



ANNUAL REPORT 2012

Prudent growth and sustainable development

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Chairman of the Board of Directors
Han Ngoc Vu

Message from the Chairman of the Board of Directors

“... For the past five years, VIB has made sustainable and significant progress in Vietnam's financial market. I believe that, with the current foundations, VIB will become one of the leading, secure, efficient and transparent financial institutions in Vietnam...”

For VIB, 2012 marked the completion of the 5th term (2008 -2012) of the Board of Directors and was also the 5th year of implementing the development strategy proposed by VIB's Board of Directors which was developed with the world leading strategy consultant - Boston Consulting Group (BCG).

Looking back on the last five years, despite difficult and challenging economic context as well as increasingly fierce competition in finance and banking, VIB has still managed to obtain great achievements in sustainable growth of basic business indices, development of management foundation structure and operation in accordance with the international advanced models, development of new sale and service models, branches with new look & feel, new brand image, etc. which meet international standards. VIB's achievements are thanks to the concerted efforts of dynamic operating and management executives sharing core values and working towards the bank's common interests as well as that of the entire staff who always stick to the vision "to be the most innovative and customer-centric bank of Vietnam".

Ladies and gentlemen,

In this annual report, I would like to outline some basic features of VIB in the past 5 years as well as set out expectations and orientations for the next term of the VIB Board of Directors.

• Identification of the strategic triangle of growth management – risk management – productivity management

2008 saw the start of the financial crisis on a global scale. For Vietnam, in 2011 - 2012, the finance sector still seemed to bear the worst of the crisis. Macroeconomic instabilities (bad debts, bankruptcy, etc.), together with tightened monetary policies had had a strong impact on business activities of enterprises in general and banks in particular. In that context, the Board of Directors and Board of Management have decided on a prudent development orientation for VIB, appropriate to market developments, to ensure secure development for the whole system and maintain the bank's firm foundations. The implementation of the strategic Triangle of Growth Management - Risk Management – Productivity Management has been deepened in all efforts to help VIB optimize business operations, making a difference while still guaranteeing growth and profit in the current context of hardship. This strategic triangle has been put into action programs and continuously communicated to the bank's management levels with a view to

ensuring uniform implementation and bringing about extremely encouraging results for VIB in the past 5 years.

• Business results in the past five years

In general, the last 5-year period marked a significant change for VIB in many basic indices: Total assets reached 65.023 trillion VND, up 87% compared to 2008; capital mobilization reached 40.062 trillion VND, up 64% compared to 2008; outstanding loans reached 33.887 trillion VND, up 71%; profit before tax grew 205% compared to 2008; bad debt was ensured to be below 3% as prescribed by the State Bank of Vietnam (SBV). With a prudent and safe growth policy, capital adequacy ratio remained high from 10% to nearly 20% (19.43% in 2012 as compared to the rate of 10.43% as regulated by SBV). Emergency provisions for credit risks were 744 billion VND, a 10-fold increase in comparison with 2008.

In 2012, VIB intentionally decelerated growth to minimize negative impacts on the bank's sustainable values in an extremely gloomy economic context riddled with uncertainties. VIB was almost the first bank to actively withdraw from increasingly risky activities in the interbank market, which had helped VIB to avoid major losses suffered by many partners in the last quarter of the year. VIB also actively managed credit approval activities through a new credit risk appetite and strengthened credit risk management apparatus. Emergency provisions were increased to ensure the safety of the whole system. Despite the decline in certain business indices, VIB maintained the best liquidity in the market and high safety indices in operation with the capital adequacy ratio (CAR) of over 14% (higher than the 9% as stipulated by SBV), bad debt ratio was below 3%;

During the past 5 years, in order to gain basic achievements and success in business indices, Board of Directors and Board of Management have decided that they need to direct VIB towards international standards, therefore, VIB has chosen Commonwealth Bank of Australia- one of the world's top banks as its strategic shareholder, together with leading global strategy consultants such as BCG, Interbrand, IBM, John Ryan, Hay Group, etc. to help strengthen the bank's capacity in strategic areas, namely business strategy, retail space, brand, technology and personnel strategies, etc.

• Continuous growth of shareholders' equity

The process of growth to expand market share and better serve more customers requires large capital to enhance the ability to meet customers' needs, while still

ensuring capital adequacy ratio under the provisions of SBV. Guarantee for capital presents a major challenge to the Vietnamese market in this difficult economic background. Since 2008, VIB has conducted good governance and successfully established relations with shareholders and investors, created favorable conditions for increasing the bank's capital source from 2.293 trillion VND to 8.371 trillion VND during the 2008 - 2012 period. The improvement in capital is also thanks to the fruitfully strategic cooperation between VIB and the Commonwealth Bank of Australia (CBA) with 15% share in the bank in September, 2010 - equivalent to 2.250 trillion VND. Apart from capital investment, leaders of the two sides have reached a \$25- million worth Capability Transfer Program (CTP) for 5 years which has helped VIB to further improve governance and business capacities, risk management and its competitiveness. In 2011, the CBA continued to invest 1.150 trillion VND into VIB, increasing its shares in the bank up to 20%, equivalent to 3.4 trillion VND and helped VIB's total equity increase over 50%, laying the crucial foundation for VIB to continue its development. Capital growth during this period can be considered a success for VIB in ensuring the bank's capital demands in the context of many subjective and objective challenges.

• **Corporate management in an advanced, healthy and transparent model**

At the annual General Shareholders' Meeting in 2008, VIB elected a Board of Directors and Board of Supervisors for the 2008-2012 term, in which the number of full-time members increased from 1 to 3. In December 2012, this number reached 5 out of 8 total members. Each and every individual's field of responsibility is appropriately assigned in accordance with their ability and strong points. In particular, all members possess from 15 to 35 years of work experience in business, banking and finance in prestigious domestic and international financial organizations and institutions.

The VIB Board of Directors plays an important role in the bank's governance, which includes identifying major orientations, discussing, giving opinions and ratifying the Board of Management's proposals as well as the bank's operations. Two Committees under the Board of Directors - Risk Management Committee and Personnel Committee have offered orientations to help the Board of Management carry out its work effectively. The Board

of Supervisors consists of many experienced members and actively participates in monitoring and supervisory activities of the bank.

With nearly 4,000 employees (increased by 52% from 2008 to 2012), human resource management and corporate culture establishment in line with international standards are always paid attention to by the VIB Board of Directors and Board of Management. In the context of continuous crisis in the domestic and global economy, the banking sector has also revealed inefficiencies, especially professional ethics. The Board of Directors and Board of Management have agreed to change one of the bank's five core values into Honesty and developed Code of Conduct and Business Ethics guidelines to help employees realize this Code of Conduct and Business Ethics in daily work, gradually establishing a healthy and transparent working environment.

The 2008-2012 period also marked VIB's important development in human resources. One special event was that Commonwealth Bank of Australia (CBA), a bank with over 100 years of experience, a leading financial institution in Australia, one of the 20 safest banks in the world, and now in the world's top-ten biggest groups by market capitalization, officially sent its experienced experts to work at VIB in key areas, namely, retail banking, risk management, IT, project management, strategies, etc. Along with CBA experts, VIB's management system has also seen the participation of regional experts from major banks such as Citibank, HSBC, ANZ, and Standard Charter Bank in key areas such as treasury, risk management, wholesale banking, and training & development, etc.

In the context of strong developments in the banking sector, fast growth of competitors, and stricter regulations from the authorities, it is essential and crucial to find a reliable strategic partner to support the system's capacity enhancement. VIB has found such a partner and is one of the few banks to bring the role of strategic foreign shareholder into full play for its effective development.

• **Prospects for 2013 and breakthroughs for next term**

2013 is expected to be another year of continuous difficulty. The government will pursue its tightened monetary policy, with priority given to macroeconomic stability, and inflation controlled at reasonably low levels. Addressing bad debts, unknitting the real estate market and restructuring State-owned banks are important drivers promoting Vietnam's economic growth in 2013. For banks and credit institutions, 2013 will continue to be a challenging year but is expected to be no worse than 2012. Settling bad debts and restructuring banks will remain the primary concern for the banking sector. Improvements in credit growth will be prioritised by most banks. Banks will continue to invest capital in important sectors aiming at promoting economic development (agriculture, rural areas; exports, supporting industries) and limit credit to investments in real estate and securities.

In that context, VIB will maintain a prudent business policy, opting for growth in a more concentrated customer segment, giving special priority to investments in non-credit products, sectors with major contributions to economic growth. In addition, the bank will ensure tight and effective management of costs on every dollar of income and continue the process of improving the risk management apparatus in accordance with international standards. This business orientation will be supported by efforts in maintenance and promotion of standard corporate governance as well as in development of human resources with customer-oriented culture, aimed at efficiency and high integrity. The VIB brand will help to successfully improve the success rate of VIB's business efforts, and vice versa, the quality of service and the system created by these efforts will raise the VIB brand to new heights.

2013 will also mark the completion and operation of the Corner Stone office building project at 16 Phan Chu Trinh. As scheduled, in the 2nd quarter of 2013, VIB's head office will officially move to this building. This is a modern, class A office building, located in the financial center of Hanoi, close to SBV and the Ministry of Finance, appropriate and fitting for VIB to locate its head office.

2013 marks the end of the 5th Term of the Board of Directors (2008-2013) of VIB and marks the beginning of

a new term with significant achievements as well as many unprecedented challenges and difficulties, I would like to be on behalf of VIB Board of Directors to thank all our customers, employees as well as members of the Board of Directors, Board of Supervisors, Board of Management who have accompanied and contributed to VIB's development during the last journey. I would also like to thank our shareholders and partners who have helped to build the VIB of today.

With our sound, existing foundations and strategies, I am confident in the success and sustainable development of VIB.

Thank you very much!

Chairman of the
Board of Directors



Han Ngoc Vu



Acting Chief Executive Officer
Le Quang Trung

Chief Executive Officer's review

“... Persevering with prudent development orientations with safety as the priority, VIB has been becoming more sustainable in the face of all economic fluctuations...”

Distinguished Shareholders, Customers, and Partners,

2012 was a hard year for the economy in general and for the banking sector in particular. In such context, the prudent and safe development strategy that VIB's Board of Management and Board of Directors have built and pursued in the past years has proved to be correct and effective. The triangle "Growth Management - Risk Management - Productivity Management" has been identified as the strategic operation and management framework in 2013 by VIB leadership.

Revenue growth

Despite the credit restrictions imposed by the State Bank of Vietnam (SBV) and the fierce competition among commercial joint-stock banks, VIB has gained certain achievements in revenue growth through efforts such as changing the focused customer segment, diversifying products, promoting the growth in services revenue, flexibly adjusting the pricing policy. Particularly:

- The campaign named "The Bank with the Best Current Account in Vietnam" has created a great echo in the market. Besides, the introduction of modern transaction channels like Mobile Banking and Internet Banking helped the VIB achieve the growth of 11% and 509% in the number of premium customers and electronic banking users, respectively.
- The Collection Project which is coordinated and implemented by the Wholesale Banking Division and the Retail Banking Division has achieved positive results. The Domestic Tax Collection Program has seen the turnover of VND 50 trillion, making up nearly 8% of the total government tax revenue. The Electricity Bill Collection Program for the Electricity of Vietnam (EVN) was successfully implemented in Southern Vietnam and has been being quickly implemented in Northern Vietnam and Hanoi. At the same time, the Collection Service for Viettel Telecom Group has been also implemented.
- As part of the Change Customer Base Program, the Targeted Lending Project of the Wholesale Banking Division and the Foreign Direct Investment Banking Service has achieved certain success. As of December 31st 2012, the project has disbursed VND 3.461 trillion, achieving 133% value of the set plan. The number of new premium customers of the Wholesale Banking Division has also increased, 104% as compared to the set target.

- In 2012, VIB was one of a few banks performing the differential pricing policy on the basis of improving the flexibility and transparency of the interest rates and offering many fee incentives to meet customers' satisfaction.

Productivity improvement

Improvement in labor productivity and efficiency was an important project carried out throughout 2012. Based on indexes and technical analysis, VIB has indicated key factors in promoting labor productivity such as human resources quality and personnel working style. Accordingly, VIB has implemented projects and activities to improve labor productivity, optimize operation costs, and achieved considerable achievements.

- It is the first time VIB has applied the model of Key Performance Indicators (KPIs) and the Management Information System (MIS) to all divisions, departments as well as each position of nearly 4,000 employees across the system. The bank has also applied an apparent, transparent salary and reward policy in accordance with the competence of each employee.
- VIB has completed the Branch Transformation Roll-out (BTR) at 132/160 branches across the country: through BTR project, VIB will optimize and specialize the professional ability of each staff and department in the business unit. This aims at increasing the productivity of the whole system in general and business units in particular.
- In 2012, VIB has strongly restructured departments and divisions, and optimized the resources at Hanoi and Ho Chi Minh City Head Offices as well as at other large and medium business units etc. in order to create an effective work system, enhance inner and outer competitive capacity, stimulate employees, and reduce operating costs.

Risk management

In the context of "frozen" real estate market and increasing bad debts, risk management was the top priority of VIB in the past year. In 2012, with the support of its strategic partner, the Commonwealth Bank of Australia (CBA) - one of the most secure banks in the world, VIB has made certain adjustments in managing credit risks in accordance with market situations to manage bad debts and improve the quality of debt portfolio.

- To specialize and optimize human resources for efficiency improvement in risk management, VIB has

strengthened restructuring of risk management department according to the standard structure of international banks: combining 2 centers of Risk Management and Credit Management to form the Risk Management Division including 10 centers/departments under the direct guidance of experienced experts from foreign banks in risk management.

- With the support and advice of CBA experts, VIB has made positive improvements in the process and policy of risk management including credit approval; collateral property assessment; developing front-end debt collection process; establishing early detection of customers with potential risks of bad debts etc. These processes and reforms not only help VIB control, check and forecast possible implicit credit risks but also promote the growth of high quality credit for VIB.
- Besides, VIB has conducted review of the debt portfolio and actively withdrawn from high-risk portfolios. In terms of inter-bank market, VIB has actively limited the number of transactions, only dealt with prestigious banks and focused on investing in government bonds in order to improve capital efficiency and liquidity, and soundly manage the bank's assets. In terms of customers, VIB has restructured the credit and investment portfolio, particularly, focused on re-evaluating customers' base and industries with possible risks of bad debts to make timely collection.
- VIB has continued to maintain and promote the model of operational risk management with three lines of defense: "Business Unit - Risk Management Department - Internal Audit". Through this model, VIB has strengthened the role of management and monitoring in all credit activities of the entire system and prevented gaps in the system caused by other risks such as Anti-Money Laundering and Counter-Terrorist Financing.
- Improving internal communication activities in fraud detection and anti-corruption across the system has been one of the outstanding activities over the past year. The program has been continuously implemented under strong guidance from the Board of Directors and the leaders of VIB, thereby minimizing employees' violations of the bank's core values.

Always considering customers as the center of all activities

"To become the bank with the best customer experi-

ences in Vietnam" is not only a goal, but also a guiding thread for the programs of improving customer satisfaction of VIB. 2012 was the second year VIB that has developed series of programs for managing customer satisfaction to measure, and survey to learn about the desires and needs of external and internal customers. On that basis, we understand the needs of developing new products and services, quickly innovating the processes to help external and internal customers feel more satisfied with the services provided by VIB.

