

Pioneer in creativity Community development

ANNUAL REPORT 2012



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OVERVIEW

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At HDBank, we commit ourselves to the best interests of our customers, partners, shareholders and community with care, respect and understanding.



VISION

HDBank aims to evolve into one of the top financial groups in Vietnam while establishing a vast international network and becoming a trusted brand for Vietnamese.

MISSION

We seek to bring international standards into our excellent financial services and products in order to fit our customers' diversified needs.

VALUES

- ▶ The continuous effort and distinction of our staff.
- ▶ The cautiousness, transparency and efficiency in the customer-oriented strategy of our organisation.
- ▶ The mutual co-operation and development with our partners.
- ▶ The responsibility and contribution towards our society.



10 HIGHLIGHT FROM 2012



1. Receiving the Labour Order of the Government of Vietnam

To commend the sustainable development and the efficient and positive contributions of HDBank towards the national progress, President Trương Tấn Sang approved decree no. 1122/QĐ-CTN on 31 July 2012, awarding the bank with the Labour Order 3rd class. The ceremony was honoured to welcome the Vice Chairwoman of National Assembly Nguyễn Thị Kim Ngân, Deputy Prime Minister Nguyễn Thiện Nhân, and former Deputy Prime Minister Trương Vĩnh Trọng among other officials.

2. The rebrand

After careful consultation with experts on branding strategy, commencing from 16 March 2012, HDBank officially changed its name from ‘HCMC Housing Development Joint-Stock Commercial Bank’ to ‘HCMC Development Joint-Stock Commercial Bank’ and released a nationwide new trademark recognition system. While the name ‘HDBank’ remained untouched, the rebrand allowed the bank to convey a more appropriate image to its current capacity, range of business as well as future development plans.

3. Gaining international recognition

To mirror its successes, HDBank received several international commendations and awards in 2012, such as ‘Best Cash Management in Vietnam’ by Asiamoney and Euromoney, ‘2011 Vision Gold Award’ by the League of American Communications Professionals (LACP) and ‘Straight Through Processing Award’ by Citibank and Wells Fargo.

4. Charter capital increased to VND 5,000 billion

Following decision no. 9657/NHNN-TTGSNH of the State Bank of Vietnam (SBV), HDBank raised its charter capital from VND 3,000billion to VND 5,000billion. With this move, the bank will be able to increase its financial capacities and invest more in infrastructure, in hope of retaining its pioneering position in banking technology while remaining sustainable.

5. Achieving international standards

HDBank created and built its products and services accordingly to international standards in order to provide customers with the best and most comprehensive support. Furthermore, Business Banking was improved with more flexibility in order to fit more business types and to help connecting small and medium enterprises to financial resources.

6. Investments in banking technology

In 2012, HDBank was honoured with the ‘2012 CSO ASEAN Awards’. This was a milestone in HDBank efforts to invest and improve its infrastructure with up-to-date technology. Built on the acclaimed and fully functional system of Data Center, Backup Site and Core Banking, the bank was able to integrate many services to its capacity such as iBanking, SMS Banking, Mobile Banking, HDBank VisaCard, HDBank MasterCard and HDBank SmartCard.



7. 'Proud to be HDBank' programme

The initiative, aimed at HDBank staff, focused on creating a cooperative and dynamic working atmosphere. Staffs were encouraged, through a series of events and activities, to contribute ideas and showcase their performances. Not only the programme helped us achieve our corporate targets, it played an important role in embedding in staff our new motto 'Active – Friendly – Efficient'.

8. Stay connected, stay unified

With the aim of bridging our staff and encouraging networking and knowledge transfer, HDBank organised a sport meet and a singing contest with the participation of units across the nation. These events succeeded in strengthening both the corporate spirit and culture while promoting an active and positive lifestyle among staff.

9. HDBank International Chess Tournament

After 3 years running, the tournament has gained international prestige and been acclaimed by professional players. As a result, the 2012 tournament attracted 105 players from 13 countries with an ELO average of 2215, among them 2 Super Grandmasters, 24 Grandmasters and 26 International Masters.

10. Community support

In 2012, HDBank spent VND 10 billion on various charitable programs and aids. Among them were awarding scholarships for less privileged students, giving financial supports and building houses for families from difficult background. Notably, HDBank, in association with the Sponsoring Association for Poor Patients, participated in the 'Together with Young Fishermen' and endowed 10,000 health insurance subscriptions.





CHAIRWOMAN'S MESSAGE

“...HDBank has always strived for a dynamic, transparent, compassionate and professional corporate culture. In aiming that, we would like to increase our community support and our social contribution...”



***Dear Valued Customers,
Esteemed Shareholders and
Beloved HDBank Staff,***

The year 2012 has passed and witnessed the ebb and flow of the global economy: stagnating growth and increasing struggles around the world, especially in economic powerhouses; adverse effects of the sovereign-debt crisis and restructuring in Eurozone; and shrinking international trade. In response to these challenges, 2012 marked the lowest economic and trade growth in 3 years.

As a direct result of this prolonged global financial crisis, Vietnamese economy has encountered many complications that forced a policy shift from aiming for economic growth to stabilising the economy as a whole. Following this change, the implementation of monetary tightening policies, in hope of restraining inflation, caused the decrease in the domestic needs which, in turn, induced stagnant goods and real estate. In addition, such policies exacerbated both private and public debts while created more hindrance to businesses in accessing capital.

In the face of such uncertain market, HDBank, led by the Board of Directors (BoD) and the Board of Management (BoM), has always maintained its position within the State Bank's directives and the legislative framework. In conformance with these principles, the bank successfully minimised and mitigated management risks while capitalised on limited market opportunities to produce remarkable results. In brief, HDBank has managed to achieve its target during this fiscal year 2012.

According to the financial statement, in comparison to the fiscal year 2011, our total assets and deposits both increased by 17%, standing respectively at VND 52,783 billion and VND 46,368 billion. In addition, our total loans rose to VND 21,148 billion with the NPL

ratio at 2.35%. In term of performance, we achieved the profit before tax of VND 427 billion. This result was also supported by other financial metrics such as ROA at 0.9%, ROE at 9.12% and CAR at 14.01%.

Understanding the policy shift from the Government, HDBank actively pursued its own restructuring scheme. The bank investigated and re-evaluated thoroughly every aspects of its operation, ranging from assets, capital, customers, partners to its domestic network. From the rebrand to the increase in charter capital, these events highlighted the transformation of HDBank to adapt to the new challenging economy, to continue its sustainable developments and to strengthen its competitive position in the market.

Against the global financial crisis, the bank has employed a more rigorous approach in risk management by applying international standards in mitigating credit risks, market risks and operation risks. Besides, HDBank invested heavily on infrastructure to ensure that its customers would enjoy sophisticated services such as iBanking, SMS Banking and Mobile Banking.

By trying to excel itself in business and realise its responsibilities to community, HDBank has always strived for a dynamic, transparent, compassionate and professional corporate culture. In aiming that, we would like to increase our community support and our social contribution.

Throughout its history, HDBank has continuously worked on creating better products and services, supporting and financing various industries and enterprises. In response to these incessant efforts, the bank has been acknowledged and trusted by not only its customers and partners but also experts and officials, both domestically and internationally, for its merit, its professionalism and its products and services. In 2012, the bank was

honourably commended with awards such as 'Best Cash Management in Vietnam', 'Top 500 Enterprises in Vietnam' and 'Best Savings Bank in 2012'. Furthermore, HDBank proudly received the Labour Order of the Government of Vietnam, praising its contribution to the development of banking and economy in Vietnam.

Continuing the trend from 2012, 2013 is shadowed with forecasts about the slow recovery of the global economy, hindered by various hidden obstacles. According to World Bank (WB), global economic growth will stagnate at 2.4%, just a fraction higher than last year figure of 2.3%. More importantly, the idle state of the traditional economic powerhouses i.e. the US, Japan and Europe will extend and affect exporting economies in Asia, including Vietnam.

Taking this into account, the BoD and BoM will devise and accommodate flexibly various strategies against this ever-changing market. We are confident that the current situation, despite its unforeseen obstacles, only encourages us to maximise and exhibit our strengths in order to improve our performance and bring the best results to our investors, shareholders, partners, customers and community.

To realise this commitment, justify our vision and become a top bank in Vietnam operating in Business, Investments and Retail Banking, in 2013, HDBank will focus its resources in the following objectives:

- Completing our business strategy and operating model: we will continue to improve our matrix management while maintain a harmonious, coherent and efficient link between different divisions, down from the Headquarter to each branch.
- Strengthening the Boards' competencies and accountability: we will identify the role and responsibility of each member of the BoD so that they can perform better while being more accountable to the Board and the

Shareholders General Assembly.

- Employing a sustainable and efficient approach in development: the BoM will focus on a sustainable assets growth and observe tightly non-performing loans. The bank will also increase its awareness in credit and risk controls.
- Promoting the bank image and establishing better and broader connections with both domestic and international investors, partners and customers.
- Further upgrading our current banking technology with the aim of integrating ICT in the bank management and introduction of better products and services.
- Improving our communication and public relations in order to promote our slogan 'Committed to the best interests' in the bank management and operations.

On behalf of the BoD, I would like to thank all of you, our Shareholders, Partners, Customers, State Regulatory Offices, HDBank staff, for your trust and support in building a better HDBank. I sincerely hope that you will always accompany us in our next developing stages.

I wish you all good health, happiness and success!

Sincerely,

LE THI BANG TAM

Chairwoman of the Board of Directors



OUTSTANDING AWARDS



■ Awards Domestic

- ▶ Labour Order 3rd class by the President of Socialist Republic of Vietnam
- ▶ Rank A by the SBV
- ▶ 'Top 500 Vietnamese Fastest Growing Enterprises' by Vietnamnet and Vietnam Report
- ▶ 'Top 50 Vietnamese Popular Brands' by Vietnamese Intellectual Property Association
- ▶ 'Integrating and Developing Enterprise Award' by the Communist Party of Vietnam Online Newspaper
- ▶ 'Prestigious Brand in South East Asia Award' by the International Human Resources Forum
- ▶ 'Community Support and Development Award' by the International Human Resources Forum
- ▶ 'Top 50 Vietnamese Tax Paying Enterprises' by Vietnam Report
- ▶ 'Best Savings Bank' by Vietnam Economy
- ▶ '2012 CSO ASEAN Awards' by International Data Group (IDG)

■ International

- ▶ 2011 Vision Gold Award' by LACP
- ▶ 'Best Cash Management in Vietnam' by Asiamoney
- ▶ Best Cash Management in Vietnam' by Euromoney

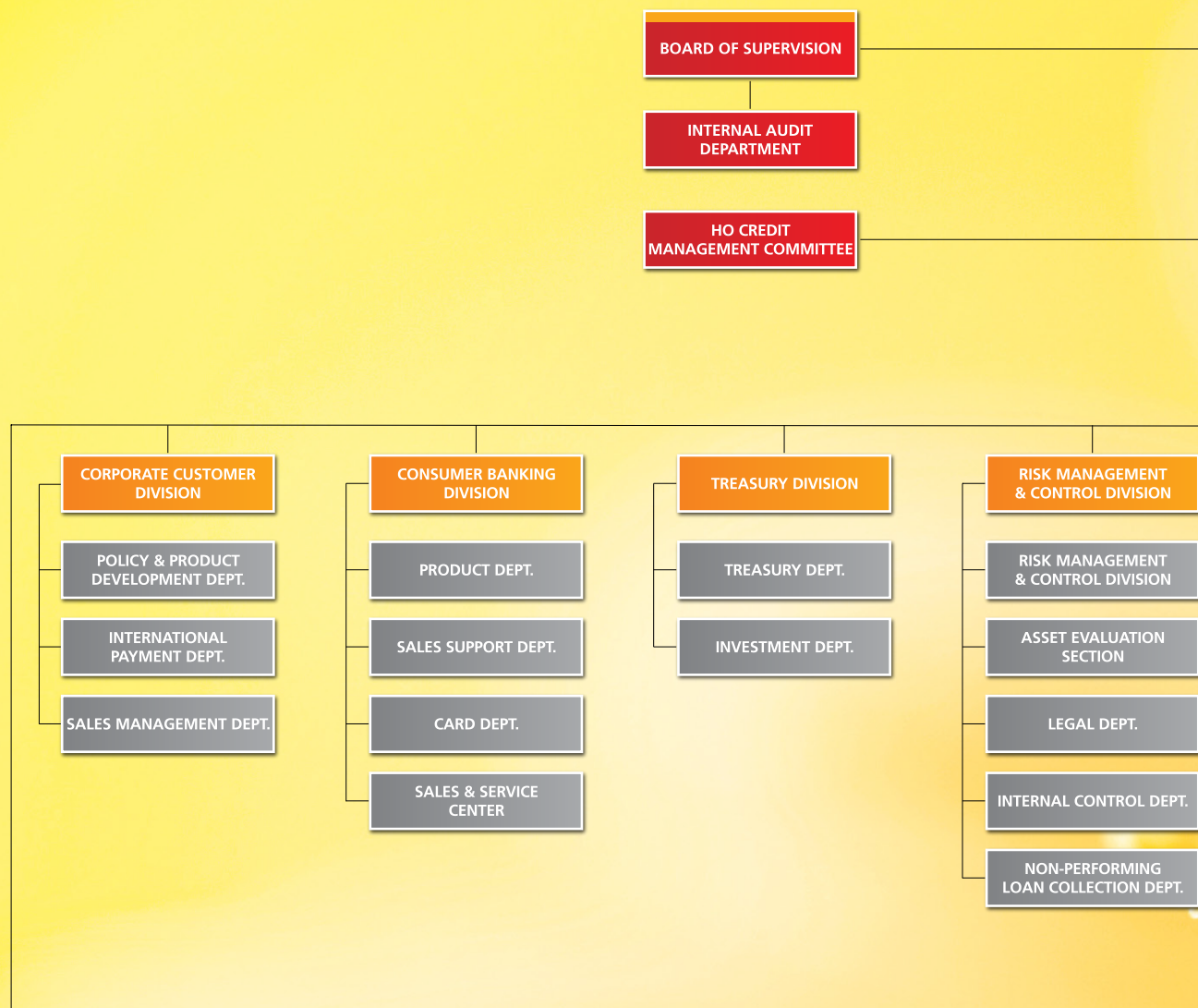


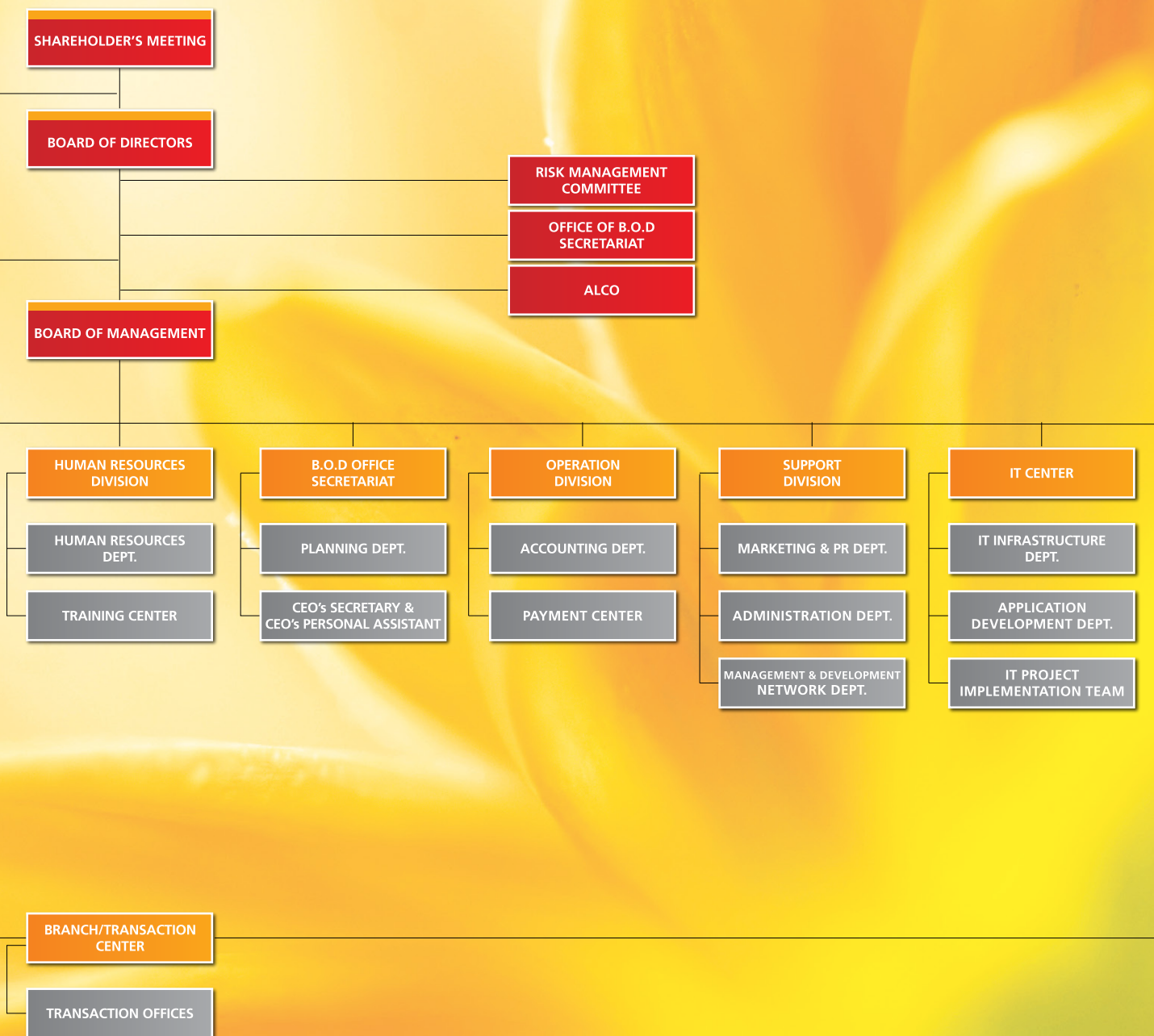
BANKING MANAGEMENT

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We understand that to build connection and gain trust from customers, the key is to share our vision, to guide and to assist customers at every of their journeys with us, just as members in the family.

ORGANISATION STRUCTURE





BOARD OF DIRECTORS

(Sitting from left to right)

Ms Le Thi Bang Tam

Chairwoman of the Board of Directors

Excelling in financial and national budget management, especially in external financial affairs, she has made significant contribution as the chairwoman in the development strategies and achievement of the bank.

She used to be the Department Director and General Director of the Central State Treasury, Deputy Minister and member of the Party Cadre Board of the Ministry of Finance and Chairwoman of the State Capital Investment Corporation (SCIC). She graduated from the Advanced Economic Management course and holds a doctorate degree in Credit Finance in the Soviet Union. She also received the International Finance Certificate from the NorthUniversity London.

Ms Nguyen Thi Phuong Thao **Standing – Vice Chairwoman**

She has worked many years in private sectors in Vietnam and other foreign countries, especially in Banking and Finance. She has not only participated in the management of some overseas banks, but also founded and managed a number of banks in Vietnam.

As the Standing Vice-Chairwoman of HDBank, she has carried out many reforms, contributing to the bank sustainable growth and development. Besides active roles in various businesses, she also takes part in other educational, social and charitable organizations with a purpose of strengthening community connections. She holds a doctorate degree in Economic Cybernetics from the Mendeleev Institute, a BA degree in Credit Finance from the Moscow Commerce Institute, a BA degree in Labor Economic Management from the Moscow National Economics College. She is also a founding member of the Academy of System Research of the Russian Federation.

(Standing from left to right)

Mr Luu Van Son

Board member

He has gained extensive experience in trade, import-export, and foreign relations, both domestically and internationally. With the ability to seek and capitalise opportunities in new businesses, he is expected to bring significant results to HDBank, thus mark great progress of commercial banks in Vietnam.

He has performed for many years at management level for HCMC SOVICO ZAO, Viet Nam Electronics Export-Import Joint-Stock Company, SGS Rubber Investment Joint-Stock Company and Saigon-Phu Quoc Sovico Joint-Stock Company.

He holds a bachelor degree in Business Administration.

Mr Nguyen Huu Dang **General Director**

He has been working at HDBank for 10 years. With his years of experience in the banking sector, he regularly offers new strategies which bring practical results to the development of HDBank.

He used to serve as managing and officer at non-state credit organisations and credit officer in other organisations.

He also worked at the branch of the State Bank of Vietnam in Dong Thap Province and at the Vietnam Bank for Industry and Trade (VietinBank).

He holds a BA degree in Banking.

Mr Luu Duc Khanh

Vice Chairman

As an expert in the banking and finance sector a member HDBank BoD, he has initiated many strategic orientations in business activities, risk management and technology in order to transform HDBank to a modern bank with international standards.

He served many important positions at HSBC, Techcombank and ABBank and contributed to their stable

successes in Vietnam.

