sheet management
Vietnam International Bank(VIB)

Fullerton Financial Holdings - Vietnam
(under Temasek Group, Singapore)

FPT Securities Company

Auditor
PricewaterhouseCoopers Vietnam

Educational qualifications

Bachelor degree of International Economics,
Hanoi Foreign Trade University



Mr. Tran Tuan Minh
Nationality: Vietnam
Head of Human Resources Division

Career path

2012-present

Head of Human Resources Division
(2017-present)
Head of Compensation & Benefits Department
Human Resources Division (from 2014)
Deputy Head of Human Resources,
Vietnam International Bank(VIB)

Human Resources Manager,
NIC Human Resource Consulting JSC

Human Resources Manager
VimafLOUR Joint Venture Company

Educational qualifications

Bachelor Business Administration
Vietnam Commerce University



Mr. Duong Ngoc Dung
Nationality: Vietnam
Head of Marketing and
Communication Center

Career path

2014-present

Head of Marketing and Communication Center
(2016-present)
Deputy Head of Marketing and Communication,
Retail Banking Division
Deputy Head of Market Development Wholesale
Banking Division
Vietnam International Bank(VIB)

Head of Marketing and Brand VietCapital
(securities and banking services)

Head of Marketing and Market Development

Sao Bac Dau Company

Marketing Manager
HPT Vietnam Corporation

Educational qualifications

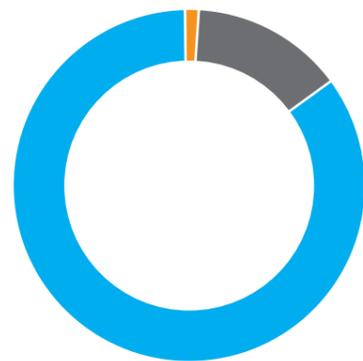
Bachelor of Economic Law
Dong Do University

Training courses in management,
Institute of Vietnam Economy Studies (Japan),
Institute of Applied Marketing (IAM)

The bank now has more than 5,000 employees working in 27 cities and provinces across Vietnam. VIB has continued to streamline its organisational structure in the direction of transforming support divisions and departments, and strengthening its sales force by setting up mixed and specialised sales channels. In 2017, the bank recruited 2,600 employees, including 75% for the retail banking division, to replace and supplement resources for the continued expansion of the business.

2,598

New recruitment in 2017 of the total 5,005 staff



- High level manager: 53
- Middle level manager: 694
- Staff: 4,258

Key activities in 2017

2017 was the year that marked a turning point in the bank's human resources management. Positive changes in terms of remuneration, recruitment and training policies were implemented, while a new work ethic and environment made a significant contribution to VIB's success last year. They have also formed a firm foundation for the bank's development in the years to come.

• Compensation & Benefits

After listening to feedback from employees in 2017, VIB decided to make big changes to its compensation & benefit policies. Under direction from the Board of Directors, the bank has built a new set of human resource policies. The contribution-linked payment policy (CLP) has been applied to more than 60% employees, and as a result has increased their salaries by 30% on average, enabling VIB's employees to determine their own incomes.

Thanks to this high performance culture, VIB has successfully transformed its work performance assessment method. This not only changes the payment and reward schemes, but also helps to measure and classify the productivity of each and every employee. It is also forms the foundation of building a highly professional workforce based on the standards of a modern bank.

Raising salaries for bank employees by approximately 10% through the ESOP program is the next important goal, which will be implemented through a comprehensive remuneration policy. This will reward employees with a more competitive income and VIB shares with high return and growth potential.

• Training and career development

In 2017, VIB conducted a comprehensive overhaul of its training strategy to match the bank's business needs and development strategy. Training was focused on enhancing the customer service and sales teams' capabilities, including technical and product knowledge, risk identification and management skills. The bank also provided training courses on leadership for line and middle managers, who have a big impact on staff development.

VIB has built a training framework based on career development for key positions in the retail banking division, which accounts for more than 50% of the bank's staff. A clear training framework will equip staff with the essential knowledge and skills they need to implement their tasks. It will also help both staff and managers to create development plans and monitor, assess and support their career development.