- For external customers: VIB has conducted surveys and research to gather opinions directly from customers through monthly Mystery Shopping program. Until November 2012, the results were partly appropriate to the efforts made by over 4000 employees. The average point of all customers in 2012 was 87.77%, increased 10% as compared to that of 2011. Particularly, the satisfaction of individual customers was 8.68%, 21% higher than the rate of 2011; and the satisfaction of corporate customers was (as of February 2012) 8.34%, increased 17% in comparison with that of 2011.
- For internal customers: Based on the foundations transferred from the CBA, the Internal Customer Satisfaction Measurement Program (ICSM) has been implemented at VIB since 2011. Statistical results showed that the proportion of employees participating in the assessment in 2012 was 74% compared with 35% in 2011. Thanks to these programs, supporting departments have improved the process, service quality and gradually changed the culture of serving internal customers, helping the business units focus their resources at the maximum level on their own activities.

2012 was a year with unfavorable macroeconomic fluctuations and stagnation as well as tight and conservative monetary policies by SBV. Therefore, VIB's business results in 2012 were quite modest compared with those of the previous years, as shown by the following basic indicators:

- Total assets reached VND 65.023 trillion, a 33% decrease compared to 2011. The decrease of total assets resulted from the bank's deliberate actions to reduce the risks in the interbank market through reduction of activities and the balances in accordance with the new risk appetite. Reducing the scope of risky assets in the context of increasing bad debts across the system is not a negative signal, but helps to enhance stability for the bank.

- Outstanding loan at the end of 2012 was VND 33.887 trillion, a 22% decrease as compared to 2011 because VIB's outstanding loan balance focused on priority fields, and strong reduction in fields and customer groups of high risks.
- Capital mobilization from customers decreased by 30% compared to 2011, down to VND 40.062 trillion. Capital mobilization decreased as VIB has complied with the deposit interest rates ceiling and did not mobilize capital at high interest rates in the long term in the context of stagnant credit growth.
- Shareholders' equity reached 8.371 trillion VND, a slight increase compared to 2011.
- Profit from business operation before emergency provision was 1.445 VND trillion, 21% lower than 2011. However, the risk provision cost in 2012 was VND 744 billion, 24% lower than 2011. As a result, profit before tax fell only 17% and reached nearly VND 701 billion.
- Capital Adequacy Ratio (CAR) reached 19.43% (9% higher than the prescribed level of the SBV).

As can be seen, the business results did not meet the expectations of the Board of Directors. However, analysis shows that the above indicators are suitable to the current common indicators of the whole banking sector, which has experienced a difficult time, and the strategic orientation of the bank in the current period:

- High provision ratio, high Capital Adequacy Ratio, debts with the risk of capital loss reduced nearly 50% compared to 2011, etc. are suitable to the policy of focusing on risk management and strengthening the implementation of market risk management, credit risk management and operational risk management activities of VIB.
- Profit before tax decreased by 17% because VIB implemented a prudent strategy in accordance with market fluctuations, but still ensured compliance with the guidance and policy of the SBV.

2012 was indeed a challenging year, but VIB has steadily overcome and was positively recognized by the SBV, prestigious foreign institutions (World Bank, IFC, FMO, ADB, etc.), and many media agencies as a bank with transparency in business operations. In early 2013, VIB was proud to be ranked in the top 500 biggest corporations of Vietnam (according to Vietnamnet research), and was honoured for "Excellence of Corporate Social Responsibility" thanks to its positive contributions to

community development activities.

2013 is forecasted to be another hard year for the Vietnamese financial market. Amidst unclear recovery signals, the Government and the SBV still persist in tightened and conservative monetary policies. Based on 2012 business results and the market context of 2013, consistent with the objective of directing VIB "to become the bank with the best customer experience in Vietnam", the Board of Management and the Board of Directors have set out 6 focus areas, including:

- Enhancing excellent customer services
- Ensuring sustainable revenue growth
- Improving internal quality
- Optimizing operations
- Strengthening risk management activities
- Ensuring safety and liquidity balance

With a sound and solid system, I believe that VIB will develop increasingly sustainable based on the core values of the bank, the trust of customers, and the achievements that VIB gained during the last 5 years. On behalf of the Board of Management, I would like to express my sincere thanks to shareholders, customers, government agencies and partners for your trust, support and cooperation with VIB during the past time. I hope that VIB will continue to receive your support in our next development stages.

Thank you.

Acting Chief Executive Officer



Le Quang Trung



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Vision

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

Core Values

- Customer focus
- Excellence
- Honesty
- Teamwork
- Disciplined

Mission

- For customers: To excel in providing innovative, customer-centric solutions to satisfy the needs of our customers.
- For employees: To cultivate a high performance culture, entrepreneurship and openness in our work environment
- For shareholders: To provide sustainable and attractive returns to our shareholders
- For community: To support community development...



Corporate Governance

Board of Directors



1 Mr. Han Ngoc Vu
Chairman of the
Board of Directors

At the 12th General Shareholders' Meeting in 2008, Mr. Han Ngoc Vu was elected as Chairman of the Board of Directors, 5th term (2008-2013). Previously, Mr. Vu was appointed by the Board as Chief Executive Officer from late 2006.

Mr. Vu has nearly 25 years of working experience in business operations, including over 20 years in the banking and financial sector, with vast experience in banking with leading international banks in the world. Mr. Vu obtained a Master of Business Administration from Solvay Business School – Belgium, and Bachelor Degrees from Metropolitan Business College – Australia and the Institute of International Relations – Vietnam. He also completed professional training courses in Leadership from Harvard Business School and Citigroup, in Risk Management, Commercial Banking Profession, Financial Analysis, Project Finance, Trade Finance etc. from Citigroup and Credit Lyonnais.

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



2 Mr. Dang Khac Vy
Member of the
Board of Directors

At the 12th General Shareholders' Meeting in 2008, Mr. Dang Khac Vy was again elected as Member of the Board of Directors, 5th term (2008-2013). Previously, Mr. Vy had been appointed as a member of the Board of Directors, terms I, II, III, and IV.

Mr. Dang Khac Vy is one of the founding members of VIB. As a Doctor of Economics, he has worked in many countries around the world such as the Russian Federation, Singapore etc for many years. He is currently the chairman of Future Generation Group - one of the largest overseas Vietnamese Groups, operating in Eastern Europe, Western Europe and some Asian countries. The Group's products have been present in over 20 countries worldwide.

Currently, Mr. Vy is one of the most successful Vietnamese businessmen in Vietnam and abroad.



3 Mr. Dang Van Son
Member of the
Board of Directors

At the 12th General Shareholders' Meeting in 2008, Mr. Dang Van Son was again elected as Member of the Board of Directors, 5th term (2008-2013). Previously, Mr. Son had been elected to the Board in early 2007.

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

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



4 Mr. Do Xuan Hoang
Member of the
Board of Directors

At the 12th General Shareholders' Meeting in 2008, Mr. Do Xuan Hoang was again elected as Member of the Board of Directors, 5th term (2008-2013). Previously, Mr. Hoang joined the Board of VIB in early 2005 and was elected as Vice Chairman of the Board by the 11th Annual General Shareholders' Meeting in 2007.

Mr. Hoang has completed professional training courses and held different roles in the Republic of Ukraine and the Russian Federation. As a Doctor of Economics, he is currently the Chief Executive Officer of Future Generation Group - one of the largest overseas Vietnamese Groups; He was a member of the Central Committee of Vietnam Fatherland Front, Term VI; a member of the Sponsorship Council of the Community Support Fund (the Committee for Overseas Vietnamese under the Ministry of Foreign Affairs), and Vice Chairman of the Overseas Vietnamese Association in Russia.



5 Mr. Garry Lynton Mackrell
Member of the
Board of Directors

Mr. Garry Lynton Mackrell was elected by the General Shareholders' Meeting in 2010, 2nd session as Member of the Board of Directors, 5th term (2008-2013).

Mr. Mackrell has over 38 years of experience in the banking and finance sector in Australia. He holds a BA in Science (University of Melbourne), Bachelor of Economics (James Cook University) and Master of Commerce (University of New South Wales). He has held many important positions in Commonwealth Bank of Australia (CBA), such as Director, Group CEO – Division of International Finance, Manager of General Director Office, and Deputy Head of Treasury.

Currently, Mr. Mackrell is Director of BankWest in Perth, Bank of Hangzhou in China, and Director of ASB Group (Life) Ltd. and ASB Bank Ltd. in Auckland, New Zealand.



6 Mr. Ronald Wayne Hoy
Member of the
Board of Directors

Mr. Ronald Wayne Hoy was elected by the General Shareholders' Meeting in 2010, 2nd session as Member of the Board of Directors, 5th term (2008-2013).

Mr. Hoy holds a Master Degree in Applied Finance from Macquarie University (Australia). He has over 40 years of experience in banking and finance sector. He held many important positions at Commonwealth Bank of Australia (CBA) such as Director of CommFinance China Ltd. (a wholly owned subsidiary of CBA), Director of CommBank Management Consulting China Ltd. (also a wholly owned subsidiary of CBA), Director of Strategy and Business Development of CBA Hong Kong, and Global Head of Capital Markets for CBA in Sydney.

Mr. Hoy is currently Director of Strategy and Business Development in CBA's International Financial Services Division in Sydney.

Board of Directors

(Continued)



7 Mr. Tran Nhat Minh
Member of the Board of Directors and Permanent Deputy CEO

Mr. Tran Nhat Minh was elected by the General Shareholders' Meeting, 2nd session in 2010 to the Board of Directors, 5th term (2008-2013).

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

He has held many roles such as General Director and Deputy General Director for different companies in Russian such as ProfInvest Co., Ltd, FG Group Co., Ltd, and ZAO "DHY-S" JSC. Currently, he is the CEO of Mareven Food Central Co., Ltd.



8 Mr. An Thanh Son
Member of the Board of Directors

At the General Shareholders' Meeting in 2010, 2nd session, Mr. An Thanh Son was elected as Member of the Board of Directors, 5th term (2008 - 2013). Previously, Mr. Son was appointed as the Chief Executive Officer of VIB from June 2008 to July 2011.

Mr. An Thanh Son has over 18 years of experience in the banking and finance sector in Vietnam.

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

He has held many roles such as the Standing Deputy General Director, Head of the Branch and Service Division, Chief Office Administrator, Assistant to the CEO at VIB; Chief Office Administrator, Head of the Organization and Personnel, and marketing officer at the Maritime Joint Stock Commercial Bank of Vietnam.

Supervisory Board



1 Mr. Trinh Thanh Binh
Head of the Supervisory Board

At the 12th General Shareholders' Meeting in 2008, Mr. Trinh Thanh Binh was elected as Head of the Supervisory Board, 5th term (2008-2013). Previously, he held many important positions in VIB such as Deputy General Director, Deputy General Director – Head of Retail Banking, Deputy General Director- Director of Cards Business.

Mr. Trinh Thanh Binh obtained a Bachelor of Banking and Finance from the National Economics University, Hanoi, and a Master of Business Administration (MBA) from the Asian Institute of Management (AIM), Philippines.

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



2 Mr. Pham Quang Vinh
Member of the Supervisory Board

At the 12th General Shareholders' Meeting in 2008, Mr. Pham Quang Vinh was elected as Member of the Supervisory Board, 5th term (2008-2013). Previously, he acted as Head of the Supervisory Board from 2002 to the end of term IV.

Mr. Pham Quang Vinh has completed professional academic training courses in finance - banking and auditing in the Federal Republic of Germany and Vietnam. He has over 15 years of work experience in banking and finance sector.

Prior to joining VIB, Mr. Vinh was an officer of a consultancy program under German Technical Cooperation Organization in Vietnam.



3 Mr. Daniel Andrew Bilski
Member of the Supervisory Board

At the 12th General Shareholders' Meeting, 2nd session in 2010, Mr. Daniel Andrew Bilski was elected as Member of the Supervisory Board, 5th term (2008-2013).

Mr. Daniel Andrew Bilski obtained a Bachelor of Commerce from Australia National University. With over 19 years of work experience in banking and financial sector, he has held various roles such as a business controller of Deutsche Bank (UK), a financial analysis expert of Sydney Future Exchange (SFS, Australia), a financial controller of Commonwealth Bank of Australia.

Mr. Daniel is currently Director of the Asian Finance, Director of CTB Australia Limited (Hong Kong), Director of CBA Asia Limited (Singapore), Director of Quay Funding PLC (UK), Director of Pontoon Funding PLC (UK).

Board of Management



Mr. Le Quang Trung
Acting CEO and Head of Treasury

Mr. Le Quang Trung has more than 16 years of experience in the banking and finance sector at major international banks operating in Vietnam.

Mr. Le Quang Trung holds an MBA degree. He has held senior management roles in big national and international corporations such as Assistant to CEO cum Senior Advisor for the Head of Treasury in VIB; Head of the Monetary and Fund Business of BNP Paribas Bank, Head of the Monetary Business, Citibank Vietnam; Independent Consultant on Cash and Fund Business; Director of Monetary and Fund Business; Member of the ALCO Committee of Deutsche Bank AG; Lecturer of Training Center for Banking (MPDF) & BTC.

Mr. Le Quang Trung has joined VIB since December 2009 and is currently Acting CEO cum Head of Treasury.



Mr. Loic Faussier
Deputy CEO and Chief Risk Officer

Mr. Loic Faussier has held the position as Deputy CEO cum Chief Risk Officer in VIB since July 2012 after more than 3 years taking role as Head of Risk Management in HSBC Vietnam.

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

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



Mr. Vivek Chand
Deputy CEO and Head of Wholesale Banking

Mr. Vivek Chand has experience working in 8 countries in the region and held various positions in ANZ Bank for over 13 years.

Mr. Vivek obtained a Master degree of Business Administration and Bachelor of Commerce from University of Delhi, India. Prior to joining VIB, Mr. Vivek had held positions such as Vice President of Chinatrust Bank (Taiwan), Head of Investment, Head of Retail Banking - Standard Chartered Bank (Singapore), Head of Small and Medium Enterprises - Standard Chartered First Bank (Seoul, Korea), and Head of Global Strategy and Business Development of Small and Medium Enterprises - Standard Chartered Bank (Singapore).

Mr. Vivek Chand was appointed as Deputy CEO cum Head of Wholesale Banking on 3/12/2012.



Mr. Richard Harris
Head of Retail Banking

Mr. Richard Harris has had more than 10 years of banking experience, primarily focused on Retail Banking. He has held a number of key roles at Commonwealth Bank of Australia (CBA) such as General Manager of Performance and Productivity, CFO of Retail Branch Banking Services, Project Director of Expatriate Banking in Asia, Country Head in Japan, and recently General Manager of Business Development in the International Financial Services.

Mr. Richard Harris holds a Bachelor of Economics from University of Newcastle with double major in International Trade and Finance and Money & Banking. He received the Neil J Dickinson Memorial Medal for Dux of the first year of the course and maintained a distinction average.

Richard Harris has been recognized as the youngest Country Head/General Director in the history of CBA operating in Japanese market. Richard has succeeded in establishing, designing and implementing transformation initiatives in Retail Banking. He was also Chief Financial Officer in charge of cost management of up to 1 billion Australian dollars. Richard was responsible for managing 1007 branches, 800 collaborators, 6 customer service centers of CBA.



Mr. Ho Van Long
Chief Financial Officer

Mr. Ho Van Long has over 14 years of experience working in multi-national corporations and the banking and financial sector in Vietnam.

Mr. Ho Van Long obtained a Bachelor of Economics. He has been a member of the Association of Certified Chartered Accountants (ACCA), UK since 2003 and a State Auditor since 2004. Before being officially appointed as the Chief Financial Officer of VIB, Mr. Long had experienced several management roles at some companies / banks such as Acting CFO of VIB, Deputy CFO of VIB, CFO of the Preparatory Committee for the establishment of Vietstar Bank; Assistant to CEO cum Head of MIS & ABC management project unit in Techcombank, Senior Auditor at Ernst & Young Vietnam and Head of Finance and Accounting of Ha Tay Brewery Co., Ltd.

