



INNOVATION & TRANSFORMATION

Annual Report 2016



Vietnam International Bank
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Table of Contents

Overview of VIB	2	Wholesale Banking	34
Key Milestones	4	Global Banking	36
Message from CEO	6	Treasury	38
Organisational Structure	12	Digital Banking	42
2016 Highlights	24	Risk Management	46
Key Financial Indicators	26	Human Resource	48
Investor Relations	28	Consolidated Financial Statements	52
Retail Banking	32		

Overview of VIB



Name in Vietnamese
 NGÂN HÀNG THƯƠNG MẠI
 CỔ PHẦN QUỐC TẾ VIỆT NAM

Name in English
 VIETNAM INTERNATIONAL
 COMMERCIAL JOINT STOCK BANK

Abbreviated name
 Vietnam International Bank (VIB)

Vision - Core values - Mission

Vision

To be the most innovative and customer-centric bank of Vietnam

Core values

- Customer focus
- Excellence
- Honesty
- Teamwork
- Disciplined

Mission

For customers: To excel in providing innovative, customer-centric solutions to satisfy the needs of our customers

For employees: To cultivate a high performance culture, entrepreneurship and openness in our work environment

For shareholders: To provide sustainable and attractive returns to our shareholders

For the community: To actively contribute to community development...

Address of Head Office

Floor 1, 6 and 7, CornerStone Building, 16 Phan Chu Trinh Street, Phan Chu Trinh Ward, Hoan Kiem District, Hanoi, Vietnam

Tel (84-24) 6276 0068

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Website www.vib.com.vn

Email vib@vib.com.vn

Certificate of Business Registration with corporate code of 0100233488 issued by Hanoi Department of Planning and Investment on 14 Feb 1996 (first registration)

Charter capital
 VND 5,644,425,000,000

Lines of business

- Finance
- Banking
- Insurance

Location of business

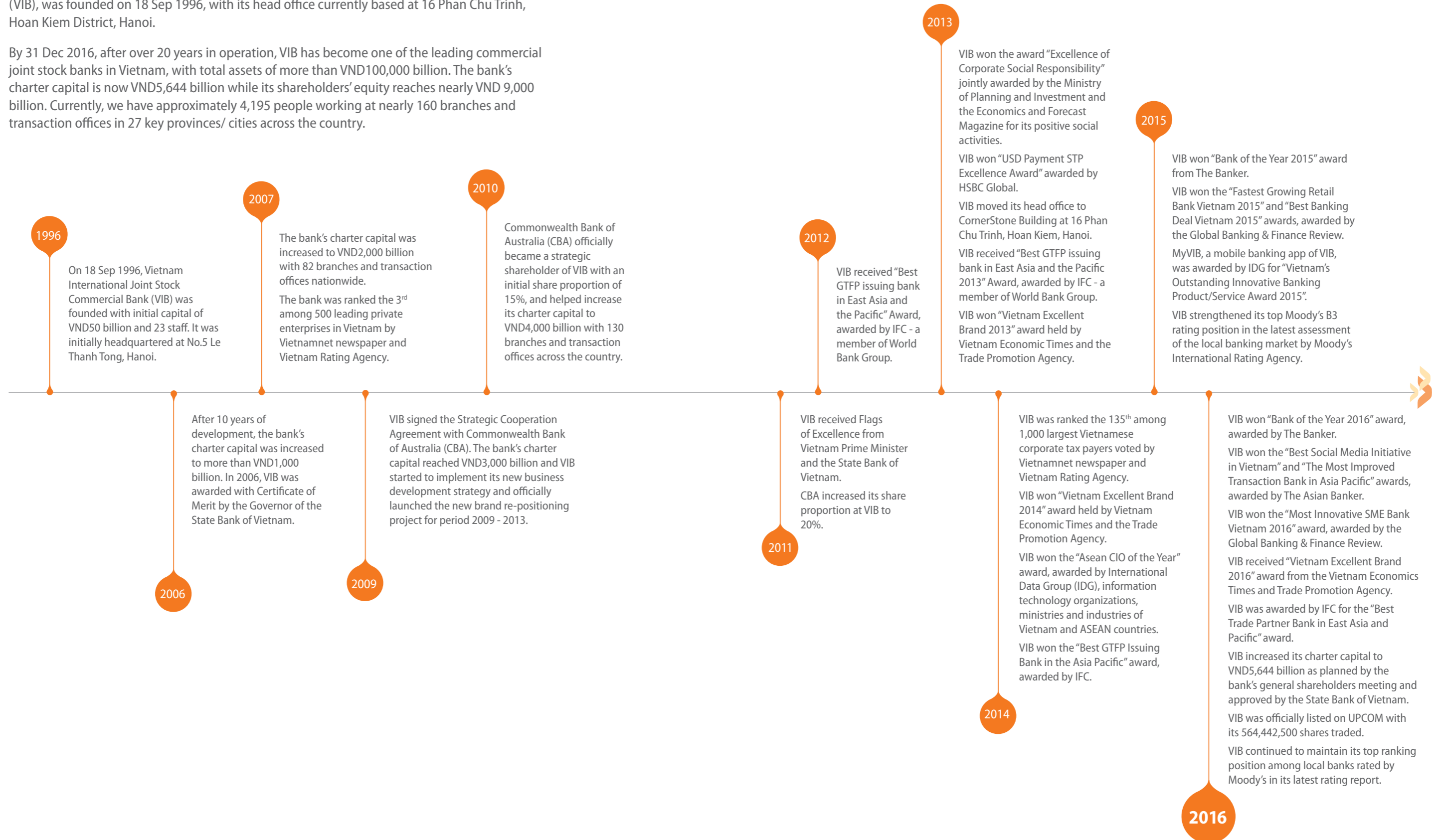
The bank has 01 head office, 49 branches and 106 transaction offices in 27 provinces and cities across Vietnam



Key Milestones

Vietnam International Commercial Joint Stock Bank, abbreviated as Vietnam International Bank (VIB), was founded on 18 Sep 1996, with its head office currently based at 16 Phan Chu Trinh, Hoan Kiem District, Hanoi.

By 31 Dec 2016, after over 20 years in operation, VIB has become one of the leading commercial joint stock banks in Vietnam, with total assets of more than VND100,000 billion. The bank's charter capital is now VND5,644 billion while its shareholders' equity reaches nearly VND 9,000 billion. Currently, we have approximately 4,195 people working at nearly 160 branches and transaction offices in 27 key provinces/ cities across the country.



Message from CEO



Dear Shareholders, Customers and Investors,

In 2016, the world witnessed major political upheavals and lower-than-expected economic growth in different regions: the surprising victory of President Donald Trump in the United States Presidential Election; the US continued to raise its interest rate when the country felt confident enough to get out of economic recession; previously, the Brexit created many different scenarios and messages about the future.

However, in the year Vietnam's economy recorded positive signs with a good recovery trend: economic growth rate of 6.21%; inflation rate of less than 5%; the number of newly established enterprises increased by 16.2% while the registered capital up by 48.1% compared with 2015; foreign direct investment (FDI) capital disbursed at a record high of USD15.8 billion thanks to the expectation on TPP; the forex market stabilised after one year of applying the central exchange rate policy; the real estate market was getting warmer with a slight growth in real estate index, and the source of supply as well as the number of transactions both increased in comparison with the previous year.

Noticeably, in 2016 the monetary policy was well managed in a flexible and tight way, while the State Bank of Vietnam still worked closely on stabilizing inflation and got cautious with this objective. The re-balance between deposit and lending helped to keep interest rates stable during the year.

Also in the year, VIB celebrated its 20th anniversary while the bank obtained major achievements in: operational excellence; positive business results; improved brand reputation. Specially, at the annual general shareholders meeting (GSM) in Apr 2016, VIB strongly impressed shareholders and investors in Vietnam when it became one of few banks that paid high dividend

rates: 23% and 25% (in cash and by bonus share) for 2014 and 2015, respectively.

Operational excellence

Over the last years, VIB has strived to build a strong, transparent corporate governance structure which aligns with the bank's common value system and towards international standards. Among 8 members of the Board of Directors in Term VII (2016 - 2019), there are 2 members from Commonwealth Bank of Australia (CBA) and 2 independent members. This helps VIB be assessed as one of the local financial institutions with a clear corporate governance structure and many foreign experts.

Besides, VIB prioritized to improve business performance by establishing new business centers/divisions and direct support ones, and appointing relevant managers. In particular, in 2016 the bank set up Digital Banking Division, Corporate Transformation Center (CTC), Marketing and Communications Center, and SME Banking Division. In addition, 2 deputy CEOs were appointed, increasing the number of deputy CEOs (who manage divisions/centers concurrently and directly) to 6.

With the above-mentioned foundation, in 2016 VIB worked out groups of solutions with specific objectives including: continuing to accelerate development of the retail banking division in line with the long term strategy; diversifying products and services for each and every customer segment; promoting banking services to reach the general public; intensively applying information technology applications, especially modern and advanced ones, to bring more benefits and conveniences to customers; developing relations with new strategic partners; enhancing the risk management system;



focusing on people development and training... The innovative activities, which moved from quantity to quality, have helped VIB obtain significant achievements as follows:

- In addition to traditional channels, with its advantage of a sound digital banking platform and support from CBA, in 2016 VIB boosted banking activities via multi-media channels: VIB website, contact center, internet banking, MyVIB, Facebook... This has helped the bank dramatically increase the number of customers, especially with the total number of quality customers reaching nearly 400,000.
- Apart from strengthening its cooperation with partners such as PVI, BMW and Prudential Vietnam to deliver more benefits and added values to customers as well as to generate a sustainable income, in 2016 VIB expanded strategic cooperation with foreign enterprises in providing financial products and services: guarantee, credit. Some of them include THT Company with 100% capital invested by Daewoo Engineer & Construction Co., Ltd (Daewoo E&C), Phu Thai Hung Development JSC (under Phu My Hung Development Co., Ltd), Gamuda, Lotte, Vietnam Mobile, Capital Land, Kepeland & Hoan My Group...
- In 2016, VIB continued to transform its operating model to better adapt to the local business environment and in line with international standards. VIB is one of 10 local banks selected by SBV for pilot implementation of Basel II standards. When being selected for pilot implementation of the Basel II, VIB was the bank with the highest readiness level and a capital adequacy ratio of over 10% according to Basel II standards. Currently, the system has started to operate on a trial manner and produced highly accurate reports, updated regularly as required by SBV.

Message from CEO (Cont')

WE CREATE VALUE

VIB will also continue to optimise and automate processes

Positive financial indicators

At the end of 2016, VIB's total lending balance amounted to approximately VND70,000 billion, up nearly 25% compared to 2015; this is also the 2nd consecutive year VIB has achieved the growth rate. Good book growth rate also reached approximately 30% in 2 consecutive years. The bank's pre-provision profit and profit before tax reached VND1,308 billion and VND702 billion, respectively, equivalent to 104% of the target set by the GSM early in the year, and 7% higher than 2015. VIB's total assets reached nearly VND105,000 billion. Risk management and bad debt collection continued to work efficiently with the Bad Book decreased to approximately 21% in the year. In Dec 2016, the bank completely increased its charter capital to VND5,644 billion according to the plan passed by the GSM and approved by SBV. VIB shareholders' equity was more than VND8,743 billion.

On 9 Jan 2017, VIB's 564,442,500 shares were officially traded on the UPCOM. This enables investors, more than 1,300 existing shareholders including 576 internal shareholders working at VIB, analysts and authorities to get full information on price, market capitalisation and liquidity of VIB shares, making it easier for them to make proper trading decisions. This also helps to make VIB increasingly transparent and easy to call for investment.

