



a Greener Bank
for community's sustainable development





The project “Green for life”, which is deployed by Vietcombank, aims to raise primary school students’ awareness on the importance of environmental protection.

Vietcombank CONTENTS

VIETCOMBANK’S PROFILE	04
Message from the Chairman and CEO	06
General information of Vietcombank	10
Establishment and development history	12
Services and business network	18
10 notable events of Vietcombank in 2016	20
Corporate governance model & Management structure	26
Key financial ratios 2012 – 2016	28
Development orientation	32
Vietcombank’s awards in 2016	36
REPORT OF THE BOM AND BOD	44
Financial situation	46
Shareholding structure and changes in shareholders’ equity	48
Investment activities, projects implementation	50
Assessment by the Board of Management	54
Assessment by the Board of Directors	72
ORGANIZATION AND HUMAN RESOURCES	84
Organization and human resources	86
Board of Directors	88
Board of Management	90
Supervisory Board	93
CORPORATE GOVERNANCE	94
Corporate governance	96
Risk management	104
Business network	106
COMMUNITY AND SOCIETY	110
Social welfare activities of Vietcombank	113
CONSOLIDATED FINANCIAL STATEMENTS	130
General information	133
Report of the Board of Management	135
Independent auditors’ report	136
Consolidated balance sheet	138
Consolidated income statement	141
Consolidated statement of cash flows	143
Notes to the consolidated financial statements	145

Vietcombank

CÙNG VIETCOMBANK HÀNH ĐỘNG
CHUNG TAY BẢO VỆ QUỐC SÔNG XANH

HỘI LỄ, NGÀY 7 THÁNG 12 NĂM 2016

GREEN FOR LIFE

CREATE IDENTITY
FOR SUSTAINABLE SUCCESS

1 VIETCOMBANK'S PROFILE

- Message from the Chairman and CEO • General information of Vietcombank
- Services and business network • Establishment and development history
- 10 notable events of Vietcombank in 2016 • Corporate governance model & Management structure • Fundamental financial ratios 2012 - 2016
- Development orientation • Vietcombank's Awards in 2016

The project "Green for life", which is deployed by Vietcombank, aims to raise primary school students' awareness on the importance of environmental protection.

Message from Chairman and CEO



Chairman
Nghiem Xuan Thanh



In 2016, Vietcombank achieved VND8,523 billion of profit before tax, increasing by 25% compared to 2015, recording the highest level from 2009 and being the highest number in banking sector. Performance indicators (ROA & ROE) showed a strong improvement. With impressive business results, Vietcombank continues to maintain its position as the financial institution with largest market capitalization.

PROFIT BEFORE TAX
Increasing by 24.84% compared to 2015

VND **8,523** BILLION

The world underwent historical fluctuations in 2016. If Europe suffered the impact from "Brexit" by Britain, the United States shocked the world with the win of Donald Trump in presidential election. Debt crisis in Eastern Europe has not still come to an end; FDI adjusted interest rate; etc. All of them have marked the highlights of global economy during the past year. In Vietnam, domestic economic growth was lower than expectation (6.21%), but still higher than the average rate of the 6 recent years thanks to contributions of processing and manufacturing sectors and domestic consumption. Inflation was controlled lower than target (5%); balance of payment showed surplus and FDI flows recorded position growth. Exchange rate and forex market were basically stable, and interest rate decreased, which have positively supported enterprises in expanding and developing business operations.

Banking sector grew steadily and fulfilled its goals, contributing to stabilizing macroeconomy and promoting sustainable economic growth. Total payment instruments increased by approximately 18.38%; deposit grew by approximately 17.75%; and credit increased by approximately 18.25%. Restructuring of financial institutions continued to be strengthened; system safety was ensured; and credit quality was controlled.

In 2016, strictly implementing instructions of the

Government and the State Bank as well as actively deploying the motto "Speed - Efficiency - Sustainability" and the corporate governance motto "Innovative - Disciplined - Responsible", Vietcombank has achieved impressive results: Scale strongly grew (approximately 19.28% in capital mobilization and approximately 18.85% in credit). Structure of deposit and capital use recorded positive changes suitable to development orientation of the Bank. Asset quality was remarkably improved, in which, bad debt decreased from 1.79% down to 1.46%; Group-2 debt strongly decreased down to 1.67%, down 0.7 percentage points compared to that at the end of 2015. Vietcombank also become the first and only bank fully making provision for outstanding loans sold to VAMC, officially making bad debt data transparent in one book.

Particularly, in respect of business performance, Vietcombank achieved VND8,523 billion of profit before tax, increasing by 25% compared to 2015, recording the highest level from 2009 and being the highest number in banking sector. Performance indicators (ROA & ROE) showed a strong improvement. With impressive business results, Vietcombank continued to maintain its position as the financial institution with largest capitalization in the market.

Besides business operations, Vietcombank continued to simultaneously deploy transformation projects to

Message from Chairman and CEO



CEO
Pham Quang Dung



The management team and more than 15,000 employees across the system will make every effort to overcome all difficulties and challenges, seize the opportunities to develop in scale, quality and efficiency; to be worthy the trust and expectation of authorities, shareholders, investors and millions of customers; to gradually implement strategic objective of Vietcombank which is to become the leading bank in Vietnam and one of the world's 300 largest finance and banking groups.

PROFIT AFTER TAX
Increasing by 28.49% compared to 2015

VND **6,851** BILLION

enhance executive management capacity forwards to international standards and complete internal procedures and regulations in order to create synchronous mechanism for business operations. Human resource management had positive changes, contributing to creating high quality human resources, aiming to accomplish the strategic goal to become the leading financial institution in quality of human resources and engagement of employees.

In 2017, in general context with many difficulties and challenges, Vietcombank will continue to focus all resources together with high sense of responsibility to fulfill the planned objectives, process toward sustainable development, and contribute to the general stability of banking sector. Continuing to thoroughly understand the corporate governance motto **"Innovative – Disciplined – Responsible"**, the operating motto of Vietcombank in 2017 is **"Transformation – Efficiency – Sustainability"** with key measures:

(i) Keeping on customer service as a main mission, (ii) Focusing on enhancing financial capability, (iii) Promoting to handle non-performing loans and written-off loans, (iv) Strongly innovating treasury trading activities, foreign currency trading and commercial finance, (v) Consolidating business operations of subsidiaries, enhancing investment efficiency, (vi) Deploying management capacity improvement projects on right roadmap, (vii) Strengthening human resource development, (viii) Consolidating organizational structure, (ix) Strengthening risk management, and (x) Investing and upgrading information technology.

The management team and more than 15,000 employees across the system will make every effort to overcome all difficulties and challenges, seize the opportunities to develop in scale, quality and efficiency; to be worthy the trust and expectation of authorities, shareholders, investors and millions of customers; to gradually implement strategic objective of Vietcombank which is to become the leading bank in Vietnam and one of the world's 300 largest finance and banking groups, adopting best practices in corporate governance.

Chairman
NGHIEM XUAN THANH

CEO
PHAM QUANG DUNG

General Information of Vietcombank

TRADING NAME

Name in Vietnamese:

NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN NGOẠI THƯƠNG VIỆT NAM.

Name in English:

JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIET NAM.

Trading name: VIETCOMBANK

Abbreviation name: VIETCOMBANK

License of establishment and operation No. 138/GP-NHNN issued by State Bank of Vietnam, dated May 23rd, 2008.

Certificate of Business registration

Tax code: 0100112437

Certificate of Business registration No. 0103024468 issued by Ha Noi Department of Planning and Investment dated June 02nd, 2008 (first registration).

12th Amendment issued on December 16th, 2016

Charter capital (Equity): VND35,977,685,750,000

In words: *Thirty five thousand nine hundred and seventy seven billion six hundred and eighty five million seven hundred and fifty thousand VND.*

Ticker symbol: VCB

Par value: VND10,000

Number of shares: **3,597,768,575**

Address: No. 198 Tran Quang Khai Str., Ly Thai To Ward, Hoan Kiem Dist., Ha Noi, Vietnam.

Phone number: 84 - 4 - 3934 3137

Fax: 84 - 4 - 3826 9067

Website: www.vietcombank.com.vn

CHARTER CAPITAL
Increase by 35% compared to 2015

VND **35,978** BILLION





Establishment and development history

FORMATION PROCESS AND PREDECESSOR ORGANIZATIONS

On May 6th 1951, President Ho Chi Minh signed Decree No.15/SL on the establishment of National Bank of Vietnam. After restoration of peace in the North, the establishment of diplomatic and trade relations with other countries was put into consideration. Therefore, Foreign Exchange Bureau under the National Bank of Vietnam was established according to Decree No.443/TTg dated January 20th 1955 of the Prime Minister to advise the Government on management of foreign currency, gold, silver, trade and non-trade pay in the world. Then, on October 26th 1961, the Government issued Decree No.171/CP to rename The National Bank of Vietnam into The State Bank of Vietnam, including the Foreign Exchange Department, which replaced the former Foreign Exchange Bureau. This was a step forward, paving the way for establishment of specialized banks and foreign banking operations later on.

To conform to international practices on foreign banking operations, on October 30th 1962, the Council of Ministers issued Decree No. 115/CP on the establishment of Bank for Foreign Trade of Vietnam tasked with foreign exchange trading, international payments, international credit, and foreign trade loans. The Bank was also tasked with participating in the management of foreign exchange; contributing to monetary and public property protection; enhancing and expanding of economic, political relations and cultural exchanges with foreign countries. After a preparation period, on April 1st 1963, the Bank for Foreign Trade of Vietnam was officially put into operation and, since then, the brand of the Bank for Foreign Trade of Vietnam was officially born.



During its operation period, Vietcombank has always clearly determined and aimed to build a bank operating in line with standards, complying with the laws and keeping up with international practices to ensure safe and sustainable operations.

NOBLE DUTIES TO THE FATHERLAND AND THE BRILLIANT SUCCESSES

During beginning period, from 1963 to 1977, Vietcombank, with exclusive role of foreign banking operations, had successfully completed the tasks entrusted by the Government and the banking sector, by not only meeting the demand for foreign exchange of the economy of Northern hinterland, but also fulfilling the task of supplying foreign currency to the Southern battlefield, completing reunification achievement, typically the B29 activities.

Along with the extremely bold solutions of the people's war organized and directed by our Party, and directly the Southern Central Economic Commission Office, the special payment solution implemented by B29 had great significance, providing southern battlefield some technical supplies, including weapons and ammunition right at the spot. As a result, in the last years of the war, B29 made payment in a highly secure manner for hundreds of shipments worth hundreds of millions of dollars. It was a silent victory in the war of national liberation which the Foreign Exchange Department and the Bank for Foreign Trade of Vietnam were honored to be involved.

Also in the process of receiving foreign currency supply from abroad to provide finance to the South, B29 had flexibly applied various business operations, converting from one foreign currency into others, transferring of funds from banks that did not pay interest to banks that paid interest, from banks that paid lower interest to bank that paid higher interest. Thanks to that, the Bank had earned a profit of nearly USD 21 million, increasing the source of aid to the battlefield.

After the liberation of the South, with positive and effective measures, Vietcombank had quickly taken over the banking system of the old regime, collected a large volume of assets and capital being held abroad for the country and negotiated with foreign banks to transfer off-shore accounts under the name of Saigon Central Bank to the State Bank of Vietnam. This earned hundreds of millions of dollars for the country after normalization of relations with the United States, contributing to the task of overcoming the war consequences, as well as economic and social development of the country.



Strategic goal of Vietcombank is to become the Number 1 bank in Vietnam and one of the world's 300 largest financial groups.



CONFIRMING THE ROLE OF A KEY BANK IN THE RENOVATION PERIOD

Entering a period of renovation, since the 90s, with the advent of the Ordinance on banking, the latter was two banking laws, Vietcombank had been a pioneer in the development and implementation of a restructuring plan to comprehensively reform organizations and activities of Vietcombank. Vietcombank's investment portfolio was transformed towards focusing and catering to large and key projects, actively supporting economic sectors to boost production and business, contributing significantly to economic growth of the country at the time.

Thoroughly understanding the spirit of the Resolution of the Ninth Party Congress, which is "actively integrating into the international and regional economy under the spirit of maximizing internal resources and improving the efficiency of international cooperation",

Vietcombank gradually got rid of old thinking, to overcome barriers to access and to integrate into the world financial - currencies markets; with leading role in export support for local businesses. The Bank was exemplary in implementation of the State Bank policies, contributing to stabilizing the currency, curbing inflation, exchange rate control and strengthening national foreign currency reserve. In the early 90s, the Bank had officially participated in world currency markets, joining SWIFT organization. Vietcombank is also a member of Asian Bankers Association, international card organizations and is also the first bank in Vietnam to issue international credit cards such as MasterCard and Visa. In addition, the Bank had increased investment and modernization, improving technology capabilities and diversifying products and services, expanding its operations to other sectors

by establishment of joint venture companies and subsidiaries. With capital advantages, especially foreign currency capital, the Bank had participated in financing a range of projects in key areas, serving the key projects of national development such as electricity, oil and gas, aviation and telecommunications projects.

Not only ensuring the safety and efficiency of its operations, in the difficult times of Vietnam banking sector, implementing the guidelines of the Government and the State Bank, Vietcombank was also involved in reorganizing, consolidating, controlling and handling a number of joint stock banks. With the effective support of Vietcombank in terms of capital, human resources and business transactions, the joint stock banks had overcome the most difficult moment of the market to gradually stabilize and grow.

Besides, Vietcombank is also known as an outstanding enterprise in community activities with many significant social security programs, focusing on the areas of education, health care, support to the poor, families under preferential treatment policies, etc. The activities are highly appreciated by the public. Therefore, the Vietcombank brand has been closer to the businesses, citizens and social communities.

The contributions of Vietcombank have been recognized by the Party, State and people with many noble honors and awards. The Bank is also honored by the world's financial community as "The Best Bank in Vietnam" in many consecutive years.

HISTORICAL CHANGES AND FUTURE DIRECTION

Vietcombank is honored to be chosen for pilot privatization in banking sector under the policy of the Party, State and Government. December 26th 2007 became an important milestone of Vietcombank when the initial public offering (IPO) achieved significant result that was much better than expected. VCB's stock has quickly become the leading share among banking stocks since then.

Then, in September 2011, Vietcombank marked an important milestone by signing a strategic shareholders agreement with Mizuho Corporate Bank under Mizuho Financial Group, the third largest financial group in Japan and the 20th in the world. The sale of strategic stake of Vietcombank became the largest regional M&A transaction of the year. It was also a testament to the confidence of foreign investors in the potential and future development of the financial market of Vietnam in general, and that of Vietcombank in particular.

On April 1st 2013, the Bank celebrated its 50th anniversary (1963 – 2013) and received First Class Independence Medal awarded by the Party and State. On this special occasion, Vietcombank had also officially announced the new Branding System under the message of "Together for the future", affirming the Bank's overall innovation in both image and quality of operations to continue to work for sustainable development, maintaining its position as the leading bank in the country and gradually reach the international arena, confirming the commitment of Vietcombank of always being ready to accompany clients on the way forward.

The 2013 – 2016 period marked the Bank's transformation and breakthroughs milestones when the Bank had impressive growth both in scale and business efficiency, setting the top with continuous successes, opening big opportunity for development in the next period. Along with that, the Bank had focused on effective implementation of restructuring scheme under the direction of the government and the State Bank as well as implementing uniformly, more effectively projects on governance and operation capacity building activities, aiming at improving competitiveness, creating a solid foundation for a new stage of development, international integration; contributing to the realization of the vision and strategic objectives by 2020, which is making Vietcombank number one bank in Vietnam, and one of the 300 largest financial groups worldwide and fully adopting the best international practices in corporate governance.

PUTTING VIETCOMBANK BRAND AND CULTURE INTO A CONTINUED OUTREACH

Throughout its history, the Bank has always been well defined and aimed at building a bank with standard operations, complying with the laws and staying in tune with international practices, ensuring operation safety and sustainability. Prestige, quality and operational efficiency of Vietcombank not only highly appreciated by local partners and customers but also recognized by international community.

Vietcombank, in the eyes of customers, shareholders, and investors, is a modern, trusted, norms, professional bank and able to comprehensively meet all of service needs with the best quality. Vietcombank is also a bank with information transparency, operational safety and effectiveness and managed according to the international practices. Mentioning Vietcombank is referring to a bank with modern technology infrastructure as well as a skilled, dedicated, and friendly staffing team who are always willing to share.

Over 50 years of construction, development and dedication not only created a great brand named Vietcombank but also created a culture of Vietcombank, a Vietcombank's way that we are proud of with our own characteristics, including: Reliability, Standardization, Ready for Innovation, Sustainability and Humanities. Brand and Culture are the factors that make up the power, helping Vietcombank to overcome the historical ups and downs, to reach new heights, with success after success.



VIETCOMBANK has

1,726

correspondent banks in 158 countries and territories around the world.

BANKING SERVICES

- ◆ Accounts
- ◆ Deposits (savings, CDs, bonds..)
- ◆ Loans (short, medium and long term)
- ◆ Guarantees
- ◆ Negotiations and Discounting of Documents
- ◆ International payments
- ◆ Money transfer
- ◆ Card services
- ◆ Documentary and Clean Collections
- ◆ FX
- ◆ Correspondent banking
- ◆ Factoring
- ◆ Other services as per the bank's Business Registration.

BRANCH NETWORK COVERAGE

As of 2016, besides its Head Office, Vietcombank has 101 branches and 395 transaction offices, operating in 52/63 provinces and cities across the country which are distributed in 07 regions, to be specific, 20 branches in Northern Region, occupying 19.8%; 15 branches in Ha Noi, 14.85%; 12 branches in Northern Central Region, 11.88%; 10 branches in Southern Central and Highland Region, 9.9%; 17 branches in Ho Chi Minh City, 16.83%; 12 branches in South Eastern Region, 11.88%; and 15 branches in South Western Region, 14.85%.

The Bank is maintaining correspondent relationships with 1,726 financial institutions in 158 nations and territories worldwide.

10 Notable Events of Vietcombank in 2016

1

SETTING A RECORD OF PROFITABILITY

In 2016, the whole Vietcombank system made every effort and determined to implement business targets and achieved significant results. Profit before tax gained VND8,523 billion and profit growth speed reached the highest rate over the recent years and continued to set a new record, creating a solid foundation for breakthrough development in the coming years and affirming the stable, sustainable and efficient development in accordance with the strategic goals set by Vietcombank the period from now to 2020.



2

MAKING FULL PROVISION FOR THE DEBTS AT VAMC

In 2016, Vietcombank was the first bank completing treatment for outstanding loan at VAMC, 3 years earlier than regulated, to officially transparent and comprehensively control non-performing loans and loss provision. Loan loss provisions/non-performing loans remained high at 117.12%.



3

PIONEERINGLY AND ACTIVELY ACCOMPANYING ENTERPRISE COMMUNITY

In 2016, responding to the call of Prime Minister and Governor of the State Bank, Vietcombank was the first bank decreasing interest rate and accompanying the enterprise community. The Bank also had many practical activities to accompany the small and medium enterprises in start-up and development and promote the determination on creation and start-up given out by the new-term Government.



10 Notable Events of Vietcombank 2016

4

SUCCESSFULLY HOLDING THE 33RD ABA CONFERENCE

With the successful hosting of the 33rd General Meeting of Asian Bankers Association (ABA), Vietcombank has left many impressions and emotions in financial and banking community in the region and in the world. Vietcombank was really a messenger and a bridge to connect Vietnamese banks and Asian banking community and affirmed its special position in foreign affairs in the system of commercial banks in Vietnam.



6

ACTIVATING KEY PROJECTS

In 2016, Vietcombank activated many key projects which played an important role in long-term and sustainable development of the Bank in line with international standards such as Basel II, CTOM, ALM-FTP-MPA, etc. Core Banking project was resumed as a foundation for development in the coming time.

Besides activating and deploying the projects is communicating and training the whole staff in the system.



5

SUCCESSFUL BOND ISSUANCE

Vietcombank has increased charter capital by VND 9,327 billion and successfully issued 8,000 billion long-term bonds, in which VND 6,000 billion was Tier 2 capital. VND 2,000 billion of 10-year bonds issued to the public within one month has attracted much attention from the individual and organizational investors both at home and abroad, affirming the position and reputation of Vietcombank.



7

RESTRUCTURING ORGANIZATION MODEL

Right after standardizing organization model and issuing handbook of standard functions from Head Office and branches, in 2016, Vietcombank Southern Representative Office was born; Enterprise Customer Division 2 and Debt Settlement Office 2 in Ho Chi Minh City were established. Retail management in the pilot areas was implemented in Ha Noi as a preparatory step for official implementation in 2017 in the whole system.

In 2016, Vietcombank put 05 branches and 27 transaction offices into operation, increasing total number of branches and transactions of the system up to 496 at the end of 2016. Recruitment activities were improved. Training activities were performed according to positions and titles and training results were the basis to consider appointment and promotion. In 2016, for the first time, Vietcombank held skill examination and applied rotation of managers who undertook 2 consecutive terms.



10 Notable Events of Vietcombank 2016



8

LAUNCHING DIGITAL LAB SERVICE

In 2016, Vietcombank was the first bank launching Digital lab service, affirming the pioneering trend in developing modern advanced services to meet the diverse and increasing needs of customers.

Vietcombank Digital Lab belongs to the overall project of building Smart branch model in line with digital bank development strategy of Vietcombank. The project shows the strong investment of Vietcombank in technology and the ability to apply digital technology in banking services with the largest goal which is towards customer satisfaction when experiencing consistent service across banking channels, from tradition to modern.

9

BUILDING COMPREHENSIVE DEVELOPMENT STRATEGY UNTIL 2020 AND APPROVING INFORMATION TECHNOLOGY STRATEGY UNTIL 2020

In 2016, Vietcombank newly built its comprehensive development strategy until 2020. This is a foundation for the period of conquering new height of the Bank: to become the number one bank in Vietnam, being ranked in 300 largest financial institutions worldwide, and fully adopting best international practices in corporate governance.

Also in 2016, the Board of Directors of Vietcombank approved information technology strategy until 2020 with the motto of speeding up, catching up and meeting the need of development.



10

AFFIRMING PRESTIGE WITH MANY AWARDS AND RESPONSIBILITIES TO THE COMMUNITY

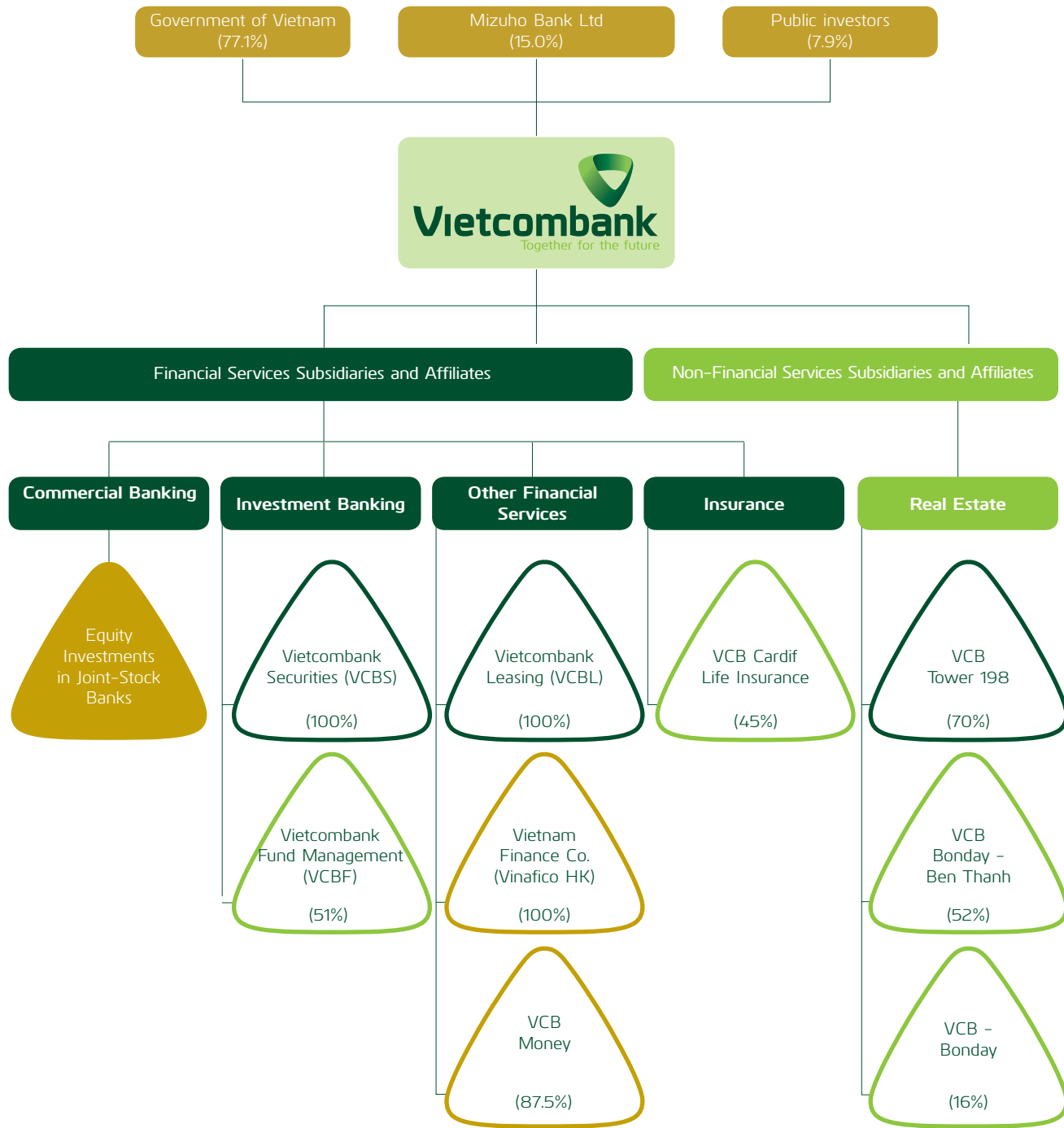
The year 2016 recorded a lot of impressive social security activities of Vietcombank. Apart from accompanying national and international social, cultural and sport programs, Vietcombank affirmed its leading position in implementing social security policies in all respects of healthcare, education, poverty alleviation, etc. in the most difficult regions across the country, forming the image of a Green Bank who always toward the community and work for the community.

The prestige of Vietcombank is affirmed when the Bank continued to be ranked in the top list of credit rating by Moody's and the stock price continued to hold the highest level in banking sector. During the year, Vietcombank won a series of impressive prizes and awards: National brand in 5 consecutive years, Strongest Bank in Vietnam, Top 3 Leading companies in welfare for employees, Best listed company in Vietnam in 4 consecutive years, Top 10 Most sustainable companies operating in trading - service, etc.



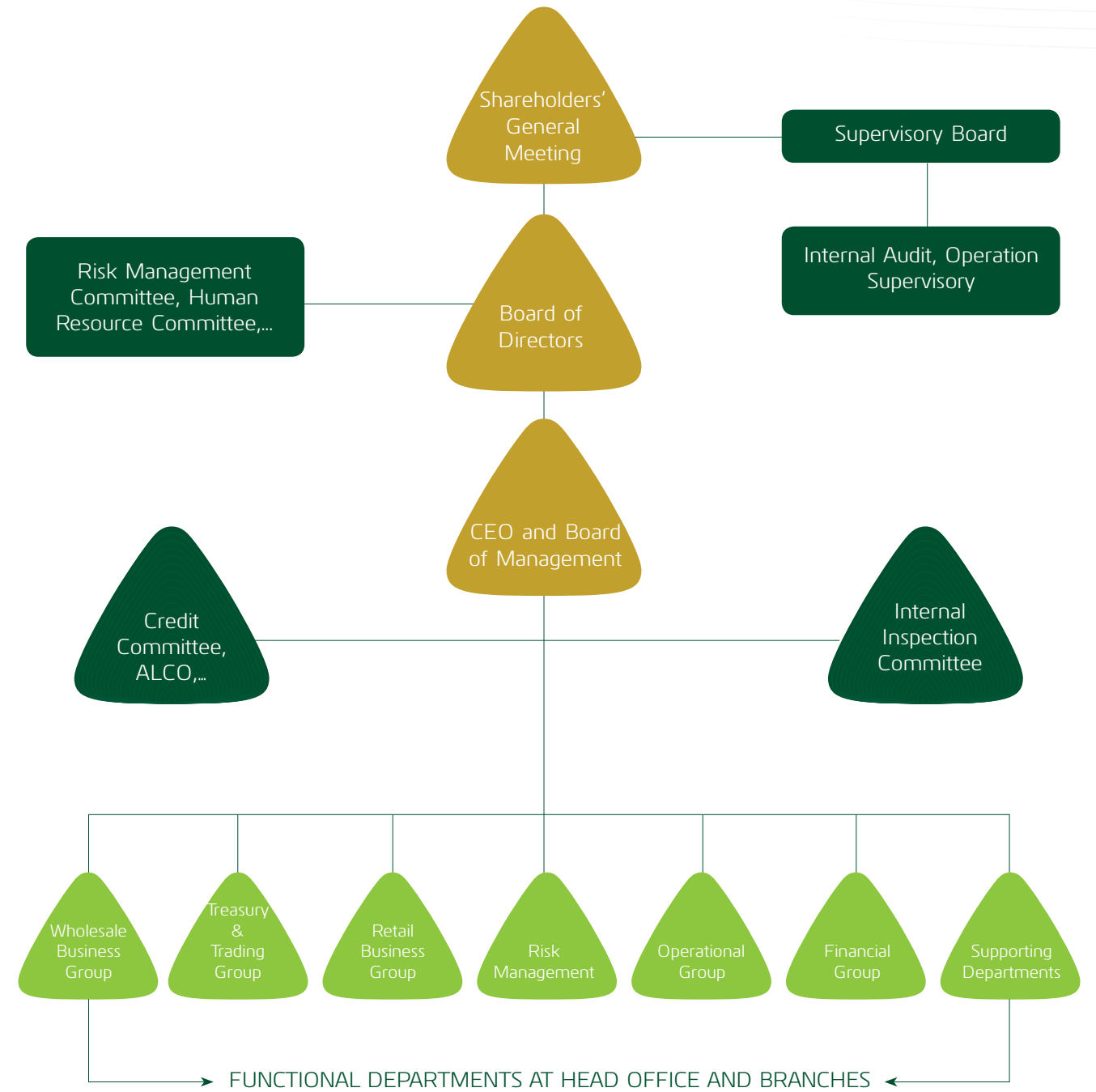
Corporate Governance Model & Management Structure

CORPORATE GOVERNANCE MODEL



△ Subsidiaries in the domestic
 △ Joint ventures
 △ Foreign subsidiaries

MANAGEMENT STRUCTURE



Key Financial Ratios 2012 – 2016

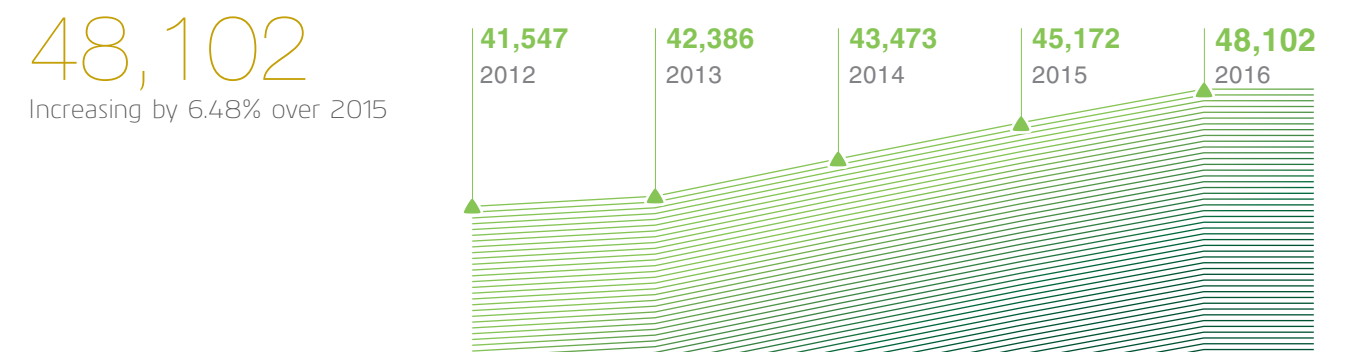
Unit: VND billion

	2012	2013	2014	2015	2016
KEY BUSINESS INDICATORS					
Total assets	414,488	468,994	576,996	674,395	787,907
Shareholder's equity	41,547	42,386	43,473	45,172	48,102
Total deposit/Total assets ratio	58.19%	58.49%	56.04%	57.4%	58.5%
Non-interest income	4,140	4,725	5,295	5,749	6,352
Total operating income	15,081	15,507	17,286	21,202	24,880
Total operating expense	-6,013	-6,244	-6,849	-8,306	-9,950
Net operating income before loan loss provision	9,068	9,263	10,436	12,896	14,929
Loan loss provision	-3,303	-3,520	-4,591	-6,068	-6,406
Profit before tax	5,764	5,743	5,844	6,827	8,523
Corporate income tax	-1,343	-1,365	-1,258	-1,495	-1,672
Profit after tax	4,421	4,378	4,586	5,332	6,851
Net profit after tax	4,397	4,358	4,567	5,314	6,832
PROFITABILITY RATIOS					
NIM	2.93%	2.55%	2.35%	2.58%	2.63%
ROAE	12.61%	10.33%	10.76%	12.03%	14.69%
ROAA	1.13%	0.99%	0.88%	0.85%	0.94%
KEY RISK INDICATORS					
Loans/Deposits ratio	79.34%	80.62%	75.92%	76.76%	76.71%
Non-performing loan ratio	2.40%	2.73%	2.31%	1.79%	1.46%
CAR	14.63%	13.13%	11.35%	11.04%	11.13%
STOCK					
Common shares	2,317	2,317	2,665	2,665	3,597
Dividend payout ratio	12%	12%	10%	10%	8%
Share price (year-end)	26,230	26,800	31,900	43,900	35,450
Market capitalization	60,786	62,107	85,014	116,994	127,514
EPS	1,623	1,582	1,533	1,626	1,566
DPS (VND)	1,200	1,200	1,000	1,000	800