Mr. Ho Van Long has been appointed as Chief Financial Officer since January 2010.

Board of Management

(continued)



Ms. Nguyen Thi Thu Giao
Head of Human Resources

Prior to joining VIB, Ms. Nguyen Thi Thu Giao had experienced the position of Head of Human Resources in several multinational corporations such as Kimberly Clark Vietnam (a consumer product manufacturer - U.S.), Interflour Vietnam Co., Ltd. (an Australian food company), and recently Astrazeneca (an European pharmaceutical company).

Ms. Nguyen Thi Thu Giao holds a Bachelor degree in English from Ho Chi Minh City Open University. She has been officially appointed as Head of Human Resources in VIB since 02/07/2012.



Ms. Nguyen Thi Huong Giang
Head of Marketing
and Communications

Prior to joining VIB, Ms. Nguyen Thi Huong Giang had had 12 years of work experience in various foreign companies and organizations in Vietnam as Head of Communications – Brand and Mass Market Marketing / Channel Marketing at Techcombank; Head of Retail Sales Network of HT Mobile, Head of Marketing of Metro Cash & Carry, Head of Business and Marketing of Netra company, Head of Marketing and Communications of Asia Injury Prevention Foundation - a non-governmental organization, Head of Marketing of Tropical Wave Corporation.

Ms. Nguyen Thi Huong Giang obtained a bachelor degree from the Institute of International Relations and certificates in Marketing and PR for enterprises from CFVG, professional project management from Navigos, and professional HR management from AIM.

Ms. Nguyen Thi Huong Giang has been officially appointed as Head of Marketing and Communications of VIB since January 2011.



Ms. Dang Thi Phuong Diem
Head of General Operations

Ms. Dang Thi Phuong Diem has over 18 years of work experience in the banking and financial sector, taking responsibility in different roles such as Head of Credit Management at Techcombank. She has held various positions at VIB including Head of Trade Finance, Head of Transaction Processing Center, and Deputy Head of General Operations.

After obtaining a Master of Economics, majoring in Foreign Trade, from HCMC Economics University, Ms. Diem was unconditionally admitted to conduct research to obtain a Doctor in Economics.

Ms. Dang Thi Phuong Diem has been officially appointed as Head of General Operations since 01/09/2012.



Mr. Luu Danh Duc
Acting Head of Business
Technology Services Centre

After graduating from the Hanoi University of Technology in 1995, Mr. Duc worked as the researcher in the National Institute of IT (IOIT) and completed his Masters degree in Information Technology at the Institute of Information Technology of Francophone (IFI). Before joining VIB, Mr. Duc had worked as a IT consultant for a number of very reputable international IT companies such as Hyundai IT and Sungard. He is also a well-known member of the Vietnam IT community. Besides, he had consulted and managed the implementation of lot of key banking projects including VIB in Vietnam and Southeast Asia.

In October 2009, Mr. Duc was invited to join VIB and has been responsible for managing a number of significant IT projects and functions. He has played a key role in leading the transformation of IT, and the establishment of the new Business Technology Services (BTS) centre. Specially, Mr. Duc had an opportunity to join the Bankwest and CBA IT teams in Australia for further improving his understanding of IT Strategy, IT Governance and IT Operational effectiveness.

With his capability and valuable experience in banking IT, he has been officially appointed by BOD as Acting Head of Business Technology Services Centre since 20 December 2012.



Mr. Benedict Gamble
Head of
Project Management Office

Mr. Benedict Gamble has more than 10 years of experience in the banking and finance sector. Prior to joining VIB, he held the position of Head of Corporate Banking Project Management in Commonwealth Bank of Australia.

Mr. Benedict Gamble graduated from Teesside University, majoring in Biological Science.

Mr. Benedict has been officially appointed as Head of Project Management Office in VIB since December 2011.



Mr. David Goddard
Head of Strategy
& Business Development

Mr. David Goddard has many years of experience in various fields such as banking, fund management and international trade consultancy, including 10 years working at CBA and 3 years at Macquarie Bank.

Mr. David Goddard holds a Masters of Applied Finance and Investment from the Securities Institute of Australia together with a Bachelor of Economics (Social Sciences) from the University of Sydney in Australia.

Before joining VIB, David acted as an Executive Manager of Retail Distribution Finance, Direct Channels Finance and Retail Banking Strategy at CBA. Upon joining VIB in April 2011, David initially was responsible for Head of Finance – Projects before being appointed to the Head of Strategy & Business Development in June 2012.

VIB's highlights in 2012



February 2012

VIB was ranked in Group 1 of banks with highest credit growth by the State Bank of Vietnam (SBV)

Based on various criteria including assets, management capacity, liquidity, capital raising, etc, VIB was granted a credit growth rate of 17% by the State Bank of Vietnam, thus being in Group 1 for credit growth as stipulated by SBV. This demonstrates high appreciation and positive assessment of the State Bank for VIB in the financial market of Vietnam.



March 2012

VIB launched electricity bill collection service – the first step in building the best current account in Vietnam

VIB has cooperated with EVN to implement this important utility in Ho Chi Minh City since March 2012. By December 2012, VIB has expanded electricity bill payment service to other provinces including Ba Ria - Vung Tau, Binh Duong, Dong Thap, Dong Nai, Tay Ninh, Ho Chi Minh City, Vinh Phuc, and Cau Giay district, Dong Da district, Ha Dong district of Ha Noi city. VIB plans to expand this service to many other provinces throughout the country in 2013.



June 2012

VIB introduced the best transaction account in Vietnam

Along with the increasingly expanded utility of bill payment service, VIB has offered free cash withdrawals from more than 14,000 ATMs of all local banks nationwide since June 2012. This program gained considerable reputation in the market and brought great success of impressive customer growth for VIB. Another important service also introduced in June 2012 was the new version of Mobile Banking – which has facilitated customers with a 24/7 service to conduct easy and safe remote banking transactions.



July 2012

VIB implemented the "State Budget Collection" program nationwide

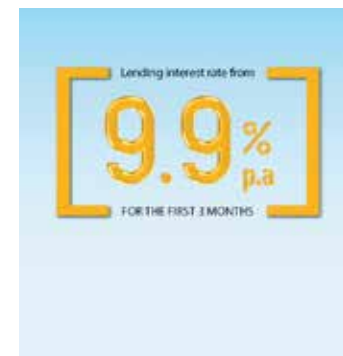
On the basis of online connection with electronic portals of the General Department of Taxation and the State Treasury, VIB provided enterprises with payment service to fulfill their tax obligations immediately at transaction time, enabling enterprises to make payment at their convenience. After 6 months of pilot implementation in a number of branches, the service has attracted special attention of many corporate clients with total state budget revenue collected through VIB amounting to over 5 trillion VND.



July 2012

VIB signed the credit agreement with FMO

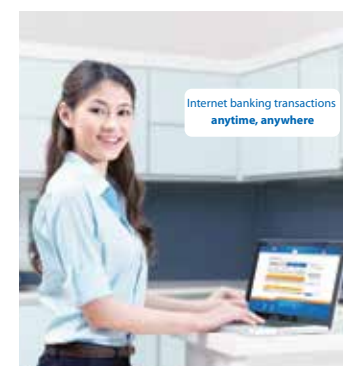
The credit agreement with FMO through the "Global Trade Finance Program" of the Asian Development Bank (ADB) illustrated high appreciation of FMO for VIB's transparent use of funds and efficient disbursement to enterprises. FMO is the Dutch development bank established with an objective of supporting private sectors in emerging markets to achieve sustainable development.



November 2012

VIB published the lending interest rate on website and at branches

To become the most transparent bank in Vietnam, VIB was the first bank in Vietnam to officially publish the lending ceiling interest rates of each and every product throughout the system (on its website and at branches) in November 2012. Besides, VIB also offered customers with a model of 3 simple steps for quick disbursement.



December 2012

VIB introduced new generation Internet Banking service

To realize its goal of providing the best current account in Vietnam, VIB officially launched a new version of Internet banking service – a reliable, safe and simple remote banking transaction channel which helps customers to actively manage account information and easily perform banking transactions via the internet at any time.



December 2012

VIB was recognized as "The best GTFP Issuing Bank in East Asia and the Pacific" by IFC

IFC, a member of the World Bank Group, has awarded "The Best Issuing Bank in East Asia and the Pacific under the Global Trade Finance Program (GTFP)" for VIB. This is a prestigious award honoring the banks which achieved tremendous success under GTFP. GTFP is aimed at expanding and improving local banks' capacity of trade finance to support exporters and importers in emerging markets, including Vietnam. Along with this event, IFC has also expanded official trade finance line for VIB up to USD 80 million. Accordingly, after only more than 1 year of joining the program, this is the third time VIB has had its trade finance line expanded. Previously, IFC increased the trade line for VIB from USD 20 million to USD 50 million in February 2012. Until November 2012, the total disbursement amount for VIB via IFC's guarantees reached USD 125 million. The award was given on assessment of VIB's positive financial situation, financing needs of customers, and efficient disbursement capacity of VIB.



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Retail Banking

Persistent policy and unceasing efforts adopted in business activities toward the goal of becoming 'The Best Transaction Bank in the market' in the field of retail banking.

Building a solid foundation for the development of Retail Banking Services

Despite challenges in Vietnam Banking sector in 2012, Retail Banking activities of VIB has still maintained solid strides. VIB Board of Management and Retail Banking Division have reviewed and implemented the annual action plan. First, the organizational structure of the Retail Banking Division continued to be strengthened with the appointment of key leadership positions. Key Performance Indicators (KPIs) for the entire division and personnel evaluation reports for 2,000 employees have been developed. In addition, VIB also strengthened system administration through Risk and Control program, set up a Debt Collection Center of Individual Consumers, tested centralized credit approval and so on.

In parallel with the directions of the organization, in 2012, VIB has invested in the right direction, focusing on priority areas such as developing the best current account in Vietnam, implementing credit conversion

project, launching electronic banking services including Mobile Banking, Internet Banking, etc. The timely and sensible adjustments have created a foundation enabling the Retail Banking Division to withstand the impacts of last year's global economic downturn.

2012 –Prosperous year of current account and electronic banking (e-Banking)

Sensitive to trends of developing bank towards international standards and based on the technology capacity transferred from the Commonwealth Bank of Australia (CBA), VIB has invested and developed quickly current account and Electronic Banking Service (eBanking), an important factor to increase utility and customer satisfaction. As of 31/12/2012, current account balance has increased by 25% (from April, 2012); the number of new quality customers has also increased significantly to 114,939. Based on the development of current account, VIB cooperated with Viettel Telecom Group in telecom bill collection and the Electricity of Vietnam (EVN) in

providing electricity bill collection services in major cities and provinces across the country such as Ho Chi Minh City, Dong Nai, Tay Ninh, Ba Ria - Vung Tau, Dong Thap, and Vinh Phuc provinces.

2012 was also considered a breakthrough year for VIB in the field of electronic banking (e-Banking) with the launching of Mobile Banking and Internet Banking services. VIB has successfully implemented Phase 1 of the eBanking project with the introduction to Mobile Banking (June, 2012) for smart phone users and a new generation of Internet Banking (December, 2012) for customers using computers connected to internet. In addition, VIB has also cooperated with Viettel to introduce Mobile BankPlus service for Viettel mobile network customers.

Apparently, in 2012, VIB has made efforts to provide customers with the best electronic banking service in the market. Customers using VIB's Mobile Banking or Internet Banking will have interesting experience of their outstanding features including account management, money transfer, credit card debt payment, electricity bills payment, mobile top-up, etc. These services are referred to as an effective "financial assistant" enabling clients to save time and experience modern banking technology. With these utilities, increasingly positive feedback has been received from electronic banking customers, resulting in impressive business performance: the number of registered eBanking customers was recorded at 45,000 (up by 450%) and active users at 10,000 (up by 500% from 2,000 users).

Conversion of retail credit and various incentives for customers

Amid the fluctuations in the Vietnamese economy in 2012, credit growth has encountered difficulties. To provide customers with competitive prices and credit products, secured lending projects have been implemented. A series of workshops titled "VIB – lender of choice" to promote credit growth have been conducted in a comprehensive manner in 5 major cities and provinces including Hanoi, Ho Chi Minh City, Can Tho, Da Nang and Quang Ninh. With that, VIB has improved sales management tools and personal lending processes to ensure applications for loan disbursement are processed promptly and efficiently. In particular, for the first time in banking industry, VIB's lending interest rates have been published in its branches and on website.

In addition, preferential interest rate packages have been regularly introduced to stimulate credit demand

such as the preferential package of 1 trillion VND for housing construction, purchase and repair; the preferential package of 2 trillion VND for individual business. VIB also strengthens its cooperation with leading auto companies with official distributing representatives in Vietnam including, inter alia, Toyota, Mercedes-Benz, Audi, BMW, Honda, and Ford in the launch of the 200 billion VND preferential package to provide auto loans with preferential interest rates for customers.

In 2012, in line with the policy of the State Bank of Vietnam (SBV) on rural development, VIB continues to support businesses, individuals, households, cooperatives to access capital for business and production



Enjoy a fixed lending interest rate of 11.79% p.a for 12 months

REAL ESTATE AND INDIVIDUAL BUSINESS LOANS

VIB helps you have peace of mind with a fixed lending interest rate for 12 months

through Rural Development Finance program (RDF). As of 31/12/2012, after 10 years of implementation, VIB has disbursed a total of 436 billion VND from the project fund. With this result, VIB is rated as one of the financial institutions using effectively World Bank's RDF fund.

In addition to credit reforms and stimulation programs, VIB has also deployed multiple promotions to attract capital from the population throughout the year such as the "80 days to select gifts" program in 2012 summer and the "Savings at VIB for a secure and peaceful spring" in the traditional Tet holiday. Several special incentives for VIB customers have been introduced in 2012 includ-

ing the "Opportunity to purchase Polo World suitcase with the price of 349,000 dong in Parkson for VIB MasterCard holders", and "Top up your mobile to get Smartphone".

Transaction system of International standards

VIB branch system continues to see significant changes. The BTR- Branch Transformation Roll-out Project has been successfully implemented in 132 out of 160 branches in line with the new sale and service model to create new look & feel, modern and convenient transaction space of international standards. This contributes to creating new and better image of VIB brand to customers. Furthermore, the ATM and POS networks have been equally enhanced with a total of 200 ATM machines and 2,700 POS. VIB is one of the leading banks providing free cash withdrawal at 14,000 ATMs of all domestic banks in Vietnam. This program has received positive feedbacks from customers in 2012, reaffirming the right direction of the bank and ensuring the benefits of customers making ATM transactions.

Increasingly improved customer service quality

Toward the goal of becoming "the best transaction bank", 2012 saw remarkable efforts and improvements in customer service quality of VIB. Piloted from 2011, the program "Mystery shopping" continued to be deployed in 2012 and contributed significantly to enhancing service quality of the retailing banking in business units. Number of branches which get excellent score (90 points up) increased significantly from 35 in January 2012 to 93 in December 2012. The number of branches which need to be improved has declined over the assessment periods, and in quarter IV of 2012, no

branches fell in this list. Particularly, December 2012 marked the big leap of the program with the average "Mystery shopping" point across the whole system recorded at 92.1, the highest level in the year. The program promised an effective channel to assess and consolidate the customer care service of VIB in coming time.

