Post-restructure financial performance of commercial banks in Vietnam 2011-2016

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Bachelor's Thesis

Degree Programme in

International Business

2018

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Abstract

16 April 2018

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Degree programme

International Business

Report/thesis title	**Number of pages and appendix pages**
Post-restructure financial performance of commercial banks in Vietnam 2011-2016	**47 + 25**

The main purpose of the thesis is to analyze the financial performance of commercial banks in Vietnam between 2011 and 2016. The reason for conducting the thesis is based on the restructuring plan of the State Bank of Vietnam and the Government that aims to restructure the weak banking system to enhance performance and efficiency that is more suitable to the international integration of the country.

By using the CAMEL framework, seven selected commercial banks were chosen for analysis to evaluate the results of the restructuring plan. CAMEL is an acronym for Capital adequacy, Asset quality, Management quality, Earnings, and Liquidity. The selected commercial banks need to have M&A deals between 2011 and 2016, and the financial data needed to be available two years after restructure to clearly identify the results. The banks are assessed based on financial ratios, rated according to the CAMEL ratings, and are then evaluated.

In conclusion, the CAMEL framework has evaluated the banks at the same level as that of banking professionals who evaluated them at the end of the restructuring. In broader terms, the banking sector achieved some positive results, but there are still some potential obstacles that need tackling and should be efficiently dealt with in the second restructuring plan from 2016 to 2020.

Keywords

Vietnam banking sector, bank restructure, financial performance, financial ratios, CAMEL framework.

Acronyms

BIDV	Bank for Investment and Development of Vietnam
CAMEL	Capital adequacy, Assets, Management Capacity, Earnings, Liquidity
CAR	Capital Adequacy Ratio
GDP	Gross Domestic Product
HD Bank	Housing Development Bank
JSCB	Joint Stock Commercial Bank
M&A	Merger and Acquisition
NPL	Non-Performing Loans
ROA	Return on Assets
ROE	Return on Equity
SCB	Saigon Commercial Bank
SHB	Saigon-Hanoi Commercial Bank
SOCB	State Owned Commercial Bank
TP Bank	Tien Phong Bank
USD	US Dollar
VND	Viet Nam Dong
WTO	World Trade Organization

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1 Introduction

The banking industry is considered the backbone of the economy and has a crucial effect on the growth and development of a country. Therefore, in many countries, especially developing countries, financial sector reform has been implemented significantly in the past two decades. The motivation and strategy for the plan differ depending on the country, with the need to establish a modern and more efficient financial system to support economic development.

Based on the CAMEL-rating framework, banks' performance in Vietnam will be studied in depth after the restructure under the Reform Scheme 2011 - 2015 approved by Prime Minister. The CAMEL framework focuses on bank's capital adequacy, asset quality, management quality, earnings, and liquidity.

The rest of the chapter is structured as follows: section 1.1 presents the background of the study; section 1.2 is thesis problem, section 1.3 presents research question and investigating questions; section 1.4 is thesis objectives; section 1.5 analyzes thesis scope and limitations; section 1.6 is research method used for analysis; section 1.7 identifies the benefit of the study; and last section is thesis structure.

1.1 Background

1.1.1 Recent development of banking environment

The banking environment has changed significantly when the economy underwent reform for international integration, increased cooperation in monetary and financial activities. The recession in 2007 made a huge impact on the economy, resulted in a low performance in the banking industry. At the same time, Vietnam joined World Trade Organization (WTO), which marked a crucial step in identifying the needs to recover and develop of the financial sector to meet international standards.

Vietnam is a potential developing country in a proactive period of growth. The financial sector had made some significant changes for improvement. For instance, total assets are 1.5 times the Gross Domestic Product (GDP); and total economic credit is 100% of GDP by the end of 2014, which has created a favorable environment for the development of the country (World Finance 2015). The motivation to integrate provides banks opportunities to grow in terms of quantity and quality, develop a secure and efficient banking system to support country's trade and economy.

1.1.2 Roles of banks

A bank is defined as an institution, of which assets consist overwhelmingly of loans to borrowers, and liabilities consist overwhelmingly of deposits (Howells & Bain 2005, 32).

Banks' main function is to collect deposits from surplus units and lend loans to deficit unit; in which deposits have usually small size, low-risk, and high liquidity characteristics while loans are vice versa. Banks fill the gap between lenders and borrowers by performing certain transformation functions:

- Size transformation: performed by collecting small size funds and savings from depositors and repackage them into large size loans and lending.
- Maturity transformation: performed by transforming short-term funds into longer-term loans.
- Risk transformation: performed by minimizing individual loans risk by investments, pooling risks, reserving capital for unexpected loss.

(Casu et al 2015, 7.)

1.2 Research problem

International integration has made a great impact on Vietnam economy, both positively and vice versa. It creates more opportunities and investments for business, individuals, as well as the development of the country. Nevertheless, the path to fully adapt to international standards is problematic. The financial crisis in 2008 had a major impact on every country's economy, and Vietnam is not an exception. Specifically, the banking system activities have been downsized; the bad debts of banks rocketed compared to investments.

The government has made an effort by implementing reform strategy to the banking sector that aims to fully re-establish standardized system. Many questions have been raised when the Scheme began: How will the plans happen in action? What is the outcome of this, whether it is a right decision? And what potential defects might occur if the second Scheme will be implemented in the next period?

It is therefore imperative to assess and analyze the financial performance of selected banks after restructuring to draw experience and determine the direction for future growth.

1.3 Research question

Research question:

What is the commercial bank's financial performance after restructuring?

The research question will be analyzed further by taking a closer approach to the following investigation questions:

IQ1. What is financial performance and methods for accessing financial performance of commercial bank?

IQ2. How has the Vietnam banking system developed? What is the cause for bank restructuring in Vietnam?

IQ3. What is the financial performance of commercial banks after restructuring?

IQ4. Did the restructure plan succeed its goal? What are possible obstacles and problems after reform strategy?

IQ5. What is the future of Vietnam banking sector after restructure?

Table 1. Overlay matrix

Investigation question	**Theoretical Knowledge base**	**Research Methods**	**Results (Chapter)**
What is financial performance and methods for accessing financial performance of commercial bank?	-Online resource	Desktop research	Chapter 2
How has the Vietnam banking system developed? What is the cause for bank restructuring in Vietnam?	-Online resource	Desktop research	Chapter 4
What is the financial performance of commercial bank after restructuring?	-Annual reports of targeted banks	Desktop research	Chapter 5
Did the restructure plan succeed its goal? What are possible obstacles and problems after reform strategy?	-Results from previous analysis	Own study	Chapter 6
What is the future of Vietnam banking sector after restructure?	-Published articles of professionals	Own study	Chapter 6

1.4 Research objectives

The main objectives of this study are:

- To understand several concepts in banking industry such as restructuring, commercial banks, financial analysis method.
- To provide an overview of Vietnam banking sector, include history, current situation, and restructure of commercial banks.
- To analyze and find out what is the financial performance of commercial banks in Vietnam after restructuring.
- To propose solutions for commercial banks on how to improve their financial performance in the next period 2016-2020.

1.5 Scope and limitations

Research subject includes seven commercial banks with 100% or 50% of State-owned chartered capital, include: Saigon Commercial Bank (SCB), Saigon-Hanoi Commercial Bank (SHB), Sacombank, Housing Development Bank (HD Bank), Bank for Investment and Development of Vietnam (BIDV), Tien Phong Bank (TP Bank), and Maritime Bank. Another important point is that the data has to be available at least two years after the restructure. Therefore, only seven banks are qualified for further analysis.

The data used was collected over a period from 2011 to 2016, based on the Project 254 approved by Prime Minister: "Restructuring the system of credit institutions in the stage of 2011-2015" (Hoang, Phan & Bandaralage 2016).

Information transparency is one of the main difficulties when conducting this research. Main information for analysis is based on public reports and papers; and the language in some of the documents is in the local language, which is Vietnamese. Another barrier of the research is the limited access to some Vietnamese research papers or studies, therefore some readers are not able to get full access to interest documents.

Due to limited time and resources of banks' data, the performance will be analyzed based on some factors according to CAMEL framework, which is, capitalization, loans, asset, liquidity, revenue, and management efficiency. Other factors will be exempt from the study include internal factors such as bank size, interest rate, regulation, corruption; and external controls like GDP, inflation.

1.6 Research method

The study aims to determine the financial performance of commercial banks after restructuring in Vietnam in the period 2011-2016. Samples of seven commercial banks are selected to make a generalization. The banks chosen have restructured their credit institutions in the chosen period and have data available at least two years post-restructure.

The method employed is comparative financial ratios analysis based on CAMEL rating framework. The financial ratios are categorized into Capital adequacy, Assets, Management Capacity, Earnings, and Liquidity. Financial ratios are calculated by using secondary data sourced from annual reports of chosen commercial banks.

The study also uses statistical data through available resources, creates graphs and tables in order to evaluate and compare the contents. In addition, the author uses the deductive method in order to explain the characteristic of indicators in the analysis as well as draw conclusion.

The author uses the descriptive approach to explain reform activity in Vietnam banking sector in the period time from 2011 to 2016 by using data published by the State Bank of Vietnam in its report of the commercial bank.

From the analysis results, the author will give a conclusion about the financial performance of banks restructure as well as suggest solutions for future development.

The research process can be summarized in the figure below:

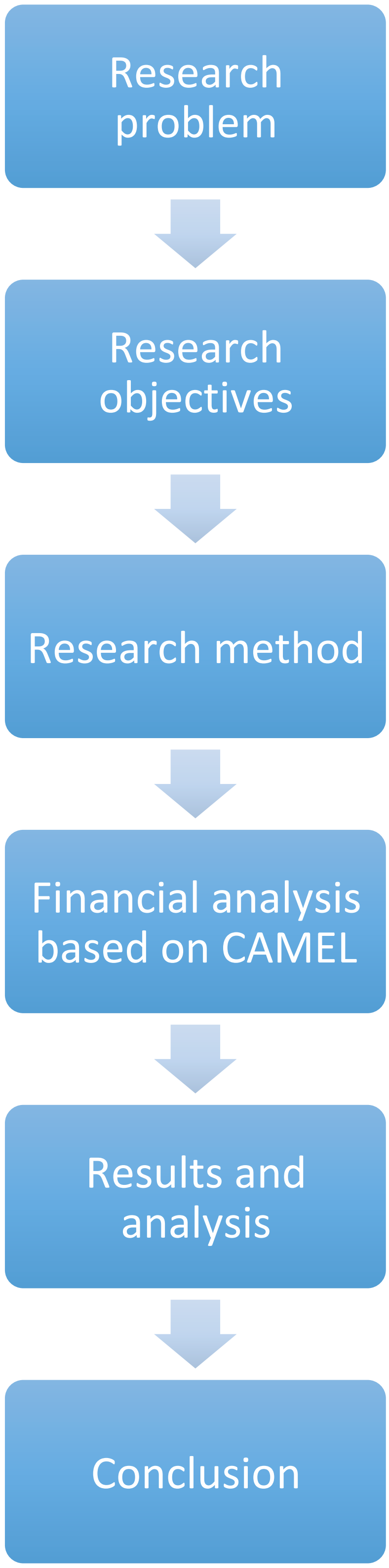

Figure 1. Research design

1.7 Significance of the thesis

The thesis is a relevant source of reference on this topic. In particular, there have been many previous research documents, however, the information and time period is not up-to-date. The thesis updates readers about the latest information and deepens knowledge of the banking industry and Vietnam current banking system, who are interested in learning Vietnam economy and who are planning to invest in the banking sector.

The author aims to introduce the CAMEL-rating model in banking to students and lecturers, who are studying and working in accounting major, and who have a special interest in the banking and finance that are interested in gaining further knowledge on the subject. By setting a framework for analysis, the author will apply this model to give them an overview of its function and in selected banks.

The topic provides the author opportunity to gain knowledge in the banking industry, and Vietnam banking in specific. Working with this topic, the author expects to gain insight into the development of banking industry, how well the sector catches up with international pace. Moreover, the author can improve professional and interpersonal skills, which will benefit for her future career.

1.8 Structure of the thesis

The thesis proceeds as follow. Section 2 contains a brief overview of several concepts as well as CAMEL rating framework literature. Descriptive information on research methodology is reported in Section 3. Section 4 provides an overview of the Vietnam banking sector and its restructure process. An analysis of financial performance post-restructure of banks is provided in Section 5. Finally, Section 6 contains extensive discussion and future strategies of the Vietnam banking sector.

2 Theoretical Framework

In this chapter, the following issues will be covered: definition of several key concepts used in the research such as commercial bank, financial performance, bank restructure and reviews about relevant studies related to the research topic.

2.1 Commercial Bank

As commercial bank's position is becoming more indispensable, there are many concepts to define commercial bank terminology. According to Howells & Bain (2005, 32), commercial bank is a "traditional banking business holding deposits, bundling them together as loans, operating the payments mechanism etc."

In America, commercial banks' operation only "specialized in short-term business credit", "make consumers loans and mortgages" and has some other financial powers. The primary purpose of a commercial bank is to maximize shareholders' profit. (Koch & MacDonald 2010, 38.)

According to Vietnamese Government decree no. 47/2010/QH12 on June 16, 2010, " commercial bank means a type of bank which may conduct all banking operations and other business activities under this Law for profit" (Vietnam Legal 2010).

Commercial banks generate income and make profits by taking small and short-term deposits and turning them into larger and more of long-term loans. Commercial banks offer various account types that provide customers various opportunities in terms of saving money, include fixed deposits, saving deposits, current deposits, and recurring deposits. Some banks also expand their services to investment consultation and insurance contracts. (Marketbusinessnews.com 2017.)

2.2 Financial Performance

According to Business Dictionary (businessdictionary.com), financial performance measures "the results of a firm's policies and operations in monetary terms". It can be evaluated based on "the firm's return on investment, return on assets, value-added, etc. The evaluation of a firm's financial performance has an important role for all parties including investors, managers, and shareholders.

There are numerous methods, techniques, or indicators to measure the financial performance of a business. For instance, Davison, Brown & Hagel (2010) have identified the most valuable metric for understanding financial status – return on assets (ROA) – that helps to analyze the profitability in a long-term. Wallace (2016) suggested three measures any company should be aware to monitor and ensure the performance, which are the working capital ratio, revenue growth, and gross/net profit margin.

Besides the traditional accounting analysis, the valuation methods have been more of a modern metrics to measure the financial performance, such as discount cash flow technique (include Net Present Value (NPV) and Internal Rate of Return (IRR)), Capital Asset Pricing Model (CAPM), Residual Income (RI), Free Cash Flow (FCF), Shareholder Value (SHV), and the Value Based Management (VBM) approach. These measures have been popularly utilized for financial decision-making and performance analysis. (Maditinos, Sevic & Theriou 2006, 2.)

For commercial banks, financial performance analysis checks how well the bank use its assets, shareholder's equities and liabilities, revenues and expenses. Financial ratio method is usually employed since it presents a simple description of the firm's performance over a time period. (Lin, Li & Chu 2005.)

2.3 Bank restructure

According to Waxman (1998, 6), banking restructuring involves a series of closely coordinated measures in order to maintain the national payment system and credit services, address the problems that exist in the financial system.

Bank restructuring is a method aims at improving efficiency in bank performance (including solvency and profitability) and operations' capacity. The expected result after restructuring is the banking system will be able to fulfill its responsibility and restore the public trust. Therefore, the restructuring process usually includes financial restructuring and operational restructuring. In particular, financial restructuring aims to restore liquidity by improving banks' balance sheets through measures such as raising capital, reducing debt, or raising asset values. Operational restructure aims to increase profitability by focusing on operational strategies, improving efficiency and management capacity and accounting systems, credit appraisal capacity. Supervision and safety rules are designed to improve the performance of the whole banking system as financial intermediaries. (Dziobek & Pazarbasioglu 1997.)

Bank restructuring activity may happen to any bank. In 2015, Deutsche Bank CEO John Cryan aimed to restructure its business model to adapt to new capital markets, with low interest rates, growth, strict capital rules and a higher threat of disruption. Taking its action, the bank streamlined into three business units: the corporate investment bank, wealth management and asset management; with chartered capital of €8 billion and the main goal to achieve growth in revenues and earnings. (Moshinsky 2017.)