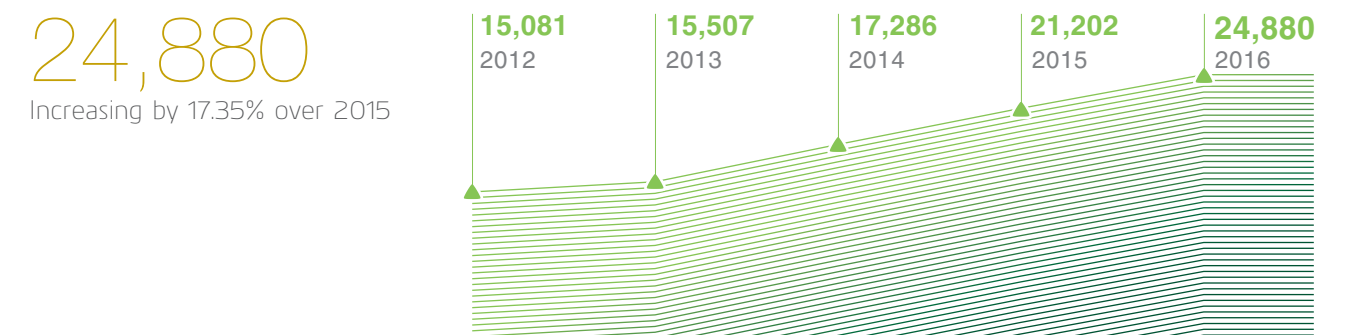
Total Assets (VND billion)



Shareholder's equity (VND billion)

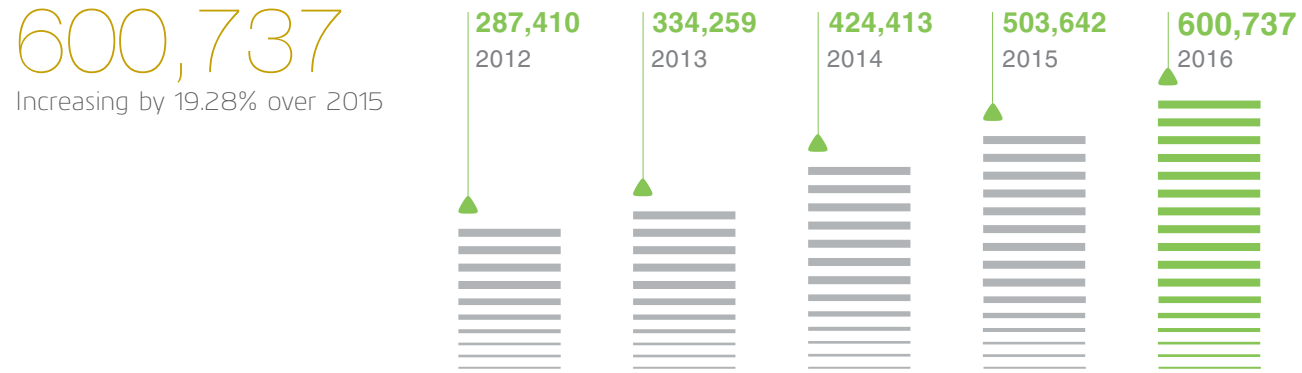


Total Operating Income (VND billion)

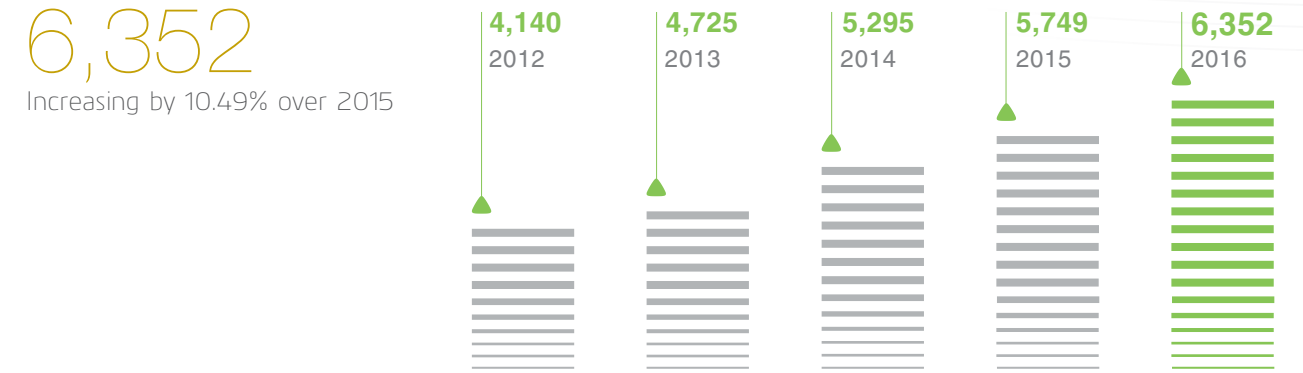


Key Financial Ratios 2012 - 2016

Deposit (VND billion)



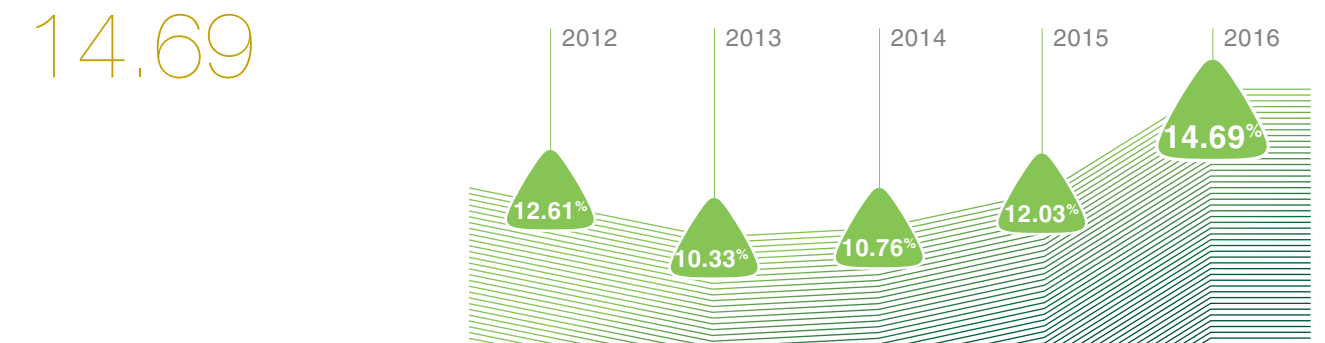
Non-interest Income (VND billion)



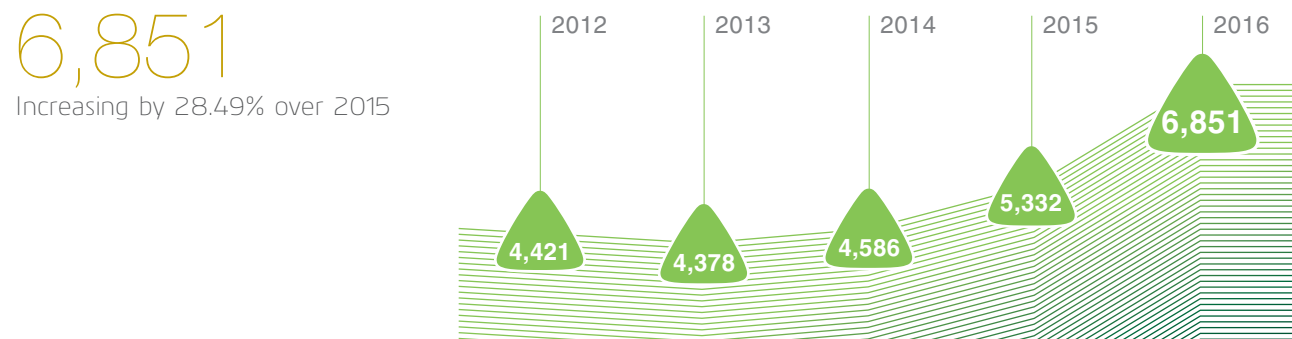
Profit Before Tax (VND billion)



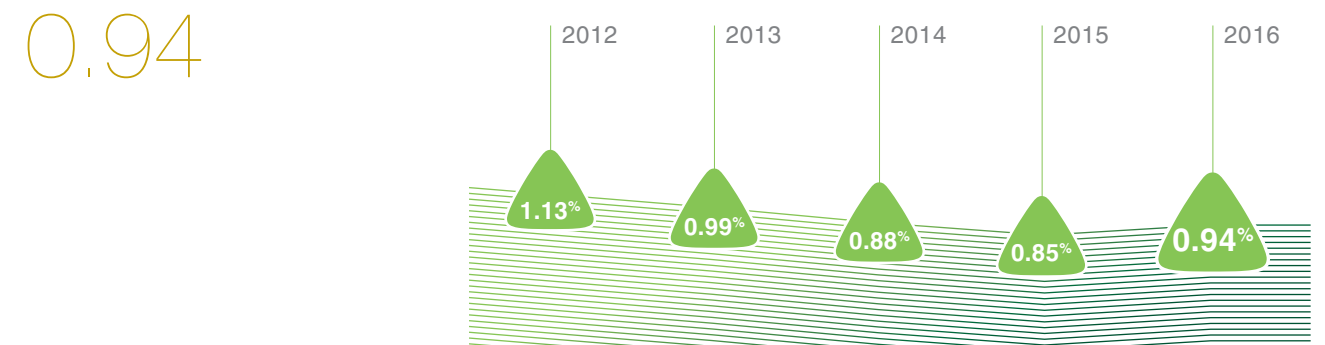
ROAE (%)



Profit After Tax (VND billion)



ROAA (%)



Development **Orientation**

VISION

To become **THE NUMBER ONE BANK**

in vietnam, being ranked among the 300 largest banking groups in the world and fully adopting the best international practices in corporate governance by 2020.

STRATEGIC OBJECTIVES

Top One in Retail Banking and Top Two in Wholesale Banking.

Becoming the number one bank in Vietnam as Top One in Retail Banking and Top Two in Wholesale Banking.

Having biggest profit scale with high profitability.

Attaining ROE from 13% to 15% and minimum ROA at 1%.

Achieving highest customer satisfaction.

Providing best products and services, best customer care, and ensuring highest profitability for customers.

Ranking the first in terms of human resource quality.

Achieving highest productivity and highest employee engagement survey (EES).

Being the best bank in risk management.

Being a pioneer in applying Basel II in 2018 and advanced Basel II in 2020.

TOP 1
IN RETAIL BANKING
TOP 2 IN WHOLESALE
BANKING

ROE
13-15%

AS THE
LEADING BANK
IN CUSTOMER
SATISFACTION

AS THE
LEADING BANK
IN QUALITY OF
HUMAN RESOURCES

THE BANK
WITH BEST RISK
MANAGEMENT

Development Orientation

SOCIAL AND COMMUNITY OBJECTIVES

"Humanity" is one of core values of Vietcombank. Therefore, apart from development orientations for business operations, Vietcombank always determines its responsibilities to the community and makes every effort to maximally contribute to the general development of the society.

Not only willing to share with customers and partners, Vietcombank has also continuously implemented and actively participated in programs to support the poor, the people living remote areas, minority ethnic groups, etc. Caring and devoting significant resources for social security are one of annual key objectives of Vietcombank.



Vietcombank's Awards in 2016



IMPRESSIVE ACHIEVEMENT FIRM STEPS AS A LEADING BANK

In 2016, Vietcombank paid special attention to enhance quality of assets, actively recovering and treating non-performing loans, standardizing and strengthening banking information transparency, and upgrading international credit rating. Vietcombank was the pioneer in recovering the debts from VAMC and officially recorded non-performing loans in one book. Profit before tax reached VND8,523 billion, increasing by 25% compared to the same period. VCB's stock continued to hold the highest price in banking sector and continuously ranked in Top 3 Enterprises with largest capitalization in the market.

With a lot of national and international notable awards, Vietcombank has been affirming its steady leading position.

DOMESTIC AWARDS



TOP 50 COMPANIES WITH BEST BUSINESS PERFORMANCE IN VIETNAM NHIP CAU DAU TU

The results are based on in-depth surveys and annual business rankings co-organized by Nhip Cau Dau Tu magazine and other organizations in order to seek the companies having best performance in Vietnam security market.

Vietcombank's **Awards in 2016**

DOMESTIC AWARDS

2

TOP 500 LARGEST ENTERPRISES IN VIETNAM VIETNAM REPORT

Research of Vietnam Report is built on the basic of scientific principles, independently and in compliance with international standards on business ranking, and based on methodology of Fortune 500 – USA which ranks the enterprises according to the main criteria which is total revenue.



3

BEST MARKET MAKER VIETNAM BOND MARKET ASSOCIATION (VBMA)

During the past year, Vietcombank has always affirmed its position as the leading market maker in Vietnam bond market, making positive contributions to the activities of VBMA under the role of one of founders of the Association.

4

TOP 10 TAXPAYERS IN VIETNAM VIETNAM REPORT

This was the 6th consecutive year the ranking was disclosed to recognize and honor the enterprises with good business results, compliance to the law, and highest income tax paid to the State budget. The ranking followed the principles of objectivity, independence, science and in accordance with international standards.

5

TOP 50 OUTSTANDING ENTERPRISES IN VIETNAM VIETNAM REPORT

Businesses in this list are the most typical representatives of the business community in Vietnam that have confirmed their position through the following criteria: scale, profitability, contributed the most to the state budget and had the best growth rate in the period of 2011 to 2014.



6

TOP 10 PRESTIGIOUS BANKS IN 2016 VIETNAM REPORT

The banks named in the list met the criteria in financial capacity and communication prestige. The results of customer satisfaction survey on product and service quality in 2015-2016 were also referred.

7

THE NATIONAL BRAND (5TH) NATIONAL BRANDING COUNCIL

The National Brand (5th) is the only Government program to build and promote national brand image through the image of goods and services. Vietcombank is the only bank having 5 times in a row to be honored.

Vietcombank's **Awards in 2016**

DOMESTIC AWARDS

8

**BEST BANK WITH MOST EFFICIENT POS NETWORK
IDG AND VNBA**

Vietcombank received "Vietnam Outstanding Banking Awards 2016" co-organized by International Data Group (IDG) and Vietnam Banks Association (VNBA). Vietcombank now is the bank accepting cards of most banks in Vietnam.



9

**TOP 10 MOST SUSTAINABLE SERVICE ENTERPRISES IN
VIETNAM****THE VIETNAM BUSINESS COUNCIL FOR SUSTAINABLE
DEVELOPMENT (VBCSD)**

Corporate Sustainability Indicators (CSI) is a basis to choose the enterprises in the ranking. CSI is built to measure the value of enterprises based on the sustainable development criteria in respects of economy, environment and society. Vietcombank is the only bank in Top 10.

10

ENTERPRISE FOR EMPLOYEES**THE VIETNAM GENERAL CONFEDERATION OF LABOR**

The "Enterprise for Employee" ranking is based on the strict criteria set by labor experts and Trade Union. This was the 3rd consecutive year Vietcombank was honored by its policies, actions and caring for employees.

INTERNATIONAL AWARDS

11

**LEADING BANK IN VIETNAM IN THE LIST OF 500
STRONGEST BANKS IN ASIA
THE ASIAN BANKER**

Vietcombank was ranked the first in Vietnam and the 62nd in the list of 500 strongest banks by The Asian Banker. In which, Vietcombank was 80-level higher than the second-ranked bank in Vietnam.

The comprehensive assessment list in banking sector made by The Asian Banker – the leading financial and banking magazine in Asia – comprises of all kinds of bank: Foreign banks, State-owned banks, joint stock commercial banks, etc. with 12 strict criteria about asset quality, deposit growth, loan balance, ability of business expansion, risk factors, profit, etc. The Asian Banker particularly focused on assessing and ranking the banks according to the strength, based on most efficient management of assets and debts, showing the potential growth and profitability of the bank in term of core activities.

12

**03 AWARDS: BEST TRANSACTION BANK IN VIETNAM,
BEST TRADE FINANCE BANK IN VIETNAM, BEST BANK IN
PROVIDING CREDIT CARD IN VIETNAM
THE ASIAN BANKER (TAB)**

These 03 awards were given to Vietcombank at the 17th Asian Banker Summit 2016 which was co-organized by the State Bank of Vietnam and TAB in May 2016. Annually, TAB votes the best banks in respects of trade finance, currency management, payment, etc. The Banks awarded by TAB are the prestigious banks in the countries with high-quality services and reputation.



Vietcombank's **Awards in 2016**

INTERNATIONAL AWARDS

13

**ASIA'S TOP 1,000 BRANDS
CAMPAIGN ASIA AND NIELSEN**

The Asia's Top 1,000 Brands survey is the biggest and most influential, revealing which brands consumers value the most across the region. In 2016, the rank of Vietcombank raised 20 levels compared to that in 2015.

14

**TOP 2,000 WORLD'S LARGEST AND MOST POWERFUL
PUBLIC COMPANIES
FORBES**

Global 2,000 includes the largest and most powerful public companies in the world which are evaluated, based on revenue, profit, asset and market value.

15

**TOP 100 BEST PLACES TO WORK IN VIETNAM
ANPHABE & NIELSEN**

The survey was performed from September to December 2015 with 22,688 responders who were working in 24 sectors across the country. The rank of Vietcombank rose 6 levels compared to 2014 and held the first position in banking sector (including domestic and foreign banks).

16

**TOP 300 MOST DYNAMIC COMPANIES IN ASIA
NIKKEI**

The ranking includes 300 companies with largest scale and fastest growth from 11 nations. Nikkei chooses the companies, based on capitalization value, potential growth, and geological development. Vietcombank is the only Vietnamese bank in this ranking.

17

**BEST BANKS IN VIETNAM
EUROMONEY**

The award is annually given to the best bank in Vietnam, which is assessed, based on the criteria: ability of sustainable development, business results, risk management, information technology, corporate governance, and contributions to the domestic financial and banking sector. Vietcombank receives this award in 2 consecutive years (2015 and 2016).



18

**THE BANK WITH STRONGEST BALANCE SHEET IN VIETNAM
THE ASIAN BANKER**

This is an annual award to evaluate business operations and financial situation of the commercial banks in Asia. The award is given to the best bank in each nation, based on the assessment criteria in 6 respects: Development scale, growth of balance sheet, risk management, profit, asset quality, and liquidity.

19

**TOP 50 MOST VALUABLE BRANDS IN VIETNAM
BRAND FINANCE – THE WORLD'S LEADING BRAND
VALUATION COMPANY**

Total brand value of Top 50 Most valuable brands in Vietnam is recorded at USD7.26 billion. The brand value ranking is performed in accordance with ISO. The brand value disclosed by Brand Finance can be used for taxation, audit and M&A. The certificate granted by Brand Finance for Top 50 has much practical value.

20

**TOP 50 BEST LISTED COMPANIES IN VIETNAM
(IN 4 CONSECUTIVE YEARS) FORBES**

In banking sector, Vietcombank has outperformed the large commercial banks in which the State holds controlling stakes to become the only Vietnamese bank to be listed in the Forbes ranking for 4 consecutive years.



INCREASE VALUE
TO REACH A NEW HIGH



2 REPORT OF THE BOM AND BOD

- Financial situation
- Shareholding structure and changes in shareholders' equity
- Investment activities, projects implementation
- Assessment by the Board of Management
- Assessment by the BOD

This was the happiness of the pupils of Duc Loi Primary School (Duc Loi Commune, Mo Duc District, Quang Ngai Province) on the day Vietcombank visited and gave school bags and life vests. The program is to help the pupils who live in flooding and river areas put their mind at rest on the way to school.

Financial Situation

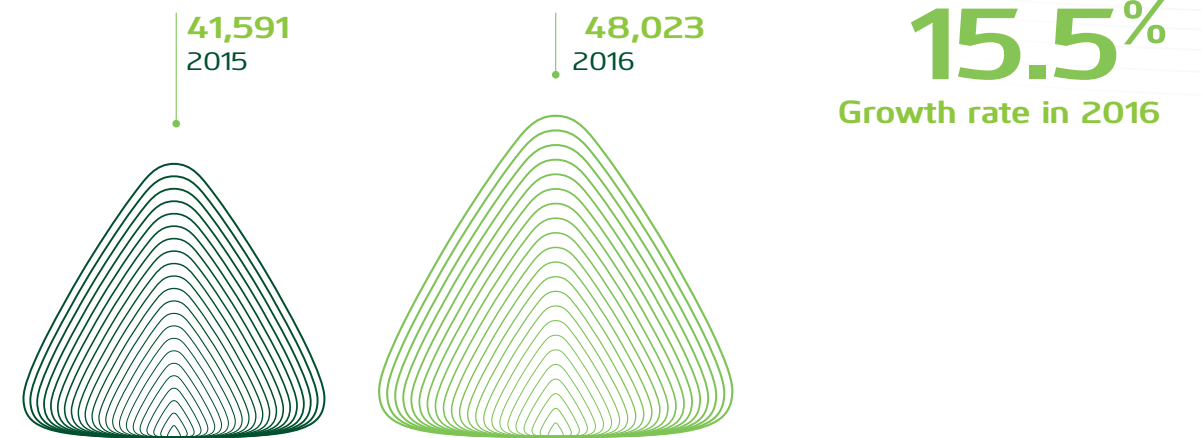
Unit: VND billion

Financial Situation		2015	2016
A	Financial Indicators		
1	Total assets	674,395	787,907
2	Revenue	41,591	48,023
3	Taxes and other payable items	2,322	2,597
4	Profit before tax	6,827	8,523
5	Profit after tax	5,332	6,851
B	Key Financial Indicators		
1	Capital		
1.1	Charter capital	26,650	35,978
1.2	Total assets	674,395	787,907
1.3	Capital adequacy ratio	11.04%	11.13%
2	Business results		
2.1	Deposits volume	7,791,347	9,561,306
2.2	Loans volume	1,085,971	1,216,539
2.3	Debt collection volume	1,022,221	1,143,574
2.4	Non-performing loans	7,137	6,936
2.5	Loans/Total deposits (in VND)	76.76%	76.71%
2.6	Overdue guarantee balances/Total outstanding guarantees	2.46%	1.13%
2.7	Overdue loans/Total outstanding loans	1.64%	1.03%
2.8	Non-performing loans/Total outstanding loans	1.79%	1.46%
3	Liquidity indicator		
3.1	Liquidity reserve ratio	27.1%	30.5%
3.2	Liquidity ratio within 30 days by currency		
	- VND	169.9%	299.4%
	- Foreign currencies in USD Equivalent	85.3%	79.1%

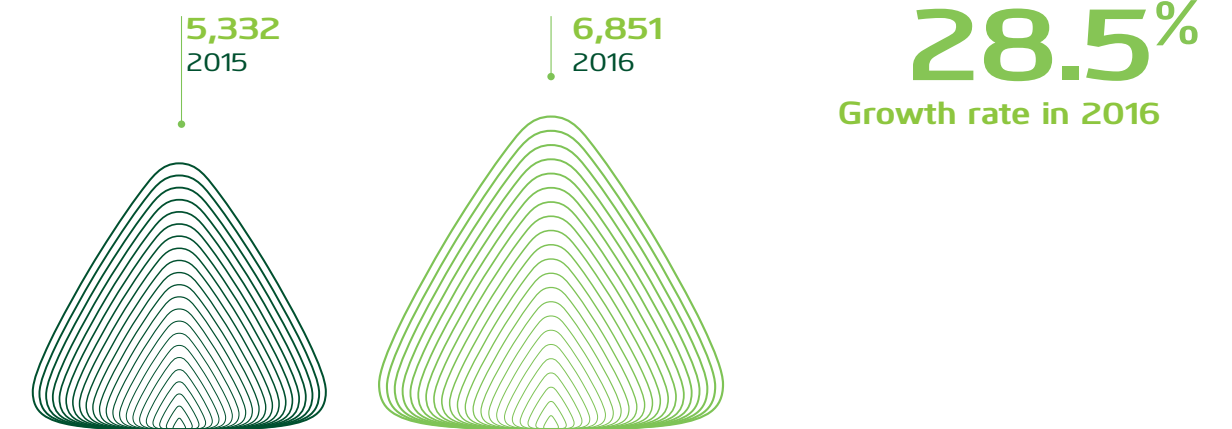
Notes:

- The figures are referred to the audited financial statements for the first year 2016.
- Instantaneous solvency ratios and within-7-days solvency ratios are defined in Circular No. 36/2014/TT-NHNN dated November 20th 2014 regarding solvency ratios (provided by Department of Market Risk Management).

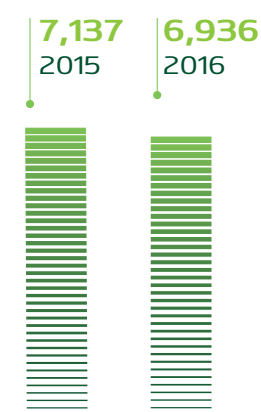
Revenue (Billion VND)



Profit After Tax (Billion VND)



Non-performing loans (Billion VND)



Liquidity Reserve Ratio (%)



Shareholding Structure and Changes in Shareholders' Equity

SHARES

Total shares	Type of shares	Number of transferable shares	Number of restricted shares
3,597,768,575	Common shares	283,667,444	3,314,101,131

LIST OF SHAREHOLDERS HOLDING TRANSFER-RESTRICTED SHARES

No.	Shareholder	Total shares	Number of restricted shares	Restricted period
1	State Bank of Vietnam (Representative for the Government's shares)	2,774,353,387	2,774,353,387*	According to the provisions of paragraph 1, Article 56, Law on Credit institutions No. 47/2010/QH12 states: "Individuals and institutional shareholders who have representative(s) being member of the Board of Directors, Supervisory Board, CEO (General Director) of the credit institutions are restricted from transferring his/her shares during his/her terms".
2	Internal shareholders <i>Board of Directors</i>	79,242 65,606	79,242 65,606	
	<i>Supervisory Board</i>	13,636	13,636	
3	Foreign strategic shareholder: Mizuho Corporate Bank Ltd	539,668,502	539,668,502	5 years starting from December 28 th , 2011
	Total	3,314,101,131	3,314,101,131	

* According to Decision No. 2526/QĐ-NHNN on the appointment of representatives for the Government's shares at Vietcombank dated December 5th, 2014 issued by State Bank of Vietnam, Mr. Nghiem Xuan Thanh – Chairman of Board of Directors of Vietcombank represents 40% of Government's shares, Mr. Pham Quang Dung – Member of Board of Directors, CEO of Vietcombank represents 30% of Government's shares.

NUMBER OF SHAREHOLDERS

24,428

SHAREHOLDERS

SHAREHOLDERS' STRUCTURES

No.	Shareholders	Total shares	Holding ratio	Number of shareholders
I	State bank of Vietnam (Representative of Government's shares)	2,774,353,387	77.11%	1
II	Foreign strategic shareholder Mizuho Bank Ltd	539,668,502	15.00%	1
III	Other shareholders	283,746,686	7.89%	24,426
1	- Domestic individuals	56,306,197	1.57%	23,512
2	- Domestic organizations	17,069,881	0.47%	158
3	- Foreign individuals	7,672,767	0.21%	602
4	- Foreign organizations	202,697,841	5.63%	154
	Total	3,597,768,575	100.00%	24,428

LIST OF MAJOR SHAREHOLDERS

No.	Shareholders	Address	Total shares	Holding ratio
1	State Bank of Vietnam	47-49 Ly Thai To Street, Hoan Kiem District, Ha Noi City	2,774,353,387	77.11%
2	Mizuho Bank Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo, Japan	539,668,502	15%

(Source: Shareholders list at December 30th, 2016 provided by Vietnam Securities Depository).





Investment Activities, Projects Implementation

INVESTMENT AND DIVESTMENTS IN 2016

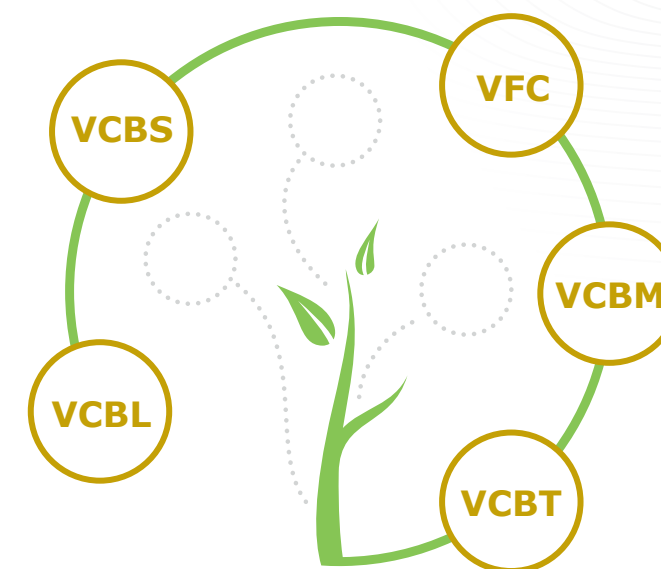
In 2016, Vietcombank didn't make further investments and divestments.

SUBSIDIARIES, JOINT-VENTURES AND ASSOCIATES

General information of subsidiaries

Unit: VND billion

Name	Short name	Business license	Sector	Capital Investment as of 31/12/2016	Holding ratio
Vietcombank Securities Co., Ltd	VCBS	Business license No. 09/GPHDKD dated April 24 th , 2002. Last amendment in accordance with license No. 25/GPDC-UBCK dated June 11 st , 2013 issued by State Security Commission.	Securities	700.00	100%
Vietcombank Leasing Co., Ltd	VCBL	Business license No. 05/GP-CTCTTC dated May 25 th , 1998 issued by State Bank of Vietnam.	Financial leasing	500.00	100%
Vietnam Finance Company in Hong Kong	VFC	Business license No. 0226 issued by Hong Kong Monetary Authority dated March 07 th , 1978. First amendment dated November 03 rd , 1992, second amendment date September 19 th , 1995.	Financial services	116.90	100%
VCB Money Inc.	VCBM	Business license No. E0321392009_6 issued by Nevada State Government dated June 15 th , 2009.	Remittance services	204.98	87.5%
Vietcombank Tower 198 Co., Ltd	VCBT	Business license No. 1578/GP dated May 30 th , 1996 and No. 1578/GPDC1 dated April 18 th , 2006 issued by the Ministry of Planning and Investment.	Office leasing	197.65	70%



Briefing on the operation and financial position of subsidiaries

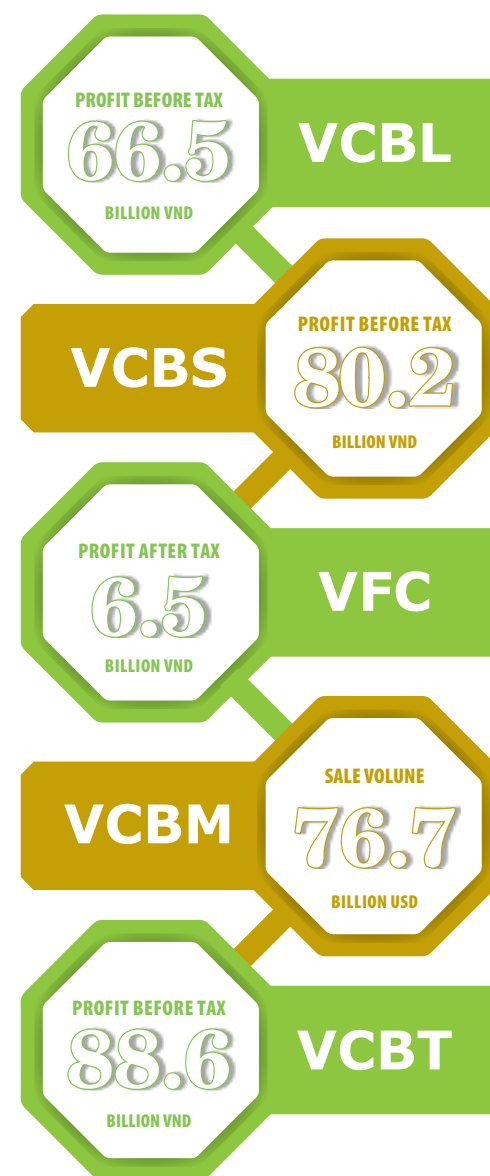
VCBL is a subsidiary 100% owned by Vietcombank, operating in the field of financial leasing. In 2016, VCBL business operations have continued with stable growth. Profit before tax in 2016 reached 66.5 billion, exceeding 14.6% of the plan. This is the highest profit level in the recent five years and is the best result in the operations of the Company. Outstanding financial leasing of VCBL until December 31st 2016 reached VND 2,965.9 billion, an increase of 18.6% compared to that of 2015.

VCBS is a subsidiary 100% owned by Vietcombank, operating in the field of securities. Due to complicated and unexpected movement in the stock market in 2016, Company's performance was average. Company's profit before tax in 2016 reached VND 80.18 billion, achieved 65% of the plan.

VFC is a subsidiary 100% owned by Vietcombank, operating in the field of financial services in Hong Kong. Its major services include deposit, credit, payment, money transferring. In 2016, its profit after tax reached VND 6.54 billion, successfully achieved the plan.

VCBM is a subsidiary with 87.5% of its charter capital owned by Vietcombank, operating in the field of money transferring from USA to Vietnam. The company is not making profit at the moment as it is still in the initial development stage. In 2016, the company had set up 1 transaction office and 76 agents throughout 17 states in USA. The transaction volume of 2016 reached USD 76.7 million, an increase of 43% compared to that of 2015. It is expected to have a strong growth in 2017.

VCBT is a 70%:30% joint-venture between Vietcombank and FELS Property Holding Pte, Ltd. of Singapore. It operates in the field of office leasing at Vietcombank Tower locating at the address of No. 198 Tran Quang Khai, Hoan Kiem, Ha Noi. In 2016, with the advantage of good location and customers, the company maintained stable performance. Its profit before tax reached VND 88.6 billion, exceeding 17.8% of the plan.





Investment activities, projects implementation

SUBSIDIARIES, JOINT-VENTURES AND ASSOCIATES

General information of Joint-ventures and Associates

Name	Short name	Business license	Sector	Capital Investment as of 31/12/2016	Holding ratio
Vietcombank – Bonday – Ben Thanh Co., Ltd	VBB	Business license No. 2458/GP issued by the Ministry of Planning and Investment on February 07 th , 2005 with Amendment No. 2458/GCND1/41/1 dated October 26 th , 2011 and Amendment No. 2458/GCND2/41/1 dated December 28 th , 2012.	Office leasing	410.36	52%
Vietcombank Fund Management Company	VCBF	Business license No. 06/UBCK-GPHDQLQ issued by State Security Commission dated December 02 nd , 2005; last amendment No. 17/GPĐC-UBCK dated August 06 th , 2015.	Fund management	135.15	51%
Vietcombank Cardif Life Insurance Co., Ltd	VCLI	Business license No. 55/GP issued by Ministry of Finance dated October 23 rd , 2008.	Life insurance	270.00	45%
Vietcombank Bonday Co., Ltd	VCBB	Business license No. 283/GP issued by Ministry of Planning and Investment dated December 05 th , 1991; last amendment No. 283/GPĐC3 dated October 2 nd , 2000.	Office leasing	11.11	16%



Briefing on the operation and financial position of Joint-ventures and Associates

VBB is the joint-venture between Vietcombank, HCM Commercial Services JSC. (Setra Corp.) and Bonday Investment Ltd. (Hong Kong) with contribution ratio of 52%, 18% and 30% respectively. It operates in the field of premium (class A) office leasing. It is also responsible for providing office space for Vietcombank's branches and subsidiaries in HCMC. In the end of 2016, 100% of the leasable area has been occupied, and the Company recorded the first year of profit with profit before tax of VND105.10 billion, surpassing 210% of the plan.