Another highlight in the course of customer service quality improvement was the effective performance of the 24/7 Customer Service Center. As the bridge between the bank and customers with regards to product and service feedback, the 24/7 Customer Service Center has significantly contributed to the timely explanation and delivery of customers' feedback on business units and relevant units. With the motto of "Listening for improvement" in the past years, the 24/7 Customer Service Center responded to 5,671 questions, queries and claims from customers. Comments and answers were accurately and adequately reflected in the monthly "customer voice" bulletin updated to business units. Therefore, The Customer Service Center indirectly assisted business units in improving service quality to better meet the diverse demands from customers.



Free cash withdrawal at ATMs of all local banks

Open account and enjoy various privileges

- Free cash withdrawal at over 14,000 ATMs of all local banks
- Safe payment via VIB Mobile Banking 24/7
- Chance to win a collection of Apple products

From 15 June to 15 September 2012



Wholesale Banking

Enhancing system administration; strengthening the development of comprehensive products; focusing on target customers - are the three main objectives of the Wholesale Banking Division in 2012.

In 2012, the global macroeconomic changes strongly affected business and production activities of banks and enterprises in Vietnam. To adapt to the situation, VIB rapidly deployed a range of new business strategies aiming at ensuring the highest value for businesses and VIB while complying with the monetary policies of the State Bank of Vietnam (SBV).

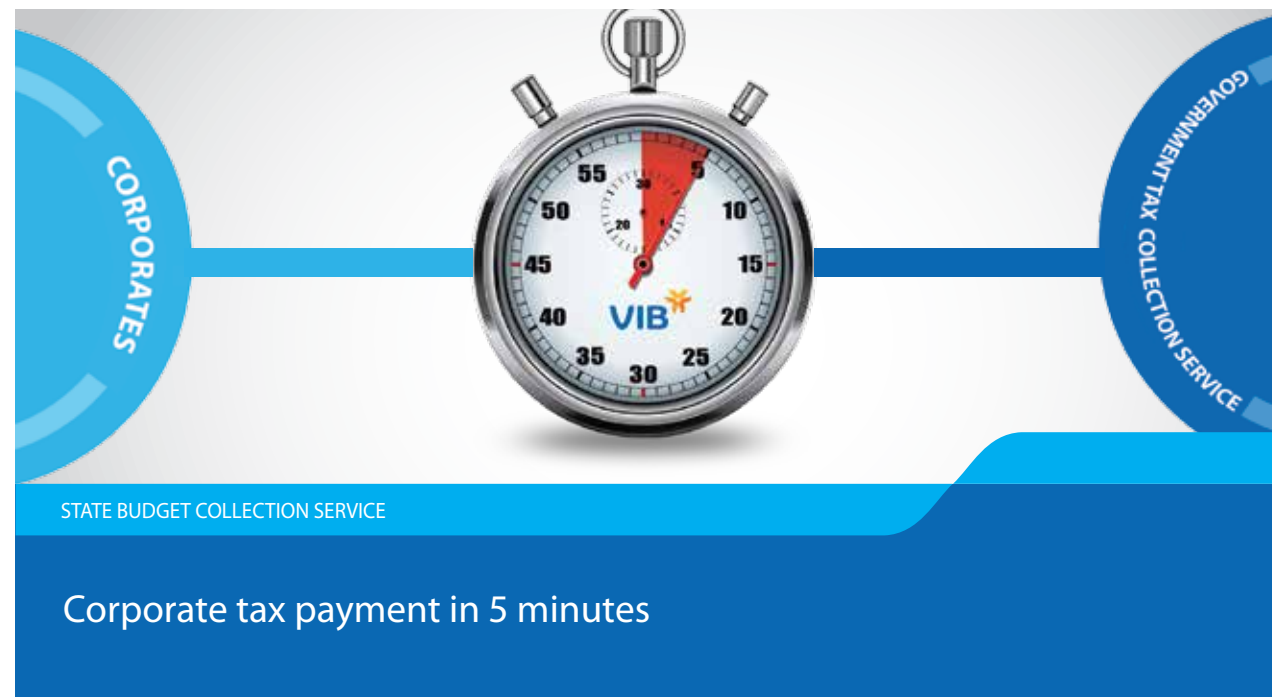
Focusing on development of the target customer segment under the Wholesale Banking Division's business strategies

In 2012, VIB has categorized and developed target customer segments as follows:

VIB has improved relations with the top corporate customers in the market, particularly Vietnam Airlines, Petrolimex, Vinacomin, and Kinh Do Group, and expanded the scale to partners of these Groups. This was the first time that VIB granted long term credit for Vietnam Airlines' purchase of an airplane (Airbus A321).

In particular, for corporate customers with foreign direct investment (FDI customers), VIB has basically identified separate customer groups including, inter alia, Taiwanese customer group, Japanese customer group, and European – American customer group, based on cultural, environmental and personal analytical criteria.

As for the financial institutions customer group, VIB has increasingly improved its prestige in the domestic and foreign financial markets. In 2012, VIB obtained preferential credit sources from the Finance Development Company of Finland (FMO) under the Global Trade Finance Program (GTFP) of Asian Development Bank (ADB) and was awarded noble prizes on international payment. In addition, VIB was accredited for effective fund disbursement for small and medium enterprises within the Finance programs - Stage 3 (SMEFPIII). By the end of 2012, VIB established agent relationship with 756 banks/ branches in over 60 countries in the world, increasing by nearly 40% compared to that of 2011.



Developing complex products and services

Based on understanding customer demand, VIB continuously improved its products and services to provide corporate customers with comprehensive financial packages, allowing them to optimize their business operations for stability and development.

In line with the policies of SBV on preferential interest rates for enterprises, VIB continued to supply preferential credit packages totaling up to US\$ 500 million and 10 trillion VND at preferential price; to name a few, the 2 trillion VND package for food and beverage corporations, the 1.5 trillion VND package for corporations operating in Ho Chi Minh City and so on. Besides, VIB also studied and improved its system, processes and procedures to ensure that customers can access the loans more quickly. Targeted lending was one of the typical projects with total disbursement of approximately 5 trillion VND.

Trade financing and international payment: VIB continually improved and invested in best quality services to meet the diverse demands of importers and exporters for trade finance and services. VIB was not only highly appreciated by local importers and exporters but also awarded valuable prizes and international payment awards from global financial institutions such as Citigroup, JPMorgan Chase, Wells Fargo and HSBC.

Optimal solutions for Foreign Exchange: By deploying online FX between branches and headquarter with senior experts, VIB stands ready to provide FX solutions, FX analysis reports, appropriate FX forecasts, and consultancy on exchange rate risk prevention and control. Noticeably, FX revenue of FDI banks increased 693% compared to that of 2011.

Breakthroughs in supplying Cash flow management solutions: Cash flow management solutions including management of both receivables and payables and focused account management were well provided by VIB tailoring to each corporation's characteristics. VIB has increasingly enhanced the quality of cash collection service for Parkson, Sabeco and PVOil to help manage their cash flow in an easy, flexible and effective manner.

Tax collection service results: In 2012, VIB was successfully connected with portals of the General Department of Taxation and the General Department of Customs in providing tax payment service for customers (State budget collection). This service marked an excellent achievement of VIB with more than 50 trillion VND of tax collected, holding about 8% market share in late 2012.

Electronic banking: The number of corporate custom-

ers using e-banking services of VIB continues to increase. In 2012, nearly 1,000 enterprises registered as new users of the service, increasing by 20% compared to that of 2011, raising the total number of enterprises using this VIB service to 5,000.

In addition to supplying full financial packages for various types of enterprises, in 2012, VIB held several workshops for enterprises, providing them with timely and useful market information and helping them do better business in local markets. The workshops were attended by hundreds of enterprises.

Focusing on people development

In addition to increasing productivity, VIB continued to

focus on development and improvement of human resources across the whole system.

Enhancing the image and professionalism of VIB staff: As of late 2012, VIB provided 400 training courses (with 5,000 trainees) on 26 topics for over 550 staff from the Wholesale Banking Division. Via the training courses, VIB's goals, strategies as well as new product information were constantly communicated and updated to staff and branches. With a solid ground established in 2012 and the clear direction from VIB leaders in 2013, the Wholesale Banking Division is undergoing appropriate changes. This will also empower VIB's development aiming at gaining the faith and support from enterprises.



Announcement of the Best GTFP Issuing Bank in East Asia and the Pacific and VIB's trade finance line increased to USD 80 million



Treasury

In 2012, VIB was accredited as one of the ten most secure and prestigious banks in the market. The performance of treasury and foreign exchange continued to ensure the bank's liquidity, generating 569 billion VND in profit before tax, achieving 100% of the set plan.

Performance of Treasury Division in 2012

Capital market – Outstanding business solutions

In the context of rather difficult macroeconomic situation: increase of CPI, high interest rates, strict monetary policies, interbank bad debts leading to sharp decline of transactions in the interbank market, standstill credits due to extremely high risk and so on, the division proposed to focus on investment in short and medium term Government bonds while strengthening other activities such as Repo/Reversed Repo with balance of up to trillions of VND. In addition, the division also shifted directly to investment in debt instruments to ensure the safety, capital balance as well as to bring about optimal business value to VIB.

Business strategies set by the Division were responsive to market developments; therefore, when market interest rates declined to 5%-6% per year in the interbank market, the Government bond interest rates

dropped to only 8%-9% for the 2-5 year term bonds. With regard to business results in 2012, the capital market section achieved 130% of the set plan, generating high efficiency for VIB and demonstrating the wise policies and strategies of the Division.

Management of asset balance sheet, liquidity and interest rate policies in a flexible manner

In 2012, VIB continued to improve and adjust the Fund transfer pricing (FTP) regime aiming at increasing the activeness, flexibility and efficiency in capital normalization, interest rate management and liquidity administration in line with the fluctuations in the market and monetary policies.

In addition, VIB adopted the policies of diversifying investment and business plans in the direction of focus-

ing on assets of low risk and high liquidity as well as strengthening the mobilization of long term sources from international financial institutions including IFC, FMO, ADB, and World Bank, etc. With that, the quality of Assets and Liabilities of the bank was improved while the liquidity was sustained.

Capital safety criteria specified under Circulars 13 and 19 of the State Bank of Vietnam (SBV) were well ensured in 2012 and much higher than the prescribed rates: Capital Adequacy Ratio (CAR) reached 19.4% which was 10.4% higher than the prescribed rate by SBV; solvency ratio for the following day reached 31.1% compared to 15% as prescribed by SBV; solvency ratios for 7 days in VND and USD exchanges (including USD and other foreign currencies excepting EUR and GBP converted into USD) were equivalent to 143.2% and 175%, respectively, compared to the minimum rate of 100% as required by SBV.

Therefore, VIB was highly appreciated by SBV, international financial institutions and partners for its capacity, prestige and security level in business operations.

Flexible use of monetary market instruments

2012 has been a very difficult year for the world economy in general and Vietnam in particular: Vietnam's bad debt as of 30/09/2012 accounted for 8.82% of total outstanding loans, real estate inventories totaled over 40 trillion VND. Transactions in interbank market also declined due to debt. Amid market difficulties, taking advantage of its system for risk management, early warning of liquidity risks and partner risks, VIB utilized flexibly several monetary market instruments (such as treasury notes, SBV notes, deposit certificates of high-ranking credit institutions, etc.) to create an asset portfolio with high degree of capital safety in line with market fluctuations

Focusing on traditional foreign exchange products

Foreign exchange market in 2012 was rather stable. The exchange rate, thanks to good management, decreased by over 1% compared to the beginning of the year and varied to a limited extent. Very few chances were available for exchange rate business; however, with outstanding efforts, VIB continued to be among the 12 leading banks on foreign exchange business in the interbank market, contributing to maintaining the stability and improving liquidity of the foreign exchange market. In particular, VIB gained US\$ 20 billion in transaction revenues in 2012 including US\$ 10.72 billion in



interbank market (up 7% compared to that of the 2012 plan). Besides, profits from foreign exchange business were recorded at up to 68 billion VND, reaching 68% of plan 2012.

VIB business orientation in the next year remains stuck to diversifying the products and business activities while strengthening the development of foreign currency business to serve customers in Hanoi and Ho Chi Minh City.

Strengthening product cross-selling

Continuing the provision of Treasury service for corporate customers from 2011, in 2012, the Treasury Division established a Business department directly supporting important and potential customers of VIB in the market in line with the first core value of VIB - Customer focus. These supports were breakthroughs in supplying Treasury services for customers including: updating, analyzing market situation, consulting, designing structure products and so on based on each customer's demands.

The established Business department cooperated effectively with the Wholesale Banking Division and FDI Banking Service to implement cross-selling of Treasury products across the whole system of VIB. This is aimed at meeting requirements of customers and increasing the competitiveness of VIB Treasury services in the market.

Orientation for 2013

2013 is considered a challenging year for the Vietnamese economy in general and its banking sector in particular. However, challenges come along with opportunities; therefore, the Treasury Division has developed a business plan with the following focus points:

- Managing effectively system liquidity risks.
- Focusing on strengthening business activities with low risk and reasonable profit.
- Selecting business partners to ensure safety and efficiency.
- Focusing on developing and consolidating products and services for corporate customers and individual customers.
- Reducing self-business activities.

Risk management

VIB constantly increased its risk management capacity, prudence in business decisions and business partner selection.

- With consultation of CBA, the Treasury Division and Risk Management Division established risk management frameworks for the whole bank in general and for each product line including FX, bond and so on.
- Strengthening internal control from business departments, the first frontier of risk management: Adding 01 control step to the procedure for approval of daily transactions, using support tools to define the accurate time of each transaction aiming at restricting errors and ensuring the safety of transactions.
- In 2013, VIB has continually conducted a prudent business policy, balancing between partner risks, liquidity risks and business targets.



Risk Management

Gradually change the culture of risk management from “control” to “co-operation” without affecting credit risk quality.

Risk and bad debt management has always received much attention from the Government and banking sector in recent years. Understanding the root of the problem, in 2012 VIB has timely and strictly conducted many strategies and orientations aimed at ensuring the safety of the whole system, in which the outstanding activity was the merging of the Risk Management Center and Credit Management Center into a Risk Management Division (RM) which includes 10 centers/departments. Under the new operating model, responsibilities will be more clearly delineated among departments and centers, thereby increasing responsibilities and efficiencies in non-credit and credit risk management of VIB.

Of special note, VIB officially appointed Mr. Loic Faussier – an experienced expert in the risk management field for foreign financial institutions to hold the position of Deputy CEO cum Chief Risk Officer. In 2012, with sound experience, expertise, and management, he not only directed, helped his co-workers to be trained and improved their professional expertise but also innovated and created many procedures, policies, mechanisms for risk management and increased the effectiveness of business activities of VIB.

Achievements in 2012

Looking back on 2012, VIB made significant achievements in risk management such as improving procedures aimed at strengthening disciplines, tightening credit management framework, adjusting policies to be in line with regulations of the State Bank of Vietnam

(SBV), ensuring system safety and bringing about efficiency to business activities of VIB and customers.

Credit risk management (CRM)

Thanks to support from experts of the Commonwealth Bank of Australia (CBA) – among the world's most secure banks, VIB has made positive improvements in risk management procedures and policies, typically such as:

- **Establishing the structure of New Credit Committee** with new credit limit jurisdiction (approved by Board of Directors).
- **Procedures for assessing security properties:** Setting out new policies requiring internal valuation of AMC (Asset Management Company) or competent third parties as an appraisal company for any securities beyond limitation.
- **Establishing procedure of front-end debt collection:** Established for corporate customers and piloted for individual customers (notable individuals). At present, we have started to perform a focal point structure for debt collection for Corporate customers (nationwide) and individual customers (currently in selected branches in Hanoi and Hai Phong), together with debt management of customers under debt categories from 2 to 5 by debt collection team of the Risk Management Division in cooperation with branches of Wholesale Banking Division/FDI Banking Service and Retail Banking Division.