VIB's reputation improved

In 2016, VIB was well recognised by prestigious Vietnamese and international institutions for its efforts in implementing innovative branding activities and integrated marketing campaigns: VIB continued to be the bank with the highest credit ranking among local banks rated by

Moody's; VIB was awarded for the "Best Trade Partner Bank in East Asia and the Pacific" award; VIB was the only local bank awarded for "Most Innovative SME Bank 2016" by Global Banking and Finance Review, UK. Especially, in Dec 2016, VIB won "Bank of the Year 2016" award. This is the 2nd consecutive year VIB has been honoured and awarded by The Banker - the world's leading financial and banking publication under Financial Times, London, UK. VIB was proud to surpass many candidates to win this award. The award recognises the efforts and dedication made by each and every VIB staff in serving customers and working to make VIB a leading financial institution in Vietnam.

Direction for 2017 - Boost growth and business size

In 2017, Vietnam's economic growth is expected to be better when the 2016 stimulus policies have worked and promoted their effect. Important factors, which can help stimulate export and production activities for the local enterprises in 2017, include: Implementation of trade agreements with a roadmap to cut and/or reduce taxes for many key export products of Vietnam; Improvement to the local business environment (implementation of Resolution No.19 on reforming the business environment); and adoption of Law on Planning, Law on Support to SMEs in May 2017, and many important reform policies to implement the Law on Enterprises, the Law on Investment. These factors will help to increase confidence in the business community.

2017 will be the first year VIB implements the process of transformation from VIB 1.0 to VIB 2.0,

focusing on innovation and creativity with some key areas including: establishing CTC with specialised members and talents from different divisions; transforming specialised business models and strategy; transforming the operation model, and applying innovative solutions. Some specific tasks for 2017 are as follows:

- **Growth:** In 2017, we set a profit target which will be 10% higher than that of 2016. We will continuously set a target to uphold a 25%-30% lending growth rate and also maintain a relevant deposit growth rate to create healthy liquidity for VIB. These figures are based on a series of initiatives for all customer segments; specially, the bank will focus more on developing innovative solutions and use technology more intensively so as to optimise productivity, increase revenue, and save costs.
- **Operational excellence:** We will continue to review and re-arrange the organisational structure in the direction of streamlining and improved productivity. Besides, VIB will also continue to optimise and automate processes, improve policies and procedures. Simultaneously, we will develop an online branch handbook and an enhanced control system.
- **People development:** In 2017, the contribution linked pay policy (CLP) will be implemented in all VIB business units, the aim is to increase potential income in line with the contribution made by market facing staff to the bank. This will not only help accurately recognise the staff's dedication and engagement but also make VIB an employer of choice. Besides, in 2017, the Board of Directors and Board of Management will continue to further discuss directly with zone heads/ regional

managers/ branch managers to review market opportunities, provide instant support, best facilitate business development, and especially consider newly establishing a number of business units to expand VIB's area of business.

VIB will continue to follow the 2016 GSM's direction in maintaining an attractive income for shareholders with the total dividend payment rate in cash and by bonus shares ranging from 15% to 25% annually.

I am confident that, with our bank's strong foundations, the efforts and consensus of our shareholders, customers and investors, together we will achieve these objectives and help realise VIB's vision "To be the most innovative and customer centric bank of Vietnam".

Thank you!



Chief Executive Officer
Han Ngoc Vu



READY FOR TOMORROW
ENSURING SUSTAINABILITY



Organisational Structure

Board of Directors



Mr. Dang Khac Vy

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

Mr. Dang Khac Vy is one of the founder members of the Vietnam International Bank. Mr. Vy has been appointed as a member of the Board of Directors of VIB from Term I through Term VII.

He is now Director cum Chairman of Mareven Food Holding Limited - one of the large groups owned by overseas Vietnamese people, with its products distributed in East Europe, West Europe and some countries in Asia.

Mr. Vy holds a Doctor of Economics and has many years of work experience in different countries in the world such as the F.R. Russia, Singapore etc.



Mr. Dang Van Son

Vice Chairman of the Board of Directors cum Chairman of Risk Committee

Mr. Dang Van Son continued to be elected by the General Shareholders Meeting (GSM) in 2016 to serve on the Board of Directors (BoD) for Term VII (2016-2019). Previously, Mr. Son had been elected to the Board in early 2007.

Prior to joining the BoD, Mr. Son had worked in the Russian Federation and other organizations in Vietnam for many years in the roles of the Chairman of ValMa-M Company, CEO of Huong Dien Hydropower JSC, and Chairman of International System Trading and Investment JSC.

Mr. Son obtained a Bachelor of Economics from the Russian Federation and completed the Senior Management Program of the American Association of Information Technology and Management.



Mr. Do Xuan Hoang

Member of the Board of Directors

Mr. Do Xuan Hoang has been a consecutive Member of the BoD since 2005. He was the BoD Vice Chairman in 2007. Mr. Hoang is currently CEO of Mareven Food Central, a Vietnamese - Japanese joint venture, one of the leading companies specialising in FMCG in the Russian Federation and the CIS region.

Aside from the private sector, he also takes active part in community development activities. He is a founding member and Chairman of the Overseas Vietnamese Association in the Russian Federation, member of the Central Committee of Vietnam Fatherland Front for Terms VI, VII, and VIII.

He received his Bachelor in 1991 in the former Soviet Union, and obtained a Doctor of Economics from the Russian Academy of Sciences in 1998.



Mr. Han Ngoc Vu

Member of the Board of Directors cum Chief Executive Officer

Mr. Han Ngoc Vu joined VIB as its CEO in late 2006 and held the post until 2008. In 2008, Mr. Vu was elected by the GSM to be Director of the BoD for term V, and was elected by the BoD to be its Chairman from 2008 to 2013. The GSM in 2013 and 2016 continued to elect Mr. Vu as Member of the BoD for Term VI and VII. The BoD returned Mr. Vu to the post of CEO in the same year until now.

Mr. Vu has nearly 30 years of experience in business operations, including 27 years in the banking and finance sector, with vast experience in banking with leading international banks in the world.

Mr. Vu has held many key roles in Vietnamese and international banks, including Chief Executive Officer of Vietnam International Bank (VIB), Country Head of Corporate Banking of Citigroup Vietnam cum Hanoi Branch Manager of Citigroup, Country Sales Manager cum HCMC Branch Manager of Credit Lyonnais Vietnam, and Hanoi Branch Manager of Calyon Bank.

Mr. Vu obtained a Master of Business Administration from Solvay Business School - Belgium, and Bachelor degrees from Metropolitan Business College - Australia and the Institute of International Relations - Vietnam. He also completed professional training courses in Leadership from Harvard Business School and Citigroup; in Risk Management, Commercial Banking, Financial Analysis, Project Finance, Trade Finance etc. from Citigroup and Credit Lyonnais.

Organisational Structure (Cont')

Board of Directors



Mr. Coenraad Johannes Jonker

Member of the Board of Directors

Mr. Coenraad Johannes Jonker was elected by the 2016 GSM to be BOD Member for Term VII (2016 - 2019).

Mr. Coenraad has over 20 years of experience in key positions at large finance-banking institutions and proprietary organizations in South Africa and Hong Kong such as Standard Bank, Deloitte and CBA. Currently Mr. Coenraad holds the positions of Executive General Manager of Digital Banking - CBA International Financial Services Limited (Hong Kong). His participation in VIB's Board of Directors will contribute to significantly facilitating the Bank's digital banking segment. Mr. Coenraad is also BoD member of various proprietary companies in South Africa, i.e. TYME, Vatoscan, Newshelf, ect.

Mr. Coenraad obtained a Master of Business Administration (MBA) from University of Pretoria - South Africa.



Mr. Michael John Venter

Member of the Board of Directors

Mr. Michael John Venter was elected to the Board of VIB from 15 Dec 2014 and continued to be elected to the Board for Term VII (2016-2019) by the GSM.

Mr. Venter has been appointed as CFO, International Financial Services, CBA since November 2014. Prior to this, he was CFO Wealth Management and before that, Deputy Chief Financial Officer for Commonwealth Bank of Australia for 5 years.

Before joining CBA in 2004, Mr. Venter served as the Head of Group Management Reporting at AMP and held a number of senior finance executive roles within Nedcor Bank, one of the 4 largest South African banks.

He is now a Member of the Institute of Chartered Accountants in Australia. Mr. Venter has an Honors degree in Accounting from the University of Stellenbosch in South Africa.



Mr. Ian Park

Independent Member of the Board of Directors

Mr. Ian Park was elected by the GSM to be Independent Member of the BOD for Term VII (2016 - 2019).

Mr. Ian Park has 44 years of experience in finance-banking sector in New Zealand, including 19 years at senior management roles such as General Manager Personal Banking, Head of Retail Banking, and Acting CEO at ASB (CBA's wholly owned subsidiary in New Zealand).

Since 2011 until now Mr. Ian Park has been holding the position of Executive General Manager - Retail and Business Banking at ASB.



Mr. Tran Tuan Phong

Independent Member of the Board Directors

Mr. Tran Tuan Phong has been elected by the annual general shareholder meeting 2016 to be Independent Member of the BOD for Term VII (2016 - 2019).

Mr. Phong has 20 years of experience in Vietnamese and international law firms, with key positions such as founder lawyer of Vietnam International Law Firm (VILAF-Hong Duc), Chairman of Vietnam Business Lawyer Club under Vietnam Bar Federation. During his career, Mr. Phong has received many awards and prizes, i.e. International Finance Law Review, Chambers & Partners, Asia Law, etc., by Ministry of Justice, Vietnam Bar Federation and international organizations and magazines for his achievements and contributions in legal profession development.

Mr. Phong held a Master degree of Law from Tulane University Law School - US, and Bachelor degree of Law from Hanoi Law University. He also completed an eMBA course from National Economy University and Hanns Seidel Foundation.

Organisational Structure (Cont')

Supervisory Board



Mr. Trinh Thanh Binh

Head of the Supervisory Board

Mr. Trinh Thanh Binh was elected by the 2016 GSM as Head of the Supervisory Board, Term VII (2016-2019). Previously, he held many important positions in VIB such as Deputy CEO, Deputy CEO cum Head of Retail Banking, and Deputy CEO cum Head of Credit Cards Operations.

Prior to joining VIB, he had held many positions such as Head of Foreign Exchange, Bank for Agriculture and Rural Development of Vietnam and Head of International Payment, Bank for Agriculture and Rural Development, North Hanoi Branch.

Mr. Binh obtained a Bachelor of Banking and Finance from the National Economics University, Hanoi, and a Master of Business Administration (MBA) from the Asian Institute of Management (AIM), Philippines. In 2014, Mr. Binh completed a Doctorate of Business Administration (DBA) from the Southern Luzon State University (SLSU), the Philippines.



Mr. Anthony Michael Greenhill

Member of the Supervisory Board

Mr. Anthony Michael Greenhill was elected by the 2016 GSM to the Supervisory Board, Term VII (2016-2019). Previously, Mr. Greenhill was a member of the Supervisory Board in Term VI. Mr. Greenhill has 20 years working experience in auditing, risk management and consulting.

He is currently General Manager for Audit and Assurance for Commonwealth Bank of Australia, responsible for audit and assurance of the Retail Bank, International Financial Services and BankWest.

He previously worked as Chief Risk Officer (CRO) for CommInsure, a life and general insurance company under CBA. Mr. Greenhill has worked as a senior consultant with PwC specializing in insurance and technical banking assurance in Australia.

Mr. Greenhill holds a Bachelor of Information Technology from Bond University and Master of Commerce from New South Wales University.



Ms. Nguyen Luong Thi Bich Thuy

Member of the Supervisory Board

Ms. Nguyen Luong Thi Bich Thuy was elected by the 2016 GSM to the Supervisory Board, Term VII (2016-2019). Ms. Thuy officially joined VIB in 2004.