VCBF is a joint venture between Vietcombank and Franklin Templeton with contribution ratio of 51% and 49% respectively. VCBF operates in the field of fund and investment portfolio management.

Its profit after tax in 2016 was VND1.58 billion, exceeding the target as the company's main income was improved while expenses were saved. Most of the entrusted portfolio managed by VCBF achieved good results and exceeded the target. Besides, two open-ended funds of VCBF had good track record, in details: NAV per unit of VCBF Strategic Balanced Fund increased 14.6% and NAV per unit of VCBF Bluechip Fund increased 18.4% in 2016.

VCLI is a joint venture between Vietcombank, BNP Paribas Cardif and SeAbank with a contribution ratio of 45%, 43% and 12% respectively. VCLI provides life insurance products via partner banks (Bancassurance). Currently, VCLI's life insurance products portfolio includes: personal credit insurance, group credit insurance, credit insurance for co-borrowers, death insurance, mixed purpose insurance., etc.

In 2016, the Company focused on promoting sales, especially the pilot implementation of the model of financial consultant selling insurance (FC) in the VCB system. Thanks to this, the Company has achieved impressive growth with total fee revenue in 2016 of VND156.46 billion, increased 87.4% compared to 2015. In addition, due to strong investment in financial consulting model, operating expenses also increased accordingly, leading to loss after tax of 2016 of -VND17.86 billion.

VCBB is a joint venture between Vietcombank, Sai Gon Real Estate Corporation and Bonday Investments Ltd., Hong Kong. It operates in the business of office leasing. VCBB manages the Harbour View Tower locating at the address of No. 35 Nguyen Hue Str., District 1, Ho Chi Minh City.

During 2016, VCBB still maintained stable performance and its profit after tax reached VND24.58 billion, exceeding 11.5% of the 2016 plan.

Assessment by
the Board of Management

↑ 16.83%
TOTAL ASSETS REACHED
787,907
VND BILLION

↑ 6.48%
SHAREHOLDER'S EQUITY
REACHED
48,102
VND BILLION

↑ 19.28%
DEPOSIT IN 2016 REACHED
600,737
VND BILLION

ASSESSMENT ON BUSINESS PERFORMANCE IN 2016

BASICALLY COMPLETED THE PLANNED BUSINESS TARGETS IN 2016

With the right orientations in action motto and point of view of instruction and management, in 2016, Vietcombank attained all and beyond the key business targets set by GMS.

Total assets and charter capital have increased considerably

- Total assets reached VND 787,907 billion, increasing by 16.83% from 2015.
- Shareholder's equity reached VND 48,102 billion, increasing by 6.48% from 2015, in which retained profits reached VND 5,831 billion.

Deposit grew positively; structure has positive changes: Increasing proportion of low-cost capital, ensuring appropriate proportion of foreign currency capital, reducing capital cost for banks and customers.

- Deposit from the economy reached VND 600,737 billion, increasing by 19.28% from 2015, exceeding the plan set for 2016. In which, the deposit contributed by economic organizations and residential customers increased by 17.25% and 18.28%, respectively.
- Capital structure changed in conformity with the development orientation of Vietcombank (deposit from economic organizations/deposit from residential customers was 44.62%/55.38%).
- Demand deposit increased by 13.64% from 2015 (accounting for 28.09% of total deposit). This shows the successful result of the measures to increase low-cost capital in the system.

Credit grew in the right direction and in the first months of the year, focusing

Assessment by the Board of Management



on priority areas of the Government, expanding retail credit; credit headed in the right direction; loans were given to priority areas and projects of large enterprises

- Outstanding loan balance grew positively, reaching VND 460,808 billion, increasing by 18.85% from 2015, higher than the credit growth of the whole system (18.25%), and achieving 101.7% of the plan for the year.
- According to the orientation of Vietcombank, credit from economic organizations slowly increased (11.32%) while personal credit strongly increased (48.58%). Term credit is controlled; proportion of medium and long term loans was kept at 43.56% of total outstanding loans.

Focusing on enhancing loan quality; standardizing and strengthening banking information transparency in the roadmap of improving adequacy ratios, raising credit rating

- Loan quality improved remarkably. Special mentioned loans as of 31/12/2016 reached VND 7,923 billion,

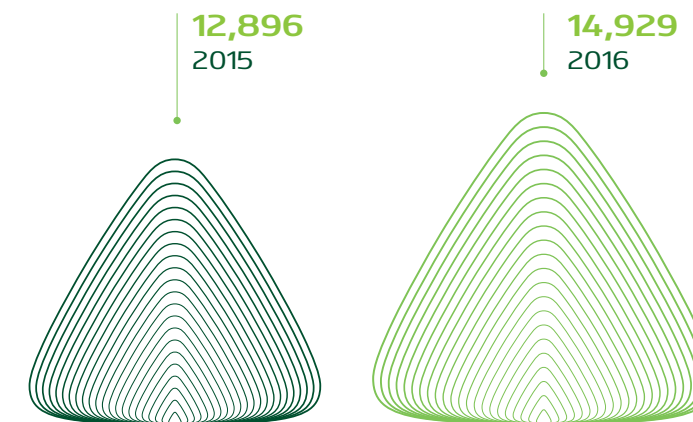
decreasing by VND 1,454 billion from 2015 (or ~15.5%). Special mentioned loans ratio declined to 1.67%, down by 0.69 percentage points from 2015. Non-performing loan (NPL) as of 31/12/2016 was VND 6,936 billion, decreasing by VND 201 billion from 2015 (or ~2.8%). Non-performing loan ratio declined to 1.46%, down by 0.33 percentage points from 2015, below the limit of 2.5%.

- Capital adequacy ratio (CAR) stood at 11.13%, meeting the State Bank of Vietnam's requirement – minimum CAR required for banks in Vietnam is 9 percent. Loan loss provisions/non-performing loans remained high at ~117.12%.

Actively recovering and treating non-performing loans, Vietcombank is the pioneer recovering loans from VAMC, officially recording bad debt into one book

- Recovery of non-performing loans reached the planned target at VND 2,303 billion, in which, recovery of written-off loans has been made reached VND 2,121 billion and loans recovered from VAMC which has been recorded into income was VND 57.11 billion.

Profit before tax before provision (VND billion)



15.77%
Growth rate in 2016

Banking services grew well thanks to continuing to implement the strategy of increasing income from services, promoting traditional advantages in import-export activities and card services as well as developing potential online and mobile banking services.

- International payment – trade finance volume reached USD 54.02 billion, increasing by 12.7% compared to the same period, reaching 102.4% of the annual plan, and improving market share up to 15.47%.
- Vietcombank continued to be the leading bank in market share and FX trading: FX transaction volume (excluding interbank transactions) reached USD 34.63 billion, increasing by 14.6% compared to the same period, reaching 102.2% of the plan for 2016.
- Currency transmission USD 164 billion, increasing by 8.5% from 2015 and reaching 96.9% of the plan for 2016.
- Card services continued to hold the leading position in the market. Vietcombank card payment, issuance and usage strongly grew. Many targets achieved high growth and exceeded the annual plan, to be specific, (i) Card payment volume: The payment volume from international cards and domestic cards respectively increased by 28.7% and 58.0% from 2015 and reached 107.3% and 107.5% of the annual plan; (ii) Card issuance and usage: The issuance number of domestic debit cards, international debit cards and international credit cards exceeded the annual plan, at 160.9%, 184.8% and 95.5%, respectively; (iii) Card using volume: The using volume of international debit cards and international credit cards respectively increased by 23.9% and 36.0% from 2015, nearly completing and exceeding the plan for 2016. The number of POS increased up to 12,194 units, by 9.9% from 2015 and reaching 135.5% of the plan for 2016.
- Internet Banking, SMS Banking, and Mobile Banking gained a good growth, respectively reaching 99.7%, 118.9%, and 112.4% of the plan.

- Offshore funding continued to be paid high attention by Vietcombank. In 2016, the ODA projects that the Bank was assigned to act as serving bank totally valued at more than USD2.08 billion, increasing by 17.5% from 2015.

Profitability ratios continued to be improved; Profit before tax well grew and recorded the highest figure ever

- Return on average assets ratio (ROAA) and return on average equity ratio (ROAE) reached 0.94% and 14.69%, respectively, which were higher than those in 2015 and surpassed the average ratios of the market.
- Operating expense/total income ratio approximated 39.99%.
- Non-interest income/total income ratio approximated 25.5%.
- Net interest margin (NIM) improved as compared to 2015 and remained at 2.63%.
- Profit before tax before provision reached VND14,929 billion, increased by 15.77% from 2015. Extracted loss provision was VND6,406 billion. Provision redundant valued at VND8,124 billion, accounting for 117.12% of total bad debt balance.
- Profit before tax after provision reached VND8,523 billion, rising by 24.84% from 2015, exceeding the plan for 2016. Net income from interest increased by 19.9%; net income from service increased by 12.5%.

Vietcombank continued to be the financial institution having largest market capitalization.

- With efficient, safe and sustainable orientation, VCB stock continuously gained the highest price and ranked in Top 3 Enterprises with largest market capitalization.

Assessment by the Board of Management

CORPORATE GOVERNANCE IN 2016

In realizing its vision “To become the number one Bank in Vietnam, fully adopting the best international practices in corporate governance by 2020, and to be ranked among the 300 largest banking financial groups in the world”, Vietcombank put forward a number of important initiatives in 2016.

Proactively implementing the solutions to share the burden with business



Assessment by the Board of Management

community and to promote economic growth in full accordance with guidance from the Government and the State Bank of Vietnam

- Proactively implementing and following the Government and the State Bank's guidance on interest rate of loans extended to the five prioritized areas, housing loans as per Circular No.11/2013/TT-NHNN dated 15/05/2013 and Circular No.32/2014/TT-NHNN dated 18/11/2014; Program on supporting agricultural failure and loss as per Decision 68/2014/QĐ-CP, etc. and, at the same time, strictly implementing the credit support policy offering to customers affected by natural disasters such as flooding in Central Region, cold spell in cold spell in the mountainous areas in Northwest Region, etc.
- Being proactive and leading the market in deploying solutions to support customers by decreasing loan interest rate and offering credit packages with preferential interest rate.

Improving the procedures for business planning, managing business in close accordance with the

plans; Reviewing those business plans regularly and accurately; Timely recognizing and handling the issues and difficulties faced by branches

- In 2016, Vietcombank's leaders continued to regularly organize task groups to review and supervise the implementation of business plans in 7 key economic zones. Vietcombank effectively applied KPI project in establishing, assigning, and evaluating performance of branches, subsidiaries, departments and divisions at the Head Office.
- Deploying pilot sales management according to each area in Ha Noi in order to develop retail trading, keep customers, and avoid internal competition. Applying policies and products suitable to each region, better meeting the demands on human resources and network for the branches.

Boosting loan growth in combination with controlling loan quality; Credit structure strongly moved toward the set strategic orientation.

- Developing loans for efficient projects and the sectors of which loan quality is good, controlling

and reducing outstanding loans for the sectors of which loan quality is not good and the market is unstable. Developing loans in the direction of diversifying portfolio, giving priority to retail loan growth and gradually decreasing the concentration of outstanding loans into the customers who are large enterprises.

- In addition to loan growth, Vietcombank is always proactive to well control loan quality and ensure efficient, safe and sustainable loan growth.

Being strict in asset quality management and non-performing loan handling; Closely coordinating relevant departments in non-performing loan recovery, creating a significant shift in debt recovery

- Actively coordinating and effectively working with authorities and agencies to support non-performing loan handling and recovery, especially the People's Courts at all levels, the General Department of Civil Judgment Enforcement, the law enforcement agencies and legal authorities at the localities where

Vietcombank has big problem relating to the debts or impediments in lawsuit initiation, judgment execution and debt recovery.

- Concentrating all resources to recover non-performing loans and written-off loans: Continuing to directly instruct non-performing loan handling at the branches having big problem with debts; Continuing to support the branches with the motto of innovation, discipline and responsibility to handle and recover the debts by flexibly applying different debt recovery methods, strictly deploying "Good bank and bad bank project" at the branches having high non-performing loan rate.

Promoting increase of charter capital, improving financial capacity and competitiveness of Vietcombank

In 2016, Vietcombank successfully raised its capital, ensuring adequacy ratios and facilitating to expand business operations:



Assessment by the Board of Management

- ▶ Issuing bonus shares to existing shareholders at approximately 35% (equivalent to VND9,327 billion) from retained earnings and capital surplus.
- ▶ Successfully issuing approximately 8,000 billion bonds to the public and financial institutions, in which 6,000 billion bonds were Tier 2 capital.

Training activities change positively with improvement in both quantity and quality of training courses

- ▶ Training activities in 2016 had outstanding changes. The number of training courses reached 122% of the annual plan. Average ratio of trained employees over total employees of the system was 1.47. The training focused on the personnel in charge of management, sales, risk management and key projects.
- ▶ Deploying skill examination for credit services and achieving positive results, which were a cornerstone for checking the other banking services of Vietcombank system.
- ▶ Training programs closely attached to each job title and effectively supported human resource development toward competence standards by job title.

Promoting the completion of organizational structure, expanding branch network, and strengthening human resources

- ▶ Regularly reviewing branch network to timely have corrective actions and consolidation measures; Launching 05 new branches in Da Nang, Phu Quoc, Pho Hien, Nam Hai Phong, and Binh Phuoc; Establishing and putting new 25 transaction offices into operation; And rearranging transaction office network in Ha Noi and Ho Chi Minh City.
- ▶ Establishing Representative office of Vietcombank in the South, FDI Enterprise Customer Department under Vietcombank – HCMC Branch, Debt Management Unit in the South under TSC Debt Management Department, and Enterprise Customer Division in the South. Establishing electronic banking services and Banking Modernization Committee at TSC.
- ▶ Processing establishment of Cash Treatment Center, 03 subsidiaries (foreign currencies, consumer credit, AMC), 01 subsidiary bank in Laos and representative office in USA.
- ▶ Building the project on establishment of 06 new branches in Tuyen Quang, Vinh Phuc, Hoa Binh, Thanh Hoa, Gia Lai, and Binh Duong and 39 transaction offices to submit to the State Bank.
- ▶ Amending, completing, and releasing new regulations such as Regulation of salary, Regulation of human resource management, Regulation of appointment, reappointment, dismissal, resignation, etc.



Strengthening deployment of transformation projects to enhance management capability

- ▶ In 2016, Vietcombank stepped into the 2nd year caring out transformation projects to enhance management capability toward international standards, to be specific, (i) Basel II program: Effectively deployed 29 initiatives (in total 37 initiatives) with the goal of ensuring that Vietcombank became a pioneer in complying with the timelines as regulated by the State Bank; (ii) CTOM program: Deployed 06 core initiatives (designing customer relation management process, redesigning appraisal report & credit proposal, designing service-level agreement (SLA) for debt management/credit support units, developing 04 quick-win measures); (iii) ALM/FTP/MPA project: Already selected consulting unit and processing status analysis to choose suitable solutions; (iv) Implementing Phase 2 of KPI project, building and putting KPI management program into operation; and so on.

Accelerating business cooperation and technical assistance with Mizuho

- ▶ The year 2016 marked the milestone of 5-year cooperation between Vietcombank and Mizuho.

Ending restriction on transfer, both of the banks affirmed a commitment to maintain long-term strategic cooperation by continuing to sign Strategic Cooperation Contracts including Revised Share Purchase Agreement signed in 2011 and renew Technical Assistance Agreement (in replacement of Technical Assistance Agreement signed in 2011).

- ▶ Technical assistance activities of Mizuho continued to be performed in close accordance with the requirements from the leaders and the departments at TSC Vietcombank. In 2016, 31 sessions were organized to provide technical assistance to Vietcombank in the areas which were concerned by the Bank, including Basel II implementation, Credit risk management, Anti-money laundering, Retail trading via E-banking, functions, duties and operations of Supervisory Committee, risk management committee, etc.
- ▶ After 5 years of giving technical assistance to Vietcombank in banking services, technical assistance activities of Mizuho in 2016 were carried out in depth, closed to practical operations of Vietcombank, and headed in the direction of the Bank's development projects.



Assessment by the Board of Management

IMPACT CONCERNING SOCIETY AND ENVIRONMENT

Vietnam is one of the countries that suffer the most from climate change. Being aware of that, in 2015, Vietcombank strictly implemented Directive No. 03/CT-NHNN dated March 24th 2015 of the Governor of SBV on promoting green credit growth and environmental and social risk management, Decision No. 403/QĐ-TTg dated March 20th 2014 of the Prime Minister regarding the approval of national action plan on green growth during the period of 2014 – 2020 as well as other regulations related to environment protection in credit activities.

Compliance with legislation on environmental protection

Vietnam is one of the countries that suffer the most from climate change. Being aware of that, in 2015, Vietcombank strictly implemented Directive No. 03/CT-NHNN dated March 24th 2015 of the Governor of SBV on promoting green credit growth and environmental and social risk management, Decision No. 403/QĐ-TTg dated March 20th 2014 of the Prime Minister regarding the approval of national action plan on green growth during the period of 2014 – 2020 as well as other regulations related to environment protection in credit activities.



During the credit appraisal process, Vietcombank evaluates environmental and social risks that may influence the capital use efficiency and the ability for loan repayment of borrowers. In addition, Vietcombank requests the investors under review for credit provision to strictly adhere to environmental and social protection standards. Vietcombank also periodically reviews and monitors environmental and social risk management

for the credits provided to customers. Besides, Vietcombank improves policy, process and procedure of credit provision to enhance the coordination in environmental and social protection and credit management.

On the other hand, Vietcombank continues to focus on communication about the responsibility of environmental risk management of credit institutions to create agreement and support from customers. To be specific, many forms used in retail banking services of Vietcombank are printed in small font size to save paper. The customers are also encouraged to subscribe for information receipt via electronic channels.

Human resource policies

During the past years, Vietcombank's leaders have always considered human resource development as a key to its success and profitability. With the leading goal is to optimize compensation and remuneration policies for employees, Vietcombank has achieved certain results in improving income of employees and contributing to strengthening the employee engagement and trust in the Bank. Vietcombank brings opportunities for employees to promote capabilities and get high development in career as well as ensures legal rights of employees.

Details are as follows:

Ensuring job stability for employees

In 2016, the number of employees of Vietcombank continued to increase, up to 15,615 persons as of December 31st 2016, by approximately 5.83% from 2015.



All employees sign appropriate labor contract in accordance with the law.

Working time is 8 hours per day and 5 days per week. Vietcombank ensures annual leave, leave on public holidays, and leave for private reasons in compliance with the Labor Code; maternity leave and sick leave in line with the Law on Social Insurance.

Recruitment is complied with recruitment process and is implemented by Examination Council to ensure faith and objectivity. Therefore, the employees to be recruited have qualifications suitable to their assigned jobs and meeting the job requirements. Probation time and salary in probation are ensured to comply with the regulations.

Temporary deferment or termination of labor contract is done in accordance with the Labor Code. The employees who require early retirement are also given favorable conditions.

Building financial and non-financial incentive mechanism, ensuing rights and benefits of employees

- Average income of Vietcombank's employee increases year by year.

- The Bank fully pays social insurance for the employees with one year or above labor contracts and ensures sick leave and maternity leave in line with the Government's regulations.

In addition to salary incentive mechanism, welfare allowances are given to ensure the rights and benefits of employees, such as treatment for injury, serious illness or surgery and support for the employees whose families are affected by natural disasters, etc.

- Apart from the financial incentive mechanisms, Vietcombank offers non-financial incentive mechanisms to motivate the employees in their works as well as strengthen the employee engagement and trust in the Bank, such as buying healthcare insurance, organizing annual health examination, and holding training courses for employees.

The effective incentive mechanisms to ensure rights and benefits of employees have contributed to making Vietcombank become one of the best workplaces in Vietnam.

Local community responsibilities

Vietcombank always puts enthusiasm in welfare and social security activities, makes contributions to the economic and social development, and contributes to affirming and raising the reputation of Vietcombank's brand. In 2016, the Bank sponsored approximately VND234.2 billion for welfare and social security programs, including supporting difficult communes, building up healthcare center for Hoai Nhon Commune (Binh Dinh province); Funding welfare and social security "For educational career" in HCMC; Building up Nga 6 Preschool (Hau Giang province); Building up Phu Vinh 2 Preschool (An Giang province); Building up Chau Hoa Primary School (Ben Tre province); And other programs such as supporting the communities and the provinces that suffered flooding in Central Region, etc.

Assessment by
the Board of Management

BUSINESS ORIENTATION IN 2017

The world's economy is forecasted to get a higher growth in 2017 (approx. 3.4%) but still hiding many uncertainties. Commercial activities may recover in 2017. The fluctuations of foreign currencies become more unpredictable after Fed raised its rate. The desire in a high increase of interest rate will make USD price continue to go up and the money continue to flow out of the developing countries. In 2017, Vietnam's GDP growth is forecasted to surpass 6.5%. Export turnover is estimated to increase by 7% - 8% and inflation is expected below 5%. The State Bank sets the priority goal on inflation control; orients credit growth rate at 18% - 20% and interest rate at the same level in 2016; Closely controls loan quality and strictly supervises restructuring of credit institutions, ensuring system safety; And continues the flexible management of foreign exchange rate as they did in 2016.

In 2017, by the motto of **Transformation – Efficiency – Sustainability** and **Innovative – Disciplined – Responsible** corporate governance, the whole Vietcombank system will make every effort in all operations to accomplish all the planned targets.

Key performance indicators are as follows:

No.	Indicators	Plan for 2017
1	Total assets	Increase ~11%
2	Credit	Increase ~15%
3	Deposit	Increase ~14%
4	Non-performing loans	< 2%
5	Profit before tax	Increase by 8% (VND9,200 billion)

↑ 8%

GROWTH RATE OF PROFIT BEFORE
TAX 2017 (VND9,200 BILLION)

< 2.0%

NON-PERFORMING
LOANS 2017

↑ 14%

DEPOSIT 2017

↑ 15%

CREDIT
GROWTH 2017

↑ 11%

GROWTH IN
TOTAL ASSETS 2017

Assessment by the Board of Management



the direction of centralization and automation; Maximally focusing resources on customer development and sales activities but ensuring risk management; Continuing to diversify retail products and services; Upgrading functions to bring more added values to customers.

KEY OBJECTIVES IN 2017

Strengthening customer relationship is a central and thorough task

- Strengthening customer relationship continues to receive high attention in 2017. Fostering customers actively, segmenting and classifying customers (SMB, SMEs and Large Enterprise) based on revenue, capital, profit, transaction volume with Vietcombank, etc. in order to design appropriate policy for each segment/customer; Focusing on developing new customers who are FDI enterprises, boosting the relationship with trade finance customers; Designing sales process and model for each segment of customers, strengthening interaction between sales staffs and product staffs to enhance cross-selling and exploit sales opportunity from customers.
- Simultaneously deploying solutions to step-by-step improving retail banking services; Continuing to standardize procedures and forms of banking services in

- Continuing to expand sales management according to area in the system with 3 specialized units under TSC in Northern, Central and Southern regions, focusing on business development, seeking customers, reviewing and solving issues relating to sales resources at the branches.

- For credit customers: Increasing credit provision with retail and wholesale combination, intensifying management for customers who are State-owned enterprises, restructuring credit portfolio in the direction of gradually reducing the number of customers with low interest rate.

Promoting recovery of non-performing loans and written-off loans

- Building roadmap to recover each non-performing loan and having specific action plan in attachment with responsibility of each member in Debt Management Division to shorten debt recovery time.



- Reviewing each debt, assessing difficulty and actively coordinating with local governments to promote debt recovery. Highly appreciating discipline and strictly implementing the Leaders' instructions on debt recovery.

Strongly innovating Treasury, FX and trade finance business

- Striving to maintain the leading position in domestic foreign exchange market and promoting growth of currency trading volume with customers. Keeping second position in bond market. Preserving and enhancing the role of Vietcombank in interbank market.
- Developing payment in Vietnamese dong with the countries that are the large trading partners of Vietnam, reviewing and improving the services of payment on behalf of domestic banks and foreign banks' branches in Vietnam.
- Striving to expand market share of international payment and trade finance by effectively exploiting the customers having large export turnover, the major industries of localities, and the customers who are FDI enterprise and auxiliary enterprises.
- Ensuring service quality, strengthening the approach to sponsors, project management units, and approving authorities to maintain and develop market share serving ODA projects.

Developing management capability enhancement projects

Continuing to enhance corporate governance toward international standards:

- Deploying the initiatives of CTOM project to basically shift wholesale business.
- Deploying the initiatives of Basel II project to firmly transform risk management, closely following Basel II roadmap of the State Bank.
- Starting retail business transformation project to implement the no.1 strategic objective on retail business.
- Speeding up investment and applying credit creation projects for enterprise customers and retail customers; Trade finance system.
- Continuing to deploy ALM-FTP-MPA/Core banking/MIS projects, etc.

Pushing human resource and training development

- Maintaining and developing high-quality human resources, creating creative and efficient working environment, ensuring human resource supply for banking services and improving service quality.

Assessment by the Board of Management

- ▶ Raising efficiency and practicality of personnel planning to bring high-quality human resources.
- ▶ Continuing to implement skill examination, using training and examination results in assessment, assignment, and appointment of employees.
- ▶ Giving priority to enhancing capability of management levels, sales team, and risk management staffs and step-by-step training experts in each area.

Continuing to consolidate organizational structures; Reviewing and reinforcing business operations of subsidiaries and investment efficiency

- ▶ Establishing 06 branches and 39 transaction offices according to the network development plan.
- ▶ Building and implementing recruitment mechanism for sales personnel of retail business flexibly and effectively, prioritizing collaborators who then may be employed as official staffs of Vietcombank in the consideration of actual sales results.
- ▶ Establishing Representative office of Vietcombank in New York (USA), subsidiary bank (of which 100% capital contributed by Vietcombank) in Laos, Foreign Currency Company, Consumer Credit Company and AMC; Establishing Cash Treatment Center in Ha Noi.

- ▶ Closely supervising, creating favorable conditions and promoting combination/coordination between branches/divisions and subsidiaries to improve performance efficiency of subsidiaries; Completing projects of ownership transformation of subsidiaries i.e. VCBL and VCBS.

Strengthening risk management

- ▶ Continuing to consolidate risk management capability in all respects of credit risk, market risk, liquidity risk, interest rate risk in the banking book and operating risk.
- ▶ For management of portfolio credit risk: (i) Implementing centralized risk management by customer/customer group/ industries; (ii) Continuing to standardize credit conditions according to industries; (iii) Completing and specifying orientations in industries; and (iv) Building credit limit/loan limit for the industries of which outstanding loan volume is high/risky/potential.

Accelerating inspection and supervision

- ▶ Continuing to carry out the detailed and comprehensive inspection/audit of all entities in the system, organizing many specialized inspection/audit.
- ▶ Maintaining and strengthening the remote monitoring and supervision of business activities at the entities in the system; Applying IT and early warning systems to minimize and timely detect risks.

Upgrading information technology

- ▶ Replanting organizational model and operating mechanism of IT system. Early supplementing personnel, in which, focusing resources on transformation projects, ensuring deployment schedule and quality.
- ▶ Implementing on schedule and ensuring quality in upgrading some important applications (payment system, card system, Contact Center, LOS, etc.), ensuring service quality and 24/7 serving ability.
- ▶ Implementing the commitments as recommended by the auditor in the full compliance with general procedures and regulations on information confidentiality.

Other activities

- ▶ Focusing on innovating communication activities in both contents and forms, especially internal communication, about the implementation of new projects/programs/policies. Effectively improving branding activities, product and service advertising, concentrating on digital/online channels.
- ▶ Continuing to perfect emulation, commendation and trade union activities in close direction with development orientation.

Establishing
06 branches
and **39**
transaction
offices

- ▶ Implementing social security in accordance with the commitments in 2016. Putting enthusiasm in supporting the community; Joining in the implementation of poverty reduction goals of the Party and the State; Raising standards of living for the people; Closely supervising to ensure that Vietcombank's finance is used for the right purposes, right objects, in efficient way and in compliance with the prevailing procedures and regulations on construction and financial management.

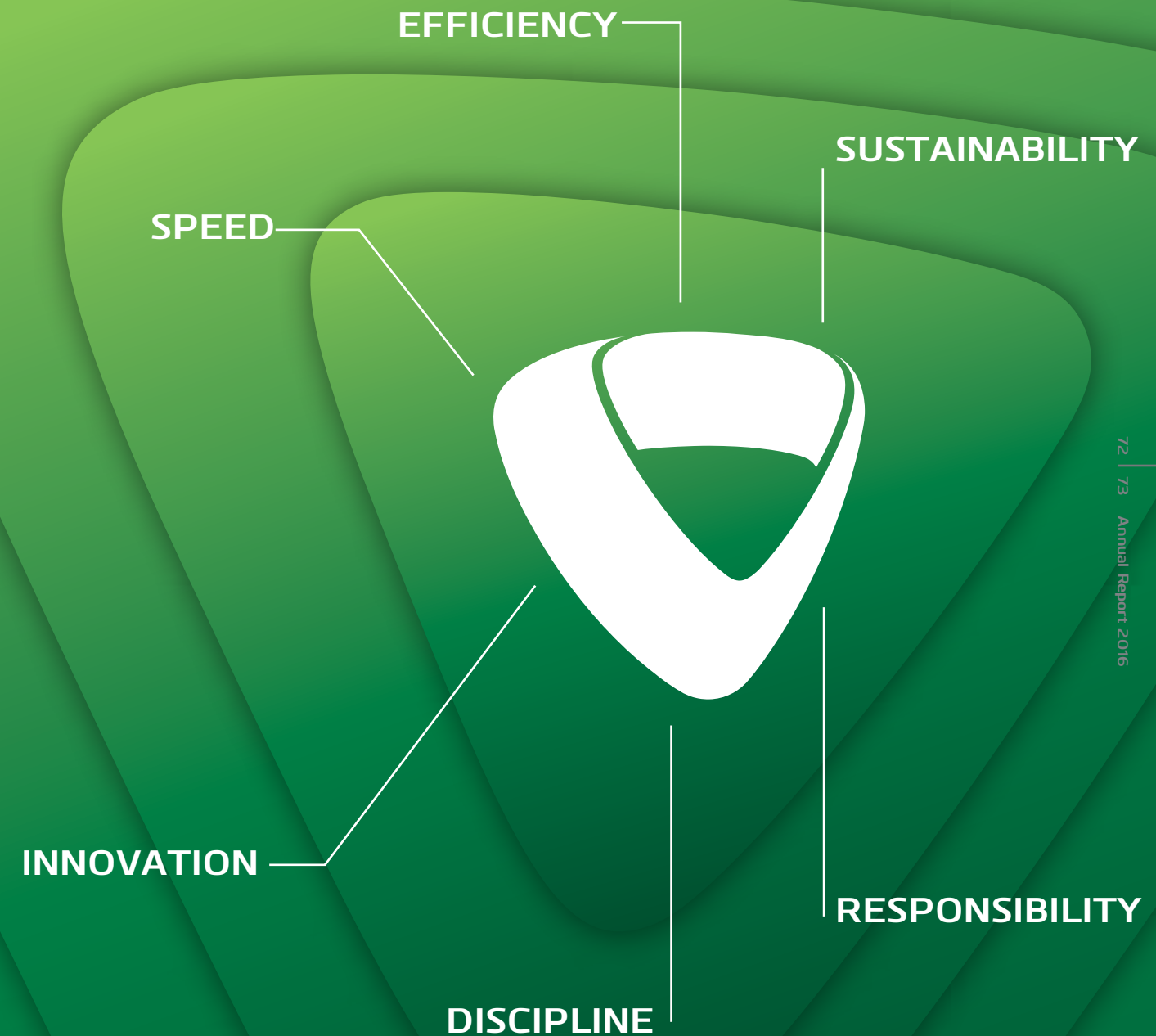


Assessment by the Board of Directors

ASSESSMENT ON BUSINESS ACTIVITIES BY THE BOARD OF DIRECTORS

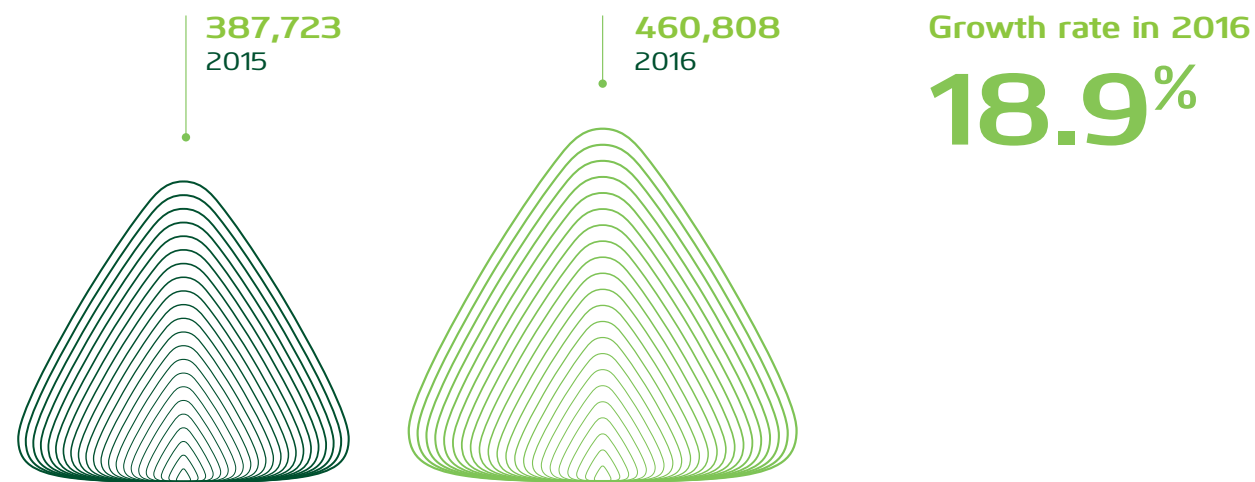
In 2016, the comprehensive restructuring of credit institutions continued to be strengthened together with the effective measures from the State Bank in the direction of improving and enhancing financial capability and governance capability; Restructuring the Bank's activities was done, aiming at safety, efficiency and sustainable development. Keeping its role as one of the leading banks in the sector, Vietcombank strictly implemented the instructions of SBV, contributing to implementing general duties of the sector and stabilizing macroeconomy. With the motto of **Speed – Efficiency – Sustainability** and **Innovative – Disciplined – Responsible** governance principle which were set in 2016, Board of Directors and Board of Management have given strict and prompt instructions to Vietcombank's activities according to the orientations and the objectives set by the Annual General Meeting 2016.