Besides, with the new model, the Risk Management Division will help VIB to correct the existing problems in credit valuation to mitigate risk as well as give out warnings of potential risks by:

- Preventing increase of overdue debts and collection of bad debts by improving the quality of credit approval and early detection procedures for potential bad debt as well as debt collection.
- Supporting business sector in revenue growth in an appropriate and sustainable manner via improvement of review and approval, etc..

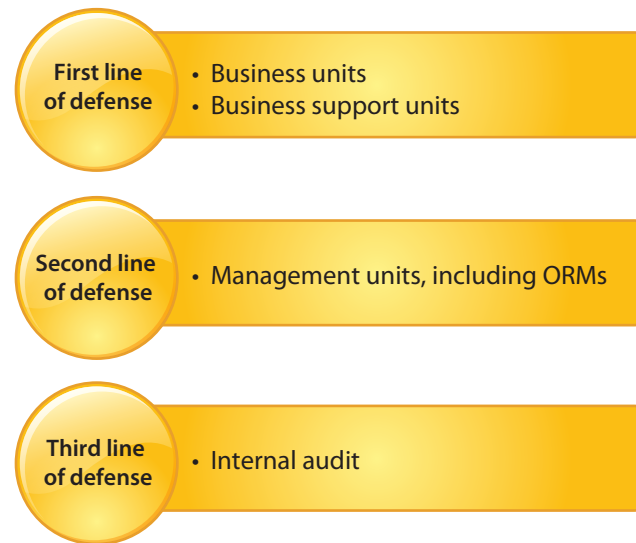
Market risk management (MRM)

Market risks are considered potential risks, negatively impacting earnings and capital source of credit institutions through factors affecting the market including: interest rates, exchange rates, stock price and commodity price, etc. In 2012, VIB achieved major improvement in market risk management by conducting a range of activities and projects aimed at developing the capacity of market risk management such as: establishing principles for market risk management under Basel standards, including foreign exchange and fixed income, developing and standardizing risk manage-

ment tools; as well as implementing in-depth training for staff, etc. Furthermore, risk culture in market risk management in general and VIB in particular has been dramatically strengthened for each and all three lines of defense; all stages in risk management have been fully executed, from identification to assessment and management, mitigation and reporting.

Operational risk management (ORM)

The model of ORM at VIB is executed in the form of three lines of defense:



Via this protection model, VIB will strengthen management and examination activities of business units in particular and the whole system in general while possibly preventing gaps caused by risks, anti-money laundering, counter-terrorism financing, helping activities of VIB comply with current regulations of the State Bank of Vietnam.

In addition, VIB has successfully developed a real time automated alarm system to strengthen the control of card risk.

Orientations of risk management in 2013

In 2013, amidst economic uncertainties, without signs of recovery, while bad debt remains an urgent problem for credit institutions, VIB will continue to set risk management as its top priority, aiming at ensuring safety, sustainable development for the whole system in compliance with business strategies and markets.

For market risk management, VIB will continue to develop plans and apply technological solutions for market risk management transferred from the strategic shareholder CBA. Also, the bank will implement projects to increase market risk management competence in parallel with issuance of Basel standard oriented policies, procedures and documents.

For risk management, VIB will continue to implement the system of internal control with under the three lines of defense, strengthen risk management in ensuring safety and efficiency for the bank, and conduct new projects under consultancy and supervision of experienced credit experts from CBA. In addition, working efforts of the whole credit management staff will help increase the capacity of risk management and high quality credit growth at VIB in 2013.





Human Resources

Improving productivity, restructuring and focusing on developing human resource quality to realize its goal of becoming the employer of choice in the market.

Laying great emphasis on human factor in all of its business development orientations, VIB continued to focus on human resource development in 2012 through strengthening staff training, step by step implementing the talent development program, building remuneration policies toward the performance-oriented culture thanks to consulting services by leading human resource companies in the world.

Human resource building and development, organizational restructuring

The human resource management strategy of VIB proves to be appropriate through the results of the Employee Satisfaction Survey in 2012. Four superior elements of VIB compared to other banks are considered by the HR consulting firm - Towers Watson & Co. (U.S.) including:

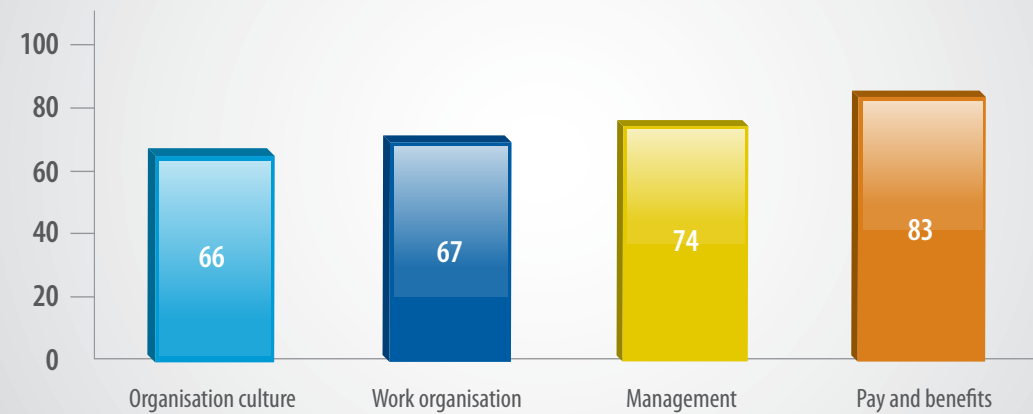
- Regarding Organizational Culture, VIB staff recognize there will be better change at suitable pace

- Work organization is performed in an organized, systemized and efficient way. Information sharing is effectively done throughout the system.
- VIB's leaders understand problems that employees encounter at work.
- Salary and remuneration system is fair and transparent across the entire system.

In 2012, VIB continued to implement the second phase of the strategic transformation project initiated since 2010. Having support from Commonwealth Bank of Australia (CBA) experts, VIB's leaders carried out restructuring projects in various divisions and departments to optimize productivity, enhance work quality and promote business development. The programs of workflow improvement and automation technology application were initially implemented to reduce pressure of administrative paperwork, which helps to substantially increase productivity of all employees.

2012 was the first year that VIB applied Key Performance Indicator system for all divisions, departments and

2012 EES - Most favourable areas vs TW Vietnam Norm



positions of more than 4,000 employees across the entire system. A reward policy, based on productivity and Key Performance Indicator system, has made significant difference in remuneration policies among different performance ratings.

Along with attracting a large number of talents to join VIB, 2012 marked a turning point in human resource development of VIB when more than 50 potential candidates having participated in the "Future Branch Manager" training program were appointed to management positions from branch level upwards throughout the system.

The programs for human resource development were more effectively focused through in-depth cooperation programs with a number of leading universities/training centers in Vietnam including Foreign Trade University, Banking Academy of Vietnam, French - Vietnamese Center for Management Education, in which VIB was major sponsor for many activities of these universities and centers. The co-operation has contributed to attracting talents of financial expertise, which helps VIB to realize its goal of becoming an "employer of choice" in Vietnamese market.

In the labor market, VIB has visualized an image representing a professional, dynamic bank which always looks forward to changes. In 2013, VIB will further standardize the organizational structure of the whole bank as well as of each division and department following an advanced management model. Meanwhile, it will continue to invest in the application of automation technology to unleash human resources from administrative tasks, thus contributing to further improvement of productivity across the bank.

Human resource training and development

Outstanding progresses in human resource training and development have been witnessed throughout VIB system in 2012. The total number of employees attending internal training this year increased by 3 times compared to that of 2011 (5,000 trainees), surpassing the planned target. With 428 training courses on expertise and professional skills, 292 training courses on soft skills, employees are equipped with adequate skills and knowledge for daily work.

VIB has also launched many training programs for management level, namely Basic and Intensive leadership skills, Regional Manager Training, Coaching skills, etc. In addition, the successful design and implementation of the training program titled "Future Branch Manager" is a starting point for in-depth training programs to develop talents for VIB in the future.

Besides, VIB has developed training process and policies so that training would be organized more quickly and it would be easier for staff and units to coordinate in different stages of training management and implementation.

In 2013, VIB will continue to improve and perfect its training policies and process to further simplify demand from its employees. Online training programs (e-learning) will be developed and implemented throughout the system to provide employees with easy access to fundamental courses. This is expected to improve the training contents and uniformity. In addition, internal training program will be implemented with focus on strengthening expertise and professional skills of employees in business divisions, developing essential soft skills to enhance work efficiency. VIB will

also implement the Talent Development and Management program in 2013, providing training and development solutions to facilitate potential employees of VIB with the opportunity to study and practice. This program is

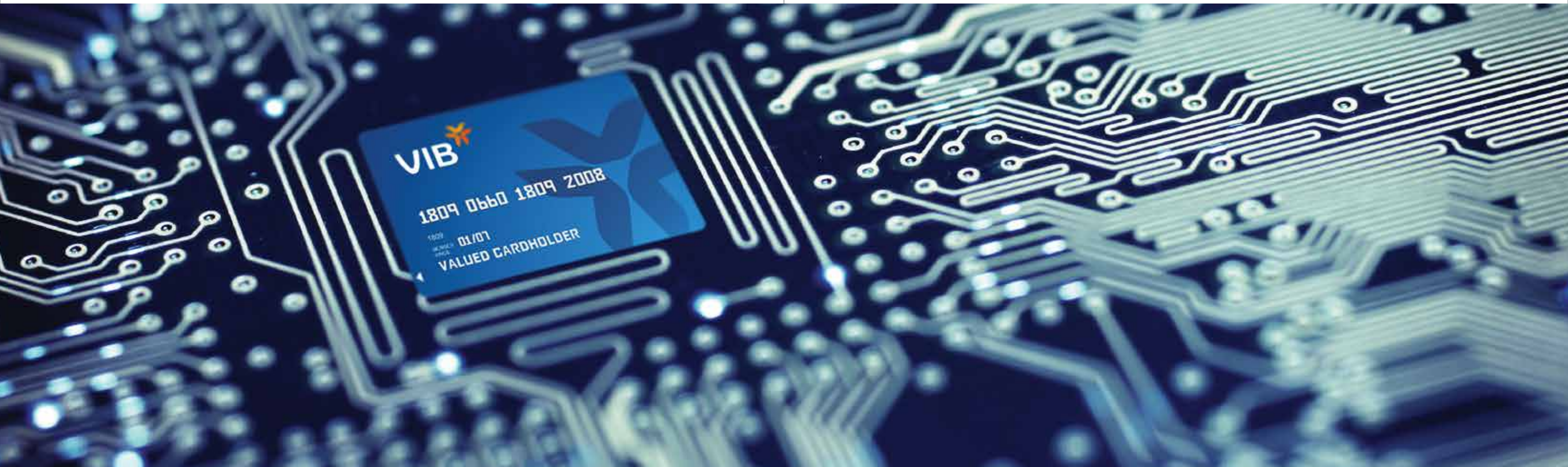
aimed at training high quality staff for future demand as well as further improving work efficiency of VIB employees.

Remarkable achievements in HR training and development in 2012

Total	17,288 trainees
	779 training courses
Overseas training	9 employees
Capability transfer program at CBA- Australia (CTP)	4 employees
"Future Branch Manager" training program	69 employees & 50 trainees held positions as branch managers and business center managers
Extracurricular programs	28 employees
Total training cost	More than 4 billion VND



We share the determination to develop VIB strongly



Banking Technology

Ensuring the system security, enhancing the efficiency of risk warning, outstanding efforts in supplying and positively changing financial technology solutions.

Ebanking - Modern electronic banking

VIB was regarded as one of the banks with superior banking technology in 2012 thanks to the success of many key projects. Noticeably among them is e-banking project, an important project which not only assists VIB to bridge the gap in realizing the vision "To be most innovative and customer-centric bank of Vietnam" but also brings many benefits and added value to customers. Thanks to the dramatic success of the project, VIB is considered as:

- The first bank in Vietnam to allow customers to be engaged in design process.
- The first Joint-Stock Bank to provide electricity bill collection service via mobile phone.
- The first bank in Vietnam to allow customers to give feedback at log-in for better service performance.

Besides, thanks to unceasing efforts and learning of the Business Technology Services Center (BTS) staff, a password protection solution namely one-time password (OTP) has been developed and introduced to replace the commercial solution before. This solution allows business units of VIB to save over \$ 1 million in 5 years. It is said that BTS was an important factor contributing to the success of technology-related projects in 2012, which were introduced and won much support from customers, including Mobile Banking, Internet Banking, State Budget Collection, BankPlus, Electricity Bill Collection, Viettel Telecommunication Bill Collection, etc.

Technology security enhancement

One of the important objectives which are given priority in the field of banking technology is ensuring the technology security. In addition to continuing to promote the transfer of technology and capacity from the Commonwealth Bank of Australia (CBA) – among the most secure banks in the world in terms of risk



Ebanking project team won CEO Award from CBA in Quarter 4, 2012

management, VIB made significant improvements to the Security Compliance project through the introduction of new processes, policies and standards:

- IT change management process.
- IT risk management process.
- Encoding management process.
- IT Security Policy.
- Identity & access management standards.
- Safety policy for storage, retrieval and destruction of card data.

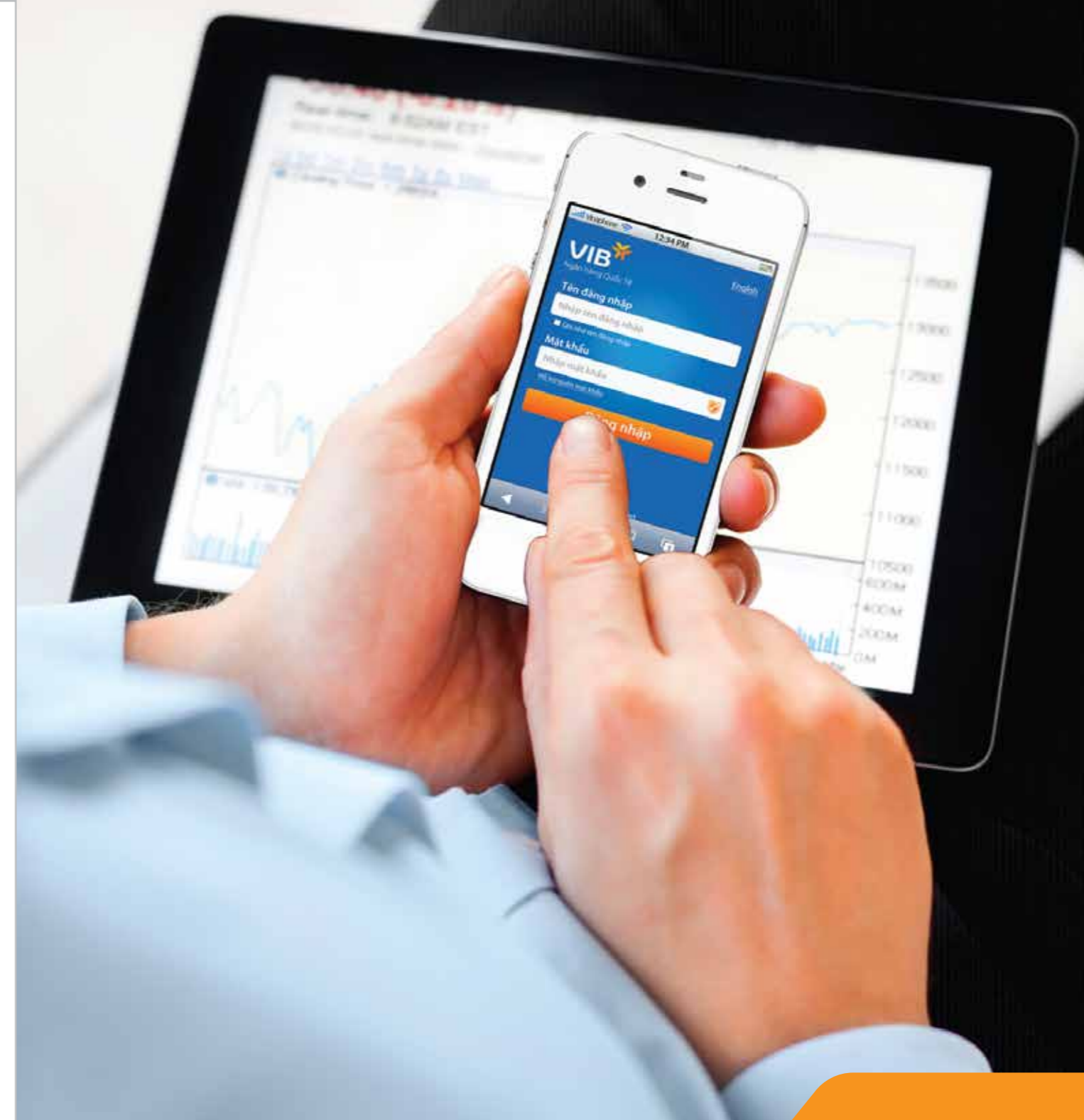
In order to ensure data safety for the entire system, the project of Data and Disaster Recovery Center has achieved progresses in reducing operational risks for the bank. The project has signed a partnership to build a new data center under Tier 3 standards in 2012, which will be the main data center of the bank since 2013. The new data center is a facility of international standards and will replace the old data center (located on Ly Thuong Kiet Street). The old data center will become a center for disaster recovery (DR).