Restructuring the operation was the main goal of ANZ Bank Australia branch, by splitting the staffs, excluding frontline workers, into different teams that may include employees from different division to work together to bring new solution and be more flexible, especially the ability to adapt to technology development, market and regulations shifting (Yeates 2017).

2.4 CAMEL rating framework

CAMEL is a rating system used by Federal Deposit Insurance Corporation (FDIC) to access the overall condition of banks. CAMEL is an acronym for Capital adequacy, Asset quality, Management quality, Earning quality, Liquidity. For Capital adequacy, Earning quality and Liquidity are examined based on financial ratios compiled from balance sheet accounts and components of net income such as return on equity or return on assets, etc. The relative volume of problem loans and loan losses determines the asset quality. Management quality is reviewed from senior officers´ awareness on banks' policies and performance. (Koch & MacDonald 2010, 36.)

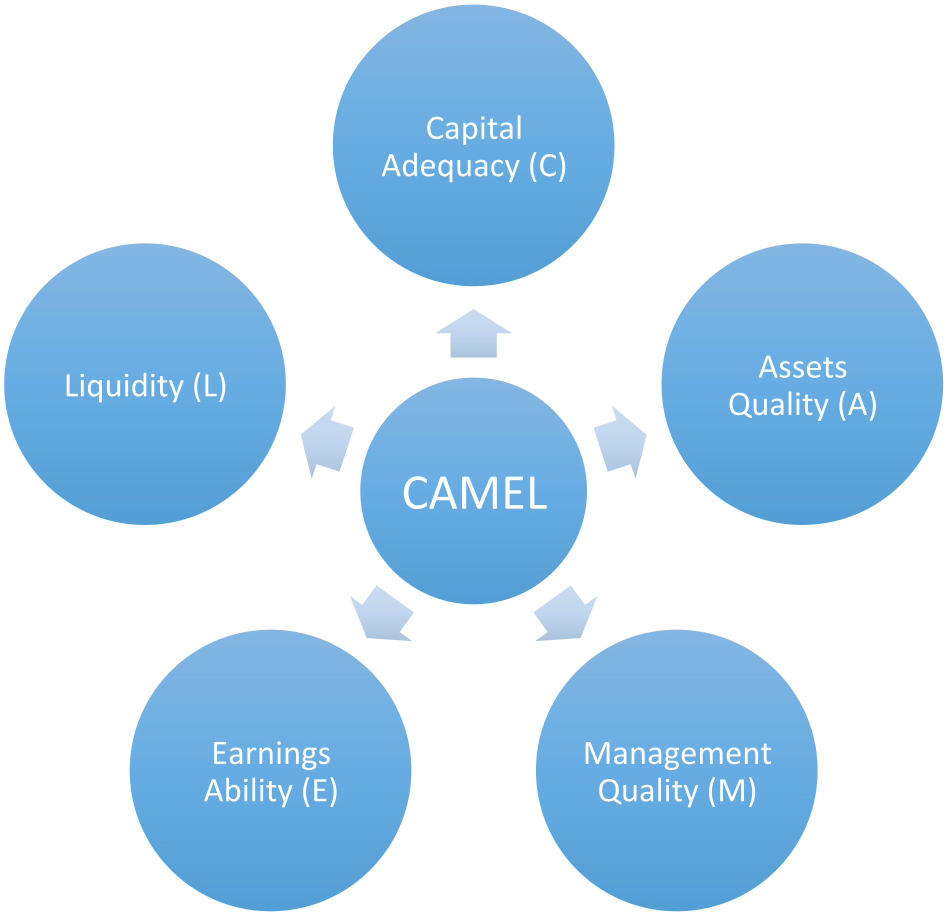

Figure 2. CAMEL framework.

2.4.1 Capital adequacy (C)

This component examines a bank's overall condition, level and quality of capital, earnings quality and strength, risk exposure such as market risk, operational risk, credit risk or interest rate risk. It also helps to show bank's capital mobility in the event of losses, plans and prospect for growth. (Hardin 2016.) Two key financial ratios are used to check the capital adequacy:

Table 2. Capital Adequacy Ratio

Ratio	Formula	Criteria
CAR	$\frac{(Tier\ 1\ capital - goodwill)\ +\ Tier\ 2\ capital}{Risk - Weighted\ Assets}$	≥ 8%
Equity Capital to Total Assets	$\frac{Total\ capital}{Total\ assets}$	≥4 – 6%

In which:

- "Tier 1 capital is shareholder equity capital
- Tier 2 capitals are the banks' loan loss reserves + subordinated debt which consists of bonds sold to raise funds"

(Sandhya 2014.)

2.4.2 Assets (A)

In this component, general quality of loans and assets are checked. This requires a review of the loan classification system, debt elimination policies as well as credit risk management. To access this component, Non-performing loan (NPL) ratios such as proxy of asset quality, allowance /provision to loan losses reserve are used. (Sandhya 2014.)

Table 3. Assets Ratio

Ratio	Formula	Criteria
NPL's to total loans	$\frac{NPL}{Total\ Loan}$	≤ 1%
NPL's to total equity	$\frac{NPL}{Total\ Equity}$	≤ 1%
Allowance for loans loss ratio	$\frac{Allowance\ for\ loan\ loss}{Total\ loan}$	≥ 1.5%

According to European Central Bank (2016), NPL is defined as a bank loan has a due date of more than 90 days without installments or interest payment from the borrower. In another word, NPL is called "Bad debt". Banks usually set aside capital, so-called provision for NPL, when a loan is assumed not paid back. NPL should be kept at a minimum level so as to still earn profits when extending new loans to customers.

In financial statements, Bank of Thailand (2017, 1) indicates that Gross NPLs includes the loans classified as substandard, doubtful, doubtful of loss, and loss; while Net NPLs is the outstanding amount of Gross NPLs and net of actual provision for the NPLs. The study will conduct analysis based on Gross NPLs data.

2.4.3 Management quality (M)

This component assesses the board of directors and management's capability by considering human resources management policies, general management policies, bank's strategy, etc. Three management requirements are taken into CAMEL approach for analysis:

Ownership, Size, and Year of operations. There are three financial ratios used for estimating Management quality.

Table 4. Management Quality Ratio

Ratio	Formula	Criteria
Total asset growth rate	Average of historical asset growth rate	Nominal GNP growth
Loan growth rate	Average of historical loan growth rate	Nominal GNP growth
Earnings Growth rate	Average of historical earning growth rate	≥ 10 – 15%

(Sandhya 2014.)

2.4.4 Earnings (E)

This is an important element in the analysis since it shows the degree of efficiency in operation as well as the trends in the performance of banks. The rating for this element is based on the level, quality and sources of earnings, the sufficiency of accounting and budgeting systems, forecasting process and technological systems; exposure to market risks and level of the operation expenses (Hardin 2016).

The following key financial ratios are taken into account when measuring the profitability:

Table 5. Earnings Ratio

Ratio	Formula	Criteria
Net Interest income margin (NIM)	$\frac{Net\ interest\ income}{Average\ earning\ assets}$	> 4.5%
Cost to income ratio	$\frac{Operating\ expenses}{Net\ interest\ income\ +\ Non-interest\ income}$	≤ 70%
Return on asset (ROA)	$\frac{Net\ interest\ income}{Asset\ growth\ rate}$	≥ 1%
Return on equity (ROE)	$\frac{Net\ interest\ income}{Shareholders\ equity\ growth\ rate}$	≥ 15%

(Sandhya 2014.)

2.4.5 Liquidity (L)

This factor analyses the bank's' ability in "maintain a level of liquidity sufficient to meet its financial obligations in a timely manner" and its capability in "liquidating assets with minimum loss". Debt and equity structure of the bank, the solvency of short-term assets are also very important factors in the overall assessment of the organization's ability to manage liquidity. (Sandhya 2014.) The following ratios and criteria below are used:

Table 6. Liquidity Ratio

Ratio	Formula	Criteria
Customer deposits to total assets	$\frac{Total\ customer\ deposit}{Total\ assets}$	≥ 75%
Total loan to customer deposits	$\frac{Total\ loans}{Total\ customer\ deposits}$	≤ 80%

2.4.6 Composite rating

The composite rating is calculated after the analysis of each component in CAMEL rating framework. It is the average of the sum of five components. Detailed of the rating scale and interpretation for composite rating are described in the table below:

Table 7. Rating system

Rating	Rating range	Rating description	Rating interpretation
1	1.0 – 1.49	Outstanding/ Strong	The bank outperforms the average bank in all respects and by easily measurable difference
2	1.5 – 2.49	Superior/ Satisfactory	Measurably better than the average bank, but not quite outstanding in all respects
3	2.5 - 3.49	Average/ Fair	a well-run, good bank that just meets all of the major standards
4	3.5 - 4.49	Underperformance/ Marginal	The bank demonstrates a major weakness that if not corrected, could lead to a very severe or unsatisfactory condition that will threaten its existence. This would also include major financial and/or managerial surprises
5	4.5 - 5.0	Doubtful/ Unsatisfactory	The bank's financial health is substandard, with asset quality impairing over half of the bank's primary capital. If not corrected further deterioration will lead to regulatory control and a high probability of failure

(Sandhya 2014 & Ahsan 2016.)

2.5 Literature reviews

The literature review is conducted to review existing research documents about a particular research topic. From the review, researchers will be able to acknowledge which part of the topic is under-researched. In addition, the review helps researchers in finding a suitable methodology that has been used successfully by other researchers for the same topic. Many papers related to commercial banks' financial analysis by adopting CAMEL framework are presented below. The first part gives an overview of research conducted in other countries and second part presents some papers researched in Vietnam.

2.5.1 International research

Rozzani & Rahman (2013) examined the performance of 16 Islamic banks and 19 conventional banks in Malaysia by using CAMELS rating from 2008 – 2011 and made comparison between them. The results showed that their performance is quite similar. However, this study proved that CAMELS rating is a good methodology for evaluating a bank's financial performance.

Jha & Hui (2012) compared the financial performance of 18 different ownership structured commercial banks in Nepal based on their financial characteristics and identified the determinants of performance exposed by the financial ratios, which were based on CAMEL Model in 2005- 2010. " In addition, econometric model (multivariate regression analysis) by formulating two regression models was used to estimate the impact of capital adequacy ratio, non-performing loan ratio, interest expenses to total loan, net interest margin ratio and credit to deposit ratio on the financial profitability namely return on assets and return on equity of these banks". The results showed that while domestic private banks and foreign-owned banks are more efficient than public sector banks. In addition, the result also showed the effect of capital adequacy ratio on return on equity and return on assets.

Makkar & Singh (2013) studied the financial performance of 37 commercial banks; include 22 public sector banks and 15 private banks from 2006 – 2010 in India. The authors applied CAMELS rating methodology and used t-test to test their hypothesis. The study pointed out the need for improvement in public sector banks even though on average, the difference in financial performance was not significant.

Dr.Madishetti (2013) compared the performance of two banks in Tanzania and investigated the difference by applying CAMEL ratios and t-test. The result showed there is a significant difference between bank's performances except for ROA ratio. The cause for the difference could be by ownership structure and managerial variability.

2.5.2 Previous research in Vietnam

Nguyen (2011) studied the main components affecting the financial capacity of Vietnamese commercial banks in 2008 by sampling 28 banks following the CAMEL framework. The research listed criteria for evaluating bank's performance, however, it only applies to financial performance.

Phan (2016) evaluated the performance of Military Bank branch Da Nang based on CAMELS rating framework in 2012-2014. Based on analyzing financial indicators in each component of CAMELS rating framework, the author reviewed the efficiency performance of case study bank. The results also pointed out the limitations of Military Bank.

Nguyen (2013) introduced about CAMELS rating framework and gave some suggestions on the application of the framework in Vietnam. According to Mr. Nguyen, in order to fully apply CAMELS framework in Vietnam's banking system, six requirements should be fulfilled: transparency and accuracy in financial reports; adjustment of Vietnamese accounting standards in accordance with international standards, etc.

Nguyen (2008) studied the performance of Vietnam Commercial Bank in the period 2000-2005. The study identified the factors affecting the financial capacity of the bank according to the components of CAMEL rating framework, then applied Tobit model. The results showed that factors such as bank assets, loan-to-deposit ratios, return on assets, bad debt ratio, etc. affect the financial capacity of commercial banks in that period. However, the study did not fully describe the impact factors as well as those impact levels on the financial capacity of commercial banks.

From the literature review, a number of financial indicators have been established to assess the financial performance of commercial banks in Vietnam according to the CAMEL framework.

3 Methodology

3.1 Data collection

To be included in the sample for financial analysis, the author requires data on the banks over a period of not less than two years after bank restructuring. From ten banks in the list of banks have been re-structured after 2011, the author identifies seven banks that have adequate financial statement information and are listed in the table below. By choosing seven banks for analysis, the author aims to clearly present the result of restructuring on banks' performance.

Table 8. List of chosen banks (compiled by the author)

Number	Name of Banks
1	SCB
2	SHB
3	Sacombank
4	HD Bank
5	BIDV
6	Maritime Bank
7	TP Bank

A five-year-period (2011-2016) has been selected for evaluating the financial performance of chosen banks according to Vietnamese government decree on bank restructuring. The financial data of chosen banks has been collected from the annual reports and financial statements. The documents mentioned have been collected from the official website of selected banks.

3.2 Data analysis tool

For each bank in the sample, the author collects information on Equity, Asset, Loans, Cost, Total income, Net profit, Non-performing loans, etc. The author proceeds by computing various financial ratios for the sample to investigate five components according to CAMEL framework.

The study uses a descriptive financial analysis to describe, measure and compare the financial situation of Vietnamese commercial banks pre and post-restructured. Key financial ratios define the respective CAMEL components are showed in the below table.

Table 9. Selected CAMEL Ratios (compiled by the author)

CAMEL components	**Ratios**
Capital Adequacy	Equity to Total Assets
Asset Quality	NPL to Total Loan
Management Quality	Assets growth rate
	Loan growth rate
Earning Performance	Cost to Income
	Return on Assets (ROA)
	Return on Equity (ROE)
Liquidity	Customer deposits to Total Assets
	Total Loan to Customer deposits

4 Vietnam banking sector

4.1 Evolution of Vietnam banking sector

The history of the banking system started when The Vietnam National Bank was established in 1951 under Decision 15/SL and was considered an important milestone in the development of Vietnam's monetary and banking system. The development was divided into four periods:

- 1945 - 1954: this period marked the establishment of The Vietnam Nation Bank to carry out urgent missions: issuing bank notes; managing credit policy to provide funds for production and commerce; managing financial monetary and foreign exchange, and; fighting against the enemy.
- 1955 -1975: The Vietnam National Bank was renamed to The State Bank of Vietnam. Banking activities expanded as it cooperated with more than 250 banks with 41 countries by the end of 1964, focusing on managing and increasing mobilization in foreign exchange.
- 1976 -1985: a new banking system was built up under a new government and national currency was unified.
- 1986 - present: Vietnam has gradually transformed to socialist-oriented market economy. By executing different policies and strategies, its vision is to integrate into international economy.

(The State Bank of Vietnam 2016.)

Comprehensive and important changes that critically transformed the Vietnam banking system were in the fourth period, which started from the late 1980s as a number of banks and banking services continued to grow under open door economic policy with the main purpose is to successfully integrate to global economic trend. With the assistance of International Monetary Fund (IMF), the World Bank (WB), and other institutions, Vietnam is implementing financial reform to stabilize and improve the efficiency of the banking system, with main ideas to restructure joint-stock banks and State-owned banks and improve regulatory framework and transparency (export.gov 2016).

During the past decade, Vietnam banking system has undergone reform to transform from a one-tier system into two-tier, market-driven system, includes different types of ownership: state-owned, private joint stock, joint venture and foreign-owned (Le 1999, 1).

4.2 Overview of current banking system

Vietnam banking system consists of a diverse mixture of banks, includes state-owned banks, Vietnam Bank for Social Policy, Development Bank, Joint Stock Commercial Banks (JSCB), joint venture banks, and wholly foreign-owned banks.

Table 10. Credit institutions in Vietnam by 2015.

Types	2013	2014	2015
State-Owned Commercial Banks	5	5	7
Vietnam Bank for Social Policy	1	1	1
Development Bank	1	1	1
Joint Stock Commercial Banks	33	33	28
Joint - Venture Banks	4	4	3
Foreign Owned Banks	5	5	5
Foreign Bank branches	53	47	50
Non-Bank Credit Organizations Include: Financial Companies Financial Leasing Companies	29 17 12	28 17 11	27 16 11
Co-operative Bank of Vietnam	1	1	1
People's Credit Funds	1144	1145	1147
Micro-finance Organizations	2	3	3

(The State Bank of Vietnam 2014 & 2015, 18 & 17.)