With training focused more on quality than quantity, programs focused on 3 main categories: technical training, interpersonal skills and leadership. The content of these training programs was designed in a way to motivate both trainers and trainees.

In addition to these training courses, the bank focused on developing e-learning programs to give

employees instant access to the information they needed to further their careers in a time-efficient manner.

With the fundamental changes mentioned above, VIB provided training programs (including product knowledge and technical skills) to 10,600 turns of attendees over 45,700 hours in 2017. Of that number, 7,600 turns of attendees participated in training programs through the bank's e-learning system.

• Recruitment

In response to the bank's growth expectations, we recruited 2,612 employees in 2017, up 67% compared to 2016. RB's relationship managers (RM) accounted for 1,355 of the newly recruited employees. This is due to sound cooperation between the Human Resources Division and other departments to attract highly qualified and experienced candidates. Division heads have been authorized to determine the number of RMs they recruit based on their productivity, targets and market prospects. This has eliminated the need for a staffing limit.

All candidates were recruited through a standard recruitment process, including screening, testing and interviews with the recruitment team and business divisions. The fact that more than 70% of the newly recruited RMs achieved their sales targets reflects the quality of the recruitment process.

As well as attracting new talents, VIB has also focused on internal recruitment by giving career development opportunities to loyal employees. New opportunities and job vacancies are widely communicated weekly/monthly to all staff. As a result, nearly 200 managers were recruited internally in 2017.

VIB has also focused on promoting itself as one of best employer by holding workshops at top universities to attract highly qualified students. The bank has offered scholarships and organized contests, banking visit tours and job fairs with the

participation of 15,000 students who have also been introduced to the VIB brand and its key business activities.

The bank is continuing to improve its recruitment process by reviewing and modifying forms to speed up recruitment. VIB has also implemented the HR-Onboarding system to welcome new employees and build a recruitment policy to satisfy its existing and future recruitment needs.

• **Organizational development and corporate culture**

VIB has concentrated on developing a democratic work environment where each and every staff can work to their own strengths. With this direction, hierarchical interactions or decision-making based on administrative orders have been being gradually replaced with interactions through democratic discussions and exchanges based on data arranged in a systematic and scientific manner.

In 2017, VIB streamlined its organizational structure, reviewed and categorized job positions, and standardized job descriptions for each and every position, which helped identify and eliminate inefficient and unnecessary job positions. Scope of management was also optimized to improve interaction efficiency and to enhance cooperation between and different divisions and departments at the bank.

VIB has also successfully implemented an information management system and built productivity measurement tools for each and every job category, helping it plan and adjust its human resources structure flexibly to meet the bank's development needs.

In 2017, the bank's market-facing staff-to-support staff ratio was 70:30 in comparison to 62:38 in 2016.

VIB is also working towards building an advanced work environment that meets international standards. In 2017, the bank continued to focus on improving its facilities and conditions in the branch

network. As a result, more than 90% of business units were renovated, benefiting 75% of the bank's staff.

In addition to these improved work conditions, VIB also concentrated on creating favorable conditions to help staff find a healthy work-life balance.

Throughout 2017, the staff engagement program "Happy Families – Happy VIB" was implemented widely across the bank's network. The program included workshops on life skills, childcare, photo contests, awards for children of employees who had performed well at school, and prizes for loyal employees who had been working at VIB for 5/10/15/20 years. The bank also re-energized a sport tournament with the participation of more than 400 athletes from 28 delegations nationwide.

A staff engagement survey conducted in mid December 2017 showed that employees' satisfaction with 11 out of 12 items was positive, higher than the previous year. This shows feedback and contributions from employees have been duly considered by the bank's leadership team.

Targets for 2018

In 2018, VIB's human resources team will focus on the 4 key areas mentioned above in order to improve the organization's ability to adapt to market changes, increase the bank's competitiveness, and create the best environment for each and every VIB employee to meet their potential for both themselves and the bank.