Ms. Thuy has over 16 years of experience in business, banking and finance and has held key posts such as: Vice Director - Internal Audit at VIB; Audit and Debt Collection at Sacombank. Previously, Ms. Thuy was a member of the Supervisory Board in term VI.

Ms. Thuy holds a Bachelor in Economics from the Hochiminh City Economic University, and a Bachelor of Law from the Hochiminh City Law University.

Organisational Structure (Cont')

Board of Management



Mr. Han Ngoc Vu

Member of the Board of Directors cum Chief Executive Officer

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Mr. Tran Nhat Minh

Deputy CEO cum Head of Digital Banking

Mr. Tran Nhat Minh is currently Deputy CEO cum Head of Digital Banking. Previously, he was in charge of business technology and operation of VIB.

Mr. Minh has held many roles such as Deputy CEO, CEO for different companies in the Russian Federation including ProflInvest Co., Ltd, FG Group Co., Ltd, and ZAO "DHV-S" JSC. Currently, he is Managing Director of Mareven Food Central Co., Ltd, a company among the top 200 largest private companies in the Russian Federation according to Forbes. Mr. Minh was elected by the GSM to be Director of the BoD for term VI (2013 - 2016).

Mr. Minh graduated from Moscow University of Energy and obtained a Doctor of Science and Technology from Moscow University of Telecommunications and Informatics and a Master of Business Administration from the International Institute of Management LINK, Russia.



Mr. Le Quang Trung

Deputy CEO, Head of Treasury cum Head of Global Banking

Mr. Trung has more than 20 years of experience in the banking and finance sector at major international banks operating in Vietnam. Mr. Trung joined VIB in December 2009 and is currently Deputy CEO, Head of Treasury and Head of Global Banking. He has held senior management roles in large national and international corporations such as Head of Fixed Income and ALM of BNP Paribas Vietnam; Head of Trading of Citigroup Vietnam; Head of Global Markets and ALCO Member of Deutsche Bank AG Vietnam. Besides of management role at banks, he is also Independent Treasury and ALM Consultancy and Lecturer of MPDF & Banking Training Center.

Mr. Trung holds a Master of Business Administration (MBA) from Maastricht Business School, Netherland.



Mr. Loic Faussier

Deputy CEO and Chief Risk Officer

Mr. Loic Faussier is currently Deputy CEO cum Chief Risk Officer at VIB. His key area of responsibility is risk management for the Bank, including wholesale & retail credit risks, market risk, operational risk and debt collections. He is also Chairman of VIB AMC.

Mr. Loic joined VIB and has held this position since July 2012, following three years as Head of Risk Management for HSBC in Vietnam.

He has held many positions with HSBC in Paris, Hong Kong and Tokyo, as well as Head of Global Banking and Hanoi Branch Manager for HSBC in Vietnam. Previously, he took charge as Deputy Head of the Commercial Department of the French Embassy in Beijing and also worked for Citibank in Paris.

Mr. Loic has graduated from the Paris Institute of Political Studies and obtained a degree in economics and finance from Dauphine University, Paris.

Organisational Structure (Cont')

Board of Management



Mr. An Thanh Son

Deputy CEO cum Head of General Counsel

Mr. An Thanh Son is a lawyer with 25 years of experience in banking sector. He was elected to Deputy CEO cum Head of General Counsel in Aug 2013.

He held a range of posts over 15 years working at VIB: Chairman of VIB AMC, Member of the BoD, CEO, Permanent Deputy CEO, Director of Branch and Services, Chief of staff, assistant to the CEO. Before joining VIB, he had 10 years working for Vietnam Commercial Maritime Joint Stock Bank with different roles such as Chief of staff, Head of the Organization and Personnel, and Deputy Chief of Staff, and Market Officer.

He obtained a Master of International Business Administration, a Bachelor of Economic Law from Hanoi Law University, and Engineer of Marine Transportation Economics from Maritime University of Vietnam.



Ms. Vuong Thi Huyen

Deputy CEO cum Head of Wholesale Banking (WB)

Ms. Vuong Thi Huyen was elected to Head of Wholesale Banking on 1 Sep 2013. She has officially been appointed as Deputy CEO since Jun 2016.

Prior to joining VIB, Ms. Huyen had 20 years of experience working in the banking field including 8 years in management roles such as Head of Structured Export Finance, Corporate Finance of ANZ Vietnam, Hanoi Branch Manager of Credit Agricole Corporate & Investment Bank (formerly Calyon), and Head of SME Banking Division of Vietinbank.

Ms. Huyen holds a Bachelor in credit and banking from Hanoi Banking Institute and a Bachelor of Arts in English from Hanoi University for Foreign Languages and an MBA from Columbia Southern University.



Mr. Ho Van Long

Deputy CEO cum Head of Corporate Transformation Center

Mr. Ho Van Long has nearly 20 years of experience working in multi-national corporations and the banking sector in Vietnam. After 8 years working at VIB, Mr. Long was appointed to Deputy CEO in charge of strategy, transformation and finance from Oct 2016.

Before taking the role of Deputy CEO, Mr. Long experienced various executive and managerial roles at different companies/banks such as CFO of VIB since Jan 2010, Deputy CFO of VIB, CFO of the Preparatory Committee for the establishment of Vietstar Joint Stock Bank; Assistant to CEO cum Head of MIS & ABC Project in Techcombank, Senior auditor at Ernst & Young Vietnam and Senior financial accountant at Asia Pacific Breweries Ltd.

Mr. Long holds a Bachelor of Economics, and he has been a member of ACCA (the Association of Chartered Certified Accountants UK) since 2003 and a State auditor since 2004.



Mr. Phan Viet Cuong

Acting Head of Retail Banking Division

Mr. Phan Viet Cuong joined VIB in Dec 2013 and has been appointed to the role of Deputy Head of Retail Banking Division since 16 Nov 2016.

Mr. Cuong has many years of management experience working in the banking industry and held a range of senior management posts at financial organizations as well as accomplished international programs of leadership enhancement and development.

Mr. Cuong holds a Bachelor degree in Business Administration from Foreign Trade University and a MBA degree from Hertfordshire University (UK) & Vancouver Island University (British Columbia, Canada).

Organisational Structure (Cont')

Board of Management



Ms. Dang Thi Phuong Diem

Head of General Operations

Ms. Dang Thi Phuong Diem joined VIB in 2001 and was known as an executive with positive contributions to the bank's success in implementing the centralized transaction processing model. She was officially appointed Head of General Operations in Sep 2012.

Ms. Diem has over 22 years of experiences working in the banking and finance sector with different roles such as Head of Credit Department for Techcombank; and Manager of Trade Finance, Head of Processing Center, and Deputy Head of General Operations Division of VIB.

Ms. Diem graduated from HCMC Economics University with a Masters in International Trade.



Mr. Hoang Linh

Acting Chief Financial Officer

Mr. Hoang Linh joined VIB on 29 Oct 2012 and was appointed Acting Chief Financial Officer from 12 Oct 2016. During his 4-year career in the Financial Services Division of VIB, Mr. Linh has been involved in strategic planning, budgeting & KPI; Investor Relations; Financial Reporting & Analysis, Treasury Finance, Global Banking Finance and Digital Banking Finance. He has successfully managed projects at VIB including M&A, Basel II, Centralized Payment, Moody's credit rating to VIB; and engaged in ALM, FTP and strategic balance sheet management.

Before that, Mr. Linh gained 12 years of experience with such companies as Fullerton Financial Holdings-Vietnam, FPT Securities Company, and as an Auditor of PricewaterhouseCoopers Vietnam.

Mr. Linh holds Bachelor degree of International Economics, Foreign Trade University.



Mr. Brendan Green

Head of Business Technology Services

Mr. Brendan Green, an Australian, was appointed as Head of Business Technology Services in Mar 2016.

Mr. Green possesses an extensive background in Banking Technology, especially in strategic planning and consulting, project management, vendor management and business analysis, with more than 22 years of experience in the financial services industry. During his career, Mr. Green has worked in multiple markets including Australia, Indonesia and Cambodia, with 10 years working in Vietnam.

During his 21-year career at ANZ Bank, Mr. Green performed different executive roles including ATM Network Manager (Australia), Head of Branch Development Asia (Asian countries), Head of Business Transformation and Support (Vietnam), Head of Transformation and Technology (Vietnam). His most recent role was Technology Advisory Services Director at PricewaterhouseCoopers Vietnam.

He obtained a Bachelor's degree of Commerce in Banking & Finance and a Master's degree of Commerce from the University of Melbourne.



Mr. Duong Ngoc Dung

Head of Marketing and Communications Center

Mr. Duong Ngoc Dung joined VIB on 10 Mar 2014 and was appointed as Head of Marketing and Communications Center from Oct 2016.

Mr. Dung has more than 15 years of marketing & branding experience in the technology and banking - finance sectors. He experienced various executive and managerial roles such as Marketing Manager at HPT Vietnam Corporation (HPT Vietnam), Director of Marketing and Business Development at Sao Bac Dau Technology Group, Marketing Director in charge of marketing and communication for securities and banking business of VietCapital Group.

Mr. Dung holds a bachelor of science degree specialized in Business Law at the Dong Do International University and in Business Administration at HCMC University of Economy. He also holds management, branding, marketing certificates from Vietnam Economic Research Institute (of Japan), Institute of Applied Marketing (IAM) and International Data Group (IDG).

2016 Highlights



“Best Trade Partner Bank in East Asia and Pacific” award

IFC, a member of the World Bank Group, awarded the “Best Trade Partner Bank in East Asia and Pacific” award to VIB under the global trade finance program (GTFP). This prestigious award aims to honour banks with significant contributions in GTFP. The program helps expand and improve local banks’ trade finance capabilities for importers and exporters in newly emerging markets, including Vietnam.

“Bank of the Year 2016” award

VIB won “Bank of the Year 2016” award. This is the 2nd consecutive year VIB has been awarded by The Banker, Financial Times, based in London. VIB was honoured to be the only bank in Vietnam to win this award; specifically, the bank surpassed many other candidates for it. This award recognizes VIB’s dedication and efforts to serve customers, and to strengthen its staff engagement so as to make it a leading Vietnamese financial institution.



1 Execution of digital banking strategy

VIB invested heavily in digital banking by launching Vietnam’s most innovative mobile banking app, MyVIB, and brandnew website www.vib.com.vn. The new website is designed on a modern technology platform with a fast processing speed, friendly interface, simple, useful information and high interactivity with our customers. In addition, VIB is also one of the first banks in Vietnam to introduce online current account and term deposit account opening for both existing and new customers from the comfort of customers’ home or office without the need to visit a branch. A professional team called MOS “Man on scooter” was set up to serve customers to collect any necessary documents, finalise KYC (Know your customer) and obtain wet signatures. VIB’s Digital Banking Division was established to enable rapid development of the credit card business via both the traditional and digital channels. The latter is becoming increasingly popular in Vietnam with a large number of digitally savvy customers; simultaneously, it also enabled VIB to launch new unsecured loans to customers.

In 2016, VIB focused on acquiring new customers and improving customer service via digital channels and contact centers.

2 “Vietnam Excellent Brand 2016” award

This award was jointly awarded to VIB by Vietnam Economic Times and the Trade Promotion Agency (Ministry of Industry and Trade). The award aimed to honour 95 leading Vietnamese enterprises that demonstrated solid growth results, impressive achievements in business and production, significant efforts to overcome difficulties in the background of regional and world economic crises, continuous improvements to competitiveness in manpower, technology and service quality, and active participation in social activities in the community.

3 Establishment of Global Banking Division

A large amount of FDI capital will be attracted to Vietnam after the country signed TPP agreement and joined Asean Economic Community (AEC). It will create a huge opportunity for Vietnamese enterprises in general and banks in particular. Understanding that FDI enterprises will make important contributions to VIB’s customer base, the bank’s board of directors, at a board meeting in Mar 2016, approved the proposal of establishing Global Banking Division to both serve this segment of customers and increase quality asset and revenue.