In 2015, The State Bank acquired three JSCBs at 0 VND, include: Viet Nam Construction Bank, GP Bank and Ocean Bank because they were not able to sale 30% - 100% of their share to investors, and the level of their bad debts increased while operation did not show positive signs (Linh 2016).

Table 11. List of banks in Vietnam by 2015.

State-Owned Commercial Banks (SOCB)	Bank for Agriculture and Rural Development (Agribank) Mekong Housing Bank (MHB) Bank for Investment and Development (BIDV) Bank for Foreign Trade (Vietcombank) Industrial and Commercial Bank (Vietinbank)
Joint Venture Banks	Indovina Bank VinaSiam Bank Shinhanvina Bank VID Public Bank Vietnam-Russia JV
Wholly Foreign-Owned Banks	HSBC Standard Chartered Bank ANZ Bank Shinhan Bank Hong Leong Bank
Joint Stock Commercial Banks (JSCB)	6 listed banks in 28 banks: Military Commercial Joint Bank (MBB) Vietnam Export Import Commercial Joint Stock Bank (EIB) Asia Commercial Bank (ACB) Saigon Thuong Tin Commercial Joint Stock Bank (STB) Vietnam Technological and Commercial Joint Stock Bank (Techcombank) Saigon-Hanoi Commercial Joint Stock Bank (SHB)

(Tran, Ong & Weldon 2015, 10-12.)

At the end of June 2017, total assets of the banking sector reached 9.25 quadrillion VND (approximately 407 billion USD), an increase of nearly 9% from 2016. SOCBs held the highest stake in the banking industry with approximately 45.5% of total assets. JSCBs followed with nearly 40% of total assets.

In the same period, total charter capital rose 3.5%, of which accounted for a total of 505 trillion VND. JSCBs capital was higher compared to SOCBs, with 41% of total charter capital, while SOCBs only accounted for 29.5% of total charter capital.

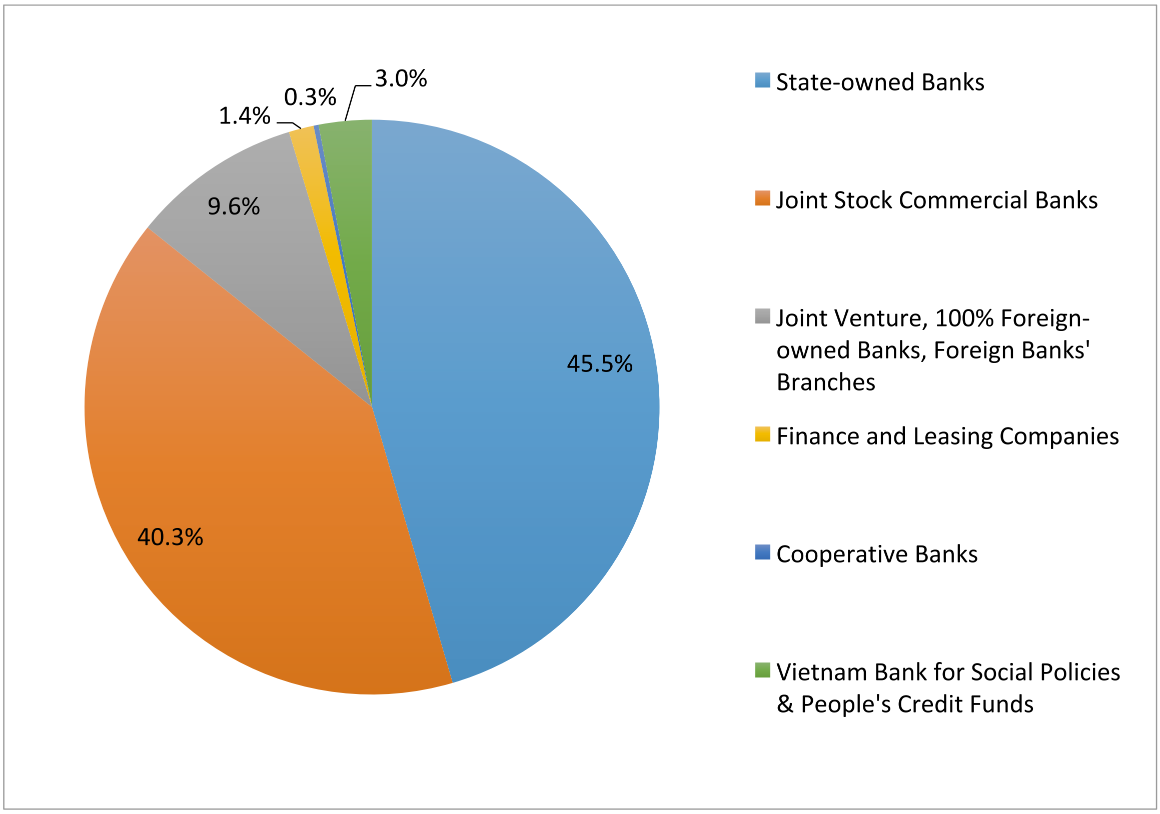

Figure 3. Total Assets by Type of Banks as of June 2017.

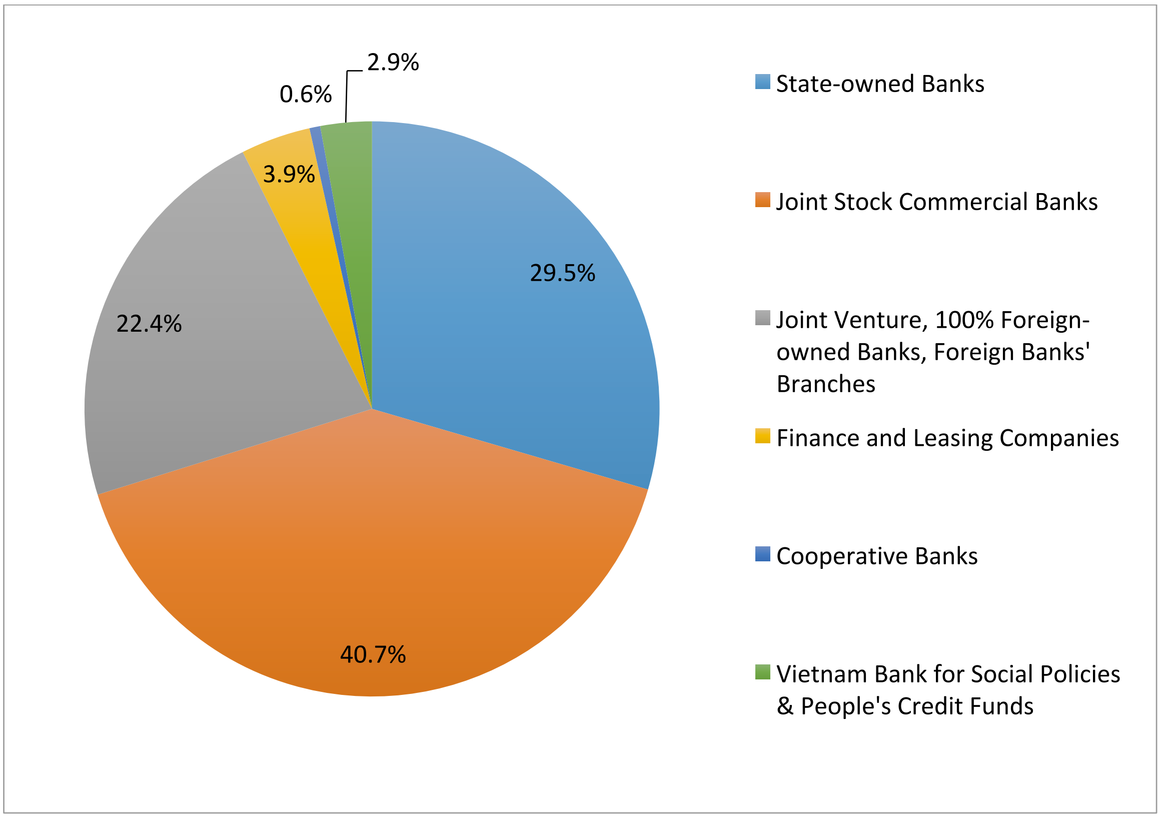

Figure 4. Charter Capital by Type of Banks as of June 2017.

(The State Bank of Vietnam 2017.)

“In recent years, the State Bank of Vietnam has deployed a series of hard-hitting administrative solutions in order to deeply reform the banking sector and resolve challenges within the financial industry, particularly in regards to bad debt and credit capital flow guarantees”, said Nguyen Dinh Tung, CEO of Orient Commercial Joint Stock Bank (OCB). In more details, the government is implementing a reform strategy through inspection, supervision and reconstruction of banks that do not meet the requirement for operation. The purpose of the reform is to regain the competitiveness of the banks, improve the whole banking system, control the NPL and reach international banking standards. (World Finance 2015.)

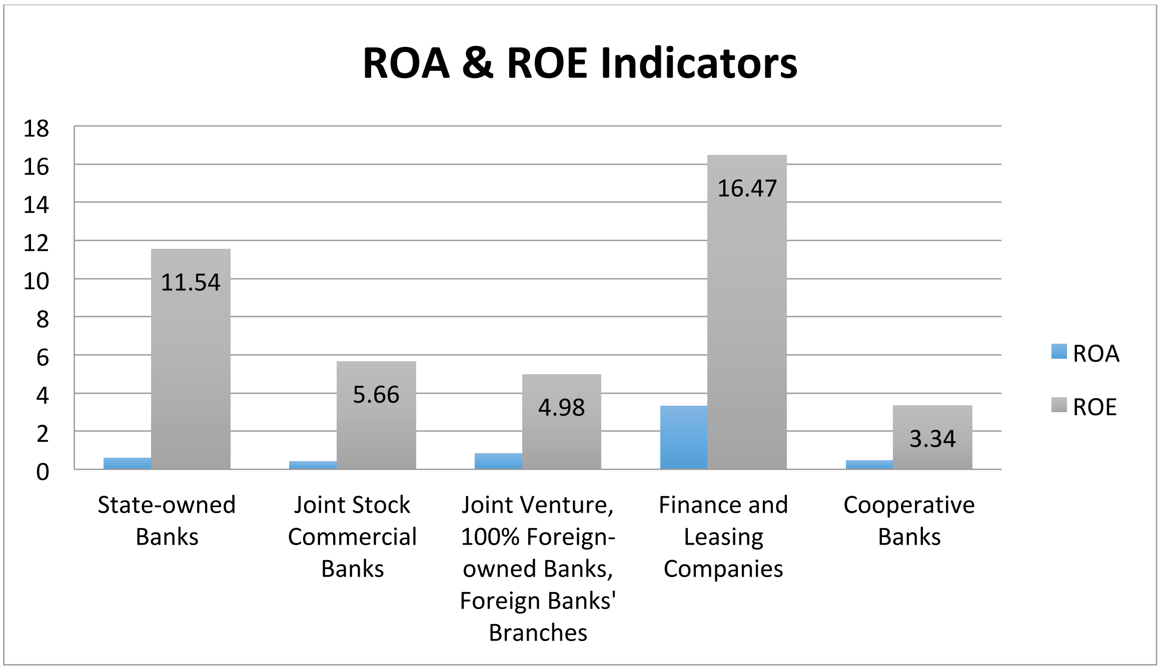

Figure 5. ROA & ROE Indicators by Type of Banks in 2016.
(The State Bank of Vietnam 2017.)

4.3 Vietnam banking restructure roadmap

Commercial banking restructuring in Vietnam is not a new topic. In fact, the banking system that has developed at the moment is based on different restructure strategies. However, since the participation in WTO, and Trade Commercial between Vietnam – USA, along with integration path with international credit institutions from 2010; and especially global 2008 financial crisis, Vietnam financial system has revealed some weaknesses in dealing with external factors. As a result, starting from 2008, efforts have been made with the main goal to rebuild the solid financial system to contribute effectively to the national economy.

The State Bank of Vietnam has indicated four main objectives in banking restructuring at the end of 2011, which are:

- Make banking environment healthier.
- Create and enhance competitiveness domestically and internationally.
- Assure the credit safety.
- Provide a foundation for the integration process.

(To 2013.)

Several solutions have been carried out and implemented based on the categorization of risk levels of commercial banks. The first group includes large and healthy banks that are capable of their own operations. The second group gathers small and financially healthy banks, while the last group has weak banks that are unable to handle financial activities, and are required to restructure themselves with different options. The State Bank has implemented plans to assist the restructuring process of these weak banks to resolve NPLs and minimize credit risks. The supervision system was developed based on CAMELS ratings, together with the risk assessment system for credit institutions early warning system. (To 2013.)

In more specific, the restructuring plan includes financial restructure, operation restructure and ownership restructure. The State Bank works alongside with banks and carries out strict supervision on banks' performance in order to ensure the plan follows its direction.

4.3.1 Financial restructure

4.3.1.1 Handling/Reducing Bad Debts

Bad debt is the result of trust corruption from unsuccessful credit relationships. It is in correlation with credit activities according to the profit-loss relation. According to international standards, average acceptable bad debt rate is 5%, of which if banks exceed will cause problematic recovery (Nguyen 2014, 46).

The reform plan introduced by the government has suggested some proposals by:

- Erase unguaranteed bad debts raised from borrowing activities based on government's lead and capital.
- Purchase unfinished or unsold properties collaterals, and turn into social properties.
- Sell guaranteed bad debts to appropriate organization belongs to Finance Ministry.

(Nguyen 2016a, 33.)

By the third quarter of 2012, bad debt ratio was approximately 17,2%, which might be much higher than in banks' reports. Therefore, it is crucial to handle and ensure credit quality, as it provides a safe and stable financial system, and a possibility to reduce loan interest for the economy. (To 2017.)

4.3.1.2 Increasing Owned Capital

The main problem with commercial banks in Vietnam is limited capital requirements. It is at a much lower rate than total assets, which results in high risk in credit activities or any external risks on the market. Strategies to increase capital include:

- Issue more shares for current shareholders.
- Issue shares for national and international investors.
- Turn debts into shares.

(Nguyen 2016a, 34.)

4.3.2 Operation and Management restructure

The restructuring plan for operation includes:

- Changing in products, in financial services, when commercial banks and international bank branches join in the open market. Commercial banks in Vietnam have slightly more of advantages in terms of network, branches, cultural literacy, and long-term trusted customers. New services are widely introduced to provide opportunities not only to businesses but also to private customers.
- Quality improvement of management system: Amendments and Decrees have been approved to restructure the system into a modern model, appropriate application of international standards and regulations, with high ability to adapt to market mobilization.
- Collaboration in renewing and improving internal quality control: credit institutions are obliged to change their system based on new regulations, which related to risk management, solvency and liquidity management, and investment management.

(To 2017.)

4.3.3 Ownership restructure

Cross-ownership has remained problematic in Vietnam banking system. In particular, there are six types of cross-ownership, which are:

- SOCB own shares of JSCBs
- JSCBs own share of same or other JSCBs
- SOCB and foreign banks own shares of joint-venture banks

- Foreign banks are partners with JSCBs
- Investment funds own shares of commercial banks
- Other shareholders own share of JSCBs

(Tran, Ong & Weldon 2015, 22.)

Even though this type of ownership enhances partnership and improvement in fund support, technology and expertise, it is necessary to take into consideration besides normal bank restructuring. According to Circular 36 of Central Bank, a commercial bank can only hold shares of a maximum of two other credit institutions, except for its own subsidiary; and the share owned must be below 5% of voting rights share and are not allowed to vote, except for its subsidiary or restructuring subjects. However, this Circular has not been executed effectively among banks. For example, Vietcombank holds 7,16% Military JSCB’s capital, 8,19% Eximbank’s capital, 5,07% Orient JSCB's capital, and 4,37% Saigonbank's capital. Vietcombank will have to adjust its ownership structure, downsizing to 2-3 in the near future. Cross-ownership restructure is considered another obstacle that government needs to focus on, besides common merger between banks. (Linh 2016.)

4.4 Restructuring activities of Vietnam commercial banks

Table 12. Restructure activities of banks from 2011 onwards.