He holds a bachelor degree from the Lvov Polytechnic College in the Soviet Union, a bachelor degree in Economics from HCMC University of Economics and a MBA degree from the New England University in Australia.

Mr Diep Dung

Vice Chairman

He has extended experience in





construction, industry, banking and finance. As a board member, he assists the BoM in devising strategic steps and attracting new business opportunities to the bank in order to improve its overall performance.

He participated at many management positions in Tan Thuan Export and Processing Zone Construction and Business Joint-Venture Company, TanThuan Industrial Development

Company and HCMC State Finance Investment Company.

He holds an MA degree in Corporate Finance and graduated from the Advanced Politics course.

REPORT OF THE BOARD OF DIRECTORS

■ Overview of 2012

At the close of 2012, the global economy still experiences difficult developments of the ongoing financial crisis while there is no immediate closure on the sovereign-debt crisis in the Eurozone. In addition, growth continues to stagnate across the globe. On one hand, developed countries, such as the US and Japan, show no sign of possible economic recovery. On the other hand, the 'dark horses' – emerging economies with recently fast growths – have begun to exhibit gaps in their impressive records. Without exception, the Vietnamese economy also got caught in this chain of events and has suffered

many difficulties in both the public and private sectors. Coupling with the unsolved internal complications, Vietnam has seen a series of adverse effects to manufacturing, business and daily life e.g. decreasing consumers' needs, stagnant goods, mass bankruptcies, especially in construction and real estate, and increasing non-performing loans in commercial banks.

In the wake of these challenges, the Government has issued several directives in macromanagement in order to restructure the economy and redistribute resources for the next developing phases. In response to these directives, the BoD and the BoM have proposed and enforced

critical decisions to preserve and accomplish the objectives.

■ Assessment of the BoD on the implementation of the resolutions approved by the 2011 General Meeting of Shareholders

Following closely the aims and objectives set out at the 2011 General Meeting of Shareholders, the Boards have acted promptly and decisively against the market challenges and completed the targets proposed at the 2011 meeting.



These objectives are as follows:

- Completing the rebrand to 'HCMC Development Joint-Stock Commercial Bank' at all levels.
- Increasing the charter capital up to VND 5,000 billion.
- Restructuring thoroughly the bank management, focusing on business, operation and risk management.

Investing on the ICT system to maintain its competitiveness and its active role in products and services development.

- Promoting the bank image and expanding the domestic connections and network by opening up to 123 branches.
- Introducing exclusive products and services for small and medium

enterprises; increasing capital investments; improving Business Banking; seeking for partnering and M&A opportunities to enhance the bank capacity.

- Complying with the state directives in and the legislative framework on the operation of commercial banks and, especially in risk mitigation and sustainable development.
- Establishing partnerships with more than 300 banks in 150 countries and territories.

We also achieved the following financial targets:

- Profit before tax reached VND 427 billion, equivalent to 106.7% of the assigned target.
- Total assets stood at VND

52,783 billion, equal to 102.5% of the assigned target and up by 17.23%, or VND 7,758 billion, in comparison to 2011.

- Deposits rose to VND 46,368 billion, accomplishing 103% of the assigned target and increasing by 16.85%, or VND 6.685 billion.
- Total loans reached VND 21,148 billion, equivalent to 116% of the assigned target.
- Dividend payout ratio reached 7%.



REPORT OF THE BOARD OF SUPERVISORS



(From left to right)

Mr To Xuan Thanh
Board member

He held many important management positions and has gained extended experience in the banking and finance sector. As a result of his outstanding achievements, he has been conferred the title of 'Emulation Fighter' at the bank and also received the 'Certificate of Merit' from the Prime Minister. He has been a member of the Board of Supervisors (BoS) since 2010 and held responsibility in the management of all HDBank branches in the North of Vietnam. He previously served many management positions at

Vietnam Development Bank, Au Viet Securities Company and NOBLECAPITAL Investment Joint-Stock Company. He holds a doctorate degree in Economics and an MA degree in Banking and Finance from MEBF (France).

Mr Dao Duy Tuong
Chief of the Board of Supervisors

He has 15 years of experience in the accounting and finance sector. Being an active and capable individual, he has played an important role in supervising the bank, ensuring the safety and effectiveness of its operation in accordance with the requirements of HDBank and the SBV. He has worked in the BoS since

2010. Previously, he worked as Chief Accountant of Song Hong Company, Phu An Infrastructure Development and Construction Company, Song Viet Investment Joint-Stock Company. He holds a bachelor degree in Accounting.

Ms Nguyen Thi Phung
Board member

She has gained 17 years of experience in the banking and finance sector. She joined HDBank in 2003 as the Controller and Internal Auditor. Since 2008, she has served as a Member of the BoS at HDBank. During her time at HDBank, she has made great contribution to the development of the bank. She holds a bachelor degree in Credit and Monetary.

■ 2012 activities and 2013 plan

Having suffered from the extended global financial crisis, in comparison to 2011, many difficulties have ensued in the banking system in 2012 and affected negatively to the overall operation. The credit-monetary relation was strained not only between banks and businesses but also between banks and credit organisations.

In its evaluation of the market, the BoS have consulted the BoD on several issues such as tightening the operation control; maintaining a balanced statement and the liquidity for the bank; increasing capital efficiency and follow the SBV directives in keeping the balance between credit growth, economic growth, inflation and exchange rates.

Every quarter, the Board convenes a meeting to inspect and assess the operating situation of the bank and, if necessarily, interfere and adjust timely in response to the arising challenge. Despite its humble human resources and the significant expansion of the bank in terms of branches, total assets and charter capital, the Board is still able to participate proactively in the operation management and control.

In term of internal audit, the Board had completed its internal auditing plan since the beginning of 2012. According to this plan, the Internal Audit Department conducted the inspection on almost all important aspects of the operation of the bank e.g. credit control, capital mobilisation, capital investment, accounting, spending and purchasing, infrastructure and monetary activities.

Adopting the methodologies of risk-based audit and complete audit, the Internal Audit Department performed assessments on 84 units across the

country. This process helped the Board identify weaknesses in each unit and devise suitable adjustments.

In light of the aggravating frauds and embezzlements, the Board also instructed many special and unannounced audits into units with highly risky operational history. In overall, the number of audits this year is 17% higher than that of 2011. This increase, coupling with additional techniques deployed by the Board such as interviewing customers and consulting with industry-specific experts, has improved the audit quality and also ensured the timeliness and precision in identifying, preventing and mitigating operational errors in human resources.

In order to perform these tasks, the BoS has steadily enhanced the abilities of the auditing teams at regional and local branches. This development allowed their independence from the Headquarter and encouraged them to conducting more frequently both irregular and regular audits.

As part of its own scheme, the Board has extensively improved its internal control. The scheme focused on critical issues such as a transparent decentralising and delegating system that ensured clarity in roles and responsibilities of each unit; the cross-checking mechanism between members and sections of each division; regulations that enforced limits on transactional risks; and the process of evaluating, inspecting, approving and authorising transactions.

In 2013, in response to the shareholders' wishes expressed at the general meeting, the Board aims to further integrate its participation in the controlling of the bank operation. Aside from its

traditional functional model, the Board will make more frequent use of risk-based audit. The yearly auditing plan will rank units according to its operational risks; hence, prioritises units with highly risky operation and allows more resources to be focused on their audits. In overall, based on the self-assessment, internal control and risk categorisation at every management and operating level, the Board will conduct its own sampling and inspecting process in order to produce actual and precise evaluation. Furthermore, to answer the call for restructuring from the Government, the Board will actively follow the bank directives in examining the current roles and responsibilities of the internal control and risk management departments; the mechanism of cooperation, use and share of information; and the process of evaluating and remunerating.

BOARD OF MANAGEMENT



(Sitting from left to right)

Mr Pham Thien Long
Deputy General Director

He has 15 years of experience in the banking and finance sector. With an adept knowledge of the Vietnamese market, he has contributed greatly to the structuring and development of the Business Banking at HDBank. He previously served at HSBC, ACB and ABBank. He holds a master degree in International Management from ESCP-EAP in France and a master degree in Finance from AIT in Thailand. He also took part in training

courses and placement schemes in more than 20 countries.

Ms Nguyen Doan Duy Ai
Deputy General Director

Being an active, confident and knowledgeable individual in the banking and finance sector, she has made significant contribution to HDBank, notably in maintaining the liquidity of the monetary activities. She used to work for many years in international payment, banking and finance sections of various domestic and international banks like Crédit Lyonnais, VPBank and Techcombank.

She holds a bachelor degree in Banking Credit.

Mr Nguyen Huu Dang
Member of the Board of Directors and General Director

(see more information in the Board of Directors section)

Mr Nguyen Minh Duc
Deputy General Director

With many years of experience in managing financial and credit organisations, he has contributed significantly in HDBank success, especially in risk management and



management, organisational structuring, risk management and customer relations. Previously, he served at Vietcombank and Shinhan Vina Bank. He holds a doctorate degree in Economy and a bachelor degree in Law.

Mr Dam The Thai
Deputy General Director

With an extensive knowledge of the retail market in Vietnam and an active and creative charisma, he has played an important role in structuring and developing the Retail Banking at HDBank; and in enhancing the connection and cooperation of HDBank with domestic and international partners. He is also responsible for the diversifying of the bank products and services and the transforming of HDBank to a sophisticated and dynamic model. He worked at the branches of ANZ and HSBC in Vietnam and served at management level of ACB and ABBank. He graduated from the Banking Academy in Vietnam and received an MBA degree from Solvay Business School.

Mr Le Xuan Vu
Deputy General Director

He gained almost 20 years of experience in the banking and finance sector, serving as the Deputy General Director of Techcombank and other management positions in technology, business and strategy at HSBC and McKinsey. He received an MBA degree from the North Central University in the US.

Mr Pham Van Dau
Chief Financial Officer

With more than 15 years of experience in the banking and finance sector, he is responsible for the efficient financing operation and the detailed planning of the development of the bank.

Mr Le Thanh Tung
Deputy General Director

In his stay of more than 12 years at HDBank, he has exhibited his leadership and business awareness, managing

regional and local branches, expanding the operation network and contributing to the bank growth. He holds a bachelor degree in Economy and in Law.

Mr Tran Hoai Nam
Deputy General Director

He has extensive experience in the banking and finance sector, notably in managing business banking and financial institutions. He is currently responsible for the managing and developing of Business Banking at HDBank; and the expansion of the bank network and cooperation with domestic and international partners. He used to work at the management level at Citibank and VIB. He graduated from the Hanoi University of Science and Technology and received a master degree from AIT in Thailand.

Mr Pham Quoc Thanh
Deputy General Director

He has gained 20 years of experience in banking, especially in risk management, structuring and orienting macro activities in Business Banking. He previously served at HSBC, ACB, ABBank and Techcombank. He holds a bachelor degree in Banking Credit and in Foreign Language.

organisational compliance. He used to be an academic staff at the Faculty of Economy, Maritime University and also serve at several banks in Vietnam. He holds a master degree in Economy and a bachelor degree in Law.

(Standing from left to right)

Mr Le Thanh Trung
Deputy General Director

He has more than 20 years of experience in the banking and finance sector, both domestically and internationally. In addition, he specialises in operational

MANAGEMENT REPORT

■ About the bank

HDBank is a joint-stock company, whose incorporation and operation comply with the Credit Institution Law approved by the SBV in Document no. 6752/NHNN-TTGSNH on 19 August 2011.

The bank operation framework is referred in:

- Article 32, Credit Institution Law, 2010.
- Article 24, Circular no. 40/2011/TT-NHNN. 15 December 2011
- Section 1 article 19, HDBank Operation Regulation, amended on 27 April 2012.

Furthermore, this framework is also based on international regulations and standards, as advised by PricewaterhouseCoopers Vietnam (PwC).

■ BOD committees

- Risk management committee: assisting the BoD in establishing a professional and coordinated process of managing risk, thus achieving operational targets safely and efficiently.
- Human resources division: assisting the BoD in recruiting, planning, training, mobilising, assigning and discharging staff according to the laws; in addition, helping the BoD mitigating risk in order to improve HDBank structure and workforce.
- HO credit management committee: the highest authorised office in credit management and able to approve and sanction credit policies, credit risk policies and credit activities.
- Asset-liability committee (ALCO): managing assets and liabilities accordingly to HDBank business strategy; also identifying risk limits and mitigating liquidity risks.

■ Management policy

The roles and responsibilities of the Shareholders General Assembly, BoD, BoS, General Director and other divisions are specified in the HDBank regulations as follows:

The Shareholders General Assembly is the highest voting office in HDBank. The Assembly makes decisions on the structure and management of the bank, BoD and BoS of each term; elect, discharge, dismiss, add and replace a member of the BoD or the BoS accordingly to the laws and the bank regulations.

The BoD is able to decide and exert its power on all aspects of the bank operation, except those that belong to the Assembly jurisdiction.

The current 2012-2017 BoD was elected at the 2011 General Meeting of Shareholders, according to Decision no. 18/2012/NQ-DHĐCĐ on 27 April 2012, consists of 6 members that are experienced, trained and knowledgeable in banking.

The BoD is responsible for the lawful and legal authorising and assigning policy in the BoD, BoM and BoS. The General Director, assigned by the BoD, is the chief executive officer and legal representative of the bank and accountable to the BoD. The BoM consists of Deputy General Directors, Chief Financial Officer, Chief Accountant, committees and divisions.

The structuring and organisation of the BoM, divisions and departments should help creating a professional, efficiency and self-sustainable management model.

■ Related party policy

A party is considered related to the bank if:

- (a) Directly or indirectly through one or more agents, controlling or being controlled by the bank, investing and having influence on the bank.
- (b) Being a joint-stock or joint-venture company wherein the bank is a partner.
- (c) Having a member acting in the

BoM of the bank or its parent company.

- (d) Being a family member of any individual qualified section (a) or (c).
- (e) Directly or indirectly under the control, influence or voting power of any individual qualified section (c) or (d).

According to the bank regulations, the BoD is able to approved contracts between the bank and its subsidiaries or partners. Contracts between the bank and any member of the BoD, BoM, BoS, major shareholders and related parties must not exceed 20% of the bank charter capital recorded in the most recently audited financial report. In this case, the related parties do not hold voting power.

More information on related parties and transactions with related parties is to be found in the financial report section.

■ Shareholder information and relations

HDBank is always committed to the best benefits of its shareholders. We aim to preserve the shareholders' rights and responsibilities, maintain our transparency to the shareholders and create trust in the shareholders. In return, we encourage the shareholders to uphold their transparency and care to the bank activities.

In 2012, we have improved in these specific areas in regard to shareholder relations:

- Publication quality: comprehensive information through various means of media.
- Publication frequency: timely updates and the ease of access to the bank website for shareholders.
- Communication: maintaining constant communication channels and promptly responses to shareholders' enquiries about the bank operation,

plan and strategy.

- Network: organising meeting, talks, conferences and events to stimulate information and knowledge transfers.
- Promotion: focus on the efficiency of public relations and media events to spread the bank image.
- Organisation: improving the operation of shareholder relations to further connect the bank and its shareholders.

■ Internal audit and its implementation

In conformance with the legal auditing framework, HDBank organises the Internal Audit Department and its activities in a vertical management system. This department will answer to the BoS and take responsibility of auditing units at all management levels.

The department is to conduct independent and objective

examination and inspection of the internal controlling system; the suitability and compliance of the bank regulations, policies, procedures, and processes; and to propose amendments and adjustments to improve the safety, efficiency and legitimacy of the bank operation.

In 2012, the department conducted audits, including 118 unannounced audits, on 81 business units and 3 HO units. Based on these results, the department issued 1,327 requests, including 60 requests to the General Director regarding authorising and managing human resources. Except for the 5 units that were audited at the end of the year, 5 units have completed their adjustments while 20 units have completed more than 90% of the amending processes, the rest are still in progress.

■ Assigning independent auditor

The independent auditor has the responsibility of auditing the bank operation in one fiscal year. In compliance with the Vietnamese Standards on Auditing, the auditor makes independent remarks on the transparency and validity of the financial report and its presentation, the applied auditing methodology and the estimations of the BoM. Since 2006, Ernst & Young Vietnam has been selected as the independent auditor of HDBank. This collaboration was extended to the 3 years from 2011-2013 in a contract on 29 May 2011. The contract fully complies with article 3 of Circular no. 39/2011/TT-NHNN on 15 December 2011 about the independent audit in foreign credit organisations and banks.



■ Commitments to partners' best interests

HDBank aims to follow its commitments and focus its resources to make practical contribution to the harmonious, mutual and lasting cooperation with its partners.

To uphold its commitments, HDBank always care for the safety, transparency and efficiency of its operation. In addition, the bank pays significant attention to its partners' financial needs and interests in order to build mutual trust, respect, care and understanding. Furthermore, to the bank, partners do not only mean customers but also staff, partners, shareholders, investors and community.

To shareholders and investors, we share information and knowledge on a basis of mutual cooperation, development and achievements.

To customers and partners, we provide the best financial products and services. We believe that it is not the payments of interests and capital, but the mutual and sustainable developments of you, our ultimate goals and joys.

To staff, HDBank always care for your daily life, ensuring that you will be to maintain an adequate life while having access to all the career prospects and developments.

To community, HDBank wish to contribute to its development and well-being.

■ Social responsibility

From a very early stage, we have realised the importance of giving back to the community. It is our right, our responsibility and our benefits. With that mindset, we have always dutifully completed our tax payment; raised awareness among community about environment protection, and equality; improved the health and safety, training and life quality of our staff. Every year, we spent resources on various endorsements, community projects and charitable activities such as scholarships, houses and funds for organisations, families and students from less privileged background.

In addition to the practical benefits to community, our social programmes help highlighting a friendlier and more compassionate image of the bank; hence, contribute to the sustainable development of not only the bank but also the social well-being and the economic integration.





Independent Auditor's Statement

To: The Shareholders of Ho Chi Minh City Development Bank

We have audited the financial statements of Ho Chi Minh City Development Bank ("the Bank"), previously known as Housing Development Bank, which comprise the balance sheet as at 31 December 2012, the income statement and the cash flow statement for the year then ended and the notes thereto.

The preparation and presentation of these financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of Opinion

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

Audit Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2012, and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and Accounting System for Credit Institutions and comply with relevant regulations stipulated by the State Bank of Vietnam.



Ernst & Young Vietnam Limited

Michael Yu Lim
Deputy General Director
Certificate No: 0629/KTV

Hoang Thi Hong Minh
Auditor
Certificate No: 0761/KTV

Ho Chi Minh City, Vietnam
25th March 2013





2012 OPERATIONAL REPORT

- ▶ Report of the Board of Management
- ▶ Retail banking
- ▶ Business banking
- ▶ Capital and monetary activities
- ▶ Risk management
- ▶ Human resources
- ▶ Banking technology
- ▶ Prospects and objectives in 2013



We aim to enhance our customers' experience with a better and diversified range of services, based on the continuously innovated technology at our bank.

REPORT OF THE BOARD OF MANAGEMENT

■ Vietnam economy in 2012

In 2012, Vietnam socio-economy continued to suffer the adverse effects from the prolonged global financial crisis and the sovereign-debt crisis in the Eurozone. Consequently, Vietnam faced a series of economic aggravation: decreasing consumers' needs, stagnant goods, strained business banking, price fluctuations, weakened stock market, idle real estate market, increasing non-performing loans ratio and complication in gold price.

Given this challenging climate, the banking system was also affected badly: increasing competitiveness in the market, slow credit growth, sharp rise in non-performing loans, significant decrease in profit, mass bankruptcies of credit organisations, restructuring, laying off and wage and benefit cuts in banks. Notwithstanding these difficulties, the SBV has issued several decisions to cut interest rate and maintain exchange rates.

GDP growth stood at 5.03% in 2012. Although this figure is slightly lower than the estimated rate, there was a gradual progress over the quarters, starting from 4.64% in the 1st quarter to 5.44% in the last quarter. CPI registered at 6.81%, remarkably lower than that of forecasts.

■ HDBank in 2012

Despite the aspiration of achieving great results in 2011 and the announcement of great bonus to its staff, HDBank still faced a number of complications:

- Non-performing increased remarkably due to the stagnating status of manufacturing, business, real estate and stock market.
- The capping of deposit interest rate restrained HDBank initiation in strategic orientation.
- The challenging economy forced

the bank to adjust accordingly its operational targets.

Nevertheless, HDBank still benefited from the following factors:

- The timely and precise decisions from the Boards and the proactive attitude of HDBank staff.
- A focus on a safe and efficient operation in an adequate legal framework.
- The increasingly trusted and popular motto 'Commitment to the best interest'.

■ 2012 action plan

Improving the human resources:

- Continuing and accomplishing the customer-based restructuring of the bank operation and divisions. Operation will focus separate section: Corporate Banking, Small and Medium Business Banking and Retail Banking.
- Conducting 4 evaluations per year aiming at staff in Business Banking, Retail Banking, Operation and Human Resources divisions.
- Standardising job titles in each unit.
- Employing Key Performance Indicators (KPI) in devising an accurate wage and benefit policy.