• **In terms of recruitment**

Continue to recruit employees for specialized channels based on the bank's business strategy, and to replace and supplement resources for divisions/departments. Create more job opportunities by expanding key business areas with a priority on developing dynamic young talents from internal resources. Continue to improve recruitment policies/processes and promote the VIB brand as an employer of choice to satisfy VIB's existing and future development needs.

• **In terms of training**

Continue to build a training framework for key positions. Enhance the leadership capability of managers at multiple levels through advanced training courses and programs to help them lead and manage their staff during the bank's transformation period, while restarting the Future Branch Manager training program. Improve customer service and sales skills to increase productivity. Continue to consolidate, update and improve technical skills and knowledge on credit risk management, compliance and anti-fraud. Develop e-learning courses and diversify learning materials to facilitate employee development in a flexible manner.

• **In terms of compensation & benefits**

Develop a comprehensive remuneration policy with a competitive salary, attractive bonus and share ownership package. VIB will continue to standardize the its assessment process for each and every level of seniority to ensure internal equality. The bank will also expand the application of the CLP to the remaining positions. The CLP for market facing staff will be improved to motivate them to work to their potential and hit their targets. The ESOP structure will be completed and implemented, and new items will be added to the staff's income structure.

• **In terms of organizational development and corporate culture**

In 2018, VIB will continue to review and adjust its organizational structure and resources to optimize costs and meet business requirements. The bank will continue to focus on building a corporate culture with a view to developing a friendly and professional work environment. Staff engagement activities including internal communication, sport, cultural events and contests will be held to create a healthy playing field for employees. This will help motivate the staff and enhance engagement among the staff and the bank.

General information

Banking Licence No.

0060/NH-GP dated 25 January 1996

Vietnam International Commercial Joint Stock Bank ("the Bank") is a joint stock bank which incorporated and registered in the Socialist Republic of Vietnam on 25 January 1996 in accordance with the Banking Licence No.0060/NH-GP issued by the State Bank of Vietnam with validity of 99 years since license date.

Board of Directors

Name	Position	Date of selection/resignation
Mr. Dang Khac Vy	Chairman	Re-selected on 28 April 2016
Mr. Dang Van Son	Vice Chairman	Re-selected on 28 April 2016
Mr. Han Ngoc Vu	Member cum Chief Executive Officer	Re-selected on 28 April 2016
Mr. Do Xuan Hoang	Member	Re-selected on 28 April 2016
Mr. Michael John Venter	Member	Re-selected on 28 April 2016
Mr. Coenraad Johannes Jonker	Member	Selected on 28 April 2016
Mr. Ian Park	Independent member	Selected on 28 April 2016
Mr. Tran Tuan Phong	Independent member	Selected on 28 April 2016

Board of Supervision

Name	Position	Date of selection/resignation
Mr. Trinh Thanh Binh	Head of Supervision	Re-selected on 28 April 2016
Ms. Nguyen Luong Bich Thuy	Member	Re-selected on 28 April 2016
Mr. Anthony Michael Green Hill	Member	Re-selected on 28 April 2016

Investor relations

SHAREHOLDER RELATIONS

1,495 SHAREHOLDERS HOLDING VND5,644 billion IN VALUE
 564,442,500 SHARES, EQUIVALENT TO

SHAREHOLDERS STRUCTURE

Type of shareholder	Number of shareholders	Number of shares owned	Percentage (%) / Charter capital
Legal entity	16	75,387,392	13.36%
Foreign strategic shareholders	1	112,888,500	20.00%
Individuals	1,478	376,166,608	66.64%
Total	1,495	564,442,500	100%