5 “Best Social Media Initiative in Vietnam” and “The Most Improved Transaction Bank in Asia Pacific” awards

In the Asian Banker Summit 2016 held by The Asian Banker, VIB was honoured to receive “Best Social Media Initiative in Vietnam” and “The Most Improved Transaction Bank in Asia Pacific” awards.

6 Top rating position in the latest assessment of Moody’s

In the rating report released by Moody’s on 20 Oct 2016, VIB had its rating upgraded to B2 and continued to be in the group of banks with the top credit rating in the local market.

7 Establishment of Corporate Transformation Center

The newly established center will play a central role, in co-ordinating with all VIB divisions and departments to implement the transformation process to lead VIB from VIB 1.0 to VIB 2.0 by designing and conducting a sustainable development strategy. It will also help improve the bank’s competitiveness, build an efficient operation system, and create a comprehensive corporate culture and capabilities.

9 “Most Innovative SME Bank Vietnam 2016” award

Global Banking & Finance Review awarded VIB with the “Most Innovative SME Bank Vietnam 2016” award in recognition for its continued efforts to provide innovative and excellent SME banking services, and called out the bank’s commitment to supporting the business community in Vietnam in general and SMEs in particular.

10 VIB’s charter capital increased to VND5,644 billion

In early Dec 2016, VIB completely increased its charter capital to VND5,644 billion as planned by the bank’s general shareholders meeting and approved by the State Bank of Vietnam. The bank’s shareholders equity reached more than VND8,743 billion.

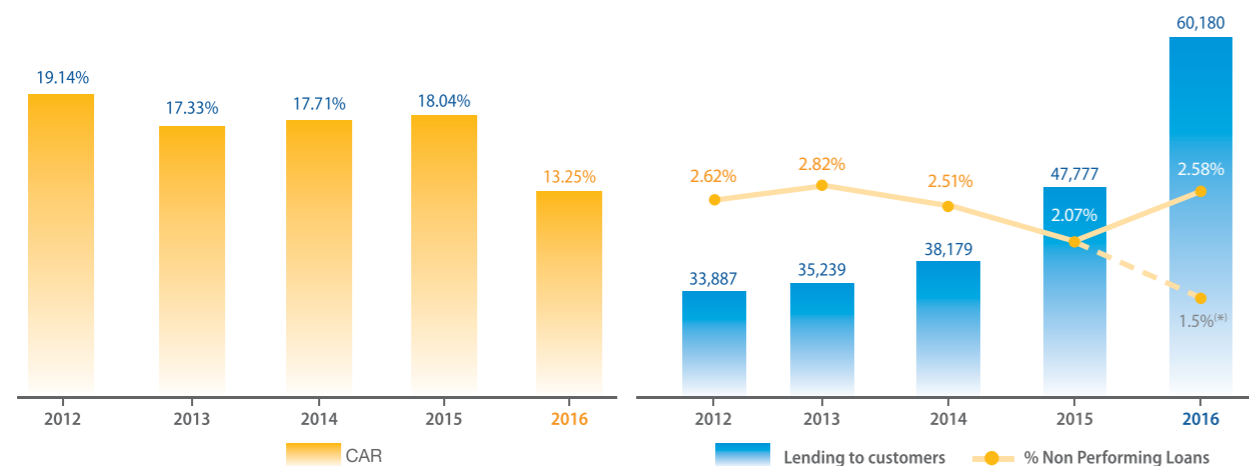
11 VIB officially listed on UPCOM

On 9 Jan 2017, VIB’s 564,442,500 shares were officially traded on the UPCOM. This enables investors, more than 1,300 existing shareholders including 576 internal shareholders working at VIB, analysts and authorities to have full access to information on price, market capitalisation and liquidity of VIB shares, making it easier for them to make informed trading decisions. This also helps to make VIB increasingly transparent and easy to call for investment.

Key Financial Indicators

Indicators (Billion VND, %)	2012	2013	2014	2015	2016
1. Credit balance (*)	35,872	37,848	44,004	54,978	70,088
2. Deposit	39,061	43,239	49,052	53,304	59,261
3. Number of customers (Million)	1.15	1.31	1.45	1.61	1.80
4. Profit before Tax	701	81	648	655	702
5. Provision expense	744	871	1,188	509	606
6. Capital Adequacy Ratio (CAR)	19.14%	17.33%	17.71%	18.04%	13.25%
7. Rating by Moody's	Top 7	Top 8	# 1 in VN	# 1 in VN	Top banks
8. Non-performing loan ratio	2.62%	2.82%	2.51%	2.07%	2.58%

(*) Lending to customers & corporate bonds



Large Capital buffer, market-leading CAR ratio

(*) % Non Performing Loans exclude NPL increased due to repurchase of VAMC bonds

Healthy growth, well controlled NPL

THE WAY FORWARD SMART GROWTH

This is the 2nd consecutive year
VIB has won the award

BANK OF THE YEAR

The "Bank of the Year" award is exclusively awarded to the top bank in each country by The Banker - Financial Times, London, UK. Each year, The Banker selects one winning bank for each of the countries judged. Over 1,000 applications from 154 countries are collected and judges select winning banks based on evidence provided to determine the Bank in each country which saw the most overall progress in the past 12 months. The Banker highly praised VIB for its sustainable growth strategy, innovation, marketing campaign, sales & service excellence.



Awarded by **The Banker**, Financial Times (UK)



Investor Relations

1. Shareholders information

Number of shareholders: 1,316 shareholders holding 564,442,500 shares (equivalent to VND 5,644,425,000,000 in value).

Shareholders structure:

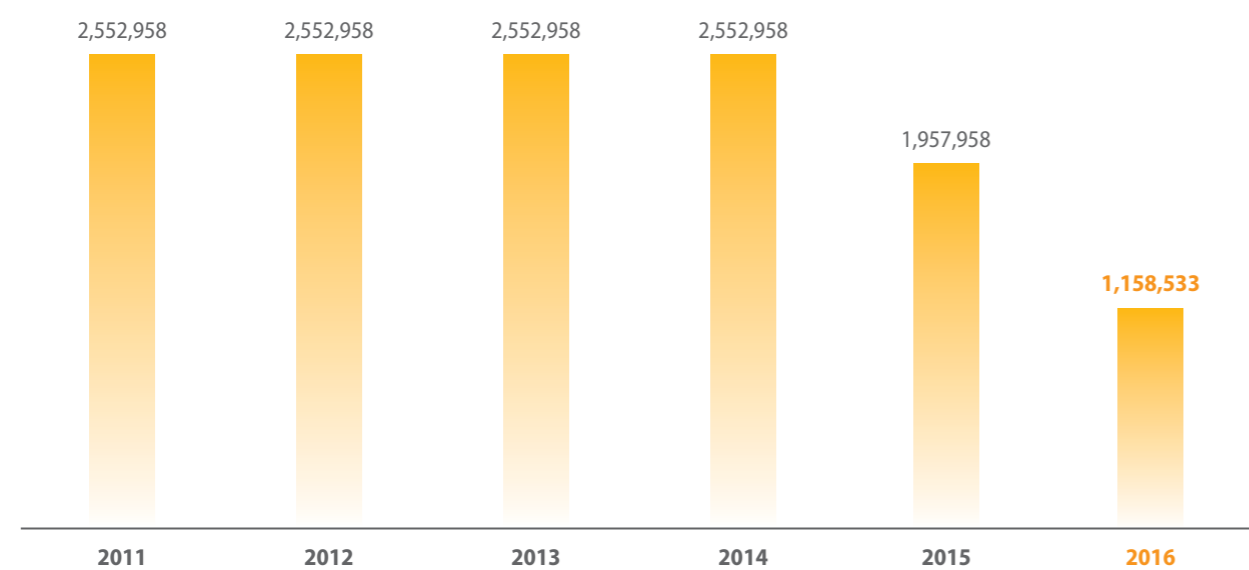
Type of shareholder	Number of shareholders	Number of shares owned	Percentage (%) / Charter capital
Legal entity	10	23,887,054	4.2%
Foreign strategic shareholder	1	112,888,500	20%
Individuals	1,305	427,666,946	75.8%
Total	1,316	564,442,500	100%

2. Charter capital



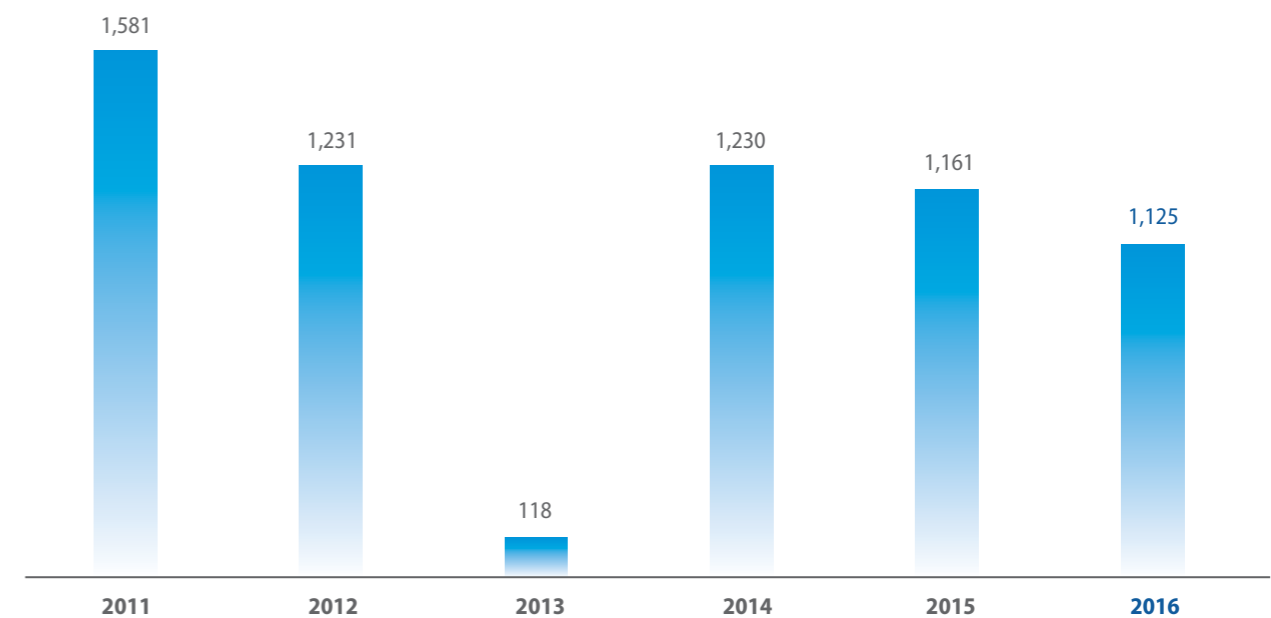
3. Provision funds

Unit: Million VND



4. Earning per share (EPS)

Unit: VND



5. Dividend payment & bonus share plan for 2016

- Dividend for 2014: the annual GSM in 2015 approved dividend payment and bonus share plan, with cash dividend at 9% and bonus share at 14%.
- Dividend for 2015: the annual GSM in 2016 approved dividend payment and bonus share plan, with cash dividend at 8.5% and bonus share at 16.5%.
- Dividend payment plans in 5 recent years:

Year	2011	2012	2013	2014	2015
Cash dividend	7%	10%	0%	9%	8.5%
Bonus Share				14%	16.5%
Total	7%	10%	0%	23%	25%

CUSTOMER ACQUISITION & SALES EXCELLENCE



Retail Banking

Business result in 2016

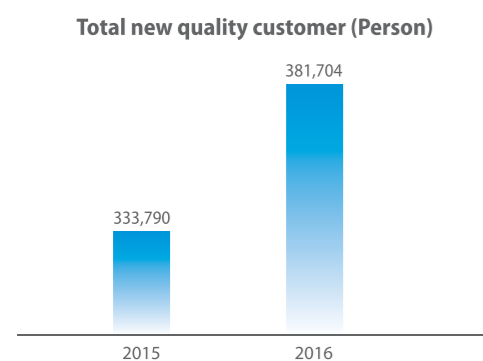
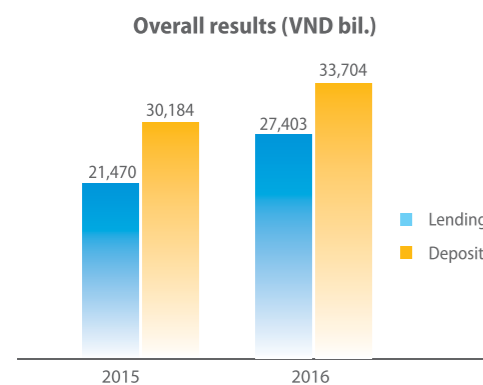
In 2016, Retail Banking Division continued to maintain a strong growth momentum in both lending and deposit. Its balance sheet was significantly improved with Good Book balance increasing by VND5,933 billion, equivalent to a 28% growth rate compared to the previous year; deposit up by VND3,603 billion, equivalent to a 12% increase against 2015, including increases in current account balance and savings account balance equivalent to 30% and 11%, respectively.