Integrating the brand recognition system:

- Organising marketing and promotion campaigns aimed at business and individual customers in order to improve the bank competitiveness.
- Endorsing and organising various events to promote the bank brands
- Standardising the decoration of branches throughout the system.

Increasing the compliance and control in management procedures:

- Controlling the credit and deposit growths.
- Raising the rigor level in compliance

and control.

- Procuring documents on lending insurance.
- Improving the professional procedures in managing indices on risk, liquidity, market and operation.
- Regularly conducting internal controlling and auditing processes.

Expanding the bank network:

- Standardising branches throughout the system to maximise their operation and the local resources.
- Establishing more standardised offices in order to increase inter-branches supports.

Improving the products and services quality:

- Applying a unified interest rate and banking fee policy throughout the system, thus improving the customer services. Promoting better offers and benefits to VIP customers to extend their supports.
- Increasing the quality of iBanking, SMSbanking and Mobile Banking to satisfy customers and stay competitive in the market.
- Organising training courses on banking products and services to maintain the staff familiarity and knowledge in customer consultancy and sales.
- Issuing a set of criteria to evaluate the products, services and staff quality.



■ 2012 results

Targets	2012 plan	Achieved		Compared to 2011		% compared to the plan
		2011	2012	Rate (+,-)	Ratio (+,-)	
Total assets	51,500	45,025	52,783	7,758	17.23%	102.49%
Deposits	45,000	39,684	46,368	6,684	16.84%	103.04%
Total loans	18,215	13,848	21,148	7,300	52.72%	116.10%
Non-performing loans	<2.5%	1.63%	2.35%		0.72%	
Profit before tax	400	566	427	(139)	(24.56%)	106.75%
Charter capital	5,000	3,000	5,000	2,000	66.67%	100%
ROE	13.81%	14.27%	9.12%			
ROA	1%	1.06%	0.9%			
Number of branches	130	120	121		0.83%	
CAR	25%	15%	14.01%			

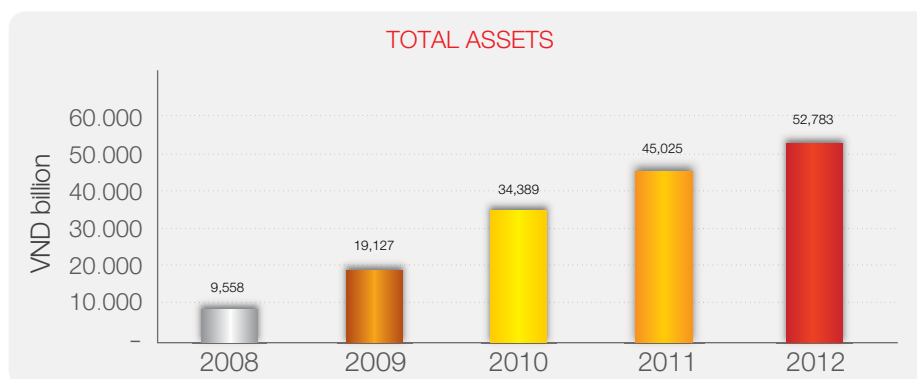
Profit before tax

In spite of operating in the increasingly competitive market, HDBank, led by the BoD, still achieved a profit before tax of VND 427 billion, up by 6.75% compared to the 2012 plan.



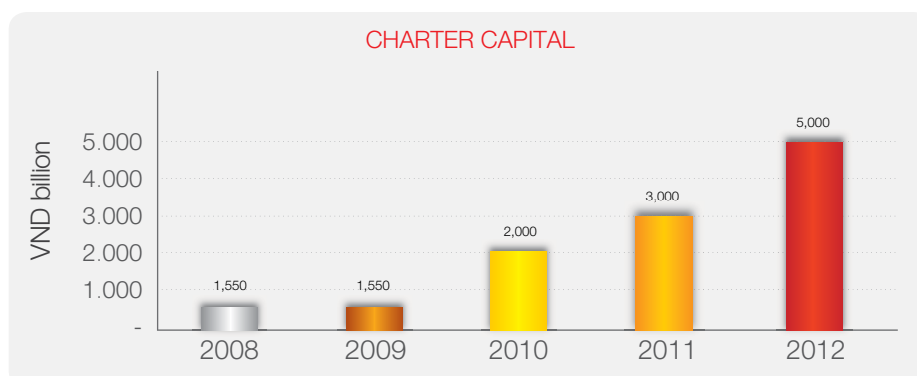
Total assets

Total assets stood at VND 52,783 billion, up by 2.5% compared to the 2012 plan and by 17%, or VND 7,758 billion, compared to that of 2011.



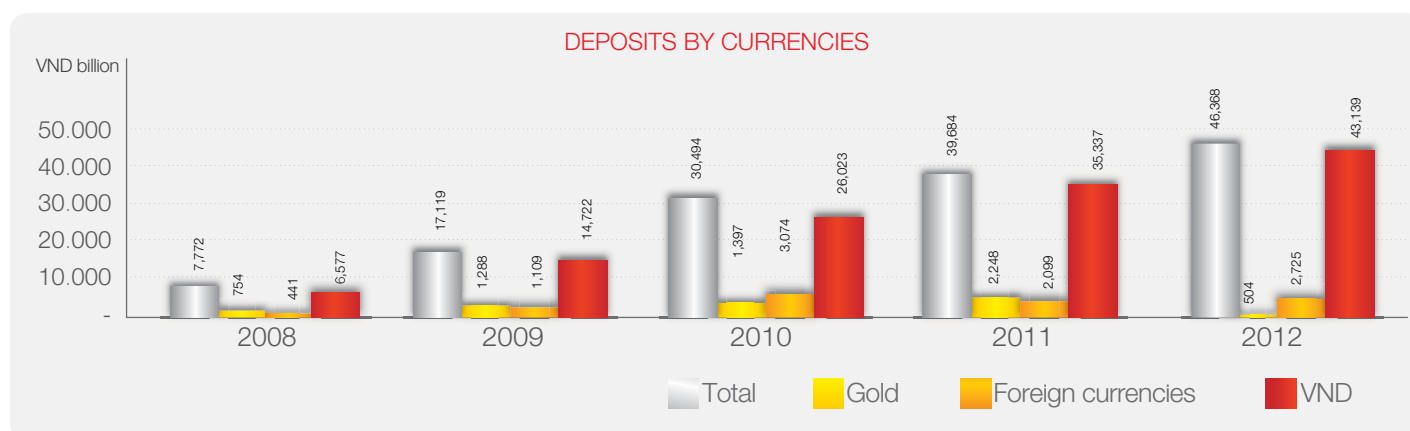
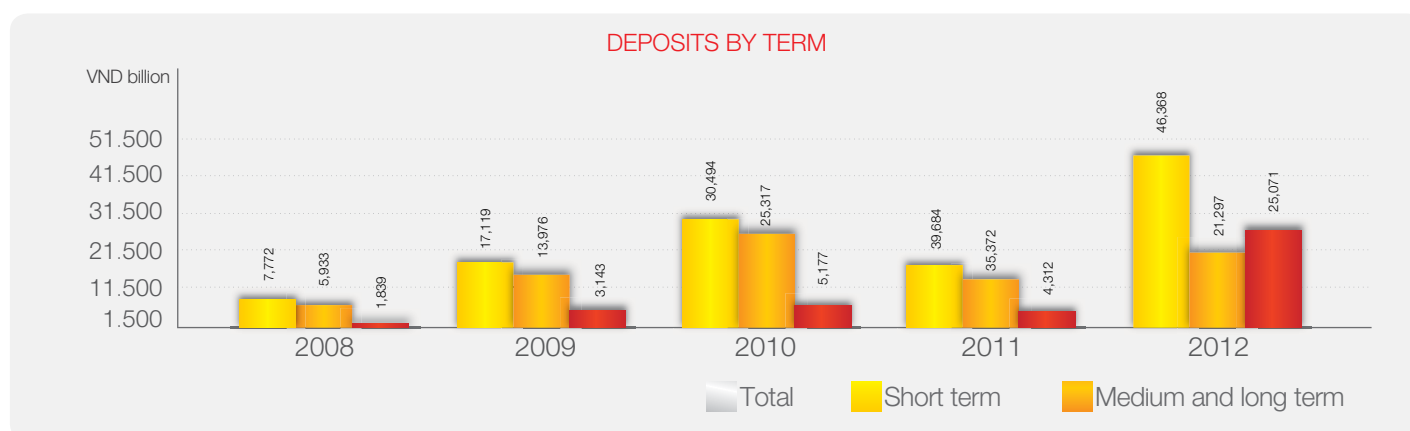
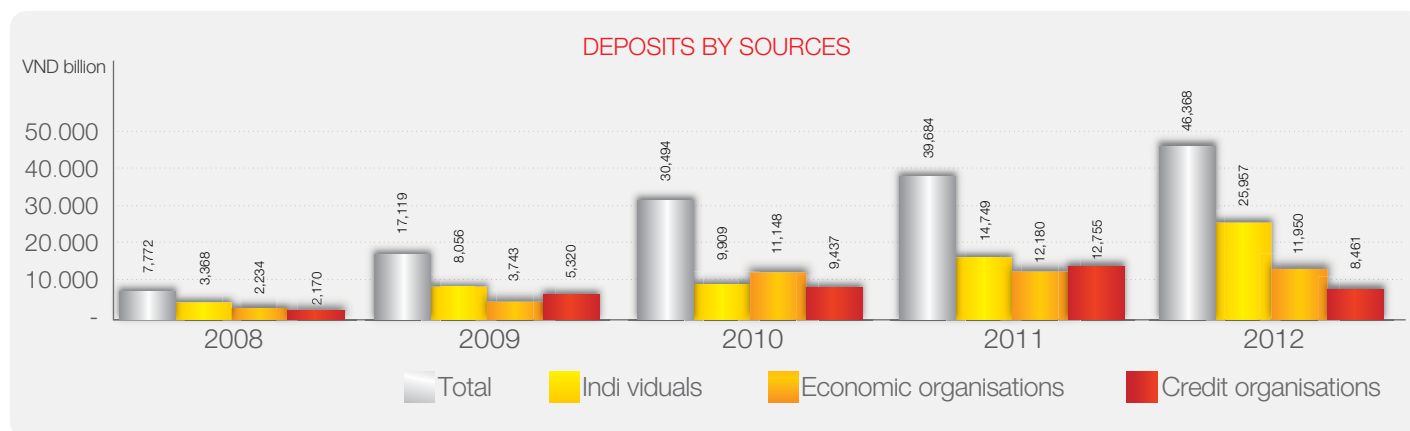
Charter capital

At the end of 2012, charter capital reached VND 5,000 billion and achieved the target of the 2012 plan, up by 66.7%, or VND 2,000 billion, compared to that of 2011.



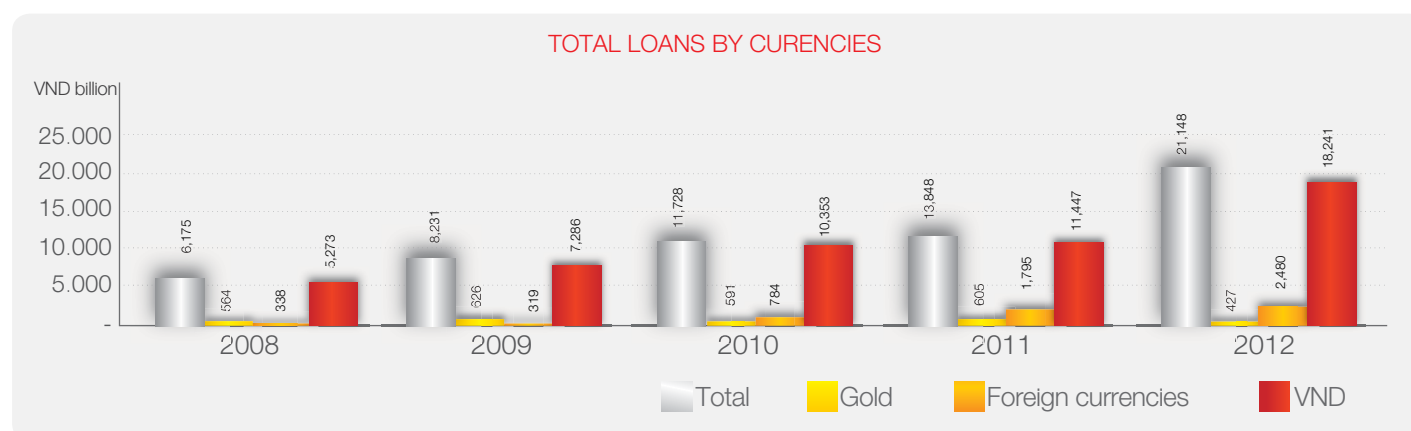
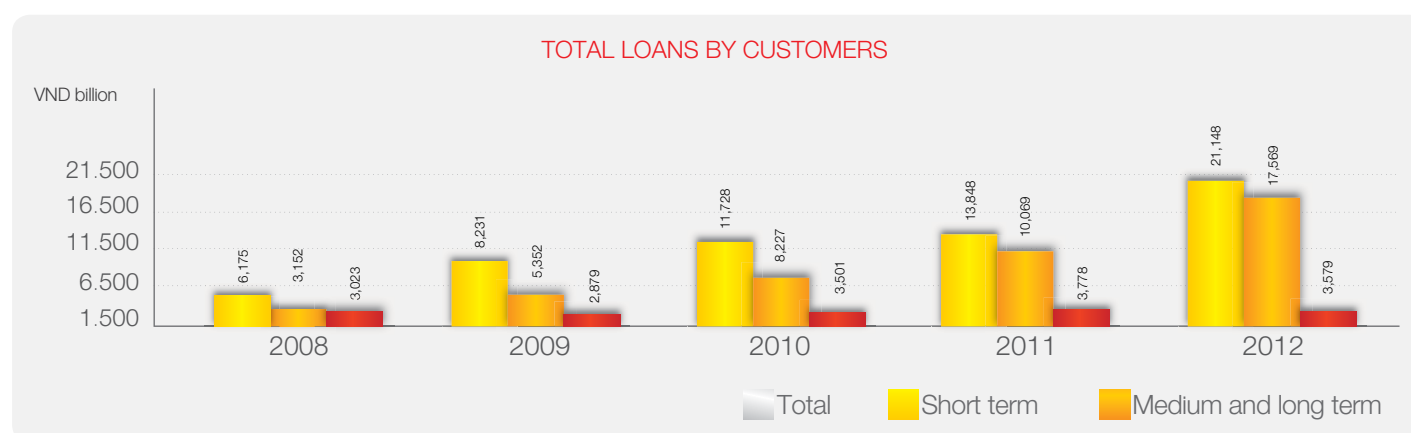
Deposits

As a result of continuing promotion and timely adjustment from the Boards, deposits in 2012 reached VND 46,368 billion, accomplished 103% of the 2012 plan, up by 16.84%, or VND 6,684 billion, compared to that 2011.



Credit activities

The bank maintained a healthy and efficient credit operation. Total loans reached VND 21,148 billion, up by 16% compared to the 2012 plan and up by 52.72%, or VND 7,300 billion, compared to that of 2011.





RETAIL BANKING

■ Developing current products and implementing new services

Savings and personal services: smart solutions

HDBank proudly provides customers with a range of diversified products and services with flexible terms of interest payments and additional benefits. In addition to the traditional termly savings accounts, in 2012, HDBank introduced 2 more types of accounts, 'Future Savings' and 'Life Savings'. In the case of the latter, it is offered with an additional insurance policy worth up to VND

24 billion.

Additionally, the bank also roll out the 'iSmart Account', a combination of traditional account with sophisticated technologies and services, allowing customers to maximise its benefits and utilities.

2012 also marked the growth in remittance activities between HDBank and Western Union. It also encouraged HDBank to become an affiliated member of the Western Union network in 2013.

Smart banking: universal access to your account

Since its introduction in 2009, eBanking, now called 'Smart Banking', has upheld its motto 'Easy, safe and

handy' and provided customers with better management of their personal finance. After 4 years of continuous development, the service allows customers to check account details, request statements and make transfers inside and outside HDBank. Furthermore, customers are now able to topup their mobile phones, process card payment, electronic payment and credit payment, and open online savings account. In 2013, HDBank aims to provide customers with more sophisticated, better time-efficient, cost-efficient, and more secure services.

Lending: outstanding services, optimised benefits

In 2012, HDBank, in association with partners in insurance, real estate and automobile, has introduced various



promotion packages, offering better interest rate and stimulating consumer's needs and business activities.

■ Cards

Smarter products

In 2012, HDBank has made an enormous step in its card development. The bank officially became a member of the Visa network and introduced its own debit and credit cards, powered by the highly secure EMV technology.

In addition, the bank announced its exclusive myCard series, a product that allows customers to customise the card design.

Better services

Aside from the introduction of new

cards, the bank focused greatly on providing customers with better experience with its cards, notably the interbank card transfer. Customers using HDCard are able to transfer and receive instantly on any channel, be it iBanking, mBanking or ATM.

HDBank also offers student-oriented products and services. The bank has collaborated with a number of universities, notably Vimar, the biggest university in Central Vietnam. Maximised benefits

HDBank has worked in association with partners in different sectors to offer customers a variety of discounts and promotion with values up to 50%.

2013 action plan

HDBank aims to upgrade its card

products and services, making them more efficient and secure for customers' uses. The bank also hopes that it will maintain the growth and balance of its card operation, quality and quantity-wise.



■ Retail banking

Despite the adverse effects of the global economic and financial climate on banking, Retail banking at HDBank has achieved remarkable results and cemented its position in the market:

Individual deposit growth at 76%

Individual customer growth at 143%

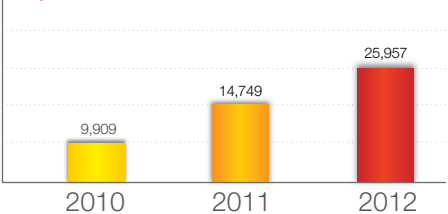
Domestic card growth at 281%

International card growth at 2,823%

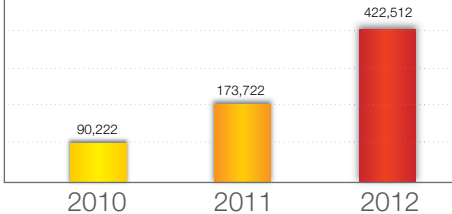
Equivalently, the bank achieved a net growth of VND 4,704 billion of deposits, 248,790 customers, 26,207 eBanking customers, VND 256 billion of remittances.

Although only being introduced since October 2012, the bank has issued an impressive 5,612 international cards, 1,691 of which are debit cards and 3,921 of which are credit cards. These figures suggest a promising market for HDBank advancement.

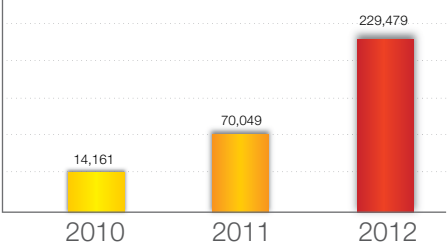
Deposits



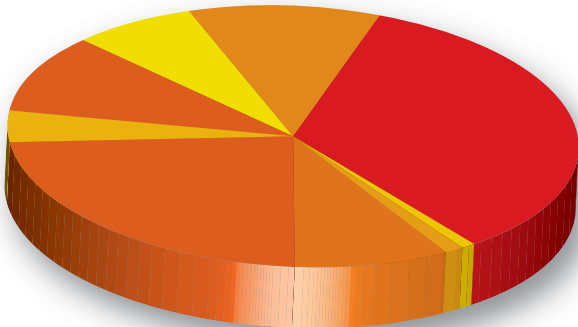
Individual customers



Domestic debit card



Total loans by spending categories





■ 2013 strategy

In 2013, HDBank aim to increase the deposit net growth by 62%, lending growth by 15%, individual customer growth by 137% and profit before tax up to VND 140 billion.

On the underlying basis, the target for the individual customer growth is achievable when the bank successfully provides the payment services to schools and business. Based on the investment in technology and the improvement in services, the bank will continue to the installation and expansion of its network of ATM/POS. In addition, the bank has to actively enhance its connections with partners in insurance, utilities and transport; and promote its Retail banking through these partners and attract their customers to its products and services.

Besides, the bank needs to continuously update the standards and policies on its own products and services to retain its competitive edge. For instance, the bank should creating promotions and offers in packages, raising the popularity and improving the quality of its own card products and services, continuing the staff training and the installation of POS, and creating a privileged community for its card customers.

LỄ KÝ KẾT THỎA THUẬN HỢP TÁC

Chi Minh, 10/08/2012



BUSINESS BANKING

■ Overview of 2012

“...By embracing the bank commitment to customers’ best interest, the Business Banking section has tirelessly explored the market and brought relevant financial solutions to many businesses to overcome the economic obstacles ensued in 2012...”