With effort and determination of the whole employees, Vietcombank overcame many difficulties and challenges in 2016 to achieve impressive results in growth, efficiency and continuing to consolidate and rise competitively of the Bank in the market.



Assessment by The Board Of Directors

Loans (billion VND)



Assessment on the implementation of the business targets set by AGM

BUSINESS RESULTS

Total assets as of December 31st 2016 amounted to VND787.9 trillion, increasing by approximately 16.8% from 2015, reaching 103% of the plan set by AGM.

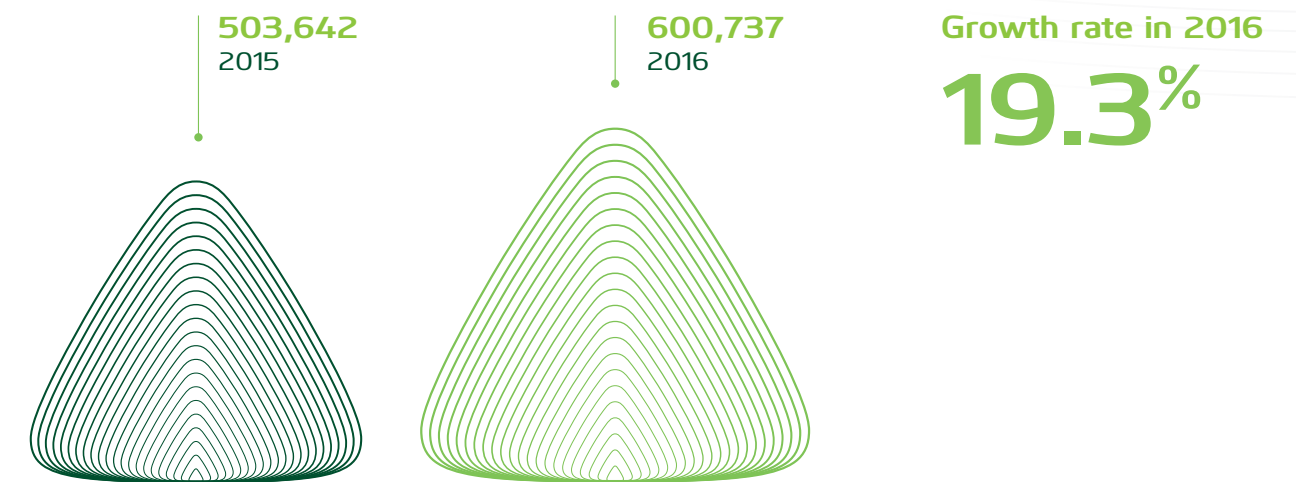
Outstanding loan as of December 31st 2016 was VND460.8 trillion, increasing by approximately 18.9% from 2015, reaching 102% of the plan and surpassing the average increase rate of the sector (18.25%). Loan structure continued to shift toward the orientation of Vietcombank when the growth of loans given to enterprises customers slowed and the SME and personal loans strongly increased.

Deposit mobilized from the economy in 2016 reached VND600.7 trillion, increasing by 19.3% from 2015. The deposit structure of individual/organization at 55%/45% continued to remain at an appropriate proportion. Vietcombank continued to attract low-cost capital; The demand deposit increased by 14% from 2015 (accounting for 28% in total deposit).

In 2016, credit risk control and bad debt treatment continued to receive high attention at Vietcombank. At the end of the year, special-mentioned loan ratio reduced to 1.67% from 2.36% of 2015. Non-performing loan balance as of December 31st 2016 was VND6,936 billion, rating at 1.46%, decreasing 0.33 percentage points compared to 2015, below the limit of 2.5%. Besides well managing non-performing loans, the recovery of off-balance sheet debts recorded positive results, reflecting the efforts of the whole system and the comprehensive efficiency of the strict and thorough solutions in debt recovery. Written-off loans which were recorded into income reached VND2,121 billion. Vietcombank also became the first bank fully making provision for VAMC bonds, earlier than the required schedule.

Thanks to the efforts to promote development in all business activities, enhance efficiency and well control loan quality, profit before tax in 2016 strongly increased by 25% from 2015, reaching VND8,523 billion. This was the highest growth rate of Vietcombank in the period of 2010 - 2016 and in banking sector. Return on average assets ratio (ROAA) and return on average equity ratio (ROAE) reached 0.9% and 14.7%, respectively, which were higher than those in 2015. Minimum capital adequacy ratio (CAR) stood at 11.13%, higher than the State Bank of Vietnam's requirement at 9%.

Deposit (billion VND)



TT	Item	2015	2016 target	2016	2016/2016 target	Assessment
1	Total assets (billion VND)	674,395	765,438	787,907	103%	Exceeded
2	Loans (billion VND)	387,723	453,636	460,808	102%	Exceeded
3	Deposit (billion VND)	503,642	579,188	600,737	104%	Exceeded
4	Profit before tax (billion VND)	6,827	7,500	8,523	114%	Exceeded
5	Number of employees	14,755	Increase not more than 5%	15,615		Over 5%
6	Salary cost over profit before tax excluding salary	37%	37%	37%		Conformable
7	Number of new branches	6	5	5		Conformable
8	Non-performing loan ratio	1.79%	<2.5%	1.46%		Best control of NPLs
9	Dividend (%/face value)	10%	Maximally 10%	8% (expected)		Within the plan

Assessment by The Board Of Directors

DIRECTING AND MANAGEMENT ACTIVITIES

The Bank's management activity was paid special attention by BOD with key highlights of 2016, including:

Reviewing and completing Vietcombank development project until 2020 with specific objectives and solutions; according to which, building action plan for each business entity and each operation to implement the vision and strategic goals of Vietcombank until 2020.

Simultaneously implementing solutions to enhance financial capability by increasing charter capital, issuing bonds

In 2016, Vietcombank successfully increased capital, ensuring adequacy ratios meeting the requirements, and expanded business, including issuing bonus share at 35% to increase charter capital (by VND9,327 billion) and issuing approx. 8,000 billion bonds (in which, 6,000 billion bonds were for Tier 2 capital). In addition, Vietcombank actively increased charter capital by particularly issuing bond for foreign investors.

Strengthening the implementation of transformation projects in order to enhance management capability toward international standards, pioneering the compliance with regulations on risk management and corporate governance

Coordinating with consulting units to deploy 29 in total 37 initiatives under Basel II project and 06 core initiatives of CTOM project.

Continuing to deploy the next items of ALM/FTP/MPA project (selecting consulting units and analyzing status to choose suitable solutions); KPI project - Phase 2 (continuing to standardize organizational model of branches; Building and releasing Regulations on measuring and assessing operational efficiency in the system; Building and putting KPI management program into operation, etc.).

Consolidating organizational structure, continuing to develop network

Launching 05 new branches i.e. South of Da Nang, Phu Quoc, Pho Hien, South of Hai Phong, and Binh Phuoc; Establishing and putting 27 new transaction offices into operation.

Establishing some important functional units in the South including Representative Office of Vietcombank, Enterprise Customer Division, and Debt Management Division.

Processing the establishment of Cash Treatment Center, 03 subsidiaries (Foreign Currency, Consumer Credit, and AMC), 01 Subsidiary Bank (in Laos), and Representative Office in USA.

Implementing pilot sale management model according to area for retail services.

SUCCESSFULLY
INCREASING
CAPITAL

02

For two times



DEPLOYING

29

In total 37 initiatives of
Basel II project



LAUNCHING

05

New branches



ESTABLISHING
AND PUTTING

27

New transaction offices
into operation



SUCCESSFULLY ISSUING

8,000

BILLION BONDS

(IN WHICH, 6,000 BILLION BONDS WERE FOR TIER 2 CAPITAL)

Enhancing human resource quality, promoting centralized training activities in the system

Innovating recruitment activities in the direction of professionalization and centralization, bringing good human resources with high competitiveness in the market.

Strengthening personnel arrangement by assigning experienced employees to newly established entities and rotating employees between Head Office and branches and among the branches, etc.

The number of training courses reached 122% of the annual plan. Average ratio of trained employees over total employees was nearly 1.5, strongly increasing compared to the previous years. The training was focused on the personnel in charge of management, sales, risk management and key projects, effectively assisting the implementation of business orientation and corporate governance.

Completing internal process and regulations, creating a simultaneous mechanism for business operations

Amending, completing and releasing many important documents such as operational charter of Enterprise Credit Council and Financial Institution Credit Council; Operational charter of management units for governance capability enhancement projects; Regulations of training; Regulation of salary; Regulation of human resource management; Regulation of spokesman; etc.

Continuing to focus on social security activities

Besides business objectives, Vietcombank always pays high attention to sustainable development for community. In 2016, Vietcombank spent approximately VND234.2 billion for charity activities and "Drink water, think the source" programs through trade unions in many branches in the country. Newly built healthcare and educational facilities in Binh Dinh, Hau Giang, An Giang, Ben Tre, etc. and many other meaningful community support programs which were financed by Vietcombank have contributed to improving livelihood of the people in disadvantaged regions across the country.

Assessment by The Board Of Directors



ASSESSMENT ON THE PERFORMANCE OF THE BOARD OF MANAGEMENT

BOD holds monthly meeting to assess the business operations and, accordingly, releasing resolution for business operations and supervising the BOM's implementation of resolution in line with the Bank's charter, the operational charter of BOM, policy on internal management and related policies.

In 2016, amid the challenges from the world's geopolitical instability, natural disasters and conflicts as well as the difficulties in restructuring and the increasing competition in banking sector, BOM continued to give close and strict instructions on the basis of the BOD's orientations as well as follow the medium and long term strategies and specific goals for 2016 assigned by AGM and BOD.

The members of BOD and BOM always put the benefits of shareholders, the State and the Bank above all in their activities, well perform their corporate governance, and fulfill their assign tasks.

OPERATION ORIENTATION IN 2017

Marco economy and business environment outlook

The global economy remains unpredictable fluctuations before a number of changes in foreign and economic policies of large countries. Vietnam's economy is expected to regain growth momentum after the deceleration in 2016. GDP is estimated at approx. 6.7%; inflation is expected to stay at the target of 4%.

The banking sector shall continue to execute the currency policy aiming at stabilizing macroeconomy and supporting growth. Apart from implementing the solutions of the roadmap for credit institution restructuring and bad debt handling, strengthening the inspection and supervision of banking operations, and controlling and handing loan quality, the banks will face the pressure from a business environment with a number of fluctuations and increasing competition that are resulted from the trends of digital bank, retail bank, demographic changes, customer behaviors, etc. In that context, the banks have to innovate and strive more and more to affirm their own position.

Operational motto and governance principle

Closely following the orientation of the Government and the State Bank, Vietcombank has set out the motto of 2017 as **Transformation – Efficiency – Sustainability** and governance principle of **Innovative – Disciplined – Responsible**. Accordingly, the major direction for 2017 is to promote all advantages, catch all opportunities, develop in depth focusing on quality and efficiency, endeavor in all operations to successfully achieve and surpass the business plan assigned by the AGM, towards sustainable development according to international standards.

Assessment by The Board Of Directors

The major orientations in some areas are as follows:

BUSINESS OPERATIONS

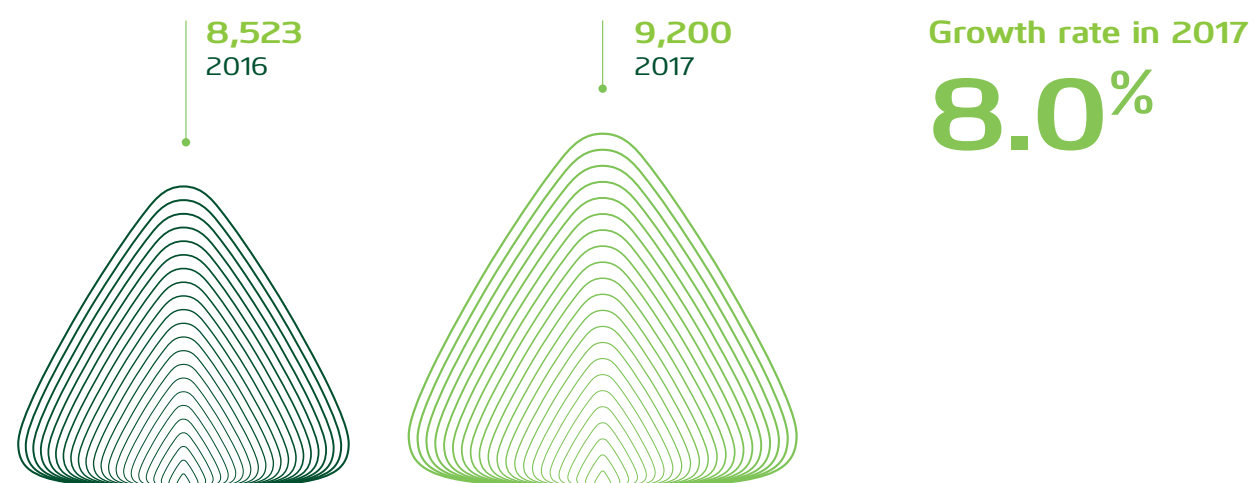
Adhering to the viewpoint of strongly innovating customer services as a foundation for business development including the fundamental solutions:

- Implementing customer segmentation and classification and, accordingly, designing professional sales policy, process and model which are suitable to the particularities of each segment.
- Continuing to diversify customer portfolio focusing on FDI customers; Promoting cross-selling and exploiting business opportunities from customers.
- Continuing to expand sales management model according to area in the whole system with 3 specialized units under TSC in Northern, Central and Southern regions.
- Deploying simultaneous measures on products, technology assistance, and customer care to create more values

Strengthening handling and recovery of non-performing loans and written-off loans, contributing to completing the profit targets:

- Building detailed roadmap of debt recovery and specific action plans.
- Properly concentrating resources on debt recovery and actively coordinating with Head Office and local governments with highest efforts to shorten the recovery time.

Estimated profit before tax in 2017 (billion VND)



Strongly innovating treasury, foreign currency and trade finance activities, improving the capital contributed to the income of the system

- Maintaining the leading position in bond market, domestic FX market and interbank market, increasing the contributions from these activities to the Bank's income.
- Focusing on expanding market share of international payment – commercial credit, pushing payment in Vietnamese dong with large trade partners of Vietnam, reviewing and improving the services of payment on behalf of domestic banks and foreign banks' branches in Vietnam.

Continuing to consolidate the operations of subsidiaries, enhancing investment efficiency

- Closely supervising, creating favorable conditions accelerating the connection/coordination between branches/divisions and subsidiaries in order to improve operational efficiency of subsidiaries.
- Completing the projects of ownership transformation of some subsidiaries.

Enhancing financial capability

- Simultaneously implementing the capital increase measures, ensuring capital for business development and complying with the requirements on adequacy ratios toward the compliance with Basel II.
- Continuing to implement the procedures as regulated to particularly issue shares for capital increase.
- Enhancing business efficiency, credit-debit portfolio structure, asset quality and bad debt handling, ensuring to meet the limits and improve adequacy ratios and profitability ratios.

Key business targets for 2017

No.	Items	2016	2017 target	Growth
1	Total assets (billion VND)	787,907	874,577	11.00%
2	Loans (billion VND)	475,768	547,133	15.00%
3	Deposits (billion VND)	600,737	684,841	14.00%
4	Profit before tax (billion VND)	8,523	9,200	8.00%
5	Number of employees	15,615	Increase not more than 5%	
6	Salary cost over profit before tax excluding salary	37.00%	37.00%	
7	Number of new branches	5	6	
8	Non-performing loan ratio	1.46%	< 2.00%	
9	Dividend (%/face value)	8%	8%	

Assessment by The Board Of Directors

CORPORATE GOVERNANCE

Continuing to complete the action programs to implement Development plan until 2020, supervising implementation progress and regularly reviewing to timely give instruction and adjustment.

Deploying management capability enhancement projects in right roadmap.

Paying special high attention to speeding up progress of projects i.e. CTOM, Basel II, and retail transformation projects to meet the risk management requirements according to international standards and implement the no.1 strategic goal on retail banking.

Prioritizing to invest and deploy Loan Origination System – LOS for enterprise and personal customers; trade finance system.

Continuing to develop ALM-FTP-MPA, Core banking, MIS, etc. projects.

Enhancing human resource development

Maintaining and developing high-quality human resources, creating a creative and effective working environment, ensuring available human resources for selling activities and improving service quality.

Improving efficiency and practicality of human resource planning to create high-quality management personnel for the system.

Continuing to implement skill examination, using training and test results in assessment, arrangement, and appointment of personnel.

Giving priority in training and enhancing capabilities of management team and personnel in charge of sales and risk management; Step-by-step training experts in specialized fields.

Expanding relationship with large universities and institutions to find more sources for recruitment.

Continuing to consolidate organizational structure

Establishing 06 branches and 39 transaction offices in line with the network development plan which was approved by SBV.

Building and implementing flexible and effective recruitment process for sales persons serving retail business, prioritizing collaborator model (with salary packaging) and then considering to officially employ them for the Bank, based on their actual sales results.

Establishing Vietcombank Representative Office in New York, Subsidiary Bank in Laos (with 100% of capital contributed by Vietcombank), Foreign Currency Company, Consumer Credit Company, and AMC.

Establishing Cash Treatment Center in Ha Noi.

Strengthening risk management, inspection and supervision

Continuing to consolidate risk management capability in all areas of credit risk, market risk, liquidity risk, interest rate risk in the banking book, and operational risk.

Performing centralized risk management according to customer/customer group/sector; Standardizing credit conditions according to sectors; Completing and specifying sector orientations.

Maintaining and strengthening remote inspection and supervision for business activities of the entities in the system; Applying information technology and early warning programs to limit and detect risks timely.

Upgrading information technology

Re-planning organizational model, operational mechanism and supplementing and reinforcing personnel for Information Technology Center.

Implementing on schedule and ensuring quality of upgrading important applications to meet the requirements on service quality and 24/7 services.

Deploying information technology strategy until 2020 according to the implementation roadmap as approved.

Other activities

Continuing to well implement communication activities, improving efficiency of brand marketing and product advertising, focusing on development of digital/online channels.

Implementing social security activities as committed in 2016, giving priority in education, healthcare, and natural disaster support.





3

Organization and Human Resources

- Organization and Human resources
- Board of Directors • Board of Management
- Supervisory Board

RESPONSIBILITY TO THE COMMUNITY

It was bright-eyed and hopeful look of the poor children living in remote and difficult areas across the country that urged and motivated vietcombank in our increasing dedication to social security with a desire to create better things to the community.

Organization and Human Resources

HUMAN RESOURCES

Vietcombank's total workforce as of December 31st 2016 was 15,615 people (consolidated number including affiliates). With large and increasingly growing employees, Vietcombank's leaders always focus on human resource development as this is the key to the success and effectiveness of the Bank:

- Human resources are managed under best practices in order to build, develop and maintain a high-quality team who support to implement the Bank's goals to become the leading bank in human resource quality.
- Employee quality is controlled from the recruitment step including a serious and professional recruitment policy; Staffs are employed, meeting all job requirements.

- Employee compensation and benefit policy is constantly improved. Salary and bonus are built in association with working results.
- HR planning activities are carried out fully and seriously to build a team of leaders who are updated with knowledge and professional experiences in operation and management.
- Training activities are pushed to improve both quantity and quality of training courses for employees.

Vietcombank will continue to improve human resource development, complete recruitment, training, compensation, etc. policies and plan the human resources in association with rights and responsibilities of employees in order to deliver the highest efficiency.

CHANGES IN PERSONNEL OF BOD AND BOM

The composition of the leadership had some changes as follows:

Decrease: Mr. Huynh Song Hao – Head of Retail was appointed as Chief of Vietcombank Representative Office in the South from July 1st 2016.

NETWORK AND ORGANIZATION OF VIETCOMBANK

In 2016, the Bank established 05 more branches and 27 transaction offices in provinces.

As of December 31st 2016, Vietcombank's operational network included:

- Head Office.
- 101 branches.
- 395 transaction offices.
- 03 subsidiaries in Vietnam.
- 02 overseas subsidiaries.
- 01 Representative Office in Singapore and 01 Representative Office in Ho Chi Minh City.
- 04 other joint ventures and associates.



Board of Directors



◀ Mr. **NGHIEM XUAN THANH**
Chairman of the Board of Directors

Education
Ph.D. in Economics, Banking Academy
Master of Economics, Banking Academy



◀ Mr. **NGUYEN DANH LUONG**
Member of the Board of Directors and
Deputy CEO

Education
Ph.D. in Economics, Banking Academy
Bachelor of Economics, Banking Academy



Mr. **PHAM QUANG DUNG** ▶
Member of the Board of Directors and
Chief Executive Officer

Education
Master of Banking and Finance, Birmingham
University, UK
National Economics University

Mr. **YUTAKA ABE** ▶
Member of the Board of Directors and
Deputy CEO

Education
Master of Administrative Science, Stanford
University (California, US)
Bachelor of Economics, Hitotsubashi University
(Tokyo, Japan)



◀ Ms. **LE THI HOA**
Member of the Board of Directors

Education
Master of Economics (CFVG)
Bachelor of Economics, National Economics University



◀ Ms. **NGUYEN THI DUNG**
Member of the Board of Directors

Education
Ph.D. in Economics, National Economics University
Master of Economics, National Economics University
Bachelor of Economics, Moscow Institute of Economics
and Finance (Russia)

Mr. **NGUYEN MANH HUNG** ▶
Member of the Board of Directors

Education
Master of Economics,
Vietnam – Netherland Master's Program
Bachelor of Economics, National Economic University



Board of Management



◀ Mr. **PHAM QUANG DUNG**
Chief Executive Officer

Education

Master of Banking and Finance, Birmingham University, UK
Bachelor of Economics, National Economics University



◀ Mr. **DAO HAO**
Deputy CEO

Education

Bachelor of Economics, University of Economics Ho Chi Minh
Bachelor of Laws, Ha Noi Law University

Mr. **NGUYEN DANH LUONG** ▶
Deputy CEO

Education
Ph.D. in Economics, Banking Academy
Bachelor of Economics, Banking Academy



Mr. **PHAM THANH HA** ▶
Deputy CEO

Education

Master of Business Administration, George Washington University, US
Bachelor of Economics, National Economics University



◀ Mr. **YUTAKA ABE**
Deputy CEO

Education

Master of Administrative Science – Stanford University (California, US)
Bachelor of Economics, Hitotsubashi University (Tokyo, Japan)



◀ Ms. **TRUONG THI THUY NGA**
Deputy CEO

Education

Master of Business Administration, Impac University
Bachelor of Accounting, Da Nang University of Science and Technology
Bachelor of Law, Law University

Mr. **DAO MINH TUAN** ▶
Deputy CEO

Education
Master of Economics, Banking Academy
Applied Mathematics Engineering, Ha Noi University of Science and Technology.
Bachelor of Economics, National Economics University.



Mr. **PHAM MANH THANG** ▶
Deputy CEO

Education

Ph.D. in Economics, Banking Academy
Master of Economics, Banking Academy
Bachelor of Economics, Banking Academy



Board of **Management**

Supervisory Board



◀ Ms. **NGUYEN THI KIM OANH**
Deputy CEO

Education
Master of Banking and Finance, New South Wales University
Bachelor of Economics, National Economics University



◀ Ms. **TRUONG LE HIEN**
Head of Supervisory Board

Education
Master of Development Economics,
Vietnam – Netherland Master’s Program
Bachelor of Economics, Banking Academy

Ms. **DINH THI THAI** ▶
Deputy CEO

Education
Master of Economics, National Economics University
Bachelor of Economics, Foreign Trade University



Ms. **LA THI HONG MINH** ▶
Member of Supervisory Board

Education
Master of Economics,
National Economics University
Bachelor of Economics, Banking Academy



◀ Ms. **DO THI MAI HUONG**
Member of Supervisory Board

Education
Master of Economics, Foreign Trade University
Bachelor of Economics, Foreign Trade University



◀ Ms. **PHUNG NGUYEN HAI YEN**
Chief Accountant

Education
Master of Economics, Banking Academy
CPA Australia
Bachelor of Economics, Banking Academy



Ms. **VU THI BICH VAN** ▶
Member of Supervisory Board

Education
Master of Economics, National Economics University
Bachelor of Economics, Banking Academy



SHARING ACTIONS
BRIDGING ALL THE GAPS



Vietcombank's staffs and volunteers paid a visit, gave gifts and shared with the minority ethnic students at Sapa Hope Center (Lao Cai province).

4 **CORPORATE GOVERNANCE**

- Corporate governance
- Risk management
- Business network

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Structure of the Board of Directors

No.	Name	Position	VCB shares owned		Remarks
			Number of shares	Ownership percentage	
1	Nghiem Xuan Thanh	Chairman of BOD	29,025	0.00081%	Elected as member of BOD by Annual General Meeting (AGM) on April 25 th 2013. Elected as Chairman by the BOD on November 1 st 2014. A non-executive member.
2	Pham Quang Dung	Member of BOD and CEO	3,281	0.00009%	Elected as member of BOD by AGM on April 25 th 2013. Appointed CEO by the BOD on November 1 st 2014.
3	Nguyen Danh Luong	Member of BOD and Deputy CEO	21,612	0.00060%	Elected as member of BOD by AGM on April 25 th 2013.
4	Yutaka Abe	Member of BOD and Deputy CEO	0	0.00000%	Elected as member of BOD by AGM on April 25 th 2013.
5	Nguyen Thi Dung	Member of BOD	3,105	0.00009%	Elected as member of BOD by AGM on April 25 th 2013. An independent member.
6	Le Thi Hoa	Member of BOD	6,313	0.00018%	Elected as member of BOD by AGM on April 25 th 2013. A non-executive member.
7	Nguyen Manh Hung	Member of BOD	2,270	0.00006%	Elected as member of BOD by Extraordinary General Meeting on December 26 th 2014. A non-executive member.

Activities of Board of Directors

In 2016, the Board of Director of Joint Stock Commercial Bank for Foreign Trade of Vietnam – Vietcombank (VCB) organized 62 meeting sessions (16 plenary sessions and 46 regular sessions) to direct Vietcombank's operation in each period, make decisions on matters within the competence of BOD and make discussion on some other specific topics. Additionally, BOD and its permanent members handled some issues by getting opinions from the members in written (14 times). Details of the meetings and the participation of each member are of follows:

No.	Member of BOD	Position	Number of meetings attended	Attendance rate	Reason for absence
1.	Nghiem Xuan Thanh	Chairman	76/76	100%	
2.	Pham Quang Dung	Member and CEO	76/76	100%	
3.	Nguyen Danh Luong	Member ⁽¹⁾ and Deputy CEO	16/16	100%	
4.	Yutaka Abe	Member ⁽¹⁾ and Deputy CEO	16/16	100%	
5.	Le Thi Hoa	Member	76/76	100%	
6.	Nguyen Manh Hung	Member	76/76	100%	
7.	Nguyen Thi Dung	Independent member ⁽²⁾	16/16	100%	

Notes:

(1) Mr. Nguyen Danh Luong and Mr. Yukata Abe are concurrent members of the BOD; only their attendance in plenary sessions was counted. Additionally, depending on different issues, Mr. Nguyen Danh Luong might be invited to attend the meetings but his attendance was not counted in the above table.

(2) Ms. Nguyen Thi Dung is an independent member of BOD, only attending plenary sessions.

Corporate Governance

COMMITTEES UNDER BOARD OF DIRECTORS

Structure of the Committees

Risk Management Committee

Risk Management Committee assists BOD in approving appropriate policies and directions with regard to various types of risks (credit risk, market risk, operational risk, etc.) in each period, including defining ratios, limits/restrictions and risk appetite of the Bank.

Risk Management Committee consists of 8 members:

1. Mr. **Nguyen Manh Hung**, Member of BOD – Head of Committee;
2. Ms. **Nguyen Thi Dung**, Independent member of BOD – Member;
3. Mr. **Yutaka Abe**, Member of BOD and Deputy CEO – Member
4. Ms. **Dinh Thi Thai**, Deputy CEO – Member;
5. Mr. **Dao Hao**, Deputy CEO – Member;
6. Ms. **Nguyen Thi Kim Oanh**, Deputy CEO – Member;
7. Mr. **Pham Thanh Ha**, Deputy CEO – Member;
8. Mr. **Pham Anh Tuan**, Head of Bank Modernization Department – Member.

In 2016, Risk Management Committee organized 4 regular meeting sessions, coordinated with related departments to develop and accomplish Vietcombank's regulations, and consulted BOD with risk management strategies and policies, covering numerous aspects of Vietcombank's operation. Based on the Risk Management Committee's proposals, BOD decided to issue new Operational Charter of Risk Management Committee in July 2016, in replacement of the previous decision issued in 2012. In addition, the Committee played a proactive role in boosting the implementation of initiatives to gradually apply Basel II in according to the approved roadmap. The Committee also visited different areas to discuss and capture the local business situation as well as the implementation of policies at branches.

Human Resource Committee

Human Resource Committee consults BOD with matters related to human resources, remuneration policies, salaries, bonuses and other compensation policies of Vietcombank.

Human Resource Committee consists of 5 members:

1. Mr. **Nghiem Xuan Thanh**, Chairman of BOD – Head of Committee;
2. Mr. **Pham Quang Dung**, Member of BOD and CEO – Member;
3. Ms. **Le Thi Hoa**, Member of BOD – Member;
4. Mr. **Nguyen Manh Hung**, Member of BOD – Member;
5. Mr. **Hong Quang**, Head of Human Resource Department – Member.

In 2016, after new polices on human resource management were reviewed and issued simultaneously, Human Resource Committee actively assessed and managed the staffs under its competence. Implementing the regulations on organization and operation of Human Resource Committee, the issues related to key management personnel of Head Office and business entities were researched and proposed to BOD for consideration and approval, contributing to enhancing capability and quality of human resource management.

All members of the Board of Directors have attended training courses about Corporate Governance.

Corporate Governance

SUPERVISORY BOARD

Members and Structure of the Supervisory Board

As of January 1st 2016, Supervisory Board consisted of 04 members, including 03 permanent members and 01 concurrent member. There were no changes in the structure of Supervisory Board in 2016. Below is the list of the members of Supervisory Board and their ownership rates as of December 31st 2016:

No.	Full name	Position	VCB shares owned	
			Number of shares	Ownership percentage
1.	Truong Le Hien	Head of Supervisory Board	5,051	0.00014%
2.	Vu Thi Bich Van	Member of Supervisory Board	0	0.00000%
3.	La Thi Hong Minh	Member of Supervisory Board	3,281	0.00009%
4.	Do Thi Mai Huong	Member of Supervisory Board	5,304	0.00015%

Activities of Supervisory Board

Assessment on the activities of Supervisory Board

Supervisory Board supervised BOD and BOM in the implementation of business orientations and objectives in 2016 of Vietcombank, which were approved by AGM, supervised the compliance with the laws and the Bank's Charter in management and governance. In general, in 2016, BOD and BOM well directed and managed Vietcombank's business operations in line with the business objectives and targets and achieved good results. BOD and BOM complied with the provisions of the Law on Credit Institutions and the Bank's Charter in management and governance.

Implementing the provisions in the Law on Credit Institutions, Supervisory Board has followed up the list of founders, major shareholders, and people related to members of BOM, members of Supervisory Board, and CEO as well as updated information regularly. In 2016, Vietcombank had one internal transaction of purchasing VCB stocks. The transaction was conducted in accordance with the regulations on information disclosure in security market.

Implementing Regulations on Internal governance of Vietcombank, Supervisory Board attended regular/periodic meetings of BOD/standing BOD and monthly meetings of BOM. Supervisory Board was also fully provided with information and documents about management, governance and business activities of the Bank to serve its supervisory activity. Members of Supervisory Board participated in training courses and professional seminars to enhance knowledge about management and governance in banking sector.

Through its activities, Supervisory Board has proposed solution for risk management enhancement to BOD and BOM in order to ensure the compliance with the laws, Charter, and internal regulations, contributing to improving operational quality and efficiency of the Bank and completing business targets for 2016.

In 2016, Supervisory Board completed preparation of internal control system assessment report in 2015, evaluated financial statements for the fiscal year 2015 and for the first 6 months of the year 2016, conducted 20 auditing sessions in entities and 4 auditing sessions according to topics, supervised operating areas of the Banks and activities of subsidiaries, monitored the compliance with adequacy ratios, etc.

In 2016, Supervisory Board deployed the project of enhancing internal inspection/audit capability and transforming internal audit function (under Basel II project) and the project of auditing information technology as well as trained staffs under the Supervisory Board.

List and contents of Supervisory Board's meetings

Date	Number of Board member attended	Meeting contents
17/03/2016	4/4	<ul style="list-style-type: none"> Summarizing activities of Supervisory Board in 2015 and orienting operations for 2016. Approving evaluation report on financial statements for the fiscal year 2015 of Vietcombank. Approving draft report of Supervisory Board at AGM 2016.
02/08/2016	3/4	<ul style="list-style-type: none"> Summarizing activities of Supervisory Board in the first 6 months of 2016 and orienting operations for the last 6 months of 2016. Reporting evaluation results of financial statements for the first 6 months of 2016.
26/09/2016	4/4	<ul style="list-style-type: none"> Transforming internal audit function as Basel II's requirement.
26/12/2016	4/4	<ul style="list-style-type: none"> Getting consensus on evaluation report on financial statements for the fiscal year 2016 of Vietcombank.

REMUNERATIONS, BENEFITS AND EXPENDITURES FOR MEMBERS OF BOARD OF DIRECTORS AND SUPERVISORY BOARD

According to the Resolution of the 9th AGM on April 15th 2016, remunerations for BOD and Supervisory Board in 2016 were approved at 0.35% of profit after tax.

In fact, members of BOD and Supervisory Board receive salaries and other benefits in accordance with Regulations on Salary and other policies of Vietcombank. Total expenditure for members of BOD and Supervisory Board in 2016 did not exceed the amount approved by AGM.

TRANSACTIONS OF INTERNAL SHAREHOLDERS AND RELATED PEOPLE

In 2016, the transaction of purchasing VCB stocks made by Chairman was detailed below:

No.	Individuals in transaction	Position	Number of shares owned at beginning		Number of shares owned at ending		Reasons (buy, sell, transfer, bonus,...)
			Number of share	Holding ratio	Number of share	Holding ratio	
1	Mr. Nghiem Xuan Thanh	Chairman	11,500	0.00043%	21,500	0.00081%	Buy

Corporate Governance

INVESTOR RELATION

In 2016, investor relation continued to be improved. On the one hand, Vietcombank strictly followed the regulations on information disclosure; on the other hand, the Bank frequently met and exchanged information with investors, ensuring timely provision of transparent information to investors. The investor relation activities have strengthened investors' belief, built two-way relationship, taken into account useful suggestions from investors and provided business opportunities for vietcombank.