Creativity and outstanding efforts in providing solutions

Foreseeing the trend of banking technology in the world, VIB has brought ESB (Enterprise Service Bus) technology platform into use. ESB is a brand new technology in the field of Banking Technology in Vietnam. The construction and development of ESB

platform is considered as laying the corner stone in building a service-oriented architecture (SOA) – an entirely new service which has not been successfully operated by many banks in Vietnam. Thanks to ESB platform, VIB can minimize the interdependence of components in the system of banking technology and is capable of integrating new services and applications into the market in the shortest period of time, at the lowest price and with the least impact on existing systems. VIB is proud to be one of a few banks to have successfully developed and implemented ESB application only on its own human resources.

At the end of 2012, the international collaboration team between BTS and IFS (Technology Centers of VIB and CBA) was honored to win the 1st prize in the Top Coder contest. The contest was organized by the Customer Service Center of Commonwealth Bank of Australia in order to find the most excellent teams in proposing innovative and customer-oriented solutions to bring benefits to customers. The contest attracted more than 200 contestants coming from CBA and CBA's partners, many of which are famous providers of information technology services in the world.



MOBILE BANKING

Transactions via Mobile Banking

- Unique interface designed friendly based on customer experience
- Payment functions continuously expanded
- Safe and secure with the advanced technologies of Todos and Verisign



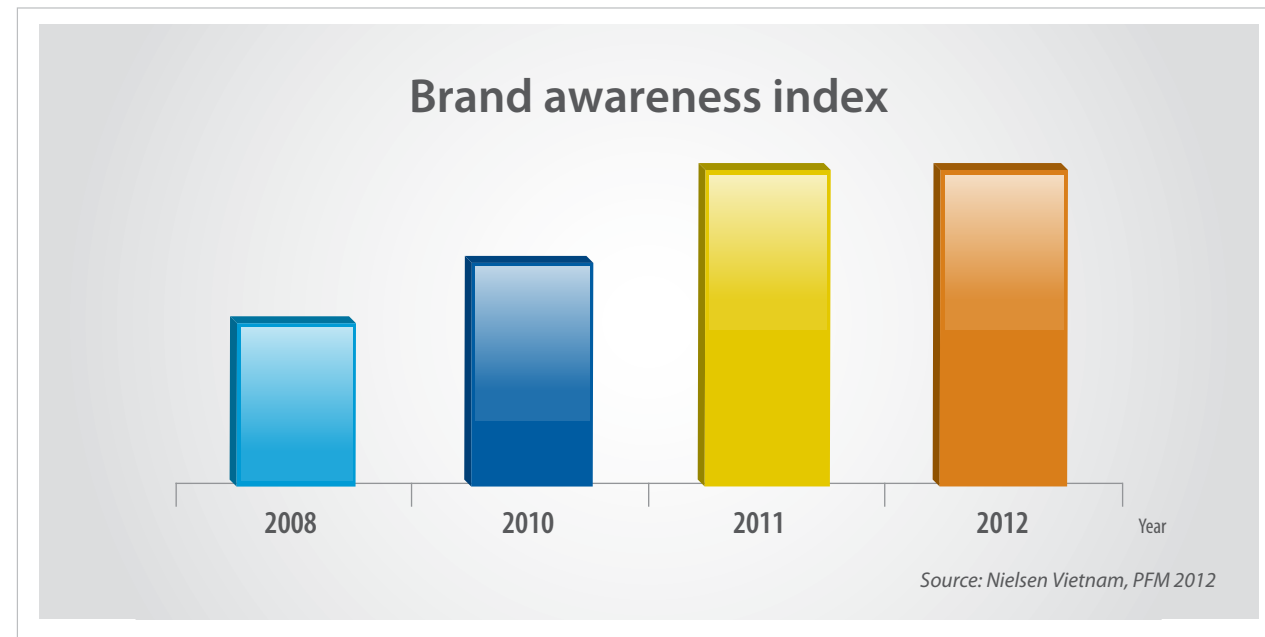
Brand Development

Thanks to its "well-planned brand development strategies, clear communication messages and creative and innovative image", VIB brand is not only associated with an image of excellent customer service in customers' mind but also creating a trend of brand development in the Vietnamese market.

The brand of quality customer service

Since its foundation, VIB has defined the goal of becoming a Vietnamese bank to operate under international banking standards and developing a strong brand inextricably linked to customers. During its 16 years of history and development, VIB has thrice undergone changing of brand image, among which the most indelible one took place in 2009. These were not merely changes of image or media message, because for VIB, changing brand strategies means changing core values in all aspects including thinking, daily attitude and behavior of staff, products and services in order to bring more value to customers.

In the last 5-year term of the Board of Directors (2008-2012), brand development activities have achieved outstanding accomplishments. According to the results of Brand health researches periodically conducted by the world's leading research companies in Vietnam, the total of VIB's brand awareness have increased impressively during the years with growth rate of 2012 rising 94% higher than that of 2008 (i.e. from 37% in 2008 to 71.2% in 2012). Meanwhile, VIB brand was always ranked among top five commercial joint stock banks with highest brand awareness. As for the Hanoi region, VIB always maintained its brand awareness rate at 97.8% in 2012. Especially, according to Nielsen's report in the 3rd quarter of 2012, VIB was appreciated for its friendly image, professionalism and high-quality customer services. The achievements in brand development were a positive factor contributing to the business development of VIB in the last 5 years.



To obtain such a brand image, brand development activities of VIB are always concentrated in aspects including brand image, quality of customer service, internal capacity and brand development partners. These are aspects of importance, which help VIB to uphold a brand image of professionalism, friendliness and to be the bank of choice among target customers.

Brand image

2009 was an important milestone marking “a transformation” of VIB with an absolutely new brand image which was highly appreciated by experts, partners, and customers for its cosmopolitan, modernity, professionalism, proving VIB’s lead-taking role in creativity and innovations in banking industry.

Brand Development was one of 26 initiatives consulted by BCG, the world’s leading consultant on business strategy, in the period from 2008 to 2012. VIB has gained success in collaboration with Interbrand, the world’s leading brand strategy consultant, to develop a new guideline for brand awareness in compliance with international standards, introduce the new brand image in publications and media channels for internal and external relations and in customer transaction space.

In coordination with the consultant on designing brand image at branch space - John Ryan (one of the top designers in the U.S.), VIB has developed a standard branch image and introduce to all new or refurbished Business Units. The corporate identity for both interior

and exterior of the branches are very impressive, which increases the possibility of remote brand awareness and is of huge difference from other banks. VIB is an innovative bank to create a spacious, friendly space in transaction offices to enable maximum communication between customers and VIB staff. This provides customers with a good impression of modernity and courtesy consistent with international standards. According to a report by an international market research company in Vietnam in the 3rd quarter of 2012, VIB was ranked the 1st among the top 5 commercial joint stock banks in terms of friendliness at transaction points in Ho Chi Minh city.

VIB is recognized by customers across the mass media to be a creative, responsible and reputable bank. The ongoing advertising and communication campaigns in the past 5 years have made significant contributions to building the Bank’s image, noticeably the communication campaign named "The heart of banking - 2011" on the occasion of the Bank’s 15th anniversary, "Free cash withdrawals from more than 14,000 ATMs nationwide - 2012" and so on. Other creative campaigns have also contributed to reinforcing the position of VIB and created new trends in banking industry: VIB is the first bank to publish its lending rates on the website and at the branches, the first bank to build a website to guide customers on how to use Internet banking, the first bank to implement electricity bill collection service in Hanoi or State budget collection service for enterprises within 5 minutes.

One factor that helped VIB to control its brand identity successfully was VIB’s close supervision of brand identity compliance, ensuring the image, message and brand characteristics of VIB to be consistent and uniform in all media channels. VIB has periodic work meetings with Interbrand to evaluate the system of published communication tools and receive updates on positive points and the consultant’s recommendations for better improvement.

Brand of Quality Customer Service

A brand will only be favored and recalled if it portrays distinct characteristics and differences in customers’ mind. VIB has determined its long-term vision “To be the most innovative and customer-centric bank of Vietnam”. To realize this vision, the outstanding quality of customer service was determined by the Board of Management and Board of Directors of VIB to be an important and long-term strategy. This is believed to facilitate VIB to achieve service quality of highest customer satisfaction, which in turn creates long-term and sustainable differences significantly contributing to

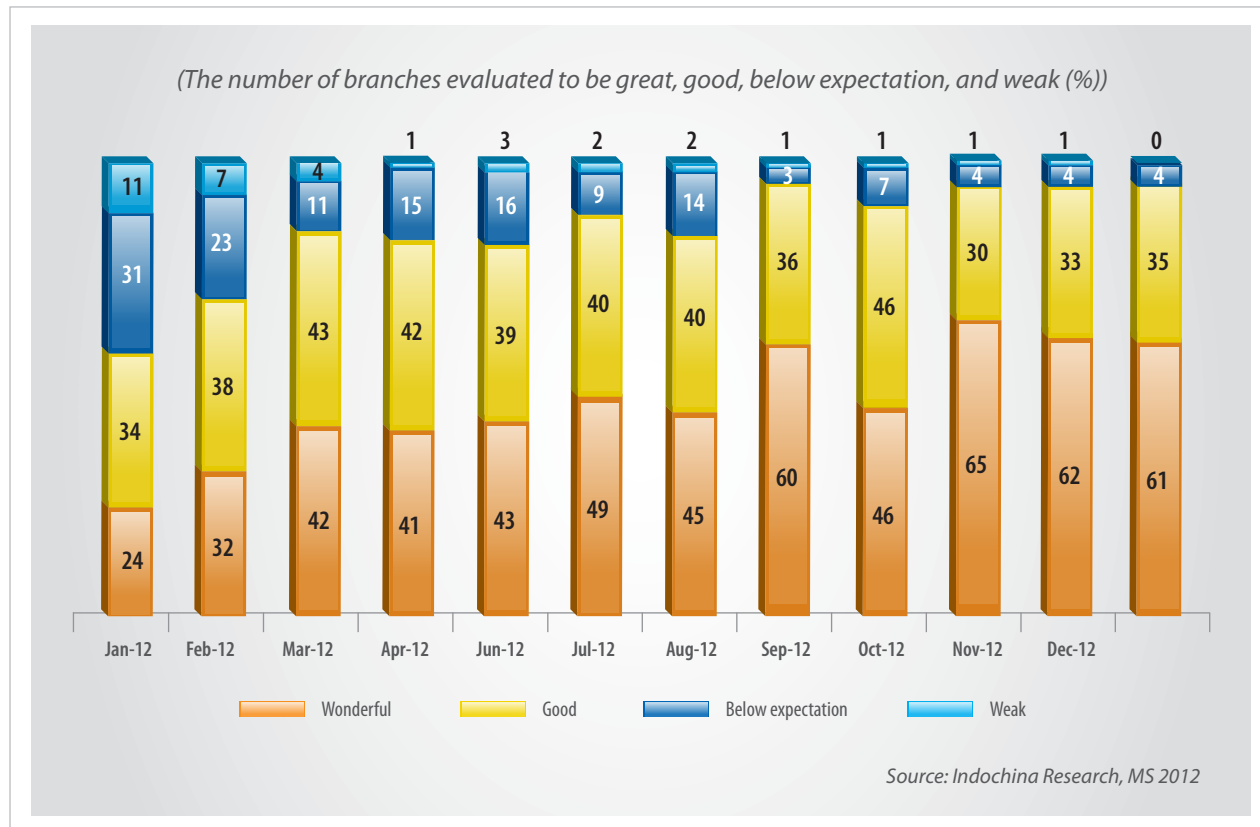
the success of VIB in the past 5 years and the future.

Since CBA strategic partner was engaged in the management of VIB, the change in customer service culture towards international standards is among the fields which have been put at the heart of VIB’s operation. Accordingly, a series of programs measuring the quality of customer service have been launched to help each branch and each department/division at the Head office to understand the demand and desire of both external customers and internal customers, thereby determining issues to be improved and developing specific action plans for better change.

Results of studies conducted by TNS and IPSOS, the two leading market research companies in the world, from 2011 up to now showed that Customer Satisfaction Index of VIB has reached 8.7 (on a scale of 10), which is higher than the standards of other countries in the region. Moreover, Mystery Shopping index for business units has been continuously improved from 79.7 in 2011 to 87.9 in 2012.



Mystery shopping program 2012



For internal customer services, the "Internal Customer Service Measurement (ICSM)" program, which was transferred from CBA strategic partner and implemented for the first time in the banking system of Vietnam, has been launched since 2011. This program has a strong impact on support functions, as their service quality will be evaluated by internal customers. Over the measurement period, the number of objective and fair opinions is continuously growing (there was an increase of 83% from 43,783 comments in 2011 to 80,084 comments in 2012), which helps supporting functions to identify what need to be improved, thereby rebuilding workflow and working manner.

The customer satisfaction index was first applied by VIB to be one of the key performance indicators (KPIs) across the entire system. This is the most visible evidence of VIB's efforts to focus on investment in customer service quality. More than 80% of customers put trust in VIB for its credibility and convenient procedures, typically in products of savings, loans and domestic debit card. High service quality brings high commitment of customer groups to VIB, among whom 89% plan to continue using VIB services while 87% confirm that they will recommend their friends and relatives to use VIB services.

Thanks to its relentless efforts in the past 5 years, VIB was honored to receive many prestigious awards: Top 3 largest private enterprises in Vietnam, 6 consecutive years receiving "Vietnam's Strongest Brand" Award, the "Best GTFP Issuing Bank in East Asia and the Pacific" Award from IFC - WB, the "Best Bank in Savings and ATM Services" by Sai Gon Marketing Magazine readers, Flag of Excellence from the State Bank of Vietnam and so on. In addition, VIB also participated in various activities to support talent development, sponsored many student activities as well as other social activities. Finally, we would like to confirm that VIB is moving forward. This change is not only depicted in our image but also in our work efficiency and the values that we endeavor to bring to our customers. The values represented by VIB brand are reflected in daily work of each and every VIB's member.