Overdue loan ratio was extremely well controlled and dropped to a record low of 1.74% at the end of 2016, down by 0.64% compared with the 2.38% rate in 2015, while lending growth rate was still high at 28%.

The division's customer base also witnessed strong growth and reached more than 1.7 million customers, up 11%; meanwhile, quality customers grew by 14%.

Improved products and services

Products were a key focus for Retail Banking in 2016 with continuous improvements made to the existing products and new ones developed to better meet customer's needs. The division comprehensively reviewed and re-built products to make them more updated, competitive and flexible for our customers.



In addition to the enhancement of product features, the division also reduced its lending process steps, simplified the list of loan types, and issued new policies with more simple approval processes. Subsequently, loan disbursement time has been shortened dramatically, especially with new auto loan disbursement time reduced to 4 hours from receipt of full application to issuance of disbursement commitment.

Specifically, Retail Banking issued 2 used auto loan products (consumer and business) in Quarter IV/2016 to meet the practical needs of customers. As a result, VND250 billion was disbursed within 3 months, exceeding the division's expectations.

In addition, Retail banking also focused on utilisation of the CAR with standardization of the working capital turnover in order to minimize risks in the use of loan for wrong purposes.

Improved customer service and processes

Retail Banking has always strived to improve its processes in order to increase the customer service quality and create optimal operations and convenience. In 2016, the division completed 4 types of functional processes on Account, Savings, Fund Transfer, and Cheque. With the motto of sustainable development and risk management in all cases, Retail Banking also implemented an operation process in case Symbol system is interrupted, and a business continuity plan and trouble handling process at business units. The most significant improvement in 2016 was a process change to automatically printed cash deposit and cash withdrawal slips. With this improvement, customers no longer need to fill in cash deposit or withdrawal form manually, transaction time is shortened and errors are prevented. This improvement has been highly praised by our customers.

Extensive branch network and continuously improved quality

Retail Banking continued to refresh the look & feel of branches and transaction offices, improve consistency, brand image and ensure secure and efficient operation. The standard model was applied across 156 branches and 324 ATMs in 27 provinces/cities nationwide. This work enhanced and set a new standard for the experience of VIB's customers. In 2016, 34 branches and 52 ATMs were refurbished, creating strong momentum for further planned network improvements in 2017 and 2018.

NPL management

In 2016, Retail Banking recorded a historic milestone in overdue loan management with the overdue loan ratio of category 2-5

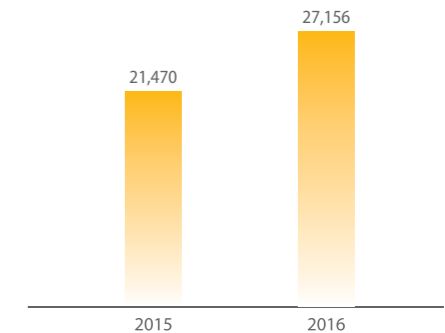
reducing to 1.74% as of 31 Dec 2016. This, once again, demonstrates the bank's sustainable growth and excellent risk management capability. Compared to 2015, overdue loan of the Retail Banking decreased by VND33 billion, while its total lending balance increased to VND27,403 billion from VND21,470. Direct sales center leads in management of lending balance with only a 0.4% overdue loan ratio; specially, direct sales teams in the South manage a total lending balance of VND1,977 billion with a 0% overdue loan ratio.

The Retail Banking Division also cooperated with the Risk Management Division to build a sound risk identification culture with an early risk warning and identification process through the introduction of a Watch Lists at all branches and transaction offices. As a result, the division can identify risks early and efficiently and minimize possible financial and reputational damage.

Awards and achievements

Retail Banking's solid credit growth and efficient lending balance management have contributed to VIB's credit rating being upgraded to B2 as rated by Moody's. It also enabled the bank to win the "Bank of the Year" award for the 2nd consecutive year, awarded by The Banker, Financial Times, UK.

Goodbook balance growth (VND bil.)



In early 2016, Vietnam Economic Times announced the "Vietnam Excellent Brand 2015" award with VIB winning the award for the 9th time, which also reflects the division's continuous efforts to improve its customer service quality. Simultaneously, a flexible marketing strategy enabled VIB to bank with customers via social media, this also helped the bank win the "Best Social Media Initiative in Vietnam" award by The Asian Banker.

Vision and targets for 2017



Retail Banking's vision is to be a trusted bank; focusing on both customers (middle-income customers, high-net-worth customers and premium customers) and products (auto loan, mortgaged loan, individual business loan, bancassurance and credit card products), aiming to build VIB's Retail Banking into a large-size retail bank with sizeable profits.

With key targets: 29% lending growth, 24% deposit growth, VND230 billion of profit before tax, and 450,000 quality customers by the end of 2017, during the year the division will focus on 5 key areas: Product and pricing, sales and service excellence, customer growth, risk management and processes, people and organization.

In terms of Product and pricing, Retail Banking will focus on designing simple, competitive and value-added products which are suitable for different segments of target customers. In terms of Sales and service excellence, the division will apply tested standard tools, sales and service models to provide the best customer experiences, attract and serve a large number of customers, and simultaneously increase sales. The division will then focus on attracting and building a large customer base with middle-income customers, high-income customers, and premier customers. Simultaneously, the division will simplify tools and processes to help improve the customer experience, increase productivity, and manage risks in line with VIB's risk appetite. Additionally, in 2017 Retail Banking will focus on strengthening its professional sales force with the contribution-linked pay scheme and streamlining a specialized support team.

Wholesale Banking

Business result in 2016

The Wholesale Banking Division (WB) achieved its business targets for 2016 with the lending balance equivalent to 114% of the plan; Overdue loans were strictly controlled at less than 0.3% of the total lending balance. Net fee income reached the highest level in 3 recent years, while profit before tax met the plan.

In 2016, the division focused on sustainable revenue growth, customer service improvement and efficient risk management, and achieved significant results.

Sustainable revenue growth was implemented through the following activities:

- Strengthened implementation of the corporate customer relations project (CCR) and growth campaigns with the aim of acquiring 500 new customers, additionally sold and cross-sold more products to 234 key customers, making significant contributions in terms of the number of customers, net revenue, lending balance, and deposits.
- CCR has become an efficient sales and business culture of each and every sales staff in the Wholesale Banking. It helps to evaluate, manage and develop the corporate customer relations, and especially further strengthen the relations between corporate customers and VIB, contributing to bring more added values to them and their satellite customers.
- Developed new products, improved the existing products focusing on online payment and collection solutions, credit programs, guarantee, and trade finance products. Full package solutions have been built and applied for large corporate customers in fast moving consumer goods, energy, and industrial production sectors.
- Continued to focus on arranging structured finance to meet enterprises' demands for capital construction and investment capital and working capital in order to help expand their business and production capabilities and scale. VIB has successfully arranged capital for many key and viable projects of enterprises.



- Implemented a business model transformation project for the segment of small- and medium-sized enterprises (SME Banking) with the aim of boosting SME business efficiency and establishing SME Banking Division. The SME Banking project focused recourses on better serving SME customers, aiming to make VIB the "SME bank of choice" in the future.

Excellent customer service has been created by improving functional processes, credit appraisal and approval process, forms of guarantee letter and payment order, and corporate customer service counters. The entire division continued to consistently hold weekly and monthly business meetings so as to improve business result and customer service quality. Online banking channels were built and upgraded in 2016 in order to improve the customer service quality, facilitate corporate customers' transactions at VIB, and shorten the processing time.

In 2016, Wholesale Banking participated in the bank's standard operating process project and officially applied the customer relation management project (CRM), the Loan origination system (LOS), and the Enterprise content management system (ECM).

Wholesale Banking also focused on mitigating and dealing with risks by improving proposal quality, appraisal skill, and financial report analysis skills. At the same time, the division regularly worked and discussed with Risk Management at different levels: Division, Zone, and Region in order to make further improvement to appraisal and approval time, and approval ratio.



Orientation for business strategy in 2017

In 2017, with the segment of SME customers moved to the SME Banking Division, Wholesale Banking Division will be restructured and focus on large and medium sized enterprises. To achieve the targets set, WB will focus on 5 key areas as follows:

- Provide credit to target customers by granting an adequate limit and solutions tailored to priority enterprises, and full package solutions to medium enterprise to best meet their needs. WB will focus its resources on acquiring new customers in priority sectors in the business and production fields. Competitive sales campaigns and various benefits will be applied for new customers.
- Improve products and solutions with a focus on the transactional banking segment by building up tailored payment and collection solutions, and digital banking solutions, developing a long and medium-term deposit product, improving trade finance products to increase deposit, net fee revenue, and customers' engagement and satisfaction, and successfully implementing the customer account plan (CAP).
- Focus on excellent sales and service by continuing to strengthen the management of sales and service, efficiently work in group, and improve sales tools so as to increase productivity of the entire division. Periodical business meetings and the CRM will continue to be applied consistently at all levels.
- Strengthen the manpower capabilities by opening more business centers in the south and establishing the transactional banking center with a specialised digital banking team in order to facilitate customers' transaction and engagement, and increase net fee revenue. The division will continue to recruit more quality employees, organise training and coaching courses to equip the sales force with soft skills, build a proper career development path for qualified employees both at business centers and the Head Office, and improve the salary and benefit policy for sales staff based on the contribution-linked pay scheme.
- Standardise processes & risk management: WB's functional departments at the Head Office will continue to coordinate with other relevant divisions and departments to standardise sales and operation processes, review and re-sign service level agreements (SLA) in order to shorten the processing time and improve service quality for customers. WB will also continue to work closely with Risk Management Division in identifying risks early and managing risks efficiently.

Global Banking



Business result in 2016

8 months since Global Banking Division has established by separating the Foreign Direct Investment (FDI) Customer Department from Wholesale Banking Division, Global Banking Division made a great effort to achieve significant results: as at 31 Dec 2016, VND105 billion of revenue, up 64% compared with 2015, and equivalent to 103% of the plan; profit before tax increased 87% over last year, achieved 118% of the full year plan; net growth of deposit balance increased 40% and up 72% of lending balance comparing to 2015; as at 31 Dec 2016, there is no loan amount categorized as nonperforming. This outstanding success reflects the exemplary efforts made by the division's staff.



In addition, by successfully acquired big and potential targeted customers such as Gamuda, Phu Hung Thai, Lotte, Vietnam Mobile, Deawoo E&C, Capitaland, Keppleland & Hoan My Group... have laid a firm foundation for a sustainable development of VIB in general and Global Banking Division in particular.