Investor meetings

- Vietcombank held 85 meetings at Vietcombank with more than 200 domestic and international institutional/ individual investors, securities companies, and fund management companies.
- Foreign investors interested in Vietcombank came from different countries with the majority from foreign investment funds located in Vietnam, followed by investors from USA, Japan, Singapore, Europe, etc.

During meetings, the investors were timely updated with the movements of macro economy and banking sector, the operation and prospectus of Vietcombank. Good performance and effective investor relation are the main factors that keep Vietcombank's shares traded at the highest price among banking stocks and continuously held at net-buying by foreign investors.



85 meetings at Vietcombank with more than 200 institutional/ individual investors.

Participation in international investment conferences

Being a large public company with significant impact, with a highly appreciated IR team, Vietcombank has been invited to various domestic and overseas investment events every year. In 2016, Vietcombank decided to participate in the following events:

- **International investment conferences organized by Credit Suisse at major global financial centers:** In Singapore (January 2016), in London and New York (February 2016), in Hong Kong (April 2016). Those are the large-scale annual events attracting more than 300 listed companies with about 900 investors to attend.
- **Vietnam Access Day in Ho Chi Minh City (March 2016):** VAD is one of the largest-scale investment events in Vietnam, attended by more than 300 leaders and experts from the leading listed companies in Vietnam as well as domestic and foreign fund management companies.
- **Investment events organized by Daiwa Capital Markets (Japan) and HOSE in Singapore (August 2016) and in Hong Kong (November 2016):** Being the leading listed company on HOSE, Vietcombank was one of few Vietnamese enterprises to be invited to the above-mentioned events. Through the events, the Bank has met and connected with hundreds of international prestigious investors operating in Singapore and Hong Kong.



Risk Management

With regard to improving risk management efficiency, Vietcombank has been implementing comprehensive, scientific and systematic risk management to identify, control, prevent and minimize potential loss that may arise.



CREDIT RISK

Vietcombank is always proactive in researching and applying modern credit risk management methods in conformity with the best international practices, to be specific:

- Vietcombank, one of the 10 banks selected by SBV to implement Basel II in Vietnam, has actively evaluated status and built an initiative deployment roadmap to meet Basel II standards and requirements of the State authorities. At present, closely following the roadmap, Vietcombank has achieved positive results, which are the basis for successfully implementing Basel II such as designing risk culture and appetite, consolidating management apparatus, separating function of Three Lines of Defense in risk management, forming an organizational structure in data management, building/reviewing quantitative model, measuring instruments, etc.
- Completing credit operating model toward centralizing and specializing by functions and separating business and risk management. Vietcombank has built a target operating model in conformity with the international practices, the conditions in Vietnam and the development strategies of Vietcombank. The success of this transformation in operating model will be a big change in credit operation of Vietcombank in all respects – organization structure, management model, human resources, and information technology system.
- Building and completing early warning system. Accordingly, a good early warning system will help the

Bank timely detect risks that may occur and, therefore, having prompt actions in customer management to minimize risks and increase inspection and supervision efficiency.

- To promote the efficiency of Three Lines of Defense, Vietcombank has updated and enhanced capability of internal inspection and audit system, accordingly, consolidating and centralizing internal inspection function at Head Office as well as setting up internal inspection teams at the areas across the country. At the same time, hiring international consultant to implement the project of improving internal audit capability in order to meet the requirements of international standards/practices.

LIQUIDITY RISK

Vietcombank's liquidity risk management strictly complies with the SBV's regulations on solvency and liquidity ratios in banking operations. To ensure that principle, Vietcombank has more closely managed volatility of capital supply and demand within the day to have quick solutions and balance between liquidity and profitability for the Bank.

Vietcombank always strictly aims at meeting international standards and practices in liquidity risk management in banking operations. Therefore, apart from complying with the legal regulations, Vietcombank has actively completed its ability of liquidity risk management by carrying out liquidity stress testing on the basis of statistics and forecasts of

cash flows under scenarios, having contingency plans in normal conditions or when occurring incidents that may affect the Bank's liquidity. At the same time, to get ready for responding to possible liquidity stress, Vietcombank has designed specific contingency plans for liquidity risk in correspondence to each scenario of liquidity risk.

MARKET RISK

For interest rate risk management, Vietcombank has set up a system of policies and processes to identify, measure, monitor, and report the risks in accordance with international practices.

Vietcombank has measured and managed the difference in reprising gap between rate-sensitive assets and rate-sensitive liabilities and used the appropriate derivative product to minimize negative impact of interest rate fluctuations.

For foreign exchange risk management, Vietcombank has set up a centralized management policy for foreign exchange in the whole system and risk prevention methods to limit the impact of currency fluctuations on banking operations.

In 2016, Vietcombank continued to apply market risk management framework as required by Basel II, deployed some market risk management models such as market risk measurement, measurement of interest rate risk in the banking book, etc., and applied some market risk limitations according to international practices.

OPERATIONAL RISK

Besides the general risk management in banking sector, the operational risk management of Vietcombank has been constantly improved to meet the requirements on risk management of the Bank by itself, of the State authorities as well as the advanced international standards. Model, organizational structure, policies, and processes of operational risk management under Basel II continued to be completed. At the same time, the operational risk management instruments were popularly applied in the whole system. In 2016, the risk management enhancement projects under Basel II were strongly carried out at Vietcombank.

To detect, prevent and reduce operational risk, the risk inspection, control and management and internal audit system of Vietcombank frequently assesses the compliance, authenticity and conformity of the process, regulation and specialized activities as well as gives warning in operational risk that may arise in all banking's operations.

In addition, with many activities based on technology, using IT system for financial control, risk management, credit analysis, report, accounting, customer services and other matters, good performance of IT system and enhancement of operational risk management are important goals of the Bank in the coming time. The establishment of IT risk management unit which operates independently with IT Center in 2016 has shown the determination of Vietcombank in this goal.

Business Network

No.	Code	Branch	Address	Tel	Fax
1	15	An Giang	30-32 Hai Ba Trung Street, My Long Ward, Long Xuyen City, An Giang Province	0763.841243	0763.841591
2	61	Ba Dinh	521 Kim Ma Street, Ngoc Khanh Ward, Ba Dinh District, Ha Noi City	04.37665318	04.37665313
3	84	North of Binh Duong	Lot D1-4-TT, NA3 Street, My Phuoc 2 IP, My Phuoc Ward, Ben Cat Town, Binh Duong Province	0650.3697979	0650.3618787
4	73	Bac Giang	179 Hung Vuong Street, Bac Giang City, Bac Giang Province	0240.3855576	0240.3855575
5	64	North of Ha Tinh	52 Tran Phu Street, Hong Linh Town, Ha Tinh Province	039.6262555	039.6269555
6	89	Bac Lieu	14-15 Lot B, Ba Trieu Street, Ward 3, Bac Lieu City, Bac Lieu Province	0781.3953142	0781.3955055
7	35	Bac Ninh	Nga 6, Dai Phuc Ward, Bac Ninh City, Bac Ninh Province	0241.3811849	0241.3811848
8	50	Bac Sai Gon	Administrative Area, Road 7, Vinh Loc IP, Binh Hung Hoa Ward, Binh Tan District, HCMC	08.37654666 - 08.22275252	08.37651327
9	24	Ben Tre	55B3, Dong Khoi Boulevard, Phu Khuong Ward, Ben Tre City, Ben Tre Province	075.6252444	075.6253666
10	48	Bien Hoa	22, 3A Street, Bien Hoa 2 IP, Bien Hoa City, Dong Nai Province	061.3995981	061.3991947
11	5	Binh Dinh	66C Le Duan Street, Ly Thuong Kiet Ward, Quy Nhon City, Binh Dinh Province	056.3522498	056.3523181
12	28	Binh Duong	314 Binh Duong Boulevard, Phu Hoa Ward, Thu Dau Mot City, Binh Duong Province	06503831221	06503837306
13	104	Binh Phuoc	744 Phu Rieng Do Street, Tan Xuan Ward, Dong Xoai Town, Binh Phuoc Province	06513 55 88 88	06513 386 7575
14	25	Binh Tay	129-129A Hau Giang Street, Ward 5, District 6, HCMC	08.39600477	08.39606217
15	62	Binh Thuan	187-189 Ton Duc Thang Boulevard, Phu Thuy Ward, Phan Thiet City, Binh Thuan Province	062.3739064	062.3739290
16	19	Ca Mau	07 An Duong Vuong Street, Ward 7, Ca Mau City, Ca Mau Province	0780.3833399	0780.3833466
17	11	Can Tho	03-05-07 Hoa Binh Street, Tan An Ward, Ninh Kieu District, Can Tho City	0710.3820445 0710.3820192	0710.3817299
18	47	Chau Doc	55 Le Loi Street, Chau Phu B Ward, Chau Doc City, An Giang Province	076.3565603	076.3565703
19	54	Chuong Duong	564 Nguyen Van Cu Street, Gia Thuy Ward, Long Bien District, Ha Noi City	04.36523333	04.36522949
20	4	Da Nang	140-142 Le Loi Street, Hai Chau Ward, Hai Chau District, Da Nang City	0511.3822110	0511.3826062
21	23	Dak Lak	06 Tran Hung Dao Street, Thang Loi Ward, Buon Ma Thuot City, Dak Lak Province	05003855039	05003855038
22	96	Dong Anh	Nghia Lai Village, Uy No Commune, Dong Anh District, Ha Noi City	04.38835999	04.38835888
23	12	Dong Nai	53-55 Vo Thi Sau Street, Quyet Thang Ward, Bien Hoa City, Dong Nai Province	0613.823666	0613.824191
24	53	East of Sai Gon	199 Dien Bien Phu, Ward 15, Binh Thanh District, HCMC	08.38407924	08.38407923
25	60	Dong Thap	66, 30/4 Street, Ward 1, Cao Lanh City, Dong Thap Province	067.3872110	067.3872119
26	57	Dung Quat	East of Dung Quat IP, Binh Thuan Commune, Binh Son District, Quang Ngai Province	055.3632333	055.3632336
27	88	Gia Dinh	423-425 Le Van Viet Street, Tang Nhon Phu A Ward, District 9, HCMC	08.37307799	08.37361199
28	29	Gia Lai	33 Quang Trung Street, Hoi Thuong Ward, Pleiku City, Gia Lai Province	059.3828595	059.3828592
29	91	Go Vap	366A33 Phan Van Tri Street, Ward 5, Go Vap District, HCMC	08.39856868	08.39856869

No.	Code	Branch	Address	Tel	Fax
30	52	Ha Long	166 Ha Long Road, Bai Chay Ward, Ha Long City, Quang Ninh province	033.3811911	033.3844746
31	90	Ha Nam	Hai Ha Commercial and Service Center, Le Hoan Street, Hai Ba Trung Ward, Phu Ly City, Ha Nam Province	0351.3616666	0351.3616567
32	2	Ha Noi	Floor 1-5 , 11B Cat Linh Street, Quoc Tu Giam Ward, Dong Da District, Ha Noi City	04.39746666	04.39747065
33	69	Ha Tay	Lot HH-03, Van Phuc Village, Ha Dong District, Ha Noi City	043.3554545	043.3554444
34	85	Ha Thanh	344 Ba Trieu Street, Le Dai Hanh Ward, Hai Ba Trung District, Ha Noi City	04.36503333	04.32252222
35	20	Ha Tinh	02 Nguyen Thi Minh Khai Street, Tran Phu Ward, Ha Tinh City, Ha Tinh Province	0239.3857003 - 0239.3777886	0239.3857002
36	34	Hai Duong	66 Nguyen Luong Bang Street, Binh Han Ward, Hai Duong City, Hai Duong Province	0320.3891259	0320.3891807
37	3	Hai Phong	275 Lach Tray Street, Dang Giang Ward, Ngo Quyen District, Hai Phong City	031.3842658	031.38421117
38	7	Ho Chi Minh	VBB Building, No. 5 Me Linh Square, Ben Nghe Ward, District 1, HCMC	08.38297245	08.38297228
39	30	Hoan Kiem	23 Phan Chu Trinh Street, Phan Chu Trinh Ward, Hoan Kiem District, Ha Noi City	043.9335566	043.9335580
40	93	Hoang Mai	Floor 1-2, Tower 1, Times City, 458 Minh Khai, Vinh Tuy Ward, Hai Ba Trung District, Ha Noi City	04.38383383	04.32115555
41	16	Hue	78 Hung Vuong Street, Phu Nhuan Ward, Hue City, Thua Thien Hue Province	0234.3811900	0234.3824631
42	42	Hung Vuong	664 Su Van Hanh Street, Ward 12, District 10, HCMC	08.38682467	08.38624804
43	59	Hung Yen	Ban Yen Nhan Town, My Hao District, Hung Yen Province	0321.3941886	0321.3941044
44	6	Khanh Hoa	17 Quang Trung Street, Van Thanh Ward, Nha Trang City, Khanh Hoa Province	0583.568899	0583.815114
45	9	Kien Giang	89, 3/2 Street, Vinh Bao Ward, Rach Gia City, Kien Giang Province	077.3862749	077.3866243
46	76	Kon Tum	348 Tran Hung Dao Street, Kon Tum City, Kon Tum Province	060.3703337	060.3913516
47	72	Ky Dong	13-13 Bis Ky Dong Street, Ward 9, District 3, HCMC	08.39318968	08.39318953
48	56	Lam Dong	33 Nguyen Van Cu Street, Ward 1, Da Lat City, Lam Dong Province	063.3511811	063.3533666
49	98	Lang Son	Floor 1, Phu Loc Commercial Center, Phu Loc IV Project Area, Vinh Trai Ward, Lang Son City, Lang Son Province	025.3866363	025.3859859
50	95	Lao Cai	79 Hoang Lien Street, Coc Leu Ward, Lao Cai City, Lao Cai Province	0214.3828396	0214.3828261
51	63	Long An	2A, Pham Van Ngu Street, Quarter 5, Ben Luc Town, Ben Luc District, Long An Province	072.3633684	072.3633687
52	87	Long Khanh	165, Nguyen Van Cu Street, Xuan An Ward, Long Khanh Town, Dong Nai Province	0613.646151	0613.646157
53	55	Mong Cai	05, Hung Vuong Street, Tran Phu Ward, Mong Cai City, Quang Ninh Province	033.3757575	033.3881676
54	41	South of Binh Duong	121, DT 743B Street, Thong Nhat 1, Di An Ward, Di An Town, Binh Duong Province	06507307777	06503710725
55	100	South of Da Nang	137 Ngu Hanh Son Street, My An Ward, Ngu Hanh Son District, Da Nang City	0511.3932999	0511.3932009
56	83	Nam Dinh	91 Quang Trung Street, Quang Trung Ward, Nam Dinh City, Nam Dinh Province	0350.3558666	0350.3558333
57	97	South of Ha Noi	Floor 1-3, Cau Tien Apartments, 1277 Giai Phong Street, Thinh Liet Ward, Hoang Mai District, Ha noi City	04.38699696	04.36281000

Business network

No.	Code	Branch	Address	Tel	Fax
58	103	South of Hai Phong	11 Hoang Dieu, Minh Khai Ward, Hong Bang District, Hai Phong City	031.3552299	031.3569611
59	18	South of Sai Gon	Floor 1-4, V6 Building, Plot V, Himlam new urban area, 23 Nguyen Huu Tho, Tan Hung Ward, District 7, HCMC	08.37701634	08.37701635
60	10	Nghe An	21 Quang Trung Street, Vinh City, Nghe An Province	038.3842033	038.3842192
61	92	Nha Rong	Nguyen Lam Tower, 133 Duong Ba Trac Street, Ward 1, District 8, HCMC	08.38516688	08.38515567
62	58	Nha Trang	21 Le Thanh Phuong Street, Van Thang Ward, Nha Trang City, Khanh Hoa Province	058.3829689 - 3826279	058.3829682
63	40	Nhon Trach	Nguyen Huu Canh Street, Xom Ho Hamlet, Phu Noi Commune, Nhon Trach District, Dong Nai Province	061.3521888	061.3521999
64	22	Ninh Binh	872 Tran Hung Dao Street, Tan Thanh Ward, Ninh Binh City, Ninh Binh Province	030.3894444	030.3894446
65	81	Ninh Thuan	47, 16/4 Street, Kinh Dinh Ward, Phan Rang - Thap Cham City, Ninh Thuan Province	0683.922755	0683.922756
66	102	Pho Hien	186 Chu Manh Trinh Street, Hien Nam Ward, Hung Yen City, Hung Yen Province	0321.3596666	0321.3796666
67	101	Phu Quoc	1A, Hung Vuong Street, Quarter 1, Duong Dong Town, Phu Quoc District, Kien Giang Province	077.3626264	077.3626265
68	53	Quy Nhon	433 Lac Long Quan Street, Tran Quang Dieu Ward, Quy Nhon City, Binh Dinh Province	056.3541377	056.3741007
69	80	Phu Tho	1606A Hung Vuong Boulevard, Gia Cam Ward, Viet Tri City, Phu Tho Province	0210.3766666	0210.3766667
70	75	Phu Yen	194-196 Hung Vuong Street, Ward 7, Tuy Hoa City, Phu Yen Province	057.3811709	057.3818186
71	31	Quang Binh	03 Ly Thuong Kiet Street, Hai Dinh Ward, Dong Hoi City, Quang Binh Province	052.3840380	052.3828347
72	65	Quang Nam	35 Tran Hung Dao Street, Tam Ky City, Quang Nam Province	0235.3813062	0235.3813235
73	27	Quang Ngai	345 Hung Vuong Street, Tran Phu Ward, Quang Ngai City, Quang Ngai Province	0553.828578	0553.711482
74	14	Quang Ninh	25/4 Street, Bach Dang Ward, Ha Long City, Quang Ninh Province	033.3629215	033.3827206
75	77	Quang Tri	51 Tran Hung Dao, Dong Ha City, Quang Tri Province	053.3555727	053.3555726
76	33	Sai Gon	69 Bui Thi Xuan, Pham Ngu Lao Ward, District 1, HCMC	08.38359323	08.38325041
77	51	Sai Thanh	2D-2E Ly Thuong Kiet Street, Ward 12, District 5, HCMC	08.39572974	08.39573380
78	1	Operation center	31-33 Ngo Quyen Street, Hang Bai Ward, Hoan Kiem District, Ha Noi City	04.39368547	04.38241395
79	94	Soc Son	51, Highway 3, Group 12, Soc Son Town, Soc Son District, Ha Noi City	04.35950000	04.35950505
80	32	Soc Trang	3 Tran Hung Dao Street, Cluster 6, Ward 3, Soc Trang City, Soc Trang Province	079.3621752	079.3610137
81	46	Song Than	79/8 Binh Duong 2 Quarter, An Binh Ward, Di An Town, Binh Duong Province	0650.3792158	0650.3792387
82	44	Tan Binh	108 Tay Thanh Street, Tay Thanh Ward, Tan Phu District, HCMC	08.38157777	08.38106838
83	37	Tan Dinh	72 Pham Ngoc Thach Street, Ward 6, District 3, HCMC	08.38208762	08.38206846
84	39	West of Can Tho	Lot 30A7A, Tra Noc IP, Binh Thuy District, Can Tho City	0710.3844272	0710.3843056
85	99	Tay Ho	565 Lac Long Quan Street, Xuan La Ward, Tay Ho District, Ha Noi City	04.37581111	04.37585399
86	70	Tay Ninh	313, 30/4 Street, Quarter 1, Ward 1, Tay Ninh City, Tay Ninh Province	066.3818997	066.3818998

No.	Code	Branch	Address	Tel	Fax
87	17	West of Sai Gon	321-323-325 Pham Hung Street, Him Lam Residential Area, Hamlet 4A, Binh Hung Commune, Binh Chanh District, HCMC	08.37589297	08.37589298
88	21	Thai Binh	75, Le Loi Street, Le Hong Phong Ward, Thai Binh City, Thai Binh Province	0363.836994	0363.836994
89	82	Thai Nguyen	10 Cach Mang Thang Tam Street, Phan Dinh Phung Ward, Thai Nguyen City, Thai Nguyen Province	0280.3658200	0280.3658219
90	49	Thang Long	Phu Tho PVOIL Building, 148 Hoang Quoc Viet Street, Nghia Tan Ward, Cau Giay District, Ha Noi City	04.37557194	04.37569006
91	45	Thanh Cong	Lot 3, Block 4.1, Hoang Dao Thuy Apartments, Nhan Chinh Ward, Thanh Xuan District, Ha Noi City	04.62578686	04.37761747
92	78	Thanh Hoa	05 Phan Chu Trinh Street, Dien Bien Ward, Thanh Hoa City, Thanh Hoa Province	0373.728286	0373.728386
93	71	Thanh Xuan	448-450 Nguyen Trai Street, Thanh Xuan Trung Ward, Thanh Xuan District, Ha Noi City	04.35578589	04.35574140
94	38	Thu Duc	Linh Trung I Export Processing Zone, Linh Trung Ward, Thu Duc District, HCMC	08.38966806	08.37291335
95	26	Thu Thiem	55-56, Song Hanh Street, An Phu Ward, District 2, HCMC	08.73079668	08.73079530
96	67	Tien Giang	152 Dinh Bo Linh, Ward 2, My Tho City, Tien Giang Province	073.3976999	073.3975878
97	74	Tra Vinh	28 Nguyen Thi Minh Khai Street, Ward 2, Tra Vinh City, Tra Vinh Province	074.3868780	074.3868791
98	86	Vinh	9 Nguyen Sy Sach Street, Ha Huy Tap Ward, Vinh City, Nghe An Province	038.8699567	038.8699568
99	79	Vinh Long	1D-1E, Hoang Thai Hieu Street, Ward 1, Vinh Long City, Vinh Long Province	0703.837981	0703.836479
100	36	Vinh Phuc	392A, Me Linh Street, Khai Quang Ward, Vinh Yen City, Vinh Phuc Province	0211.3720920	0211.3720921
101	8	Vung Tau	27 Tran Hung Dao, Ward 1, Vung Tau City, Ba Ria - Vung Tau Province	064.3852309	064.3859859

VCB Leasing

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VCBS

Floor 12-17, VCB Tower, 198 Tran Quang Khai Street, Ha Noi City
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VCB Tower

Room 1406, Floor 14, VCB Tower, 198 Tran Quang Khai Street, Ha Noi City
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 [F] : (84.4) 3934 0920

VINAFICO

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VCB Money

14482 Beach Blvd; Suite X&Y; Westminster, CA 92683, United States
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VCB Bonday Ben Thanh

Room 602, Floor 6, Harbor View Tower, 35 Nguyen Hue Street, District 1, HCMC
 [T] : (84.8) 3915 3365

VCLI

Floor 11, Capital Tower, 109 Tran Hung Dao Street, Ha Noi City
 [T] : (84.4) 3936 8507

The students were playing puzzle game with the topic "Protect Green Globe" – a program in the project series "Green for Life" deployed by Vietcombank.



GIVING THE BELIEF
FOSTERING THE FUTURE

5

COMMUNITY AND SOCIETY

• Social welfare activities of Vietcombank

Community and Society

IN 2016,
VIETCOMBANK
SPENT MORE THAN

VND **234**

BILLION
FOR SOCIAL SECURITY ACTIVITIES.

VND **1,220**

BILLION WAS THE AMOUNT VIETCOMBANK SPENT
FOR SOCIAL SECURITY ACTIVITIES IN THE
2010 – 2016 PERIOD.

SOCIAL ACTIVITIES OF VIETCOMBANK

With the throughout goal toward a Green bank and sustainable development for the community, Vietcombank's social activities are increasingly promoted with many practical and meaningful programs, contributing to the general development of the community and society.

The social activities have been performed by Vietcombank form many years and were participated by Head Office and branches nationwide. The activities aim to share difficulties and improve living conditions for the poor in disadvantaged regions in the country.

In 2016, Vietcombank spent more than VND234 billion for social security. In the 2010 - 2016 period, the amount for this activity was over VND1,220 billion.



Community and Society

SOCIAL ACTIVITIES OF VIETCOMBANK (continued)

Some typical social security program deployed by Vietcombank:

BUILDING **620**
gratitude houses



GRATITUDE FOR TRUONG SON

The program was launched by Saigon Giai Phong News for the purpose of mobilizing the resources of the whole society to help the families with war invalids, veterans, former youth volunteers and the poor who are living along Truong Son Road. Vietcombank has accompanied this meaningful program with more than VND44 billion contributed to building 620 gratitude houses, giving 1,200 scholarships, building Truong Son Martyrs' Monument in Long Dai Ferry Terminal (Quang Binh Province) and Tat Ferry Terminal (Quang Tri Province), building bell tower and molding bell at Ba Doc Martyrs' Cemetery in Quang Binh Province.



GREEN MESSAGE FROM THE EARTH

This was a national action program aiming to remedy bomb and mine consequences after war which was deployed by the State Steering Committee in line with Decision No. 504/QĐ-TTg of Prime Minister. The objectives of the program were to mobilize domestic and foreign resources to gradually minimize toward completely remedy effects of bombs and mines, serving the economic and social development, ensuring safety for the people, and supporting bomb and mine victims to integrate into the society. Vietcombank honorably accompanied the program.



Community and Society

SOCIAL ACTIVITIES OF VIETCOMBANK (continued)

VIETNAMESE NATIONAL TALENT

Vietnamese National Talent Award is annually co-organized by Vietnam Association for Promoting Education and Dan Tri News, which initially aimed to encourage and honor talents in IT – communication. Over the years, Vietnamese National Talent Award has been increasingly expanded with many other fields such as Science and Technology, Medicine, Environment and talent encouragement.

Vietcombank has accompanied this award for 4 years (2013 – 2016) with a desire to join hands with the organizers to arouse creativity and researches of individuals and organizations to bring practical solutions to the community and promote the economic and social development in many fields.

VIETCOMBANK HAS ACCOMPANIED

Vietnamese National Talent Award for **04** years.



LIGHT UP VIETNAMESE CHILDREN'S DREAMS

“Light up Vietnamese children's dreams” is an annual activity (which was initially organized in 2008), co-organized by Ho Chi Minh Communist Youth Union and Ho Chi Minh Young Pioneer Organization for poor and studious children, street children, and children in difficult circumstances. During the 9 years of deploying and organizing in many provinces and cities such as Ha Noi, Nghe An, Ho Chi Minh City, Can Tho, and Da Nang, the program has received special attention from the leaders and valuable supports from the organizations and individuals, for the purposes of joining hands with the community and sharing with the children in difficult circumstances, lighting up belief and determination for the children to overcome difficulties. Vietcombank has accompanied the program for 9 years as a co-organizer.



Community and Society

SOCIAL ACTIVITIES OF VIETCOMBANK (continued)

GREEN FOR LIFE

“Green for life” is a project aiming to enhance awareness of primary students in the importance of environmental protection, which was deployed by Vietcombank in some primary schools in Ha Noi in late 2016 and early 2107. The largest desire of the organizers of this project is to develop awareness of students in community responsibility through meaningful activities.

With familiar contents, the volunteers of **“Green for life”** program have skillfully inspired awareness of environmental protection for the children in Ha Noi via attractive and interesting interactive games. Participating in the program, the primary students not only engage in interesting activities but are also guided to identify organic and inorganic waste and put waste into light green and dark green bins provided by Vietcombank.

Through each specific activity, the students more clearly understand the necessity of waste sorting, biodegradable waste and non-biodegradable waste that must be properly handled to be recycled before being discharged into the environment. This helpful practical knowledge needs to be kept in mind by youngsters to frequently apply in their daily activities. In addition, the children also participate in meaningful games such as puzzles related to environmental protection.

These experiences have brought the students comfortable moments when they join hands to spread the message of protecting green - clean - beautiful environment. This is also the effort of Vietcombank to increasingly build the image of a Green bank with sustainable development for the community.



Community and Society

SOCIAL ACTIVITIES OF VIETCOMBANK (continued)

Award
thousands
of cows to the
poor households



GIVING COWS TO THE PEOPLE LIVING IN MOUNTAINOUS AREAS BORDERING THE CENTRAL HIGHLANDS, HELPING THEM GET OUT OF POVERTY SUSTAINABLY

In 2015 - 2016, Vietcombank developed the project named "Cow bank" to award thousands of cows to the poor households in some communes in Central Highlands and bordering Central Highlands. The program was highly appreciated by the Central Highlands Steering Committee by its practicality and effectiveness in improving economic and living conditions for the people in mountainous areas, helping them develop economy and get out of poverty sustainably.



DONATION OF MORE THAN

VND **05** BILLION

For "For Beloved Truong Sa"

"TOWARD THE HOMELAND'S SEA AND ISLANDS"

Deeply understanding the importance of preserving national sea sovereignty, during more than half a century accompanying the national history to fight, build and protect homeland as well as develop economy and society, with the heart toward the homeland' sea and islands, Vietcombank has had many meaningful activities such as: Launching the campaign "For beloved Truong Sa" to get donation up to VND 5 billion from the employees of Vietcombank in total VND 50 billion of donation from banking sector, contributing to improving living conditions of people, officers and soldiers stationed on Truong Sa Islands, giving more strength and willpower for their mission of preserving national sea sovereignty; Donating the programs "Fishing nets of love for Hoang Sa and Truong Sa fishermen", "Contribute stones to build Truong Sa"; Funding the project of connecting Co To island to electricity grid; Giving CQ-01 navy boat valued at VND 3 billion to officers and soldiers in Truong Sa Islands; Giving special propaganda loudspeaker system with value of more than VND 3 billion to Vietnam Coastal Guards; etc.



Community and Society

SOCIAL ACTIVITIES OF VIETCOMBANK (continued)

Besides, many other practical and meaningful activities such as regional development programs in Northwest, Central Highlands, and Southwest; Educational and healthcare development; Building gratitude houses; Supporting disaster fund in Central region; And others programs of caring for families under preferential treatment and helping the poor, the disabled, poor children, and the old under special circumstances are always paid attention and implemented by Vietcombank.

Education and healthcare are two important areas that Vietcombank always gives special concern. Social activities related to these areas has been caring out by Vietcombank in many localities across the counties during the last time.

FOR EDUCATION

Not only building new schools, Vietcombank also takes lead in sponsoring learning and teaching equipment and upgrading facilities in schools. Furniture, library, computer room or fresh water tank, garage, sports grounds, etc. are simple but very practical for the schools that are in difficult situations. These significantly contribute in improving and raising teaching and learning quality for both teachers and students. Besides, empowering the poor students to help them rest in mind with a safer way to school is also taken care of by Vietcombank through donation of over 10,000 life jacket briefcases for poor students in flooded lands

and wetlands; and many bicycles to poor pupils and students in other hardship areas.

Every year, the Bank also rewards scholarships to pupils and students with outstanding academic achievement or having great learning efforts despite difficult situations through the Scholarship Funds, Study Encouragement Funds, etc. Through these activities, the Bank wishes to contribute to lighting up trust for children who are less fortunate and lighting up passion and traditional fondness of learning of the Vietnamese younger generation.



Community and Society

SOCIAL ACTIVITIES OF VIETCOMBANK (continued)

FOR HEALTHCARE

Not only funding construction of hospitals, healthcare centers, and buying necessary equipment for diagnosis and treatment, Vietcombank is also interested in sharing difficulties with patients by supporting surgery costs, visiting patients, especially poor children in difficult circumstances. The activities to provide meals to hospital patients in many localities are also regularly undertaken by Vietcombank's union group.

Besides the programs that Vietcombank coordinated with local authorities and agencies, each Vietcombank's staff is fully aware of daily contribution to many practical and meaningful programs to share the responsibility of building a more civilized and beautiful society.



Community and Society

SOCIAL ACTIVITIES OF VIETCOMBANK (continued)



Community and Society

SOCIAL ACTIVITIES OF VIETCOMBANK (continued)



While putting business safety and efficiency above all, Vietcombank also highly appreciates “Humanities” as it is the core value of the Bank’s culture. Vietcombank always cares for and devotes a significant resource for social welfare which is one of the Bank’s annual important goals. Therefore, if in business, Vietcombank always considers “Faithfulness” as the guiding principle, for social activities, the Bank takes the word of “Mind” as the root. We increasingly endeavor to offer practical and permanent values in the areas of community development to contribute in improving better life for the poor. That is the message and also our commitment of “Together for the future” that Vietcombank would like to send to all our valuable customers as well as Vietnamese people.



FIGURES RELATED TO SOCIAL SECURITY ACTIVITIES

Total figures

No.	Items	Year (Unit: VND million)	
		2016	2010 - 2016
1	Total amount of donation to social security activities deployed by Vietcombank	234,262	1,220,000

Region

No.	Region	Year 2016 (Unit: VND million)
1	Northwest region	47,489
2	Central Highlands	29,633
3	Southwest region	38,082
4	Other provinces/cities	119,058

Areas

No.	Funding Purposes	Value realized in 2016 (Unit: VND million)
1	Education	135,749
2	Healthcare	35,600
3	Build houses for poor people/solidarity houses	16,396
4	Overcome disaster consequences	10,190
5	Other areas	36,327

Some typical social welfare programs/projects deployed by Vietcombank in 2016

Items	Total
Building Healthcare Center in Hoai Nhon District, Binh Dinh Province	15 VND billion
Building Tuoi Tho Preschool in Nga 6 Town, Chau Thanh District, Hau Giang Province	10 VND billion
Building Phu Vinh 2 Preschool in Tan Chau Town, An Giang Province	7 VND billion
Building Tran Phu Primary School in Tran Phu Ward, Ha Tinh City, Ha Tinh Province	6 VND billion
Sponsoring Duy Nhat 1 Primary School in Duy Nhat Commune, Vu Thu District, Thai Binh Province	3 VND billion
Building Chau Hoa Primary School in Giong Trom District, Ben Tre Province	7 VND billion
Sponsoring 100 gratitude houses in Gia Lai	5 VND billion
Building school for hearing impaired people in Lam Dong Province	9 VND billion
Building Ethnic Minority Boarding School in Bao Yen District, Lao Cai Province	5 VND billion

BRING SUCCESS
TO BUILD DREAM

Wishing to bring the community and the children with the best, everywhere Vietcombank sees "green sprouts" full of dream and longing with a strong willpower.



6

CONSOLIDATED FINANCIAL STATEMENTS

- General information • Report of the Board of Management
- Independent auditors' report • Consolidated balance sheet
- Consolidated income statement • Consolidated statement of cash flows
- Notes to the consolidated financial statements

GENERAL INFORMATION

Joint Stock Commercial Bank for Foreign Trade of Vietnam

Consolidated financial statements
31 December 2016

TABLE OF CONTENTS	PAGES
General information	133
Report of the Board of Management	135
Independent auditors' report	136
Consolidated balance sheet	138
Consolidated income statement	141
Consolidated statement of cash flows	143
Notes to the consolidated financial statements	145

Banking Licence

Licence No. 138/GP-NHNN dated 23 May 2008 issued by the Governor of the State Bank of Vietnam ("the SBV"), Decision No. 2719/QD-NHNN dated 27 December 2011, Decision No. 523/QD-NHNN dated 22 March 2012, Decision No. 1547/QD-NHNN dated 6 August 2014 and Decision No. 2182/QD-NHNN dated 26 October 2015 promulgated by the State Bank of Vietnam amending and supplementing the Bank's operations.