Credit: side by side relieving and overcoming challenges

The Business banking have announced many promotion campaigns, focusing on preferential interest rate, flexible lending policy to small and medium enterprises, exporting and importing businesses, and agricultural and rural activities.

In order to introduce these offers, the bank has actively sought for access and connected businesses to cheap capital. Through various international lending schemes and governmental industry-specific supportive initiatives, the bank has helped more than a thousand business customer. To customers with limited collaterals, HDBank has stretched its requirements to inventory items, debt claims, future debt claims, goods generated from loans, future assets generated from loans, etc. In addition, HDBank also provides customers with consultation regarding their business plans and investment strategies to minimise risks or restructure their organisations.

Currently, HDBank is focusing on the agricultural and rural lending scheme. Small and medium enterprises participating in this scheme are given access to capital to cultivate, selling, purchase and export national specialties such as coffee, rice, cashew nuts, rubber, basa fish, prawn, etc. On 31 December 2012, total loans in this scheme accumulated up



to 40% of the total loans for small and medium enterprises.

Deposits and services: commitments to the customers' best interests

HDBank has continuously introduced and improved its business savings products with flexible terms and rates, customised features and better benefits in order to satisfy the needs of any business model in any industry. In last year, many small and medium enterprises have enjoyed the bank efforts, manifested by the 2 products 'HD Biz Account' and 'HD SMEs Business'.

To VIP customers, HDBank pays special attention to every detail of their needs in order to offer optimised services and cares.

International payment: safe, efficient and trusting

The international payment activities have earned commendable results in last year, grossing USD 500 million in revenue and VND 14.5 billion in transactional fee. These figures stemmed from the bank connections with a multitude, up to 500 banks and branches, of international partners; the membership of Target 2 and EBA; the investments in upgrading infrastructure and staff training; and the implementation of international standards in operation. Subsequently, the bank is able to appeal to customer and elevate the profit from international payment in its balance. These results, coupling with a series of STP awards from reputable international banks, only demonstrate the quality of HDBank services.

Cash management: 2012 highlight

Continuing the success from 2011, HDBank have developed and introduced more features to its integrated receivable and payment solutions. The progresses allow customers to efficiently manage their cash flow and liquidity. Following these upgrades,

the number of customers choosing payments through internet banking has skyrocketed by 75%, grossing more than VND 1,000 billion in revenue growth. Subsequently, the bank has been praised by important partners such as HCMC Power Corporation, Khanh Hoa Power Joint-Stock Company, Prudential, JetStar Pacific, etc., and received awards from Asiamoney and Euromoney.

Package solutions: customer-orientation

To satisfy the diversified needs of major businesses and FDI enterprises, ranging from debit, credit, commercial endorsement to wage payment, transactions, international payment, HDBank has been flexible in its approach to customers. Based on the consultation with the bank, customers will be offered a customised package solution that fits its own operation.

■ 2013 strategy

HDBank pledges to improve its operational procedures and technology, i.e. the Loan Origination system, in order to speed the financing process.

Apart from expanding its customer base to FDI enterprises in industrial zones, the bank will still focus on delivery its best in Cash Management and Trade Finance. HDBank hopes to attract more partners from electricity, water, mineral, lottery, stock and insurance industry. Additionally, HDBank will extend its excellent services and cares to VIP customers, customers with Biz Account or existing customers on renewed disbursement.





CAPITAL AND MONETARY ACTIVITIES

“...This result highlighted the efforts of HDBank [capital and monetary activities] in retaining its efficiency, competitiveness and prestige in the market, despite the gloomy developments of the global economy...”

■ Overview of 2012

In 2012, the capital and monetary activities have achieved its goals of safely and efficiently managing resources, maintaining a positive liquidity and complying with the SBV regulations. This result highlighted the efforts of HDBank in retaining its efficiency, competitiveness and prestige in the market, despite the gloomy developments of the global economy.

In the past year, the bank has expanded its trading connections and network and increased the revenue of its foreign currency affairs by 340% in comparison to that of 2011. In addition, the bank has confidently explored and developed capital derivative options in order to maximise its returns while preserving its capital resources and liquidity.

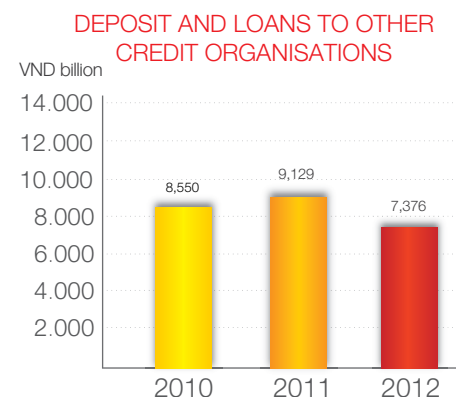
Regarding the gold operation, HDBank has been authorised to trade in gold, according to Decree no. 24/2012/NĐ-CP and Circular no. 16/2012/TT-NHNH. Since the authorisation, the gold amount traded at HDBank branches reached 130,000 taels of SJC gold.

In term of investment, given the significant growth in the bond market, the bank has played a regular role in assisting and providing customers with suitable products and services. Evidently, this operation is also under close surveillance to ensure the safety, efficiency and compliance of the bank.

Above all, HDBank have continued to standardise its procedures and regulations in accordance with the legal framework to ensure the legitimacy of its operation.

■ Highlights

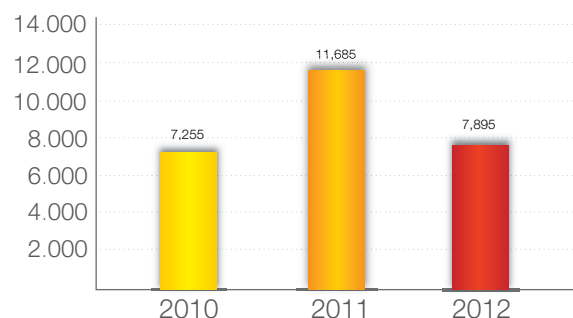
- Deposits and loans to other credit organisations reached VND 7,376 billion, equivalent to 13.97% of total assets.
- Investments on government bonds reached VND 4,089 billion, equivalent to 34% of total investments.
- Investments on corporate bonds reached VND 1,900 billion, equivalent to 15.75% of total investments.
- Investments on the SBV bonds reached VND 300 billion, equivalent to 2.49% of total investments.
- Deposits and loans at other credit organisations reached VND 7,895 billion, equivalent to 17.44% of total investments and 21.58% of total deposits.
- Issue of medium and long term bonds worth VND 500 billion, equivalent to 2.98% of total investments and 3.69% of total deposits, raising the bond deposits up to VND 1,350 billion in 2012.
- Revenue from foreign currency affairs reached USD 4.4 billion.
- Revenue from stock market worth VND 200.2 billion.
- Profits from foreign currency and capital derivative market reached VND 37.4 billion.



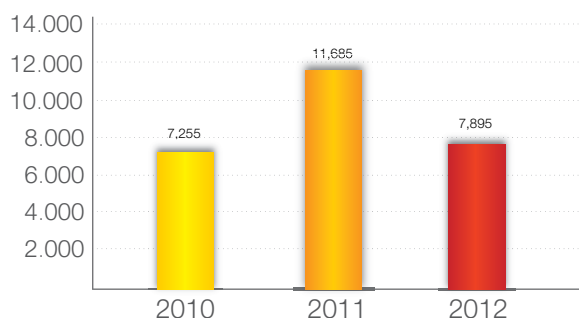
DEPOSIT AND LOANS TO OTHER CREDIT ORGANISATIONS



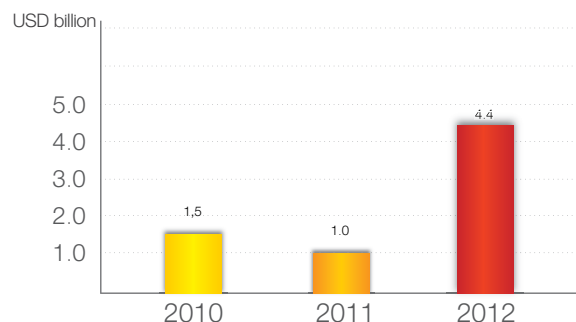
DEPOSITS AND LOANS FROM OTHER CREDIT ORGANISATIONS



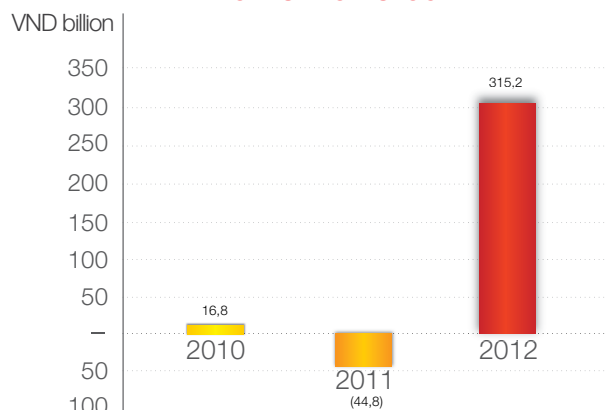
DEPOSITS AND LOANS FROM OTHER CREDIT ORGANISATIONS



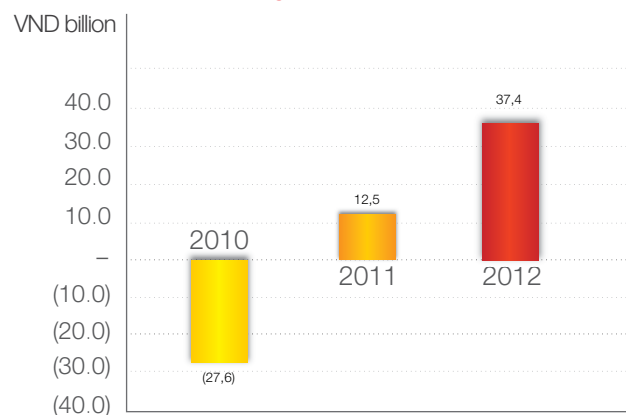
REVENUE FROM FOREIGN CURRENCY TRADE



PROFITS FROM STOCK MARKET



PROFITS FROM FOREIGN CURRENCY AND CAPITAL DERIVATIVE MARKET



2013 action plan

1. Continuing to raise the financial importance of the capital, remittance and investment activities.
 2. Ensuring the payment security, capacity, liquidity and balance of the capital and monetary activities. Making flexible decisions in collecting and using secondary liquidity reserves.

3. Developing more derivative options in the capital and monetary market in order to integrate them in to structured or packaged products and services.
 4. Transforming the bank into a major player on the capital, remittance and bond market.
 5. Increasing the participation of every

commercial division to devise and promoting complete packages of products and services.
 6. Improving and standardising the procedures and regulations in risk management. Enhancing the data collecting, analysing and forecasting processes.

RISK MANAGEMENT

“...HDBank takes great concern on risk management by building and improving it as to ensure safe and effective operation. Therefore, its strategy is to build risk management systems in line with business activities, meeting the requirements of the State Bank of Vietnam and be in accordance with international standards, effectively controlling the risks of credit, market, liquidity and operational risks also...”

■ Overview of the risk management system at HDBank

Structure

The risk management system at HDBank is organised into 3 operational lines, in accordance with Basel II: regional and local branches (front), Internal Control Department in the Headquarter (middle) and the Independent Auditor (back). This structure encourages, not only the offices on the line, but also other responsible committees in the operation of the bank to strengthen its professionalism, independence, efficiency and transparency.

Regulations, limits and safety indicators

To maintain the safety, efficiency and compliance of the bank operation, a 3-tiered enforcing system is devised. Firstly, the BoD is able to issue regulations governing the general policy and strategy of the bank. Secondly, the BoM, led by the General Director, can release rules and guidelines, providing detailed information on the bank operation, standards and principles. Finally, the bank also maintains and manages a system of limits imposed on credit, monetary and investment activities; and a set of Key Risk Indicators (KRI) regarding the liquidity and balance of the financial statements.

Supervisory, controlling and auditing system

The system employs the use of ICT in the inspecting and evaluating process performed by responsible units. These inspection and evaluation is either conducted on a term-basis or

unannounced. Based on these results, reports are sent to the Boards for precise and timely amendments and adjustments.

Credit risk management

HDBank has exerted tighter control across the organisation on every step of the credit activities. Starting from sale, through evaluation, approval and to disbursement and debt collection, the bank has issued regulations and guidance on the procedures, the responsibilities of related parties, the specific credit amount and credit risk based on professions, purposes and collaterals.

Additionally, to assist the process of considering credit applications, categorising bad debts and establish risk reserves, the bank, in consultation with Ernst & Young Vietnam, has devised a credit ranking system aimed at individual, business and credit organisation customers. The system was approved by the SBV and implemented since 2011.

Liquidity, market and operational risk management

As a result of the adequacy of technology, procedures and regulations, the bank is able to observe closely its activities in remittance affairs, stock investments and capital management. Subsequently, all the safety indicators in liquidity and operation are maintained accordingly to Circular no. 13/2010/TT-NHNN. In addition, after consultation with a JICA and SBV led project, the bank started to measure the Value at Risk (VaR) of its remittance activities in order to foresee maximum losses.

■ Achievements in 2012

Indicator	Ratio	Limit
Capital Adequacy Ratio (CAR)	14,01%	≥ 9%
Non-Performing Loan (NPL)	2,35%	≤ 3%
Non-Manufacturing Loan	8,6%	≤ 16%

In 2012, the bank conducted a thorough evaluation on its management and operation. Based on the result, HDBank is currently preparing for the upgrade to ISO 9001 of its quality controlling and quality assurance. In addition, under the guidance of PwC, it is improving the functionality of the Asset-Liability Management Department and its cooperation with other responsible offices.

More specifically, the bank has implemented the Loan Origination system in credit management and the Scorecards system for credit cards, in association with VISA. Moreover, it established the Non-Performing Loan Relief Committee with the participation of the BoD, BoM and other related offices in order to tackle bad debts and maintain a healthy NPL ratio. Besides, the bank has integrated a new software system that satisfies international standards in managing liquidity and interest risks.



HUMAN RESOURCES

“...In parallel with the changes in our recruiting system, HDBank has also refined its evaluating system with the helps and consultation from various domestic and international organisations, and the researches and experiments in management of HDBank staff...”

Strengthening the workforce has been the main theme in human resources management at HDBank in 2012. In order to realise this objective, the bank has made many modifications and adjustments in regard to the recruiting, training, developing, evaluating and providing policies at HDBank.

As the first step of the plan, the Human Resources Division spent considerable efforts in raising the quality of the workforce while reducing the organisation size. In comparison to 2011, the number of new recruits reached 473 people, down by 50%. Among these, while the new recruits for top management positions acquired only 3% of the 2,227-strong workforce, it represented 15% of the new recruits in 2012. In addition, with the unqualified recruits after the period of probation reaching less than 10% of new recruits, it indicated an assurance in the quality of new staff. This was also a result of the introduction of HDBank online recruitment service. With a complete assistance in the application process, the service attracted more than 1,280 applications during its year running.

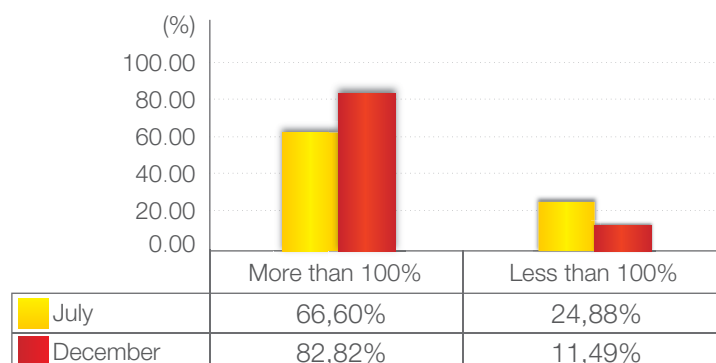
In parallel, HDBank has also refined its evaluating system with the helps and consultation from various domestic and international organisations, and the researches and experiments in management of HDBank staff. Despite its minimal initiative investment, the implementation of the new system has shown promising returns:

- Introducing staff at every management level to the online KPI system.
- Assigning individuals that are suitable to the operation and development of the bank.

In hope of an ‘Active – Creative – Efficient’ image for the workforce, the Human Resources Division always aims to make practical contribution to the betterment of the quality of other business divisions. For instance, between July and December 2012, the division raised the number of customer relations representatives achieving an average of more than 100% in KPI by 32% while reduced those who achieved less than 80% by 27%.

Having been impressed by these results, the bank has officially adopted this

**RESULTS IN IMPROVING KPI AVERAGE
OF CUSTOMER RELATIONS REPRESENTATIVES**





system into a new termly evaluating process, 2 times per year, on tellers and made these results the underlying basis in assessing the yearly performance of each business unit. The scheme has been carried out at 121 units. The results demonstrated a remarkable progress in term of service quality in the top 5 scoring units. This development promises a big leap in customer care of HDBank who is aiming to enter the top 15 banks in the country in 2013.

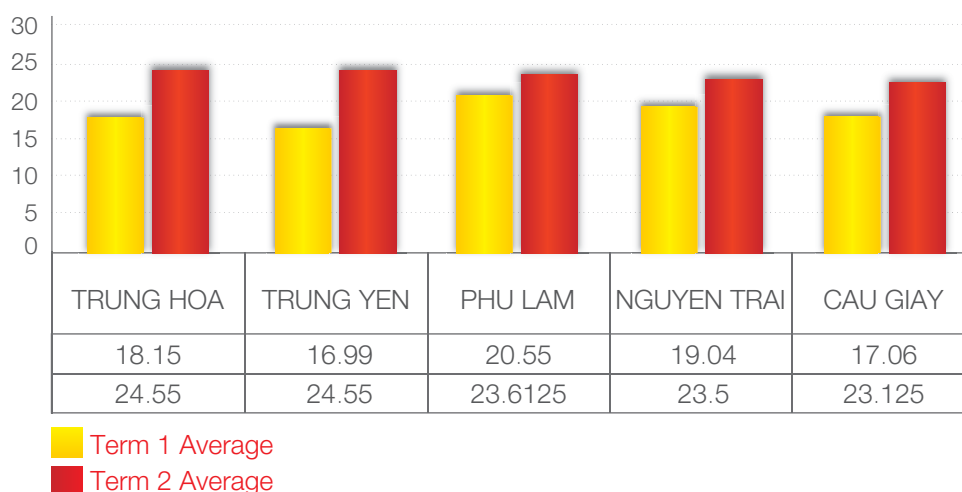
In addition, this positive return also bore great contribution from the regional and local human resources management teams. In collaboration with the head division, they help bridging the differences in business units, answering their enquiries and coordinating their cooperation. As a result, despite the negative influence from the global economy, the bank and its vital divisions still accomplished the assigned targets in 2012. This success, in return, reflected on the generous benefits schemes from the bank leadership to its staff.

Aside from catering for the well-being of its staff, the bank also focuses on exposing its workforce to the best personal and career development opportunities. In 2012, HDBank has assigned nearly 500 employees to suitable positions. In addition, the bank initiated a 2-year programme, titled

'HDBank, together we shine', to enroll enthusiast, passionate and potential staff to management courses. After the completion of phase 1, the programme has garnered positive remarks from staff and contributed commendable results towards the bank development.

Furthermore, the bank has recognised the importance of nurturing the future workforce, not only for its development but also for the progress of the sector in general. For instance, the 2013 internship scheme of HDBank has attracted the attention of students from prestigious universities and successfully recruited 114 students from Ha Noi and Ho Chi Minh City. Additionally, the bank has participated in several recruitment exhibitions, career orientations and conferences where it helps giving students the insight and opportunities to begin their careers or further pursue their studies.

RESULTS IN IMPROVING KPI AVERAGE TELLER AT THE TOP 5 SCORING BRANCHES



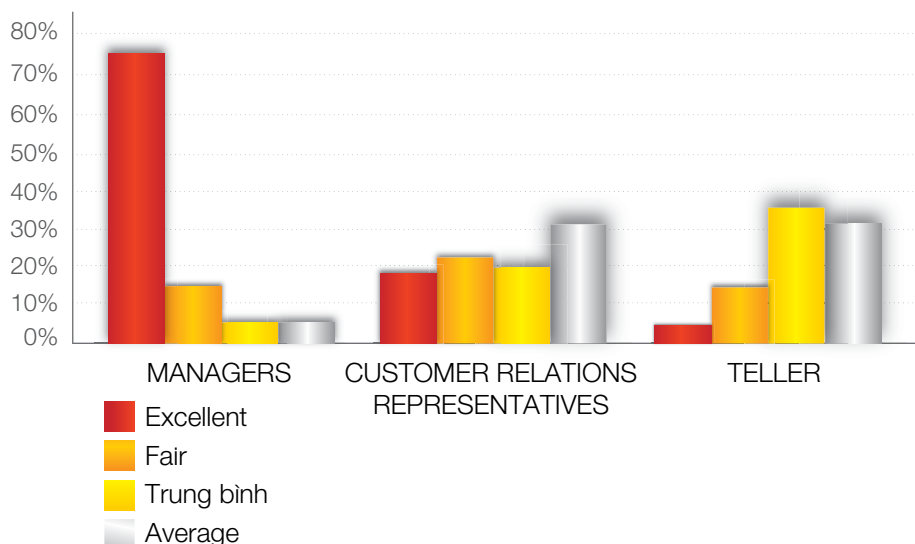
■ Assessment of training programmes

“...The training centre has ensured the evenly proportionated training and supplying of workforce, in terms of both quantity and quality, throughout the bank system; thus, helped maintaining the same level of professionalism and efficiency across branches and offices. In overall, the centre admitted 7,018 subscriptions to 280 courses; and on an average basis, a member of staff was admitted to 3.19 courses...”

