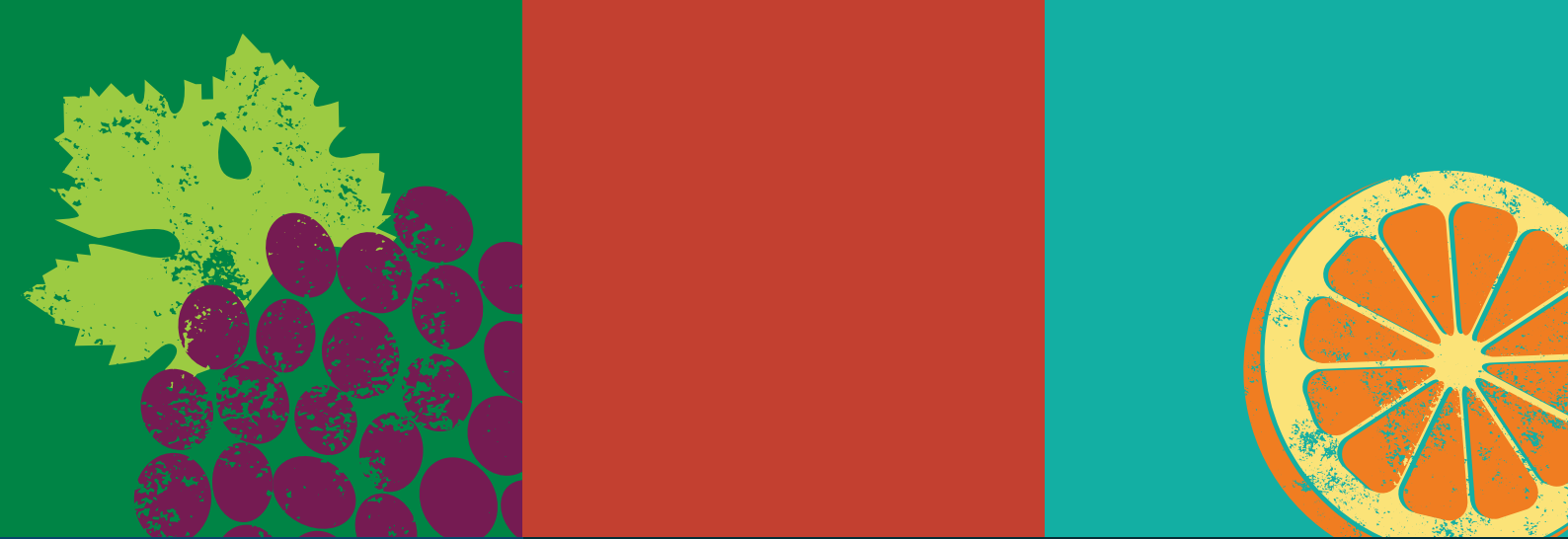




ANNUAL REPORT





## **FRUITS OF TRANSFORMATION**

In 2012, VPBank developed and began to implement its 2012–2017 Transformation Program. In 2016, after more than four years, the relentless efforts of all VPBankers brought about a bumper crop, and one which promises even more productive crops in the future. We have therefore decided to name our 2016 Annual Report 'Fruits of Transformation' to highlight the achievements of the year and the challenging roadmap to make VPBank one of the top five commercial joint-stock banks in Vietnam by 2017.

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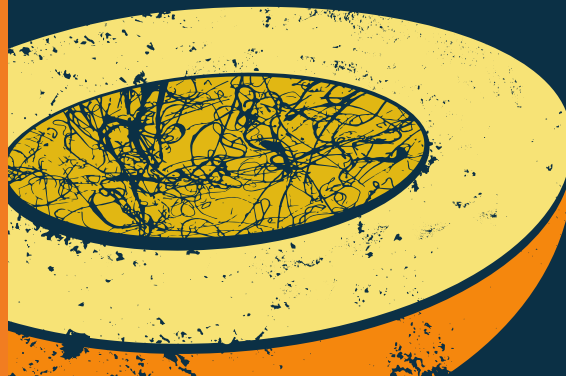


