

**KEEPING  
A POWERFUL  
VISION THROUGH THE TOUGHEST  
CHALLENGES**

**ANNUAL  
REPORT  
2012**

A hand is shown in the upper right corner, with the index finger pointing straight ahead towards the horizon. The background is a bright blue sky with wispy white clouds.

“The future belongs to those  
who prepare for it today.”







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# VISION

We aim to become a leading Financial-Banking Group in Vietnam – Reach out to the international market and win the trust and love of our valued customers.

# CORE VALUES

We uphold the cores values of DongA Bank which are Faith – Accountability – Solidarity – Humanity – Compliance – Earnest – Company - Creativity.



# MISSION

By accountability, passion and intellect, together we work to make attractive offers of cooperation to customers, shareholders, partners, associates and the community.





# MESSAGE FROM CHAIRMAN OF THE BOARD

## Dear valued shareholders,

2012 was a year of many difficulties and challenges for commercial banks. The freezing of the real estate market, stock market going down, increase in bad debt, volatile gold price, the increase in companies' inventory, low business periods resulted in a humble 7% credit growth for the banking sector – which is less than half of the growth target set at the beginning of 2012 and is the lowest growth rate in the past 20 years. This led to a massive reduction in profits for banking sector. Unfortunately, the above difficulties are not expected to improve yet in 2013.

As a result from above mentioned difficulties, it was impossible for DongA Bank to stay unaffected. However, with clear strategic vision, proactive stand in terms of risk prevention for the whole system, careful decisions and dedicated plans, DongA Bank was successful in maintaining its growth. One of the key growth indicators was deposit growth of 33%. Besides, in terms of operational management, DongA Bank complied closely with the government's provisions, increased monitoring and paid close attention to safety indicators in order to minimize risks. With a straightforward point of view towards existing issues, DongA Bank has been actively regulating growth rate in order to focus business direction towards sustainable growth, prepare itself for the complete restructuring of operational models by strengthening management, especially risk management and modernization of banking technology.

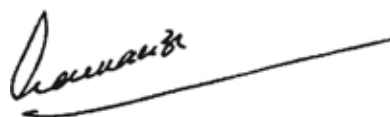
DongA Bank's strategy of "Innovation and Development" served as a great source of motivation for the bank to create powerful change. With the enthusiasm of the whole system, DongA Bank has constantly developed internal resources as the core foundation of sustainable development. The support from 6 million customers has also fueled the Bank towards further places.

In 2012, DongA Bank did not meet the targets set in 20th shareholders' annual meeting. However, the Bank managed to achieve positive results considering the general difficulties of the whole banking industry in 2012. This came from the joint effort of DongA Bank as a whole system. With teamwork, enthusiasm, the legacy that comes with the prestigious DongA Bank brand name, wide variety of products and services, nationwide network, close relationships with over 6 million customers and advanced technology, DongA Bank has constantly evolving to become a stellar financial organization with safety, convenience and popularity as key values.

The first quarter of 2013 has passed, but the world economy is yet to show signs of recovery, some forecasts even state that 2013 will continue to pose difficulties, with the real estate market and stock market showing no sign of recovery, the government's restructuring moves. The banking sector is going through structural changes in the context of increasing bad debts. Nevertheless, thanks to effective government, Vietnam's economy has been experiencing positive changes with growth rate higher than the same period last year.

In the context of Vietnam's economy, DongA Bank's strategy of "Innovation and Development" served as a great source of motivation for the bank to create powerful change. With the enthusiasm of the whole system, DongA Bank has constantly developed internal resources as the core foundation of sustainable development. The support from 6 million customers has also fueled the Bank towards further places. Although many challenges are ahead, but with experienced management team, the perseverance of all employees, stable foundation and proactive plans, we have full confidence in DongA Bank's success in achieving 2013 and the years to come's targets.

CHAIRMAN OF THE BOARD



PHAM VAN BU





# MESSAGE FROM CEO

## Dear valued customers, partners and shareholders,

With predefined mindset of not aiming for short-term profits, not taking risky decisions, DongA Bank has safely achieved business targets without being affected heavily by the market's unstabilities. Some say DongA Bank was taking conservative moves. But as of now, when the Bank finished 2012 with business results higher than the industry average (industry average profits decreased by 50%, DongA Bank's profits only decreased by 38% compared to 2011), we can confidently state that those were not conservative moves but prudent preserving moves, which was carefully thought out and strategically considered in business.

2012 was the first year ever that DongA Bank does not meet business targets in the history of 20 years. This was not entirely due to general downturn in the economy but partly the Bank was not able to predict complex and absurd changes happened last year. However, the good news is DongA Bank has stayed determined throughout the change process and has well-prepared for change by observing and learning from the experiences of other banks. "Rome was not built in a day" but for sure DongA Bank is going in the right direction. Our staffs have matured, we welcome aboard more talents and are experiencing positive changes. These are the initial rewards for the Bank's restless efforts.

2012 sees DongA Bank in its journey to confront and overcome crisis, to perfect human resources and also marks the following achievements of the Bank:

- VNR500 Award Vietnam - Top 500 largest companies 2012
- Best foreign exchange bank – Vietnam 2012
- Best Finance Company - Vietnam 2012 (Dong A Money Transfer) awarded by the prestigious Asian Banking and Finance magazine

2012 was also the year of new products and innovative ideas. The Strategy Committee was born, paving the way for comprehensive changes within DongA Bank. This is the strategic preparation for the development of more appropriate models for the Bank in the future as well as innovation in management model.

Other than maintaining stable operation, proactively reducing risk by early debt collection movements, DongA Bank was able to boost business through the launching of promotions on special occasions to stimulate demand and increase sale. This is because the promotions were answering to customers' needs and psychology.

Customer service quality of has been continuously improved in 2012. Many ATM booths were renovated and given fresh, modern and user-friendly look. Also, DongA Bank introduced new design for DongA Multi-functional card. The new card design has chic, modern patterns and at the same time still maintains the friendly feel. DongA Bank Smile program was restarted to boost customer service quality throughout the network.

2013 continues to pose challenges and difficulties for the banking industry. With business strategy for as 2013 "INNOVATION & DEVELOPMENT", DongA Bank has been actively dealing with difficulties. The key tasks in 2013 is to continue with the thorough self-change, build new strategic business models, intensify cooperation with strategic aviation, retail and foreign banks partners; adjust business strategy towards minimizing risks; control bad debt, raise revenues through service fee; review and target customers, focus and develop of customer loyalty; enrich total assets towards the goal of sustainable development, stability, and to become the leading retail bank in Vietnam.

Challenges always present us with opportunities. In 2013, DongA Bank is confident that the experiences, optimism, energy and determination will empower the Bank on its ways towards greater achievements. Although the road ahead is forecasted to be rougher in the next 3 years, DongA Bank's plan for 2013 is built upon careful thoughts, strategic vision, stable business plan and the persevered efforts of each and every member of DongA Bank. With all that, DongA Bank is bound to arrive safe and sound in 2013.

CHIEF EXECUTIVE OFFICER



TRAN PHUONG BINH





*“Our hearts and minds are well prepared for the challenging journey ahead.”*



# ABOUT DONGA BANK

## /// OVERVIEW



DongA Bank - one of the leading commercial banks in Vietnam - was established in 1992, in the context of the rough period of Vietnam's economy. To date, DongA Bank has been around for over 20 years with constant development and sustainable growth. DongA Bank has gained many achievements and has been able to live up to its name in the past 20 years with millions of customers.

By the end of 2012, the charter capital of DongA Bank has reached 5,000 billion dong, total assets are 69,278 billion dong. The Bank's distribution network reaches nationwide with 240 branches. DongA Bank is serving more than 6 million individual and business customers through two core business

areas: personal financial services and services for small and medium businesses. In order to gradually improve the quality of services, DongA Bank also constantly develops qualified human resources. The Bank has 4,728 skilled employees across the country.

DongA Bank is the market leader in terms of card services with a network of 1,400 ATMs, 1,500 POS machines, and various partnerships with leading international card organizations Visa, Master.... Besides, DongA Bank is also pioneering in the field of banking information technology with the development of modern trade channels such as: SMS Banking, Internet Banking, Mobile Banking and Phone

Banking. All the Bank's operational and business processes are standardized under ISO 9001:2000.

In 2012 DongA Bank has been honored to receive the cooperation and support of consulting partner, Boston Consulting Group (BCG) in strategic innovation and development stages from 2012 to 2015. Together with a clear vision towards 2010, DongA Bank is confident that all the efforts to increase customers' satisfaction, from products to services to the legacy that has been passed on for more than 20 year, will soon empower DongA Bank to become the leading retail bank in Vietnam and also the leading Financial-Banking Group in Vietnam – one that reaches out to the international market and wins the trust and love of our valued customers.

Also in the direction of sustainable development, the three subsidiary companies of DongA Bank- DongA Money Transfer, DongA Securities and DongA Capital also thrive and contribute towards bank's success.

## LINES OF BUSINESS AND OPERATIONAL AREAS:

### Lines of business:

- **Other financial intermediation activities**  
Short-term, medium-term and long-term deposits, non-term deposits, and certificates of deposit; Receive investment fund and development fund from organizations, borrow from other credit institutions; Provide short-term, medium-term and long-term loans; Commercial paper, bonds and valuable papers discounting; Contributing capital and business cooperation as regulated by law; Providing payment services between customers; Foreign currencies, gold and silver trading; Bonds trading, Stock brokerage and investment; Providing guarantee service and issuing Government Bonds under the provisions of law; Conducting open market operations in accordance with law.
- **Agents and Insurance Brokers activities**  
Insurance Agents.
- **Real estate and land owner rights trading, land owning or land renting**  
Warehouse Services.
- **Agents, brokers, auction**  
Acting as agent for issuing corporate bonds, providing payment and bidding services for corporate bonds.
- **Other support services related to transportation**  
Freight forwarding services.

**Operational Areas:** Nationwide.

### CHARTER CAPITAL

**5,000**  
BILLION DONG

### TOTAL ASSETS

**69,278**  
BILLION DONG

### EMPLOYEE

**4,728**  
EMPLOYEES

### CUSTOMER

**MORE THAN 6,000,000**  
CUSTOMERS

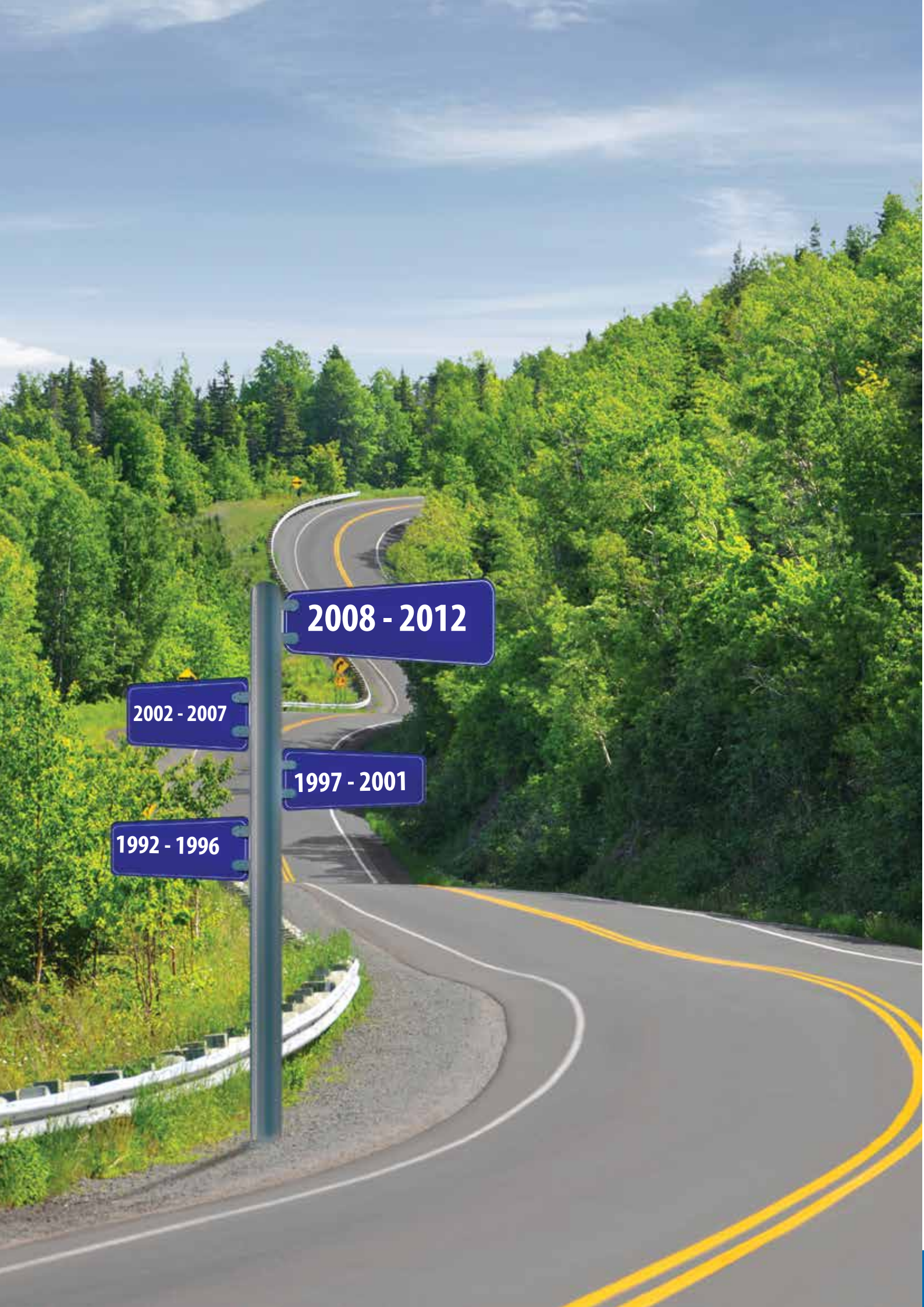
## SHAREHOLDERS' INFORMATION

By 31/12/2012, DongA Bank has 100% domestic shareholders. Total institutional shareholders' equity accounted for 39.83%. Total personal shareholders' equity accounted for 60.17% rate. Based on the updated list of shareholders on 31/12/2013, the major institutional shareholders include:

- Ho Chi Minh Municipal Party Committee's Office: 6.87% charter capital
- Phu Nhuan Jewelry Corporation (PNJ): 7.7% charter capital
- An Binh Capital Joint Stock Company: 5.42% charter capital
- Son Tra Dien Ngoc Joint Stock Company: 3.26% charter capital
- Ky Hoa Sole-member Tourism and Trading Co., Ltd: 3.78% charter capital
- Ninh Thinh Co., Ltd: 3.06% charter capital
- Phu Nhuan Sole-member Home Building and Trading Co., Ltd: 2.14% charter capital







**2008 - 2012**

**2002 - 2007**

**1997 - 2001**

**1992 - 1996**



# ABOUT DONGA BANK

## /// COURSE OF DEVELOPMENT

DongA Bank was incorporated on July 1<sup>st</sup> 1992 with charter capital of 20 billion, staff sizing of 56 people and 3 departments. After 20 years, DongA Bank has been following closely with its vision, goals and strategies towards a retail bank and has managed to secure the leading position among Vietnam commercial banks. Below are some of the memorable milestones of DongA Bank:

### 1992 - 1996

This is the forming stage of DongA Bank. The founders of DongA Bank, with financial capability, knowledge and business experience, decided to focus on individual customers and SME. DongA Bank brought a breadth of fresh air to the market with new products such as international payments, remittances and payroll service.

DongA Bank signed agreement with Swedish International Development Cooperation Agency (SIDA) and remains the sole partner so far to receive trust fund from this organization to finance SME. It was also during this period that DongA Bank received funding from the Rural Development Fund (RDF) of World Bank

### 2002-2007

DongA Bank reached the milestone of 2 million Multi-functional card users and became the leader among joint-stock commercial banks in terms of card service and ATM development in Vietnam. Over these years, DongA Bank also reached important milestones such as: introduced 2 innovative transaction channels DongA Bank Automatic Banking and DongA eBanking channel, formed Vietnam Bankcard (VNBC) system, successfully connected with other banks' card systems and China Union Pay (China), started to implement conversion plan into core banking and online banking systems. In its 15th anniversary, DongA Bank introduced new brand identity as well as opened many new branches with one united look and feel. DongA Bank was ranked in the top 200 largest enterprises in Vietnam by the United Nation Development Programme (UNDP)

### 1997-2001

DongA Bank became an official member of the Society for Worldwide Interbank Financial Telecommunication (SWIFT) and established DongA Money Transfer. The Bank also formulated and successfully installed the ISO 9001: 2000 quality standard into operational activities.

Being among the only 2 local banks entrusted with funds from the Japan Bank for International Cooperation (JBIC), DongA Bank had the golden opportunity to provide credit for SMEs. At the same time, DongA Bank Card Center was established and the very first DongA Bank cards were introduced to the market. This period also marked the Bank's extension into sport field with the incorporation of DongA Sport Joint Stock Company and DongA Bank Football Club (taken over from Ho Chi Minh Municipal Police Football Club).

### 2008-2012

DongA Bank founded Vietnam Brilliant Card Company (VNBC) and is the first bank in to have modern ATM models such as ATM TK21 - which was confirmed Vietnam's record in 2007 (100-bill cash acceptance ATM), Mobile ATM (Vietnam's record in 2009), Gold ATM (Vietnam's record in 2010), H38N ATM and many more advanced models.

DongA Bank was proud to reach a record for number of customers - 6 million. The Bank provided various services with superb functions, from traditional banking services to innovative services such as Automatic Bill Payment, DongA eBanking, personal banking and corporate banking products, money transfer and international payments. DongA Bank constantly expanded its network throughout the country in order to bring banking services closer to everyone in Vietnam. The Bank's ATM number reached 1,400 machines, with 1,500 POS. DongA Bank was also successful in connecting with all 3 bankcard systems: VNBC, SmartLink and Banknetvn.

From 2009 - 2012, DongA Bank increased its charter capital from VND 3,400 billion to

**5,000**  
BILLION DONG



# ABOUT DONGA BANK

## /// AWARDS AND ACHIEVEMENTS

2012 is the year of outstanding achievements for DongA Bank staffs. With both national and international awards, DongA Bank has secured its position in the financial sector as well as received recognition from prestigious Vietnam and international financial institution. Last year, on the occasion of its 20th anniversary, DongA Bank was honored to receive the President's 3rd grade Labor Medal. 72 DongA Bank staffs and partners were also honored with the government's certificate of "Great Contribution for the Banking Industry". Also in 2012, DongA Bank was voted "Vietnam's best foreign exchange bank". The Bank lives up to its name of the most IT-advanced bank with its staff being honored with Chief Information Security Officer - CSO Asean Award 2012.

Besides, DongA Bank also received Merit Certificate from Central Committee of Vietnam Fatherland Front, 20-year honoring flag from Hochiminh City People's Committee, 20-year honoring flag from Labour Union and many other prestigious awards. Detailed award information is listed below:

- Merit Certificate for contributions in "Mekong Delta 10 years of development Fair" - given by the State Bank of Vietnam
- Merit Certificate for great contributions towards Banking sector's achievements in 2010 and 2011 - given by the State Bank of Vietnam
- Merit Certificate for organization that is active in charitable, community and social activities from 1992 to 2012 - given by Hochiminh City Committee of Vietnam Fatherland Front
- 20-year honoring flag of Solidarity and Development - given by Hochiminh City Labour Federation
- Vietnam Excellent Brand 2012 award - given by Vietnam Economic Times newspaper and The Ministry of Trade and Industry
- 20-year honoring flag of Progress and Development - given by Hochiminh City People's Committee
- "Excellence in labor" title 2011 – awarded by the State Bank of Vietnam
- "Best domestic foreign exchange bank" in Vietnam 2012 – awarded by Asian Banking & Finance Magazine
- Merit Certificate for being the sponsor of 3rd Ben Tre Coconut Festival in 2012 – given Ben Tre People's Committee
- Merit Certificate for outstanding achievements in philanthropy and social activities – given by the Committee of Vietnam Fatherland Front
- Certificate for outstanding achievements in the movements that promote study and society building in 2011 – awarded by Vietnam Central Study Promotion Association
- VNR500 Award - Top 500 largest enterprises in Vietnam in 2012 by VietNamNet online newspaper
- Chief Security Officer ASEAN Award 2012 – awarded by Vietnam International Data Group IDG in collaboration with Vietnam Center for Computer Emergency Response Team (VNCERT) and Hochiminh City Department of Information and Communication.
- "Most satisfactory service" award – given by Vietnam High Quality Goods Business Association

Our greatest appreciation goes to 6 million customers  
who have trusted and supported us

**DongA Bank**  
**"Vietnam Domestic Foreign Exchange Bank of the year"**

**DongA Money Transfer**  
**"Domestic Finance Company of the year Vietnam"**

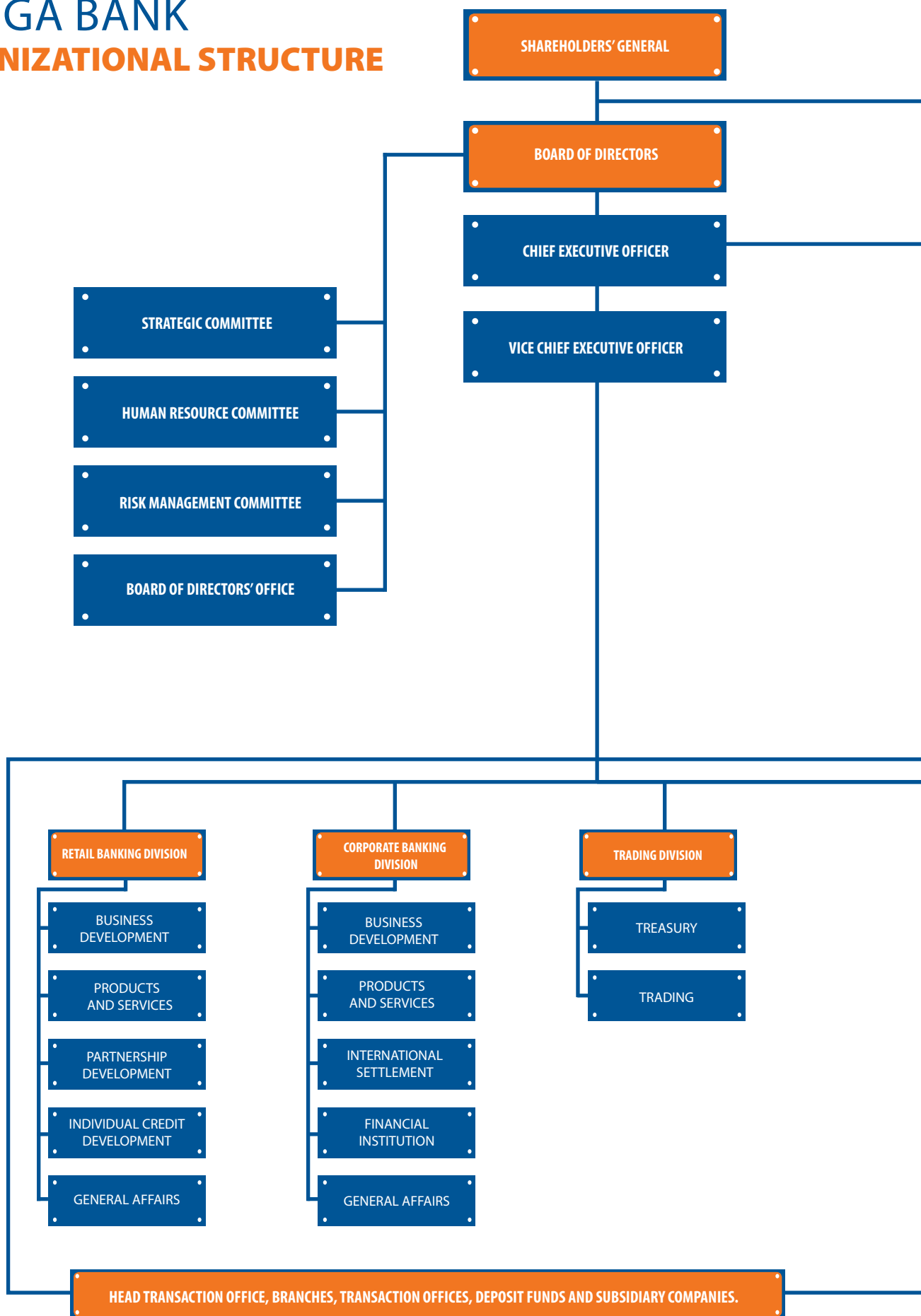
Asian Banking & Finance Wholesale and Retail Banking Awards 2012