Banks	Type of M&A	Date	After M&A
Tin Nghia Bank Ficombank Saigon Commercial Bank (SCB)	Merger	Dec 2011	Saigon Commercial Bank (SHB)
Saigon Hanoi Bank (SHB) Hanoi Building Bank (Habubank)	Merger	Aug 2012	Saigon Hanoi Bank (SHB)
PetroVietnam Finance Corp (PVFC) Phuong Tay Bank (Western Bank)	Merger	Sep 2013	PVcombank
Dai A Bank HD Bank	Merger	Dec 2013	HD Bank
BIDV JSCB MHB Bank	Merger	May 2015	BIDV
Sacombank Phuong Nam Bank (Southern Bank)	Merger	Jul 2015	Sacombank
MeKong Bank (MDB)	Merger	Jul 2015	Maritime Bank

Maritime Bank			
Vietin Bank PG Bank	Merger	May 2016	VietinBank
Tien Phong Bank (TP Bank)	Self Restructuring	2012-2013	Tien Phong Bank
Navibank	Self Restructuring	2014	NaviBank

(VnExpress 2015.)

During this period, besides normal restructure activities; many banks have been through self-restructuring activities to regain position and capital as well as operation. These activities are expected to continue in the next coming years after the first restructure scheme ends. The needs for future restructuring will be based on the result from the first plan, with the main goal is effective NPL control and resolution, which contributes to stabilize banking sector and supports market development.

5 Research and discussion

The analysis consists of seven commercial banks in Vietnam in the period 2011-2016 using CAMEL framework to understand the growth and development of the banking system, whether the restructure scheme has reached its goal. The discussion will then rate the performance of seven banks according to the rating system of the CAMEL framework. The following table is a summary of seven banks as well as the year of merger.

Table 13. Merger year of seven commercial banks.

Number	Banks	Year of merger
1	BIDV	2015
2	HD Bank	2013
3	SCB	2011
4	SHB	2012
5	Sacombank	2015
6	Maritime Bank	2015
7	TP Bank	2012-2013

5.1 Capital adequacy

As can be seen from the table below, all banks have met the requirement of maintaining the leverage level according to the CAMEL rating, of which the ratio equal or larger than 4-6%. As the ratio is higher, the less leveraged the company will be, the bank and its investors have more control of the assets (The Motley Fool 2017).

Table 14. Equity to Asset ratio.

	2011	2012	2013	2014	2015	2016
BIDV	6.01	5.47	5.84	5.17	4.98	4.39
HD Bank	7.88	10.22	9.97	9.24	9.24	6.62
SCB	7.83	7.62	7.24	5.44	4.96	4.27
SHB	8.21	8.16	7.21	6.20	5.50	5.66
Sacombank	10.28	9.01	10.57	9.52	7.56	6.68
Maritime	8.31	8.27	8.79	9.05	13.05	14.69
TP Bank	N/A	21.95	11.53	8.23	6.30	5.37

Moody's Investor Service (2016) reported that most rated banks saw a decline in their equity to assets ratio in 2015, which has reflected higher credit costs and the credit growth; this trend was expected to continue in 2016 when the credit growth and provisioning expenses exceed capacity for capital generation. To illustrate, Maritime bank has had a gradual increase in its capital adequacy, from 8.31% in 2011 to 14.69% in 2016; while other remaining banks faced slight decrease from 2011 to 2016, average between 4-6% at year end 2016. Two banks that need paying attention are BIDV and SCB, as the ratios are almost equal to 4%; especially these two banks have experienced drop throughout the period.

As a result, six out of seven banks receive a rating of 3, and Maritime Bank receives a higher rating of 2.

Another element that can calculate the capital adequacy of a bank is Capital Adequacy Ratio (CAR). Vietnamnews (2017a) estimated the CAR average of the whole banking sector of 11.3%, higher than 9% regulated in Circular 13/2010/TT-NHNN. Commercial banks are required to maintain the CAR of minimum 8% by 2020 when the new circular is applied based on BASEL II standards. This new application is an essential key to the restructuring program. By end of June 2017, CAR of Commercial Banks averaged 11.45%, higher than the ratio of 9.67% of State-owned Bank, but lower than other types of banks in the sector (The State Bank of Vietnam 2017).

5.2 Assets quality

Many countries have faced a large amount of NPLs in their banking sector, and Vietnam is not an exception. As this problem has an effect on the economic health, it is important to tackle and improve the situation by acting in a comprehensive manner, introducing transparency, working with asset management companies, and increasing effective resolutions. Vietnam has designed the Resolution 42 with the purpose to reduce the level of NPLs of the banking system to below 3% by 2020. The Resolution 42 addresses modern financial sector, consolidated legal requirements and supervision, the restructure of banks and assets, and sensible macro monitoring. (Vietnamnet 2017.)

By the end of November 2016, the National NPL ratio was 2.46%, lower than 2.55% in 2015. Specifically, credit institutions have dealt more than 93 trillion VND (4 billion USD) of NPL, of which 52.6% was resolved by debt recovery and collateral sales, 26.6% by loss provision, and 21% by selling to Vietnam Asset Management Company. (Man 2017.) The NPL ratio continued to decrease to 2.34% by September 2017, promising stable and positive prospects for the banking performance and the economy in a broader term (Thanh 2017).

Table 15. NPL to Total Loan ratio.

	2011	2012	2013	2014	2015	2016
BIDV	2.76	2.70	2.26	2.03	1.68	1.99
HD Bank	2.11	2.35	3.67	2.04	1.59	1.46
SCB	7.25	7.23	1.63	0.49	0.34	0.68
SHB	2.23	8.81	5.66	2.02	1.72	1.87
Sacombank	0.52	2.05	1.46	1.19	5.80	6.91
Maritime	N/A	2.65	2.71	5.16	3.41	2.36
TP Bank	N/A	3.66	2.33	1.22	0.81	0.75

According to CAMEL framework, banks should not exceed 1% in the NPL ratio, which indicates the number of bad debts that cannot be reconciled or paid back by debtors. Noticeably, Sacombank had the highest NPL ratio of nearly 7% in 2016, which has increased dramatically compared to 2011. The NPL ratio of Sacombank fluctuated until 2015, then reached its peak at the end of 2016 - after one year of merger activity. However, Vietnamnews (2017b) announced that the bank has successfully reduced its NPL ratio to 4.4% in 2017, and aimed to further decrease to below 3% in 2018 by following the restructuring scheme. **As a result, Sacombank receives a rating of 4.5.**

In contrast, TP Bank and SCB have performed quite well in reducing their NPL ratios, especially SCB from 7.25% in 2011 to 0.68% in 2016, which marked the successful application of the restructuring of the bank at the end of 2011. They are only two in seven banks that have the ideal ratio of less than or equal to 1%, and the performance of these banks was acceptable due to the decline in percent in 5-year period. **Therefore, TP Bank and SCB deserve ratings of 1.5.**

The remaining four banks: BIDV, HD Bank, SHB, and Maritime Bank also experienced the decrease in NPL ratio, however, in general, the trends fluctuated and not yet consistent. By the end of 2016, these banks still had the ratios of more than 1%. **This leads to the rating of these banks is 3.5.**

In conclusion, one of the main goals of the restructuring program are to reduce the amount of NPLs existing in the banking sector. Comparing the performance of banks with the effort of lowering the NPLs before and after merger activity, clearly, there is a slight improvement and the restructuring program has been on its step to achieve the initial plan and purpose. There is no doubt that the performance will continue to improve in the coming years and that the government and State Bank will assist all banks to reach desired goal.

5.3 Management quality

As of June 2017, total assets of JSCBs were 3,675 trillion VND, accounted for approximately 40% of total assets of Vietnam banking sector. Seven chosen banks combined total assets of 2,494 trillion VND, nearly 68% total assets of all JSCBs in Vietnam.

Among seven banks, BIDV took the lead with total assets of 1,100 trillion VND, followed by SCB with 412 trillion VND. The remaining banks, except for Maritime Bank, had the total assets of more than 100 trillion VND. The reason for the low in total assets of Maritime Bank is due to the decrease in the asset growth rate during the years, while other banks experienced the increase growth rate in total assets. The growth of total assets can be seen more clearly at the period of merger activity.

Table 16. Asset growth rate.

	2011	2012	2013	2014	2015	2016
BIDV	10.78	19.48	13.12	18.59	30.80	18.31
HD Bank	30.93	17.23	63.36	15.42	6.99	41.14
SCB	140.62	3.03	21.32	33.81	28.61	16.10
SHB	39.11	64.16	23.24	17.69	21.10	14.29
Sacombank	-0.23	7.53	6.09	17.61	53.86	13.69
Maritime	-0.83	-3.89	-2.55	-2.56	-0.06	-11.22
TP Bank	N/A	N/A	112.22	60.43	48.07	38.78

Loan growth rate ratio has both direct and indirect effect on the NPL ratio. The amount of loan issued to debtors may increase the NPL ratio when the debtors are unable to pay back in a desired period of time. At the same time, if these loans do not result in higher NPLs, the NPL ratio will decline. The table above showed that the loan growth rate of most banks has a positive sign, meaning the loans to customers increased in the period 2011-2016. The most significant rise in the loan was at the year that banks engaged in merger activity, as these banks had to carry the loan of the pairing banks.

Table 17. Loan growth rate.

	2011	2012	2013	2014	2015	2016
BIDV	15.64	15.65	15.04	13.98	34.27	20.93
HD Bank	18.07	52.72	108.20	-4.93	35.12	45.38
SCB	99.14	33.43	0.96	50.56	27.21	30.34
SHB	19.64	95.25	34.37	36.06	26.26	23.55
Sacombank	15.75	-5.83	24.56	5.86	22.24	0.50
Maritime	18.61	-23.33	-5.30	-14.23	19.49	25.02
TP Bank	N/A	N/A	96.05	66.35	42.35	65.16

Fahlenbrach, Prilmeier & Stulz (2016, 13) mentioned the correlation between loan growth and asset growth in banks, when high loan growth and asset growth may result in poor performance and asset risks increase. Vietnamnews (2017c) also pointed out that Vietnam is in a steady growth that provides opportunities for enhancing bank's asset quality, however rapid credit growth will cause banks to struggle to replenish capital and tighter system liquidity.

The rating according to CAMEL framework will consider both asset growth rate element and loan growth rate element. All banks have adequate performance in terms of loan and assets. **Compared to the environment of the whole banking sector, these banks are not at any risk level, therefore all banks will receive a rating of 3.**

5.4 Earnings quality

Applying the CAMEL framework, throughout the years all banks have met the required percentage of the cost to income ratio, which is the ratio needs to be below 70%. Low percentage demonstrates the low operating expense compare to operating profit. The lower the percentage leads to a higher profit of the bank.

Table 18. Cost to Income ratio.

	2011	2012	2013	2014	2015	2016
BIDV	43.48	39.83	38.71	39.37	44.87	44.77
HD Bank	47.69	52.32	70.04	44.04	83.12	60.48
SCB	N/A	71.28	70.73	54.09	52.28	60.38
SHB	50.52	57.12	78.58	49.87	57.92	70.63
Sacombank	53.13	59.71	55.33	54.07	62.19	86.96
Maritime	52.06	70.83	69.91	62.15	72.54	49.86
TP Bank	N/A	63.28	47.58	55.64	51.10	57.63

HB Bank had the highest ratio of 83% in 2015; however, it dropped to 60.48%, proved to be qualified. In contrast, Sacombank has not maintained its low cost to income ratio, when the ratio reached to nearly 87% in 2016. Among seven banks, BIDV achieved the lowest ratio of 44.77%, which proved the bank highest profit in 2016, as shown in the graph below.

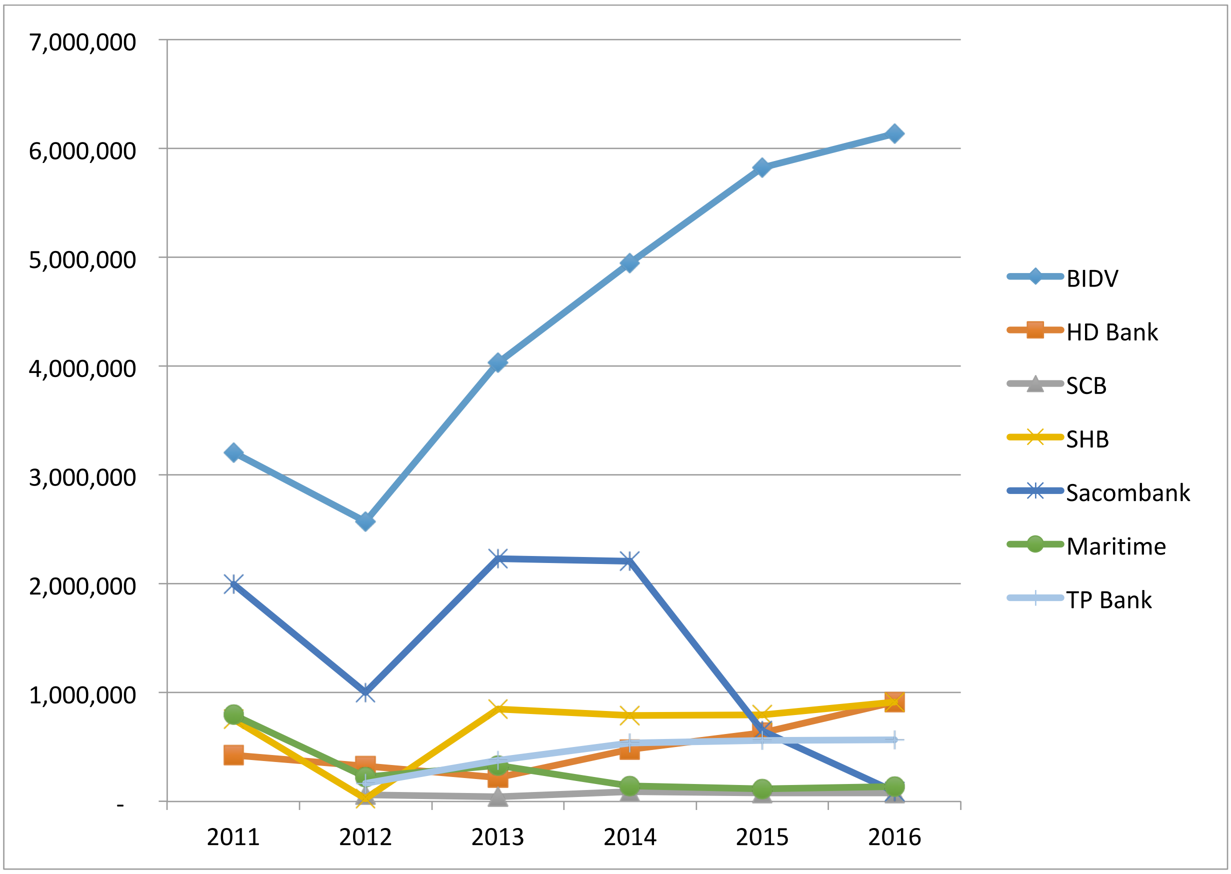

Figure 6. Profit after-tax of selected banks 2011-2016 (in Million VND).

BIDV have earned the highest pre-tax as well as after-tax profit among seven banks, around 6 trillion VND, reached its peak record so far and exceeded its operation plan. The highest profit and largest amount of total assets led BIDV to top position in Vietnam banking system. HD Bank also saw an increase in its profit to nearly 1 trillion VND, higher than previous years. On the other hand, Sacombank's profits have dropped to less than 1 trillion VND in 2016, at a second-last position in term of after-tax profits in 2016. In 2017, however, the profits in almost all banks turn to positive when the profits continued to climb when the whole banking sector is estimated to experience an increase of 40% in pre-tax profits and 44.5% in after-tax profits (Vietnamnews 2018).

Table 19. ROA ratio.

	2011	2012	2013	2014	2015	2016
BIDV	0.83	0.58	0.78	0.83	0.78	0.66
HD Bank	1.07	0.67	0.31	0.51	0.61	0.71
SCB	N/A	0.04	0.03	0.04	0.03	0.02
SHB	1.23	0.03	0.65	0.51	0.43	0.42
Sacombank	1.41	0.68	1.42	1.26	0.27	0.03
Maritime	0.69	0.20	0.30	0.14	0.11	0.14
TP Bank	N/A	N/A	1.62	1.28	0.88	0.62

Table 20. ROE ratio.