CHARTER CAPITAL

VND5,644 billion

Board of Management

Name	Position	Date of selection/resignation
Mr. Han Ngoc Vu	Member of The Board of Directors cum Chief Executive Officer	Appointed on 16 September 2013
Mr. Tran Nhat Minh	Deputy Chief Executive Officer cum Head of Banking Technology Services	Reappointed on 1 May 2016
Mr. Le Quang Trung	Deputy Chief Executive Officer cum Head of Treasury	Appointed on 11 January 2010
Ms. Vuong Thi Huyen	Deputy Chief Executive Officer cum Head of Wholesale Banking	Appointed on 1 May 2016
Mr. Loic Faussier	Deputy Chief Executive Officer cum Chief Risk Officer	Appointed on 30 July 2012
Mr. An Thanh Son	Deputy Chief Executive Officer cum Head of General Counsel Division	Reappointed on 14 August 2013
Mr. Ho Van Long	Deputy Chief Executive Officer cum Head of Corporate Transformation Centre	Appointed on 12 October 2016
Mr. Phan Viet Cuong	Deputy Chief Executive Officer of Retail Banking	Appointed on 16 November 2016
Mr. Tran Tuan Minh	Head of Human Resources	Appointed on 01 May 2017
Mr. Hoang Linh	Chief Financial Officer	Appointed on 01 September 2017
Ms. Dang Thi Phuong Diem	Head of General Operations	Appointed on 1 September 2012

The legal representative

Mr. Han Ngoc Vu Chief Executive Officer

Registered location

The Bank's Head Office is located at 1st, 6th and 7th floor, CornerStone Building, 16 Phan Chu Trinh Street, Phan Chu Trinh Ward, Hoan Kiem District, Hanoi, Vietnam
As at 31 December 2017, the Bank has one (01) Head Office, one hundred and sixty two (162) business units including Head Office, fifty (50) branches and one hundred and eleven (111) transaction offices located in provinces and cities all over the country and one (01) subsidiary

Auditors

Ernst & Young Vietnam Limited

The Board of Executive Management of Vietnam International Commercial Joint Stock Bank ("the Bank") is pleased to present its report and the consolidated financial statements of the Bank and its subsidiary for the year ended 31 December 2017.

Executive management's responsibility in respect of the consolidated financial statements

The Board of Executive Management of the Bank is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Bank and its subsidiary, and of the consolidated results of their operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, the Board of Executive Management is required to:

- Select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue its business.

The Board of Executive Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Bank and ensuring that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Executive Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

Statement by the board of executive management

The Board of Executive Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiary as at 31 December 2017, and of the consolidated results of its operations and its consolidated cash flows for the year ended 31 December 2017 in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, and comply with regulations of the State Bank of Vietnam and other relevant statutory requirements.

For and on behalf of the Board of Executive Management



Mr. Han Ngoc Vu
Chief Executive Officer

Hanoi, Vietnam
27 February 2018

To: The Shareholders of
Vietnam International Commercial Joint Stock Bank

We have audited the consolidated financial statements of Vietnam International Commercial Joint Stock Bank and its subsidiary ("the Bank") as prepared on 27 February 2018 and set out on pages 6 to 67 which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's Responsibility

Management of the Bank is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, and comply with regulations stipulated by the State Bank of Vietnam and other statutory requirements relevant to preparation and presentation of the consolidated financial statements, and for such internal control as the Management of the Bank determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditors' Opinion

In our opinion, the consolidated financial statements

give a true and fair view, in all material respects, of the consolidated financial position of the Bank and its subsidiary as at 31 December 2017, and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and comply with relevant regulations stipulated by the State Bank of Vietnam and other statutory requirements relevant to preparation and presentation of the consolidated financial statements.

Ernst & Young Vietnam Limited



Dang Phuong Ha
Deputy General Director
Audit Practising Registration
Certificate No. 2400-2018-004-1

Hanoi, Vietnam
27 February 2018



Hoang Thi Hong Minh
Auditor
Audit Practising Registration
Certificate No. 0761-2018-004-1