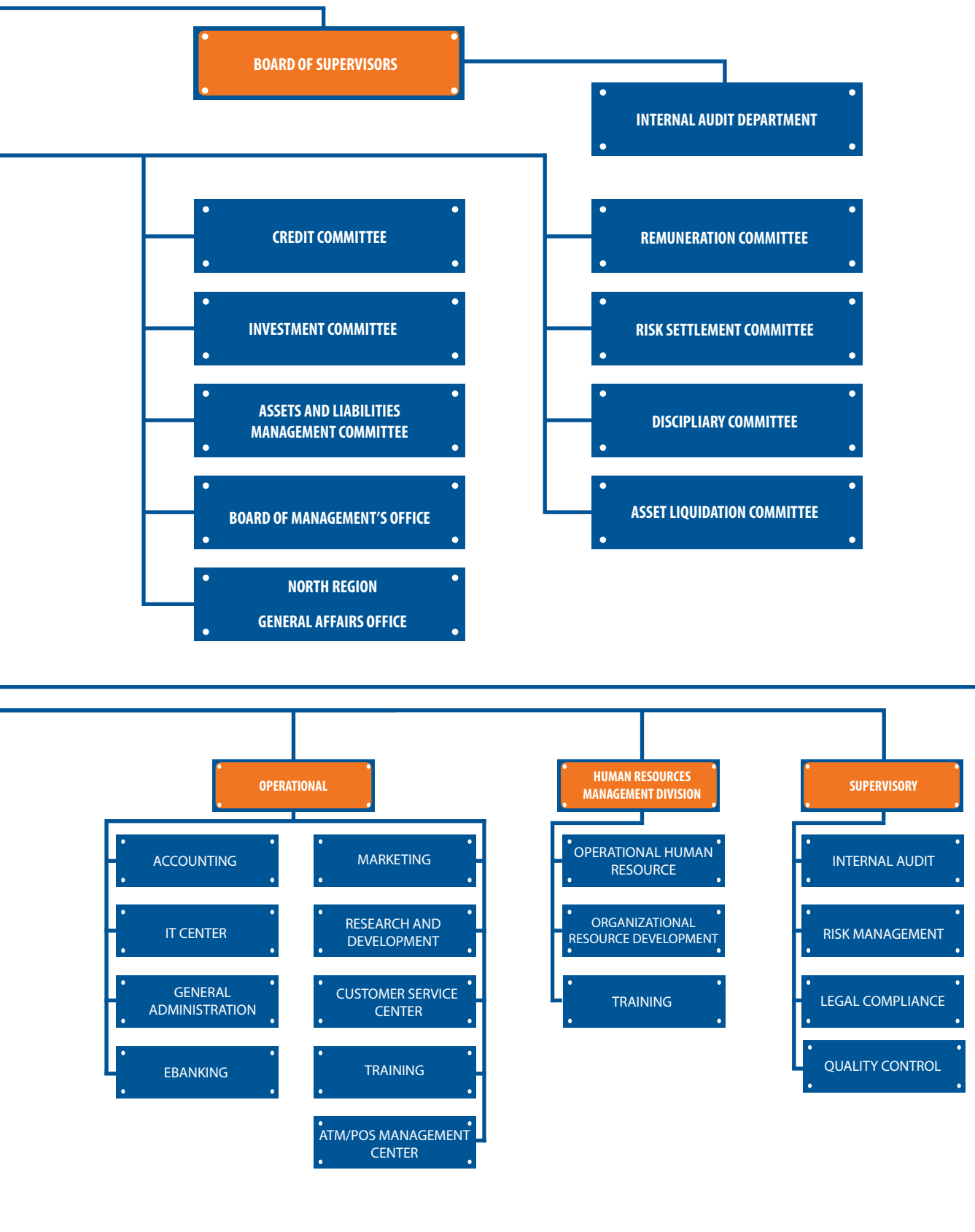




# DONGA BANK

## ORGANIZATIONAL STRUCTURE





# DONGA BANK ORGANIZATIONAL STRUCTURE

## /// BOARD OF DIRECTORS



### 1. MR PHAM VAN BU Chairman of the Board

Mr. Pham Van Bu is Deputy Chief of Ho Chi Minh Municipal Party Committee's Office. Besides holding DongA Bank's Chairman of the board position, he is also Chairman of Hochiminh City Sole-member Petroleum Company Limited (Saigon Petro) and Vice Chairman of Suoi Tien Cultural Tourism Company Limited. Born in 1953, he graduated with Bachelor of Economical Engineering from Hochiminh City University of Agriculture and Forestry. He also achieved senior politician certificate from Hochiminh City Institute and is a prominent face with many contributions towards socioeconomic of Hochiminh City.

### 2. MADAM VU THI VANG Standing Vice Chairman

She was the Standing Vice CEO since the very first days of DongA Bank.

She is now holding the Standing Vice Chairman position. Born in 1958 and graduated from Hochiminh City University of Economics (Commercial Economics Department), Madam Vang has been devoting her knowledge and experiences towards the development of DongA Bank. She is now the Head Secretary of DongA Bank's Communist Party body, a member of DongA Land's Board of Directors and a member of Giadinh Water Supply Company's Board of Directors. She has been honored and recognized with many prestigious awards such as Merit Certificate from the Prime Minister, Merit Certificate from the Ministry of Labour - Invalids and Social Affairs, Merit Certificate from the Governor of the State Bank of Vietnam. She also received the title of "Excellent achiever in the banking industry".

### 3. MR TRAN PHUONG BINH Board Member and Chief Executive Officer

Mr Binh has been with DongA Bank since the very early days and has contributed a lot towards the formation and development of the Bank. He is currently Member of the Board and CEO of DongA Bank. Mr Binh graduated with a bachelor degree in Economics and has extensive experiences in the field of economics training before his career turned towards banking management. He also founded and still holding leadership positions in many important social organizations and business associations. With many accomplishments in his career, he has received numerous titles and awards from the government and other prestigious organizations

### 4. MR CAO SI KIEM Independent Member of the Board

Born in 1941, Mr Kiem is a Ph.D. in Economics and former Governor of the State Bank of Vietnam from 1989 to 1997. He is also honorable deputation of the National Assembly (12th and 13th) from 2006 to present. From 2012, he has been Independent Member of the Board at DongA Bank.





5

#### **5. MR TRANG THANH SUONG** **Board Member**

Born in 1958, Mr Suong graduated with a civil engineering degree from Back Khoa University (Ho Chi Minh City) the also achieved a degree from Nguyen Ai Quoc high level political school. He is currently CEO of Phunhuan construction and commercial Company and Board member of DongA Bank.



6

#### **6. MR NGUYEN DINH TRUONG** **Board Member**

Born 1948, Mr Truong graduated from Hochiminh General University (Economics Department). Currently he is Vice Chairman of Viettien company and a Board Member of DongA Bank.



7

#### **7. MR TRAN VAN DINH** **Board Member**

Born 1954, Mr Dinh graduated with a Bachelor degree at Hanoi Law University. He is currently DongA Bank Board Member.



8

#### **8. MR DANG PHUOC DUA** **Board Member**

Born 1960, he graduated with Master of of Business Administration from Hanoi National University - Financial Research Institute \_ Help University (Malaysia). Currently he is Chairman of Rexco Technical Material Import-Export Company Limited, Board Member of Phunhuan Jewelry Company and Board Member of DongA Bank

# DONGA BANK **ORGANIZATIONAL STRUCTURE**

## **/// BOARD OF SUPERVISION**



1

### **1. MADAM NGUYEN THI CUC** **Head of Supervisory Board**

Madam Cuc, born in 1960, is an MA in Economics. She is now a member of the Board of Directors and Standing vice CEO of Phu Nhuan Jewelry Joint-stock Company (PNJ) while at the same time being the Head of Supervisory Board of DongA Bank.



2

### **2. MR NGUYEN VINH SON** **Member of Supervisory Board**

Mr Nguyen Vinh Son was born in 1959. He graduated from the Trade Faculty of Ho Chi Minh University of Economics. He is currently a member of the Supervisory Board of DongA Bank



3

### **3. MADAM PHAN THI TO LOAN** **Member of Supervisory Board**

Born in 1970, Ms. Loan graduated from Ho Chi Minh University of Economics and is currently a member of the Board of Supervision of DongA Bank.





# DONGA BANK ORGANIZATIONAL STRUCTURE

## /// BOARD OF MANAGEMENT



1

**1. MR TRAN PHUONG BINH**  
Chief Executive Officer

Mr Binh has been with DongA Bank since the very early days and has contributed a lot towards the formation and development of the Bank. He is currently Member of the Board and CEO of DongA Bank. Mr Binh graduated with a bachelor degree in Economics and has extensive experiences in the field of economics training before his career turned towards banking management. He also founded and still holding leadership positions in many important social organizations and business associations. With many accomplishments in his career, he has received numerous titles and awards from the government and other prestigious organizations.



2

**2. MADAM NGUYEN THI NGOC VAN**  
Standing Vice CEO

Madam Van joined DongA Bank right after she graduated from university. Throughout the years she has ridden on the opportunities and challenges in different job positions within the Bank. With young, sharp and determined mind, she has helped DongA Bank to achieve many accomplishments, especially in international settlement, corporate banking and human resources fields. Born 1970, Madam Van graduated with a Master of Business Administration. She has been an outstanding member of Vietnam Communist Party and has received numerous awards in her time with DongA Bank. Those awards include Merit Certificate of the Governor of the State Bank of Vietnam, Outstanding Saigon Entrepreneur title and many more.



3

**3. MADAM NGUYEN THI KIM XUYEN**  
Vice CEO

With more than 12 years of experience working in state import-export company in Ho Chi Minh City in the field of commercial, Madam Xuyen has accumulated experiences and comprehensive knowledge of state management and business operations. These advantages assisted her favorably when she was in charge of acquiring and negotiating with corporate customers during her first days with DongA Bank as a credit manager. Madam Xuyen is currently managing the Business Department of DongA Bank – the field which requires lots of experiences, flexibility and decisiveness in order to deal with the complex and rapid change of the market. Born 1958, graduated with a Master degree in Economics, after 16 years with DongA Bank, Madam Xuyen has been honored with many awards and titles such as “Outstanding Communist Party member”, “Excellent achiever of the banking sector”. She also received many more merit certificates from the Governor of the State Bank of Vietnam and from the Ho Chi Minh City People’s Committee.



4

**4. MR NGUYEN AN**  
Vice CEO

Born in 1969, Mr An joined DongA Bank shortly after graduating from University of Da Nang, specializing in Banking. Been with the Bank for 20 years, Mr An has got ample experiences working in various business development positions. Recognized for his sharpness, enthusiasm, flexibility and contribution towards DongA Bank, Mr An has been awarded with many prestigious titles from the Bank. Other than his involvement with the Bank, Mr An is also an active member in many business associations.





#### 5. MR TRAN DAO VU Vice CEO

Born in 1970, Mr Vu graduated with a Bachelor degree in Economics and started working for DongA Bank in 1994. Been through various business development positions in DongA Bank, Mr Vu has gained extensive experiences in terms of business development. He has deep understanding of customers' psychology, cultural and business traits of Hanoi and Vietnam's north region. DongA Bank's brand presence and development in the north region bear the mark of his contributions. For his restless contributions, Mr Vu has been honored by the Governor of the State Bank of Vietnam and has received many merit certificates from DongA Bank. Besides his involvements with the Bank, Mr Vu is also an active members in many business associations such as Young Entrepreneurs Association, Vietnam Businessmen Associations...

#### 7.MR LUONG NGOC QUY Vice CEO

Mr Luong Ngoc Quy was born in 1974. He graduated with a Master degree in Finance - Banking at the University of Dauphine & ESCP (France) in 2010, a Bachelor degree in Foreign Language at the University of Social Sciences and Humanities in 2005, a Master degree in Economics at the University of Economics in 2004. His qualifications also include a Bachelor degree in Computer Engineering at Hanoi Bach Khoa University in 1999 and a Bachelor degree in Finance and Accounting from University of Finance and Accounting in 1996. Started working for DongA Bank since end of 1996, he worked for 7 years as a credit officer. From 2003 to 2007, he was promoted through various positions such as Vice Manager of Credit Division, Customer Policy manager and Credit Manager. From 2008 to 2009, he also supervised as manager role for Bac Ninh – Bac Giang – Thai Nguyen zone. From 2009 to present, he is the Vice Chairman of North region Credit Committee and has been supervised as manager role for DongA Bank Bac Giang (2010-2011), DongA Bank Hanoi (2010-2011) and DongA Bank Vinh Phuc (2012).

#### 6. MR NGUYEN QUOC TOAN Vice CEO

Born in 1973, Mr Toan graduated from Banking Univeristy, specialized in Credit in 1995. His qualifications also include a Bachelor degree in Finance-Accounting at the National University in 1998. In 1996, he gained 6-year experiences working as a credit analysis officer for DongA Bank. From 2002 to 2003, was Chief financial-stock investment analysis of TVH company and then returned to DongA Bank as a credit officer from 2003 to 2004. During the 2005-2006 period, he was part of DongA Bank's Core Banking project committee. From 2007 to 2009, he was Vice Manager for DongA Bank's Internal Audit division and was promoted to managerial position from 2009 to 2011. From 2011 until April of 2012, he was Head of Operational Management position. From 2012 to present, he is holding the Vice CEO position..

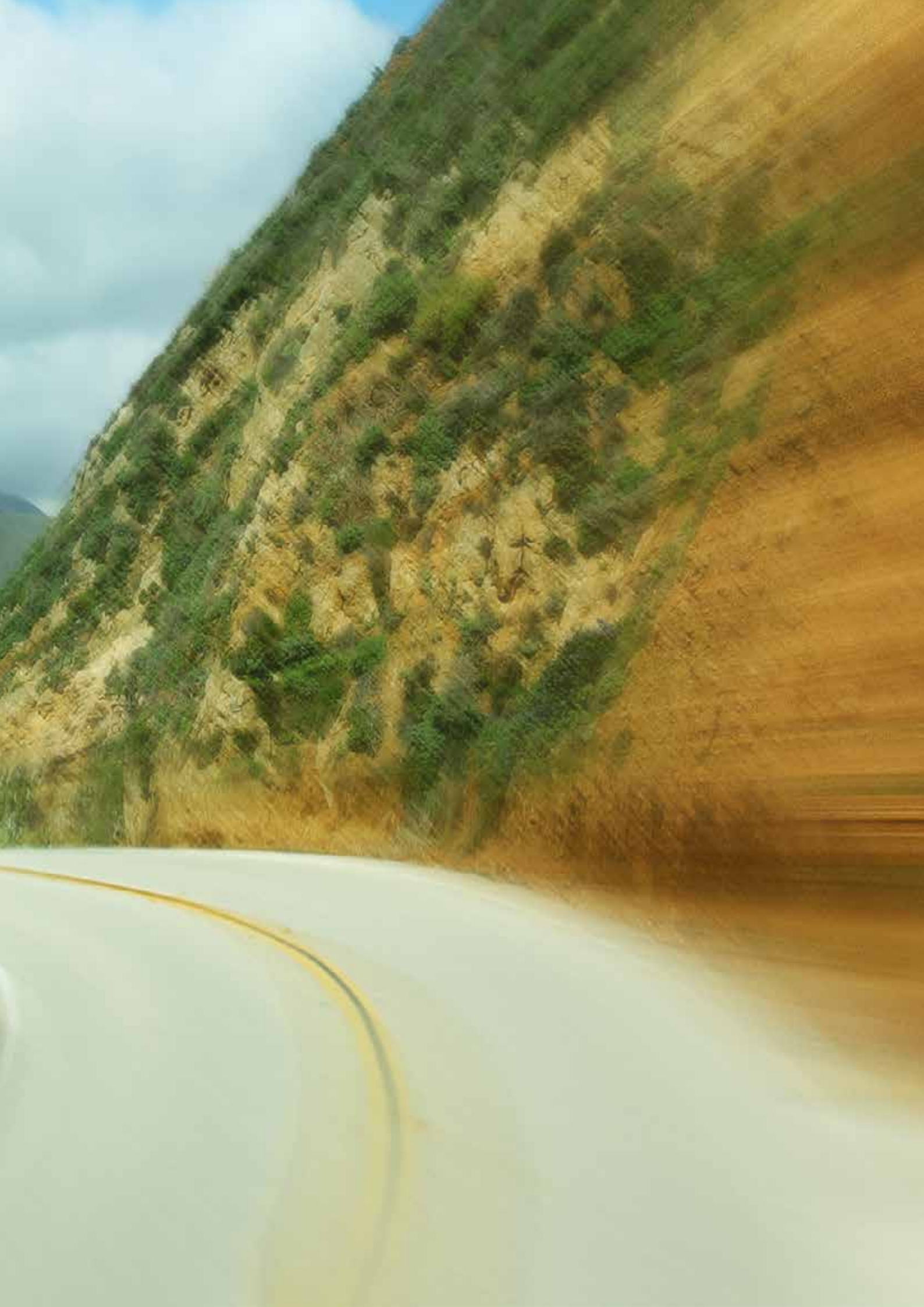
#### 8. MR LE TRI THONG Vice CEO

Born 1979, Mr Le Tri Thong graduated with an honor MBA degree at Oxford University and a Bachelor degree in Biochemical. He has been through various managerial positions at big international as well as local corporations. Joined DongA Bank in 2008, he is currently the Bank's Vice CEO and also Chairman of the Board of DongA Money Transfer, Chairman of the Board of VNBC Company. Mr Thong is also an active member of many well-known social and business associations. With his outstanding achievements, he was voted "Outstanding Saigon Entrepreneur" in 2010 and has been honored with many awards for his business management and academic achievements.