	2011	2012	2013	2014	2015	2016
BIDV	13.20	10.10	13.77	15.07	15.33	14.19
HD Bank	14.44	7.30	3.11	5.36	6.62	9.24
SCB	N/A	0.04	0.03	0.04	0.03	0.02
SHB	15.04	0.34	8.55	7.59	7.31	7.46
Sacombank	14.17	7.10	14.49	12.56	3.23	0.40
Maritime	10.08	2.44	3.57	1.51	1.01	1.03
TP Bank	N/A	N/A	10.87	13.50	12.44	10.79

The Vietnam banking system had the average ROA and ROE ratio in 2016 of 0.54% and 7.87% respectively, a higher percentage than 2015, which were 0.46% and 6.42% (Man 2017).

The CAMEL framework requires the ROA and ROE ratio of at least 1% and 15%, respectively. Assessing the ROA ratio of seven banks, it can be seen that all banks have not met the requirement as the ratios were below 1%. To be more specific, HD Bank had the highest ratio 0.71% in 2016, contrast to SCB and Sacombank with only 0.02% and 0.03% respectively. Some of the banks maintained the ROA ratio above 1% until 2014 and then decreased in 2015 and 2016. However, three banks, include BIDV, HD Bank, and TP Bank have a higher ratio than the average ROA ratio of the Vietnam banking sector in two years 2015 and 2016.

ROE ratio showed that all banks failed to meet the standard of 15% of the CAMEL framework. BIDV was the only bank to nearly reach the minimum percentage of 14.19%, and TP Bank came second with 10.79%. Furthermore, from 2011 to 2016, almost all banks did not have the ROE ratio above 15%, when BIDV only maintained the desired ratio for two years 2014 and 2015; and SHB in the year 2011.

Combining three factors in analyzing the Earning quality of banks, the ratings will be distributed to selected banks as followed:

Table 21. Earning quality ratings.

	Cost to income	ROA	ROE	Rating
BIDV	1	3	3	2.3
HD Bank	2	4	3	3
SCB	2	3	5	3.3
SHB	3	3	3	3
Sacombank	3.5	4	5	4.17
Maritime	2	3	5	3.3
TP Bank	2	3	3	2.6

5.5 Liquidity

Banks' liquidity mainly comes from deposits from customers. According to Statista.com (2017), the average deposit interest rate was 5.04% 2016, and this number has declined compared to previous years, noticeably 14% in 2011. Nonetheless, many banks in Vietnam encourage customers to keep deposits to banks by offering high-interest rate or various promotion programs, with a goal to meet the rising capital demands. Specifically, some banks offer an interest rate of 7-8% per year for 12-month, 18-month or 24-month deposits, compare with 6-6.5% stated by the State Bank of Vietnam. (Vietnamnews 2017d.)

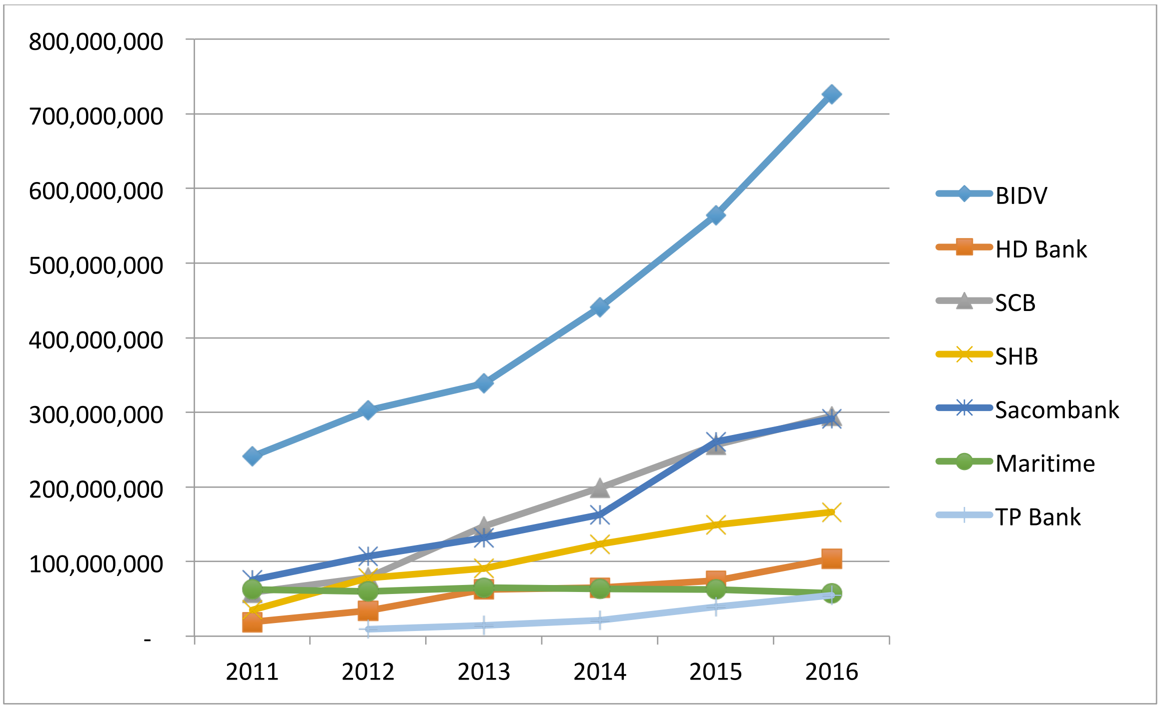

Figure 7. Customer deposits to banks 2011-2016 (in Million VND).

The figure above indicates the total customer deposits to selected banks from 2011 to 2016. It is clear that the amount of deposits rises in all banks, of which the most significant increase is BIDV, from 240 trillion VND in 2011 to more than 720 trillion VND at the end of 2016.

SCB and Sacombank are two banks that could keep the customer deposits in accordance with total assets of the bank, of which the ratio is higher than 75%. BIDV and SHB are close to meet the minimum percentage, as their ratios are 72% and 71% respectively. TP Bank comes last of around 50%, and its ratio fluctuated in previous years, showing the inability to raise the deposits with the total assets.

Table 22. Customer deposits to Total Assets ratio.

	2011	2012	2013	2014	2015	2016
BIDV	59.27	62.51	61.80	67.73	66.37	72.14
HD Bank	42.40	64.91	72.35	65.72	70.00	68.73
SCB	40.49	53.08	81.26	81.95	82.17	81.61
SHB	49.00	66.59	63.19	72.90	72.70	71.20
Sacombank	53.08	70.64	81.58	85.91	89.37	87.84
Maritime	54.47	54.21	61.14	60.57	60.03	62.18
TP Bank	61.31	44.66	42.01	51.83	52.07	49.34

Table 23. Total loan to Customer deposits ratio.

	2011	2012	2013	2014	2015	2016
BIDV	122.22	112.16	115.38	101.19	106.00	99.68
HD Bank	72.54	61.72	70.58	63.99	75.87	79.60
SCB	112.68	111.32	60.51	67.51	66.59	75.28
SHB	83.83	73.38	84.30	84.47	88.31	97.48
Sacombank	119.24	89.65	83.99	78.51	71.23	68.18
Maritime	60.60	48.57	41.85	37.19	44.86	60.98
TP Bank	N/A	65.62	83.21	91.75	71.48	84.68

The total loan to customer deposits ratio helps banks balance the level between the funds and sources, which means that the loans should not exceed the deposits. The desired percentage of Loan deposits ratio is below 80%. When the ratio is above 100%, the loan surpasses the deposits; the credit risks of banks will increase. The table shows that only four banks have met the required ratio, while the other three banks nearly reach the 100% ceiling that might put banks at high credit risks.

BIDV performed not well when the ratio average 100% during the period. SHB came second as the ratio increased gradually at the same time and stopped at 97.48% in 2016. Even though four banks: HD Bank, SCB, Sacombank and Maritime Bank, have successfully kept the ratio below 80%, the growing trend is visible. The ratings of Liquidity quality of seven banks are assessed from above analysis and are presented in the table below.

Table 24. Liquidity rating.

	Customer deposits/ Total assets	Total Loan/ Customer deposits	Rating
BIDV	3.5	4	3.75
HD Bank	3.5	3	3.25
SCB	2.5	3	2.75
SHB	3.5	3.5	3.5
Sacombank	2.5	3	2.75
Maritime	3.5	2	2.75
TP Bank	4	3.5	3.75

5.6 Composite rating

The composite ratings are computed from the average of five ratings given above to banks and will be showed in the table.

Table 25. Composite rating of banks.

	Capital Adequacy	Assets Quality	Management Quality	Earning Quality	Liquidi-ty	Composite Rating
BIDV	3	3.5	3	2.3	3.75	3.11
HD Bank	3	3.5	3	3	3.25	3.15
SCB	3	1.5	3	3.3	2.75	2.71
SHB	3	3.5	3	3	3.5	3.2
Sacombank	3	4.5	3	4.17	2.75	3.48
Maritime	2	3.5	3	3.3	2.75	2.91
TP Bank	3	1.5	3	2.6	3.75	2.77

Seven banks have received the rating scale of 3 as the final result, of which ranged between 2.5 and 3.49. Rating 3 indicates a bank that is well run and meets all the major standards of a banking system.

As the first restructuring plan ended for the period 2011-2015, selected banks after merger activities with weakest credits institution have shown good results in performance, some with outstanding results, while some improved at a smaller scale. However, weakest banks have been resolved after merger or self-restructuring activities, NPLs have reduced at a small scale. The performance results of selected banks have a great impact on the outcome of the restructuring plan and their performance is on track with the main aim to strengthen Vietnam banking sector.

6 Conclusion

6.1 Results of restructuring plan 2011-2015

Looking back from the period 2011-2015, the restructuring plan has reached certain achievements.

Firstly, through M&A activities, Vietnam banking system has been restructured through some M&A deals include Sacombank and Southern Bank; Vietinbank and PG Bank; BIDV Bank and MHB Bank; etc. Weak banks that have the ability to self-restructure are advised to continuously assess, control strictly and carefully, and ensure operations do not cause a negative effect on the whole banking system. Banks that were not able to self-restructure, they are sold at the price of “0 VND” to the State Bank. The statistics from the State Bank of Vietnam indicated that after five years since the plan was conducted, 22 weak credit institutions have been disposed and reduced through M&A (Anh 2017).

Secondly, the State Bank of Vietnam was able to control small banks’ liquidity, as well as ensured the depositors’ rights and banking system safety standards; resulted in high competitiveness of commercial banks regionally and internationally. The restructuring plan also aimed at financial restructuring in handling bad debts and raising capital, when the State Bank continuously issued regulations to ensure the credit of loans. This act has positively increased the total capital and controlled the NPLs of the banking system. (Nguyen 2016c.)

Lastly, in terms of operation and management restructure, the plan helped credit institutions to be healthy and assist in the process to increase banks’ capital for financial improvement and operational safety by strengthening management, control and internal audit (To 2013). At the same time, to fully integrate globally and enhance the banking sector financial capabilities, 10 commercial banks are directed by the State Bank to follow Basel II standards in financial management (Nguyen 2016c).

However, there are also certain challenges that the restructuring plan needs to tackle. Identifying the remaining issues greatly help for the restructuring plan in the next phase 2016-2020.

The current banking system still remains 12 banks with charted capital lower than 4 trillion VND. It is advised for banks to gain more capital for stronger financial capacity in the recent competition, as the capital will help banks provide wider services in lending, trading and investing activities. When banks are not capable of raising capital from existing shareholders, it is necessary to consider M&A activity for restructuring process. (Vietnamnews 2016a.)

One of the most important factors that were lacking in the first plan is a structured legal framework for settling bad debts and restructure process. The new law, which is being designed by the State Bank and relevant agencies, will focus on setting regulations for bad debts, cross-ownership, inspection in lending and investment activities, as well as on other activities related to operations. (Saigon Times 2017.)

Another important goal that has not yet implemented efficiently is the handling of bad debts. The debt collection has been processed by credit institutions themselves or through Vietnam Asset Management Company; however, the total amount collected was not significant (Nguyen 2016b). With great effort and determination, the NPLs decreased substantially by end of third quarter 2015. The banking sector has a total of approximately 50,000 billion VND of NPLs and accounts for 4.23% total loans. In the coming future, it is essential to concentrate on system control and management on the following: credit activity, credit quality, classification of NPLs and provisions, raising capital activity, issue of internal regulations on investment management and liquidity. Subsequently, the State Bank will be able to detect and warn potential violations, assess the results of the restructuring process and bad debts control; and propose appropriate solutions. (Nguyen 2016c.)

Last but not least is the cross-ownership structure that is still visible in the Vietnam banking system. In more specific, the State ownership rate in State-owned commercial banks has declined from 85% in 1993 to 47% in mid-2015, however, the percentage is still higher than the world average of 15% as of 2010. The State Bank has the right to own at least 65% charter capital in JSCBs. For instance, the State Bank owns 100% of Ocean Bank, GP Bank and CB Bank; 95.3% of BIDV Bank, 77% of Vietcombank; 64.5% of VietinBank. A proposal was called to reduce the state ownership to 51%, this will create a better restructure environment for banks and attract more private investment. (Vietnamnews 2016b.)

6.2 Roadmap in banking restructure program 2016-2020

The second restructuring plan 2016-2020 has started; carry the goal to solve obstacles that still remain from the first phase and to accomplish goals set in the second phase. The government has set a framework and goals in the banking restructure: making significant changes in monetary policy formulation and implementation, foreign exchange management, efficient inspection and supervision activities, renewing cash flow regulations. On the other hand, credit institutions continue to change and improve operations according to international standards, expand the scope of operation and capital scale, create the base for enhancement in service quality and competitiveness. (Le 2016.)

In order to successfully achieve the mission, the banking sector has the responsibility to:

- Adjust the structure and organization of the units of the State Bank to form State Bank regional branches; develop and implement projects that support and upgrade the information system.
- Regulate monetary market; control the inflation on the basis of indirect monetary instruments.
- Solve the dollarization situation, restrict and terminate foreign currency lending by 2020; liberalize capital trading, increase the indirect investment with foreign investors, and implement flexible exchange rate policies.
- Monitor and unify supervision of entire banking sector: conduct supervision based on risks; apply international practice on banking safety with Basel II by 2018 and Basel III by 2020.
- Complete the coordination and information sharing on policies between the State Bank and regional financial inspectors, foreign banks; ensure a comprehensive supervision and consistent banking activities in Vietnam.
- Accelerate banking service expansion for all sectors in the economy and beyond traditional sector, enhance competitiveness internationally and widen the network; construct a system to protect consumers in the relationship between customer and banks according to the legal framework.
- Adjust the structure of credit institutions with the direction to decrease the number of institutions, and increase in size of capital in accordance with management capacity and operation scale that meet the requirements on safety operation regulated by the State Bank.

(Le 2016.)

6.3 Recommendations for further research

The scope of this research focuses on the first restructuring plan and its outcome. The evaluation was based on selected banks due to lack of information at the time of research. Vietnam banking sector is on its track in the second plan of bank restructure period 2016-2020. Therefore, other researchers may find an interest in analyzing the performance of the banking system either when the plan is halfway or when it is completed in 2020. Furthermore, CAMEL framework may apply to banks in other countries and other organizations as long as the requirements and objectives are met.

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Appendices

Appendix 1. BIDV's Balance Sheet.