Consolidated balance sheet

as at 31 December 2017

	31/12/2017 VND million	31/12/2016 VND million
ASSETS		
Cash, gold and gemstones	1,016,409	855,741
Balances with the State Bank of Vietnam ("SBV")	3,587,550	4,015,092
Deposits at and loans to other credit institutions	10,274,966	9,152,036
Deposits at other credit institutions	9,389,716	8,484,659
Loans to other credit institutions	885,250	667,377
Provision for credit losses of deposits at and loans to other credit institutions	-	-
Securities held for trading	-	-
Derivatives and other financial assets	-	11,331
Loans to customers	78,919,360	59,164,341
Loans to customers	79,864,220	60,179,583
Provision for loans to customers	(944,860)	(1,015,242)
Debt purchased	955,774	-
Debt purchased	956,288	-
Provision for debt purchased	(514)	-
Investment securities	25,609,896	28,698,369
Available-for-sale securities	24,893,365	26,916,591
Held-to-maturity securities	1,570,470	2,664,875
Provision for diminution in value of investment securities	(853,939)	(883,097)
Long-term investments	113,947	124,628
Other long-term investments	185,259	185,261
Provision for diminution in value of long-term investments	(71,312)	(60,633)
Fixed assets	369,709	378,176
Tangible fixed assets	219,617	246,239
Cost	553,033	655,935
Accumulated depreciation	(333,416)	(409,696)
Intangible fixed assets	150,092	131,937
Cost	284,562	313,332
Accumulated amortisation	(134,470)	(181,395)
Investment properties	16,403	16,403
Cost	16,403	16,403
Accumulated amortisation	-	-
Other assets	2,295,103	2,100,840
Receivables	662,308	583,389
Interest and fee receivables	1,124,648	1,304,946
Deferred tax assets	76	88
Other assets	508,071	212,417
Provision for other assets	-	-
TOTAL ASSETS	123,159,117	104,516,957

Consolidated balance sheet (continued)

as at 31 December 2017

	31/12/2017 VND million	31/12/2016 VND million
LIABILITIES		
Borrowings from the Government and the SBV	1,000,000	-
Deposits and borrowings from other credit institutions	33,695,516	33,261,991
Deposits from other credit institutions	17,263,910	17,413,604
Borrowings from other credit institutions	16,431,606	15,848,387
Deposits from customers	68,377,753	59,260,842
Derivatives and other financial liabilities	89,431	-
Other borrowed and entrusted funds	31,248	57,475
Valuable papers issued	9,045,061	2,000,000
Other liabilities	2,132,587	1,193,875
Accrued interest and fee payables	1,212,805	622,694
Deferred tax liabilities	-	-
Other payables and liabilities	919,782	571,181
Provision for contingent liabilities and off-balance sheet commitments	-	-
TOTAL LIABILITIES	114,371,596	95,774,183
SHAREHOLDERS' EQUITY		
Capital	6,039,799	6,802,939
Charter capital	5,644,425	5,644,425
Share premium	1,158,533	1,158,533
Treasury shares	(763,159)	(19)
Reserves	2,027,583	1,256,723
Retained earnings	720,139	683,112
TOTAL SHAREHOLDERS' EQUITY	8,787,521	8,742,774
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	123,159,117	104,516,957

Consolidated balance sheet (continued)

as at 31 December 2017

	31/12/2017 VND million	31/12/2016 VND million
OFF-BALANCE SHEET ITEMS		
Credit guarantees commitments	25	25
Foreign exchange commitments	33,275,495	22,316,209
<i>Foreign exchange commitments - buy</i>	2,515,184	3,111,344
<i>Foreign exchange commitments - sell</i>	2,276,090	2,366,038
<i>Cross currency swap contract</i>	28,484,221	16,838,827
Letters of credit commitments	2,569,478	1,754,591
Other guarantees	4,662,725	3,526,370
Other commitments	9,239,013	4,202,440
	49,746,736	31,799,635

Prepared by:

Ms. Tran Thi Thanh Tra
Head of General Accounting

Approved by:

Mr. Hoang Linh
Chief Financial Officer

Approved by:



Mr. Han Ngoc Vu
Chief Executive Officer

Hanoi, Vietnam
27 February 2018

Consolidated income statement

for the year ended 31 December 2017

	2017 VND million	2016 VND million
Interest and similar income	7,252,564	5,291,791
Interest and similar expenses	(3,796,588)	(2,665,553)
Net interest income	3,455,976	2,626,238
Fee and commission income	594,174	391,311
Fee and commission expenses	(187,283)	(135,674)
Net fee and commission income	406,891	255,637
Net (loss)/gain from trading of foreign currencies	(62,888)	24,814
Net gain from investment securities	161,340	149,445
Net gain from investments in other entities	1,380	27,556
Other income	160,975	345,240
Other expenses	(34,212)	(27,959)
Gain from others activities	126,763	317,281
TOTAL OPERATING INCOME	4,089,462	3,400,971
Payroll and other staff costs	(1,324,020)	(1,118,077)
Depreciation and amortisation charges	(90,904)	(89,714)
Other operating expenses	(919,533)	(884,837)
TOTAL OPERATING EXPENSES	(2,334,457)	(2,092,628)
Profit before provision for credit losses	1,755,005	1,308,343
Provision expenses for credit losses	(349,935)	(606,127)
PROFIT BEFORE TAX	1,405,070	702,216
Current Income tax expense	(280,779)	(139,806)
Deferred tax expense	(12)	(678)
Total Income tax expenses	(280,791)	(140,484)
PROFIT AFTER TAX	1,124,279	561,732
Basic earnings per share (VND/share)	2,002	1,125

Prepared by:

Ms. Tran Thi Thanh Tra
Head of General Accounting

Approved by:

Mr. Hoang Linh
Chief Financial Officer

Approved by:



Mr. Han Ngoc Vu
Chief Executive Officer

Hanoi, Vietnam
27 February 2018

Consolidated cash flow statement

for the year ended 31 December 2017

	2017 VND million	2016 VND million
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and similar income received	7,432,862	4,972,948
Interest and similar expenses paid	(3,206,477)	(2,533,790)
Fee and commission income received	406,891	255,636
Net receipts from foreign currencies, gold and securities trading activities	98,452	174,259
Other (expenses)/incomes	(7,349)	183,186
Receipts from loans previously written off	107,399	134,095
Operating and salary expenses payments	(2,243,553)	(2,002,915)
Current income tax paid for the year	(182,460)	(158,347)
Net cash flows from operating activities before changes in operating assets and liabilities	2,405,765	1,025,072
Changes in operating assets		
Increase in deposits at with and loans to other credit institutions	(217,873)	(492,377)
Decrease/(Increase) in securities held for trading	3,117,631	(2,434,948)
Decrease in derivatives and other financial assets	100,762	65,031
Increase in loans to customers	(20,640,411)	(12,402,552)
Using provision to written off loan to customers, securities and long-term investment losses	(603,092)	(440,695)
Increase in other assets	(121,749)	(575)
Changes in operating liabilities		
Increase/(Decrease) borrowings from Government and the SBV	1,000,000	(8,472,331)
Increase in deposits and borrowings from other credit institutions	433,525	20,562,325
Increase in deposits from customers (including The State Treasury)	9,116,911	5,956,878
Increase in valuable papers issued (except valuable papers issued for financing activities)	7,045,061	2,000,000
Decrease in other borrowed and entrusted funds	(26,227)	(15,450)
Increase/(Decrease) in other liabilities	155,273	(205,885)
Net cash flows from operating activities	1,765,576	5,144,493

Consolidated cash flow statement

for the year ended 31 December 2017

	2017 VND million	2016 VND million
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchases of fixed assets	(89,321)	(120,436)
Proceeds from disposals of fixed assets	2,902	333,131
Payments for disposals of fixed assets	-	-
Payments for investments property	-	-
Proceeds from investments property	3,006	202
Proceeds from investments in other entities	-	25,393
Dividends received from long-term investments	1,380	27,557
Net cash flows (used in)/from investing activities	(82,033)	265,847
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in charter capital from capital contribution and/or share issuance	-	799,425
Dividends paid to shareholders	(282,220)	(1,181,924)
Payments for sells of treasury shares	(763,140)	(7)
Net cash flows used in financing activities	(1,045,360)	(382,506)
Net cash flows during the year	638,183	5,027,834
Cash and cash equivalents at the beginning of the year	13,355,492	8,327,658
Cash and cash equivalents at the end of the year	13,993,675	13,355,492

Prepared by:



Ms. Tran Thi Thanh Tra
Head of General Accounting

Approved by:



Mr. Hoang Linh
Chief Financial Officer

Approved by:



Mr. Han Ngoc Vu
Chief Executive Officer

Hanoi, Vietnam

27 February 2018