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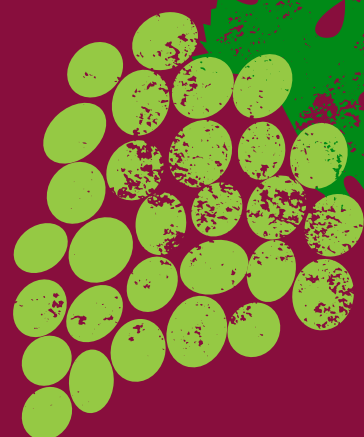
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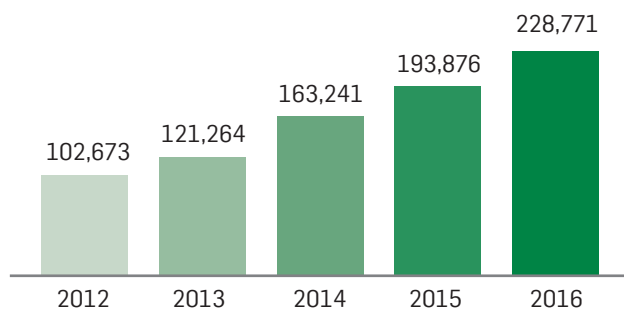
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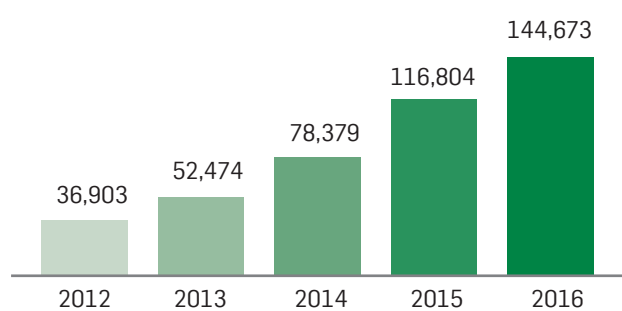
## BUSINESS PERFORMANCE HIGHLIGHTS

	2012	2013	2014	2015	2016
PERFORMANCE INDICATORS (VND billion)					
Total assets	102,673	121,264	163,241	193,876	228,771
Equity	6,709	7,727	8,980	13,389	17,178
Deposits & issued valuable papers	59,680	88,345	119,163	152,131	172,438
Outstanding loans	44,965	66,263	95,675	131,463	162,832
<i>of which: customer loans</i>	<i>36,903</i>	<i>52,474</i>	<i>78,379</i>	<i>116,804</i>	<i>144,673</i>
Total operating income	3,133	5,085	6,271	12,066	16,864
Profit before tax	949	1,355	1,609	3,096	4,929
PRUDENTIAL AND EFFICIENCY RATIOS					
ROAA	0.77%	0.91%	0.88%	1.34%	1.86%
ROAE	11%	14%	15%	21%	26%
CAR	12.5%	12.5%	11.3%	12.2%	13.2%
Number of employees	4,326	6,795	9,501	12,927	17,387
Number of branches	204	207	209	208	215
Number of active customers (thousand)	353	635	1,305	2,088	3,290

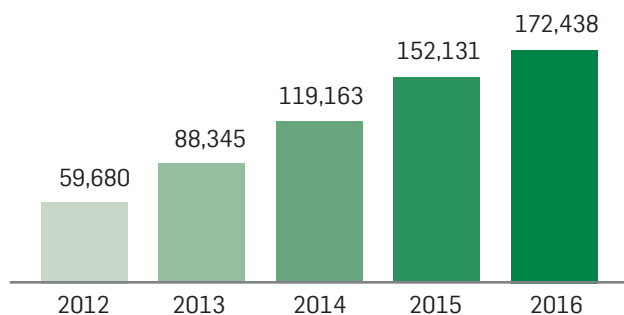
TOTAL ASSETS (VND billion)  
CAGR = 22%



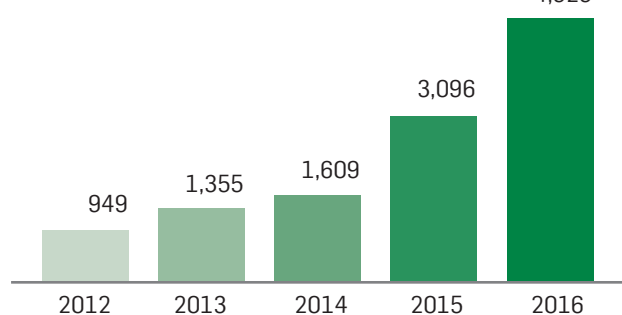
CUSTOMER LENDING (VND billion)  
CAGR = 41%