	2011	2012	2013	2014	2015	2016
ASSETS						
Cash, gold and gemstones	**3,628,604**	**3,295,068**	**3,862,664**	**5,393,484**	**6,588,849**	**7,106,546**
Balances with the State Bank of Vietnam	**7,240,214**	**16,380,923**	**12,834,854**	**23,097,743**	**21,718,717**	**36,710,770**
Placements with and loans to other credit institutions	**57,580,364**	**54,317,104**	**47,656,262**	**50,062,372**	**67,097,936**	**61,865,173**
Trading securities	**1,039,502**	**4,104,905**	**1,557,984**	**8,430,766**	**8,872,709**	**10,016,115**
Trading securities	1,262,108	4,232,225	1,590,268	8,461,171	8,903,682	10,086,026
Provision for impairment of trading securities	(222,606)	(127,320)	(32,284)	(30,405)	(30,973)	(69,911)
Derivatives and other financial assets	**27,212**		**239,872**		**101,882**	
Loans and advances to customers	**288,079,640**	**334,009,142**	**384,889,836**	**439,070,127**	**590,917,428**	**713,633,464**
Loans and advances to customers	293,937,120	339,923,668	391,035,051	445,693,100	598,434,475	723,697,408
Provision for credit losses of loans to customers	(5,857,480)	(5,914,526)	(6,145,215)	(6,622,973)	(7,517,047)	(10,063,944)
Investment securities	**31,683,520**	**48,964,824**	**68,072,438**	**91,816,995**	**121,564,774**	**144,412,972**
Available for sale securities	30,641,971	47,827,246	56,842,103	73,993,126	87,421,277	113,657,155
Held-to-maturity securities	1,550,000	1,570,908	11,565,434	19,528,127	36,848,571	36,823,521
Provision for impairment of investment securities	(508,451)	(433,330)	(335,099)	(1,704,258)	(2,705,074)	(6,067,704)
Long-term investments	**3,676,711**	**3,851,763**	**4,392,749**	**4,782,587**	**5,250,679**	**4,329,801**
Investments in joint-ventures	2,559,282	2,763,777	3,285,985	3,783,631	4,302,995	3,297,900
Investments in associates	441,884	448,532	516,012	516,381	568,171	696,220
Other long-term investments	975,005	1,001,905	919,192	621,835	539,162	457,466
Provision for impairment of long-term investments	(299,460)	(361,641)	(328,440)	(139,260)	(159,649)	(121,785)
Fixed assets	**3,640,938**	**4,228,999**	**5,201,097**	**6,672,040**	**8,535,310**	**9,721,944**
Tangible fixed assets	1,512,680	1,759,385	2,923,325	3,458,405	4,554,885	5,373,497

Financial leases	[illegible]	[illegible]				
Intangible assets	1,695,508	2,173,403	2,277,772	3,213,635	3,980,425	4,348,447
Other assets	9,158,749	15,631,832	19,678,327	21,014,259	19,858,656	18,607,365
TOTAL ASSETS	**405,755,454**	**484,784,560**	**548,386,083**	**650,340,373**	**850,506,940**	**1,006,404,150**
LIABILITIES AND OWNER'S EQUITY						
Borrowings from the Government and the SBV	26,799,130	11,429,937	16,495,829	20,120,993	45,401,599	43,392,135
Deposits and borrowings from other credit institutions	35,704,900	39,550,179	47,798,567	86,186,209	79,758,318	92,499,222
Deposits from customers	240,507,629	303,059,537	338,902,132	440,471,589	564,692,853	726,021,696
Grants, trusted funds and borrowings at risk of other credit institutions	64,319,292	65,334,064	67,245,421	35,445,267	35,295,248	11,361,960
Valuable papers issued	4,329,848	28,055,821	33,254,353	20,077,031	65,542,240	66,642,041
Derivatives and other financial liabilities		16,319		74,760		103,320
Other liabilities	9,497,236	10,635,271	12,397,216	14,358,325	17,481,222	22,239,527
TOTAL LIABILITIES	**381,158,035**	**458,081,128**	**516,093,518**	**616,734,174**	**808,171,480**	**962,259,901**
Capital and reserves						
The Bank's capital	15,061,920	24,429,611	28,142,022	28,142,332	34,271,776	34,304,553
The Bank's reserves	7,944,327	375,848	379,675	1,656,813	2,464,088	3,376,582
Foreign exchange reserve	302,447	(7,106)	(57,413)	(44,885)	(42,645)	(111,569)
Retained earnings	1,081,761	1,746,093	3,575,699	3,517,007	4,256,503	4,970,931
Non-controlling interests	206,964	208,986	252,582	334,932	1,385,738	1,603,752
TOTAL OWNER'S EQUITY	**24,597,419**	**26,703,432**	**32,292,565**	**33,606,199**	**42,335,460**	**44,144,249**
TOTAL LIABILITIES & OWNER'S EQUITY	**405,755,454**	**484,784,560**	**548,386,083**	**650,340,373**	**850,506,940**	**1,006,404,150**

Appendix 2. BIDV's Income Statement.

	2011	2012	2013	2014	2015	2016
Interest and similar income	44,557,111	30,522,623	43,824,717	43,984,255	49,005,228	62,600,277
Interest and similar expenses	(31,918,155)	(21,314,411)	(28,980,070)	(27,139,993)	(29,690,259)	(39,165,682)
Net interest income	**12,638,956**	**9,208,212**	**14,844,647**	**16,844,262**	**19,314,969**	**23,434,595**
Income from services	2,813,420	1,881,855	2,419,761	2,981,200	3,962,354	4,490,151
Expenses from services	(656,215)	(439,183)	(852,810)	(1,178,465)	(1,625,823)	(1,981,011)
Net profit from services	**2,157,205**	**1,442,672**	**1,566,951**	**1,802,735**	**2,336,531**	**2,509,140**
Net gain from trading gold and foreign currencies	314,418	247,357	162,278	265,189	293,971	534,468
Net (loss)/gain from securities	(417,750)	50,084	1,389,960	1,028,920	(51,692)	858,382
Net profit from other activities	606,603	486,861	862,830	1,593,940	2,369,393	1,882,983
Income from capital contribution, equity investments	115,046	49,899	337,194	371,578	448,992	1,214,488
Total operating income	**15,414,478**	**11,485,085**	**19,163,860**	**21,906,624**	**24,712,164**	**30,434,056**
Total operating expenses	**(6,652,479)**	**(4,574,004)**	**(7,391,042)**	**(8,623,895)**	**(11,087,176)**	**(13,526,621)**
Net profit from operating activities before provision for credit losses	8,761,999	6,911,081	11,772,818	13,282,729	13,624,988	16,907,435
Provision for credit losses	(4,542,126)	(3,521,163)	(6,482,862)	(6,985,696)	(5,676,332)	(9,198,824)
Profit before tax	**4,219,873**	**3,389,918**	**5,289,956**	**6,297,033**	**7,948,656**	**7,708,611**
Corporate income tax expense	(1,020,265)	(817,975)	(1,238,948)	(1,311,366)	(1,571,900)	(1,479,755)
Profit after tax	**3,199,608**	**2,571,943**	**4,051,008**	**4,985,667**	**6,376,756**	**6,228,856**
Non-controlling interest	**9,554**	**1,124**	**(20,299)**	**(37,780)**	**(78,675)**	**(91,305)**
Accumulated loss carried from MHB merger					**(475,818)**	
NET PROFIT	**3,209,162**	**2,570,819**	**4,030,709**	**4,947,887**	**5,822,263**	**6,137,551**

Appendix 3. BIDV's analysis of loan to customers by quality.

	2011	2012	2013	2014	2015	2016
Current	233,765,981	273,614,763	339,091,600	417,287,729	570,845,421	682,185,112
Special mention	32,414,884	31,383,433	25,338,341	19,347,802	17,535,374	27,083,337
Substandard	5,244,120	5,857,120	3,946,370	4,714,212	3,975,637	6,481,930
Doubtful	420,305	824,840	683,715	1,075,813	887,764	1,035,811
Loss	2,458,264	2,479,032	4,206,282	3,266,808	5,190,279	6,911,218
ODA loans			17,765,743	736		
TOTAL	**274,303,554**	**314,159,188**	**391,032,051**	**445,693,100**	**598,434,475**	**723,697,408**

Appendix 4. HD Bank's analysis of loan to customers by quality.

	2011	2012	2013	2014	2015	2016
Current	12,726,452	19,415,924	40,774,538	40,126,950	54,474,049	79,734,077
Special mention	829,438	1,234,341	1,639,224	911,966	1,187,695	1,291,514
Substandard	154,445	354,754	402,052	190,265	288,405	376,621
Doubtful	95,845	116,906	221,574	146,697	335,861	460,699
Loss	41,606	25,899	929,460	616,713	272,825	361,461
Loan pending for resolution			63,644			
TOTAL	**13,847,786**	**21,147,824**	**44,030,492**	**41,992,591**	**56,558,835**	**82,224,372**

Appendix 5. HD Banks' Balance Sheet.

	2011	2012	2013	2014	2015	2016
ASSETS						
Cash, gold and gemstones	**1,276,719**	**807,468**	**632,025**	**818,918**	**1,472,407**	**1,636,010**
Balances with the State Bank of Vietnam	**1,410,216**	**701,234**	**1,595,174**	**2,408,922**	**2,742,385**	**2,389,302**
Placements with and loans to other credit institutions	**9,129,450**	**7,376,464**	**11,340,653**	**16,834,982**	**11,994,220**	**18,580,047**
Trading securities		**207,405**	**667,545**	**936,975**	**916,034**	**396,937**
Trading securities		207,405	668,466	936,975	992,956	400,000
Provision for impairment of trading securities			(921)		(6,922)	(3,063)
Derivatives and other financial assets		**360**	**1,848**	**3,502**	**39,044**	
Loans and advances to customers	**13,707,101**	**20,952,361**	**43,332,981**	**41,508,986**	**55,853,240**	**81,303,975**
Loans and advances to customers	13,847,786	21,147,825	44,030,492	41,992,591	56,558,835	82,224,372
Provision for credit losses of loans to customers	(140,684)	(195,463)	(671,511)	(483,605)	(705,595)	(920,397)
Investment securities	**10,671,563**	**11,736,419**	**13,456,296**	**24,472,021**	**21,197,715**	**34,261,091**
Available for sale securities	8,955,690	10,372,147	12,033,115	21,348,726	16,705,365	24,267,353
Held-to-maturity securities	1,890,768	1,486,435	1,609,681	3,307,348	5,011,604	11,020,813
Provision for impairment of investment securities	(174,894)	(122,163)	(186,500)	(184,051)	(519,254)	(1,027,075)
Long-term investments	**199,178**	**57,617**	**95,067**	**228,538**	**419,118**	**384,406**
Other long-term investments	199,178	61,491	136,891	249,632	530,192	495,945
Provision for impairment of long-term investments		(3,874)	(41,824)	(21,094)	(111,074)	(111,539)
Fixed assets	**327,506**	**311,834**	**590,246**	**527,397**	**805,214**	**1,351,960**
Tangible fixed assets	265,275	255,583	369,550	310,928	518,828	524,984
Intangible assets	62,231	56,251	220,696	216,469	286,386	826,976
Other assets	**8,303,688**	**10,631,668**	**14,514,806**	**11,784,362**	**11,046,558**	**9,990,544**
TOTAL ASSETS	**45,025,421**	**52,782,830**	**86,226,641**	**99,524,603**	**106,485,935**	**150,294,272**
LIABILITIES AND OWNER'S EQUITY						

Borrowings from the Government and the SBV	1,070,277	565,532	128,173	184,195	2,488,321	177,635
Deposits and borrowings from other credit institutions	11,684,453	7,895,374	11,289,317	19,506,708	6,594,931	19,684,665
Deposits from customers	19,089,860	34,261,860	62,383,934	65,411,576	74,542,719	103,299,771
Grants, trusted funds and borrowings at risk of other credit institutions			116,110	42,791	2,822,563	2,843,432
Valuable papers issued	7,838,230	3,644,840	2,503,000	3,580,000	7,847,000	11,027,014
Derivatives and other financial liabilities	2,789					9,326
Other liabilities	1,792,180	1,021,478	1,218,886	1,600,491	2,348,722	3,309,786
TOTAL LIABILITIES	**41,477,789**	**47,389,084**	**77,639,420**	**90,325,761**	**96,644,256**	**140,351,629**
Capital and reserves						
The Bank's capital	3,004,043	5,004,043	8,104,686	8,104,686	8,104,686	8,104,686
The Bank's reserves	90,731	53,299	199,204	255,813	378,601	465,280
Foreign exchange reserve						
Retained earnings	452,858	336,404	283,331	513,549	909,128	747,047
Non-controlling interests					449,264	625,630
TOTAL OWNER'S EQUITY	**3,547,632**	**5,393,746**	**8,587,221**	**8,874,048**	**9,392,415**	**9,317,013**
Minority interests				**324,794**		
TOTAL LIABILITIES & OWNER'S EQUITY	**45,025,421**	**52,782,830**	**86,226,641**	**99,524,603**	**106,485,935**	**150,294,272**

Appendix 6. HD Bank's Income Statement.

	2011	2012	2013	2014	2015	2016
Interest and similar income	5,340,656	5,195,232	4,899,924	6,298,131	7,922,478	11,321,302
Interest and similar expenses	(4,031,824)	(4,345,159)	(4,574,838)	(4,668,988)	(4,677,768)	(6,643,222)
Net interest income	**1,308,832**	**850,073**	**325,086**	**1,629,143**	**3,244,710**	**4,678,080**
Income from services	102,574	46,345	72,933	195,762	234,104	167,320
Expenses from services	(38,380)	(28,719)	(28,587)	(69,422)	(45,997)	(49,096)
Net profit from services	**64,194**	**17,626**	**44,346**	**126,340**	**188,107**	**118,224**
Net gain from trading gold and foreign currencies	(93,489)	(43,305)	(54,015)	42,132	25,761	209,284
Net (loss)/gain from trading securities		8,592	61,930	80,462	(4,238)	82,503
Net gain from trading investment securities	(44,776)	315,179	682,241	474,636	48,787	151,159
Net profit from other activities	1,936	347,760	241,828	47,024	19,571	166,691
Income from capital contribution, equity investments	9,988	26,482	141,312	499,084	609,939	12,285
Total operating income	**1,246,685**	**1,522,407**	**1,442,728**	**2,898,821**	**4,132,637**	**5,418,226**
Total operating expenses	**(594,602)**	**(796,522)**	**(1,010,433)**	**(1,820,135)**	**(2,409,584)**	**(3,276,988)**
Net profit from operating activities before provision for credit losses	652,083	725,885	432,295	1,078,686	1,723,053	2,141,238
Provision for credit losses	(86,107)	(298,736)	(191,841)	(456,470)	(934,619)	(993,605)
Profit before tax	**565,976**	**427,149**	**240,454**	**622,216**	**788,434**	**1,147,633**
Corporate income tax expense	(139,480)	(100,719)	(22,858)	(145,340)	(158,323)	(233,135)
NET PROFIT	**426,496**	**326,430**	**217,596**	**476,876**	**630,111**	**914,498**

Appendix 7. SCB's Balance Sheet.

	2011	2012	2013	2014	2015	2016
ASSETS						
Cash, gold and gemstones	**2,027,901**	**4,334,887**	**1,701,403**	**1,403,153**	**2,327,014**	**2,365,873**
Balances with the State Bank of Vietnam	**294,747**	**3,198,842**	**1,866,744**	**5,210,502**	**3,766,305**	**5,737,827**
Placements with and loans to other credit institutions	**7,248,244**	**1,832,676**	**9,314,639**	**11,146,287**	**17,765,281**	**11,407,028**
Trading securities	**18,772**				**32,090**	**64,696**
Trading securities	72,676				42,212	79,227
Provision for impairment of trading securities	(53,904)				(10,122)	(14,531)
Derivatives and other financial assets	**828,409**	**97,192**	**6,056**		**295,339**	
Loans and advances to customers	**64,418,900**	**87,165,574**	**88,349,590**	**133,277,265**	**169,228,314**	**220,071,514**
Loans and advances to customers	66,070,088	88,154,900	89,003,699	134,005,441	170,461,787	222,183,039
Provision for credit losses of loans to customers	(1,651,188)	(989,326)	(654,109)	(728,176)	(1,233,473)	(2,111,525)
Investment securities	**13,898,501**	**11,314,978**	**25,055,473**	**43,906,651**	**65,485,179**	**60,877,866**
Available for sale securities	6,801,098	4,386,236	7,281,710	26,354,703	41,052,824	40,644,696
Held-to-maturity securities	7,100,000	7,000,000	17,831,337	18,872,686	27,488,960	23,642,213
Provision for impairment of investment securities	(2,597)	(71,258)	(57,574)	(1,320,738)	(3,056,605)	(3,409,043)
Long-term investments	**541,887**	**71,558**	**71,258**	**71,258**	**84,834**	**69,109**
Other long-term investments	553,674	71,784	71,438	71,438	85,014	69,388
Provision for impairment of long-term investments	(11,787)	(226)	(180)	(180)	(180)	(279)
Purchased debts					**119,255**	**11,755**
Investment properties				**75,790**	**46,731**	**52,734**
Fixed assets	**2,196,888**	**2,589,928**	**2,965,329**	**3,172,068**	**3,965,939**	**4,083,136**
Tangible fixed assets	887,266	916,626	1,203,220	1,410,427	1,909,441	2,056,717
Intangible assets	1,309,622	1,673,302	1,762,109	1,761,641	2,056,498	2,026,399
Other assets	**53,339,889**	**38,599,925**	**51,688,110**	**43,959,084**	**48,397,398**	**56,940,836**
TOTAL ASSETS	**144,814,138**	**149,205,560**	**181,018,602**	**242,222,058**	**311,513,679**	**361,682,374**

LIABILITIES AND OWNER'S EQUITY						
Borrowings from the Government and the SBV	18,133,852	9,772,303		1,212,443	8,895,156	5,633,342
Deposits and borrowings from other credit institutions	33,899,198	18,250,965	18,419,415	25,917,203	23,207,536	29,901,864
Deposits from customers	58,633,444	79,192,921	147,098,061	198,505,149	255,977,884	295,152,233
Grants, trusted funds and borrowings at risk of other credit institutions	10,203	6,672	3,282			
Valuable papers issued	19,331,272	11,949,302			1,006,000	6,510,000
Derivatives and other financial liabilities				133,018		172,318
Other liabilities	3,471,666	18,663,332	2,385,287	3,268,954	6,974,995	8,851,209
TOTAL LIABILITIES	**133,479,635**	**137,835,495**	**167,906,045**	**229,036,767**	**296,061,571**	**346,220,966**
Capital and reserves						
The Bank's capital	10,592,049	10,592,049	12,303,049	12,303,049	14,303,049	14,303,049
The Bank's reserves	414,459	415,941	411,473	425,030	438,236	449,129
Foreign exchange reserve						
Retained earnings	327,995	362,075	398,035	457,212	499,512	530,506
Non-controlling interests					211,311	178,724
TOTAL OWNER'S EQUITY	**11,334,503**	**11,370,065**	**13,112,557**	**13,185,291**	**15,452,108**	**15,461,408**
TOTAL LIABILITIES & OWNER'S EQUITY	**144,814,138**	**149,205,560**	**181,018,602**	**242,222,058**	**311,513,679**	**361,682,374**

Appendix 8. SCB's Income Statement.