“*Hands on the wheel, eyes on the road.*”







# BUSINESS PERFORMANCE 2012

## /// BOARD OF DIRECTORS' REPORT AND ANALYSIS



For DongA Bank, 2012 marks the beginning of strategy development phase from 2012 to 2020 and is also the 20th anniversary of the Bank (1/7/1992 - 1/7/2012).

With the global economy affected by the debt crisis in Europe and most of the economic zones in the world experience slowdown, the economy of Vietnam has also been facing difficulties both internally and externally. Inflation decreases continuously and reaches 6.81% at the end of the year, but still higher than the world. At the beginning of 2012, DongA Bank's board of directors has focused on redefining business strategies towards sustainable growth and prepare for organizational structure modification. The Bank also tightens risk management activities and modernizes banking technology.

Other than complying with the State Bank of Vietnam's provisions on credit growth, on interest rates, on financial security the indicators in order to curb inflation, the Bank also sacrifices its profit in order to share the difficulties with customers. Due to these reasons, DongA Bank's growth rate in 2012 is lower than those of previous years. The Bank also fails to hit the target set at the beginning of the year. However, DongA Bank's performance results are still higher than industry average. One of the key achievements of the year is that DongA Bank has settled quite a few amount

of bad debts and has maintained most of the financial indicators as per regulated.

For DongA Bank's subsidiary companies, DongA Money Transfer's pre-tax profit in 2012 reaches 25.6 billion dong while DongA Securities and DongA Capital Management Company incur lost of 41 billion dong due to stock price plummet.

Facing the volatile picture in banking industry, DongA Bank has cooperated with strategic consulting firm, The Boston Consulting Group (BCG) in order to consult the Bank on the overall strategy for the period 2012-2020.

Along with the consulting from BCG, DongA Bank has formed Strategic Committee with internal and newly-hired talents to work with the consultants during the strategy construction phase.

In 2012, the Bank has successfully restructured its data center and has virtualized 90% of the Bank's IT infrastructure. This has basically completed the Information Technology Service Management – ITSM process and thus helps the Bank's IT operations to reach international standard and to maintain high stability and safety. The strategy proposed by BCG was endorsed into risk management activities. This has created





and strong foundation and is an important pre-requisite for DongA Bank to build a solid risk management system in the years to come.

DongA Bank also focused on building sales teams and on allocating authorities for different regions so that the branches can run on their own and take responsibilities as per authorized. On the other hand, in 2012, DongA Bank has renewed its approaches toward planning and execution in order to follow closely with the Bank's overall strategy.

In terms of distribution channels, in 2012, the Bank has reevaluated the effectiveness of entire network and focused on restructuring ATM network in order to save cost and make the network more convenient for customers. Regarding network development, the Bank only opened 01 new saving fund and thus brought the total number of branches to 240 in 2012.

In the past 20 years, the Bank has always set priority for the human resources management. HR activities were boosted further in 2012. Beside professional skills and work skills training, DongA Bank also focused on awareness training for all managers in order to help the staffs to realize their roles, responsibilities and thus cooperate with each other more effectively, gathering more cohesive strengths.

Entering 2013, in the context of the world economy and domestic economy still facing many difficulties and challenges, DongA Bank needs to continue improving the fundamentals, renewing and developing operational management methods. Risk management, banking technology modernization, building sales team are also some of the important priorities.

Beside, DongA Bank will also focus on restructuring investment portfolio, boost up activities that bring revenue, build and execute cost management plans in order to create added-value for customers, to increase revenue for the Bank, to increase shareholders' dividend values and gradually improve employees' benefits.

With all the preparations and strategy direction, DongA Bank's motto towards 2013 will still be "Innovation and Development", DongA Bank strongly believes she will succeed in carrying out the restructuring plan, be able to meet with the Government's requirements and completed the Bank's strategic development goals in 2012-2015 period.

BOARD OF DIRECTORS

# BUSINESS PERFORMANCE 2012

## /// BOARD OF MANAGEMENT'S REPORT

### GLOBAL AND VIETNAM ECONOMIC CONTEXT IN 2012

#### Economic overview

The world economy in 2012 continued to be affected by the debt crisis in Europe. Global GDP increased by only 3.3%, which was 3.8% lower than 2011. This was due to lower growth rate in the U.S. and Europe as the two major economic zones still faced difficulties rebalancing finance scorecard. Low and unstable growth rate in developed countries was also affecting and developing and emerging countries through trade and investment. Most of the world's economy zone experienced slowdown, while the central banks had to inject massive amount of money to stimulate the economy.

Regarding the domestic economy, the operating direction "to curb inflation, stabilize the macroeconomy" of the Government has achieved certain success: Inflation continuously decreased and reached 6.81% by the end of year; Merchandise trade balance experienced surplus for the first time since 1993; Payment balance reached a surplus of 10 billion dong; Remittances to Vietnam reached 10 billion dong, an increase of about 1 billion over 2011; Interest rate had a year of rare stability; Foreign exchange reserves doubled compared to start of year, Exports reached 114.6 billion USD, increased 18.3 % compared to 2011; Export surplus reached 284 million USD; Total social investment increased by 7% compared to last year and contributed to 33.5% of GDP (2012 was year that the proportion of investment to GDP was the lowest since 2000).

#### Overview of banking industry

However, the highlight of the macroeconomy in 2012 was only temporary and not a confirmation for sustainable development. Efforts to curb inflation made the country's economy fell into stagnation period. GDP growth was only 5.03% (lowest since 1999), the state budget deficit remains high (4.8% GDP), FDI inflows declined, the production and consumption indicators declined severely while inventory surplus remained for a long time. Most businesses felt into difficult situations with the total number of dissolved businesses in the year reached 55,000 enterprise market. The stock market was gray and real estate market continued to plunge.

In 2012, the State Bank of Vietnam continues to run a tight monetary policy, allocated the banks into groups and assigned credit growth targets according to 4 levels. Payment control, priorities toward macroeconomy stabilizing and social security assurance were also carried out. Thanks to that, monetary and financial markets operations have gradually stabilizing. The total payment amount increased to 22.4%



but loans only increased by 8.91%, which is the lowest in 20 years. Deposit rates and lending rates continued to decline, but the competition on interest rate remains very high due to the instable liquidity of small bank. Industry's total assets increased by only 2.54% , while commercial banking sector's total assets were down 4.54% compared to 2011.

Bad debts of the whole banking industry were announced 7.8% of total loans at the end of 2012. This greatly affected the results of banking industry. Some banks also suffered losses from the termination of gold deposit. Banking sector's profits fell nearly 50% compared to 2011, most banks experienced lower profits and did not meet the targets in 2012.

Issues involving cross-ownership has brought more and more problems. In 2012, the State Bank of Vietnam continues to restructure the banking system through consolidation or merger of weak banks in order to ensure safety and transparency of the whole system.

However, compared to end of 2011, the banking sector also experienced some positive changes. Liquidity situation of the whole system has improved significantly, bankruptcy threat in 2011 was cleared. The merger and consolidation wave has been going strong and is expected to enhance the stability and transparency of the sector.

Payment balance  
reached a surplus of

**10** billion  
USD

Exports increased

**18.3**%

Total social  
investment increased by

**7**%

Export surplus  
reached

**284**  
million USD

# BUSINESS PERFORMANCE 2012

## /// BOARD OF MANAGEMENT'S REPORT

### EVALUATION OF KEY PERFORMANCE INDICATORS 2012

#### KEY FINANCIAL INDICATORS

Unit: billion dong

Year-end	2008	2009	2010	2011	2012
Total assets	34,713	42,520	55,873	64,738	<b>69,278</b>
Equity	3,515	4,176	5,420	5,814	<b>6,104</b>
Charter capital	2,880	3,400	4,500	4,500	<b>5,000</b>
Total deposits	29,797	36,714	47,756	48,120	<b>61,691</b>
Total loans	25,571	34,356	38,321	44,003	<b>50,650</b>
Year-end					
Profit before tax	703	788	858	1,256	<b>777</b>
Profit after tax	539	588	659	947	<b>577</b>
Earnings per share (VND / share)	1,871	1,914	1,932	2,105	<b>1,192</b>

#### FINANCIAL INDICATORS

Minimum capital adequacy ratio (CAR)	11.30%	10.64%	10.84%	10.01%	<b>10.85%</b>
Loans / total assets	73%	81%	68%	68%	<b>73%</b>
Loans / deposits	85%	94%	80%	91%	<b>82%</b>
Bad debts/Loans	2.55%	1.33%	1.60%	1.69%	<b>3.95%</b>
Non-interest income / total operating income	43%	33%	28%	13%	<b>10%</b>
Profitable assets / total assets	86%	88%	82%	80%	<b>85%</b>
Profit after tax / average return on equity (ROE)	18.01%	18.06%	18.58%	19.58%	<b>11.2%</b>
Profit after tax / average return on assets (ROA)	1.69%	1.49%	1.40%	1.53%	<b>0.83%</b>



## BUSINESS RESULTS 2012

### DEPOSIT ACTIVITIES

As of 31/12/2012, the total deposit amount of DongA Bank reached 61.691 billion dong, an increase of 13,570 billion dong (28%) compared to the beginning of the year. Capital structure was built towards sustainable growth, medium-and long-term capital amount improved. In particular, deposits from economic organization and individuals reached 55.113 billion dong, an increase of 14.177 billion (34.6%) from the beginning of the year. The whole banking industry's growth rate was only 20%. Deposits from economic organization and individuals accounted for 89% of total deposits and were 1.88% of the industry's share.

This is a significant achievement of DongA Bank, especially when the State Bank of Vietnam continuously reduced interest rate limit from 14% to 8% by the end of the year in order to support businesses. DongA Bank was able to achieve such results thanks to new products and various promotional programs that satisfied the needs of customers.

Beside, deposit and loan amount of other credit institutions reached 5,874 billion, which increased more than 140 billion dong compared to early 2012. Entrusted investment funds reached 703 billion dong, an increase of 94 billion VND (5%) compared to beginning of the year.

### CAPITAL USE

By the end of 2012, total balance for loan and investment reached 56,600 billion VND, which was 9,242 billion dong (20%) more than the amount at the beginning of the year.

#### ■ Credit activities

In 2012, the credit activities of the banking industry was deeply affected by the difficulties of the economy, growth rate was negative in the first 6 months of 2012 and by the end of 2012 increased by only 8.91%.

As of 31/12/2012, the total outstanding loan amount of economic entities and individuals was 50,650 billion, an increase of 6,647 billion (15%) compared to early 2012. This is a remarkable result, contributed positively to credit growth target and had stimulated the economic growth of the banking sector.

Total loan amount of customers accounted for 73% of total assets and was 1.64% of industry's share. In particular, personal loans were 13,103 billion dong, accounting for 25.87% of total outstanding loans.

In the context of economic difficulties, DongA Bank has reduced interest rates as per the State Bank of Vietnam's direction to support the corporate customers. The loan interest rate was less than 15% from July 2012 and continued to decline to 12% in year end. In addition, the Bank also set credit priorities towards production industry, offered privileges for 4 prioritized industries as per encouraged by the Government and reduced debt to real estate companies.

However, with the general difficult situation of the economy, high inventories, the slowdown of real estate market and high financial costs, many companies had incurred loss and bankruptcy. DongA Bank was also facing the general problem which is rising bad debts. To handle the problem of bad debts, DongA Bank had established the Debt settlement committee and headquarter and at branch levels. Thanks to that the bad debt ratio of the Bank at 31/12/2012 was 3.95% (industry average is 7.8%)

#### ■ Investment activities

By the end of 2012, the total investment value was 4,941 billion dong, accounting for 7.1% of total assets.