1. 2012 witnessed many progresses the activities of HDBank Training Centre. Teaching and training has been consolidated and become more effective with the appointment of knowledgeable, experienced and passionate academic staff. In addition, the bank has successfully issued its role-specified academic materials. Moreover, the establishment of the question bank allows more efficient assessment and qualification of managers, controllers, tellers, customer relations representatives and credit assistants.

2. The training centre has ensured the evenly proportionated training and supplying of workforce, in terms of both quantity and quality, throughout the bank system; thus, helped maintaining the same level of professionalism and efficiency across branches and offices. In overall, the centre admitted 7,018 subscriptions to 280 courses; and on an average basis, a member of staff was admitted to 3.19 courses. Additionally, the center continued to coordinate 2 exclusive programmes, ‘Star Teller’ and ‘Sales Pro’, to select and nurture future managers from these positions. The ‘HDBank Knowledge’ contest, initiated by the training centre, also helped creating a learning and sharing atmosphere in the management hierarchy. Other programmes, such as ‘Controller intensive training course’ and ‘5S’, not only consisted of knowledge transfer but also tackled on working culture, environment and customer relations. In addition, the centre, in association with the IT Centre, has built the E-learning programme and renovated the document storage system. In short, the adoption of the role-specified approach in training and the implementation of team building schemes will allow the bank to create a unified, enthusiast and capable workforce, contributing to the sustainable growth of the bank.

ASSESSMENT RESULTS BY POSITIONS





BANKING TECHNOLOGY

“...Having understood the importance of technology to the success of HDBank, we have and will always invest and innovate our technology to maintain our lead in the Vietnamese market, to step up to the world and to provide our customers with the best experience...”

■ Vision

Strengths

HDBank has invested heavily in technology infrastructure with the construction and completion of its mainframe, main and reserve data centres, and Core Banking system. As a result, the bank is able to implement eBanking, SMSbanking and mBanking.

Opportunities

In the wake of the development of e-commerce and online banking, eBanking services will play an important role in attracting customers, generating revenues and promoting the bank image.

Challenges

With the increasing recognition for ICT in banking management and operation and its integration in development strategies of many banks, HDBank will have to continue investing in its infrastructure to retain its cutting edge while ensuring the security and safety of its operation.

Priorities

HDBank will aim to accelerate the completion of vital ICT projects, applying international standards in internet security and increasing the use of ICT in developing new products and services.

■ Current technologies

Generally, in 2012, HDBank has basically completed its technology upgrade, allowing the bank to be on par with other competitors. With the basis of the Core Banking system, the bank continues to diversify its products and services to efficiently satisfy customers' needs and demands. In order to maintain the continuity, security and safety of its operation and customers' trust and confidence, HDBank has employed sophisticated security solutions, algorithms and features such as SHA1, 3DES, RSA, 2-tiered authentication, etc.

Number of e-transactions in 2012

1,713,520

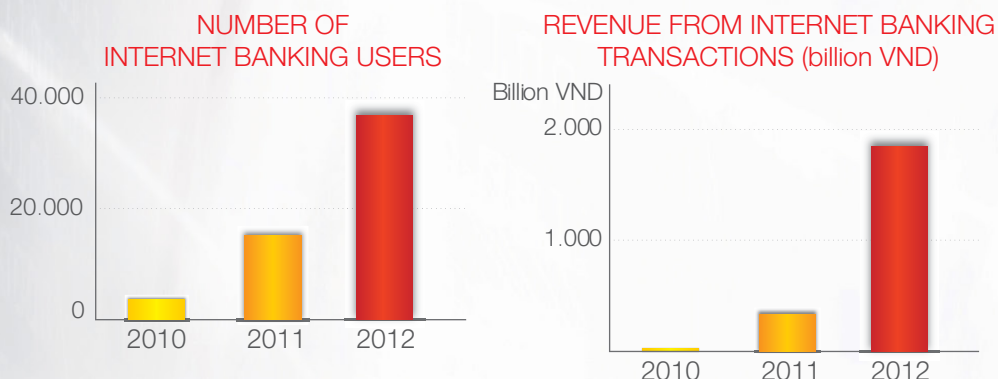
Total value of e-transactions in 2012 (VND)

4,456,874,447,361

1. Internet banking: customers are now able to access their accounts from all type of browsers and perform activities such as account enquiry, credit card management and payment, interbank transfer and electronic payments.

2. SMS banking: the system is modeled in accordance with SMPP and able to assist up to 5,000 transactions per second, allowing customers to efficiently manage their accounts.





Number of iBanking users

43,863

Revenue from iBanking transactions in 2012

1,985,097,934,430

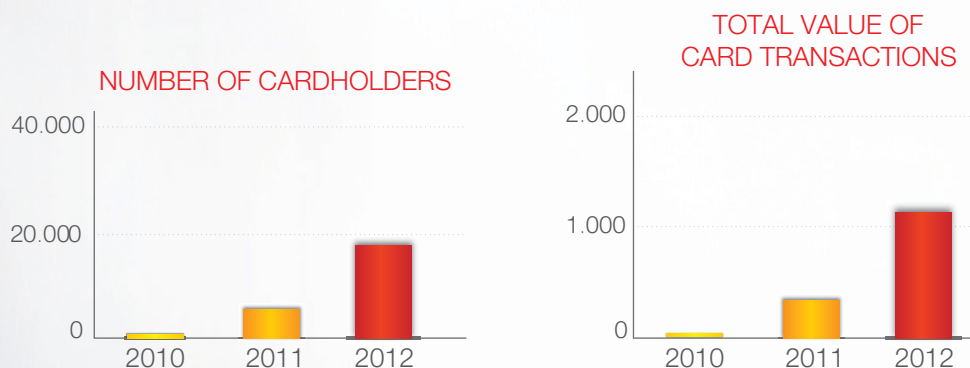
3. Mobile banking: the service support nearly all current types of operating systems and phones, providing customers with features as good as those of Internet banking.

4. Other services: the bank has also developed eBanking services on SIM-equipped devices such as BankPlus on Viettel; USSD-based transactions; online payment services connected to OnePay, VNPay, SmartLink, MobiVi', EVN, Prudential, JetStar, VietJetAir and other payment organisations.

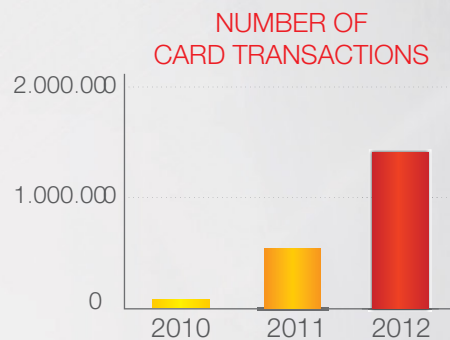
Number of partners and vendors in our integrated payment scheme

1,867

HDBank has completed the introduction and integration of the domestic payment card, allowing its holders to make electronic payment to more than 1,000 business, and goods and services providers. In addition, with the acquisition of VISA membership, the bank is introducing the chip and PIN cards and implementing the Payment Card Industry Data Security Standard (PCI DSS) to ensure cardholders' security and control.



In addition, the '2012 CSO ASEAN Award' demonstrated the bank efforts in research, experimenting and increasing the security and safety of its system and customers. Currently, HDBank has implemented the Next Generation Firewall (NGFW), Next Generation Intrusion Preventing System (NGIPS), Security Information and Event Management (SIEM), Internet administration and control system, and universal user administration solution.



Additionally, HDBank and Microsoft have extended its partnership by the signing of the Enterprise Agreement. With this agreement, Microsoft will grant HDBank access to complete technology and solution packages and updates, thus elevating HDBank technology infrastructure to world-class level.

In term of administration and control, HDBank has built a coherent and complete system across its organisation, permitting the efficient managing and updating information from internal to external sources. The Core Banking and e-commerce system also benefit greatly from the constant monitoring of this system. This administration and control network also serve as the basis for other modules to be implemented. For example, the launches of electronic office and customer relations representative administration have helped reducing time and cost in the operation of the bank, hence increasing its efficiency. In the same manner, the implementation of the LO system, the internal credit ranking system and the KPI system, while being smoothly launched and running on HDBank network, have also contributed greatly to the development of the bank.

■ 2013 action plan

Infrastructure

HDBank will implement its centralised Internet project, EndPoint Security project, VoIP project, asset management project, Data Center upgrading project, Microsoft project, weakness recognition system, Email Gateway system and network devices upgrading project

Products and services

HDBank will continue to improve its Core Banking system while implementing new systems such as Limits Control, LOS, Anti-Money Laundering and Advanced Treasury. For current services, the bank will enhance the interface and processing speed of the Internet Banking service and improve the popularity of the Mobile Banking service in the market. For current card products, the bank will develop more sophisticated features such as contactlessness, loyal membership and VISA or Master certification. In addition, HDBank have to focus on the employment of PCI DSS to improve the operation and risk management of the bank.

Operating system

HDBank will start the upgrade to Oracle 11g on its data centres, devise and test the disaster recovery plan, and research and develop cloud services.



PROSPECTS AND OBJECTIVES IN 2013

■ Economic outlook in 2013

According to the WB 'Global Economic Prospects in 2013' report, the global economic growth is estimated at 2.4% while the growth of Vietnam economy is expected to stay at 5.5%. In Vietnam, the economy is anticipated to suffer well into 2013 from the prolonged decline of many industries. This is the unavoidable consequence of the decrease of global and domestic needs, the stagnant state of real estate and manufacturing, sovereign debts, and the debt ravage and weakening of commercial banks.

In order to answer the call of stabilising the macroeconomy, maintaining practical growth rate and containing inflation in 2013 from the government, the SBV will have to exert tighter control on monetary policy ; make flexible use monetary and financial instruments; reduce administrative obstacle, if necessarily, when the market has functioned normally or the macroeconomy conditions have returned to normal; increase the national liquidity and foreign currency reserves; and preserve exchange rates and value of VND.

In parallel, the SBV will also focus on the remediation of the financial state of credit organisations by taking on non-performing loans in accordance with its own action plan. Therefore, credit organisations need to achieve its operational targets, expand its business activities, consolidate the organisation structure, tackle outstanding and non-performing loans, create risk reserves and avoid new bad debts.

■ Objectives in 2013

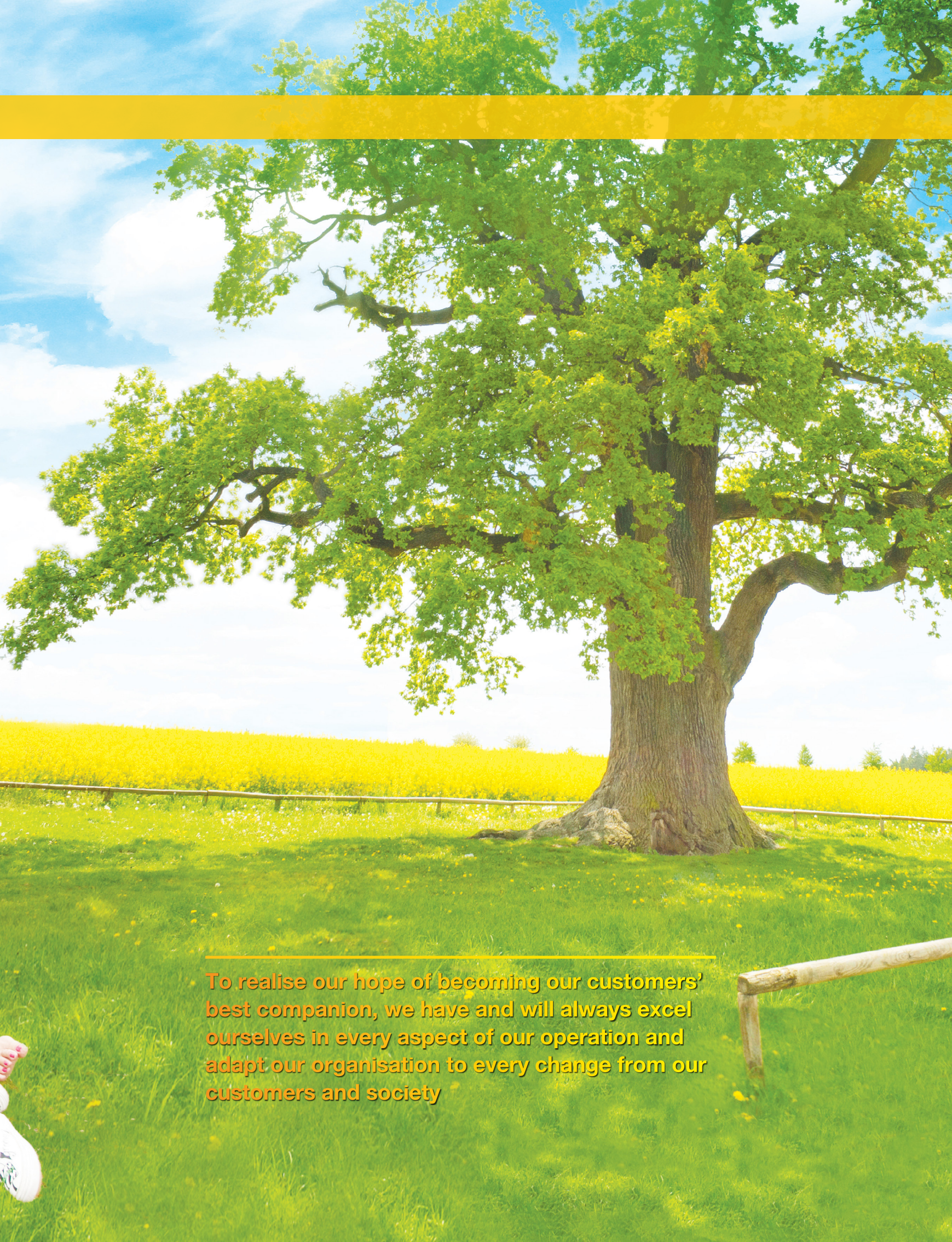
Despite the gloomy outlook the global and Vietnam economies, HDBank still aims to be in the top 50 Vietnamese commercial banks while completing the following objectives:

1. The fast and efficient execution of vital projects.
2. Thorough restructuring and transformation of the bank, especially in the organisation structure, human resources and management quality to ensure customers' best interests.
3. Increase in the credit quality through better compliance, risk management, control and audit, and debt collection.
4. Development of diversified products and services in every aspect of the bank business.
5. Investments on technology infrastructure to ensure its secure integration into the bank operation and development.
6. Transformation of the bank to a professional, dynamic and efficient organisation. Promotion of the bank image in media and marketing events.
7. Encouragement to expand HDBank cooperation with domestic and overseas partners on the basis of mutual development and to enhance its position in the market.

FINANCIAL REPORT

- ▶ GENERAL INFORMATION
- ▶ REPORT OF THE BOARD OF MANAGEMENT
- ▶ AUDITED FINANCIAL STATEMENTS
 - Balance sheet
 - Income statement
 - Cash flow statement
 - Notes to the financial statements





To realise our hope of becoming our customers' best companion, we have and will always excel ourselves in every aspect of our operation and adapt our organisation to every change from our customers and society

GENERAL INFORMATION

■ The Bank

Ho Chi Minh City Development Bank (herein referred to as “the Bank”), previously known as Housing Development Bank, is a commercial joint stock bank incorporated in the Socialist Republic of Vietnam.

The Bank was established under Decision No. 47/QĐ-UB issued by the People’s Committee of Ho Chi Minh City on 11 February 1989 and Banking License No. 00019/NH-GP issued by

the State Bank of Vietnam (“the SBV”) on 6 June 1992.

On 16 March 2012, the SBV issued Decision No. 2096/QĐ-NHNN to approve the change in the Bank’s name from Housing Development Bank into Ho Chi Minh City Development Bank.

The Bank was established to carry out banking services including mobilising and receiving short, medium and

long-term deposits from organisations and individuals; making short, medium and long-term loans to organisations and individuals based on the nature and capability of the Bank’s capital resources; conducting foreign currency transactions; providing international trade finance services, discounting of commercial notes, bonds and valuable papers; and other banking services as allowed by the SBV.

■ Board Of Directors

The members of the Board of Directors during the year ended 31 December 2012 and at the date of this report are as follows:

Name	Position	Date of Appointment/Resignation
Ms. Le Thi Bang Tam	Chairwoman	Appointed on 27 April 2012
Ms. Nguyen Thi Phuong Thao	Standing Vice Chairwoman	Appointed on 27 April 2012
Mr. Luu Duc Khanh	Vice Chairman	Appointed on 27 April 2012
Mr. Diep Dung	Vice Chairman	Appointed on 27 April 2012
Mr. Nguyen Huu Thanh	Vice Chairman	Resigned on 27 April 2012
Mr. Luu Van Son	Member	Appointed on 27 April 2012
Mr. Nguyen Huu Dang	Member	Appointed on 27 April 2012
Ms. Do Thi Hong Dung	Member	Resigned on 27 April 2012

■ Board Of Supervisors

The members of the Board of Supervisors during the year ended 31 December 2012 and at the date of this report are as follows:

Name	Position	Date of Appointment
Mr. Dao Duy Tuong	Chief Supervisor	31 December 2010
Ms. Nguyen Thi Phung	Member	23 July 2008
Mr. To Xuan Thanh	Member	31 December 2010

■ Board Of Management, Chief Financial Officer And Chief Accountant

The members of the Board of Management, Chief Financial Officer and Chief Accountant during the year ended 31 December 2012 and at the date of this report are as follows:

Name	Position	Date of Appointment/Resignation
Mr. Nguyen Huu Dang	General Director	Appointed on 22 October 2010
Ms. Nguyen Doan Duy Ai	Deputy General Director	Appointed on 15 August 2007
Mr. Le Hong Son	Deputy General Director	Appointed on 4 May 2009
Mr. Nguyen Minh Duc	Deputy General Director	Appointed on 31 July 2009
Mr. Le Thanh Tung	Deputy General Director	Appointed on 16 September 2009
Mr. Pham Thien Long	Deputy General Director	Appointed on 5 April 2011
Mr. Le Thanh Trung	Deputy General Director	Appointed on 15 February 2012
Mr. Tran Hoai Nam	Deputy General Director	Appointed on 27 February 2012
Mr. Dam The Thai	Deputy General Director	Appointed on 25 January 2013
Mr. Le Xuan Vu	Deputy General Director	Appointed on 18 January 2013
Mr. Nguyen Manh Quan	Deputy General Director	Resigned on 25 January 2013
Mr. Pham Van Dau	Chief Financial Officer	Appointed on 16 September 2009
Ms. Ho Dang Hoang Quyen	Chief Accountant	Appointed on 7 July 2011

■ Legal Representative

The legal representative of the Bank during the year ended 31 December 2012 and at the date of this report is Mr. Nguyen Huu Dang, General Director.

■ Auditor

The auditors of the Bank are Ernst & Young Vietnam Limited.

REPORT OF THE BOARD OF MANAGEMENT

The management of Ho Chi Minh City Development Bank (“the Bank”), previously known as Housing Development Bank, presents its report and the financial statements of the Bank as at and for the financial year ended 31 December 2012.

■ Management's Responsibility In Respect Of The Financial Statements

Management is responsible for the financial statements of each financial year which give a true and fair view of the state of affairs of the Bank and of the results of its operation and its cash flows for the year. In preparing those financial statements, management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject

to any material departures disclosed and explained in the financial statements; and

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Bank and to ensure that the accounting records comply with the registered

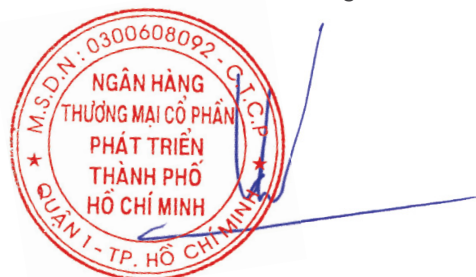
accounting system. Management is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Bank's management commits to comply with the above requirements in preparing the financial statements as at and for the year ended 31 December 2012.

■ Statement By Management

Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2012 and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and Accounting System for Credit Institutions and comply with relevant regulations stipulated by the State Bank of Vietnam.