	2011	2012	2013	2014	2015	2016
Interest and similar income		17,317,298	16,848,878	18,762,895	21,783,454	23,370,314
Interest and similar expenses		(14,121,347)	(14,864,061)	(16,717,799)	(17,273,987)	(20,435,410)
Net interest income		**3,195,951**	**1,984,817**	**2,045,096**	**4,509,467**	**2,934,904**
Income from services		28,405	32,813	81,614	585,228	1,088,291
Expenses from services		(37,285)	(34,572)	(47,523)	(247,558)	(521,781)
Net profit from services		**(8,880)**	**(1,759)**	**34,091**	**337,670**	**566,510**
Net gain from trading gold and foreign currencies		(1,104,279)	436,986	11,895	21,114	40,777
Net (loss)/gain from trading securities					4,591	11,169
Net gain from investment securities		(41,153)		682,677	136,825	238,502
Net profit from other activities		1,259,718	126,845	365,605	(11,429)	244,017
Income from capital contribution, equity investments		9,504	8,323	8,111	10,093	4,927
Total operating income		**3,310,861**	**2,555,212**	**3,147,475**	**5,008,331**	**4,040,806**
Total operating expenses		**(2,353,419)**	**(1,807,195)**	**(1,702,616)**	**(2,618,541)**	**(2,440,004)**
Net profit from operating activities before provision for credit losses		**957,442**	**748,017**	**1,444,859**	**2,389,790**	**1,600,802**
Provision for credit losses		(880,243)	(688,236)	(1,325,716)	(2,278,984)	(1,464,825)
Profit before tax		**77,199**	**59,781**	**119,143**	**110,806**	**135,977**
Corporate income tax expense		(13,364)	(17,208)	(28,906)	(30,924)	(57,122)
NET PROFIT	**N/A**	**63,835**	**42,573**	**90,237**	**79,882**	**78,855**

Appendix 9. SCB's analysis of loan to customers by quality.

	2011	2012	2013	2014	2015	2016
Current	57,589,981	80,390,550	87,316,933	133,301,254	167,634,648	
Special mention	3,690,045	1,391,065	234,312	41,187	2,247,858	
Substandard	551,692	1,810,805	1,750	16	19,336	
Doubtful	1,617,490	1,613,404	45,975		17,793	
Loss	2,620,880	2,949,076	1,404,729	662,984	542,152	
TOTAL	**66,070,088**	**88,154,900**	**89,003,699**	**134,005,441**	**170,461,787**	**N/A**

Appendix 10. SHB's analysis of loan to customers by quality.

	2011	2012	2013	2014	2015	2016
Current	27,416,800	47,177,222	69,678,554	99,864,421	127,042,671	156,920,432
Special mention	1,093,638	4,613,612	2,352,446	1,979,359	1,924,083	2,239,145
Substandard	218,922	1,030,821	144,391	262,754	181,863	263,785
Doubtful	154,148	1,774,175	434,850	356,024	798,176	993,341
Loss	278,343	2,209,471	2,524,550	1,488,896	1,282,636	1,786,854
Freezing loans with Vinashin			1,228,584			
REPO with customer of SHB AMC		2200	2200	1,700		
Receivables from securities trading of SHBS		132223	144096	142560	197764	172628
TOTAL	**29,161,851**	**56,939,724**	**76,509,671**	**104,095,714**	**131,427,193**	**162,376,185**

Appendix 11. SHB's Balance Sheet.

	2011	2012	2013	2014	2015	2016
ASSETS						
Cash, gold and gemstones	**425,219**	**484,887**	**541,115**	**801,433**	**1,917,860**	**1,291,694**
Balances with the State Bank of Vietnam	**35,112**	**3,031,869**	**1,981,052**	**3,346,049**	**4,362,518**	**2,718,757**
Placements with and loans to other credit institutions	**18,845,175**	**29,862,248**	**30,262,605**	**29,491,363**	**29,793,709**	**30,136,422**
Trading securities	**17,804**	**13,387**	**29,015**	**31,828**	**54,378**	**40,899**
Trading securities	36,162	40,564	51,887	50,877	70,927	65,382
Provision for impairment of trading securities	(18,361)	(27,177)	(22,872)	(19,049)	(16,549)	(24,483)
Derivatives and other financial assets	**4,036**	**5,847**		**18,611**		**44,578**
Loans and advances to customers	**28,806,884**	**55,689,293**	**75,322,050**	**103,048,466**	**130,005,807**	**160,578,800**
Loans and advances to customers	29,161,851	56,939,724	76,509,671	104,095,714	131,427,193	162,376,185
Provision for credit losses of loans to customers	(354,967)	(1,250,431)	(1,187,624)	(1,047,248)	(1,421,386)	(1,797,385)
Investment securities	**15,097,394**	**12,699,276**	**18,655,008**	**13,471,098**	**17,316,651**	**18,846,623**
Available for sale securities	12,501,240	8,418,596	8,101,622	5,794,806	7,479,883	10,788,497
Held-to-maturity securities	2,610,840	4,290,544	10,562,229	8,043,327	10,399,493	9,439,853
Provision for impairment of investment securities	(14,686)	(9,864)	(8,843)	(367,035)	(562,725)	(1,381,727)
Long-term investments	**333,313**	**391,703**	**361,504**	**321,032**	**303,409**	**222,949**
Other long-term investments	334,289	435,326	400,428	341,590	313,397	229,393
Provision for impairment of long-term investments	(976)	(43,623)	(38,924)	(20,558)	(9,988)	(6,444)
Investment properties		**85,456**	**17,248**	**17,095**	**16,955**	**16,815**
Fixed assets	**2,254,983**	**4,127,127**	**4,151,534**	**4,105,750**	**4,056,266**	**3,962,052**
Tangible fixed assets	167,782	398,883	405,949	383,906	361,018	424,046
Intangible assets	2,087,201	3,728,244	3,745,585	3,721,844	3,695,248	3,538,006
Other assets	**5,169,622**	**10,146,521**	**12,304,672**	**14,382,821**	**16,876,587**	**16,088,151**
TOTAL ASSETS	**70,989,542**	**116,537,614**	**143,625,803**	**169,035,546**	**204,704,140**	**233,947,740**
LIABILITIES AND OWNER'S EQUITY						

Borrowings from the Government and the SBV	2,184,954		2,119,145	761,158	4,224,915	2,572,420
Deposits and borrowings from other credit institutions	15,909,083	21,777,251	20,685,381	28,142,891	28,145,783	33,309,432
Deposits from customers	34,785,614	77,598,520	90,761,017	123,227,619	148,828,876	166,576,217
Grants, trusted funds and borrowings at risk of other credit institutions	226,386	385,245	476,390	214,487	414,632	808,887
Valuable papers issued	11,205,240	4,370,389	16,909,575	3,911,000	8,259,448	13,767,675
Derivatives and other financial liabilities			6,272		100,011	
Other liabilities	847,397	2,897,397	2,309,549	2,295,419	3,472,713	3,681,536
TOTAL LIABILITIES	**65,158,674**	**107,028,802**	**133,267,329**	**158,552,574**	**193,446,378**	**220,716,167**
Capital and reserves						
The Bank's capital	4,908,535	8,962,251	8,962,251	8,962,251	9,582,401	11,293,347
The Bank's reserves	278,109	517,732	642,480	734,463	863,808	1,038,259
Foreign exchange reserve	9	9				
Retained earnings	644,215	26,058	750,966	783,350	808,832	897,661
Non-controlling interests		2,762	2,777	2,908	2,721	2,306
TOTAL OWNER'S EQUITY	**5,830,868**	**9,508,812**	**10,358,474**	**10,482,972**	**11,257,762**	**13,231,573**
TOTAL LIABILITIES & OWNER'S EQUITY	**70,989,542**	**116,537,614**	**143,625,803**	**169,035,546**	**204,704,140**	**233,947,740**

Appendix 12. SHB's Income Statement.

	2011	2012	2013	2014	2015	2016
Interest and similar income	7,781,058	9,951,489	9,174,718	10,312,849	11,991,798	14,568,653
Interest and similar expenses	(5,883,524)	(8,075,961)	(7,070,660)	(7,586,884)	(8,295,644)	(10,393,205)
Net interest income	**1,897,534**	**1,875,528**	**2,104,058**	**2,725,965**	**3,696,154**	**4,175,448**
Income from services	256,348	193,828	219,433	440,321	189,988	409,808
Expenses from services	(37,900)	(41,731)	(86,302)	(86,722)	(92,550)	(71,743)
Net profit from services	**218,448**	**152,097**	**133,131**	**353,599**	**97,438**	**338,065**
Net gain from trading gold and foreign currencies	54,762	47,963	63,400	65,559	26,565	102,040
Net (loss)/gain from trading securities	(17,782)	140,376	696	3,555	4,160	(10,104)
Net gain from investment securities	(9,289)	23,548	(16,199)	(6,931)	(69,645)	10,539
Net profit from other activities	75,432	689,034	76,626	107,766	174,584	364,316
Income from capital contribution, equity investments	9,229	10,910	6,325	7,820	8,564	(14,193)
Total operating income	**2,228,334**	**2,939,456**	**2,368,037**	**3,257,333**	**3,937,820**	**4,966,111**
Total operating expenses	**(1,125,836)**	**(1,678,993)**	**(1,860,870)**	**(1,624,353)**	**(2,078,640)**	**(2,507,759)**
Net profit from operating activities before provision for credit losses	**1,102,498**	**1,260,463**	**507,167**	**1,632,980**	**1,859,180**	**2,458,352**
Provision for credit losses	(101,536)	564,740	492,881	(620,632)	(842,126)	(1,301,913)
Profit before tax	**1,000,962**	**1,825,203**	**1,000,048**	**1,012,348**	**1,017,054**	**1,156,439**
Corporate income tax expense	(247,933)	(137,934)	(150,278)	(221,601)	(221,898)	(243,378)
Non-controlling interest		**(428)**	**(28)**	**(159)**	**(26)**	**187**
Profit after tax of the Bank	**753,029**	**1,686,841**	**849,742**	**790,601**	**795,130**	**913,248**
Accumulated losses from HabuBank		(1,660,775)				
NET PROFIT	**753,029**	**26,066**	**849,742**	**790,601**	**795,130**	**913,248**

Appendix 13. Sacombank's Balance Sheet.

	2011	2012	2013	2014	2015	2016
ASSETS						
Cash, gold and gemstones	**11,857,270**	**9,703,738**	**4,228,779**	**4,815,942**	**6,586,478**	**5,872,975**
Balances with the State Bank of Vietnam	**2,807,350**	**4,598,716**	**3,300,559**	**4,289,757**	**7,497,267**	**8,954,312**
Placements with and loans to other credit institutions	**9,621,309**	**7,574,411**	**7,469,881**	**3,630,099**	**2,207,868**	**2,484,336**
Trading securities	**349,355**	**1,272,179**	**2,651,437**	**7,683,341**	**95,334**	**89,891**
Trading securities	504,786	1,424,765	2,877,307	7,732,428	124,841	105,624
Provision for impairment of trading securities	(155,431)	(152,586)	(225,870)	(49,087)	(29,507)	(15,733)
Derivatives and other financial assets	**2,852**	**383,377**	**43,996**	**12,151**		**15,422**
Loans and advances to customers	**79,726,547**	**94,887,813**	**109,214,229**	**126,646,093**	**183,660,021**	**196,428,077**
Loans and advances to customers	80,539,487	96,334,439	110,565,799	128,015,011	185,916,813	198,859,665
Provision for credit losses of loans to customers	(812,940)	(1,446,626)	(1,351,570)	(1,368,918)	(2,256,792)	(2,431,588)
Investment securities	**24,368,177**	**19,983,644**	**19,893,888**	**25,925,440**	**39,678,056**	**65,033,141**
Available for sale securities	24,164,301	19,666,578	19,434,485	20,250,805	25,109,203	27,589,161
Held-to-maturity securities	232,124	800,000	628,689	5,935,128	16,148,253	39,292,300
Provision for impairment of investment securities	(28,248)	(482,934)	(169,286)	(260,493)	(1,579,400)	(1,848,320)
Long-term investments	**665,511**	**240,936**	**318,860**	**264,513**	**594,542**	**520,339**
Investments in joint-ventures		32,099				
Other long-term investments	822,969	477,202	462,929	400,749	897,843	880,575
Provision for impairment of long-term investments	(157,458)	(268,365)	(144,069)	(136,236)	(303,301)	(360,236)
Purchased debts						**751,748**
Fixed assets	**3,707,863**	**5,218,768**	**5,306,520**	**5,198,975**	**7,967,719**	**7,949,366**
Tangible fixed assets	2,105,523	2,768,831	2,907,070	2,831,507	4,530,436	4,503,810
Financial leases	2,024	1,031	743	188	70	
Intangible assets	1,600,316	2,448,906	2,398,707	2,367,280	3,437,213	3,445,556
Other assets	**8,362,483**	**8,254,943**	**8,949,464**	**11,336,316**	**43,745,451**	**43,923,436**

TOTAL ASSETS	**141,468,717**	**152,118,525**	**161,377,613**	**189,802,627**	**292,032,736**	**332,023,043**
LIABILITIES AND OWNER'S EQUITY						
Borrowings from the Government and the SBV	2,129,609					3,774,694
Deposits and borrowings from other credit institutions	12,823,589	4,730,526	5,007,207	4,410,606	2,954,073	8,109,652
Deposits from customers	75,092,252	107,458,698	131,644,622	163,057,456	260,994,745	291,653,101
Grants, trusted funds and borrowings at risk of other credit institutions	4,713,679	4,545,100	4,405,174	1,115,813	1,793,234	1,404,155
Valuable papers issued	17,616,708	7,776,549	501,147	600	600	600
Derivatives and other financial liabilities					22,853	
Other liabilities	14,545,997	13,908,902	2,755,737	3,154,951	4,186,736	4,888,907
TOTAL LIABILITIES	**126,921,834**	**138,419,775**	**144,313,887**	**171,739,426**	**269,952,241**	**309,831,109**
Capital and reserves						
The Bank's capital	10,961,760	10,905,440	12,590,879	12,590,879	18,166,632	18,166,632
The Bank's reserves	1,539,899	1,636,016	1,621,303	1,938,962	2,419,833	2,430,405
Foreign exchange reserve	87,216	87,640	96,870	104,270	229,077	253,985
Retained earnings	1,958,008	1,069,643	2,754,666	3,429,086	1,264,953	1,340,912
TOTAL OWNER'S EQUITY	**14,546,883**	**13,698,739**	**17,063,718**	**18,063,197**	**22,080,495**	**22,191,934**
Non-controlling interests		**11**	**8**	**4**		
TOTAL LIABILITIES & OWNER'S EQUITY	**141,468,717**	**152,118,525**	**161,377,613**	**189,802,627**	**292,032,736**	**332,023,043**

Appendix 14. Sacombank's Income Statement.