Management of Shareholder Relations

Shareholder information

- Number of shareholders: 1,283 shareholders holding 425,000,000 shares (equivalent to 4,250,000,000,000 VND of nominal value).
- Shareholder structure:

Type of shareholder	Number of shareholders	Number of shares to hold	Proportion (%)/ charter capital
State-owned entity	1	2,262	0.0005%
Private entity	12	85,732,496	20.1724%
Foreign strategic shareholder	1	85,000,000	20.0000%
Individuals	1,269	254,265,242	59.8271%
Total	1,283	425,000,000	100%

Charter capital

- Charter capital: 4.250 trillion VND, including 701 treasury stocks
- In 2012: VIB did not increase its charter capital

Charter Capital Surplus Fund

	Year 2008	Year 2009	Year 2010	Year 2011	Year 2012
Total amount (million VND)	65,142	26,539	1,652,958	2,552,958	2,552,958

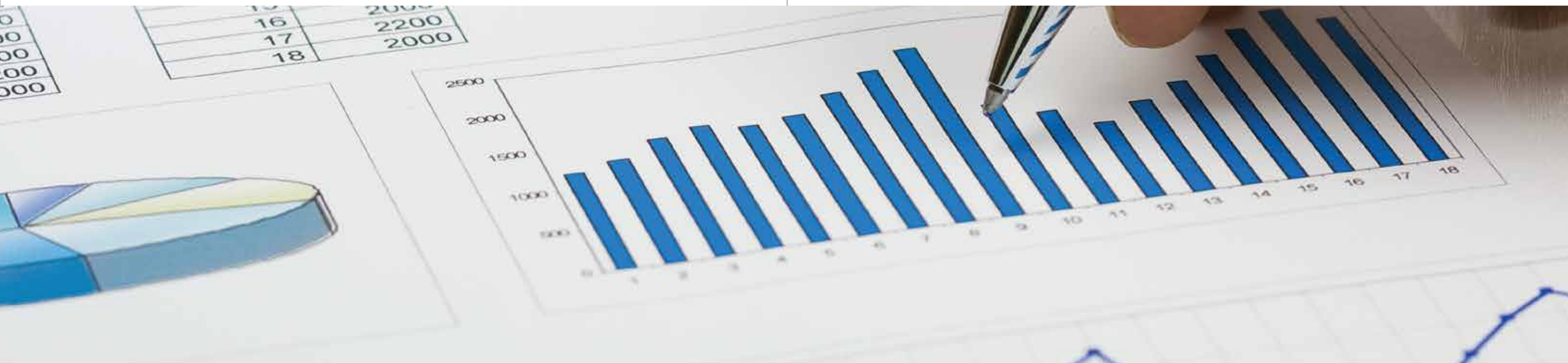
Earnings per share

	Year 2008	Year 2009	Year 2010	Year 2011	Year 2012
EPS (VND)	844	2,128	2,389	1,581	1,231

Dividend policy in 2012:

- Dividend policy in 2011: the Annual General Meeting of Shareholders in 2012 has approved the dividend distribution at the rate of 7% in cash. VIB has made dividend payment to shareholders since June 2nd, 2012.
- Dividend policy in 2012: the dividend proposal in 2012 will be presented to the Annual General Meeting of Shareholders in 2013 (April 2013) for consideration.
- Dividend policy in the last 5 years:

Year	2011	2010	2009			2008	2007	
Payment period	2012	2011	2010	2010	2010	2009	2008	2007
In cash (VND)	7%	5%	2.510%	13.2%	N/A	N/A	1.556%	15%
In shares/ Common stock	N/A	N/A	0.830%	N/A	N/A	10.079%	N/A	N/A



Consolidated financial statements

VIETNAM INTERNATIONAL COMMERCIAL JOINT STOCK BANK

Corporate Information

BANKING LICENCE NO. **0060/NH-GP** 25 January 1996
The banking licence was issued by the State Bank of Vietnam and was valid for 99 years from the date of the banking licence.

BUSINESS REGISTRATION CERTIFICATE NO. **0100233488** 14 February 1996
The Company's business registration has been amended several times, the most recent of which is by business registration No. 0100233488 dated 20 October 2011. The investment licence was issued by the Hanoi Department of Planning and Investment.

BOARD OF DIRECTORS

Mr. Han Ngoc Vu	Chairman
Mr. Dang Khac Vy	Member
Mr. Dang Van Son	Member
Mr. Do Xuan Hoang	Member
Mr. Tran Nhat Minh	Member
Mr. Ronald Wayne Hoy	Member
Mr. Garry Lynton Mackrell	Member
Mr. An Thanh Son	Member

BOARD OF MANAGEMENT

Mr. Le Quang Trung	Acting Chief Executive Officer, (appointed on 31/01/2013), Head of Treasury
Ms. Duong Thi Mai Hoa	Chief Executive Officer, (resigned on 31/01/2013)
Mr. Tran Nhat Minh	Deputy Chief Executive Officer, (appointed on 15/06/2012)
Mr. Loic Fraussier	Deputy Chief Executive Officer, Head of Credit Management, (appointed on 30/07/2012)

**BOARD OF MANAGEMENT
(Continued)**

Mr. Vivek Chand	Deputy Chief Executive Officer, Head of Whole Sales Banking, (appointed on 03/12/2012)
Mr. Richard Harris	Head of Retail Banking
Ms. Dang Thi Phuong Diem	Chief Operating Officer (appointed on 01/09/2012)
Ms. Nguyen Thi Huong Giang	Head of Marketing and Communications
Mr. Ho Van Long	Chief Financial Officer
Ms. Nguyen Thi Thu Giao	Head of Personnel Services (appointed on 01/03/2012)
Mr. Benedict Gamble	Head of Change Management Office
Mr. David Goddard	Head of Strategy and Business Development Division (appointed on 19/04/2012)

LEGAL REPRESENTATIVE

Mr. **Han Ngoc Vu** Chairman

REGISTERED OFFICE

8th, 9th, 10th floor, Viettower Building, 198 B Tay Son, Trung Liet Ward,
Dong Da District, Hanoi, Vietnam

AUDITORS

KPMG Limited VietNam

**INDEPENDENT AUDITORS' REPORT**

To the Shareholders

VIETNAM INTERNATIONAL COMMERCIAL JOINT STOCK BANK**Scope**

We have audited the accompanying consolidated balance sheet of Vietnam International Commercial Joint Stock Bank ("the Bank") and its subsidiaries (collectively, "VIB") as of 31 December 2011 and the related consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Directors on 26 March 2013 ("the consolidated financial statements"). The consolidated financial statements are the responsibility of the Bank's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Vietnam International Commercial Joint Stock Bank and its subsidiaries as of 31 December 2012 and of their consolidated results of operations and their consolidated cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements.

KPMG Limited
Vietnam
Investment Certificate No: 011043000345
Audit Report No: 11-02-189/7



Tran Dinh Vinh
CPA No. 0339/KTV
Deputy General Director

Hanoi, 29 March 2013

Nguyen Minh Hieu
CPA No. N.1572/KTV

CONSOLIDATED BALANCE SHEET

Ended 31/12/2012

	Unit: VND million	
	31/12/2012	31/12/2011
A ASSETS		
I Cash and gold on hand	721.140	1.182.590
II Balances with the State Bank of Vietnam	1.932.929	858.275
III Balances with and loans to other credit institutions	7.375.719	28.665.399
1 Deposits with other credit institutions	6.420.325	27.307.399
2 Loans to other credit institutions	968.480	1.358.000
3 Allowance for loans to other credit institutions	(13.086)	-
VI Loans and advances to customers	33.313.035	42.809.646
1 Loans and advances to customers	33.887.202	43.497.212
3 Allowance for loans and advances to customers	(574.167)	(687.566)
VII Investment securities	13.795.143	20.435.754
1 Available for sale securities	13.812.584	20.452.551
3 Allowance for diminution in the value of investment securities	(17.441)	(16.797)
VIII Long-term investments	183.553	222.729
4 Other long-term investments	249.878	282.497
5 Allowance for the diminution in the value of long-term investments	(66.325)	(59.768)
IX Fixed assets	403.744	293.434
1 Tangible fixed assets	195.384	192.508
a Cost	507.738	448.923
b Accumulated depreciation	(312.354)	(256.415)
3 Intangible fixed assets	208.360	100.926
a Cost	307.184	180.758
b Accumulated depreciation	(98.824)	(79.832)
X Investment properties	24.403	37.919
a Cost	24.403	37.919
XI Other assets	7.273.740	2.443.795
1 Receivables	6.038.719	978.722
2 Accrued interest and fee receivable	1.116.114	1.341.818
3 Deferred tax assets	330	594
4 Other assets	220.775	224.859
5 Provision for other assets on balance sheet	(102.198)	(102.198)
TOTAL ASSETS	65.023.406	96.949.541

CONSOLIDATED BALANCE SHEET

(Continued)

	Unit: VND million	
	31/12/2012	31/12/2011
B LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
I Amounts due to the Government and the State Bank of Vietnam	1.913.899	898.152
II Deposits and borrowings from other credit institutions	11.244.628	28.697.353
1 Deposits from other credit institutions	3.616.236	26.717.899
2 Borrowings from other credit institutions	7.628.392	1.979.454
III Deposits from customers	39.061.259	44.149.126
IV Derivatives and other financial liabilities	10.039	8.011
V Other borrowed and entrusted funds	390.163	361.696
VI Valuable papers issued	1.000.599	13.339.532
VII Other liabilities	2.967.115	1.335.605
1 Accrued interest and fee payables	444.440	924.377
2 Deferred tax liabilities	14.247	-
3 Other liabilities	2.492.554	387.032
4 Provision for off-balance sheet commitments	15.874	24.196
TOTAL LIABILITIES	56.587.702	88.789.475
SHAREHOLDERS' EQUITY		
VIII Capital and reserves	8.371.463	8.160.066
1 Capital	6.802.951	6.802.951
a Share capital	4.250.000	4.250.000
c Share premium	2.552.958	2.552.958
g Treasury shares	(7)	(7)
2 Reserves	1.038.179	692.687
5 Retained earnings	530.333	664.428
TOTAL SHAREHOLDERS' EQUITY	8.371.463	8.160.066
IX Minority Interest	64.241	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY AND MINORITY INTEREST	65.023.406	96.949.541

CONSOLIDATED BALANCE SHEET

(Continued)

Đơn vị: Triệu VND

	31 DEC 2012	31 DEC 2011
OFF-BALANCE SHEET ITEMS		
I CONTINGENT LIABILITIES		
2 Other guarantees	1.328.731	2.037.715
3 Letters of credit	725.621	776.857
II OTHER COMMITMENTS		
1 Undrawn loan commitments	2.132.416	1.468.353

Approved by:  
Ho Van Long
Chief Financial Officer


Lê Quang Trung
Acting Chief Executive Officer

29 MAR 2013

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2012

Unit : VND million

	Năm 2012	Năm 2011
1 Interest and similar income	8.710.770	11.835.087
2 Interest and similar expenses	(5.722.070)	(8.100.793)
I Net interest income	2.988.700	3.734.294
3 Fee and commission income	233.141	322.282
4 Fee and commission expenses	(106.201)	(131.285)
II Net fee and commission income	126.940	190.997
III Net gain from trading of foreign currencies	38.199	53.948
V Net loss from investment securities	(31.110)	(62.540)
5 Other income	414.010	52.848
6 Other expenses	(284.163)	(458.468)
VI Net gain/(loss) from other activities	129.847	(405.620)
VII Income from investments in other entities	8.410	7.942
VIII Operating expenses	(1.816.259)	(1.696.284)
IX Operating profit before allowance and provision expenses	1.444.727	1.822.737
X Allowance and provision expenses	(743.964)	(973.837)
XI Profit before tax	700.763	848.900
7 Income tax expense - current	(165.863)	(208.983)
8 Income tax expense - deferred	(14.511)	(922)
XII Total income tax expense	(180.374)	(209.905)
XIII Net profit after tax	520.389	638.995
XIV Minority interest	(2.824)	-
Profit after tax belong to the Bank's shareholders	523.213	638.995
XV Basic earnings per share (VND/share)	1.231	1.581

Approved by:  
Ho Van Long
Chief Financial Officer


Lê Quang Trung
Acting Chief Executive Officer

29 MAR 2013

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

Unit : VND million

	Year 2012	Year 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
01 Interest and similar income received	8.936.474	11.472.512
02 Interest and similar expenses paid	(6.202.007)	(7.928.558)
03 Fee and commission income received	126.940	190.997
04 Net receipts from foreign currencies, gold and securities trading activities	14.290	40.631
05 Other income received	129.847	(405.620)
07 Operating and salary expenses payments	(1.792.664)	(1.587.996)
08 Income tax paid	(106.481)	(328.408)
Net cash inflows from operating activities before changes in operating assets and liabilities	1.106.399	1.453.558
Changes in operating assets		
09 Balance with and loans to credit institutions	5.481.620	80.958
10 Securities held for trading and investment securities	6.639.967	(1.494.220)
11 Derivatives and other financial assets	-	-
12 Loans and advances to customers	5.986.099	(1.766.271)
13 Write off on loan provision	(432.866)	(662.638)
14 Other assets	(1.809.853)	3.008.481
Changes in operating liabilities		
15 Amounts due to the Government and SBV	1.015.747	(2.703.705)
16 Deposits and borrowings from other credit institutions	(17.452.725)	6.043.858
17 Deposits from customers	(5.087.867)	(841.202)
18 Valuable papers issued	(12.338.933)	(1.233.843)
19 Other borrowed and entrusted funds	28.467	151.821
20 Derivatives and other financial liabilities	2.028	(22.460)
21 Other liabilities	2.050.087	45.979
22 Utilisations of reserves	-	(5.640)
I NET CASH INFLOWS FROM OPERATING ACTIVITIES	(14.811.830)	2.054.676

CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

Unit : VND million

	Năm 2012	Năm 2011
CASH FLOWS FROM INVESTING ACTIVITIES		
01 Payments for purchases of fixed assets	(132.077)	(159.444)
02 Proceed from disposal of fixed assets	5.092	4.133
04 Payments for purchases of Investment property	13.516	(37.919)
07 Payments for investments in other entities	32.619	(22.500)
09 Dividends received from long-term investments	8.410	7.942
II NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	(72.440)	(207.788)
CASH FLOWS FROM FINANCING ACTIVITIES		
01 Issuance of share capital	-	1.150.000
04 Dividend paid	(297.500)	(200.000)
III NET CASH INFLOWS FROM FINANCING ACTIVITIES	(297.500)	950.000
IV NET INCREASE IN CASH FLOWS FOR THE YEAR	(15.181.770)	2.796.888
V CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	20.254.346	17.457.458
VI CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5.072.576	20.254.346

Approved by:  
Ho Van Long
Chief Financial Officer


Le Quang Trung
Acting Chief Executive Officer

29 MAR 2013

Notes to the consolidated financial statements

For the year ended 31 December 2012

1. REPORTING ENTITY

Vietnam International and Commercial Joint Stock Bank (herein referred to as “the Bank”) is a joint stock bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was established pursuant to Banking Licence No. 006/NH-GP dated 25 January 1996 issued by the State Bank of Vietnam (“the SBV”) and Business Registration Certificate No.055772 dated 14 February 1996 issued by Hanoi Department of Planning and Investment.