Business Registration Certificate

Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Ha Noi Authority for Planning and Investment, Business Registration Certificate No. 0100112437 renewed for the twelfth time on 16 December 2016.

Members of the Board of Directors during the year and at the date of this report

Mr. Nghiem Xuan Thanh	Chairman	Appointed on 1 November 2014
Ms. Le Thi Hoa	Member	Reappointed on 25 April 2013
Mr. Nguyen Danh Luong	Member	Reappointed on 25 April 2013
Mr. Yutaka Abe	Member	Reappointed on 25 April 2013
Mr. Pham Quang Dung	Member	Reappointed on 25 April 2013
Ms. Nguyen Thi Dung	Member	Appointed on 25 April 2013
Mr. Nguyen Manh Hung	Member	Appointed on 26 December 2014

Members of the Board of Management during the year and at the date of this report

Mr. Pham Quang Dung	Chief Executive Officer	Appointed on 1 November 2014
Mr. Dao Minh Tuan	Deputy CEO	Reappointed on 15 June 2012
Mr. Nguyen Danh Luong	Deputy CEO	Reappointed on 2 October 2014
Mr. Dao Hao	Deputy CEO	Reappointed on 1 August 2015
Mr. Pham Thanh Ha	Deputy CEO	Reappointed on 1 August 2015
Mr. Yukata Abe	Deputy CEO	Appointed on 30 September 2012
Ms. Truong Thi Thuy Nga	Deputy CEO	Appointed on 1 December 2012
Mr. Pham Manh Thang	Deputy CEO	Appointed on 10 March 2014
Ms. Nguyen Thi Kim Oanh	Deputy CEO	Appointed on 26 December 2014
Ms. Dinh Thi Thai	Deputy CEO	Appointed on 1 June 2015

Members of the Supervisory Board during the year and at the date of this report

Ms. Truong Le Hien	Head of the Board	Reappointed on 25 April 2013
Ms. La Thi Hong Minh	Member	Reappointed on 25 April 2013
Ms. Do Thi Mai Huong	Member	Reappointed on 25 April 2013
Ms. Vu Thi Bich Van	Member	Reappointed on 25 April 2013

GENERAL INFORMATION (continued)

Chief Accountant

Ms. **Phung Nguyen Hai Yen**
Reappointed on 16 June 2016

Legal Representative

Since 1 November 2014
Mr. **Nghiem Xuan Thanh**
Title: Chairman of the Board of Director

Authorised signature on financial statements

(According to Letter of Authorisation
No. 528/UQ-VCB-TH&CDKT dated 1 November 2014)

Since 1 November 2014
Mr. **Nguyen Danh Luong**
Title: Deputy CEO

The Bank's Head Office

198 Tran Quang Khai Street
Hoan Kiem District, Ha Noi, Vietnam

The Bank's auditors

Ernst & Young Vietnam Limited

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") is pleased to present its report and the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2016.

The Board of Management's responsibility in respect of the consolidated financial statements

The Board of Management 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 subsidiaries, and of the consolidated results of their operations and their consolidated cash flows for the year. In preparing those consolidated financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments 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 and its subsidiaries will continue their business.

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

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

Statement by the Board of Management

The Board of 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 subsidiaries 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 statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of the Board of Management:

Mr. **Nguyen Danh Luong**
Deputy CEO

Ha Noi, Vietnam

29 March 2017

INDEPENDENT AUDITORS' REPORT

Reference: 61039047/18715793-HN

**To: The Shareholders of
Joint Stock Commercial Bank for Foreign Trade of Vietnam**

We have audited the accompanying consolidated financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") and its subsidiaries, as prepared on 29 March 2017 and set out on pages 138 to 211, which comprise the consolidated balance sheet as at 31 December 2016, the consolidated income statement and the consolidated statement of cash flows for the year then ended and the notes thereto.

The Board of Management's responsibility

The Board of Management of the Bank is responsible for the preparation and fair presentation of the consolidated financial statements of the Bank and its subsidiaries in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to the preparation and presentation of consolidated financial statements, and for such internal control as the Board of Management 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.

Auditor's responsibility

Our responsibility is to express our 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 supporting 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 in 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 appropriate 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 the Board of 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.

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 subsidiaries 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 statutory requirements relevant to preparation and presentation of consolidated financial statements.

Ernst & Young Vietnam Limited



Mr. **Trình Hoàng Anh**
Deputy General Director
Audit Practising Registration
Certificate No. 2071-2013-004-1

Ho Chi Minh City, Vietnam

29 March 2017

A handwritten signature in blue ink, appearing to read "T.M. Thao".

Ms. **Tran Mai Thao**
Auditor
Audit Practising Registration
Certificate No. 2466-2013-004-1

CONSOLIDATED BALANCE SHEET

as at 31 December 2016

Form B02/TCTD-HN

	Notes	31/12/2016 VND million	31/12/2015 VND million
A ASSETS			
I Cash on hand, gold, silver and gemstones	4	9,692,053	8,519,334
II Balances with the State Bank of Vietnam	5	17,382,418	19,715,035
III Balances with and loans to other credit institutions	6	151,845,570	131,527,373
1 Balances with other credit institutions		103,236,053	92,587,537
2 Loans to other credit institutions		48,609,517	38,939,836
3 Provision for credit losses of balances with and loans to other credit institutions		-	-
IV Trading securities	7	4,233,529	9,925,046
1 Trading securities		4,271,362	9,941,389
2 Provision for trading securities		(37,833)	(16,343)
V Derivative financial instruments and other financial assets	18	230,658	628
VI Loans to customers		452,684,316	379,113,059
1 Loans to customers	8	460,808,468	387,722,937
2 Provision for credit losses of loans to customers	9	(8,124,152)	(8,609,878)
VII Investment securities		131,771,107	107,597,495
1 Available-for-sale securities	10(a)	51,931,950	42,468,041
2 Held-to-maturity securities	10(b)	80,019,284	65,818,278
3 Provision for investment securities		(180,127)	(688,824)
VIII Long-term investments		3,627,814	3,556,750
1 Investments in joint-ventures	11(a)	803,098	753,772
2 Investments in associates	11(b)	9,645	9,349
3 Other long-term investments	11(c)	2,829,418	2,829,418
4 Provision for long-term investments	11(c)	(14,347)	(35,789)
IX Fixed assets		5,639,382	5,039,473
1 Tangible fixed assets	12	3,717,046	3,385,622
a Cost		8,621,996	7,661,735
b Accumulated depreciation		(4,904,950)	(4,276,113)
2 Intangible fixed assets	13	1,922,336	1,653,851
a Cost		2,518,777	2,211,799
b Accumulated amortization		(596,441)	(557,948)
X Other assets		10,800,045	9,400,447
1 Receivables	14(a)	2,950,677	2,953,963
2 Accrued interest and fee receivables	14(b)	5,786,098	4,849,535
3 Deferred tax assets		1,943	1,943
4 Other assets	14(c)	2,062,264	1,596,073
5 Provision for other assets		(937)	(1,067)
TOTAL ASSETS		787,906,892	674,394,640

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET

as at 31 December 2016 (continued)

Form B02/TCTD-HN

	Notes	31/12/2016 VND million	31/12/2015 VND million
B LIABILITIES AND SHAREHOLDERS' EQUITY			
I Amounts due to the Government and the State Bank of Vietnam	15	54,151,413	41,479,553
II Deposits and borrowings from other credit institutions	16	72,238,405	72,135,381
1 Deposits from other credit institutions		53,282,230	51,743,682
2 Borrowings from other credit institutions		18,956,175	20,391,699
III Deposits from customers	17	590,451,344	501,162,550
VI Valuable papers issued	19	10,286,376	2,479,070
VII Other liabilities		12,677,844	11,965,744
1 Accrued interest and fee payables	20(a)	6,454,174	4,988,305
2 Deferred tax liabilities		18,461	19,444
3 Other liabilities	20(b)	6,205,209	6,957,995
TOTAL LIABILITIES		739,805,382	629,222,298
VIII Capital and reserves			
1 Capital		36,022,846	32,420,681
a Charter capital		35,977,686	26,650,203
b Share premium		-	5,725,318
c Other capital		45,160	45,160
2 Reserves		5,936,667	4,941,362
3 Foreign exchange differences		84,245	79,969
4 Asset revaluation differences		83,285	89,222
5 Retained profits		5,830,946	7,475,808
a Previous years' retained profits		1,204,902	3,921,494
b Current year's retained profits		4,626,044	3,554,314
6 Non-controlling interests		143,521	165,300
TOTAL SHAREHOLDERS' EQUITY	21(a)	48,101,510	45,172,342
TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS		787,906,892	674,394,640

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET

as at 31 December 2016 (continued)

Form B02/TCTD-HN


No.		Notes	31/12/2016 VND million	31/12/2015 VND million
OFF-BALANCE SHEET ITEMS				
1	Credit guarantees		222,549	74,143
2	Foreign exchange commitments		24,605,699	19,757,401
a	Forward buying		9,019,812	8,852,550
b	Forward selling		15,585,887	10,904,851
3	Letters of credit		44,755,947	30,826,079
4	Other guarantees		36,683,048	27,283,715
5	Other commitments		63,624	26,797
		36	106,330,867	77,968,135

Ha Noi, 29 March 2017

Prepared by:

Approved by:

Ms. **Nguyen Thi Thu Huong**Ms. **Phung Nguyen Hai Yen**Mr. **Nguyen Danh Luong**


Deputy Director of
Accounting Policy Department

Chief Accountant



Deputy CEO

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2016

Form B03/TCTD-HN

	Notes	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million	
1	Interest and similar income	22	37,713,172	31,360,729
2	Interest and similar expenses	23	(19,185,461)	(15,907,697)
I	Net interest income		18,527,711	15,453,032
3	Fee and commission income	24	4,326,483	3,557,304
4	Fee and commission expenses	24	(2,219,778)	(1,684,656)
II	Net fee and commission income	24	2,106,705	1,872,648
III	Net gain from trading foreign currencies	25	1,850,118	1,572,574
IV	Net gain from trading securities	26	495,768	197,475
V	Net (loss)/ gain from investment securities	27	(89,416)	152,354
5	Other income	28	2,293,539	2,140,550
6	Other expenses	28	(376,349)	(235,271)
VI	Net other income	28	1,917,190	1,905,279
VII	Dividend and net income from investments in associates and joint-ventures	29	71,556	48,435
	TOTAL OPERATING INCOME		24,879,632	21,201,797
VIII	TOTAL OPERATING EXPENSES	30	(9,950,443)	(8,306,249)
IX	Net operating profit before provision for credit losses		14,929,189	12,895,548
X	Provision for credit losses	31	(6,406,106)	(6,068,091)
XI	PROFIT BEFORE TAX		8,523,083	6,827,457

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2016 (continued)

Form B03/TCTD-HN



	Notes	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million	
7	Current corporate income tax expenses	32	(1,672,082)	(1,495,100)
8	Deferred corporate income tax expenses		-	(290)
XII	Corporate income tax expenses		(1,672,082)	(1,495,390)
XIII	NET PROFIT AFTER TAX		6,851,001	5,332,067
XIV	Net profit attributable to non-controlling interests		(19,276)	(18,139)
XVI	NET PROFIT ATTRIBUTABLE TO THE BANK'S ORDINARY SHAREHOLDERS		6,831,725	5,313,928
XV	Basic earnings per share (VND) (*)	21(c)	1,566	1,202

(*) Basic earnings per share of 2015 are restated due to the effects of change in net profit used for calculation of basic earnings per share and weighted average number of ordinary shares (see Note 21 (c)).

Ha Noi, 29 March 2017

Prepared by:

Approved by:

Ms. **Nguyen Thi Thu Huong**Ms. **Phung Nguyen Hai Yen**Mr. **Nguyen Danh Luong**



Deputy Director of
Accounting Policy Department

Chief Accountant



Deputy CEO

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

Form B04/TCTD-HN

	Notes	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
1	Interest and similar income received	36,779,872	30,098,366
2	Interest and similar expenses paid	(17,717,796)	(15,705,220)
3	Fee and commission income received	2,106,705	1,872,648
4	Net receipts from foreign currencies, gold and securities trading	2,488,711	2,121,067
5	Other income/(expense) received/paid	(209,799)	67,753
6	Receipts from recovery of bad debts previously written off	2,121,544	1,834,236
7	Payments to employees and for other operating activities	(9,305,422)	(7,138,869)
8	Income tax paid	34	(1,739,934)
	Net cash flows from operating activities before changes in operating assets and working capital	14,523,881	11,486,376
(Increase)/decrease in operating assets			
9	Balances with and loans to other credit institutions	331,414	5,898,690
10	Trading securities	(22,008,457)	(49,255,547)
11	Derivative financial instruments and other financial assets	(230,030)	(628)
12	Loans to customers	(73,085,531)	(63,813,586)
13	Utilization of provision credit losses of loans to customers	(7,403,039)	(4,031,616)
14	Other operating assets	(203,801)	(1,073,098)
Increase/(decrease) in operating liabilities			
15	Amounts due to the Government and the SBV	12,671,860	(12,613,519)
16	Deposits and borrowings from other credit institutions	103,024	28,897,583
17	Deposits from customers	89,288,794	78,324,486
18	Valuable papers issued	7,807,306	270,429
20	Derivative financial instruments and other financial liabilities	-	(75,278)
21	Other operating liabilities	(1,231,890)	(254,738)
22	Payments from reserves	(1,199,774)	(497,726)
I	Net cash generated from/(used in) operating activities	19,363,757	(6,738,172)

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016 (continued)

Form B04/TCTD-HN



	Notes	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
1	Payments for purchases of fixed assets	(1,272,248)	(1,194,037)
2	Proceeds from disposals of fixed assets	7,206	5,254
3	Payments for disposals of fixed assets	(1,762)	(2,059)
4	Proceeds from investments in other entities	12,540	12,100
5	Payments for investments in other entities	-	(108,464)
6	Dividends and interest received from long-term investments in the period	24,549	86,693
7	Dividends of prior year received in the year	7,123	3,562
II	Net cash used in investing activities	(1,222,592)	(1,196,951)
CASH FLOWS FROM FINANCING ACTIVITY			
1	Dividends of prior year paid in cash	(2,665,020)	(2,665,020)
III	Cash used in financing activity	(2,665,020)	(2,665,020)
IV	Net cash flows during the year	15,476,145	(10,600,143)
V	Cash and cash equivalents at the beginning of the year	33 164,412,853	175,012,996
VI	Cash and cash equivalents at the end of the year	33 179,888,998	164,412,853

Ha Noi, 29 March 2017

Prepared by:

Ms. **Nguyen Thi Thu Huong**Ms. **Phung Nguyen Hai Yen**

Approved by:

Mr. **Nguyen Danh Luong**


Deputy Director of
Accounting Policy Department

Chief Accountant




Deputy CEO

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B05/TCTD-HN

for the year ended 31 December 2016

These notes form an integral part of, and should be read in conjunction with, the accompanying consolidated financial statements.

1. Reporting entity**(a) Establishment and operations**

Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") was established upon the transformation from a State-owned commercial bank following the approval of the Prime Minister on the equitization plan of the Bank for Foreign Trade of Vietnam and in accordance with other relevant regulations. The Bank was granted Banking Licence No. 138/GP-NHNN dated 23 May 2008 by the State Bank of Vietnam ("the SBV") for a period of 99 years, Business Registration Certificate No. 0103024468 dated 2 June 2008 by Ha Noi Authority for Planning and Investment and Business Registration Certificate No. 0100112437 renewed for the twelfth time on 16 December 2016.

The principal activities of the Bank in accordance with Decision No. 2719/QĐ-NHNN dated 27 December 2011 and Decision No. 2182/QĐ-NHNN dated 26 October 2015 amending and supplementing Banking Licence No. 138/GP-NHNN on the contents of the Bank's operations are to mobilize and receive short, medium and long-term deposits from organizations and individuals; lend to organizations and individuals up to the nature and capability of the Bank's capital resources; conduct settlement and cash services; provide other banking services as approved by the SBV; invest in associates, joint-ventures and other companies; invest in stocks and bonds; and trade in foreign exchange and real-estate business in accordance with the relevant regulations; trade in and supply interest rates derivatives in accordance with the relevant regulations.

(b) Charter capital

Under Banking Licence No. 138/GP-NHNN dated 23 May 2008 issued by the SBV; and Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Ha Noi Authority for Planning and Investment, the Bank's charter capital was VND12,100,860,260,000. Under Business Registration Certificate No. 0100112437 renewed for the twelfth time on 16 December 2016, the Bank's charter capital was VND35,977,685,750,000. The face value per share is VND10,000.

	31/12/2016		31/12/2015	
	Number of shares	%	Number of shares	%
Shares owned by the State of Vietnam	2,774,353,387	77.10%	2,055,076,583	77.10%
Shares owned by foreign strategic shareholder (Mizuho Bank Ltd., Japan)	539,668,502	15.00%	399,754,446	15.00%
Shares owned by other shareholders	283,746,686	7.90%	210,189,305	7.90%
	3,597,768,575	100%	2,665,020,334	100%

(c) Location and network

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Ha Noi. As at 31 December 2016, the Bank had one (1) Head Office, one (1) Training Centre and one hundred and one (101) branches nationwide, three (3) local subsidiaries, two (2) overseas subsidiaries, three (3) joint-ventures, one (1) associate and one (1) overseas representative office located in Singapore and one (1) representative office located in Ho Chi Minh City.

The Bank and its subsidiaries hereinafter are referred as "Vietcombank".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

1. Reporting entity (continued)**(d) Subsidiaries, joint-ventures and associates***Subsidiaries*

Subsidiaries	Operating Licence	Business sector	% direct shareholding by the Bank
Vietcombank Financial Leasing Company Limited	Operating Licence No. 05/GP-CTCTTC dated 25 May 1998 granted by the SBV	Financial leasing	100%
Vietcombank Securities Company Limited	Operating Licence No. 09/GPHDKD dated 24 April 2002 and Licence No. 12/GPHDLK dated 23 May 2002, last amendment No. 25/GPDC-UBCK dated 11 June 2013 granted by the State Securities Commission ("SSC")	Securities	100%
Vietcombank Tower 198 Company Limited	Investment Licence No. 1578/GP dated 30 May 1996 and No. 1578/GPDC1 dated 18 April 2006 granted by the Ministry of Planning and Investment.	Office leasing	70%
Vietnam Finance Company Limited	Business Licence No. 0226 issued by Hong Kong Monetary Authority dated March 7, 1978. First amendment dated November 3, 1992, second amendment dated September 19, 1995.	Financial services	100%
Vietcombank Money Incorporation	Business Licence No. E0321392009-6 dated 15 June 2009 granted by the Authority of the State of Nevada.	Remittance	87.5%

1. Reporting entity (continued)**(d) Subsidiaries, joint-ventures and associates (continued)***Joint-ventures*

Joint-ventures	Operating Licence	Business sector	% direct shareholding by the Bank
Vietcombank - Bonday - Ben Thanh Company Limited	Operating Licence No. 2458/GP dated 7 February 2005 granted by the Ministry of Planning and Investment with Amendment No. 2458/GCND1/41/1 dated October 26, 2011 and Amendment No. 2458/GCND2/41/1 dated December 28, 2012	Office leasing	52%
Vietcombank Fund Management Company	Operating Licence No. 06/UBCK-GPHDQLQ dated 2 December 2005 granted by the State Securities Commission, last amendment No. 17/GPDC-UBCK dated August 06, 2015	Investment fund management	51%
Vietcombank - Cardif Life Insurance Company Limited	Investment Licence No. 55/GP dated 23 October 2008 granted by the Ministry of Finance	Life insurance	45%

Associates

Associates	Operating Licence	Business sector	% direct shareholding by the Bank
Vietcombank Bonday Limited	Operating Licence No. 283/GP dated 5 December 1991 granted by the Department of Planning and Investment, last amendment No. 283/GPDC3 dated October 02, 2000	Office leasing	16%

(e) Number of employees

As at 31 December 2016, Vietcombank has 15,615 employees (as at 31 December 2015: 14,755 employees).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

2. Summary of significant accounting policies

The following significant accounting policies have been adopted by Vietcombank in the preparation and presentation of these consolidated financial statements.

(a) Basis for the preparation of the consolidated financial statements

The consolidated financial statements, presented in Vietnam Dong ("VND"), and rounded to the nearest million VND ("VND million"), have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory regulations relevant to the preparation and presentation of consolidated financial statements. The Bank also prepares the separate financial statements for the year ended 31 December 2016.

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the direct method.

(b) Changes in accounting policies

The accounting policies adopted by the Bank in the preparation and presentation of these consolidated financial statements are consistent with those used in the preparation and presentation of the consolidated financial statements for the year ended 31 December 2015, except for the changes in the accounting policies and notes in relation to the operations:

(i) Changes in accounting policies at Vietcombank Securities Limited Company ("VCBS")

On 30 December 2014, the Ministry of Finance issued Circular No. 210/2014/TT-BTC ("Circular 210") providing guidance on accounting policies applicable to securities companies. This Circular replaces Circular No. 95/2008/TT-BTC dated 24 October 2008 of the Ministry of Finance providing guidance on accounting policies applicable to securities companies and Circular No. 162/2010/TT-BTC dated 20 October 2010 amending and supplementing Circular No. 95/2008/TT-BTC. Circular 210 is applicable to fiscal year beginning on or after 1 January 2016. Circular 210 prescribes contents of accounting vouchers, system of accounting accounts as well as method of preparing and presenting the financial statements of securities companies.

On 27 December 2016, the Ministry of Finance issued Circular No. 334/2016/TT-BTC amending, supplementing and superseding Appendix 02 and 04 of Circular No. 210/2014/TT-BTC dated 30 December 2014 ("Circular 334").

Accordingly, deposits, securities and payables of investors of VCBS are managed separately and not presented on the balance sheet of Vietcombank.

Circular 210 and Circular 334 are effective since 1 January 2016. VCBS has restated the comparative figures of certain items in the financial statements that have a material impact by the application of Circular 210 and Circular 334 to VCBS, as disclosed in Note 42.

2. Summary of significant accounting policies (continued)

(c) Fiscal year

Vietcombank's fiscal year is from 1 January to 31 December.

(d) Foreign currency transactions

According to the accounting system, Vietcombank records all transactions in their original currencies. Monetary assets and liabilities denominated in currencies other than VND are converted into VND at the inter-bank exchange rates prevailing on the consolidated balance sheet date. Non-monetary foreign currency assets and liabilities are reported using the exchange rate effective on the date of the transaction. Income and expenses in foreign currencies are converted into VND in the consolidated income statement at the exchange rates on the dates of the transactions.

Foreign exchange differences arise from revaluation of foreign currency trading activities at the end of the period are presented in line "Foreign exchange differences", and are recorded in the consolidated income statement when preparing financial statements.

In order to prepare the consolidated financial statements, for the subsidiaries using the consolidation method and for the associates and joint-ventures using the equity method, which have accounting currencies other than VND, assets, liabilities and equity accounts of these companies are converted into VND at the inter-bank exchange rate on the consolidated balance sheet date, and the income and expenses in the income statements are converted into VND at the average exchange rate for the period. Exchange differences arising from the conversion are taken into equity in the consolidated balance sheet.

(e) Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Bank. The control exists when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that the control commences until the date that the control ceases.

Inter-company balances, transactions, and unrealized profit/loss on transactions between those companies and the Bank are eliminated in full in the consolidated financial statements. The accounting policies of subsidiaries have been changed if necessary to ensure the consistency with the policies adopted by the Bank.

Non-controlling interests represent the portion of the profit or loss and net assets of a subsidiary attributable to equity interest that are not owned, directly or indirectly through subsidiaries, by the Bank.

(ii) Associates and joint-ventures

Associates are those entities in which the Bank has significant influence, but not control, over the financial and operating policies.

Joint-ventures are those entities that the Bank has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

2. Summary of significant accounting policies (continued)

(e) Consolidation (continued)

(ii) Associates and joint-ventures (continued)

Vietcombank uses the equity method of accounting for its investments in associates and joint ventures in the consolidated financial statements. Vietcombank's share of post-acquisition profits and losses in its associates and joint-ventures is recognized in the consolidated income statement. When its share of losses in associates and joint-ventures equals or exceeds the cost of its investments in these associates and joint-ventures, Vietcombank does not recognize further losses in its consolidated financial statements, unless it has obligations to pay on behalf of the associates and joint-ventures. Accounting policies of associates and joint-ventures have been changed where necessary to ensure consistency with the policies adopted by Vietcombank.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with the SBV, Treasury bills and other short-term valuable papers which are eligible for discounting with the SBV, balances with other credit institutions with original terms to maturity not exceeding three months from the original date of placements; securities with original maturity not exceeding three months that are readily convertible into known amounts of cash, and that are subjected to an insignificant risk of change in value.

(g) Loans to customers

(i) Loans to customers

Loans to customers are stated in the consolidated balance sheet at the principal amounts outstanding as at the date of the consolidated financial statements.

Provision for credit losses of loans to customers is recorded and stated in a separate line.

(ii) Specific provision for credit losses

In accordance with Circular No. 02/2013/TT-NHNN ("Circular 02") dated 21 January 2013 on classification of assets, levels and method of setting up of risk provisions, and use of provisions against credit risks in the banking activity of credit institutions, foreign banks' branches and Circular No. 09/2014/TT-NHNN ("Circular 09") dated 18 March 2014 amending and supplementing a number of articles of Circular 02, specific provision for credit losses at the year-end is calculated based on the loan classification and corresponding provision rates against principal outstanding as at 30 November less discounted value of collateral as follows:

	<i>Provision rate</i>
Group 1 – Current	0%
Group 2 – Special mentioned	5%
Group 3 – Sub-standard	20%
Group 4 – Doubtful	50%
Group 5 – Loss	100%

2. Summary of significant accounting policies (continued)

(g) Loans to customers (continued)

(ii) Specific provision for credit risk (continued)

Since 1 January 2010, Vietcombank has applied Article 7, Decision No. 493/2005/QĐ-NHNN to make the loan classification as approved by the SBV. However, according to Circular 02, Vietcombank is required to classify loans to customers and off-balance sheet commitments in accordance with both the Article 10 and Clause 1 of Article 11, Circular 02 for a period of three years starting from 1 June 2014. In case, there is a different classification of a loan between Article 10 and Clause 1 from Article 11, Circular 02, the loan is to be classified into the group of higher risk.

Since 1 January 2015, credit institutions, foreign banks' branches are required to use the updated information from Credit Information Centre (CIC) about the loan group of customers at the time of loan classification to adjust their classification of loans and off-balance sheet items.

(iii) General provision for credit losses

Vietcombank is required to make and maintain a general provision of 0.75% of total outstanding balance of loans to customers which are classified into Groups 1 to 4 as at 30 November.

(iv) Bad debts written-off

According to Circular 02, Vietcombank writes off bad debts in the following cases:

- Borrowers who are dissolved, bankrupted under legal regulations (in case of legal entities); or are deceased or missing (in case of individuals); or
- Debts are classified into Group 5.

(v) Bad debts sold to Vietnam Asset Management Company

Bad debts sold to Vietnam Asset Management Company ("VAMC") are recognized at their book values in accordance with Decree No. 53/2013/ND-CP effective from 9 July 2013 on "Establishment, organization and operation of Vietnam Asset Management Company", Circular No. 19/2013/TT-NHNN effective from 15 September 2013 on "Purchase, sale and handling of bad debts of Vietnam Asset Management Company", Official Letter No. 8499/NHNN-TCKT on "Guidance on accounting for bad debts purchase and sale between VAMC and credit institutions" and other related adjustments and amendments to this regulation. Accordingly, the selling price is the outstanding balance of a bad debt minus its unused specific provision.

For the sale of bad debts in exchange for VAMC bonds, upon completion of sales of bad debts to VAMC, both the outstanding principal and specific provision of the sold debts are de-recognized and VAMC special bonds are recognized at the face value, which equals to the outstanding balance of the sold debts less the unused specific provision. Upon receiving the sold debts back from VAMC, Vietcombank will use the provision made annually for VAMC special bonds to write off such bad debts. Difference between the provision made for VAMC bonds and the uncollected outstanding balance of debts/bonds will be recognized as "Other income" in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

2. Summary of significant accounting policies (continued)

(h) Investments

(i) Trading securities

Trading securities are debt securities, equity securities and other securities acquired and held for the purpose of reselling within one year to gain profit on changes in price.

Trading securities are initially recognized at the cost of acquisition and subsequently measured at the lower of book value and market value. Gains or losses from the sales of trading securities are recognized in the consolidated income statement.

(ii) Investment securities

Investment securities are classified into two categories: available-for-sale and held-to-maturity securities. Vietcombank classifies investment securities on their purchase dates. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, Vietcombank is allowed to reclassify investment securities no more than one time after the purchase date.

Available-for-sale securities

Available-for-sale securities are debt securities, equity securities or other securities, which are acquired for an indefinite period and may be sold at any time. For equity securities, Vietcombank is neither a founding shareholder nor a strategic partner; nor has the influence on the entity's process of plan and determination of financial and operating policies under agreements to appoint its personnel to the entity's board of directors/board of management of the investee.

Held-to-maturity securities

Held-to-maturity securities are debt securities, with fixed or determinable payments and maturities where Vietcombank has the positive intention and ability to hold until maturity.

Held-to-maturity securities are initially recognized at cost of acquisition, including transaction expenses and other directly attributable expenses. They are subsequently measured at the lower of the book value after amortization of premium/discount and the market value. Premiums/discounts arising from the purchases of debt securities are amortized to the consolidated income statement using the straight-line method over the period from the acquisition date to the maturity date.

In addition, according to Circular 02 and Circular 09, investment securities which are unlisted corporate bonds must be subject to classification and provision similarly to that for loans to customers presented in Note 2(g).

2. Summary of significant accounting policies (continued)

(h) Investments (continued)

(ii) Investment securities (continued)

Special bonds issued by VAMC

Special bonds issued by VAMC are fixed-term valuable papers used to purchase bad debts of Vietcombank. The special bonds are initially recognized at face value at the date of transaction and subsequently carried at face value during the holding period. The face value of the bonds equals to the outstanding balance of the sold debts less their unused specific provision.

Special bonds will be settled in one of the following cases:

- The provision made for special bonds is not less than the book value of relevant bad debts recorded in the accounting books of VAMC, including the following cases:
 - » VAMC sells the bad debts to organizations, individuals, including the case of re-selling debts to credit institutions it previously purchased the debts from using special bonds at market price or negotiated price;
 - » VAMC converts the debts into the charter capital of the corporate borrowers.
- Special bonds are expired.

In accordance with Circular No. 14/2015/TT-NHNN, during the time holding the special bonds, within 5 working days before the maturity date of special bonds, the Bank shall make a minimum specific provision for each special bond, which is calculated based on the maturity of special bonds, amounts of bad debt collected up to the date of provision calculation and face value of special bonds.

Specific provision for each special bond is recognized in the consolidated income statement in "Provision for credit losses".

During the year, Vietcombank settled the whole portfolio of special bonds issued by VAMC to make provision for and write-off bad debts.

(iii) Long-term investments

Other long-term investments represent Vietcombank's capital investments in other entities where it owns less than 11% of voting rights and is either a founding shareholder or a strategic partner; or has influences on the entity's process of planning and determining financial and operating policies under agreements to appoint its personnel to the entity's board of directors/board of management of the investee.

Other long-term investments include equity securities and other long-term capital contributions which Vietcombank intended to hold for more than one year (other than investments in joint-ventures, associates).

Other long-term investments are initially recognized at cost and subsequently measured at the lower of the carrying value and the market value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

2. Summary of significant accounting policies (continued)

(h) Investments (continued)

(iii) Long-term investments (continued)

Provision for long-term investments is made when the economic investee entity suffers a loss (except for cases where losses have been projected in the initial business plans) in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013. The provision amount is the difference between the Bank's capital contribution to the economic entity and the actual owners' equity multiplied (x) by the ratio of capital invested by Vietcombank to the total actual capital of the economic entity. For an investment in listed shares or shares whose fair value can be determined reliably, provision is made based on the shares' market value (similar to provision for trading securities).

(i) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specific date in the future (repos) are still recognized in the consolidated financial statements. The corresponding cash received from these agreements is recognized in the consolidated balance sheet as a liability. The difference between the sale price and repurchase price is amortized in the consolidated income statement over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

Securities purchased under agreements to resell at a specific date in the future are not recognized in the consolidated financial statements. The corresponding cash paid under these agreements is recognized in the consolidated balance sheet in "Loans to customers". The difference between the purchase price and resale price is amortized over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract and recognized in the consolidated income statement.

(j) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and the cost of dismantling and removing the asset and restoring the site on which it is located.

On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC guiding the framework of management, use and depreciation of fixed assets. According to this Circular, assets shall be considered as fixed assets if they meet all of the following three criteria:

- It is certain to gain future economic benefits from the use of such assets;
- The useful life of assets is above one year; and
- Historical costs of the assets must be determinable reliably, with a minimum value of VND30,000,000 (thirty million VND).

Expenditures incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the consolidated income statement for the period in which the costs are incurred. In case it can be clearly demonstrated that these expenditures have resulted in an increase in the expected future economic benefits obtained from the use of these tangible fixed assets beyond their originally assessed standard level of performance, the expenditures will be capitalized as an additional cost of tangible fixed assets.

2. Summary of significant accounting policies (continued)

(j) Tangible fixed assets (continued)

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

- | | |
|--|-------------|
| • Premises | 25 years |
| • Office furniture, fittings and equipment | 3 - 5 years |
| • Motor vehicles | 6 years |
| • Others | 4 years |

(k) Intangible fixed assets

(i) Land use rights

According to Circular No. 45/2013/TT-BTC dated 25 April 2013 by the Ministry of Finance, land use rights recognized as intangible fixed assets comprise:

- The land use rights allocated by the State with land use fee or receiving the transfer of legal land use rights (including land use rights with definite and indefinite terms);
- The rights to use the leased land before the effective date of the Land Law 2003 but the rent has been paid for the leasing time or paid in advance for many years and the remaining paid land lease term is at least five years and granted with certificate of land use rights by the competent authority.

The initial cost of land use rights is determined as the total amount paid to get the land use rights plus (+) costs of site clearance, ground leveling, registration fee (excluding costs of construction on that land) or the value of land use rights used by shareholders to contribute to charter capital.

Land use rights not recognized as intangible assets comprise:

- Land use rights allocated by the State without land use fee;
- Land leases for which the lease amount was paid one time for the entire lease term (the lease term is after the effective date of the Land Law 2003 and no Certificate of land use rights is granted): the lease amount is amortized in operating expenses during the lease term;
- Land leases for which the lease amounts are paid annually, the lease amount is recorded in operating expenses in the respective year.