DEPOSITS & VALUABLE PAPERS (VND billion)  
CAGR = 30%



PROFIT BEFORE TAX (VND billion)  
CAGR = 51%



CAGR: COMPOUND ANNUAL GROWTH RATE

## MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dear Valued Shareholders, Customers, and Partners,

2016 was the penultimate year in VPBank's five-year strategy to realize our vision of becoming one of the top five joint-stock commercial banks in Vietnam by 2017. On behalf of the Board of Directors and Board of Management, we would like to express our delight and satisfaction with the remarkable achievements that the Bank made in 2016, including improving business performance and preparation for listing on a local stock exchange, which were attributable to the sharp focus and persistent efforts of all the managerial staff and employees during the last year, following the guidance of the Board of Directors and Board of Management. VPBank strongly believes that this is only the first of many goals that the Bank can reach in the coming years thanks to its solid foundations, the overarching vision of the leadership, and the dedication of the Bank's staff.

We would like to extend our sincere gratitude towards you – our valued shareholders, customers, and partners – for your support over the years. Our special thanks are also extended to the Board of Management, managerial staff, and all VPBank employees for their contributions to the Bank's development.

As of December 31, 2016, VPBank's total assets had risen 18% y-o-y; total operating income had reached VND16,864 billion, profit before tax had reached more than VND4,900 billion; and owners' equity had grown by 28%. These results enabled the Bank to affirm its position among the top joint-stock commercial banks in Vietnam in terms of volume growth and market profitability.

VPBank has further developed two key segments – Retail Banking and SME Banking – and established a new business line to serve a high potential, but underserved, segment: Household Banking. The impressive growth in deposit and loan volumes of these segments was encouraging, and reaffirmed the relevance and achievability of the objectives for the Bank's strategic segments. 2016 was also a rewarding year in terms of the efficiency of other segments such as Corporate and Investment Banking, Financial Markets, Investment & Project Financing, and Financial Institutions & Transaction Banking. These divisions actively leveraged their specialized products and services, and closely collaborated with other divisions and external partners, to implement cross-selling and distributor financing programs, thereby

not only offering customers the best services but also optimizing the Bank's business performance in 2016.

2016 marked a success for VPBank's consumer finance, with an average growth rate of around 40% y-o-y for critical criteria such as customer base and business performance, thereby making significant contributions to the Bank's profits. To sustain the growth momentum of this segment, the Bank's leadership finalized a five-year strategic roadmap with McKinsey Company and began its implementation.

Underlying the impressive business performance were solid foundational systems, which were transformed and significantly improved and served as the backbone for VPBank's growth in 2016. In order to adapt to market trends and customer spending behaviors – and to meet business demands and the requirements of corporate governance and regulatory agencies – VPBank has been creating a pioneering systems architecture by implementing eight bank-wide transformation projects and over 300 initiatives to optimize and improve its key systems and processes in 2016. Most of these programs have focused on the transformation of the business model, centralization of operations, specialization, and segregation of businesses with a clearer view of finance, risk management, operations, and products – driven by automation with support from IT. Metrics having a direct impact on quality and efficiency have been closely monitored to identify and handle challenges in a timely manner, and to continually improve productivity and quality. In addition, VPBank is aggressively implementing a digital banking strategy to make financial technology its cornerstone, staying relevant in view of the preferences of experience-seeking, technology-savvy customers, and improving the Bank's efficiency. The effective development and transformation of these systems will be a key driver for attaining the goals of improved customer service quality, system management capability, and growth efficiency in 2017.

It is forecast that there will be numerous complex fluctuation in the macroeconomic environment in 2017 as a result of the impacts of global, political and economic conditions, as well as local macroeconomic factors – especially the ever more stringent requirements from regulators regarding governance standards in the banking industry. The economy is entering a recovery phase and generating a brighter



picture for the banking industry after a restructuring period. Banks are getting back on their feet and willing to drive growth, intensifying competition in the market and especially in the retail banking and SME segments. VPBank is entering 2017 with tougher challenges than past years. Nevertheless, VPBank sees these challenges as opportunities to reach new heights with new strengths.

The Board of Directors, Board of Management, managerial staff, and all employees of VPBank strongly believe that when we share a purpose we can overcome any challenge, and we can reach our goal of becoming a leading joint-stock bank in Vietnam by the end of 2017.

Our warmest thanks to you all!

**Ngo Chi Dzung**  
Chairman

**Nguyen Duc Vinh**  
Chief Executive Officer