On behalf of the board of Management



Mr Nguyen Huu Dang
General Director

Ho Chi Minh City, Vietnam
25th March 2013

AUDITED FINANCIAL STATEMENTS

■ BALANCE SHEET

as at 31st December 2012

	31 December 2012 VND	31 December 2011 VND
ASSETS		
Cash, gold and precious stones	807,468,024,948	1,276,718,594,608
Balances with the State Bank of Vietnam	701,234,182,913	1,410,215,684,528
Due from and loans to other banks	7,376,463,960,142	9,129,450,113,581
Deposits with other banks	4,376,463,960,142	9,129,450,113,581
Loans and advances to other banks	3,000,000,000,000	-
Provision for loss of loans and advances to other banks	-	-
Trading securities	207,405,555,556	-
Trading securities	207,405,555,556	-
Provision for decline in value of trading securities	-	-
Derivatives and other financial assets	360,000,000	-
Loans and advances to customers	20,952,361,188,370	13,707,101,357,470
Loans and advances to customers	21,147,824,873,683	13,847,786,090,627
Provision for loan losses	(195,463,685,313)	(140,684,733,157)
Investment securities	11,736,418,608,313	10,671,563,664,617
Available-for-sale investment securities	10,372,146,639,365	8,955,690,040,031
Held-to-maturity investment securities	1,486,435,268,025	1,890,768,349,806
Provision for decline in value of investment securities	(122,163,299,077)	(174,894,725,220)
Long-term investments	57,616,952,338	199,177,949,881
Investments in subsidiaries	-	-
Investments in joint ventures	-	-
Investments in associates	-	-
Other long-term investments	61,491,310,665	199,177,949,881
Provision for decline in value of long-term investments	(3,874,358,327)	-
Fixed assets	311,834,279,881	327,505,960,129
<i>Tangible fixed assets</i>	255,582,722,580	265,275,008,622
Cost	374,143,380,732	339,306,317,611
Accumulated depreciation	(118,560,658,152)	(74,031,308,989)
<i>Financial lease</i>	-	-
Cost	-	-
Accumulated depreciation	-	-
<i>Intangible fixed assets</i>	56,251,557,301	62,230,951,507
Cost	80,450,649,528	78,690,210,328
Accumulated amortisation	(24,199,092,227)	(16,459,258,821)
Investment properties	-	-
Cost	-	-
Accumulated depreciation	-	-
Other assets	10,631,667,937,987	8,303,688,015,032
Receivables	8,908,174,751,420	6,937,597,323,779
Interest and fees receivable	1,277,182,875,086	987,190,764,727
Deferred tax assets	-	-
Other assets	453,370,311,481	385,959,926,526
<i>In which: Goodwill</i>	-	-
Provision for doubtful debts	(7,060,000,000)	(7,060,000,000)
TOTAL ASSETS	<u>52,782,830,690,448</u>	<u>45,025,421,339,846</u>

BALANCE SHEET (continued)

as at 31th December 2012

	31 December 2012 VND	31 December 2011 VND
LIABILITIES		
Borrowings from the Government and the State Bank of Vietnam	565,531,992,435	1,070,276,780,371
Due to and borrowings from other banks	7,895,374,488,026	11,684,453,209,552
Deposits from other banks	3,533,223,288,026	11,684,453,209,552
Borrowings from other banks	4,362,151,200,000	-
Due to customers	34,261,860,116,786	19,089,859,618,148
Derivatives and other financial liabilities	-	2,789,558,902
Grants, entrusted funds and loans exposed to risks	-	-
Valuable papers issued	3,644,839,683,515	7,838,230,091,647
Other liabilities	1,021,478,311,739	1,792,180,479,747
Interest and fees payable	639,452,701,208	709,792,217,518
Deferred tax liabilities	23,616,380	2,575,020,592
Other payables	375,742,308,125	1,073,627,497,822
Provision for contingent liabilities and off-balance sheet commitments	6,259,686,026	6,185,743,815
TOTAL LIABILITIES	47,389,084,592,501	41,477,789,738,367
OWNERS' EQUITY		
Capital and reserves		
Capital	5,004,043,016,800	3,004,043,016,800
Charter capital	5,000,000,000,000	3,000,000,000,000
Fund for capital expenditure	-	-
Share premium	4,043,016,800	4,043,016,800
Treasury shares	-	-
Preference shares	-	-
Other capital	-	-
Reserves	53,298,582,457	90,730,718,845
Foreign currency difference reserve	-	-
Asset revaluation reserve	-	-
Retained earnings	336,404,498,690	452,857,865,834
TOTAL OWNERS' EQUITY	5,393,746,097,947	3,547,631,601,479
TOTAL LIABILITIES AND OWNERS' EQUITY	52,782,830,690,448	45,025,421,339,846

OFF BALANCE SHEET ITEMS

Contingencies

Financial guarantees	-	-
Letters of credit	277,486,714,514	141,178,961,687
Other guarantees	1,029,659,383,949	398,326,908,251

Commitments

Commitments to customers	-	-
Other commitments	-	-
	1,307,146,098,463	539,505,869,938

Prepared by



Ms. Ho Dang Hoang Quyen
Chief Accountant

Ho Chi Minh City, Vietnam
25th March 2013

Reviewed by



Mr. Pham Van Dau
Chief Financial Officer

Approved by



Mr. Nguyen Huu Dang
General Director

■ INCOME STATEMENT

for the year ended 31st December 2012

	31 December 2012 VND	31 December 2011 VND
Interest and similar income	5,195,232,247,234	5,340,655,733,569
Interest and similar expenses	(4,345,159,278,402)	(4,031,823,646,416)
Net interest and similar income	850,072,968,832	1,308,832,087,153
Fees and commission income	46,344,535,613	102,574,465,029
Fees and commission expenses	(28,718,510,672)	(38,379,619,871)
Net fees and commission income	17,626,024,941	64,194,845,158
Net loss from foreign currencies and gold trading	(43,304,784,267)	(93,489,424,431)
Net gain from dealing of trading securities	8,592,464,240	-
Net gain/(loss) from dealing of investment securities	315,178,910,662	(44,775,764,727)
Other operating income	377,392,999,858	11,578,149,137
Other operating expenses	(29,633,018,777)	(9,642,290,955)
Net other operating income	347,759,981,081	1,935,858,182
Income from long-term investments	26,482,194,605	9,988,190,148
TOTAL OPERATING INCOME	1,522,407,760,094	1,246,685,791,483
Personnel expenses	(301,888,321,247)	(267,297,109,756)
Depreciation and amortisation charges	(58,947,366,006)	(36,222,926,944)
Other operating expenses	(435,686,172,891)	(291,082,545,691)
TOTAL OPERATING EXPENSES	(796,521,860,144)	(594,602,582,391)
Net operating profit before credit loss expense	725,885,899,950	652,083,209,092
Credit loss expense	(298,735,979,395)	(86,106,790,982)
PROFIT BEFORE TAX	427,149,920,555	565,976,418,110
Current corporate income tax expense	(103,270,667,165)	(136,746,576,681)
Deferred income tax benefit/(expense)	2,551,404,212	(2,733,429,590)
Total corporate income tax expense	(100,719,262,953)	(139,480,006,271)
NET PROFIT FOR THE YEAR	326,430,657,602	426,496,411,839
Basic earnings per share	814	1,427

Prepared by



Ms. Ho Dang Hoang Quyen
Chief Accountant

Ho Chi Minh City, Vietnam
25th March 2013

Reviewed by



Mr. Pham Van Dau
Chief Financial Officer

Approved by



Mr. Nguyen Huu Dang
General Director

■ CASH FLOW STATEMENT

for the year ended 31 December 2012

	2012 VND	2011 VND
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and similar receipts	4,814,939,713,567	4,758,528,965,604
Interest and similar payments	(4,415,018,766,013)	(3,694,153,828,929)
Fees and commission income received	17,226,117,581	59,453,388,591
Net receipts/(payments) from securities, gold and foreign currencies trading	169,207,840,550	(54,750,819,603)
Other operating income	26,029,977,028	3,252,971,175
Recovery of bad debts previously written-off	6,932,944,273	-
Payments to employees and other operating expenses	(733,693,879,144)	(554,440,753,344)
Corporate income tax paid during the year	(144,271,611,169)	(136,756,234,607)
Net operating cash flows before changes in operating assets and liabilities	(258,647,663,327)	381,133,688,887
Changes in operating assets		
Decrease/(increase) in due from and loans to other banks	2,098,956,909,764	(4,712,099,400,000)
Increase in investment securities	(1,179,023,206,335)	(3,282,747,984,544)
Decrease in derivatives and other financial assets	-	859,200,000
Increase in loans and advances to customers	(7,343,670,421,281)	(2,119,593,142,605)
Use of provisions to write-off loans, investment securities, long-term investments	(243,883,085,028)	(32,692,541,150)
Increase in other assets	(1,629,567,242,970)	(2,968,030,528,703)
Changes in operating liabilities		
Decrease in borrowings from the Government and the SBV	(504,744,787,936)	(1,112,346,587,251)
(Decrease)/increase in due to and borrowings from other banks	(3,789,078,721,526)	4,429,922,942,930
Increase in due to customers	15,172,000,498,638	5,103,646,663,100
(Decrease)/increase in valuable papers issued (excluding issued debts in financial activities)	(4,193,390,408,132)	767,185,918,224
Increase/(decrease) in grants, entrusted funds and loans exposed to risks	-	-
(Decrease)/increase in derivatives and other financial liabilities	(2,789,558,902)	2,481,968,069
Decrease in other liabilities	(705,073,889,341)	(67,060,175,572)
Use of reserves during the year	(18,049,281,288)	(10,904,997,017)
Net cash flows used in operating activities	<u>(2,596,960,857,664)</u>	<u>(3,620,244,975,632)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(55,360,226,265)	(106,174,856,811)
Proceeds from disposals of fixed assets	31,964,000,000	319,675,858
Payments for disposals of fixed assets	-	-
Purchases of investment property	-	-
Proceeds from disposals of investment property	-	-
Payments for disposals of investment property	-	-
Additional investments in other entities	-	(55,265,760,000)
Receipts from investments in other entities	-	-
Dividends received and profit from long-term investments	15,053,569,605	17,548,034,853
Net cash flows used in investing activities	<u>(8,342,656,660)</u>	<u>(143,572,906,100)</u>

■ CASH FLOW STATEMENT

for the year ended 31 December 2012

CASH FLOWS FROM FINANCING ACTIVITIES

Cash and cash equivalents included in the cash flow statement comprised the following balances on the balance sheet:

	2012 VND	2011 VND
Capital contributions	2,000,000,000,000	1,000,000,000,000
Proceeds from issuance of long-term convertible valuable papers and other long-term borrowings	-	-
Repayment of long-term convertible valuable papers and other long-term borrowings	-	-
Dividends paid	(226,957,800,626)	(217,338,461,728)
Purchases of treasury shares	-	-
Proceeds from sale of treasury shares	-	-
Net cash flows from financing activities	<u>1,773,042,199,374</u>	<u>782,661,538,272</u>
Net decrease in cash and cash equivalents during the year	(832,261,314,950)	(2,981,156,343,460)
Cash and cash equivalents at the beginning of the year	5,690,159,392,717	8,671,315,736,177
Foreign exchange difference	-	-
Cash and cash equivalents at the end of the year	<u>4,857,898,077,767</u>	<u>5,690,159,392,717</u>

Prepared by



Ms. Ho Dang Hoang Quyen
Chief Accountant

Ho Chi Minh City, Vietnam
25th March 2013

Reviewed by



Mr. Pham Van Dau
Chief Financial Officer

Approved by



Mr. Nguyen Huu Dang
General Director

■ NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

	31 December 2012 VND	31 December 2011 VND
1. CASH, GOLD AND PRECIOUS STONES		
Monetary gold	385,795,540,000	754,166,770,000
Cash on hand in VND	293,454,442,600	382,612,756,500
Cash on hand in foreign currencies	128,218,042,348	139,939,068,108
	<u>807,468,024,948</u>	<u>1,276,718,594,608</u>
2. BALANCES WITH THE STATE BANK OF VIETNAM		
Current account	<u>701,234,182,913</u>	<u>1,410,215,684,528</u>

Balances with the State Bank of Vietnam (the “SBV”) include settlement and compulsory deposits. As at 31 December 2012, compulsory deposits in VND and settlement deposits in foreign currencies earn annual interest at rates of 1.20% p.a. and 0.05% p.a, respectively.

The compulsory deposit rates required by the SBV as at 31 December 2012 were as follows:

- Reserves are computed at 3% and 1% of customer deposits in VND with original maturities of less than 12 months and over 12 months, respectively.
- Reserves are computed at 8% and 6% of customer deposits in foreign currencies with original maturities of less than 12 months and over 12 months, respectively.

Accordingly, total required average compulsory deposits (in both VND and foreign currencies) in December 2012 were VND 520,443 million and USD 5,212,000 respectively

	31 December 2012 VND	31 December 2011 VND
3. DUE FROM AND LOANS TO OTHER BANKS		
Demand deposits	4,376,463,960,142	9,129,450,113,581
In VND	<u>3,000,000,000,000</u>	-
In foreign currencies	<u>7,376,463,960,142</u>	<u>9,129,450,113,581</u>

	31 December 2012 VND	31 December 2011 VND
3.1 Deposits in other banks		
Deposits in other banks	223,465,508,944	14,125,718,135
Loans to other banks	125,730,360,962	24,988,284,335
Term deposits		
<i>With term under three months</i>		
- In VND	-	2,964,111,111,111
<i>With term over three months</i>		
- In VND	<u>4,027,268,090,236</u>	<u>6,126,225,000,000</u>
	<u>4,376,463,960,142</u>	<u>9,129,450,113,581</u>

The Bank has complied with Circular No. 21/2012/QĐ-NHNN issued by the SBV on 18 June 2012 whereby credit institutions and foreign bank branches are not allowed to make deposits at, or take deposits (except demand deposits) from other banks and foreign bank branches since the effective date of the Circular (1 September 2012). Thus, the Bank complied with the Circular.

	31 December 2012 % p.a.	31 December 2011 % p.a.
Interest rates of term deposits in other banks at the year-end were as follows:		
Term deposits in VND	8.50 - 15.00	10.40 - 23.00

■ NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31th December 2012

	31 December 2012 VND	31 December 2011 VND
3.2 Loans to other banks		
Loans to other banks with terms under three months		
- In VND	3,000,000,000,000	-
- In foreign currency	-	-
Provision for loan loss	-	-
	<u>3,000,000,000,000</u>	<u>-</u>
Interest rates of loans to other banks at the year-end were as follows:	31 December 2012 % p.a.	31 December 2011 % p.a.

Loans to other banks in VND	6.60 - 7.80	-
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4. TRADING SECURITIES

Details of trading securities as at 31 December were as follows:

	31 December 2012 VND	31 December 2011 VND
Debt securities		
Issued by local economic entities	207,405,555,556	-
Provision for decline in value of trading securities	-	-
	<u>207,405,555,556</u>	<u>-</u>

All of these trading securities are corporate bonds issued by VNT Limited Company.

5. DERIVATIVES AND OTHER FINANCIAL ASSETS/FINANCIAL LIABILITIES

	Total contract value (using exchange rate at the contract date)		Total carrying value (using exchange rate at balance sheet date)
	VND	Assets VND	Liabilities VND
As at 31 December 2012			
Currency derivatives			
Forward contracts	208,640,000,000	360,000,000	-
As at 31 December 2011			
Currency derivatives			
Forward contracts	116,951,857,120	-	2,789,558,902

6. LOANS AND ADVANCES TO CUSTOMERS

	31 December 2012 VND	31 December 2011 VND
Loans to local economic entities and individuals	20,680,001,568,572	13,549,103,341,917
Overdraft and loans to credit card holders	425,493,511,666	252,760,582,102
Loans to foreign economic entities and individuals	22,489,152,570	881,000,000
Loans for discounted commercial notes and valuable papers	19,840,640,875	45,041,166,608
	<u>21,147,824,873,683</u>	<u>13,847,786,090,627</u>

Interest rates of loans and advances to customers at the year-end were as follows:

	31 December 2012 % p.a.	31 December 2011 % p.a.
Commercial loans		
- In VND	2.80 - 27.00	6.00 - 28.30
- In foreign currencies	3.00 - 10.00	3.20 - 10.50
- In gold	2.50 - 5.60	2.50 - 8.50

■ NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31st December 2012

<i>6.1 Analysis of loans by quality</i>	<i>31 December 2012</i> <i>VND</i>	<i>31 December 2011</i> <i>VND</i>
Current	19,415,923,530,441	12,726,452,310,175
Special mention	1,234,341,032,354	829,437,805,927
Substandard	354,754,391,421	154,444,963,856
Doubtful	116,906,219,467	95,845,436,669
Loss	25,899,700,000	41,605,574,000
	<u>21,147,824,873,683</u>	<u>13,847,786,090,627</u>

<i>6.2 Analysis of loans by original terms</i>	<i>31 December 2012</i> <i>VND</i>	<i>31 December 2011</i> <i>VND</i>
Short-term loans	17,575,945,843,248	10,069,423,266,989
Medium-term loans	1,794,861,889,000	1,862,607,554,163
Long-term loans	1,777,017,141,435	1,915,755,269,475
	<u>21,147,824,873,683</u>	<u>13,847,786,090,627</u>

6.3 Analysis of loans by type of customers and ownership

	<i>31 December 2012</i> <i>VN</i>	<i>D%</i>	<i>31 December 2012</i> <i>VND</i>	<i>%</i>
Corporate loans	10,246,634,673,304	48.452	8,689,727,733,307	62.752
Other joint-stock companies	4,055,025,431,089	19.175	3,445,415,601,031	24.880
Other limited liability companies	3,461,794,220,546	16.370	3,592,189,750,783	25.941
Family household business	1,266,150,175,886	5.987	796,821,173,140	5.754
100% State limited liability companies	509,822,565,288	2.410	287,320,816,000	2.075
Other State-owned enterprises	379,310,391,721	1.794	134,052,394,600	0.968
Private companies	125,919,406,977	0.595	253,028,145,968	1.827
Foreign invested enterprises	82,002,655,734	0.388	124,365,103,854	0.898
State joint stock companies	72,605,056,288	0.343	31,517,555,807	0.228
Foreign joint businesses	16,048,396,154	0.076	7,184,542,124	0.052
Co-operatives	6,713,850,501	0.031	11,900,900,000	0.086
Joint businesses	812,650,000	0.004	412,500,000	0.003
State and administrative unit of government	566,800,000	0.003	1,000,000,000	0.007
Others	269,863,073,120	1.276	4,519,250,000	0.033
Individual loans	<u>10,901,190,200,379</u>	<u>51.548</u>	<u>5,158,058,357,320</u>	<u>37.248</u>
	<u>21,147,824,873,683</u>	<u>100.000</u>	<u>13,847,786,090,627</u>	<u>100.000</u>

■ NOTES TO THE FINANCIAL STATEMENTS *(continued)*

as at and for the year ended 31th December 2012

6.4 Analysis of loan portfolio by industry

	31 December 2012 VND	%	31 December 2011 VND	%
Household work, production and consumer services	9,346,441,597,889	44.20	603,372,855,051	4.36
Constructions	1,457,586,721,619	6.88	1,914,768,418,913	13.83
Processing industry	1,298,272,536,219	6.14	1,132,271,983,696	8.18
Agricultural, forestry and aquaculture	1,232,433,691,930	5.83	1,127,761,255,076	8.14
Electricity, gas and water supply/distribution	713,327,221,555	3.37	572,776,921,841	4.14
Media and communications	599,318,127,254	2.83	534,354,890,757	3.86
Trading, repair of motor vehicles, motorcycles, personal appliances and household appliances	532,675,919,287	2.52	765,445,387,284	5.53
Science and technology activities	369,082,443,221	1.75	312,121,685,077	2.25
Real estate business	346,461,795,181	1.64	9,796,681,143	0.07
Mining industry	222,532,888,408	1.05	18,414,411,007	0.13
Hotel and restaurant	195,258,991,508	0.92	104,804,155,819	0.76
Transportation and warehousing	186,980,961,582	0.88	156,363,228,000	1.13
Financial, banking and insurance services	75,348,589,018	0.36	251,735,601,160	1.82
Administrations and supporting services	60,620,625,628	0.29	68,786,264,391	0.50
Art and entertainment services	34,993,943,457	0.17	44,817,892,712	0.32
Health care and social relief activities	26,162,818,834	0.12	24,217,891,448	0.17
State governance and national defense, Communist Party, unions, social obligations	20,323,929,450	0.10	3,532,855,566	0.02
Education and training	5,772,757,733	0.03	6,787,314,938	0.05
Water supplies and waste treatment	4,906,520,996	0.02	42,714,141,666	0.31
Other services	4,419,322,792,914	20.90	6,152,942,255,082	44.43
	<u>21,147,824,873,683</u>	<u>100.00</u>	<u>13,847,786,090,627</u>	<u>100.00</u>

7. CHANGES IN PROVISION FOR LOAN LOSSES

Details of provision for credit losses on the balance sheet at the year end were summarised as follows:

	31 December 2012 VND	31 December 2011 VND
Provision for losses on loans and advances to customers	195,463,685,313	140,684,733,157
Provision for losses on contingent liabilities and off balance sheet commitments	6,259,686,026	6,185,743,815
	<u>201,723,371,339</u>	<u>146,870,476,972</u>

■ NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31th December 2012

Changes in provision for credit losses during the current year were as follows:

	<i>Specific provision VND</i>	<i>General provision VND</i>	<i>Total VND</i>
Beginning balance	43,557,134,187	103,313,342,785	146,870,476,972
Provisions charged for the year	261,708,617,949	59,809,618,782	321,518,236,731
Reversal of provision during the year	(505,273,000)	(22,276,984,336)	(22,782,257,336)
Provision used to write off bad debts during the year	-	-	-
Balance as at 30 November 2012	304,760,479,136	140,845,977,231	445,606,456,367
Provision used to write off bad loans in December 2012	(243,883,085,028)	-	(243,883,085,028)
Ending balance	<u>60,877,394,108</u>	<u>140,845,977,231</u>	<u>201,723,371,339</u>

Details of loan classification and provision as required by Decision No. 493/2005/QĐ-NHNN, Decision No. 18/2007/QĐ-NHNN, Decision No. 780/QĐ-NHNN and the Bank's own policy as at 30 November 2012 are as follows:

<i>Classification</i>	<i>Loan balance VND</i>	<i>Specific provision VND</i>	<i>General provision VND</i>	<i>Total provision VND</i>
<i>Loan to customers</i>				
Current	16,207,391,371,393	-	121,555,435,286	121,555,435,286
Special mention	1,261,882,940,985	16,964,491,095	9,464,122,057	26,428,613,152
Substandard	358,280,709,882	25,081,549,072	2,687,105,324	27,768,654,396
Doubtful	117,283,805,129	17,906,143,940	879,628,538	18,785,772,478
Loss	316,348,081,189	244,808,295,029	-	244,808,295,029
	<u>18,261,186,908,578</u>	<u>304,760,479,136</u>	<u>134,586,291,205</u>	<u>439,346,770,341</u>
<i>Off-balance sheet commitments</i>				
Current	834,624,803,382	-	6,259,686,026	6,259,686,026
Total	<u>19,095,811,711,960</u>	<u>304,760,479,136</u>	<u>140,845,977,231</u>	<u>445,606,456,367</u>

8. INVESTMENT SECURITIES

	<i>31 December 2012 VND</i>	<i>31 December 2011 VND</i>
Available-for-sale securities	10,249,983,340,288	8,780,795,314,811
Debt securities	8,472,157,283,049	8,595,664,054,505
Issued by the Government	4,469,157,283,049	2,348,532,563,354
Issued by other local banks	1,700,000,000,000	3,609,131,491,151
Issued by local economic entities	2,303,000,000,000	2,638,000,000,000
Equity securities	1,899,989,356,316	360,025,985,526
Issued by other local banks	1,683,172,071,219	150,273,751,249
Issued by local economic entities	216,817,285,097	209,752,234,277
Provision for decline in value of available-for-sale securities	(122,163,299,077)	(174,894,725,220)
Held-to-maturity securities	1,486,435,268,025	1,890,768,349,806
Debt securities	1,486,435,268,025	1,890,768,349,806
Issued by the Government	3,598,900,000	41,040,728,834
Issued by other local banks	200,000,000,000	300,000,000,000
Issued by local economic entities	1,282,836,368,025	1,549,727,620,972
Provision for decline in value of held-to-maturity securities	-	-
	<u>11,736,418,608,313</u>	<u>10,671,563,664,617</u>

■ NOTES TO THE FINANCIAL STATEMENTS *(continued)*

as at and for the year ended 31th December 2012

8.1 Available-for-sale securities

Movement of provision for available-for-sale securities during the year was as follows:

	2012 VND	2011 VND
Beginning balance	174,894,725,220	90,862,664,375
Provision charged for the year	10,717,882,860	84,032,060,845
Reversal of provision during the year	(63,449,309,003)	-
Ending balance	<u>122,163,299,077</u>	<u>174,894,725,220</u>

8.2 Held-to-maturity securities

	31 December 2012		31 December 2011	
	Face value VNDC	carrying value VND	Face value VNDC	carrying value VND
Bonds issued by local economic entities	1,290,000,000,000	1,282,836,368,025	1,541,000,000,000	1,549,727,620,972
Bonds and bills issued by other local banks	200,000,000,000	200,000,000,000	300,000,000,000	300,000,000,000
Government bills and bonds	3,598,900,000	3,598,900,000	41,287,800,000	41,040,728,834
	<u>1,493,598,900,000</u>	<u>1,486,435,268,025</u>	<u>1,882,287,800,000</u>	<u>1,890,768,349,806</u>

9. OTHER LONG-TERM INVESTMENTS

	2012 VND	2011 VND
Beginning balance	199,177,949,881	169,862,189,881
Increase during the year	44,700,000,000	55,265,760,000
Decrease during the year	(182,386,639,216)	(25,950,000,000)
- Disposals	(182,386,639,216)	-
- Transfer to available-for-sale securities	-	(21,000,000,000)
- Reclassification to other receivables	-	(4,950,000,000)
	<u>61,491,310,665</u>	<u>199,177,949,881</u>
Provision for other long-term investments	(3,874,358,327)	-
Ending balance	<u>57,616,952,338</u>	<u>199,177,949,881</u>

Movement in provision for decline in value of other long-term investments during the year was as follows:

	2012 VND	2011 VND
Beginning balance	-	-
Provision charged for the year	3,874,358,327	-
Reversal of provision during the year	-	-
Ending balance	<u>3,874,358,327</u>	<u>-</u>

■ NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31st December 2012

10. FIXED ASSETS

10.1 Tangible fixed assets

Movements of tangible fixed assets during the year were as follows:

	Buildings and structures VND	Machinery and equipment VND	Vehicles VND	Office equipment VND	Other fixed assets VND	Total VND
Cost						
Beginning balance	118,591,839,694	31,034,122,037	66,594,444,804	116,262,753,932	6,823,157,144	339,306,317,611
Newly purchased	2,855,612,932	19,563,960,853	14,958,335,728	14,083,483,469	2,138,394,083	53,599,787,065
Transferred from constructions in progress	8,375,445,305	906,159,095	2,524,516,031	1,513,673,396	192,967,371	13,512,761,198
Other increase	40,104,545	-	-	110,666,308	-	150,770,853
Sold, disposed	(30,616,434,872)	(417,172,587)	(113,359,640)	(904,652,149)	(121,202,171)	(32,172,821,419)
Other decrease	-	(160,570,853)	(92,863,723)	-	-	(253,434,576)
Ending balance	99,246,567,604	50,926,498,545	83,871,073,200	131,065,924,956	9,033,316,427	374,143,380,732
Accumulated depreciation						
Beginning balance	17,645,676,310	6,509,228,142	16,160,745,914	32,654,308,056	1,061,350,567	74,031,308,989
Charged for the year	5,384,362,073	6,109,336,629	9,897,642,712	28,384,568,381	1,426,450,639	51,202,360,434
Other increase	-	-	-	5,172,166	-	5,172,166
Sold, disposed	(5,340,398,590)	(353,681,441)	(90,994,500)	(744,234,677)	(60,903,812)	(6,590,213,020)
Other decrease	-	(45,424,475)	(42,545,942)	-	-	(87,970,417)
Ending balance	17,689,639,793	12,219,458,855	25,924,848,184	60,299,813,926	2,426,897,394	118,560,658,152
Net book value						
Beginning balance	100,946,163,384	24,524,893,895	50,433,698,890	83,608,445,876	5,761,806,577	265,275,008,622
Ending balance	81,556,927,811	38,707,039,690	57,946,225,016	70,766,111,030	6,606,419,033	255,582,722,580
<i>Other information about tangible fixed assets</i>						
Cost of tangible fixed assets fully depreciated but still in use						
					31 December 2012 VND	31 December 2011 VND
					12,884,006,948	8,552,583,223

■ NOTES TO THE FINANCIAL STATEMENTS *(continued)*

as at and for the year ended 31th December 2012

10.2 Intangible fixed assets

Movements of intangible fixed assets during the year were as follows:

	<i>Land use rights VND</i>	<i>Accounting software VND</i>	<i>Total VND</i>
Cost			
Beginning balance	22,548,083,700	56,142,126,628	78,690,210,328
Newly purchased	-	1,760,439,200	1,760,439,200
Ending balance	<u>22,548,083,700</u>	<u>57,902,565,828</u>	<u>80,450,649,528</u>
Accumulated amortisation			
Beginning balance	99,644,076	16,359,614,745	16,459,258,821
Charged for the year	85,409,208	7,654,424,198	7,739,833,406
Ending balance	<u>185,053,284</u>	<u>24,014,038,943</u>	<u>24,199,092,227</u>
Net book value			
Beginning balance	22,448,439,624	39,782,511,883	62,230,951,507
Ending balance	<u>22,363,030,416</u>	<u>33,888,526,885</u>	<u>56,251,557,301</u>

Other information about intangible fixed assets

	<i>31 December 2012 VND</i>	<i>31 December 2011 VND</i>
Cost of intangible fixed assets fully amortised but still in use	<u>1,210,157,349</u>	<u>725,019,114</u>

11. BORROWINGS FROM THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	<i>31 December 2012 VND</i>	<i>31 December 2011 VND</i>
Borrowings from		
the State Bank of Vietnam (i)	400,000,000,000	830,470,825,992
Other borrowings	165,531,992,435	239,805,954,379
- Asian Development Bank (ii)	45,149,145,935	61,351,547,879
- Japan Bank of International Cooperation (iii)	120,382,846,500	178,454,406,500
	<u>565,531,992,435</u>	<u>1,070,276,780,371</u>

(i) These are refinancing borrowings from the SBV to support for agriculture and rural development. These borrowings have the term of six (6) months and bear interest rate at the time of withdrawal.

(ii) These borrowings were made under the Credit Financing Project funded by Asia Development Bank through the SBV. According to the agreement dated 16 January 2006 and its amendments dated 24 November 2006 and 11 October 2010 signed with the SBV, total credit limit is VND 68,000 million. The borrowings have a term of 20 years from 6 January 2004 and bear interest rate which is equivalent to the average interest rate of all types of term deposits in the banking industry at end of each quarter.

(iii) These borrowings were made under the Credit Financing for Small and Medium Enterprises Project - Phase II and Phase III funded by Japan Bank of International Cooperation (JBIC) through the SBV. According to the agreement dated 1 November 2007, the Bank obtained these loans to support enterprises which meet the criteria of the project.

■ NOTES TO THE FINANCIAL STATEMENTS *(continued)*

as at and for the year ended 31st December 2012

12. DUE TO AND BORROWINGS FROM OTHER BANKS

	31 December 2012 VND	31 December 2011 VND
Deposits from other banks	3,533,223,288,026	11,684,453,209,552
Borrowings from other banks	4,362,151,200,000	-
	<u>7,895,374,488,026</u>	<u>11,684,453,209,552</u>

12.1 Deposits from other banks:

	31 December 2012 VND	31 December 2011 VND
Demand deposits	1,981,288,026	3,869,997,103
- In VND	1,838,706,570	3,728,035,534
- In foreign currencies	142,581,456	141,961,569
Term deposits	3,531,242,000,000	11,680,583,212,449
- In VND	3,500,000,000,000	11,264,250,000,000
- In foreign currencies	31,242,000,000	416,333,212,449
	<u>3,533,223,288,026</u>	<u>11,684,453,209,552</u>

Interest rates applicable to deposits from other banks at the year-end were as follows:

	31 December 2012 % p.a	31 December 2011 % p.a
Demand deposits in VND	1.80	0.10 - 3.00
Demand deposits in foreign currencies	0.20 - 0.50	maximum 0.50
Term deposits in VND	8.50 - 13.50	10.50 - 19.00
Term deposits in foreign currencies	3.80	0.10 - 6.00

12.2 Borrowings from other banks

	31 December 2012 VND	31 December 2011 VND
Borrowings from other banks		
- In VND	3,000,000,000,000	-
- In foreign currencies	1,362,151,200,000	-
	<u>4,362,151,200,000</u>	<u>-</u>

Interest rates applicable to borrowings from other banks at the year-end were as follows:

	31 December 2012 % p.a	31 December 2011 % p.a
Borrowings in VND	6.44 - 7.80	-
Borrowings in foreign currencies	1.00 - 3.80	-

■ NOTES TO THE FINANCIAL STATEMENTS *(continued)*

as at and for the year ended 31th December 2012

13. DUE TO CUSTOMERS

13.1 Analysis by products

	31 December 2012 VND	31 December 2011 VND
Demand deposits		
Demand deposits in VND	1,647,958,603,678	1,585,305,591,873
Demand savings deposits in VND	553,912,831	552,767,262
Demand deposits in foreign currencies	135,614,065,226	229,178,079,087
Demand saving deposits in foreign currencies	1,334,103,566	5,989,339,471
Term deposits		
Term deposits in VND	7,003,107,791,864	4,674,699,241,922
Term savings deposits in VND	23,972,593,306,127	11,031,030,875,281
Term deposits in foreign currencies	85,775,306,108	93,233,908,924
Term savings deposits in foreign currencies	1,087,047,842,657	1,309,199,136,630
Deposits for specific purposes		
In VND	9,643,759,533	18,047,246,906
In foreign currencies	434,259,146	12,597,007,041
Margin deposits		
In VND	74,047,283,498	53,374,992,910
In foreign currencies	20,881,107,792	32,633,375,078
Other amounts owing to customers		
Other savings deposits	222,868,774,760	44,018,055,763
	<u>34,261,860,116,786</u>	<u>19,089,859,618,148</u>

Interest rates applicable to customer deposits from other banks at the year-end were as follows:

	31 December 2012 % p.a	31 December 2011 p.a
Demand deposits in VND	1.80	1.20 - 6.00
Demand savings deposits in VND	1.80	maximum to 3.00
Demand deposits in foreign currencies	0.20 - 1.20	0.20 - 1.20
Demand savings deposits in foreign currencies	0.20 - 1.20	0.20 - 1.20
Term deposits in VND	1.80 - 14.00	3.00 - 14.00
Term savings deposits in VND	1.90 - 14.00	6.00 - 14.00
Term deposits in foreign currencies	0.50	0.50 - 2.00
Term savings deposits in foreign currencies	0.60 - 5.20	1.00 - 2.00

In case customers withdraw term savings deposits in VND and in foreign currency before the maturity date, the demand interest rate shall be applied.

■ NOTES TO THE FINANCIAL STATEMENTS *(continued)*

as at and for the year ended 31th December 2012

13.2 Analysis by customers

	31 December 2012 VND	31 December 2011 VND
Deposits from economic entities	8,977,462,176,845	7,879,848,215,607
Other joint-stock companies	3,548,444,194,995	3,352,066,207,170
Family household business	1,385,772,973,725	1,190,414,498,802
Other limited liability companies	1,268,339,998,045	1,116,473,189,681
Other State-owned enterprises	992,130,070,561	513,454,536,326
100% State limited liability companies	839,534,953,764	956,486,803,600
State joint-stock companies	398,276,795,270	335,025,490,137
Co-operatives	133,981,780,146	57,829,435,545
100% foreign-invested enterprises	103,543,730,554	24,836,118,102
Over 50% State limited liability companies	64,920,271,756	11,874,213,345
State and administrative unit of government	59,514,591,336	25,059,278,014
Joint-foreign-invested enterprises	24,620,840,188	13,333,472,460
Private companies	21,918,458,804	23,673,175,912
Farming	171,772,230	-
Joint businesses	38,168,649	38,569,600
Others	136,253,576,822	259,283,226,913
Deposits from individuals	25,284,397,939,941	11,210,011,402,541
	<u>34,261,860,116,786</u>	<u>19,089,859,618,148</u>

14. VALUABLE PAPERS ISSUED

	31 December 2012 VND	31 December 2011 VND
Certificates of deposits		
Under 12 months	2,294,839,683,515	5,728,033,471,647
From 12 months to 5 years	-	10,196,620,000
Straight bonds		
From 12 months to 5 years	850,000,000,000	1,600,000,000,000
Over 5 years	500,000,000,000	500,000,000,000
	<u>3,644,839,683,515</u>	<u>7,838,230,091,647</u>

14.1 Certificates of deposits

Certificates of deposits issued by the Bank comprise of certificates of deposits denominated in VND and gold with terms ranging from one month to one year. Interest on certificates of deposits in gold is payable at maturity date or on a quarterly basis.

Interest rates applicable to valuable papers at the year-end were as follows:

	31 December 2012 % p.a	31 December 2011 % p.a
Certificates of deposits in VND	8.00 - 9.00	14.00
Certificates of deposits in gold	3.50	0.30 - 3.70

No interest rate shall be applied in case customers redeem the certificates of deposits in gold before the maturity date

■ NOTES TO THE FINANCIAL STATEMENTS *(continued)*

as at and for the year ended 31th December 2012

14.2 Straight bonds:

The interest of these bonds is paid annually. The bonds bear a fixed interest rate of 13% per annum in the first year and the variable interest rate will be applied from second year and adjusted once a year equivalent to the average interest rate of the 12-month saving term deposits in VND of individuals (interest paid at the maturity date) applied by four largest banks in Vietnam plus 2% per annum.

Interest rates applicable to straight bonds at the year-end were as follows

	31 December 2012 % p.a	31 December 2011 % p.a
Straight bonds	12.75 - 13.45	15.50 - 16.70

15. STATUTORY OBLIGATIONS

	Beginning balance VND	Movement during the year		Ending balance VND
		Payable VND	Paid VND	
Value added tax ("VAT")	(5,889,589,849)	7,165,528,277	(1,804,746,790)	(528,808,362)
Providing services	(5,743,168,362)	6,327,905,525	(600,991,186)	(16,254,023)
Foreign exchange trading	(146,421,487)	837,622,752	(1,203,755,604)	(512,554,339)
Corporate income tax	20,341,104,127	103,270,667,165	(144,271,611,169)	(20,659,839,877)
Other taxes	2,207,669,507	21,732,453,831	(23,464,149,374)	475,973,964
Personal income tax	2,207,169,507	20,759,864,914	(22,491,060,457)	475,973,964
License tax	500,000	123,000,000	(123,500,000)	-
Withholding tax	-	849,588,917	(849,588,917)	-
Other payables	-	3,000,000	(3,000,000)	-
	<u>16,659,183,785</u>	<u>132,171,649,273</u>	<u>(169,543,507,333)</u>	<u>(20,712,674,275)</u>
In which:				
Payables to the State Budget	22,548,773,634			475,973,964
Receivables from the State Budget	(5,889,589,849)			(21,188,648,239)

■ NOTES TO THE FINANCIAL STATEMENTS *(continued)*

as at and for the year ended 31st December 2012

15.1 Current corporate income tax

The Bank has the obligation to pay current corporate income tax ("CIT") at a rate of 25% of taxable profit (2011: 25%)

The current tax payable is based on taxable profit for the year. The taxable profit of the Bank for the year differs from the profit as reported in the income statement because it excludes income or expenses that are taxable or deductible in other periods due to the differences between the Bank's accounting policies and the current tax policies, and it further excludes items that are not taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Current CIT expense during the year was calculated as follows:

	31 December 2012 VND	31 December 2011 VND
Profit before tax	427,149,920,555	565,976,418,110
Less:		
- Tax-exempt dividend income	(26,482,194,605)	(9,988,190,148)
- Realised foreign exchange loss	-	(633,635,990)
- Unrealised foreign exchange gain	(94,465,519)	(10,300,082,367)
Add:		
- Unrealised foreign exchange gain	10,300,082,367	-
- Non-deductible expenses	2,209,325,855	1,931,797,124
Estimated current taxable profit	<u>413,082,668,653</u>	<u>546,986,306,729</u>
Estimated current CIT expense	103,270,667,165	136,746,576,681
CIT payable at beginning of the year	20,341,104,127	20,350,762,053
CIT paid during the year	(144,271,611,169)	(136,756,234,607)
CIT (receivable)/payable at the end of the year	<u>(20,659,839,877)</u>	<u>20,341,104,127</u>

15.2 Deferred corporate income tax

	Balance sheet		Credited/(debited) to Income statement	
	31 December 2011 VND	31 December 2011 VND	31 December 2011 VND	31 December 2011 VND
Deferred tax asset				
Realised foreign exchange loss	-	-	-	(158,408,998)
Deferred tax liability				
Unrealised foreign exchange gain	(23,616,380)	(2,575,020,592)	(23,616,380)	(2,575,020,592)
Realised foreign exchange gain	-	-	2,575,020,592	-
	<u>(23,616,380)</u>	<u>(2,575,020,592)</u>		
Net deferred tax benefit/(expense) charged to the income statement			<u>2,551,404,212</u>	<u>(2,733,429,590)</u>

■ NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31st December 2012

16. CAPITAL AND RESERVES

16.1 Statement of changes in capital and reserves

Changes in the Bank's capital and reserves during the year were presented below:

Item	Share capital VND	Share premium VND	Financial reserve VND	Supplementary capital reserve VND	Other reserve VND	Bonus and welfare fund VND (**)	Retained earnings VND	Total VND
Beginning balance	3,000,000,000,000	4,043,016,800	73,710,093,954	16,159,527,926	-	861,096,965	452,857,865,834	3,547,631,601,479
Increase in the year								
Capital contribution (*)	2,000,000,000,000	-	-	-	-	-	-	2,000,000,000,000
Profit for the year	-	-	-	-	-	-	326,430,657,602	326,430,657,602
Additional appropriation to reserves of the prior year	-	-	21,309,820,592	21,309,820,592	20,000,000,000	3,000,000,000	(65,619,641,184)	-
Decrease in the year								
Reserves used during the year	-	-	(85,002,496,284)	-	(16,972,692,398)	(1,076,588,890)	(300,000,000)	(103,351,777,572)
Cash dividends	-	-	-	-	-	-	(376,964,383,56)	(376,964,383,562)
Ending balance	5,000,000,000,000	4,043,016,800	10,017,418,262	37,469,348,518	3,027,307,602	2,784,508,075	336,404,498,690	5,393,746,097,947

(*) During the year, the Bank's existing shareholders have contributed additional capital of VND 2,000 billion to increase the charter capital to VND 5,000 billion in accordance with Decision No. 9657/NHNN-TTGSNH dated 16 December 2011 of the State Bank of Vietnam, the plan of charter capital increase passed by shareholders at the annual general meeting on 16 June 2011 and the 20th Certificate of Business Registration for joint stock company issued by Department of Planning and Investment of Ho Chi Minh City dated 13 June 2012.