Business Plan for 2017

Strong growth in financial indicators

Develop sales campaigns and a proper pricing strategy in order to realize growth of TOI, lending balance and deposit balance. In 2017, the Division aims to achieve a growth rate of 67% in TOI, 40% in profit before tax, 108% in lending, and 88% in deposit.

Expand targeted customer base & increase quantity of quality customers:

To facilitate long-term growth, Global Banking Division's strategy focuses on expanding its customer base by rapidly growing the number of new customers, targeting to reputable and large-sized enterprises in the market. Increasing the number of quality customers through cross-selling services and products to new and existing customers. In 2017, Division aims to increase quality customer by 96%.

Continue to enhance and develop banking products

In 2017, Global Banking Division will focus on exploiting competitive products and tailor-made solutions such as medium- and long-term loans, corporate bonds,

project financing, guarantee, hedging products and syndication & club deals. Simultaneously, the Division will develop digital products which enable customers to make transactions via accounting software, ERP link; our Division's mission is to bring the digital banking to customers. Division will also enhance existing products in order to increase the number of customers using trade products and Forex transactions. With the core value is customer focus; Global Banking Division will concentrate on enhancing and launching banking products to better meet FDI customers' specific needs.

Standardize the organizational structured and workforce

Aiming to sustainable growth, improves corporate governance and productivity by setting up new business centers to increase coverage of targeted customers and recruiting more experienced and qualified employees to improve the quality of customer service. Additionally, Division will also establish and develop functional departments and units in order to optimize productivity and business results.

Treasury

Business result in 2016

In 2016, the banking industry has essentially achieved the planned targets, controlling inflation rate at less than 5%, stabilizing the macro-economy, facilitating economic growth, and ensuring the stability of the system and the suitable growth rate of the total money supply. In such a background, VIB rapidly implemented various activities and policies to adapt to market developments.

Balance sheet management - Foundation for solid operation

In 2016, VIB managed its balance sheet based on efficient innovation and continuous creativity with a view to creating a firm foundation for the entire bank's business activities. The bank's total assets grew by 24% in 2016 compared with 2015, while its lending growth reached 25% which is higher than the overall average ratio of the industry (18.71%). VIB's prudential ratios (in accordance with Circular No.36/2014/TT-NHNN and Circular No.06/2015/TT-NHNN) are highly complied with SBV regulations:

VIB's Capital Adequacy Ratio (CAR) is 13.25%, which is 4% higher than the minimum ratio required by SBV; Liquidity - ratio stayed around 30%, roughly 3 times higher than the required minimum ratio of 10%; 30-day solvency ratio for VND and foreign currencies reached approximately 80% and 59.7%, respectively, which are much higher than the ones required by SBV.

VIB continued to implement a diversified business strategy, with particular focus on holding low-risk and high-liquidity assets. Ratio of high-liquidity assets over the bank's total assets was still stabilized at approximately 30%. With this asset allocation structure, VIB's liquidity continued to be stable and well managed. It helped the bank obtain customers' confidence and trust, easily take advantage of new business opportunities and strengthen its status in the banking industry. These were also key factors that enabled VIB to win "Bank of the Year", awarded by The Banker, for the 2nd consecutive year. The significant results also helped the bank have its credit ranking upgraded to B2 by Moody's and keep staying in the group of banks with the highest credit ranking in the local market.

On that basis, VIB is one of the banks which are highly appreciated by SBV, international financial institutions (IFC, ADB), and partners for its capabilities, reputation and safety in business activities. In 2017, with the effective "Smart growth" strategy, VIB will step by step conform to higher and tighter safety standards following SBV's project on the application of Basel II standards, in which VIB was one of the selected 10 banks for pilot implementation.



25%

Credit growth ratio

Higher than the average ratio of the industry

13.25%

Capital adequacy ratio (CAR)

4% higher than the minimum ratio required by SBV

2.58%

Non-performing loan ratio

Lower than the 3% ratio required by SBV

Improved banking reputation & prudent in business and investment

2016 recorded a year of great success in the business segment of Financial Institution (FIs) customers of the Treasury Division.

The traditional business segment of local and international FIs continues to witness a strong development:

- VIB successfully established credit relations with new foreign FIs in potential markets including China, Korea, Finland, Myanmar and Mongolia.
- VIB developed and maintained an extensive network of nearly 8,000 correspondent banks and branches in more than 100 countries and territories worldwide, contributing to the overall business of the bank in general and international payment, trade finance teams in particular.
- In 2016, raising foreign currency deposit and local trade finance activities made VIB become one of the pioneers of commercial banks in these segments in both VND and foreign currencies in the local market.
- VIB won "Best Trade Partner Bank in East Asia Pacific" awarded by IFC, for the 3rd year. The award contributes to increase VIB's reputation in the international market and bring more business opportunities to the bank in the years to come.

Upon the direction to expand and develop relations with the customer segment of non-banking FIs in the context of tight credit risk appetite, VIB designed specific, tailored products to these customers. As a result, the business and investment in this segment recorded positive results in the several months late of 2016.

This was an important milestone to improve the asset quality, diversify asset portfolio and products, and build a good foundation for expanding the bank's business in a modern way in the coming years.

Besides, credit appraisal quality was improved to meet business development demands; simultaneously, risk management was well-emphasized. Regular meetings and updates on customers' business situation and quarterly assessment of counterparties' financial reports and non-financial information helped VIB not only to prevent and control non-performing loans but also ensure strict compliance with relevant regulations of both VIB and SBV.

With the foundation built years ago, the customer segment of FIs and other segments of the Treasury Division will open up various business opportunities and continue to make significant contribution to VIB's financial results in 2017.



Treasury (Cont')

Strengthened position on the monetary and fixed income market

In the Government bond market, VIB is one of the 16 main dealers for State Treasury bond in primary market, that helps VIB take an advantage in investing, trading and distributing Government bonds to customers. In secondary market, VIB ranked consistently in top 10 by market share for Government bond trading value thanks to its efforts in market development; in particular, VIB committed to quote 2 ways prices which improved liquidity in secondary market, offered free of charge in bidding agent service, and contributed to development of derivative market for Government bonds. In 2017, VIB officially joined the group of secondary market makers to help the market build a benchmark yield curve under the regulation of Vietnam Bond Market Association (VBMA).

In interbank market, interest rates were maintained stable and liquidity was ample. Banking system has been gradually stabilized and the picture of M&A was also clearer. In that context, VIB continued to select customers, closely watch market developments, and focus on potential customers with suitable activities in the coming years.

In 2017, VIB enriches relationship with both on and offshore banks, other financial institutions, offers wide range products from vanilla to exotic to meet customers' demand & optimise business performance.

Foreign currency trading in 2016

VIB's foreign currency trading continued to grow strongly by approximate 25% compared with 2015, in both proprietary trading and customer sales. Especially, the foreign currency swap product witnessed an impressive growth of 150% in comparison with the same period in previous year.

For the segment of corporate customers, VIB strengthened risk management, especially for derivative and structured transactions.

On the other hand, in the context of increasing competition in the foreign currency trading for the corporate customer segment, VIB has made efforts to diversify products and customer base in order to increase its competitiveness and reduce the dependence on credit operation.

In terms of product, VIB has timely introduced the structured export financing product to market, which is highly appreciated by many small and medium-sized enterprises (SME). VIB has also boosted consultancy and successful sale of some other derivative products, enabling customers to prevent risks as well as improve the bank's profit and revenue.

In terms of customer base, VIB further focused on the SME segment, especially FDI customers whose contribution ratio increased to 22% in 2016 from 14% in 2015.

Anticipating that the economic growth will reach approximate

6.5%

while macro-economic indicators will continue to be stable in line with the Government and SBV's directions in 2017



Innovation and creativity in 2017

Anticipating that the economic growth will reach approximate 6.5% while macro-economic indicators will continue to be stable in line with the Government and SBV's directions in 2017, VIB will prioritise its treasury activities as follows:

- Flexible management of the internal fund transfer pricing to facilitate the bank's core business activities (lending and deposit), simultaneously, to ensure compliance with the liquidity and prudential ratios which are gradually tightened by SBV.
- Active participation to fixed income market, Government bond future & foreign exchange market.
- Diversification in products and customer base in order to materialise business opportunities in the market.
- For corporate customers, in addition to strengthening cooperation and updating market information regularly, VIB will continue to design derivative and structured products tailored to each customer and enhance its competitiveness towards the top 10 banks with the highest trading volume in the foreign exchange market.

Digital Banking

Business result in 2016

In the context of digital technology developing strongly across all sectors and industries, spreading through social activities and changing the behaviours and habits of daily spend of an increasing number of people in Vietnam, in Apr 2016 VIB's leadership team decided to establish a Digital Banking Division with a view to make VIB the leading bank for digital banking products and services in the country.



Simultaneously, Digital Banking will be considered one of the strategies prioritized for investment and development in the coming years. In particular, Digital Banking focused on the following key areas in 2016:

- Diversify online products and services provided via MyVIB (VIB's mobile banking platform), VIB online banking and website.
- Simple, easy-to-use interface design to enhance the user experience.
- Apply advanced technologies and processes with optimal security.

Diversify online products and services provided via MyVIB, VIB internet banking and website

Online current account opening: This online current account opening service was launched in Nov 2015 and further developed in 2016. VIB is proud of being the first bank in Vietnam to provide this service in the most comprehensive way. To experience this service, customers just go to VIB's website or download MyVIB application, complete online registration form, and confirm the account opening by OTP; then, VIB staffs will go to meet customers directly at their place of request to collect any necessary documents and complete the account opening process. With a user-friendly and easy-to-use interface, the bank's website enables customers to open a current account online at anytime, anywhere without having to visit a VIB branch. Thanks to this great service, in 2016, nearly 15,000 current accounts were successfully opened online, contributing to approximately 20% of the new to bank retail quality customers.

Online term deposit account/ goal saver account opening: This service has attracted a large number of young customers thanks to its outstanding benefits: it takes customers only a few minutes to open/close deposit account

The number of digital transactions account for 60% of the total transactions made in the whole bank in 2016



online without having to queue and wait for hours at branch counters; attractive interest rates are offered; also with a reminder feature to help customers achieve their goals.

Aiming to make MyVIB the leading payment tool in Vietnam, in 2016 VIB continued to promote key functions as follows:

24/7 interbank payment: VIB is one of the banks that pioneered the connection to NAPAS (National Payment Corporation of Vietnam) and delivered the interbank payment service among 36 participating banks. This allows customers to make fund transfer anytime and the fund will be transferred immediately to beneficiary's account.

Bills payment, mobile phone card and game card top-up: VIB has successfully connected with an extensive network of EVN companies nationwide, which enables customers to pay electricity bills in a very fast and convenient way. In addition, the bank's telecom bill payment, mobile phone card top-up, and game card top-up services have also attracted a large number of customers thanks to the user-friendly interface and the function of reminding payment on due date or making payment for different bills at the same time.

With the diversified online products and services creating great convenience for users, the number of digital transactions accounts for 60% of the total transactions made in the whole bank in 2016. The ratio is estimated to reach 75% in 2017.

Digital Banking (Cont')

Design simple interfaces to improve the user experience for digital banking products

From customer's feedback, there is a preference for simple applications with convenient functions which require minimal touches on screen and can be customized to individual needs. To meet this need the Digital Banking Division invested heavily in its team of UX designers who have strong capabilities and deep experience in international organizations. They participated in international training courses on UX and worked under the leadership and supervision of CBA experts. The aim is to ensure that VIB has an optimal product design process which helps create simple interfaces with the great functions and best user-experience.