- Business and securities investment activities: Total balance at the end of 2012 was 4,490 billion dong, an increase of 1,674 billion dong (59%) compared to 2011.
- Investment in equity buying: at 31/12/2012 the total balance is 451 billion.

### INTEREST RATE AND NET INTEREST INCOME

The interest rates for deposits and loans were decreasing throughout the year. However because the interest rate margin of 2012 was lower than 2011 and because of high overdue debts, the Bank's net interest income only increased 27 billion dong, which is 1.1% more than 2011.

### FOREX TRADING ACTIVITIES

In 2012, DongA Bank has issued 593,700 more ATM card and is among the top 4 banks with highest market share in terms of bank card. The total number of card account of DongA Bank is now 6 million.

### SERVICE AND FEE GENERATING ACTIVITIES

#### ■ Card and ATM/POS activities

In 2012, DongA Bank has issued 593,700 more ATM card and



# BUSINESS PERFORMANCE 2012

## /// BOARD OF MANAGEMENT'S REPORT

is among the top 4 banks with highest market share in terms of bank card. The total number of card account of DongA Bank is now 6 million.

In order to better serve customers and to ensure safety and efficiency, in 2012, the Bank has restructured the ATM network and standardized the ATM look and feel. At the end of 2012, DongA Bank has 1,400 ATM and 1,500 POS machines, 49 of POS machines were installed in 2012.

### ■ Service activities

With a wide network throughout the nation, strong sales teams, service quality which is constantly improving and modern e-banking channels, revenue from service activities of DongA Bank has experienced significant growth.

Total operating income from services reached 528 billion, an increase of 62 billion (13.3%) compared to 2011. In particular, income from payment services accounted for 63%, brokerage services, investment advice and securities services accounted for 11.4%, remittance payment services accounted for 11%. Net income from service activities in 2012 was 408 billion, an increase of 26 billion (6.9%) compared to 2011 and accounted for 14.68% of total net income (in 2011 this proportion was 13.4 %). This is a significant achievement of DongA Bank when many top incurred reduction of revenue from service activities compared to 2011.

In 2012, international payment revenue reached 1,827 million USD, money transfer revenue was 10,305 billion dong, cash collection and cash payment revenue was 60,317 billion dong and remittance revenue was 1,397 billion USD.

In addition to these traditional activities, the newly innovated DongA ebanking channels which offer customers with many new functions have contributed significantly to the Bank's service revenue.

### BUSINESS RESULTS

Net income before provision for credit risk of DongA Bank in 2012 was 1,408 billion dong. During the year, due to the difficult situations facing enterprises, overdue debts and bad debts at banks were also rising. Beside, in order to ensure safety in banking operation, the State Bank of Vietnam has directed banks to allocate provision for bad debt risks. Therefore, although the Bank's profit was quite

sufficient, after deduction provision the profit before tax was only 777 billion dong, a decrease of 38% compared to 2011.

Also, in order to share difficulties with customers, DongA Bank has actively reduced interest rate as per the State Bank of Vietnam's direction. Therefore the interest rate margin was down compared to 2011. This is the general situation of most of the commercial banks in the Vietnam. According to the State Bank of Vietnam's report, in 2012, the total profits of the whole industry fell by nearly 50% compared to 2011, some of the big banks have experienced more than 50% decrease in profitability compared to last year.

### LIQUIDITY AND PROFITABILITY

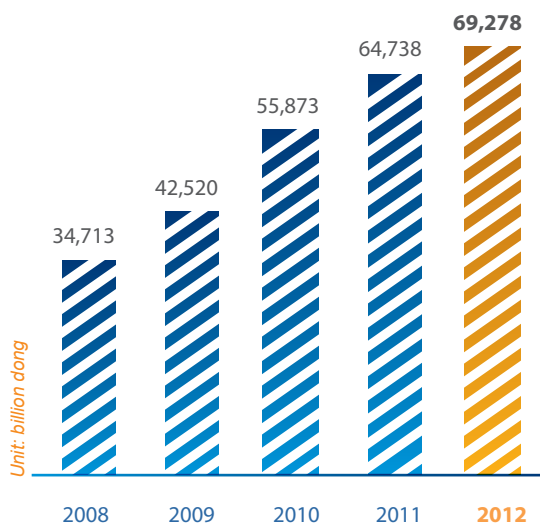
With strategic objectives of sustainable development and of ensuring compliance with the provisions of the State Bank of Vietnam, of qualifying for international standards of financial security, in 2012, the Bank has restructured Assets and Debts portfolio. Deposits from individuals were increased; credit and stock investment portfolios were restructured; overdue bad debts were settled and non-profit investments were liquidated. The Bank's financial safety indicators were kept as per regulated:

- Capital adequacy ratio (CAR) increased from 10.01% to 10.85%.
- Return on equity (ROE) reached 11.2%.
- Return on assets (ROA) was 0.83%.
- Profitable assets / total assets proportion is 86%.

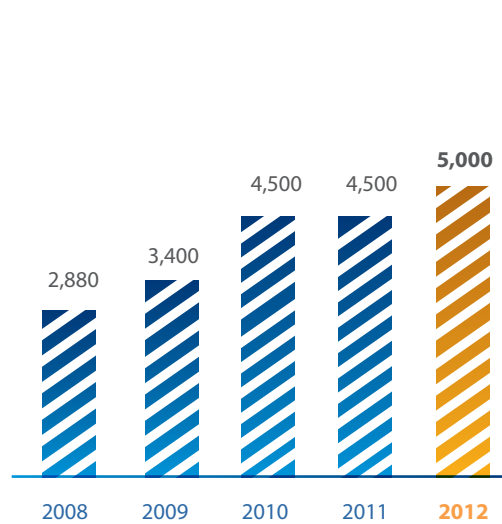
### DIVIDENDS

The Bank's profit after tax in 2012 was 577 billion dong. After making provisions as per regulated by the State Bank of Vietnam, the dividend value given to shareholders was not as per expected. In 2012, the Bank's plan is to give out dividends to shareholders in cash with value of 10%.

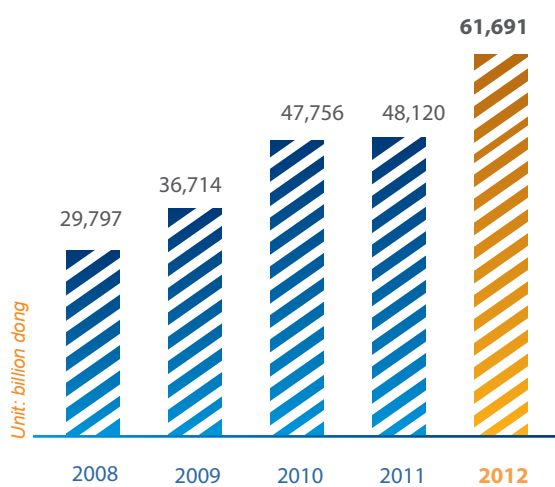
### TOTAL ASSETS



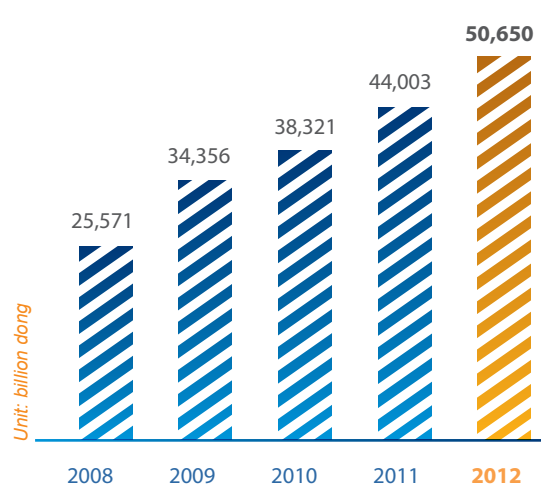
### CHARTER CAPITAL



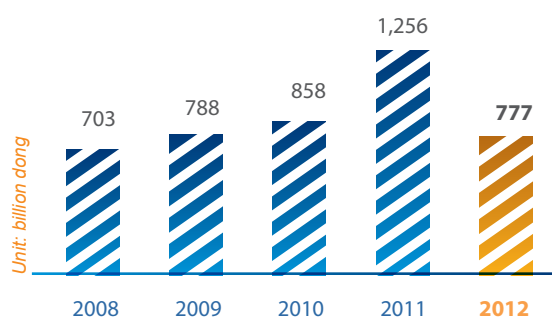
### TOTAL DEPOSITS



### TOTAL LOANS



### PROFIT BEFORE TAX



# DEVELOPMENT ORIENTATIONS 2013



The economy in 2013 is expected to be difficult. DongA Bank's goals in 2013 are to maintain macroeconomic stability, lower inflation and to boost growth rate higher than 2012.

IN 2013, DongA Bank's orientation is still "Innovation and Development".

## KEY OBJECTIVES

- Carrying out organizational change for DongA Bank
- Building new strategic business model
- Controlling bad debt
- Raising revenues generated from service fees
- Managing Cost
- Enriching strategic partnership





## KEY FINANCIAL INDICATORS

Target (billion dong)	2013 plan	Growth target compared to 2012
Total assets	<b>85,000</b>	
Charter capital	<b>6,000</b>	20%
Total deposits of economic entities and individuals	<b>72,000</b>	31%
Total loans	<b>55,200</b>	9%
Profit before tax	<b>1,000</b>	29%
<b>Operational safety indicators</b>		
Minimum capital adequacy ratio (CAR)	<b>&gt; 9%</b>	
Short-term deposits used for medium and long-term loans	<b>&lt; 30%</b>	
Bad debts	<b>&lt; 3,5%</b>	

A blurred city street scene with a grey suit jacket in the foreground. The background shows a city street with buildings, trees, and a person walking, all blurred to convey a sense of motion. The foreground shows the sleeve and cuff of a grey suit jacket with four dark buttons.

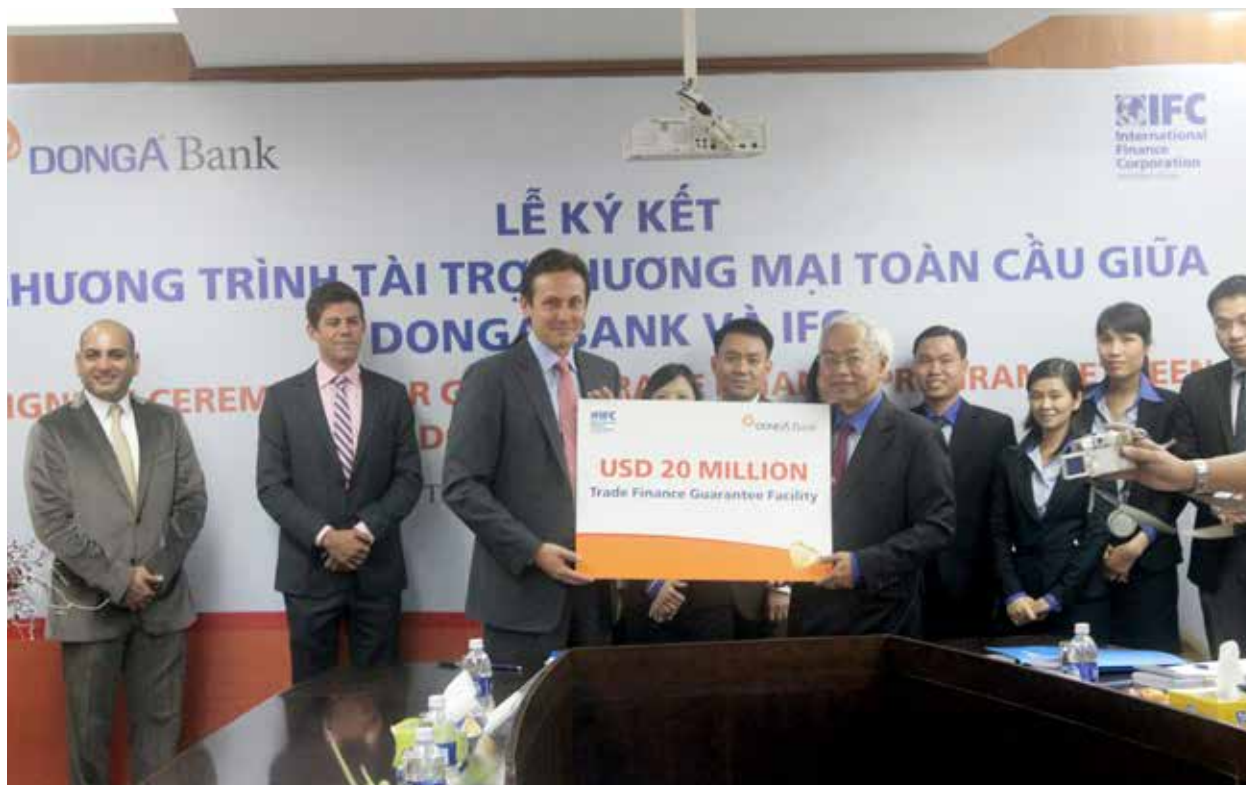
*“Master change, maximize success.”*





# HIGHLIGHTS OF ACTIVITIES IN 2012

## /// CORPORATE BANKING



2012 was the year of great difficulties for Vietnam economy: rising interest and cost, low market demand, lagging production, high inventory leading to weak business. With the tradition of always supporting customers, in 2012, DongA Bank continued to offer practical and timely support to assist corporate customers through challenging time.