According to Circular No. 45/2013/TT-BTC, intangible fixed assets which are long-term land use rights with land use fee or receiving the legal long-term land use rights are not amortized.

For intangible fixed assets which are land use rights with definite terms or leased land use rights, depreciation is calculated on the period permitted for the use of the land.

(ii) Other intangible fixed assets

Copyrights, patents and other intangible fixed assets are amortized on a straight-line basis over 4 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

2. Summary of significant accounting policies (continued)

(l) Deposits from customers and certificates of deposits

Deposits from customers and certificates of deposits are stated at cost.

(m) Valuable papers issued

Valuable papers issued are stated at cost, net of amortized premiums and discounts. Cost of valuable papers issued includes the proceeds from the issuance less directly attributable expenses.

(n) Severance allowance

Under the Vietnamese Labor Code, when employees who have worked for Vietcombank in Vietnam for 12 months or more ("eligible employees") voluntarily terminate their labor contracts, the employer is required to pay the eligible employees severance allowance calculated based on: the number of years of service up to 2008; and employees' compensation within their last 6 working months. In accordance with Circular No. 180/2012/TT-BTC dated 24 October 2012, the Bank and its subsidiaries in Vietnam make severance allowance and record as operating expenses in the period.

(o) Capital and reserves

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from share premium in equity.

(ii) Share premium

On receipt of capital from shareholders, the difference between the issuance price and the par value of the shares is recorded as share premium in equity.

(iii) Treasury shares

When Vietcombank repurchases its own issued shares, the total paid amount which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity and referred to as treasury shares.

(iv) Reserves

Reserves are used for specific purposes and appropriated from net profit after tax of the Bank and Vietcombank Financial Leasing Company Limited at prescribed rates as below:

- Supplementary charter capital reserve: 5% of net profit after tax and does not exceed charter capital.
- Financial reserve: 10% of net profit after tax and does not exceed 25% of charter capital.
- Investment and development reserve and other reserves: are to be made upon the resolutions of the Annual General Shareholders' Meeting.

2. Summary of significant accounting policies (continued)

(o) Capital and reserves (continued)

(iv) Reserves (continued)

The appropriation to reserves is made in accordance with the resolutions of the Annual General Shareholders' Meeting and relevant statutory requirements.

The remaining of the net profit after tax, after appropriation to reserves and dividends payment, is recorded as retained profits of the Bank.

Vietcombank Securities Company Limited sets up reserves according to Circular No.146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014.

(v) Foreign exchange differences

Foreign exchange differences are differences arise when financial statements in foreign currencies of overseas subsidiaries converted into VND for consolidation purpose.

(p) Income and expenses

(i) Interest income and interest expenses

Interest income of outstanding loans classified in Group 1 – Current is recognized on an accrual basis. Interest on loans classified in Group 2 to Group 5 is recognized in the consolidated income statement upon receipt.

Interest expenses are recorded on an accrual basis.

(ii) Fees, commissions and dividend income

Fees and commissions are recognized on an accrual basis. Cash dividends from investment activities are recognized in the consolidated income statement when Vietcombank's right to receive payment is established.

(iii) Stock dividends

In accordance with Circular No. 200/2014/TT-BTC dated 22 December 2014, stock dividends from retained profits after tax, share premium, reserves of joint stock companies are not recorded in the consolidated financial statements. Instead, only the increase in the number of shares held by Vietcombank is updated.

(iv) Uncollectible income

According to Circular No. 05/2013/TT-BTC dated 9 January 2013, income receivables that were recognized as income but uncollectible at the due date are reversed as a reduction of income if the due date is within the same accounting period, or reversed as an expense if the due date is not within the accounting period, and must be monitored off-balance sheet for collection follow-up. When the income is collected, Vietcombank will record it as an operating income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

2. Summary of significant accounting policies (continued)

(q) Lease

(i) Lessee

Payments made under operating leases are recognized in the consolidated income statement on a straight-line basis over the lease term.

(ii) Lessor

Vietcombank recognizes finance leased assets as "Loans to customers" in the consolidated balance sheet at the net value of the investment defined in the lease contract. Income from finance leases are recognized as "Income from interest and similar income". Instalment income is amortized over the lease term using interest rate over the net investment of the leased assets.

Vietcombank recognizes operating lease assets in the consolidated balance sheet. Rental income is recognized on a straight-line basis over the lease term whatever payment method is. Expenses occurred during the leasing period, including depreciation expenses are recognized as operating expenses for the period.

(r) Taxation

Corporate income tax ("CIT") on the profit or loss for the period comprises of current and deferred tax. Corporate income tax is recognized in the consolidated income statement except when it relates to items recognized directly to equity, in which case it is recognized in equity.

Current income tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payables in respect of previous periods.

Deferred tax is calculated by using the balance sheet method, providing for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. Summary of significant accounting policies (continued)

(s) Related parties

Related parties of the Bank include:

- Parent companies or parent banks of the Bank;
- The Bank's subsidiaries;
- The party that has the same parent company or parent bank with the Bank;
- Members of the Management or Supervisory Board of the parent company/parent bank of the Bank;
- Individuals or organizations which have the authority to appoint members of the Management or Supervisory Board of the parent company/parent bank of the Bank;
- Members of the Management or Supervisory Board of the Bank;
- Companies or organizations which have the authority to appoint members of the Management or Supervisory Board of the Bank;
- Wives, husbands, parents, children (including foster parents, foster children, parents-in-law, son-in-law, daughter-in-law, step parents, step children), siblings (including half siblings), brothers-in-law, sisters-in-law of members of the Bank's Management or Supervisory Board, capital contributors or shareholders who hold at least 5% of charter capital or charter capital with voting rights;
- Individuals or organizations that hold at least 5% of charter capital or charter capital with voting rights of the Bank;
- Representatives for the Bank's paid-in capital and shares.

The Government of Vietnam, through the State Bank of Vietnam, is a shareholder of the Bank. Therefore, in these consolidated financial statements, certain Government agencies, including the Ministry of Finance and the State Bank of Vietnam are considered as related parties of the Bank.

(t) Segment reporting

A segment is a distinguishable component of Vietcombank engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Vietcombank's primary format for segment reporting is based on geographical segments. Vietcombank's secondary format for segment reporting is based on business segments.

(u) Derivative contracts

(i) Foreign exchange contracts

Vietcombank enters into foreign exchange forward and swap contracts which enable customers to transfer, modify or reduce their foreign exchange risk or other market risks, and are also used for Vietcombank's business purpose.

Forward contracts are commitments to either purchase or sell a designated currency at a specific future date for a specific exchange rate and are settled in cash. Forward contracts are recorded at nominal values at transaction dates, and are subsequently revaluated at the end of the accounting period. The difference on revaluation is recognized under "Foreign exchange differences" in equity and is recorded in the consolidated income statement when preparing the consolidated financial statements (see Note 2(d)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

2. Summary of significant accounting policies (continued)

(u) Derivative contracts (continued)

(i) Foreign exchange contracts (continued)

Currency swap contracts are commitments to settle in cash the notional principal amounts at a future date based on differences between specified exchange rates. Swap contracts are subsequently revaluated at the end date of the accounting period, and the difference on revaluation is recognized under "Foreign exchange differences" in the equity section and is recorded in the consolidated income statement at the end of the fiscal year (see Note 2(d)).

(ii) Interest swap contracts

Interest swap contracts are commitments to settle in cash the notional principal amounts at the interest amount based on floating or fixed interest rates. The value of commitment in interest rate swap contracts is not recognized on the consolidated balance sheet. The difference of swap interest rates is recognized in the consolidated income statement on accrual basis.

(v) Commitments and contingent liabilities

Vietcombank has credit commitments arising from its regular lending activities. These commitments are unutilized loans and overdraft facilities which are approved. Vietcombank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the contingent liabilities and commitments will expire without any advanced payment, in whole or in part. Therefore these commitments and contingent liabilities do not represent expected future cash flows.

According to Circular 02 and Circular 09, Vietcombank, for management purpose, has to classify guarantees, payment acceptances and irrevocable lending commitments with specific effective date into 5 groups, similar to loans to customers (presented in Note 2(g)).

(w) Other receivables

Provision for overdue receivables which are not classified as assets bearing credit risk in accordance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009 and Circular No.200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014. Accordingly, provision for these receivables is based on their overdue ages or estimated loss for debts of whose debtors have become bankrupt or are undergoing dissolution procedures are missing, have fled, are prosecuted, detained or on trial by law enforcement bodies, are serving sentences or have deceased, etc.

Overdue ages	Provision rate
From six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
From three (3) years and above	100%

For receivables that are classified as assets with credit risks, the Bank conducts classification and makes provisions similarly to those of loans to customers (see Note 2(g)).

2. Summary of significant accounting policies (continued)

(x) Offsetting

Financial assets and liabilities are offset and the net amounts are reported in the consolidated balance sheet if, and only if, Vietcombank has currently enforceable legal rights to offset the recognized amounts and Vietcombank has an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(y) Earnings per share

Vietcombank presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of Vietcombank by the weighted average number of ordinary shares outstanding during the period.

If new shares issued during the year only change the number of shares, not the equity, Vietcombank will adjust the weighted average number of ordinary shares outstanding during the period presented on the consolidated financial statements, which leads to corresponding adjustment for EPS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

3. Presentation of financial instruments in accordance with Circular No. 210/2009/TT-BTC

During its business operations, Vietcombank regularly enters into contracts which give rise to financial assets, financial liabilities and equity instruments.

Financial assets of Vietcombank mainly include:

- Cash;
- Balances with the State Bank of Vietnam;
- Balances with and loans to other credit institutions;
- Loans to customers;
- Trading securities;
- Investment securities;
- Other long-term investments;
- Financial derivative assets; and
- Other financial assets.

Financial liabilities of Vietcombank mainly include:

- Amounts due to the Government and the State Bank of Vietnam;
- Deposits and borrowings from other credit institutions;
- Deposits from customers;
- Valuable papers issued;
- Financial derivative liabilities; and
- Other financial liabilities.

(a) Classification of financial assets and liabilities

For the disclosure purpose in the consolidated financial statements, Vietcombank appropriately classifies financial assets and financial liabilities in accordance with Circular No. 210/2009/TT-BTC.

Financial assets are classified as:

- Financial assets held for trading;
- Held-to-maturity investments;
- Loans and receivables; and
- Available-for-sale financial assets.

Financial liabilities are classified as:

- Financial liabilities held for trading; and
- Financial liabilities carried at amortized cost.

3. Presentation of financial instruments in accordance with Circular No. 210/2009/TT-BTC (continued)

(b) Recognition

Financial assets and financial liabilities are recognized on the consolidated balance sheet when, and only when, Vietcombank becomes a party to contractual provisions for the supply of those financial instruments. Vietcombank recognizes a financial asset or financial liability at the date when the contract is effective (trade date accounting).

(c) Derecognition

A financial asset is derecognized when, and only when, Vietcombank's contractual rights to receive the cash flows from the financial asset are terminated, or the majority of the risks and rewards of ownership of the asset are transferred. A financial liability is derecognized when, and only when, the contractual obligation is settled (i.e. either discharged, cancelled, or expired).

(d) Measurement and disclosures of fair value

In accordance with Circular No. 210/2009/TT-BTC, Vietcombank has to disclose the fair value of financial assets and financial liabilities to compare with the book value of those financial assets and financial liabilities as presented in Note 39(b).

The preparation and presentation of the fair value of the financial instruments are only for the purpose of presenting Note 39(b). The financial instruments of Vietcombank are still recognized and recorded in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, complying with the requirements of the State Bank of Vietnam and with other relevant statutory regulations as described in the notes above.

Fair value is the amount for which an asset could be exchanged, or a liability settled, among knowledgeable, willing parties in an arm's length transaction on the recognition date.

When an active market exists for a financial instrument, Vietcombank measures the fair value of that instrument using its quoted price in the active market. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions.

When an active market does not exist for a financial instrument, Vietcombank determines the fair value of that instrument using valuation techniques. The chosen valuation technique would make maximum use of market inputs, rely as little as possible on estimates specific to Vietcombank, incorporate all factors that market participants would consider when setting prices, and be consistent with accepted economic methodologies for pricing financial instruments. Inputs for valuation techniques reasonably reflect market expectations and measures of the risk-return factors inherent in the financial instrument.

In case there is not enough information to utilize valuation techniques, fair value of the financial instruments without quoted market prices are deemed not to have been reliably measured and therefore, not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

4. Cash on hand, gold, silver and gemstones

	31/12/2016 VND million	31/12/2015 VND million
Cash on hand in VND	7,550,927	7,092,670
Cash on hand in foreign currencies	2,140,681	1,425,873
Valuable papers in foreign currencies	445	791
	9,692,053	8,519,334

5. Balances with the State Bank of Vietnam

	31/12/2016 VND million	31/12/2015 VND million
Demand deposits in VND	11,205,807	3,258,590
Demand deposits in USD	6,176,611	16,456,445
	17,382,418	19,715,035

These deposits consist of a compulsory reserve ("CRR") for liquidity and current account.

The monthly average balance of the demand deposits of Vietcombank with the SBV must not be less than the monthly balance of CRR. The amount of monthly balance of CRR is calculated by the monthly average balances of deposits multiplied by preceding CRR rates.

The effective CRR rates at the year-end were as follows:

Type of deposits	31/12/2016	31/12/2015
Deposits in VND with terms of less than 12 months	3%	3%
Deposits in VND with terms of 12 months and above	1%	1%
Deposits in foreign currencies with terms of less than 12 months	8%	8%
Deposits in foreign currencies with terms of 12 months and above	6%	6%
Deposits from overseas credit institutions in foreign currencies	1%	1%

The actual interest rates at the year-end were as follows:

	31/12/2016	31/12/2015
Compulsory reserve in VND	1.2%	1.2%
Compulsory reserve in USD	0%	0%
Demand deposits in VND	0%	0%
Demand deposits in USD	0.05%	0.05%

6. Balances with and loans to other credit institutions

	31/12/2016 VND million	31/12/2015 VND million
Balances with other credit institutions		
Demand deposits in VND	35,746	125,186
Demand deposits in foreign currencies	32,965,428	29,566,958
Term deposits in VND	48,491,747	35,187,102
Term deposits in foreign currencies	21,743,132	27,708,291
	103,236,053	92,587,537
Loans to other credit institutions		
Loans in VND	47,986,807	36,704,575
Loans in foreign currencies	622,710	2,235,261
	48,609,517	38,939,836
	151,845,570	131,527,373

Balances with and loans to other credit institutions by loan group were as follows:

	31/12/2016 VND million	31/12/2015 VND million
Current	151,845,570	131,479,873
Special mentioned	-	47,500
Closing balance	151,845,570	131,527,373

Movements in specific provision for credit losses of balances with and loans to other credit institutions were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	-	22,877
Provision (reversed) during the year (see Note 31)	-	(22,877)
Closing balance	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

7. Trading securities

	31/12/2016 VND million	31/12/2015 VND million
Debt securities	3,716,635	9,569,499
Government securities	3,198,613	5,774,953
Securities issued by other credit institutions	453,522	3,494,546
Securities issued by local economic entities	64,500	300,000
Equity securities	554,727	371,890
Equity securities issued by other credit institutions	3	19,261
Equity securities issued by local economic entities	554,724	352,629
	4,271,362	9,941,389
Provision for trading securities	(37,833)	(16,343)
	4,233,529	9,925,046

Trading securities by listing status were as follows:

	31/12/2016 VND million	31/12/2015 VND million
Debt securities	3,716,635	9,569,499
Listed	3,652,135	9,269,499
Unlisted	64,500	300,000
Equity securities	554,727	371,890
Listed	444,856	309,504
Unlisted	109,871	62,386
	4,271,362	9,941,389

Movements in provision for trading securities were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	16,343	38,955
Provision made/(reserved) during the year (see Note 26)	21,490	(22,612)
Closing balance	37,833	16,343

8. Loans to customers

	31/12/2016 VND million	31/12/2015 VND million
Loans to local economic entities and individuals	455,371,549	383,060,589
Discounted bills and valuable papers	2,569,000	2,108,083
Finance leases	2,854,489	2,499,785
Loans given to make payments on behalf of customers	277	46,215
Loans to foreign individuals and enterprises	13,153	8,265
	460,808,468	387,722,937

Loan portfolio by loan group was as follows:

	31/12/2016 VND million	31/12/2015 VND million
Current	445,948,836	371,208,595
Special mentioned	7,923,249	9,377,079
Sub-standard	1,359,294	796,645
Doubtful	1,330,025	750,489
Loss	4,247,064	5,590,129
	460,808,468	387,722,937

Loan portfolio by term was as follows:

	31/12/2016 VND million	31/12/2015 VND million
Short-term	260,095,610	230,755,013
Medium-term	53,767,184	43,842,359
Long-term	146,945,674	113,125,565
	460,808,468	387,722,937

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

8. Loans to customers (continued)

Loan portfolio by type of borrowers was as follows:

	31/12/2016 VND million	31/12/2015 VND million
State-owned enterprises	91,143,102	90,340,826
Limited companies	96,800,842	81,743,726
Foreign invested enterprises	30,651,691	26,082,944
Co-operative and private companies	7,459,542	7,720,166
Individuals	116,463,257	78,384,841
Others	118,290,034	103,450,434
	460,808,468	387,722,937

Loan portfolio by industry sectors was as follows:

	31/12/2016 VND million	31/12/2015 VND million
Construction	25,148,575	21,313,081
Electricity, gas, water processing and supplying	28,619,537	27,270,622
Processing and manufacturing	140,793,745	122,263,924
Mining	18,477,439	17,467,032
Agriculture, forestry and aquaculture	12,740,155	10,765,546
Transportation, logistics and communication	26,914,695	24,106,631
Trading and services	117,623,973	105,498,319
Hospitality	8,471,154	8,777,850
Others	82,019,195	50,259,932
	460,808,468	387,722,937

9. Provision for credit losses of loans to customers

	31/12/2016 VND million	31/12/2015 VND million
General provision	3,374,690	2,706,385
Specific provision	4,749,462	5,903,493
	8,124,152	8,609,878

Movements in general provision for credit losses of loans and advances to customers were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	2,706,385	2,259,976
Provision made during the year (see Note 31)	668,303	440,784
Foreign exchange difference	2	5,625
Closing balance	3,374,690	2,706,385

Movements in specific provision for credit losses of loans and advances to customers were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	5,903,493	4,824,395
Provision made during the year (see Note 31)	3,018,283	5,109,836
Provision utilized for writing-off of bad debts	(4,174,822)	(3,411,042)
Provision utilized for bad debts sold to VAMC	-	(620,575)
Foreign exchange difference	2,508	879
Closing balance	4,749,462	5,903,493

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

10. Investment securities**(a) Available-for-sale securities**

	31/12/2016 VND million	31/12/2015 VND million
Debt securities		
Government bonds	39,127,435	32,178,596
Securities issued by other local credit institutions	12,496,325	10,189,445
Securities issued by local economic entities	300,000	100,000
Equity securities		
Securities issued by local economic entities	8,190	-
	51,931,950	42,468,041
General provision for credit losses of available-for-sale securities	(17,250)	(18,150)
	51,914,700	42,449,891

Movements in general provision for unlisted corporate bonds were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	18,150	18,150
Provision(reversed) during the year (see Note 31)	(900)	-
Closing balance	17,250	18,150

Movements in specific provision for unlisted corporate bonds were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	-	16,000
Provision (reversed) during the year (see Note 31)	-	(16,000)
Closing balance	-	-

10. Investment securities (continued)**(b) Held-to-maturity securities (excluding special bonds issued by VAMC)**

	31/12/2016 VND million	31/12/2015 VND million
Government bonds	62,660,834	51,564,369
Debt securities issued by other local credit institutions	2,400,099	100,347
Debt securities issued by local economic entities (excluding special bonds issued by VAMC)	14,958,351	10,588,751
	80,019,284	62,253,467
General provision for held-to-maturity securities	(113,536)	(74,466)
Specific provision for held-to-maturity securities	(49,341)	-
	79,856,407	62,179,001

Movements in general provision for held-to-maturity securities were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	74,466	20,466
Provision made during the year (see Note 31)	39,070	54,000
Closing balance	113,536	74,466

Movements in specific provision for held-to-maturity securities were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	-	-
Provision made during the year (see Note 31)	49,341	-
Closing balance	49,341	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

10. Investment securities (continued)**(c) Special bonds issued by VAMC**

	31/12/2016 VND million	31/12/2015 VND million
Face value	-	3,564,811
Provision	-	(596,208)
	-	2,968,603

Movements in specific provision for special bonds issued by VAMC were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	596,208	185,315
Provision made during the year (see Note 31)	2,632,009	502,348
Provision utilized during the year	(3,228,217)	(91,455)
	-	596,208

(d) Classification of unlisted corporate bonds

	31/12/2016 VND million	31/12/2015 VND million
Current	18,548,351	12,908,751
Special mentioned	1,010,000	-
	19,558,351	12,908,751

11. Long-term investments**(a) Investments in joint-ventures***As at 31 December 2016*

	Business sector	% share- holding	At cost VND million	Book value VND million
Vietcombank – Bonday – Ben Thanh Company Limited	Office leasing	52%	410,365	397,244
Vietcombank Fund Management Company	Investment fund management	51%	135,150	132,307
Vietcombank – Cardif Life Insurance Company Limited	Life insurance	45%	270,000	273,547
			815,515	803,098

As at 31 December 2015

	Business sector	% share- holding	At cost VND million	Book value VND million
Vietcombank – Bonday – Ben Thanh Company Limited	Office leasing	52%	410,365	342,641
Vietcombank Fund Management Company	Investment fund management	51%	135,150	131,484
Vietcombank – Cardif Life Insurance Company Limited	Life insurance	45%	270,000	279,647
			815,515	753,772

The Bank owns 52% and 51% of the total capital of Vietcombank – Bonday – Ben Thanh Company Limited and Vietcombank Fund Management Company respectively; however, these companies' charters require a consensus among related parties on all important decisions on the companies' operational and financial matters. Hence, owning more than half of the companies' capital does not mean that the Bank has control over these companies. Therefore, the investments in these two companies are classified into "Investment in joint-ventures" rather than "Investment in subsidiaries".

The Bank owns 45% of the total capital of Vietcombank – Cardif Life Insurance Company Limited; however, this company's charter requires a consensus among related parties on all important decisions on the company's operational and financial matters. Therefore, the investment in the company is classified into "Investment in joint-ventures" rather than "Investment in associates".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

11. Long-term investments (continued)**(b) Investments in associates***As at 31 December 2016*

	Business sector	% share-holding	At cost VND million	Book value VND million
Vietcombank – Bonday Limited	Office leasing	16%	11,110	9,645
			11,110	9,645

As at 31 December 2015

	Business sector	% share-holding	At cost VND million	Book value VND million
Vietcombank – Bonday Limited	Office leasing	16%	11,110	9,349
			11,110	9,349

The Bank has significant influence but limited control, through its participation in the Board of Directors, over the financial and operating policies of this company. Therefore, the investment in the above company is classified into "Investment in associates" rather than "Other long-term investments".

11. Long-term investments (continued)**(c) Other long-term investments***As at 31 December 2016*

	Business sector	% share-holding	VND million
Vietnam Export – Import Commercial	Banking	8.19%	582,065
Saigon Bank for Industry and Trade	Banking	4.30%	123,452
Military Commercial Joint Stock Bank	Banking	7.16%	1,242,989
Orient Commercial Joint Stock Bank	Banking	4.72%	144,802
Small & Medium Enterprises Credit Guarantee Fund	Credit services	0.80%	1,864
SWIFT, MASTER and VISA	Card and settlement services	-	2,936
Petrolimex Insurance Corporation	Insurance	10.04%	67,900
Petrovietnam Drilling and Well services corporation	Drilling	0.21%	5,496
Vietnam Credit information Joint Stock Company (PCB)	Credit information services	6.64%	7,962
Cement Finance Company	Financial services	10.91%	70,950
Vietnam Infrastructure development and financial investment JSC.	Highway investment	1.97%	75,000
National Payment Corporation of Vietnam	Card services	1.83%	4,400
Vietnam Airlines JSC.	Aviation	1.83%	499,602
			2,829,418
Provision for long-term investments			(14,347)
			2,815,071

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

11. Long-term investments (continued)**(c) Other long-term investments (continued)**

As at 31 December 2015

	Business sector	% share-holding	VND million
Vietnam Export - Import Commercial Joint Stock Bank	Banking	8.19%	582,065
Saigon Bank for Industry and Trade	Banking	4.30%	123,452
Military Commercial Joint Stock Bank	Banking	7.16%	1,242,989
Orient Commercial Joint Stock Bank	Banking	5.07%	144,802
Small & Medium Enterprises Credit Guarantee Fund	Credit services	0.80%	1,864
SWIFT, MASTER and VISA	Card and settlement services	-	2,936
Petrolimex Insurance Corporation	Insurance	10.04%	67,900
Petrovietnam Drilling and Well services corporation	Drilling	0.21%	5,496
Vietnam Credit information Joint Stock Company (PCB)	Credit information services	6.64%	7,962
Cement Finance Company	Financial services	10.91%	70,950
Vietnam Infrastructure development and financial investment JSC.	Highway investment	1.97%	75,000
Vietnam National Financial Switching JSC.	Card services	2.99%	4,400
Vietnam Airlines JSC.	Aviation	2.00%	499,602
			2,829,418
Provision for long-term investments			(35,789)
			2,793,629

Movements in provision for long-term investments were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	35,789	25,841
Provision made/(reversed) during the year (see Note 30)	(21,442)	9,948
Closing balance	14,347	35,789

12. Tangible fixed assets

	Premises VND million	Office furniture, fittings and equipment VND million	Motor Vehicles VND million	Others VND million	Total VND million
Cost					
Opening balance	3,018,662	3,230,707	681,072	731,294	7,661,735
Additions	503,265	266,068	72,134	166,894	1,008,361
- Purchases	478,419	265,749	72,134	148,968	965,270
- Others	24,846	319	-	17,926	43,091
Decreases	(7,835)	(17,379)	(10,968)	(11,918)	(48,100)
- Disposal	(5,886)	(16,926)	(10,964)	(10,815)	(44,591)
- Others	(1,949)	(453)	(4)	(1,103)	(3,509)
Closing balance	3,514,092	3,479,396	742,238	886,270	8,621,996
Accumulated depreciation					
Opening balance	619,846	2,806,529	421,353	428,385	4,276,113
Additions	153,432	292,958	71,772	155,043	673,205
- Charges for the year	153,246	292,958	71,772	154,692	672,668
- Others	186	-	-	351	537
Decreases	(5,600)	(17,352)	(10,964)	(10,452)	(44,368)
- Disposal	(4,077)	(16,926)	(10,964)	(10,349)	(42,316)
- Others	(1,523)	(426)	-	(103)	(2,052)
Closing balance	767,678	3,082,135	482,161	572,976	4,904,950
Net book value					
Opening balance	2,398,816	424,178	259,719	302,909	3,385,622
Closing balance	2,746,414	397,261	260,077	313,294	3,717,046

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

13. Intangible fixed assets

	Land use rights VND million	Copyrights & patents VND million	Others VND million	Total VND million
Cost				
Opening balance	1,637,129	477,772	96,898	2,211,799
- Purchases	242,780	64,198	-	306,978
Closing balance	1,879,909	541,970	96,898	2,518,777
Accumulated amortization				
Opening balance	39,090	452,472	66,386	557,948
- Charges for the year	7,977	24,589	5,927	38,493
Closing balance	47,067	477,061	72,313	596,441
Net book value				
Opening balance	1,598,039	25,300	30,512	1,653,851
Closing balance	1,832,842	64,909	24,585	1,922,336

14. Other assets

(a) Receivables

	31/12/2016 VND million	31/12/2015 VND million
Internal receivables	861,549	753,317
External receivables (i)	2,089,128	2,200,646
	2,950,677	2,953,963

14. Other assets (continued)

(a) Receivables (continued)

(i) External receivables

	31/12/2016 VND million	31/12/2015 VND million
Advances for purchase of fixed assets	109,277	145,888
Receivables from the State Budget in relation to the	195,883	151,777
Advances for corporate income tax (see Note 34)	67	216
Advances for value added tax (see Note 34)	2,129	1,343
Advances for other taxes (see Note 34)	2	265
Construction in progress (*)	404,096	767,021
Other receivables	1,377,674	1,134,136
	2,089,128	2,200,646

(*) Construction in progress

	31/12/2016 VND million	31/12/2015 VND million
Construction in progress	404,096	767,021
<i>In which, large constructions include:</i>	281,995	410,052
- Hung Yen Branch construction	128,871	706
- East Sai Gon Branch construction	45,323	75
- Binh Thuan Branch construction	37,623	31,348
- Vung Tau Branch construction	30,112	30,056
- Binh Duong Branch construction	14,170	583
- Khanh Hoa Branch construction	11,072	11,072
- Thai Binh Branch construction	9,750	6,026
- Dong Nai Branch construction	3,211	132,890
- Ha Noi Branch construction	837	24,566
- Ha Tinh Branch construction	595	10,158
- Thanh Hoa Branch construction	431	162,572

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

14. Other assets (continued)**(b) Accrued interest and fee receivables**

	31/12/2016 VND million	31/12/2015 VND million
From loans to customers	1,838,453	1,238,695
From balances with and loans to other credit institutions	417,384	505,211
From investment securities	3,509,975	3,064,315
From derivative transactions	20,286	41,314
	5,786,098	4,849,535

(c) Other assets

	31/12/2016 VND million	31/12/2015 VND million
Prepaid expenses for office and fixed assets rental	829,789	928,095
Materials	94,973	88,824
Advance for card payment	461,401	324,090
Advance for rental land	252,750	73,700
Other assets	423,351	181,364
	2,062,264	1,596,073
Provision for other assets	(937)	(1,067)
	2,061,327	1,595,006

15. Amounts due to the Government and the State Bank of Vietnam

	31/12/2016 VND million	31/12/2015 VND million
Borrowings from the SBV	4,630,802	2,861,958
Borrowings on the basis of credit profiles	3,903,811	2,321,634
Other borrowings	726,991	540,324
Demand deposits from the State Treasury	42,752,358	26,049,857
Deposits from the SBV	6,768,253	12,567,738
	54,151,413	41,479,553

16. Deposits and borrowings from other credit institutions

	31/12/2016 VND million	31/12/2015 VND million
Deposits from other credit institutions	53,282,230	51,743,682
Demand deposits in VND	3,246,953	6,064,969
Demand deposits in foreign currencies	38,323,368	35,061,617
Term deposits in VND	6,150,000	3,910,000
Term deposits in foreign currencies	5,561,909	6,707,096
Borrowings from other credit institutions	18,956,175	20,391,699
Borrowings in VND	4,109,645	16,670,399
Borrowings in foreign currencies	14,846,530	3,721,300
	72,238,405	72,135,381

17. Deposits from customers

	31/12/2016 VND million	31/12/2015 VND million
Demand deposits	159,627,676	141,125,744
Demand deposits in VND	120,425,822	101,363,942
Demand deposits in gold, foreign currencies	39,201,854	39,761,802
Term deposits	422,812,904	354,019,090
Term deposits in VND	352,762,147	283,373,464
Term deposits in gold, foreign currencies	70,050,757	70,645,626
Deposits for specific purposes	6,227,201	4,825,786
Margin deposits	1,783,563	1,191,930
	590,451,344	501,162,550

Deposits from customers by customer types were as follows:

	31/12/2016 VND million	31/12/2015 VND million
Economic entities	263,487,641	224,730,484
Individuals	326,963,703	276,432,066
	590,451,344	501,162,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

18. Derivative financial instruments and other financial assets/ (liabilities)

	31/12/2016		31/12/2015	
	Notional value VND million	Book value VND million	Notional value VND million	Book value VND million
Derivatives				
Currency swap contracts	21,388,496	207,249	8,944,224	89,199
Forward contracts	2,314,850	23,409	7,784,153	(88,571)
	23,703,346	230,658	16,728,377	628

19. Valuable papers issued

	31/12/2016 VND million	31/12/2015 VND million
Certificates of deposits	5,423	6,081
Short-term in foreign currencies	168	210
Medium-term in VND	324	415
Medium-term in foreign currencies	4,931	5,456
Bonds and bills	10,280,953	2,472,989
Short-term in VND	47	47
Short-term in foreign currencies	103	103
Medium-term in VND	4,280,791	2,472,827
Medium-term in foreign currencies	12	12
Long-term in VND	6,000,000	-
	10,286,376	2,479,070

20. Other liabilities**(a) Accrued interest and fee payables**

	31/12/2016 VND million	31/12/2015 VND million
For deposits from customers	6,064,335	4,650,887
For deposits and borrowings from other credit institutions	272,919	276,343
For valuable papers issued	49,768	2,630
For derivative transactions	64,016	58,445
For trusted investment	3,136	-
	6,454,174	4,988,305

20. Other liabilities (continued)**(b) Other liabilities**

	31/12/2016 VND million	31/12/2015 VND million
Internal payables (i)	2,050,613	1,700,312
External payables (ii)	2,915,229	4,043,086
Bonus and welfare fund	1,239,367	1,214,597
	6,205,209	6,957,995

(i) Internal payables

	31/12/2016 VND million	31/12/2015 VND million
Payables to employees	1,781,073	1,504,592
Other liabilities	269,540	195,720
	2,050,613	1,700,312

(ii) External payables

	31/12/2016 VND million	31/12/2015 VND million
Tax payables (see Note 34)	230,666	251,316
- Corporate income tax payables	113,522	181,477
- Value added tax payables	29,483	24,641
- Other tax payables	87,661	45,198
Unearned interest income	32,966	30,483
Payables for construction and acquisition of fixed assets	128,468	137,828
Deposit in custody relating to pending payments	161,071	182,115
Other payables to customers	525,297	189,772
Other pending items in settlement	346,219	106,740
Other payables to the State relating to interest subsidy program	64,528	64,528
Fund received from other entities	-	1,500,000
Borrowings from the Ministry of Finance	651,693	545,838
Other payables	774,321	1,034,466
	2,915,229	4,043,086

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

21. Capital and reserves

(a) Statement of changes in equity

	VND million											
	Charter capital	Share premium	Other capital	Supplement charter capital reserve	Financial reserve	Investment and development reserve	Total	Asset revaluation difference	Foreign exchange difference	Retained profits	Non-controlling interest	Total
Balance as at 1/1/2016	26,650,203	5,725,318	45,160	1,617,448	3,253,253	70,661	4,941,362	89,222	79,969	7,475,808	165,300	45,172,342
Net profit for the year	-	-	-	-	-	-	-	-	-	6,831,725	19,276	6,851,001
Issue new shares according to Resolution of the General Meeting of shareholders	9,327,483	(5,724,125)	-	-	-	-	-	-	-	(3,603,358)	-	-
Reserves temporarily appropriated from profit for 2016	-	-	-	336,544	669,800	-	1,006,344	-	-	(2,205,681)	-	(1,199,337)
Bonus and welfare fund appropriated for 2015	-	-	-	-	-	-	-	-	-	(8,798)	(551)	(9,349)
Dividends paid during the year	-	-	-	-	-	-	-	-	-	(2,665,020)	(40,721)	(2,705,741)
Utilization during the year	-	-	-	-	(7,300)	-	(7,300)	-	-	-	-	(7,300)
Adjustments from Independent Auditor under the equity method	-	-	-	-	-	-	-	-	-	2,615	-	2,615
Expenses for issuing shares to foreign strategic shareholders	-	(1,193)	-	-	-	-	-	-	-	-	-	(1,193)
Adjustment for reserves appropriation for 2015 according to the Resolution of General Meeting of shareholders	-	-	-	(1,246)	(2,493)	-	(3,739)	-	-	3,627	-	(112)
Exchange rate difference	-	-	-	-	-	-	-	-	4,276	-	197	4,473
Assets revaluation	-	-	-	-	-	-	-	(5,937)	-	-	-	(5,937)
Others	-	-	-	-	-	-	-	-	-	28	20	48
Balance as at 31/12/2016	35,977,686	-	45,160	1,952,746	3,913,260	70,661	5,936,667	83,285	84,245	5,830,946	143,521	48,101,510

21. Capital and reserves (continued)

(b) Details of shareholders of the Bank

	31/12/2016 VND million	31/12/2015 VND million
Ordinary shares		
The State of Vietnam	27,743,534	20,550,766
Foreign strategic shareholder (Mizuho Bank Ltd., Japan)	5,396,685	3,997,544
Other shareholders	2,837,467	2,101,893
	35,977,686	26,650,203

The Bank's authorized and issued share capital is as follows:

	31/12/2016		31/12/2015	
	Number of shares	VND million	Number of shares	VND million
Authorized share capital	3,597,768,575	35,977,686	2,665,020,334	26,650,203
Issued share capital				
Ordinary shares	3,597,768,575	35,977,686	2,665,020,334	26,650,203
Outstanding shares				
Ordinary shares	3,597,768,575	35,977,686	2,665,020,334	26,650,203

The par value of each ordinary share is VND10,000.