(**) Although Circular No. 244/2009/TT-BTC issued by the Ministry of Finance dated 31 December 2009 requires bonus and welfare funds be accounted for as liabilities, the Bank currently classifies bonus and welfare funds as an item of owner's equity since there is no specific guidance from the SBV on the account to be used to record these reserves as a liability.

■ NOTES TO THE FINANCIAL STATEMENTS *(continued)*

as at and for the year ended 31st December 2012

16.2 Statutory reserves

The Bank creates the following statutory reserves in compliance with the Law on Credit Institutions No. 47/2010/QH12 effective since 1 January 2011 and Decree No. 57/2012/ND - CP effective since 15 September 2012:

	<i>Calculation</i>	<i>Maximum balance</i>
Supplementary capital reserve	5% of profit after tax	100% chartered capital
Financial reserve	10% of profit after tax	25% chartered capital

Other funds are appropriated as the discretion of the Bank.

The appropriation of profits to statutory reserves will be made in accordance with resolution of the shareholders at annual general meeting and recorded in the next financial year.

17. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Data used in computation of basic earnings per share of the Bank follows:

	<i>31 December 2012 % p.a</i>	<i>31 December 2011 % p.a</i>
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	326,430,657,602	426,496,411,839
Weighted average number of ordinary shares for basic earnings per shares (shares)	401,092,896	298,904,110
Basic earnings per share (VND/share)	814	1,427
Par value (VND)	10,000	10,000

Net profit attributable to the Bank's ordinary shareholders used to calculate basic earnings per share represents profit after tax, which does not exclude amounts used to create reserves according to the regulations and the Bank's policies as presented.

18. DIVIDENDS

	<i>Beginning balance VND</i>	<i>Movement during the year</i>		<i>Ending balance VND</i>
		<i>Payable P VND</i>	<i>aid VND</i>	
Dividend to shareholders	416,406,546	226,964,383,562	(226,957,800,626)	422,989,482

In accordance with Resolution No. 6/2012/NQ-DHDCD dated 27 April 2012 of the shareholders in relation to the approval of plan for appropriation of net profit of the year ended 31 December 2011, the Bank declared dividends to its shareholders amounting to VND 376,964,383,562 during the year, which includes the interim dividends of VND 150,000,000,000 that was paid in 2011.

19. INTEREST AND SIMILAR INCOME

	<i>2012 VND</i>	<i>2011 VND</i>
Interest income from loans and advances to customers	2,060,835,517,988	2,229,902,592,056
Interest income from trading and investment debt securities 1	,428,949,270,457 1	,156,346,415,904
Interest income from deposits in other banks 1	,058,314,699,672 1	,316,338,573,369
Interest income from other credit activities	647,132,759,117	638,068,152,240
	<u>5,195,232,247,234</u>	<u>5,340,655,733,569</u>

■ NOTES TO THE FINANCIAL STATEMENTS *(continued)*

as at and for the year ended 31th December 2012

20. INTEREST AND SIMILAR EXPENSES

	2012 VND	2011 VND
Interest expense on deposits	3,655,266,800,552	3,135,427,303,948
Interest expense on valuable papers	586,092,245,371	662,224,240,960
Interest expense on borrowings	103,410,663,255	204,634,129,954
Expense from other credit activities	389,569,224	29,537,971,554
	<u>4,345,159,278,402</u>	<u>4,031,823,646,416</u>

21. NET FEES AND COMMISSION INCOME

	2012 VND	2011 VND
Fees and commission income		
- Settlement services	21,001,175,159	48,290,009,818
- Guarantee services	11,800,035,491	13,404,793,814
- Discounted fees	4,778,275,891	14,503,840,073
- Advisory services	3,559,740,467	7,854,104,038
- Treasury services	3,074,585,383	14,660,121,596
- Credit service fees	1,824,252,146	3,616,892,633
- Trust and agent services	306,471,076	244,703,057
	<u>46,344,535,613</u>	<u>102,574,465,029</u>

Fees and commission expenses

- Postal and telecommunication (	11,373,867,685)	(10,850,539,566)
- Settlement services (	7,481,611,090)	(6,219,194,146)
- Advisory services (	5,573,389,944)	(2,883,616,237)
- Treasury service	(3,595,845,150)	16,696,667,533)
- Trust and agent services (	365,027,547)	(683,044,406)
- Brokerage services (	25,050,000)	(867,594,151)
- Others	(303,719,256)	(178,963,832)
	<u>(28,718,510,672)</u>	<u>(38,379,619,871)</u>

Net fees and commission income

	<u>17,626,024,941</u>	<u>64,194,845,158</u>
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22. INCOME FROM LONG-TERM INVESTMENTS

	2012 VND	2011 VND
Dividends from long-term investments:		
- From equity available-for-sale securities	23,228,744,000	7,161,226,452
- From capital contributions and long-term investments	3,253,450,605	2,826,963,696
	<u>26,482,194,605</u>	<u>9,988,190,148</u>

■ NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31st December 2012

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprised the following balances on the balance sheet:

	31 December 2012 VND	31 December 2011 VND
Cash in VND	293,454,442,600	382,612,756,500
Cash in foreign currencies	128,218,042,348	139,939,068,108
Monetary gold	385,795,540,000	754,166,770,000
Current account with the SBV	701,234,182,913	1,410,215,684,528
Demand deposits in other banks	349,195,869,906	39,114,002,470
Deposits in other banks less than 90 days	-	2,964,111,111,111
Loans to other banks	3,000,000,000,000	-
	<u>4,857,898,077,767</u>	<u>5,690,159,392,717</u>

24. EMPLOYEES' INCOME

	2012 VND	2012 VND
I. Total number of employees (persons)	2,227	2,162
II. Employees' income (VND)		
1. Total salary	259,587,862,081	231,910,640,571
2. Lunch allowances	17,061,704,250	15,780,698,301
3. Total income (1+2)	<u>276,649,566,331</u>	<u>247,691,338,872</u>
4. Average monthly salary (VND/person)	9,713,660	8,251,286
5. Average monthly income (VND/person)	<u>10,352,102</u>	<u>8,812,757</u>

25. COLLATERALS AND MORTGAGES

	Book value (VND)	
	31 December 2012	31 December 2011
Real estate properties	23,215,163,649,488	23,561,049,334,785
Valuable papers	12,963,115,764,142	3,783,063,710,665
Movable assets	6,680,515,812,866	5,011,265,067,505
Other assets	25,202,968,231,241	10,444,189,506,898
	<u>68,061,763,457,737</u>	<u>42,799,567,619,853</u>

26. CONTINGENT LIABILITIES AND COMMITMENTS

	31 December 2012 VND	31 December 2011 VND
Financial guarantees	1,106,304,704,412	448,847,024,072
At sight letters of credit	269,450,448,759	155,191,898,611
Deferred letters of credit	18,352,804,982	14,340,782,734
	<u>1,394,107,958,153</u>	<u>618,379,705,417</u>
Less: Margin deposits	(86,961,859,690)	(78,873,835,479)
Contingent liabilities and commitments	<u>1,307,146,098,463</u>	<u>539,505,869,938</u>

■ NOTES TO THE FINANCIAL STATEMENTS *continued*

as at and for the year ended 31st December 2012

27. RISK MANAGEMENT POLICIES

27.1 Market risk (*continued*)

Re-pricing interest rate in period

	Overdue VND	Non-interest bearing VND	Up to 1 month VND	1 - 3 months VND	3 - 6 months VND	6 - 12 months VND	1 - 5 years VND	Above 5 years VND	Total VND
Assets									
Cash, gold, jewelry and gemstones	-	807,468,024,948	-	-	-	-	-	-	807,468,024,948
Balances with the SBV	-	-	701,234,182,913	-	-	-	-	-	701,234,182,913
Due from and loans to other banks (*)	-	-	3,099,195,869,906	2,622,000,000,000	605,268,090,236	50,000,000,000	1,000,000,000,000	-	7,376,463,960,142
Trading securities (*)	-	207,405,555,556	-	-	-	-	-	-	207,405,555,556
Derivatives and financial assets	-	360,000,000	-	-	-	-	-	-	360,000,000
Loans and advances to customers (*)	-	-	1,731,901,343,242	19,415,923,530,441	-	-	-	-	21,147,824,873,683
Investment securities (*)	-	1,903,588,256,316	1,000,000,000,000	500,000,000,000	3,538,866,896,044	1,854,339,330,195	3,061,787,424,835	-	11,858,581,907,390
Long-term investments (*)	-	61,491,310,665	-	-	-	-	-	-	61,491,310,665
Fixed assets	-	311,834,279,881	-	-	-	-	-	-	311,834,279,881
Other assets (*)	(**) 137,529,166,667	6,975,898,771,320	-	1,384,900,000,000	2,140,400,000,000	-	-	-	10,638,727,937,987
Total assets	137,529,166,667	10,268,046,198,686	6,532,331,396,061	23,922,823,530,441	6,284,534,986,280	1,904,339,330,195	4,061,787,424,835	-	53,111,392,033,165
Liabilities									
Borrowings from the Government and SBV	-	-	400,000,000,000	165,531,992,435	-	-	-	-	565,531,992,435
Due to and borrowings from other banks	-	-	3,793,381,288,026	2,354,140,000,000	500,000,000,000	247,853,200,000	1,000,000,000,000	-	7,895,374,488,026
Due to customers	-	95,065,316,290	8,980,093,609,782	2,670,633,713,624	1,200,231,156,007	20,912,613,222,878	403,222,098,205	1,000,000	34,261,860,116,786
Valuable papers issued	-	-	824,966,876,165	160,626,780,000	809,246,027,350	850,000,000,000	1,000,000,000,000	-	3,644,839,683,515
Other liabilities (*)	-	1,015,218,625,713	-	-	-	-	-	-	1,015,218,625,713
Total liabilities	-	1,110,283,942,003	13,998,441,773,973	5,350,932,486,059	2,509,477,183,357	22,010,466,422,878	2,403,222,098,205	1,000,000	47,382,824,906,475
Sensitive interest rate difference	137,529,166,667	9,157,762,256,683	(7,466,110,377,912)	18,571,891,044,382	3,775,057,802,923	(20,106,127,092,683)	1,658,565,326,630	(1,000,000)	5,728,567,126,690

(*)E xcluding provisions

(**) The Bank has received VND 32,979 million in total overdue amount of VND 137,529 million

■ NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31th December 2012

27.2 Currency risk

Assets and liabilities denominated in foreign currencies were translated into VND at 31 December 2012 as follows:

	EUR equivalent VND	US\$ equivalent VND	Gold equivalent VND	Other currencies equivalent VND	Total VND
Assets					
Cash, gold, jewelry and gemstones	12,894,819,650	114,608,131,949	385,795,540,000	715,090,749	514,013,582,348
Balances with the SBV	-	110,692,452,772	-	-	110,692,452,772
Due from and loans to other banks	19,904,017,242	97,455,644,550	-	8,370,699,170	125,730,360,962
Loans and advances to customers (*)	492,109,968	2,479,436,263,654	427,218,349,350	-	2,907,146,722,972
Other assets	688,891	35,958,834,683	12,331,187,700	-	48,290,711,274
Total assets	33,291,635,751	2,838,151,327,608	825,345,077,050	9,085,789,919	3,705,873,830,328
Liabilities					
Due to and borrowings from other banks	139,980,872	1,393,395,800,584	-	-	1,393,535,781,456
Due to customers	29,658,984,972	1,300,349,065,798	-	1,078,633,725	1,331,086,684,495
Derivatives and financial liabilities	-	208,280,000,000	-	-	208,280,000,000
Valuable papers issued	-	-	504,114,402,350	-	504,114,402,350
Other liabilities	16,989,718	6,799,498,254	315,462,247,750	719,784	322,279,455,506
Total liabilities	29,815,955,562	2,908,824,364,636	819,576,650,100	1,079,353,509	3,759,296,323,807
FX position on balance sheet	3,475,680,189	(70,673,037,028)	5,768,426,950	8,006,436,410	(53,422,493,479)
FX position off balance sheet	-	-	-	-	-
FX position on and off-balance sheet	3,475,680,189	(70,673,037,028)	5,768,426,950	8,006,436,410	(53,422,493,479)

■ NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31th December 2012

27.3 Liquidity risk

	Overdue		Current				Total VND
	Above 3 months VND	Up to 3 months VND	Up to 1 month VND	1 - 3 months VND	3 - 12 months VND	1 - 5 years VND	
Assets							
Cash, gold, jewelry and gemstones	-	-	807,468,024,948	-	-	-	807,468,024,948
Balances with the SBV	-	-	701,234,182,913	-	-	-	701,234,182,913
Due from and loans to other banks (*)	-	-	3,099,195,869,906	-	-	-	7,376,483,960,142
Trading securities (*)	-	-	2,622,000,000,000	-	655,268,090,236	1,000,000,000,000	207,405,555,556
Derivatives and other financial assets	-	-	207,405,555,556	-	-	-	360,000,000
Loans and advances to customers (*)	-	-	360,000,000	-	-	-	-
Investment securities (*)	(**)693,288,646,257	(**)1,038,612,696,985	2,195,966,866,101	2,673,529,041,942	11,381,054,445,787	1,857,279,086,511	21,147,824,873,683
Long-term investments (*)	-	-	2,903,588,256,316	-	3,010,369,858,214	5,944,623,792,860	11,858,581,907,990
Fixed assets	-	-	-	-	-	-	61,491,310,665
Other assets (*)	-	-	46,737,718,786	119,952,469	1,231,330,676	128,137,186,074	311,834,279,881
	97,620,000,000	(***)39,909,166,667	3,913,777,121,956	2,166,454,166,667	4,061,233,982,697	44,733,500,000	10,638,727,937,987
Total assets	790,908,646,257	1,078,521,863,652	13,875,733,596,482	7,462,103,161,078	19,109,157,707,610	9,036,264,876,110	53,111,392,033,165
Liabilities							
Borrowings from the Government and the SBV	-	-	401,207,500,000	1,641,860,000	11,756,810,000	90,304,496,500	565,531,992,435
Due to and borrowings from other banks	-	-	3,793,381,288,026	2,354,140,000,000	747,853,200,000	1,000,000,000,000	7,895,374,488,026
Due to customers	-	-	9,075,158,926,072	2,670,633,713,624	22,112,844,378,885	403,222,098,205	34,261,860,116,786
Valuable papers issued	-	-	824,966,876,165	160,626,780,000	1,659,246,027,350	1,000,000,000,000	3,644,839,683,515
Other liabilities (*)	-	-	986,465,447,789	-	1,429,177,924	27,324,000,000	1,015,218,625,713
Total liabilities	-	-	15,081,180,038,052	5,187,042,353,624	24,533,129,594,159	2,493,526,594,705	47,382,824,906,475
Net liquidity	790,908,646,257	1,078,521,863,652	(1,205,446,441,570)	2,275,060,807,454	(5,423,971,886,549)	6,542,738,281,405	5,728,567,126,690

(*) Excluding provisions

(**) Including special mention loans of VND 1,234, 341 million

(***) The Bank has received VND 32,979 million in total overdue amount of VND 39,909 million

28. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events occurred since the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

29. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VND AT YEAR-END

	31 December 2012 VND	31 December 2011 VND
USD	20,828	20,828
EUR	27,424	27,360
GBP	33,577	32,864
JPY	240.68	273.36
SGD	16,961	16,309
CAD	20,801	20,658
AUD	21,495	21,539
CNY	3,241	3,280
Gold SJC (tale)	46,150,000	42,100,000


Prepared by



Ms. Ho Dang Hoang Quyen
Chief Accountant

Ho Chi Minh City, Vietnam
25th March 2013

Reviewed by



Mr. Pham Van Dau
Chief Financial Officer



Mrs. Nguyen Huu Dang
General Director

OUR NETWORK

Domestic Networks

HDBank

- 1 Head Office
- 125 Branches, Transaction Offices and Savings offices
- Spreads out in 18 cities/provinces nationwide

Southern region:

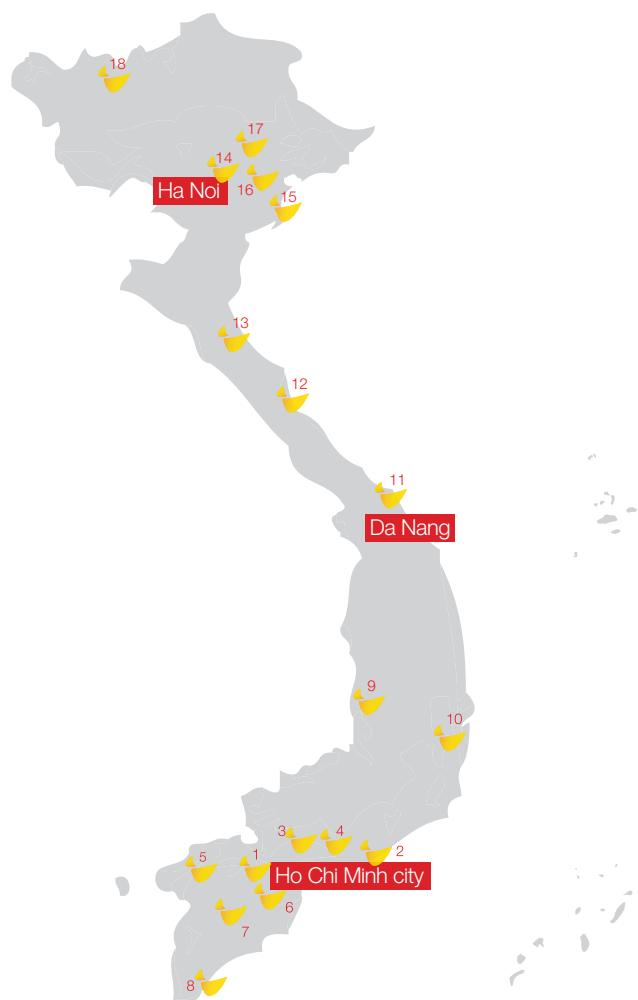
1. Ho Chi Minh City: 1 Head Office; 9 Branches; 34 Transaction offices; 3 Savings offices
2. Ba Ria - Vung Tau: 1 Branch, 4 Transaction offices
3. Binh Duong: 1 Branch, 1 Transaction office, 2 Savings Offices
4. Dong Nai: 1 Branch, 3 Transaction offices
5. An Giang: 1 Branch
6. Long An: 1 Transaction office
7. Can Tho: 1 Branch, 1 Transaction office, 1 Savings Office
8. Ca Mau: 1 Branch

Central Region:

9. Dak Lak: 1 Branch, 1 Savings Offices
10. Khanh Hoa: 1 Branch, 2 Transaction offices
11. Da Nang: 1 Branch, 4 Transaction offices
12. Ha Tinh: 1 Branch
13. Nghe An: 1 Branch, 3 Transaction offices

Northern Region:

14. Ha Noi: 3 Branch, 22 Transaction offices, 14 Savings Offices
15. Hai Phong: 1 Branch
16. Hai Duong: 1 Branch
17. Bac Ninh: 1 Branch
18. Lao Cai: 1 Branch



Correspondent Networks

HDBank has established payment system with over 210 banks and branches around the world

HDBank has marked a strong increase in customer services in response to the modernization of information technology and normalizing the transaction quality





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