### A TRUE COMPANION TO ENTERPRISES

In 2012, dealing with the rising interest rates which caused pressure for enterprises, the government and the State Bank of Vietnam have joined forces with credit institutions to bring interest rates to an affordable level to make it easier for enterprises. DongA Bank in particular has proactively forfeited over 10 billion dong of profit each month to reduce interest rates for business loans even before any regulations from the State Bank of Vietnam.

Also, DongA Bank has assisted enterprises to review their business operations and recalculate capital use. Depending on the specific situation of each enterprise, DongA Bank would reschedule payment plan or adjust payment date to assist the enterprise's cash flow. At the same time, the Bank improved its credit process, shortened approval time so that enterprises can receive the loan amount faster.

In addition, to support SMEs in accessing loans and developing new customers, from June 2012, DongA Bank has started special loan program of 1,000 billion dong for Hochiminh City Young Businesses Association (YBA), of which 100 billion dong was for non-collateral and special interest rate loans. These supporting activities by



DongA Bank have contributed quite a lot towards assisting enterprises through difficult times.

Regarding international payment operations, in 2012, DongA Bank continues to promote services across the system to ensure the best service quality for customers. Revenue of international payments for the whole year reached 1,826 billion USD. The ratio of standard payment teletransfer sent abroad was always over 99% and rarely did operational mistakes happen. For the payment that came late in the day, DongA Bank always tried to shorten the processing time for customers.

DongA Bank has also expanded relationships with foreign financial institutions such as IFC, Standard Chartered, Deutsche Bank, Wells Fargo Bank, Commerce Bank, JP Morgan Chase, ADB, BIO, DEG, EIB, FMO ..., paving the way for trade finance sources and affordable capital for DongA Bank's enterprise customers. In 2012, Dong A Bank and International Finance Corporation (IFC) have signed a guarantee trade finance contract worth a total of 20 million USD. This has helped DongA Bank to enhance its brand reputation on the international market.

With Vietnam economy expected to still be challenging in

2013, DongA Bank has actively develop specific programs to continue assisting enterprises during tough times, to maintain the 20-year trust and credibility. In terms of corporate loan, DongA Bank will focus on SMEs operating in export, supporting and agricultural industries... Especially, DongA Bank will introduce a new approach called financing by supply chain, which will provide customers with services, product bundles that are suited towards their specific segment. This is expected to strengthen the ties between DongA Bank and customers even more.

# HIGHLIGHTS OF ACTIVITIES IN 2012

## /// RETAIL BANKING

### CONSTANT INNOVATION AND IMPROVEMENT OF PRODUCTS AND SERVICES QUALITY

In 2012, Retail Banking department has gradually improved the platform in order to boost the performances of credit card product, such as: Implementing non-collateral credit limit for individual customer; Reviewing and issuing Credit card operational documents (consisting of 01 regulation, 01 process and 7 manuals), Conducting support report for credit card; Implementing working process between Retail Banking department and branches in terms of credit card debt collection...From September 2012, the issuing time per one credit card is only 7 working days.

The credit card sales number has proven the restless efforts from Retail Banking department and branches worthy, in 2012, the number of newly issued credit cards was 163% compared to end of 2011.

In addition, to increase customer satisfaction and enhance customer experience when using DongA Bank products and services, Retail Banking department has continuously reviewed current process, amended in appropriate terms and added new features and upgrades, such as: When customer enters PIN wrongly for 3 times, DongA Bank's ATM will not keep customer's card; 2-month free of DongA ebanking promotional program; Issuing Manual for Mobile Banking installation and Implementing automatically deduction function from current account/card account into saving account...

2012 performance results show that the strategy of Retail Banking department has been working effectively. This is another significant trophy for DongA Bank in its journey to serve more than 6 million retail banking customers and to strengthen the bond between the Bank and its customers.

### NEW PRODUCTS OF 2012:

- **"All for my dear" saving product:** This deposit product not only assists customers in saving for their child's future, but also serves as a smart and interesting mean for parents to educate their kids about value of money and how to save.
- **"Saving for the future" deposit product:** This is the product that allows customers to prepare a solid financial foundation for the future of themselves and their families.
- To meet the demand for personal loans and business loans of specific customer groups such as: members of Women's Union, individuals under Government's special policy, Retirees..., in 2012, Retail Banking Department has also completed processes and introduced special Personal loan packages for these customer groups. After some time of deployment, these products have received positive feedbacks from the customers.
- With special care for students, DongA Bank has signed cooperation contracts with universities nationwide and has made this its strategy move. With the Bank's competitive edge in technology, in 2012, DongA Bank has



successfully deployed tuition fee collection via e-channels with many universities such as: Hochiminh City University of Economics, University of Nha Trang, Da Nang University of Economics...

- In order to better serve Credit card and DongA Multifunctional Card customers, Retail Banking department has also introduced "DongA Bank privileges" program which allows customers to enjoy discount up to 40% and special treatment at over 100 outlets.

### BUSINESS ORIENTATIONS FOR 2013

- DongA Bank will increase the frequency of attractive promotions and enhance service quality. Sales activities and customer care activities must be professionalized, in order to bring greater satisfaction to customers and therefore pave the foundation of the development of deposit products.
- Personal credit, especially installment credit will continue to be the focus in order to meet the growing credit needs of customers. Reporting system of credit products is to be upgraded and manual guides for credit business management shall be conveyed in details to branches. These are the key steps for DongA Bank to increase the sales and maintain effective operation of installment credit products.



**SẢN PHẨM TIẾT KIỆM CHO TRẺ EM**  
**CHẮP CÁNH CHO CON YÊU**

Mới



- Introducing new DongA eBanking system with friendly and catchy interface, enhanced with new features. This will make it possible for DongA eBanking to reach new heights and serve customers better.
- Credit card operation and business process is perfecting on its own and has become more stabilized. Card issuing time has been reduced. Branches are also more experienced in selling credit card. "DongA Bank privileges" program was introduced. These are the milestones for DongA Bank to have a breakthrough in credit card sale.
- In addition, automatic bill payment services will be continuously promoted in order to meet with customers' needs for payment and to bring more conveniences for customers.



**DongA Bank strategy is to provide customers with the highest satisfaction when using the Bank's services through the best products and services. Accordingly, 2012 was the year that Retail Banking department focused on investing in innovation and improvement of products and services with the goal of customer satisfaction and experience in mind.**



# HIGHLIGHTS OF ACTIVITIES IN 2012

## /// RISK OPERATION AND RISK MANAGEMENT ACTIVITIES



### RISK MANAGEMENT ACTIVITIES IN 2012

In 2012 DongA Bank has developed and implemented a range of innovative solutions, improved the quality and effectiveness of risk management in a focused, comprehensive and consistent direction. Risk management is considered to be one of three solid shields for the Bank other than Internal Audit and Internal Inspection and controls, in order to ensure safe, effective business operation.

At the same time, during past year, DongA Bank has endorsed the solutions proposed by BCG in terms of risk management. This has created a solid foundation for the Bank to build an even stronger risk management system in the years to come.

Accordingly, the Bank's risk management activities shall operate on prudent, harmonizing all benefits and business safety principles. DongA Bank shall carry out strategic risk management, credit risk management, liquidity market risk management and operational risk management.

DongA Bank's risk management activities are carried out and controlled throughout the system. Because of that all provisions by the State Bank of Vietnam were well-complied to by DongA Bank. Operational activities were managed, monitored in order to identify, control and minimize risks incurred through monitoring closely safety financial indicators.

Beside, DongA Bank has built regulations that concern risk management activities, the link between risk management activities and branches; developed risk measurement tools such as: VaR model in the management of exchange rate risk, BI application tool in the management of credit risk, loan monitoring model to prevent delinquency arising, remote monitoring program to measure and alert about branches' financial status.

In addition, DongA Bank has also built a self risk assessment program to help the branches proactively identify, assess and propose solutions to minimize risks and has provided manuals on independent risk management.

DongA Bank has frequently done assessment report of the impact of policy and macroeconomic fluctuations on the Bank's operations and performance, of industries that the Bank is providing and is going to provide credit. At the same time, DongA Bank collected, analyzed and sent out in time alert about the the risk of errors happening during everyday banking operations.

### 2013 ORIENTATIONS

Following the already built platform in 2012, for 2013 DongA Bank

will continue to implement synchronically solutions proposed BCG, to fully comply with the regulations of the State Bank of Vietnam and to comply with the Basel rules on risk management in banking activities. Here are some of the major objectives:

- Establishment of Risk Management Department (upgraded from Risk Management Unit) to demonstrate the importance and enhance the role of risk management. This will help the Bank to ensure ensure appropriate risk activities and contribute to formation of international business model (Risk Management is one of the four pillars of a successful business model).
- Develop a risk management strategy that follows closely with business strategy; statement issued senior risk appetite, limits, risk limits and continuous monitoring.
- Redesign credit processes towards centralized approval in order clearly define the sales, assessment and approval functions in credit activities; Assist branches in specializing in different stages: selling, assessing, approving and risk management; Minimize bad debts and Increase DongA Bank's competitive advantages in the market; Reduct cost.
- Gradually standardized internal credit rating data and system, ensuring compliance with regulations of the State Bank of Vietnam. These are prerequisites for building, calculating the probability of bad debts and pricing based on risk assessment.
- Deploying the the application of risk measurement tools and improving the tools in order to fit with market picture and actual operational conditions at DongA Bank.
- Reviewing, selecting a consultant partner for a number of issues such as: Asset and Liability Management, the building of EL and risk-based pricing for individual customers and corporate clients in credit risk management activities.
- Conduct workshops and communication campaigns on risk management, self-assessment program on operational risk control in order to help branches to better understand and well-aware of risk management in daily operation. From that, improving assessment contents so that they are appropriate and effective for risk prevention activities.
- Performing research, calculation industry Beta in the application of credit risk management portfolio, building credit limits for specific sectors.



# HIGHLIGHTS OF ACTIVITIES IN 2012

## /// TECHNOLOGICAL ACHIEVEMENTS



### ENHANCE THE STABILITY, OPTIMIZE COSTS

In the context of difficult economic, the tightening policy for investment in the financial and credit institutions has affected the operation and providing new service of IT systems. Therefore, DongA Bank ITC has chosen the motto for 2012 as “Enhancing stability, optimizing costs” to ensure that the investment and operation of IT services stay at the possible highest level.

In 2011, DongA Bank successfully implemented data center restructuring project and had virtualized nearly 90% of the Bank’s IT infrastructure. Other than restructuring the data center, DongA Bank had basically completed the process of governance of Information Technology Service Management (ITSM). The implementation of this system had made the IT operation system qualified for standards, ensuring high stability and safety.

In 2012, the infrastructure and IT processes have been completed by DongA Bank’s IT staffs and have been prepared for cloud computing in the future. The combination of virtualization technologies with IT service management system, under the close surveillance of Information Security Management System (ITMS) have helped DongA Bank in

stabilizing operation of IT system, in reducing costs and bringing new experiences to customers through stable, safe and technology advanced products.

### APPLYING TECHNOLOGY INTO PRODUCTS AND SERVICES DEVELOPMENT PROCESS

DongA Bank prides itself on being the leader when it comes to applying information technology and providing customers with a wide variety of transactions channels such as Internet Banking, SMS, Mobile Banking, ATM and a massive collection of products. The Bank’s nationwide branches network are always connected to the IT center in order to be able serve customers in the fastest and most convenient way.

Other than introducing various transaction channels based on IT infrastructure, DongA Bank also focused on the development of internal processes based on software applications such as credit limit approval program, collateral management program...This allowed the Bank to be able to serve customers better.

Also, DongA Bank has enhanced security and confidentiality in the exploitation and development of products and services associated with client assets. Therefore, all the products and



services offered to customers are checked thoroughly by the standards of Vietnam and international security including ISO 27001:2005, PCI DSS standard version 2.0 , the provisions regulated by the State Bank of Vietnam as per document 01/2011/TT-NHNN and the "OWASP Testing Guide" guidance document...