The principal activities of the Bank are to mobilise and receive short, medium and long-term deposit funds from organisations and individuals; lending on a short, medium and long-term basis up to the nature and ability of the Bank’s capital resources; conducting settlement and cash services and other banking services as approved by the SBV; conducting investments in associates, joint-ventures and

other companies; investment in bonds and deal in foreign exchange in accordance with applicable regulations.

As at 31 December 2012, the Bank’s share capital is VND 4,250,000,000,000. Face value per share is VND10,000.

The Bank’s Head Office is located at 8th, 9th, 10th floor, Viettower Building, 198B Tay Son, Dong Da, Hanoi. As at 31 December 2012, the Bank has 151 business units including one (1) Head Office, one (1) transaction centre, forty eight (48) branches, ninety seven (97) transaction offices, four (4) saving fund nationwide and two (2) subsidiaries.

The consolidated financial statements of the Bank as of and for the year ended 31 December 2012 consists of the financial statements of the Bank and its subsidiaries (herein referred to as “VIB”).

As at 31 December 2012,

THE BANK HAD TWO (2) SUBSIDIARIES AS FOLLOWS:

Subsidiaries	Operating licence	Nature of Business	% owned by the Bank
Vietnam International and Commercial Joint Stock Bank – Asset Management Company limited (VIBAMC).	0104009004 dated 29 December 2009 issued by Hanoi Department of Planning and Investment	Asset management	100%
VIB Ngo Gia Tu	0101751475 dated 26 January 2005 issued by Hanoi Department of Planning and Investment	Consumable construction	55%

As at 31 December 2012, VIB had 3,748 EMPLOYEES

(31 December 2011: 4,259 employees).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A) BASIS OF CONSOLIDATED FINANCIAL STATEMENT PREPARATION

(i) General basis of accounting

The consolidated financial statements, expressed in Vietnam Dong (“VND”), rounded to the nearest million, have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions and other relevant accounting regulations stipulated by the State Bank of Vietnam, and the relevant statutory requirements. These accounting policies may differ in some material respects from the generally accepted accounting principles and standards of other countries. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnam’s accounting principles, procedures and practices.

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

(ii) Basis of consolidation

Subsidiaries

Subsidiaries are those companies over which the Bank has the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are de-consolidated from the date on which control ceases.

VIB uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equities instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of the minority interest.

Transactions eliminated on consolidation

Inter-company balances, transactions and unrealised gains on transactions between those companies and the. Unrealised losses also eliminated unless transactions provide evidence of an impairment of the asset transferred. The accounting policies of subsidiaries have been changed when necessary to ensure the consistency with the policies adopted by the Bank.

B) FISCAL YEAR

The fiscal year of the VIB is from 1 January to 31 December

D) FOREIGN CURRENCY TRANSACTIONS

VIB maintains its accounting system and records transactions in original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the rates of exchange ruling at the balance sheet income in VND using the exchange rates ruling on the dates of the transactions.

date. Non-monetary foreign currency assets and liabilities are reported using the exchange rates effective at the dates of the transactions. Income/expense transactions incurred in foreign currencies are recognised in the consolidated statement of Foreign exchange differences arising from foreign currency trading activities are recorded in the consolidated income statement.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, gold on hand, balances with the SBV, Government promissory notes and other valuable papers which are eligible for discount, balances with other credit institutions and investment securities with original terms to maturity not exceeding three months.

Gold is revaluated at the balance sheet date and the differences arising on revaluation are recorded in the consolidated statement of income.

E) SECURITIES HELD FOR TRADING

(i) Classification and recognition

Trading securities include debt, equity and other securities that the Bank purchase and have intention to sell in short-term for earnings.

(ii) Measurement

Listed trading securities are stated at cost less allowance for diminution in value by reference to closing prices of securities from the Ho Chi Minh City Stock Exchange and average prices from the Hanoi Stock Exchange at reporting date.

Unlisted trading securities which are actively traded on over-the-counter market ("OTC market") are stated at cost less allowance for diminution in value by reference to the

average price of the transaction price quotes from three securities companies having charter capital above VND300 billion.

Unlisted trading securities which are not actively traded on the OTC market are stated at cost, less any allowance for diminution in value considered necessary by the management. The management determines the allowance for diminution in value after giving consideration to cost, market conditions, current operating performance and expected cash flows.

Gains or losses from the disposal of securities held for trading are recognised in the consolidated statement of income.

F) INVESTMENT SECURITIES

(i) Classification and recognition

Investment securities are classified into two categories: held to maturity investment securities and available for sale investment securities. VIB classified investment securities at the purchase date. In accordance with Official Letter 2601/NHNN-TCKT dated 14 April 2009 issued by the State Bank of Vietnam, VIB is allowed to reclassify investment securities once after the purchase date.

Held-to-maturity investment securities

Held-to-maturity investment securities are debt securities

with fixed or determinable payment and fixed maturities where VIB's management has the positive intention and ability to hold until maturity.

Available-for-sale investment securities

Available-for-sale investment securities are defined as debt securities, equity securities or other securities, which are acquired for an indefinite period and may be sold at any time.

(ii) Measurement

Listed available-for-sale equity securities are stated at cost less allowance for diminution in value by reference to closing prices of securities from the Ho Chi Minh City Stock Exchange and average prices from the Hanoi Stock Exchange at reporting date.

Unlisted available-for-sale equity securities which are actively traded on over-the-counter market ("OTC market") are stated at cost less allowance for diminution in value by reference to the average price of the transaction price quotes from three securities companies having charter capital above VND300 billion.

Unlisted available-for-sale equity securities which are not actively traded on the OTC market are stated at cost, less any allowance for diminution in value considered necessary by the management. The management determines the

allowance for diminution in value after giving consideration to cost, market conditions, current operating performance and expected cash flows.

Available-for-sale debt securities and held-to-maturity securities are measured at cost less allowance for diminution in value by reference to the market value. In case that market price of these securities is not available or cannot be determined reliably, these securities are stated at cost.

Premiums and discounts arising from purchases of available-for-sale debt securities and held-to-maturity securities are amortised to the consolidated statement of income using straight line method over the period from the acquisition dates to maturity dates.

Post-acquisition interest income of available-for-sale debt securities and held-to maturity securities is recognised in the consolidated statement of income on an accrual basis.

G) CAPITAL CONTRIBUTION AND LONG-TERM INVESTMENTS

(i) Investments associates and joint-venture company

Associates are those companies in relation to which VIB has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when VIB hold from 20 to 50 percent of the voting power of a certain company. Joint-venture are those companies over those activities VIB has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investment in subsidiaries, associates and joint-venture are stated at cost less allowance for diminution in value of investments in the consolidated financial statements.

(ii) Other long-term investments

Other long term investments include equity securities, other long term capital contributions whose holding, withdrawing or paying term is for more than 1 year (in addition to capital contributions, investment in joint-venture and associates)

These investments are initially stated at cost of acquisition, then less amortisation and allowance for diminution in value of investments, if any. Cost is determined on a weighted average basis.

H) ALLOWANCE FOR DIMINUTION IN THE VALUE OF LONG-TERM INVESTMENTS

In accordance with Circular 12/2006/TT-BTC issued by the Ministry of Finance ("MoF") on 21 February 2006, credit institutions are required to make an allowance for long-term investments (including allowance for investment securities) in accordance with regulations applicable to enterprises.

Allowances for diminution in the value of investments in economic entities (such as limited liability companies, joint stock companies, partnerships, joint ventures and other long-term investments), are required if the economic entities suffer losses (except when the loss was anticipated in their business plan before the date of investment).

I) LOANS AND ADVANCES TO CUSTOMERS AND OTHER CREDIT INSTITUTIONS

Loans and advances to customers and other credit institutions are stated at the amount of the principal outstanding less any allowance for loans and advances to customers and allowance for loans to other credit institutions.

Short-term loans are those with a repayment date within one year of the loan disbursement date. Medium-term loans are those with a repayment date between one to five years of the loan disbursement date. Long-term loans are those with a repayment date of more than five years from the date the loan disbursement date.

Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 issued by the State Bank of Vietnam ("Decision 493"), which was amended and supplemented by Decision No. 18/2007/QĐ-NHNN dated 25 April 2007 issued by the State Bank of Vietnam ("Decision 18"), requires specific allowance to be made for loans and advances on a quarterly basis based on loan groups.

The specific allowance disclosed at the balance sheet date (31 December 2012) is determined utilising the following allowance rates against principal outstanding as at 30 November 2012 less allowed value of collateral.

Group	Overdue status	Allowance rate
1 Current	• Current loans or overdue loans less than 10 days.	0%
2 Special mention	• Loans being overdue between 10 days to 90 days; or • Loans having revised terms of repayments for the first time <i>(if customers are assessed as being capable of repaying both principal and interest according to the first revised terms of repayments for the case of enterprises and organisational customers).</i>	5%
3 Sub standard	• Loans being overdue between 91 days and 180 days; • Loans having rescheduled terms of repayments for the first time except for the loans with revised terms of repayments classified into the above mentioned Group 2; or • Loans having exempt or reduced interest because customers are not able to pay the interest according to contracts.	20%
4 Doubtful	• Loans being overdue between 181 days and 360 days; • Loans having rescheduled terms of repayments for the first time and being overdue less than 90 days according to the first rescheduled terms of repayments; or • Loans having rescheduled terms of repayments for the second time.	50%
5 Loss	• Loans being overdue more than 360 days; • Loans having rescheduled terms of repayments for the first time and being overdue from 90 days or more according to the first rescheduled terms of repayments; • Loans having rescheduled terms of repayments for the second time and being overdue according to the second reschedule terms of repayments; Loans having rescheduled terms of repayments for the third time; or Blocked loans, or loans awaiting for settlements	100%

The basis to determine the value and discounted value for each type of collateral is specified in Decision 493 and Decision 18.

In accordance with the requirements of Decision 493, loans and advances are written off against the allowance when loans and advances have been classified to Group 5 or when borrowers have declared bankruptcy or dissolved (for borrowers being organisations, enterprises) or borrowers have been dead or missing (for borrowers being individuals).

Pursuant to Decision 780/QD-NHH dated 23 April 2012 by the State Bank of Vietnam ("Decision 780"), credit ratings of

rescheduled or extended debts of customers whose business and debt repayment ability are assessed to become positive after their debts are rescheduled or extended on the assessment basis by the Bank are remained unchanged. VIB applies non-retroactively this change in accounting policy since 2012. Refer to Note 6 for the disclosure on effect of implementing Decision 780.

VIB is also required to make a general allowance of 0.75% of outstanding loans and advances to customers that are classified from Group 1 to Group 4 as at the balance sheet date.

J) PROVISION FOR OFF-BALANCE SHEET COMMITMENTS

In accordance with Decision 18, VIB also classifies guarantees, acceptances, undrawn loan commitments which are irrevocable and unconditional into 5 groups (Note 2(i)) and make specific allowances accordingly. The specific allowance rates for the above balances are the same as those for

loans and advances to customers.

VIB is also required to make a general provision of 0.75% of total irrevocable outstanding letters of guarantee, letters of credit, and undrawn loan commitments which are irrevocable and unconditional as at the balance sheet date.

K) DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are recorded in a balance sheet account at contract value on the date which a derivative contract is entered into and revaluated subsequently at exchange rate

of each period end. Gains or losses from derivatives are recognised in the consolidated statement of income.

L) TANGIBLE FIXED ASSETS

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and the cost of dismantling and removing the asset and restoring the site on which they are located. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic

benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

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

• Buildings	25 years
• Office equipment	5 - 10 years
• Motor vehicles	6 years
• Others	2 - 7 years

M) INTANGIBLE FIXED ASSETS

(i) Software

The cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis over 5-8 years.

(ii) Land use rights

Leasehold land use rights

Leasehold land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use right. Amortisation

is computed on a straight-line basis over leasehold period.

Freehold land use rights

Freehold land use rights are stated at cost and are not amortised. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use right.

(iii) Other intangible fixed assets

Other intangible fixed assets are stated at cost less accumulated amortisation. Amortisation is computed on a straight-line basis.

N) OTHER RECEIVABLES

Receivables other than loans to customers are initially recorded at cost and subsequently always presented at cost in the following periods. Receivables are subject to review for impairment based on overdue periods of receivables or estimated loss arising from undue debts of which the indebted economic organisations fall bankrupt

or are undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have decreased. Increases or decreases to the provision balance are recorded in operating expenses in the separate income statement.

VIB has provided provision for doubtful receivables in accordance with Circular No 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Accordingly, the provision rates for overdue receivables are as follows:

Overdue period	Rate of provision
From six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
Over three (3) years	100%

O) PROVISION

Provision is recognised if, as a result of a past event, VIB has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting

the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

P) PROVISION FOR SEVERANCE ALLOWANCE

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more ("eligible employees") voluntarily terminates their labour contract, the employer is required to pay the eligible employees severance allowance calculated based on years of service and employees' compensation at termination. Provision for severance allowance has been provided based on employees' years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009, VIB and its employees are required to contribute to an unemployment insurance fund managed by the

Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees' basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of the unemployment insurance scheme, VIB is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to existing eligible employees as of 31 December 2012 will be determined based on the eligible employees' years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

Q) OTHER PAYABLES

Other payables are stated at their cost.

R) SHARE CAPITAL

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(ii) Share premium

On receipt of capital from shareholders, the difference between the issue price and the par value of the shares is credited to share premium account in equity.

(iii) Treasury shares

When share capital recognised as equity is purchased, the amount of the consideration paid, which includes directly attributable costs, net off any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

S) RESERVES AND FUNDS

The Bank

According to Decree 57/2012/ND-CP dated 20 July 2012 issued by the Government of Vietnam, the Bank is required to make the following allocations before distribution of profits:

	Annual allocation	Maximum balance
Reserve to supplement share capital:	5% of profit after tax	Share capital
Financial reserve:	10% of remaining profit after tax	25% share capital

Other equity funds are allocated from profit after tax. The allocation from profit after tax and the utilisation of the other equity funds are approved by the shareholders in the Annual General Meeting. These funds are not required by law and are fully distributable.

In 2012, the Bank has allocated all reserves and equity funds from profit after tax for the year ended 31 December 2012 in accordance with resolution from Annual General Meeting.

The subsidiaries

Vietnam International Commercial Joint Stock Bank - Asset Management Company Limited

According to Circular 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance, the allocations to reserves before distribution of profits are required to be made the same as that of the Bank.

VIB - Ngo Gia Tu:

The allocations to reserves before distribution of profits are required to be made the same as that of the Bank. At 31 Dec 2010, the Company made loss therefore, the company did not allocate reserves in 2012.

T) REVENUE RECOGNITION

(i) Interest income

Interest income is recognised in the consolidated statement of income on an accruals basis, except for interest on loans classified in Group 2 to Group 5 as defined in Note 2(i) which is recognised upon receipt.

(ii) Fee and commission income

Fees and commissions are recognised in the consolidated statement of income on an accruals basis.

(iii) Dividend income

Dividends receivable in cash are recognised in the consolidated statement of income when VIB's right to receive payment is established.

In accordance with Circular No. 244/2009/TT-BTC dated 31 December 2009, effective from 1 January 2010, other payments from enterprises in form of shares distributed from sources other than retained earnings are not recorded in the financial statements.

U) INTEREST EXPENSES

Interest expenses are recognised in the statement of income on an accruals basis.

V) OPERATING LEASE PAYMENTS

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

W) TAXATION

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income. amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous year. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The

X) BASIC EARNINGS PER SHARE

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

Y) SEGMENT REPORTING

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