(c) Basic earnings per share

(i) Profit attributable to the shareholders of Vietcombank to calculate basic earnings per share

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Net profit after tax	6,831,725	5,313,928
Appropriation to bonus and welfare funds (*)	(1,199,337)	(990,159)
Profit attributable to the ordinary shareholders	5,632,388	4,323,769

(*) The profit attributable to calculate earnings per share of 2015 was restated to reflect the appropriation of bonus and welfare reserves from the retained earnings of 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

21. Capital and reserves (continued)

(c) Basic earnings per share (continued)

(ii) Weighted average number of ordinary shares

	Year ended 31/12/2016	Year ended 31/12/2015 (Restated)
Shares issued at the beginning of the year	2,665,020,334	2,665,020,334
Shares issued during the year	932,748,241	932,748,241
Weighted average number of ordinary shares	3,597,768,575	3,597,768,575

According to the guidance of VAS No. 30, if the current ordinary shares increase due to capitalization, issuance of bonus shares, share split or reduction arising from share consolidation, "Earnings per share" for all reporting periods should be adjusted retrospectively (See Note 2(y)).

(iii) Basic earnings per share

	Year ended 31/12/2016 VND	Year ended 31/12/2015 VND (Restated)
Basic earnings per share	1,566	1,202

22. Interest and similar income

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Interest income from loans to customers	29,023,501	24,306,183
Interest income from deposits	1,520,970	1,199,274
Interest income from trading and investment debt securities	6,563,613	5,307,039
- Interest income from investment securities	6,446,456	5,072,617
- Interest income from trading securities	117,157	234,422
Interest income from finance leases	216,949	195,092
Income from guarantee activities	313,387	283,154
Other income from credit activities	66,752	30,117
Interest from debts trading activities	8,000	39,870
	37,713,172	31,360,729

23. Interest and similar expenses

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Interest expenses on deposits	(17,938,402)	(14,956,105)
Interest expenses on borrowings	(840,751)	(596,262)
Interest expenses on valuable papers issued	(349,491)	(278,523)
Others expenses on credit activities	(56,817)	(76,807)
	(19,185,461)	(15,907,697)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

24. Net fee and commission income

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Fee and commission income from		
Settlement services	2,765,256	2,147,481
Cash services	215,643	186,393
Trusted and agency activities	21,722	8,248
Other services	1,323,862	1,215,182
	4,326,483	3,557,304
Fee and commission expenses for		
Settlement services	(1,694,872)	(1,280,848)
Cash services	(58,074)	(50,158)
Telecommunication services	(88,295)	(76,999)
Trusted and agency activities	(4,852)	(697)
Other services	(373,685)	(275,954)
	(2,219,778)	(1,684,656)
	2,106,705	1,872,648

25. Net gain from dealing in foreign currencies

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Gains from dealing in foreign currencies		
From foreign currencies spot trading	2,657,525	2,968,544
From currency derivatives	304,878	265,360
From foreign exchange rate differences	2,687	670,207
From revaluation of derivative contracts	4,929	-
	2,970,019	3,904,111
Losses from dealing in foreign currencies		
From foreign currencies spot trading	(444,741)	(952,813)
From currency derivatives	(457,342)	(1,352,441)
From foreign exchange rate differences	(198,781)	(26,283)
From revaluation of derivative contracts	(19,037)	-
	(1,119,901)	(2,331,537)
	1,850,118	1,572,574

26. Net gain from trading securities

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Income from trading securities	595,413	319,270
Expenses on trading securities	(78,155)	(144,407)
Provision for trading securities (see Note 7)	(21,490)	22,612
	495,768	197,475

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

27. Net (loss)/gain from investment securities

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Income from trading investment securities	52,590	212,758
Expenses on trading investment securities	(142,006)	(60,404)
	(89,416)	152,354

28. Net other income

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Other income		
Income from recoveries of loans previously written off	2,121,544	1,834,236
Income from debts trading activities	57,110	212,882
Other income	114,885	93,432
	2,293,539	2,140,550
Other expenses		
Expenses from interest rate swap transactions	(132,417)	(4,310)
Expenses from debts trading activities	(2,026)	(110)
Expenses for social activities	(216,968)	(211,851)
Other expenses	(24,938)	(19,000)
	(376,349)	(235,271)
	1,917,190	1,905,279

29. Dividend and net income from investments in associates and joint-ventures

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Dividends received from equity investments during the year	24,549	94,803
- Dividends received from equity securities	16,641	81,033
- Dividends received from trading securities	7,908	13,770
Share of gain/(loss) of investments in joint-ventures and associates upon the equity method	47,007	(47,468)
Income from disposal of equity investments	-	1,100
	71,556	48,435

30. Operating expenses

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Tax, duties and fees	(213,132)	(165,500)
Salaries and related expenses	(5,367,714)	(4,283,737)
<i>Of which:</i>		
- Salary and allowances	(4,969,987)	(3,980,288)
- Additional expenses based on salary	(278,035)	(223,813)
- Other allowances	(1,952)	(2,196)
Expenses on assets	(1,976,646)	(1,820,583)
<i>Of which:</i>		
- Depreciation of fixed assets	(711,161)	(644,239)
Administrative expenses	(2,030,266)	(1,692,881)
Insurance expenses on deposit of customers	(355,746)	(292,895)
Reversal of/(additional) provision for long-term investments (see Note 11(c))	21,442	(9,948)
Others	(28,381)	(40,705)
	(9,950,443)	(8,306,249)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

31. Provision for credit losses

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Specific provision for credit losses of loans to other credit institutions		
Reversal during the year (see Note 6)	-	22,877
General provision for credit losses of loans to customers		
Provision for the year (see Note 9)	(668,303)	(440,784)
Specific provision for credit losses of loans to customers		
Provision for the year (see Note 9)	(3,018,283)	(5,109,836)
General provision for unlisted corporate bonds		
Provision for the year (see Note 10(a) and 10(b))	(38,170)	(54,000)
Specific provision for unlisted corporate bonds and VAMC bonds		
Provision for the year (see Note 10(a) and 10(c))	(2,681,350)	(486,348)
	(6,406,106)	(6,068,091)

32. Current corporate income tax expenses

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Profit before tax	8,523,083	6,827,457
<i>Adjustments:</i>		
Taxable income of subsidiaries	(220,863)	(210,059)
Dividend received during the year (see Note 29)	(24,549)	(94,803)
Net loss of investments in joint-ventures and associate using the equity method (see Note 29)	(47,007)	47,468
Consolidation adjustments	(106,648)	-
Provision expense of VCBS made in 2013 and eligible for tax deduction in 2015	-	(127)
Other non-deductible expenses	1,325	1,984
Taxable income	8,125,341	6,571,920
Statutory corporate income tax rate	20%	22%
Estimated corporate income tax of the Bank (tax rate: 20%)	(1,625,068)	(1,445,822)
Estimated corporate income tax of subsidiaries (tax rate: 20%)	(45,474)	(47,813)
Estimated corporate income tax of subsidiaries (tax rate: 16.5%)	(1,540)	(1,465)
Corporate income tax expenses for the year	(1,672,082)	(1,495,100)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

33. Cash and cash equivalents

	31/12/2016 VND million	31/12/2015 VND million
Cash on hand, gold, silver and gemstones	9,692,053	8,519,334
Balances with the State Bank of Vietnam	17,382,418	19,715,035
Balances with and loans to other credit institutions due within three months	143,017,177	122,367,566
Trading securities	4,271,362	9,941,389
Investment securities due within three months	5,525,988	3,869,529
	179,888,998	164,412,853

34. Obligations to the State Budget

VND million

	Balance as at 1/1/2016	Occurrence		Balance as at 31/12/2016		
		Payable	Paid	Payable	Advances	Total
Value added tax	23,298	337,045	(332,989)	29,483	(2,129)	27,354
Current corporate income tax	181,196	1,672,193	(1,739,934)	113,522	(67)	113,455
<i>In which:</i>						
- Corporate income tax of Vietcombank	181,363	1,672,082	(1,739,923)	113,522	-	113,522
- Adjustments on tax of previous years	(112)	112	(11)	-	(11)	(11)
- Effects of exchange differences on Vinafico tax obligation in 2008	(55)	(1)	-	-	(56)	(56)
Other taxes	44,933	566,914	(524,188)	87,661	(2)	87,659
	249,427	2,576,152	(2,597,111)	230,666	(2,198)	228,468

35. Employee benefits

	Year ended 31/12/2016	Year ended 31/12/2015
Total number of employees (person)	15,615	14,755
Employees' income		
Total salary and allowance (VND million) (see Note 30)	4,969,987	3,980,288
Monthly average income/person (VND million)	26.52	22.48

36. Contingent liabilities and other commitments

In the normal course of business, Vietcombank is a party to financial instruments which are recorded as off-balance sheet items. These financial instruments mainly comprise financial guarantees and letters of credit. These instruments involve elements of credit risk in excess of the amounts recognized in the consolidated balance sheet.

Credit risk for off-balance sheet financial instruments is defined as the possibility of incurring a loss because any other counterparty to a financial instrument fails to discharge its contractual obligations.

Financial guarantees are conditional commitments issued by Vietcombank to guarantee transactions of its customers with third parties including loan guarantee, payment guarantee, performance guarantee and bid guarantee. Such guarantees expose the Bank to similar credit risk to loans to customers.

Commercial at sight letters of credit represent a financing transaction by Vietcombank to its customers where the customer is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk is limited as the imported merchandise serves as collaterals for the transaction.

Deferred payment letters of credit contain the risk of customers not making payment to their beneficiaries upon contract performance. When deferred payment letters of credit are defaulted by customers, Vietcombank recognizes a compulsory loan to a customer and at the same time a corresponding liability representing the financial obligation of Vietcombank to pay the beneficiaries and to fulfill the guarantor obligations.

Vietcombank normally requires margin deposits to support credit-related financial instruments as necessary. The margin deposit required varies from nil to 100% of the value of a commitment granted depending on the creditworthiness of customers as assessed by Vietcombank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

37. Significant transactions and balances with related parties**(a) Significant transactions with related parties**

	Relationship	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
The State Bank of Vietnam ("the SBV")			
Interest income from deposits at the SBV	Regulator	124,475	107,562
Interest expenses on deposits and borrowings from the SBV		(160,765)	(83,575)
The Ministry of Finance ("the MoF")			
Interest income from loans to the MoF	Regulator	-	4,908
Interest expenses on deposits from the MoF		(204,319)	(61,536)
Interest expenses on borrowings from the MoF		(26,959)	(20,694)

(b) Significant balances with related parties

	Relationship	31/12/2016 VND million	31/12/2015 VND million
The State Bank of Vietnam ("the SBV")			
Deposits at the SBV	Regulator	17,382,418	19,715,035
Deposits and borrowings from the SBV		(11,399,055)	(15,429,696)
The Ministry of Finance ("the MoF")			
Deposits from the MoF	Regulator	42,752,358	26,049,857
Borrowings from the MoF		(651,693)	(545,838)

38. Segment reporting**(a) Geographical segment**

	The North VND million	The Middle and Tay Nguyen VND million	The South VND million	Overseas VND million	Elimination VND million	Total VND million
1 Interest and similar income	53,329,837	9,149,110	25,378,371	26,018	(50,170,164)	37,713,172
2 Interest and similar expenses	(44,736,243)	(6,538,261)	(18,075,757)	(5,364)	50,170,164	(19,185,461)
I Net interest income	8,593,594	2,610,849	7,302,614	20,654	-	18,527,711
3 Fee and commission income	2,416,442	384,512	1,602,892	21,175	(98,538)	4,326,483
4 Fee and commission expenses	(2,144,168)	(20,489)	(69,825)	(9,245)	23,949	(2,219,778)
II Net fee and commission income	272,274	364,023	1,533,067	11,930	(74,589)	2,106,705
III Net gain/(loss) from trading foreign currencies	1,412,717	68,460	368,786	155	-	1,850,118
IV Net gain from trading securities	495,768	-	-	-	-	495,768
V Net gain from investment securities	(89,416)	-	-	-	-	(89,416)
5 Other income	1,005,277	463,158	827,678	590	(3,164)	2,293,539
6 Other expenses	(216,372)	(94,186)	(60,021)	(5,770)	-	(376,349)
VI Net other income	788,905	368,972	767,657	(5,180)	(3,164)	1,917,190
VII Dividend and net income from investments in associates and joint-ventures	71,556	-	-	-	-	71,556
Total operating income	11,545,398	3,412,304	9,972,124	27,559	(77,753)	24,879,632
VIII Total operating expenses	(6,330,767)	(983,337)	(2,678,762)	(35,330)	77,753	(9,950,443)
IX Net operating profit before provisions for credit losses	5,214,631	2,428,967	7,293,362	(7,771)	-	14,929,189
X Provisions for credit losses	(4,304,988)	(573,976)	(1,527,095)	(47)	-	(6,406,106)
XI Profit before tax	909,643	1,854,991	5,766,267	(7,818)	-	8,523,083
7 Current corporate income tax expenses	(146,290)	(370,998)	(1,153,254)	(1,540)	-	(1,672,082)
8 Deferred income tax expense	-	-	-	-	-	-
XII Corporate income tax expenses	(146,290)	(370,998)	(1,153,254)	(1,540)	-	(1,672,082)
XIII Profit after tax	763,353	1,483,993	4,613,013	(9,358)	-	6,851,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

38. Segment reporting (continued)**(b) Business segment**

	Banking services VND million	Non-bank financial services VND million	Securities VND million	Others VND million	Elimination VND million	Total VND million
1	Interest and similar income	247,250	142,517	22,639	(117,113)	37,713,172
2	Interest and similar expenses	(94,516)	(62,346)	-	117,113	(19,185,461)
I	Net interest income	152,734	80,171	22,639	-	18,527,711
3	Fee and commission income	6,096	138,473	131,720	(98,538)	4,326,483
4	Fee and commission expenses	(906)	(34,095)	(51,757)	23,949	(2,219,778)
II	Net fee and commission income	5,190	104,378	79,963	(74,589)	2,106,705
III	Net gain from trading foreign currencies	704	-	1	-	1,850,118
IV	Net gain from trading securities	461,891	33,877	-	-	495,768
V	Net gain/(loss) from investment securities	(89,416)	-	-	-	(89,416)
5	Other income	10,217	133	555	(3,164)	2,293,539
6	Other expenses	(370,561)	(4)	-	-	(376,349)
VI	Net other income	1,915,237	4,433	555	(3,164)	1,917,190
VII	Dividend and net income from investments in associates and joint-ventures	63,650	7,906	-	-	71,556
VIII	Total operating income	24,464,705	163,061	103,158	(77,753)	24,879,632
IX	Total operating expenses	(9,781,671)	(69,813)	(30,425)	77,753	(9,950,443)
X	Net operating profit before provisions for credit losses	14,683,034	93,248	72,733	-	14,929,189
XI	Provisions for credit losses	(6,387,396)	(18,710)	-	-	(6,406,106)
XII	Profit before tax	8,295,638	74,538	72,733	-	8,523,083
7	Current corporate income tax expenses	(1,625,068)	(14,843)	(17,717)	-	(1,672,082)
8	Deferred income tax expense	-	-	-	-	-
XIII	Corporate income tax expenses	(1,625,068)	(14,843)	(17,717)	-	(1,672,082)
XIII	Net profit after tax	6,670,570	59,695	55,016	-	6,851,001

39. Disclosure of financial instruments**(a) Collaterals**

Vietcombank does not hold collaterals which it is permitted to sell or re-pledge in the absence of default by the owner of the collaterals.

(b) Fair value disclosure

Circular No. 210/2009/TT-BTC requires Vietcombank to disclose the measurement method and related information of fair value of financial assets and financial liabilities for the purpose of comparing their book value and fair value.

The following table presents book value and fair value of Vietcombank's financial assets and liabilities as at 31 December 2016:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

39. Disclosure of financial instruments (continued)

(b) Fair value disclosures (continued)

	Book value					Fair value	
	Held for trading VND million	Held-to maturity VND million	Loans and receivables VND million	Available for sale VND million	Recognized at amortized cost VND million	Total of book value VND million	VND million
Financial assets							
I	9,692,053	-	-	-	-	9,692,053	9,692,053
II	17,382,418	-	-	-	-	17,382,418	17,382,418
III	33,001,174	70,234,879	48,609,517	-	-	151,845,570	152,262,954
IV	4,271,362	-	-	-	-	4,271,362	4,272,548
V	230,658	-	-	-	-	230,658	230,658
VI	-	-	460,808,468	-	-	460,808,468	*
VIII	-	80,019,284	-	51,931,950	-	131,951,234	135,242,063
IX	-	-	-	2,829,418	-	2,829,418	2,843,766
XII	-	-	9,143,904	-	-	9,143,904	*
	64,577,665	150,254,163	518,561,889	54,761,368	-	788,155,085	*
Financial liabilities							
I, II	-	-	-	-	126,389,818	126,389,818	126,662,736
III	-	-	-	-	590,451,344	590,451,344	*
VI	-	-	-	-	10,286,376	10,286,376	*
VII	-	-	-	-	7,551,288	7,551,288	*
	-	-	-	-	734,678,826	734,678,826	*

(*) Due to insufficient information available for applying valuation techniques, fair values of the financial assets and liabilities that do not have quoted market prices are deemed to be not reliably measured and therefore not disclosed.

39. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments

The Board of Directors has the highest rights and responsibilities for Vietcombank financial risk management to facilitate its sustainable growth.

Having taken that responsibilities, the Board of Directors appropriately promulgates risk management policies and strategies for each period, establishes risk limits, directly approves high-value business transactions in accordance with legal and internal requirements for each period, and determines organizational structure and key personnel positions.

Risk management strategies and policies are adhered to Vietcombank's charter and General Shareholders' Meeting resolution for each period.

The Risk Management Committee was established by the Board of Directors to assist the Board of Directors in managing all risks that may arise from Vietcombank's day-to-day business operations.

The Asset and Liability Credit and Operational Risk Committee (ALCO) was established and chaired by the Chief Executive Officer. ALCO members are key personnel of Vietcombank being in-charge of risk management.

ALCO is responsible for comprehensively monitoring and managing assets and liabilities in the separate and consolidated balance sheet of Vietcombank in order to maximize profit while minimizing losses arising from negative market trends, manage liquidity risk and appropriately direct interest and foreign exchange rate schemes.

Within its authority, ALCO has the rights to make risk management decisions.

(i) Credit risk

Vietcombank is exposed to credit risk, which is the risk of incurring a loss because its customers or counterparties fail to discharge their contractual obligations. Credit exposures arise mainly in lending activities relating to loans and advances to customers, and in investments in debt securities. Off-balance sheet financial instruments, such as loan commitments, also contain credit risk. Vietcombank controls and manages credit risk by setting up related policies and procedures, including the credit risk management policies and operational risk management policy by the Risk Management Committee and Credit Committee.

Vietcombank classifies loans to customers and other credit institutions in accordance with Circular 02 and Circular 09 (see Note 2(g)) and regularly assesses credit risks of non-performing loans in order to have appropriate resolutions.

In order to manage credit risks, Vietcombank has established policies and procedures relating to credit risk management; established credit manuals; performed credit risk assessment; set up internal credit rating systems and loan classification and decentralized authorization in credit activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

39. Disclosure of financial instruments (continued)**(c) Risk management policies for financial instruments (continued)****(i) Credit risk (continued)**

Vietcombank's maximum exposure amounts to credit risk as at 31 December 2016, excluding collaterals and credit risk mitigations as follows:

	Neither past due nor impaired VND million	Past due but not impaired VND million	Impaired and fully made provision VND million	Total VND million
Balances with and loans to other credit institutions – gross	151,845,570	-	-	151,845,570
Balances with other credit institutions	103,236,053	-	-	103,236,053
Loans to other credit institutions	48,609,517	-	-	48,609,517
Loans to customers – gross	444,031,825	1,917,011	14,859,632	460,808,468
Investment securities – gross	130,941,234	-	1,010,000	131,951,234
Available-for-sale securities	51,931,950	-	-	51,931,950
Held-to-maturity securities	79,009,284	-	1,010,000	80,019,284
Other assets	9,143,904	-	-	9,143,904
	735,962,533	1,917,011	15,869,632	753,749,176

Types and book value of collaterals held by Vietcombank as at 31 December 2016 were as follows:

	VND million
Deposits	53,666,664
Valuable papers	71,395,538
Real estates	339,959,056
Others	389,759,801
	854,781,059

39. Disclosure of financial instruments (continued)**(c) Risk management policies for financial instruments (continued)****(ii) Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will unexpectedly fluctuate due to changes in market interest rates.

The actual interest re-pricing term is the remaining term starting from the date of the consolidated financial statements to the nearest interest re-pricing term of the items in the consolidated balance sheet.

The following assumptions and conditions have been adopted in the analysis of actual interest rate re-pricing term of assets and liabilities in the consolidated balance sheet of Vietcombank:

- Cash, gold, silver and gemstones, long-term investments, and other assets (including fixed assets and other assets) are classified as non-interest bearing items.
- Trading securities are classified as up to 1 month.
- The actual interest re-pricing term of investment securities depends on the interest rate from the issuers for each type of securities.
- The actual interest re-pricing term of balances with and loans to other credit institutions, loans to customers, amounts due to the Government and the State Bank of Vietnam, deposits and borrowings from other credit institutions and deposits from customers are identified as follows:
 - Items with fixed interest rate during the contractual term: the actual interest re-pricing term is based on the contractual maturity date subsequent to the consolidated financial statement date.
 - Items with floating interest rate: the actual interest re-pricing term is based on the nearest re-pricing term subsequent to the consolidated financial statement date.
- The actual interest re-pricing term of valuable papers issued is based on valuable papers' maturities and the Bank's interest rate for each issuance.
- The actual interest re-pricing term of other borrowed funds is from one to five years.
- The actual interest re-pricing term for other liabilities is from one to three months. In fact, these items shall have different interest re-pricing terms.

The following table presents the interest rate re-pricing terms of Vietcombank's assets and liabilities as at 31 December 2016:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

39. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(ii) Interest rate risk (continued)

	Overdue VND million	Free of interest VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
I	-	9,692,053	-	-	-	-	-	-	9,692,053
II	-	-	17,382,418	-	-	-	-	-	17,382,418
III	-	-	129,095,007	14,422,171	557,359	7,771,033	-	-	151,845,570
IV	-	-	4,271,362	-	-	-	-	-	4,271,362
V	-	-	-	230,658	-	-	-	-	230,658
VI	5,404,880	43	107,427,801	167,331,713	121,291,994	41,360,077	16,867,744	1,124,216	460,808,468
VIII	-	8,190	1,319,863	9,155,123	14,271,092	5,544,427	68,901,536	32,751,003	131,951,234
IX	-	3,642,161	-	-	-	-	-	-	3,642,161
X	-	5,639,382	-	-	-	-	-	-	5,639,382
XII	-	10,800,982	-	-	-	-	-	-	10,800,982
Total assets	5,404,880	29,782,811	259,496,451	191,139,665	136,120,445	54,675,537	85,769,280	33,875,219	796,264,288
Liabilities									
I, II	-	-	100,212,951	13,312,107	10,050,407	2,814,353	-	-	126,389,818
III	-	7,062	310,573,557	126,916,064	79,356,585	71,042,522	2,550,208	5,346	590,451,344
VI	-	-	286,376	-	-	2,000,000	8,000,000	-	10,286,376
VII	-	12,677,844	-	-	-	-	-	-	12,677,844
Total liabilities	-	12,684,906	411,072,884	140,228,171	89,406,992	75,856,875	10,550,208	5,346	739,805,382
Interest sensitivity gap	5,404,880	17,097,905	(151,576,433)	50,911,494	46,713,453	(21,181,338)	75,219,072	33,869,873	56,458,906
Cumulative interest sensitivity gap	5,404,880	22,502,785	(129,073,648)	(78,162,154)	(31,448,701)	(52,630,039)	22,589,033	56,458,906	

39. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(iii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Bank was incorporated and operates in Vietnam, with VND as its reporting currency. The Bank's two overseas subsidiaries have their local currencies as their reporting currencies. However, the value of these companies' assets is not significant to Vietcombank's total asset value. The major currency in which the Bank transacts is VND. Vietcombank's loans and advances to customers are mainly denominated in VND, USD and EUR. Some of Vietcombank's other assets are in currencies other than VND, USD and EUR. Vietcombank has set limits on currency positions based on its internal risk management system and relevant statutory requirements stipulated by the SBV. Currency positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

The following table presents Vietcombank's assets and liabilities denominated in foreign currencies that were translated into VND as at 31 December 2016:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

39. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(iii) Currency risk (continued)

		VND million				
		VND	USD	EUR	Other currencies	Total
Assets						
I	Cash on hand, gold, silver and gemstones	7,550,927	1,594,111	296,978	250,037	9,692,053
II	Balances with the State Bank of Vietnam	11,205,807	6,176,611	-	-	17,382,418
III	Balances with and loans to other credit institutions – gross	96,514,300	31,313,748	16,418,418	7,599,104	151,845,570
IV	Trading securities – gross	4,271,362	-	-	-	4,271,362
V	Derivative financial instruments and other financial assets	6,906,789	(10,435,465)	3,489,440	269,894	230,658
VI	Loans to customers – gross	379,801,538	80,404,012	183,123	419,795	460,808,468
VIII	Investment securities – gross	76,553,734	55,397,500	-	-	131,951,234
IX	Long-term investments – gross	3,642,161	-	-	-	3,642,161
X	Fixed assets	5,637,958	588	-	836	5,639,382
XII	Other assets – gross	9,296,474	964,213	315,343	224,952	10,800,982
	Total assets	601,381,050	165,415,318	20,703,302	8,764,618	796,264,288
Liabilities						
I, II	Deposits and borrowings from the SBV and other credit institutions	46,629,502	59,994,725	16,029,765	3,735,826	126,389,818
III	Deposits from customers	476,525,664	106,911,061	4,651,060	2,363,559	590,451,344
VI	Valuable papers issued	10,281,161	5,215	-	-	10,286,376
VII	Other liabilities	11,922,863	598,144	20,141	136,696	12,677,844
	Total liabilities	545,359,190	167,509,145	20,700,966	6,236,081	739,805,382
	FX position on-balance sheet	56,021,860	(2,093,827)	2,336	2,528,537	56,458,906

39. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(iv) Liquidity risk

Liquidity risk occurs when Vietcombank fails to fulfil its financial commitments with customers or counterparties due to unavailability of funds or liquidity.

The maturity of assets and liabilities represent the remaining terms of these assets and liabilities from the consolidated financial statements date to the maturity date according to the underlying contractual agreements or terms of issuance.

The following assumptions and conditions have been adopted in the preparation of Vietcombank's assets and liabilities maturity analysis in the consolidated balance sheet:

- Balances with the SBV are considered as current accounts including the compulsory deposits;
- The maturity of investment securities is based on redemption dates of each securities established by the issuers of these financial instruments;
- The maturities of balances with and loans to other credit institutions and loans to customers are based on the contractual maturity date. The actual maturity may vary from the original contractual term when the contract is extended;
- The maturity of equity investments is considered to be over 5 years as equity investments have no maturity; and
- Deposits and loans from other credit institutions and deposits from customers are determined based on either the nature of the loans or their contractual maturities. For example, Vostro accounts and current accounts paid upon customers' demand are considered to be demand deposits, the maturity of term deposits and borrowings is based on the contractual maturity date. In practice, such items may be rolled over and maintained for longer period.

The following table analyses the remaining terms to maturity of Vietcombank's assets and liabilities as at 31 December 2016:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

39. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(iv) Liquidity risk (continued)

	VND million							
	Overdue over 3 months	Overdue up to 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Assets								
I Cash on hand, gold, silver and gemstones	-	-	9,692,053	-	-	-	-	9,692,053
II Balances with the State Bank of Vietnam	-	-	17,382,418	-	-	-	-	17,382,418
III Balances with and loans to other credit institutions – gross	-	-	129,095,006	14,422,171	8,328,393	-	-	151,845,570
IV Trading securities – gross	-	-	4,271,362	-	-	-	-	4,271,362
V Derivative financial instruments and other financial assets	-	-	-	230,658	-	-	-	230,658
VI Loans to customers – gross	4,240,373	1,164,506	41,799,722	105,749,545	146,077,832	101,946,112	59,830,378	460,808,468
VIII Investment securities – gross	-	-	1,319,864	4,206,124	9,905,518	82,919,725	33,600,003	131,951,234
IX Long-term investments – gross	-	-	-	-	-	-	3,642,161	3,642,161
X Fixed assets	-	-	-	-	-	-	5,639,382	5,639,382
XII Other assets – gross	-	-	-	10,800,982	-	-	-	10,800,982
Total assets	4,240,373	1,164,506	203,560,425	135,409,480	164,311,743	184,865,837	102,711,924	796,264,288
Liabilities								
I, II Deposits and borrowings from the SBV and other credit institutions	-	-	100,175,262	13,065,345	12,448,246	608,814	92,151	126,389,818
III Deposits from customers	-	-	164,978,585	139,341,992	175,362,542	44,611,931	66,156,294	590,451,344
VI Valuable papers issued	-	-	286,376	-	-	4,000,000	6,000,000	10,286,376
VII Other liabilities	-	-	-	12,677,844	-	-	-	12,677,844
Total liabilities	-	-	265,440,223	165,085,181	187,810,788	49,220,745	72,248,445	739,805,382
Net liquidity gap	4,240,373	1,164,506	(61,879,798)	(29,675,701)	(23,499,045)	135,645,092	30,463,479	56,458,906

40. Notes to changes in profit

The increase in net profit after tax of Vietcombank for the year ended 31 December 2016, by VND billion 1,519 (equivalent to 28%) in comparison to that for the year ended 31 December 2015, was due to the increase in its profit before tax of VND billion 1,696 (equivalent to 25%), driven mainly by the following items:

	Impact	
	Absolute value VND billion	Relative value %
Items which have significant movements		
Increase in fee and commission income	769	11.27
Increase in net gain from trading securities	278	4.07
Increase in income from loans previously written off (in other income)	287	4.21
	1,334	19.55

41. Events after the consolidated financial statement date

As at the preparation date of the consolidated financial statements, there have not been any significant events that have arisen since 31 December 2016 that may significantly affect the consolidated financial position of the Bank and its subsidiaries as at 31 December 2016, the consolidated results of their operations and their cash flows for the year then ended which require adjustments or disclosures to be made in the consolidated financial statements for the year ended 31 December 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN

42. Restatements of comparative figures due to changes in accounting policies

During the current year, due to changes in accounting policies and requirements of preparation and presentation of financial statements according to Circular 210/2014/TT-BTC dated 30 December 2014 applied to Vietcombank Securities Company Limited, a subsidiary of Vietcombank, certain items in the previous year's consolidated balance sheet were reclassified to conform with the presentation of the current year.

Extract from the consolidated balance sheet as at 31 December 2015:

	31/12/2015 VND million (Previously stated)	Reclassification according to Circular 210 VND million	31/12/2015 VND million (Reclassified)
Trading securities	9,467,305	457,741	9,925,046
Trading securities	9,468,255	473,134	9,941,389
Provision for trading securities	(950)	(15,393)	(16,343)
Loans to customers	378,541,826	571,233	379,113,059
Loans to customers	387,151,704	571,233	387,722,937
Investment securities	108,055,236	(457,741)	107,597,495
Available-for-sale securities	42,941,175	(473,134)	42,468,041
Provision for investment securities	(704,217)	15,393	(688,824)
Other assets	9,971,680	(571,233)	9,400,447
Receivables	3,532,456	(578,493)	2,953,963
Interest, fee receivables	4,842,275	7,260	4,849,535
Deposits from customers	500,528,267	634,283	501,162,550
Other liabilities	12,600,027	(634,283)	11,965,744
Other liabilities	7,592,278	(634,283)	6,957,995

In 2016, the Bank issued the bonus shares in accordance with Resolution No. 09/TN2016/NQ-DHDCCD dated 15 April 2016 by the General Meeting of Shareholders. Additionally, the profit used to determine earnings per share in 2015 was adjusted to reflect the actual appropriation of bonus and welfare reserves from the retained earnings of 2015. Consequently, item "Earnings per share" in 2015 was restated to reflect the above changes.

	31/12/2015 VND (Previously stated)	Adjustments VND	31/12/2015 VND (Restated)
Basic earnings per share (VND)	1,626	(424)	1,202

43. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Management on 29 March 2017.

Ha Noi, 29 March 2017

Prepared by:

Approved by:

Ms. **Nguyen Thi Thu Huong**Ms. **Phung Nguyen Hai Yen**Mr. **Nguyen Danh Luong**


Deputy Director of
Accounting Policy Department



Chief Accountant



Deputy CEO



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