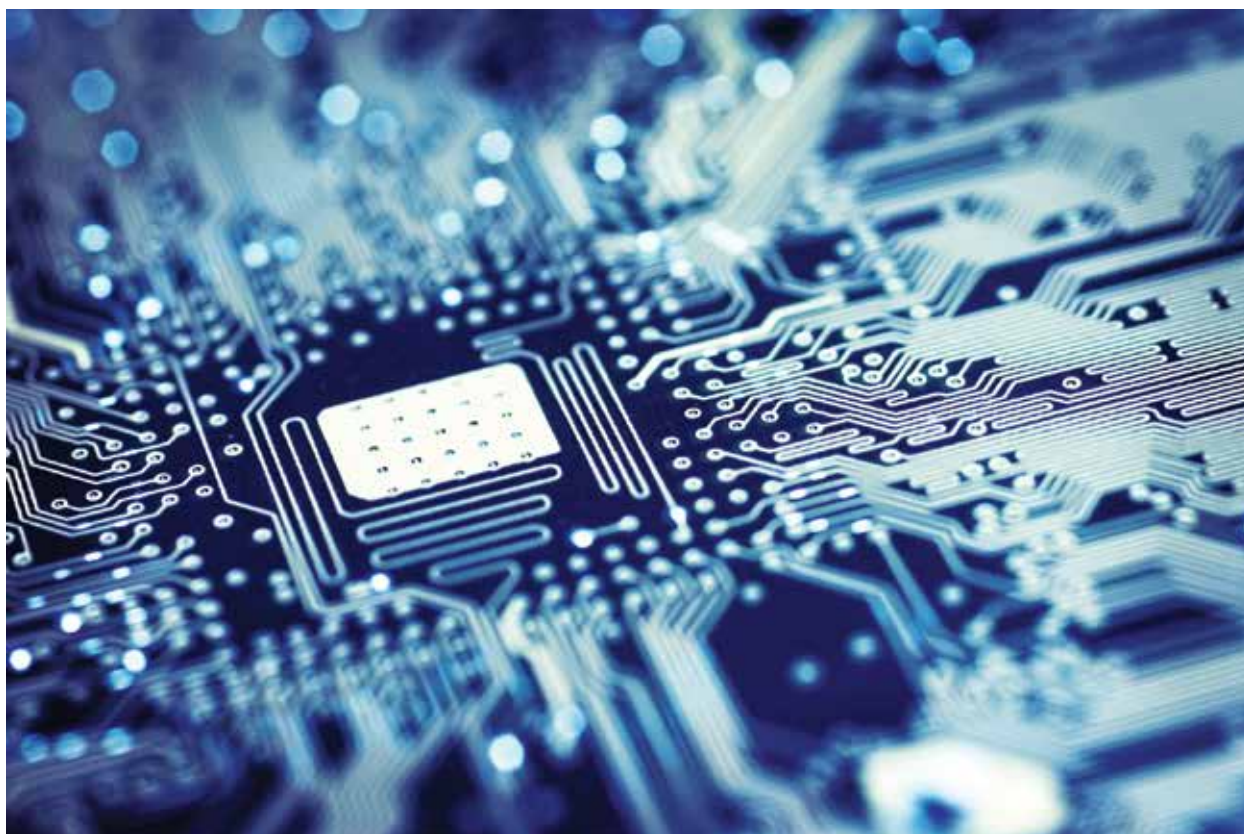
The operation of the products and services of the Bank are monitored through full security monitoring system, which will automatically alert the risk of hackings from outside as well as internally. Beside, DongA Bank also coordinated with other organizations such as Ernst & Young, Informatics Technology Department of the State Bank of Vietnam ... to perform security testing of IT systems that DongA Bank is operating, ensuring all objective criteria in order to avoid mistakes by numerous testing.

#### **THE TEAM OF "IT" MEN**

The IT Center is a team of young, dynamic and energetic individuals. ITC staffs are always confident in the deployment of new services and are in total control of technology, running the operations of information technology infrastructure efficiently without having to outsource.

Many of ITC staffs have brilliantly passed international IT tests and won internationally qualifications such as Oracle Database Management Certificate, the Cisco Network Management Certificate, Qualification on Linux Operating System Management, Java Programming...

Especially, Mr Pho Duc Giang - Head of Information Security of DongA Bank - has been honored as one of the 10 information security leaders of Southeast Asia in 2012 (CSO ASEAN Awards 2012). This award was given by the International Data Group IDG in collaboration with the Department of Information and Communications Center at HCMC and Vietnam Center of Computer Emergency Response (VNCERT) and was organized under the endorsement of the Ministry of Information and Communications, Ministry of Public Security and Ho Chi Minh City People's Committee.





# HIGHLIGHTS OF ACTIVITIES IN 2012

## /// HUMAN RESOURCES AND TRAINING ACTIVITIES



### REMUNERATION POLICY

In 2012, beside the benefit packages regulated under the provisions of law, DongA Bank has introduced further remuneration policies for employees, including:

- Accidental Insurance 24/24 for the entire staffs to protect staffs from the risks arise during work
- Health insurance for department heads, vice-heads, branch managers and above, including policies for hospitalized treatment and non-hospitalized treatment. For branch managers and Headquarter managers and above, health insurance for family members (wife / husband & children) is added.
- Upgrading package for periodic health examinations for employees
- Increasing vacation allowances employees
- Maintaining the welfare regimes from trade union such as birthday gifts, Women's day Gift, Vietnam Women's day gift and gifts for staffs that used to participate in the war on 22th December and 27th July ...

In 2012, DongA Bank continued to implement fixed pool policy for branches and departments. This salary policy has given the opportunity for branches and departments to proactively encourage employees by rewarding the achievements and hardworking in a timely manner. With this

policy, DongA Bank is also shaping the culture of paying salary and bonus based on performance results and productivity. The average income per month of DongA Bank's staff is 8.96 million dong, which is 9.26% more than 2011.

In 2013, the fixed salary pool mechanism will be continued with more improvements. At the same time, management systems, performance and productivity ratings of individuals will assist the fixed salary pool policy to ensure all employees are entitled to remuneration that worthy their contribution

### ATTRACTING AND RETAINING TALENTS

As of 31/12/2012, the total number of employees at DongA Bank is 4,728 - an increase of 8.24% compared to the same period in 2011. In 2012, in addition to hiring for business operations, DongA Bank also recruited additional human resources to prepare for the roadmap during the development phase from 2013 to 2020. Therefore, candidates that the Bank is looking for in 2013 are not only those that meet the current needs of the bank but also the future needs.

In 2012, DongA Bank has identified that attracting and retaining talents must come from factors such as prominent career development opportunities and promising career path.

Training programs, management skills development programs for current staffs and potential staffs, rotation program were introduced in order to help staffs to maximize their skills and abilities.



## TRAINING ACTIVITIES

With the motto of operation in 2012 as “INNOVATION and DEVELOPMENT”, the Bank’s management board paid very close attention and invested heavily on training, with the goal to invest in human resources - the most valuable resource that contributed to the success of any organization.

The training strategy for the period 2012 - 2015 will focus on developing managerial and business development staffs with high skills, strong senses of responsibility and good business ethics.

- Developing and implementing programs to develop leaders in both professional and skill fields
- Developing and implementing management trainee program for both internal and external candidates to prepare human resources for middle level staff
- Implement communications programs and training programs to help individuals understand the role and duties in the Bank’s activities
- Improving operation management skills for current managers through training programs and job rotation

## HIGHLIGHTS OF TRAINING ACTIVITIES IN 2012

The number of staff attending at least one training course is 4,388; accounting for 92.81% of the total number of employees as of 31/12/2012.

Training cost in 2012 is 3.35 billion dong, not including the salary amount paid to trainees during the training participants.

With strategic business orientation focused on deposit, the training plan for 2012 was allocated as follows:

- Training on awareness and knowledge of banking and finance industry – Improving planning and sale management skills for current and potential Sale team leaders, Branch managers, Branch Retail Banking Managers, Branch Corporate Banking Managers.
- A remarkable achievement after these training classes was the issuing of the Training manual regarding 3 main topic: Awareness, Knowledge, Skills and the list of regulations, processes and listing of products and services associated with that job title.
- Training operational risk management for mid-level managers and all staffs that serve customers.
- Periodic training of service quality for managers and all staffs that serve customers.

# HIGHLIGHTS OF ACTIVITIES IN 2012

## /// BRANDING ACTIVITIES



2012 is the year DongA Bank turns 20 and is also the year that **the Bank is honored to receive recognition, honoring from the Government and prestigious organizations, both domestically and internationally.**

On 29th June, in the 20-year anniversary ceremony, DongA Bank was honored to receive President's 3rd grade Labor Medal. In this event, Hochiminh City People's Committee also awarded the Bank with the Honoring flag for its contribution and efforts toward the welfare of society, community and the development of the banking sector.

In September 2012, DongA Bank and DongA Money Transfer were voted again as Best Foreign Exchange Bank and Best Finance Company in Asian Banking & Finance's Wholesale and Retail Banking Awards. Another highlight in branding activities of DongA Bank was the signing of the trade finance worth 20 billion USD between DongA Bank and International Finance Corporation (IFC). The cooperation and approval from IFC is a proof that DongA Bank's ability and reputation has reached domestic as well international standard.

2012 also marks the bold and positive renewal in DongA Bank's branding activities. **DongA Bank has focused on introducing lots of products, functions and new promotional programs to customers.**

Since early 2012, DongA Bank has introduced the new look and feel for ATM network, innovated and upgraded ATM booth in order to provide customers with new banking experiences. Not only is the new look and feel modern and easy to recognize, each booth is equipped with 2-3 machines and guards in order to make customers feel more secured and relaxed when doing transactions. In August 2012, DongA Bank continued to introduce the new DongA Multi-functional card design with dynamic colors and well-fitted with the reputation of "the #1 ATM card in Vietnam"

For deposit customers, promotions and customer care programs are deployed throughout the year, such as "Saving for new year" program, "Win attractive prizes" program, "20 years of trust and credibility" program and "Caring for your family" program. Other than that, 02 new deposit products named "Saving for the future" and "All for my dear" were released on September 2012, meeting the diverse deposit needs of customers.

For corporate customers, DongA Bank has cooperated with Hochiminh City Young Business Association (YBA) to support 1,000 billion dong of credit for enterprises, of which 100 billion dong was offered specially for non-collateral loan with only 13% interest rate.

In the middle of 2012, DongA Bank Smile was deployed





through out the system with the motton "Let us serve customers the way we would like to be served". This is a effort of DongA Bank to express our caring and friendly attitude and services towards customers.

Proud to be "The Bank of Responsibility – The Bank of Heart", corporate social responsibility programs are inevitable in DongA Bank's branding activities. Successful programs such as "Honoring university top graduates", "Writing with appreciation" contest, "DongA Bank Blood donation drive", "I love sharing" street art series, "Supporting seamen" program, "Cooperation contract between DongA Bank and universities" were continuously carried by DongA Bank with passion, enthusiasm and had contributed towards building a caring and loving bank image within customers' hearts.

**Proud to be "The Bank of Responsibility – The Bank of Heart", corporate social responsibility programs are inevitable in DongA Bank's branding activities.**



# HIGHLIGHTS OF ACTIVITIES IN 2012

## /// UNION AND CORPORATE RESPONSIBILITY ACTIVITIES



In 2012, DongA Bank focused on the objective of building a strong Communist Party body, further developing and training new Party members.

Also, during the year, DongA Bank's Communist Party Unit has formed 3 new body: Body 11- Mekong Delta River, Body 12 and 13- Headquarter. DongA Bank's Communist Party Unit also held the admission of 42 new members in 2012, introduced 62 members for Party Orientation class (124% of target) and introduced 18 new members of Communist Party Fostering class.

DongA Bank's Communist Party Unit also consulted and carried out many directions as per set forth by Vietnam Communist Party, such as: Supporting the Steering Committee for the consolidation of democracy implemented in DongA Bank, supporting the Steering Committee for anti-corruption, successfully organizing Resolution TW 4 and 5 training class at 13 unit bodies and consulting the organization of political talk about the East Sea matter.

In addition, DongA Bank's Communist Party Unit has successfully implemented the policy of "criticize and self-criticize" as per regulated by Resolution TW4 (11th meeting). All 100% of DongA Bank unit bodies had organized and successfully carried out assessment activities on unit bodies, on party member in 2012 as per directed by Communist Party Committee.

With all the active and positive contributions, DongA Bank's Communist Party Unit is recognized as The Strong and

Clean Communist Party Unit for many years..

### TRADE UNION

DongA Bank's Trade Union has established 32 Branch Unions, 7 Department Unions. The organizing and launching of 2 photo contest "Brilliant flower color" and "To the women I love" during Women's day were some of the highlighted activities of Trade Union in 2012. More than 3,500 employees participated in the online competition of "20 years- one desire" website, contributing 90 photo collections and 15 essays. 6 staffs and 15 departments were awarded after this competition with total prize of 9.2 million dong.

In recent years, the Trade Union has carried out different activities in order to cater to staffs' welfare. The Trade Union has carried out "Traffic Safety-2012" campaign to communicate to staffs about safety traffic knowledge. The DongA Bank Cup sports tournament was organized from 27th May until 17th June 2012, attracting more than 900 amateur athletes and fans and bringing sportsmanship, joy and fun for staffs.

To celebrate the 20th birthday of the bank, the Trade Union organized talent contest named "My love for my country, my passion of youth". The contest attracted over 1,500 contestants and fans from 6 regions nationwide and took place from 5th to 17th June 2012. Another writing contest named " I love DongA Bank" was launched on internal forum "20 years- one desire" from 27th April to 1st of July, focusing on 3 topics: How will you do it? What will you do? and What are your opinions?. Questions and stories about DongA Bank were a main source of attraction of staffs to



participating in writing and commenting.

Other exciting activities carried out by the Trade Union were: Cultural Festival, Voting of "Excellent achievement" title for 1,057 female staffs, Thanh Da Summer Camp for staffs' kids, Mid Autumn Festival gifts for Trade Union member, Charity events during Mid Autumn Festival (Quang Ninh Branch, CSC, Card Center, Tay Ninh, Binh Phuoc, Ben Tre, Hue, Da Nang, Ninh Thuan...).

Close attention and assistance were carried out to care for the welfare of staffs (remuneration policies, vacation policies, visits...). With all the above activities and contributions, DongA Bank's Trade Union was honored with the Excellent Achievement flag in 2012.

To celebrate the 81th anniversary of Hochiminh City Youth Union (26th March), the Trade Union had collaborated with Youth Union to organize the contest named "Our youth, our department", attracting the participation of 23 department. Also when participated in the "I am a Banking Youth Union member", DongA Bank had achieved outstanding performance.

DongA Bank's Union body has successfully completed the assigned tasks by the Great Union body and has been recognized the leading commercial bank unit in 2012. A three consecutive years merit certificate was also given to DongA Bank by the Great Union body (2010 – 2011 – 2012)

## CORPORATE SOCIAL RESPONSIBILITY

During the Bank's 20 years of operation, being "the Bank of Responsibility, the Bank of Hearts", its corporate social responsibility activities have been well received and well participated by staffs, government bodies, partners and customers. Each and every charity programs of DongA Bank are special and contain special meanings, from supporting the poor, the sick to assisting young talents in the field of education.