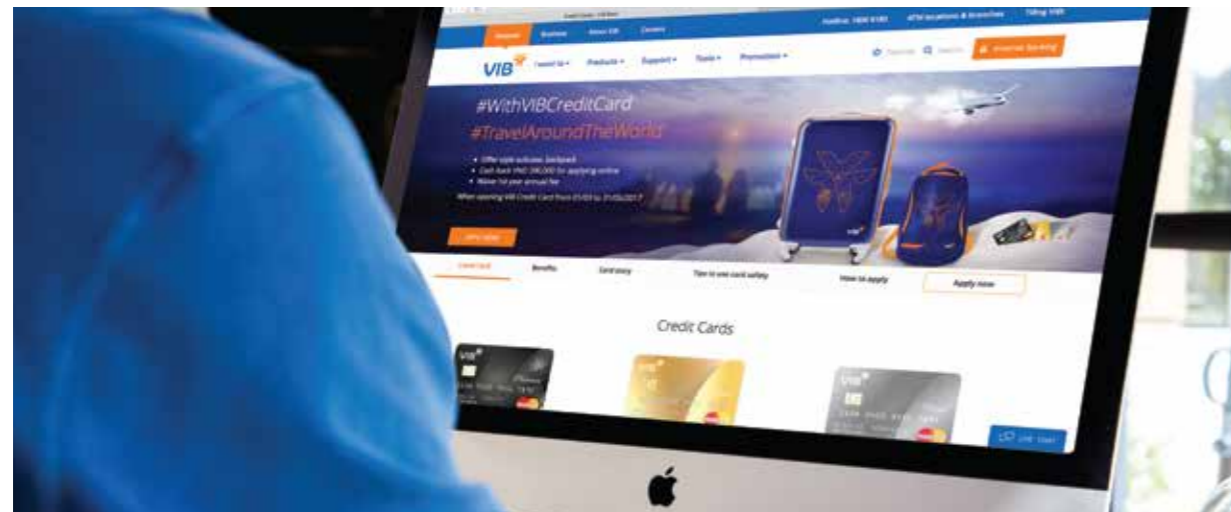
MyVIB's functions allow users to make payment and fund transfer in a very simple way with a few touches on screen. Users can also customize their personal habits on tool bars. In addition to normal funds transfer, MyVIB also allows its customers to make funds transfer attached with an image or wishes on special occasions of beneficiaries.

As a result, "Vietnam's Outstanding Innovative Banking Product/Service Award" was awarded by IDG to MyVIB in 2016. Also, VIB was proud to receive other prestigious awards: "Best e-bank" and "Best retail mobile banking

experience Vietnam", awarded by The Asset - Asia's leading financial publication for issuers and investors. VIB also won the "Best digital bank Vietnam" from Napas.

Apply advanced technologies with high security

Recently, there have happened various incidents in which customers' account information was disclosed or hacked while they lost their money. Subsequently, customers' confidence in digital banking products and services of local banks has generally decreased or even eroded. Being aware of the incidents mentioned above and understanding that online transactions will constantly be exposed to certain risks, VIB always pays due attention to its customers and puts their benefits first. Apart from maintaining visibility of emerging cyber threats, applying new security technologies, developing and updating digital banking applications, the bank also focuses on building up functions that allow customers to protect themselves. This includes features such as credit card lock/unlock and e-commerce registration on MyVIB. Therefore, after making transaction or in case of losing a credit card, customers can log on MyVIB and lock their credit card in less than a minute to avoid possible loses. Our ultimate goal is to minimize possible risks whenever we design and develop a new digital banking product and service.



Innovation and creativity in 2017

Based on overall result in 2016, Digital Banking will focus on the following key areas in the 2017 to come:

- Develop new online products and services provided via MyVIB (VIB's mobile banking platform), VIB online banking and website. The number of digital transactions

accounts for 75% of the total transactions made in the whole bank in 2017.

- Focus on user-experience via designing simple.
- Creativity is based on a strategy of increasing the user experience through a simple, easy-to-use interface



The number of digital transactions reach

75% in 2017

With the diversified online products and services creating great convenience for users.

Risk Management



Throughout 2016, under the leadership of our Deputy CEO and Chief Risk Officer, Mr. Loic Faussier, VIB has continued on its journey of building a sound risk management framework and culture. This journey 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.

In 2016, Moody's Investor Services re-affirmed VIB's long-term bank deposit and issue rating at B2 and upgraded VIB's baseline credit assessment rating from B3 to B2. Key factors highlighted by Moody's in the upgrade include:

- Credit risk appetite with deleveraging and consolidation over the past two years
- Enhanced corporate and risk governance, supported by CBA
- Sound liquidity position
- Good capital buffer

Achievements in risk management in 2016

Credit Risk management

VIB continued to make significant progress on the transformation of its credit management business in 2016 with emphasis on enhancing early credit risk identification, strengthening operational risk management capability and development of an automated Basel 2 capital system. 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, and improvement to Credit Committee structures in late 2015, has resulted in a material improvement in loan origination quality and the overall health of our Wholesale Banking portfolio.
- Credit Risk Identification function: this function was established in Jan 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 2016 by expanding watch-list protocols and data analytics.



- Omega Financial and Credit Risk training: VIB, with the support of CBA, continued its partnership with the Omega group to enhance the financial and credit risk skills of our risk and sales staff. By the end of 2016, more than 450 VIB staff had successfully completed the comprehensive Omega training program.
- End-to-end collections process: now 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. Under this framework, we have enhanced our early arrears management capabilities and have a consistent and robust approach to debt resolution and recovery.

Market and liquidity risk management

Throughout 2016, VIB has maintained sound market and liquidity risk management under the guidance and control of ALCO.

Market and liquidity risk management policies and procedures are continuously reviewed, amended and issued consistently with VIB's business strategies and governance requirements as well as in compliance with SBV's regulations.

Internal limits on market and liquidity risk management are regularly monitored and approved by ALCO to ensure VIB's compliance with risk appetite.

Operational Risk Management

In 2016, VIB commenced development of an enhanced Operational Risk Management framework which will significantly increase capability across the Three Lines of Defence and improve oversight and management of all operational risk incidents and issues. A new centralized Operational Risk Management IT system will be implemented in the first half of 2017 to support this.

Plans for Risk Management in 2017

In 2017, Risk Management Division will continue to address our legacy non-performing and high risk loan portfolio and reinforce our systematic risk identification and remediation process. In addition, focus remains on supporting market facing divisions' growth objectives in a prudent and sustainable manner.



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.

The Basel II program in VIB benefits from the support of our strategic shareholder, Commonwealth Bank of Australia (CBA). CBA is one of world's 10 largest banks by market capitalisation. CBA is also one of the first banks in the world to be Basel II and III compliant and is rated by credit agencies as one of the safest banks in the world. VIB has partnered with CBA on implementing Basel II, giving VIB access to the strengths, knowledge and skills of a bank that has already implemented this framework.

VIB also enjoys a sound capital position, prudent risk appetite and provisioning policies plus a stable technology platform; all essential ingredients for the implementation of Basel II.

Operational risk management will remain a key focus as we continue to embed a robust framework built on three sound lines of defence.

VIB will also be investing significantly in enhanced Anti-Money Laundering ("AML") systems so that we stay at the forefront of compliance with local and international AML requirements.

Human Resources

In 2016, VIB continued to focus on improving the performance of human resources management, with an emphasis on streamlining the organizational structure, upgrading the Human Resources information system (HRIS), automating the personnel processes, amending and supplementing fair and transparent remuneration policies in order to attract external talents as well as retain internal human resources. This is aimed to meet the Bank's demands for operation and business development.



Overall result in 2016



Organizational structure

With the aim to increasing productivity and strengthening the direct sales force, VIB established new sales channels; also, the bank review and re-structured its existing sales channels by setting up specialised business units. Simultaneously, the organisational structure at the Head Office has also been streamlined to optimise the use of resources and costs. Specially, the Corporate Transformation Center was established to directly support the transformation of VIB from VIB 1.0 to VIB 2.0.

In 2016, VIB finalised the standardization and coding of all job positions across the bank, which were managed by a software system developed by VIB itself in order to ensure consistency, reflect changes in the system fully, accurately and timely, and provide a consistent source of data to different systems in the bank for use.

Compensation & Benefits

VIB continued to focus on completing the Human Resources functional instruction manual which will be used as the basis to build, amend and supplement remuneration policies to make sure they are fair, accurately reflect contributions made by individual employees, promote high performance culture inside the Bank, and increase competitiveness on the market. It should be mentioned about implementation of the contribution linked pay policy (CLP) for Sales and Services positions, with more than 30% of Retail Banking employees directly benefiting from the policy, and the launch of Employee Stock Ownership Plan (ESOP) with over 10% of VIB employees receiving bonus shares from the Bank.

Recruitment

By successfully promoting the brand "Employer of choice" which has been implemented in recent years via different

channels: online channels, social networks, job fairs, and cooperation with universities and recruitment service providers, in 2016 VIB recruited more than 1,000 new employees to replace and supplement human resources for the Bank's continuously expanding business activities. The recruited employees are senior managers, line managers, and specialists of rich experience from local and international reputed financial institutions and banks, and high potential, dynamic young graduates who were trained at prestigious universities both at home and abroad.

In addition to attracting external talents, VIB has also paid attention to internal recruitment in order to facilitate its own staff's career development and long-term engagement. 30% of new appointments for key positions such as Head of Division, Regional Manager, Branch Manager, Head of Center, Head of Departments at the Head Office were recruited from within the Bank.

Training and career development

In 2016, VIB focused its priority on training new employees and the market-facing staff so as to strengthen their sales and service capabilities. The induction training program, which was designed separately for new employees of

Retail Banking Division (RB) and Wholesale Banking Division (WB), helped the new employees to obtain general information of VIB and fundamental functional knowledge on the very first days of joining the Bank. It also enabled them to rapidly adapt to the new working environment. The market-facing staff have been regularly equipped with and updated on new knowledge and skills, with more than 2,000 trainees participating in training programs on new product policies; nearly 50% of RB and WB Relationship Managers were periodically trained on enhanced sales skills.

VIB also successfully organised various technical courses for nearly 2,000 trainees from Supporting Divisions/ Departments from the Head Office. Training on legal knowledge and compliance was also emphasized to help improve risk management capabilities and knowledge at VIB. More than 500 trainees, who are market-facing employees, have taken training courses on legal knowledge; nearly 300 Relationship Managers and risk management officers have completed the OMEGA credit training program in line with international standards. Specially, in 2016, 40 potential employees were trained in the "Future Bank Manager" program, which also highlights the focus on VIB staff career development.



Human Resources (Cont')



Employee engagement

2016 marked the 20th anniversary of VIB and the program "VIB20" with various activities was jointly organized by the Bank and its Trade Union. The program attracted the participation of VIB employees in 27 provinces/cities across the countries and created high excitement and engagement among all staff. The program took place during the year 2016 and included different activities and contests such as Logo and Slogan contest for the Bank's 20th anniversary; "My VIB story" - a contest in which VIB employees wrote about their memories, thoughts and love for the Bank; Art performances; VIB Championship for Football, Tennis and Badminton; and the Celebration events for VIB's 20th anniversary held at the Head Office and branches. In the year, VIB also awarded the "Long time service" award to 292 employees at their 10, 15 and 20 working years at VIB.



Banking from the Heart

Plan for 2017

In 2017, VIB's human resources management will focus on 3 areas: Recruitment, Training, and Compensation & Benefits in order to continuously improve the organisation's ability to easily adapt to market changes, increase the bank's competitiveness, and simultaneously create the best environment where each and every VIB staff can maximize their capabilities for the sake of both the Bank and themselves.

In terms of Recruitment, we will finalise the talent attracting policy for the Retail Banking Division; and automate/optimize some procedures in order to enhance processes and increase the quality of recruitment.

In terms of Training, we will build up a training roadmap for employees; build and implement training programs for critical jobs at Retail Banking Division; and strengthen the training/coaching capabilities for managers.