	2011	2012	2013	2014	2015	2016
Interest and similar income	17,864,267	16,869,623	16,294,326	15,195,969	15,892,850	17,868,402
Interest and similar expenses	(12,022,040)	(10,372,444)	(9,666,889)	(8,631,311)	(9,317,743)	(13,847,705)
Net interest income	**5,842,227**	**6,497,179**	**6,627,437**	**6,564,658**	**6,575,107**	**4,020,697**
Income from services	1,685,590	1,292,300	1,436,185	1,443,862	1,740,796	2,112,833
Expenses from services	(644,195)	(605,811)	(488,285)	(495,379)	(569,533)	(682,789)
Net profit from services	**1,041,395**	**686,489**	**947,900**	**948,483**	**1,171,263**	**1,430,044**
Net gain from trading gold and foreign currencies	204,268	218,164	(203,332)	196,167	158,842	265,028
Net (loss)/gain from trading securities	(1986,449)	3,585	(67,760)	183,086	11,455	(753)
Net gain from investment securities	(10,723)	(387,086)	27,674	169,024	(99,478)	45,835
Net profit from other activities	106,076	(81,567)	97,078	133,562	458,852	736,964
Income from capital contribution, equity investments	(242,027)	(83,412)	172,310	54,508	12,675	32,342
Total operating income	**6,754,767**	**6,853,352**	**7,601,307**	**8,249,488**	**8,288,716**	**6,530,157**
Total operating expenses	**(3,589,136)**	**(4,154,236)**	**(4,206,024)**	**(4,460,613)**	**(5,154,547)**	**(5,678,323)**
Net profit from operating activities before provision for credit losses	**3,165,631**	**2,699,116**	**3,395,283**	**3,788,875**	**3,134,169**	**851,834**
Provision for credit losses	(394,957)	(1,331,265)	(434,635)	(962,588)	(2,256,014)	(696,243)
Profit before tax	**2,770,674**	**1,367,851**	**2,960,648**	**2,826,287**	**878,155**	**155,591**
Corporate income tax expense	(774,817)	(365,481)	(731,542)	(619,855)	(230,236)	(66,982)
NET PROFIT	**1,995,857**	**1,002,370**	**2,229,106**	**2,206,432**	**647,919**	**88,609**

Appendix 15. Sacombank's analysis of loan to customers by quality.

	2011	2012	2013	2014	2015	2016
Current	79,840,392	93,932,651	108,175,889	125,985,614	174,096,718	182,519,558
Special mention	235,868	428,714	779,957	506,888	1,041,682	2,594,763
Substandard	101,981	312,084	169,732	102,765	1,776,909	2,613,243
Doubtful	193,335	764,210	422,252	414,089	1,140,028	2,621,783
Loss	167,911	896,780	1,017,969	1,005,655	7,861,476	8,510,318
TOTAL	**80,539,487**	**96,334,439**	**110,565,799**	**128,015,011**	**185,916,813**	**198,859,665**

Appendix 16. Maritime Bank's analysis of loan to customers by quality.

	2011	2012	2013	2014	2015	2016
Current		24,055,365	23,520,782	20,621,584	25,412,927	32,832,172
Special mention		4,122,622	3,146,418	1,675,031	1,720,279	1,456,333
Substandard		52,829	229,512	181,499	92,388	81,464
Doubtful		163,014	125,314	71,533	182,632	72,948
Loss		549,800	387,311	959,778	683,094	675,955
TOTAL	**N/A**	**28,943,630**	**27,409,337**	**23,509,425**	**28,091,320**	**35,118,872**

Appendix 17. Maritime Bank's Balance Sheet.

	2011	2012	2013	2014	2015	2016
ASSETS						
Cash, gold and gemstones	**1,220,867**	**987,535**	**1,025,874**	**1,178,113**	**1,529,021**	**1,868,269**
Balances with the State Bank of Vietnam	**964,132**	**4,499,702**	**551,929**	**2,751,518**	**2,212,421**	**1,545,647**
Placements with and loans to other credit institutions	**28,761,657**	**28,985,403**	**24,693,179**	**16,005,178**	**11,455,737**	**7,562,696**
Trading securities	**50,691**	**57,270**	**129,348**	**161,202**	**117,063**	**97,043**
Trading securities	89,186	93,201	191,543	200,896	196,922	164,014
Provision for impairment of trading securities	(38,495)	(35,931)	(62,195)	(39,694)	(79,859)	(66,971)
Derivatives and other financial assets	**74,103**	**58,325**	**48,112**			
Loans and advances to customers	**37,388,434**	**28,193,028**	**26,676,110**	**22,966,507**	**27,490,168**	**34,666,848**
Loans and advances to customers	37,752,939	28,943,630	27,409,337	23,509,425	28,091,320	35,118,872
Provision for credit losses of loans to customers	(364,505)	(750,602)	(733,227)	(542,918)	(601,152)	(452,024)
Investment securities	**34,087,715**	**30,237,353**	**33,375,435**	**40,958,728**	**48,901,341**	**32,501,854**
Available for sale securities	34,123,344	30,388,907	32,940,694	37,641,184	39,092,073	24,558,953
Held-to-maturity securities			506,208	3,952,524	10,283,551	8,873,669
Provision for impairment of investment securities	(35,629)	(151,554)	(71,467)	(634,980)	(474,283)	(930,768)
Long-term investments	**1,754,772**	**2,103,488**	**2,170,808**	**358,406**	**9,251**	**9,251**
Other long-term investments	1,754,772	2,109,273	2,172,876	360,225	9,251	9,251
Provision for impairment of long-term investments		(5,785)	(2,068)	(1,819)		
Purchased debts				**1861309**	**43,965**	**43,893**
Investment properties	**1,076,725**	**1,023,789**	**1,003,687**	**977,292**	**955,502**	**895,442**
Fixed assets	**724,903**	**900,846**	**847,478**	**761,082**	**823,094**	**648,564**
Tangible fixed assets	241,739	355,951	285,971	205,491	202,244	142,592
Financial leases	303,083	296,438	289,806	283,175	276,544	269,913
Intangible assets	180,081	248,457	271,701	272,416	344,306	236,059
Other assets	**8,270,999**	**12,876,637**	**16,592,922**	**16,389,406**	**10,773,713**	**12,766,355**

TOTAL ASSETS	**114,374,998**	**109,923,376**	**107,114,882**	**104,368,741**	**104,311,276**	**92,605,862**
LIABILITIES AND OWNER'S EQUITY						
Borrowings from the Government and the SBV	10,116,221	5,329,623	644,189	42,311	5,027,470	4,386,050
Deposits and borrowings from other credit institutions	22,830,507	30,234,984	24,397,983	25,495,893	17,399,382	10,536,234
Deposits from customers	62,294,523	59,586,516	65,491,701	63,218,853	62,615,688	57,586,806
Grants, trusted funds and borrowings at risk of other credit institutions	394,048	145,363	141,402	87,017	163,899	51,505
Valuable papers issued	7,178,500	2,295,002	2,795,002	3,655,000	3,297,331	4,218,047
Derivatives and other financial liabilities				137,000	137,000	
Other liabilities	2,061,318	3,241,857	4,232,059	2,286,984	2,054,257	2,227,234
TOTAL LIABILITIES	**104,875,117**	**100,833,345**	**97,702,336**	**94,923,058**	**90,695,027**	**79,005,876**
Capital and reserves						
The Bank's capital	8,400,607	8,352,692	8,352,676	8,286,095	12,035,628	11,879,878
The Bank's reserves	410,470	467,511	511,173	489,909	643,915	661,963
Retained earnings	688,604	269,828	548,697	669,679	936,706	1,058,145
TOTAL OWNER'S EQUITY	**9,499,681**	**9,090,031**	**9,412,546**	**9,445,683**	**13,616,249**	**13,599,986**
TOTAL LIABILITIES & OWNER'S EQUITY	**114,374,798**	**109,923,376**	**107,114,882**	**104,368,741**	**104,311,276**	**92,605,862**

Appendix 18. Maritime Bank's Income Statement.

	2011	2012	2013	2014	2015	2016
Interest and similar income	14,078,653	11,927,357	8,789,131	9,136,495	9,191,710	6,347,548
Interest and similar expenses	(12,521,177)	(9,917,431)	(7,174,741)	(7,963,094)	(7,604,795)	(4,094,906)
Net interest income	**1,557,476**	**2,009,926**	**1,614,390**	**1,173,401**	**1,586,915**	**2,252,642**
Income from services	440,193	171,870	164,030	171,608	186,456	247,272
Expenses from services	(96,442)	(132,209)	(135,706)	(115,740)	(147,812)	(154,237)
Net profit from services	**343,751**	**39,661**	**28,324**	**55,868**	**38,644**	**93,035**
Net gain from trading gold and foreign currencies	41,904	87,982	86,487	(15,311)	(70,925)	13,492
Net (loss)/gain from trading securities	(35,017)	1,351	(81,995)	9,700	(46,068)	(5,575)
Net gain from investment securities	(29,308)	98,515	677,237	635,084	561,362	602,609
Net loss/gain from other activities	412,062	244,687	(38,431)	225,845	281,362	797,632
Income from capital contribution, equity investments	121,610	137,392	130,434	91,493	142,435	50,718
Total operating income	**2,412,478**	**2,619,514**	**2,416,446**	**2,176,080**	**2,493,725**	**3,804,553**
Total operating expenses	**(1,255,904)**	**(1,855,326)**	**(1,689,410)**	**(1,252,395)**	**(1,808,858)**	**(1,897,097)**
Net profit from operating activities before provision for credit losses	**1,156,574**	**764,188**	**727,036**	**923,685**	**684,867**	**1,907,456**
Provision for credit losses	(119,979)	(508,796)	(325,800)	(761,661)	(526,835)	(1,743,425)
Profit before tax	**1,036,595**	**255,392**	**401,236**	**162,024**	**158,032**	**164,031**
Corporate income tax expense	(239,255)	(28,978)	(71,364)	(19,268)	(41,758)	(24,027)
NET PROFIT	**797,340**	**226,414**	**329,872**	**142,756**	**116,274**	**140,004**

Appendix 19. TP Bank's Balance Sheet.

	2011	2012	2013	2014	2015	2016
ASSETS						
Cash, gold and gemstones		**65,321**	**294,799**	**386,695**	**621,500**	**815,148**
Balances with the State Bank of Vietnam		**364,312**	**226,461**	**5,048,040**	**1,227,426**	**1,362,317**
Placements with and loans to other credit institutions		**2,188,579**	**5,855,657**	**10,888,930**	**20,290,118**	**23,784,661**
Trading securities		**21,573**	**174,361**	**145,167**		
Trading securities		34,328	212,817	145,167		
Provision for impairment of trading securities		(12,755)	(38,455)			
Derivatives and other financial assets			**7,966**		**11,150**	**29,149**
Loans and advances to customers		**5,990,358**	**11,809,049**	**19,639,833**	**27,977,664**	**46,233,626**
Loans and advances to customers		6,083,030	11,925,991	19,838,991	28,240,322	46,642,977
Provision for credit losses of loans to customers		(92,672)	(116,942)	(199,158)	(262,658)	(409,351)
Investment securities		**5,453,320**	**12,183,871**	**13,988,825**	**21,578,948**	**29,882,518**
Available for sale securities		5,540,302	11,776,268	13,710,687	21,165,710	29,175,883
Held-to-maturity securities		200,000	437,603	509,486	604,132	1,019,638
Provision for impairment of investment securities		(286,982)	(30,000)	(231,348)	(190,894)	(313,003)
Long-term investments		**10,000**	**10,000**	**9,436**		
Other long-term investments		10,000	10,000	10,000		
Provision for impairment of long-term investments				(564)		
Purchased debts						**677530**
Fixed assets		**69,066**	**68,365**	**79,024**	**134,016**	**144,374**
Tangible fixed assets		50,853	55,110	59,388	99,684	100,386
Intangible assets		18,213	13,255	19,636	34,332	43,988
Other assets		**957,840**	**1,457,509**	**1,291,606**	**4,380,012**	**2,852,686**
TOTAL ASSETS	**N/A**	**15,120,369**	**32,088,038**	**51,477,556**	**76,220,834**	**105,782,009**

LIABILITIES AND OWNER'S EQUITY						
Borrowings from the Government and the SBV		833,787			2,017,980	1,500,282
Deposits and borrowings from other credit institutions		762,944	11,393,517	25,101,617	29,395,609	41,245,247
Deposits from customers		9,269,925	14,331,681	21,623,430	39,505,447	55,082,028
Grants, trusted funds and borrowings at risk of other credit institutions				89,234		1,211,925
Valuable papers issued		752,248	2,341,440			
Derivatives and other financial liabilities		7,436		17,940		
Other liabilities		175,022	320,730	408,788	503,133	1,061,041
TOTAL LIABILITIES		**11,801,362**	**28,387,368**	**47,241,009**	**71,422,169**	**100,100,523**
Capital and reserves						
The Bank's capital		4,527,198	4,527,197	4,527,197	4,527,197	5,040,125
The Bank's reserves		42,133	42,133	42,133	42,133	76,150
Retained earnings/(Accumulated losses)		(1,250,324)	(868,660)	(332,783)	229,335	565,211
TOTAL OWNER'S EQUITY		**3,319,007**	**3,700,670**	**4,236,547**	**4,798,665**	**5,681,486**
TOTAL LIABILITIES & OWNER'S EQUITY	**N/A**	**15,120,369**	**32,088,038**	**51,477,556**	**76,220,834**	**105,782,009**

Appendix 20. TP Bank's Income Statement.

	2011	2012	2013	2014	2015	2016
Interest and similar income		1,380,296	1,680,004	2,331,539	3,321,373	5,173,686
Interest and similar expenses		(1,105,678)	(1,069,426)	(1,352,368)	(1,918,454)	(3,052,861)
Net interest income		**274,618**	**610,578**	**979,171**	**1,402,919**	**2,120,825**
Income from services		17,592	31,642	66,300	103,022	146,317
Expenses from services		(27,938)	(14,705)	(20,656)	(34,639)	(60,199)
Net profit from services		**(10,346)**	**16,937**	**45,644**	**68,383**	**86,118**
Net gain from trading gold and foreign currencies		5,664	11,716	35,255	(48,813)	57,972
Net (loss)/gain from trading securities		6,818	20,378	3,446		
Net gain from trading investment securities		(3,303)	21,204	22,978	109,914	46,260
Net profit from other activities		239,164	205,210	104,919	19,960	(2,310)
Income from capital contribution, equity investments		1,879	3,462	4,155	2,860	
Total operating income		**514,494**	**889,485**	**1,195,568**	**1,555,223**	**2,308,865**
Total operating expenses		**(325,551)**	**(423,135)**	**(665,222)**	**(794,793)**	**(1,330,576)**
Net profit from operating activities before provision for credit losses		**188,943**	**466,350**	**530,346**	**760,430**	**978,289**
Provision for credit losses		(72,591)	(84,787)	5,531	(134,767)	(271,735)
Profit before tax		**116,352**	**381,563**	**535,877**	**625,663**	**706,554**
Corporate income tax expense					(63,503)	(141,343)
NET PROFIT	**N/A**	**116,352**	**381,563**	**535,877**	**562,160**	**565,211**

Appendix 21. TP Bank's analysis of loan to customers by quality.

	2011	2012	2013	2014	2015	2016
Current		5,610,740	11,397,652	19,291,135	27,466,561	45,125,413
Special mention		249,499	251,033	306,439	545,981	1,167,691
Substandard		31,955	15,305	20,449	37,704	81,831
Doubtful		104,370	29,905	13,689	68,066	79,322
Loss		86,466	190,284	165,467	80,198	169,905
Outstanding debts without collaterals nor debtors			41,812	41,812	41,812	18,815
TOTAL	**N/A**	**6,083,030**	**11,925,991**	**19,838,991**	**28,240,322**	**46,642,977**