In terms of Compensation & Benefits policy, we will continue to apply the contribution linked pay policy (CLP) for sales & service positions; finalise the salary policy for Supporting positions and expand implementation of the ESOP for employees.



CONSOLIDATED FINANCIAL STATEMENTS



Table of Contents

• General Information	54
• Independent Auditors' Report	57
• Consolidated Balance Sheet	59
• Consolidated Income Statement	62
• Consolidated Cash Flow Statement	63

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. Tran Nhat Minh	Member cum Deputy Chief Executive Officer	Selected on 25 April 2013 Resigned on 28 April 2016
Mr. Michael John Venter	Member	Re-selected on 28 April 2016
Mr. Graham Eric Putt	Member	Selected on 15 December 2014 Resigned on 28 April 2016
Mr. Bradley Charles Lalonde	Independent member	Selected on 25 April 2013 Resigned 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

Board of Management

Name	Position	Date of appointment
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 Digital Banking	Reappointed on 1 May 2016
Mr. Le Quang Trung	Deputy Chief Executive Officer cum Head of Treasury cum Head of Foreign Wholesale Banking	Appointed on 11 January 2010
Mr. Godfrey Swain	Deputy Chief Executive Officer cum Head of Retail Banking	Appointed on 1 May 2016 Resigned on 16 November 2016
Mr. Phan Viet Cuong	Acting Head of Retail Banking	Appointed on 16 November 2016
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 Center	Appointed on 12 October 2016
Mr. Hoang Linh	Acting Chief Financial Officer	Appointed on 12 October 2016
Ms. Dang Thi Phuong Diem	Head of General Operations	Appointed on 1 September 2012
Mr. Kieran Edward Mulloy	Head of Human Resources	Appointed on 28 March 2016 Resigned on 24 December 2016
Mr. Brendan Wade Green	Head of Technology Service Banking	Appointed on 14 April 2016
Mr. Han Ngoc Vu	Chief Executive Officer	

The legal representative

Registered location

The Bank's Head Office is located at 1, 6 and 7 floor, CornerStone Building, 16 Phan Chu Trinh Street, Phan Chu Trinh Ward, Hoan Kiem District, Hanoi, Vietnam.

As at 31 December 2016, the Bank has one (01) Head Office, one hundred and fifty six (156) business units including Head Office, forty nine (49) branches and one hundred and six (106) transaction offices located in provinces and cities all over the country and one (01) subsidiary.

Auditors

Ernst & Young Vietnam Limited.

General Information (Cont')

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 2016.

Executive Management's Responsibility in respect of the Consolidated Financial Statement

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 2016, and of the consolidated results of its operations and its consolidated cash flows for the year ended 31 December 2016 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
24 March 2017

Independent Auditors' Report

Reference: 60758165/18841558-HN

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 24 March 2017 and set out on pages 59 to 64 which comprise the consolidated balance sheet as at 31 December 2016, 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.

Independent Auditors' Report (Cont')

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 2016, 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. 2400-2013-004-1

Hanoi, Vietnam
24 March 2017

Hoang Thi Hong Minh
Auditor
Audit Practising Registration
Certificate No. 0761-2013-004-1

Consolidated Balance Sheet

as at 31 December 2016

	31/12/2016 VND million	31/12/2015 VND million
ASSETS		
Cash, gold and gemstones	855,741	849,380
Balances with the State Bank of Vietnam ("SBV")	4,015,092	6,891,501
Deposits at and loans to other credit institutions	9,152,036	761,777
Deposits at other credit institutions	8,484,659	586,777
Loans to other credit institutions	667,377	175,000
Provision for credit losses of deposits at and loans to other credit institutions	-	-
Securities held for trading	-	-
Derivatives and other financial assets	11,331	76,363
Loans to customers	59,164,341	47,024,555
Loans to customers	60,179,583	47,777,031
Provision for loans to customers	(1,015,242)	(752,476)
Investment securities	28,698,369	26,451,598
Available-for-sale securities	26,916,591	23,388,818
Held-to-maturity securities	2,664,875	3,757,699
Provision for diminution in value of investment securities	(883,097)	(694,919)
Long-term investments	124,628	135,039
Other long-term investments	185,261	210,654
Provision for diminution in value of long-term investments	(60,633)	(75,615)
Fixed assets	378,176	395,754
<i>Tangible fixed assets</i>	<i>246,239</i>	<i>266,390</i>
Cost	655,935	704,436
Accumulated depreciation	(409,696)	(438,046)
<i>Intangible fixed assets</i>	<i>131,937</i>	<i>129,364</i>
Cost	313,332	285,776
Accumulated amortisation	(181,395)	(156,412)
Investment properties	16,403	16,605
Cost	16,403	16,605
Accumulated amortisation	-	-
Other assets	2,100,840	1,706,260
Receivables	583,389	531,084
Interest and fee receivables	1,304,946	986,102
Deferred tax assets	88	340
Other assets	212,417	188,734
Provision for other assets	-	-
TOTAL ASSETS	104,516,957	84,308,832

Consolidated Balance Sheet (Cont')

as at 31 December 2016

	31/12/2016 VND million	31/12/2015 VND million
LIABILITIES		
Borrowings from the Government and the SBV	-	8,472,331
Deposits and borrowings from other credit institutions	33,261,991	12,699,666
Deposits from other credit institutions	17,413,604	6,628,197
Borrowings from other credit institutions	15,848,387	6,071,469
Deposits from customers	59,260,842	53,303,964
Derivatives and other financial liabilities	-	-
Other borrowed and entrusted funds	57,475	72,926
Valuable papers issued	2,000,000	-
Other liabilities	1,193,875	1,149,136
Accrued interest and fee payables	622,694	490,930
Deferred tax liabilities	-	-
Other payables and liabilities	571,181	658,206
Provision for contingent liabilities and off-balance sheet commitments	-	-
TOTAL LIABILITIES	95,774,183	75,698,023
SHAREHOLDERS' EQUITY		
Capital	6,802,939	6,802,946
Charter capital	5,644,425	4,845,000
Share premium	1,158,533	1,957,958
Treasury shares	(19)	(12)
Reserves	1,256,723	1,185,521
Retained earnings	683,112	622,342
TOTAL SHAREHOLDERS' EQUITY	8,742,774	8,610,809
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	104,516,957	84,308,832

Consolidated Balance Sheet (Cont')

as at 31 December 2016

OFF-BALANCE SHEET ITEMS	31/12/2016 VND million	31/12/2015 VND million
Credit guarantees commitments	25	-
Foreign exchange commitments	22,316,209	21,459,354
- Foreign exchange commitments - buy	3,111,344	4,917,009
- Foreign exchange commitments - sell	2,366,038	3,948,180
- Cross currency swap contract	16,838,827	12,594,165
Letters of credit commitments	1,754,591	912,196
Other guarantees	3,526,370	2,796,637
Other commitments	4,202,440	4,237,083
	31,799,635	29,405,270

Prepared by:

Ms. Tran Thi Thanh Tra
Head of General Accounting

Hanoi, Vietnam
24 March 2017

Approved by:

Mr. Hoang Linh
Acting Chief Financial Officer

Approved by:



Mr. Han Ngoc Vu
Chief Executive Officer

Consolidated Income Statement

for the year ended 31 December 2016

	2016 VND million	2015 VND million
Interest and similar income	5,291,791	4,794,299
Interest and similar expenses	(2,665,553)	(2,450,185)
Net interest income	2,626,238	2,344,114
Fee and commission income	391,311	278,915
Fee and commission expenses	(135,674)	(112,812)
Net fee and commission income	255,637	166,103
Net gain/(loss) from trading of foreign currencies	24,814	(10,503)
Net gain from investment securities	149,445	88,991
Net gain from investments in other entities	27,556	20,397
Other income	345,240	400,962
Other expenses	(27,959)	(80,609)
Gain from others activities	317,281	320,353
TOTAL OPERATING INCOME	3,400,971	2,929,455
Payroll and other staff costs	(1,118,077)	(867,559)
Depreciation and amortisation charges	(89,714)	(86,509)
Other operating expenses	(884,837)	(811,172)
TOTAL OPERATING EXPENSES	(2,092,628)	(1,765,240)
Profit before provision for credit losses	1,308,343	1,164,215
Provision expenses for credit losses	(606,127)	(509,071)
PROFIT BEFORE TAX	702,216	655,144
Current Income tax expense	(139,806)	(140,446)
Deferred tax expense	(678)	6,368
Total Income tax expenses	(140,484)	(134,078)
PROFIT AFTER TAX	561,732	521,066
Basic earnings per share (VND)	1,125	1,161

Prepared by:



Ms. Tran Thi Thanh Tra
Head of General Accounting

Approved by:



Mr. Hoang Linh
Acting Chief Financial Officer

Approved by:



Mr. Han Ngoc Vu
Chief Executive Officer

Consolidated Cash Flow Statement

for the year ended 31 December 2016

	2016 VND million	2015 VND million
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and similar income received	4,972,948	4,819,510
Interest and similar expenses paid	(2,533,790)	(2,546,366)
Fee and commission income received	255,636	166,103
Net receipts from foreign currencies, gold and securities trading activities	174,259	78,488
Other incomes	183,186	212,642
Receipts from loans previously written off	134,095	107,711
Operating and salary expenses payments	(2,002,915)	(1,678,731)
Current income tax paid for the year	(158,347)	(144,210)
Net cash flows from operating activities before changes in operating assets and liabilities	1,025,072	1,015,147
Changes in operating assets		
(Increase)/Decrease in deposits at with and loans to other credit institutions	(492,377)	4,290,450
(Increase)/Decrease in securities held for trading	(2,434,948)	880,630
(Increase)/Decrease in derivatives and other financial assets	65,031	(66,706)
(Increase)/Decrease in loans to customers	(12,402,552)	(9,598,245)
Using provision to written off loan to customers, securities and long-term investment losses	(53,930)	(392,463)
(Increase)/Decrease in other assets	(387,340)	3,829,015
Changes in operating liabilities		
Borrowings from Government and the SBV	(8,472,331)	8,472,331
Increase/(Decrease) in deposits and borrowings from other credit institutions	20,562,325	(7,061,463)
Increase/(Decrease) in deposits from customers (including The State Treasury)	5,956,878	4,252,055
Increase/(Decrease) in valuable papers issued (except valuable papers issued for financing activities)	2,000,000	(25)
Increase/(Decrease) in other borrowed and entrusted funds	(15,450)	19,138
Increase/(Decrease) in other liabilities	(205,885)	(2,152,929)
Net cash flows from/used in operating activities	5,144,493	3,486,935

Consolidated Cash Flow Statement (Cont')

for the year ended 31 December 2016

	2016 VND million	2015 VND million
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchases of fixed assets	(120,436)	(150,871)
Proceeds from disposals of fixed assets	333,131	34,567
Payments for disposals of fixed assets	-	(89)
Payments for investments property	-	-
Proceeds from investments property	202	17,900
Proceeds from investments in other entities	25,393	30,465
Dividends received from long-term investments	27,557	3,449
Net cash flows from/(used in) investing activities	265,847	(64,579)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in charter capital from capital contribution and/or share issuance	799,425	595,000
Dividends paid to shareholders	(1,181,924)	(977,499)
Proceeds from selling treasury shares	(7)	(5)
Net cash flows used in financing activities	(382,506)	(382,504)
Net cash flows during the year	5,027,834	3,039,852
Cash and cash equivalents at the beginning of the year	8,327,658	5,287,806
Cash and cash equivalents at the end of the year	13,355,492	8,327,658

Prepared by:



Ms. Tran Thi Thanh Tra
Head of General Accounting

Approved by:



Mr. Hoang Linh
Acting Chief Financial Officer

Approved by:



Mr. Han Ngoc Vu
Chief Executive Officer

Hanoi, Vietnam
24 March 2017