In 2012, DongA Bank has focused on funding for society welfare at the Mekong Delta River, assisting civilians at this region toward better living conditions and better financial life. The bank also donated hundreds of million dong for heart patients in Hochiminh City, and donated fishing nets for poor fishermen. Vietnam Heroic Mother, poor students with outstanding achievement, the poor, Truong Sa Military men are also some of the subjects that received the attention of DongA Bank in terms of corporate social responsibility programs.

The total amount that DongA Bank's Trade Union had spent on corporate social responsibility programs were 4 billion dong

A close-up photograph of two hands shaking in a firm grip. The hand on the left is wearing a dark blue suit jacket and a white shirt cuff. The hand on the right is bare. They are positioned over a paved road that stretches into the distance. In the background, there are green trees and a tall, modern glass skyscraper under a clear blue sky.

*“Cooperation is the source  
of prosperity.”*





# SUBSIDIARY COMPANIES

## /// DONGA MONEY TRANSFER



As the leading name in the market, in recent years, DongA Money Transfer has placed great importance on the remittance service and has focused its resources on building brand and trust in Vietnam.

2012 is considered a year of volatility and challenges due to the prolonged and widespread economic crisis. However, according to the latest official statistics of the World Bank, remittances to developing countries reached USD 406 billion, an increase of 6.5% compared to 2011, Vietnam in particular attracted USD 10 billion in remittances and is considered among the top 8 countries that receives remittances the most in the world.

As the leading name in the market, in recent years, DongA Money Transfer has placed great importance on the remittance service and has focused its resources on building brand and trust in Vietnam. With clear directions and solutions, DongA Money Transfer reached remittance revenue of USD 1.5 billion and continued to hold 15% share of the remittance market in Vietnam.

In all business strategies of DongA Money Transfer, improving service quality is the number-one strategy. All

service processes is synchronized and controlled across the nationwide system. Also, shortening payment time is DongA Money Transfer's special concern. Currently, over-the-counter payment time is 10-minute and home delivery remittance is within the day.

With a team of hundreds of employees nationwide, DongA Money Transfer is always ready to deliver cash to customers in the shortest amount of the time, no matter how far is customer's position and no matter how bad the weather is. In special cases whereby the customer needs cash urgently in order to settle hospital fee, the company always has special support policy for the recipient. Home delivery service of DongA Money Transfer is the competitive edge of the company. To date, DongA Money Transfer has expanded its network in 63/63 provinces nationwide, with a branch network of 250.

With a network of partners and widespread payment point, DongA Money Transfer takes pride on doing well the honor responsibility of "Delivering happiness" to its customers and on serving as a connection bridge between overseas and domestic Vietnamese.

In order to achieve such results, DongA Money Transfer has continuously invested in system development and installing advanced technologies into daily operations. Besides, the company constantly expands cooperation with global partners and thus making it possible for customers



to remit money from any country in the world to DongA Money Transfer. In the past year, DongA Money Transfer has successfully connected with new partners in the Asian and European market. This has contributed towards bringing more remittances into Vietnam.

With the goal more benefits to customers, besides good quality service, DongA Money Transfer launches promotions frequently. Some of the successful promotions were one that was designed specially customers who receive remittances from Asian market and “Win a new cool motorbike this Tet” promotion.

Other than bring more benefits to customers, DongA Money Transfer also focuses on human resources development strategies. In particular, the company organizes training programs, professional trainings throughout the year for each and every department. Besides, the company also successfully implemented the professional evaluation system of KPIs in order to conduct objective assessment and have proper career direction for the company’s staffs. Investment in human development is one of the specific solutions of DongA Money Transfer to improve customer service.

As a result of the above achievements, DongA Money Transfer is recognized by prestigious international financial institutions and was honored through awards such as “Best Finance Company in Vietnam” and “Best

money transfer company 2012”. This has proved the scale and reputation of DongA Money Transfer to be on par with international financial institutions.

2013 is expected to continue to be challenging and competitive year for remittance companies with growth rate of only 7.9%. However, the board of management of DongA Money Transfer considers this year be full of opportunities. With specific strategies and directions, DongA Money Transfer is ready for a new year of more achievements. The company is committed to even better customer service and to keeping its market leading position.



# SUBSIDIARY COMPANIES

## /// DONGA SECURITIES AND DONGA CAPITAL MANAGEMENT COMPANY



2012 was a year full of challenges for the local economy: inventories rising problem, interest rate too high that companies could not afford, bad debts in the banking system remain at a high level and the solutions towards the governmental debt situation for companies are still unclear. With such condition of the economy and uncertainties of the macroeconomic, the stock market was unable to attract cash. Stock market index was down while liquidity hardly improved

In such a difficult year like 2012, DongA Securites (DAS) has placed its focused on improving its competitive position through extensive investment in technology, upgrading the quality of human resources and and strengthening risk control activities.

Specifically, last year, DAS has successfully implemented the modern trading system which used the most advanced technology. This system, with many tools and functions, supports investors with transactions on DongA Online, DongA Pro, DongA SMS, DongA Mobile,...

Beside, the system connecting DAS's stock trading accounts with investors' current accounts at DongA Bank has been operating well and safely, enabling investors to trade effectively.

After taking time to consider all options, DAS has officially launched the slogan "Cutting-edge solution – Solid success". That is part of DAS's strategy to strengthen its position in the market. In 2012, DAS has increased the frequency of appearances on public channels, such as website and newspaper such as Vietstock, CafeF, NDHMoney, Stock Investment Newspapaer and on HTV and FBNC TV channels.

With the continuous efforts of the whole company, in 2012, DAS continues to maintain its position among top 8 brokerage companies on Hanoi Stock Index and among top 12 brokerage companies on Vietnam Stock Index.

In the context of severely down market in 2012, many companies have cut down on securities activities, on staff and operations. DAS has made great efforts in order to maintain



full business operations, and at the same time actively attract customers from other securities firms. DAS was successful in converting all customers from AuViet Securities and NamAn Securities.

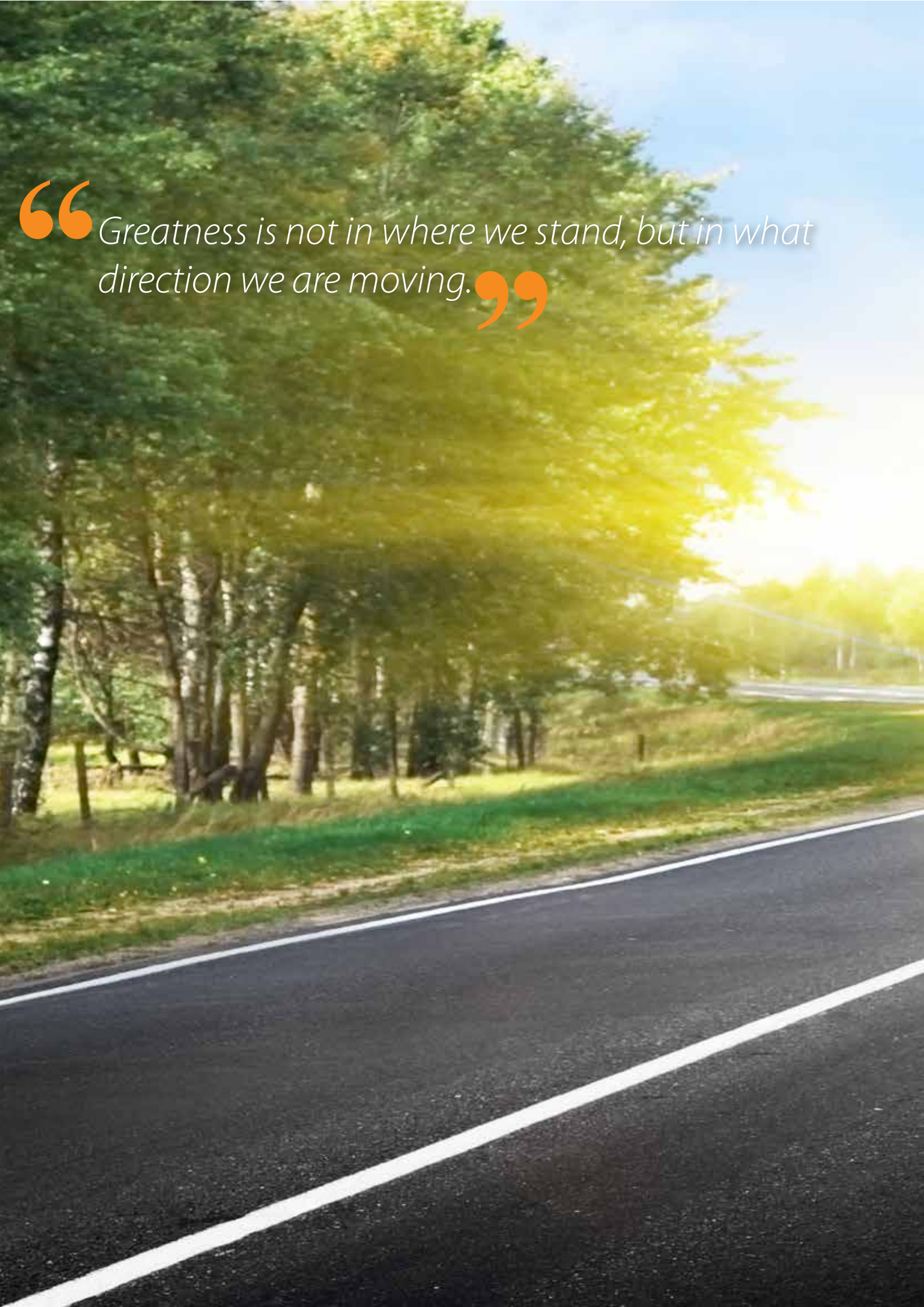
In late 2012, DAS also fulfilled a remarkable achievement when being the only stock brokerage company licensed by Ministry of Finance to conduct business valuation for equitization in 2013. With this leap, DAS continues to live up to its names as a leading stock brokerage in business consulting field and in banking and finance operation field in Vietnam.

To maintain the company's development, DAS has always encouraged and supported staff so that they can access to the most up-to-date information and have the best opportunities to improve their skills and knowledge.

DAS operational staffs are equipped with full knowledge of securities and securities markets, as are all qualified with the State Commission of Securities' certificates. Also, the company often organizes internal training sessions

to improve communication skills, creative thinking and problem-solving skills for employees.





“Greatness is not in where we stand, but in what direction we are moving.”





# FINANCIAL REPORT 2012

Ends at December 31st, 2012

FINANCE  
REPORT  
**2012**



# DONG A COMMERCIAL JOINT STOCK BANK

Report of Management and Audited consolidated financial statements prepared in accordance with Vietnamese Accounting Standards and Accounting System for Credit Institutions

as at and for the year ended 31 December 2012

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## GENERAL INFORMATION

### THE BANK

Dong A Commercial Joint Stock Bank (herein after referred to as “the Bank”) is a commercial joint stock bank established in the Socialist Republic of Vietnam.

The Bank is established and operated in accordance with Banking License No. 0009/NH-GP issued by the State Bank of Vietnam (“SBV”) on 27 March 1992 and Decision No. 135/QĐ-UB issued by the People’s Committee of Ho Chi Minh City on 16 April 1995. The Bank’s operational duration is 99 years.

The Bank’s principal activities are to provide banking services throughout Vietnam including mobilising and receiving short, medium and long-term deposits from organisations and individuals; making short, medium and long-term loans and advances to organisations and individuals based on the nature and capability of the Bank’s sources of capital; providing foreign exchange transactions; international trade financial services; discount of commercial papers, bonds and other valuable papers; providing settlement services and other banking services allowed by the SBV.

The Bank’s head office is located at 130 Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam. As at 31 December 2012, the Bank had one (1) transaction center, two hundred and twenty seven (227) branches, transaction offices, transaction units and saving funds.

### BOARD OF DIRECTORS

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

NAME	TITLE	DATE OF APPOINTMENT
Mr Pham Van Bu	Chairman	10 June 2010
Ms Vu Thi Vang	Deputy Chairman	10 June 2010
Mr Dang Phuoc Dua	Member	10 June 2010
Mr Tran Phuong Binh	Member	10 June 2010
Mr Trang Thanh Suong	Member	10 June 2010
Mr Nguyen Dinh Truong	Member	10 June 2010
Mr Tran Van Dinh	Member	10 June 2010
Mr Cao Sy Kiem	Member	30 March 2012

### BOARD OF SUPERVISORS

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

FULL NAME	TITLE	DATE OF APPOINTMENT
Ms Nguyen Thi Cuc	Chief Supervisor	10 June 2010
Mr Nguyen Vinh Son	Member	10 June 2010
Ms Phan Thi To Loan	Member	10 June 2010



## GENERAL INFORMATION

(continued)

### MANAGEMENT AND CHIEF ACCOUNTANT

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

NAME	TITLE	DATE OF APPOINTMENT/RESIG-NATION
Mr Tran Phuong Binh	General Director	Appointed on 25 March 1998
Ms Nguyen Thi Kim Xuyen	Deputy General Director	Appointed on 15 January 2001
Ms Nguyen Thi Ngoc Van	Deputy General Director	Appointed on 15 January 2001
Mr Nguyen An	Deputy General Director	Appointed on 20 March 2008
Mr Tran Dao Vu	Deputy General Director	Appointed on 2 March 2009
Mr Le Tri Thong	Deputy General Director	Appointed on 1 June 2008
Mr Luong Ngoc Quy	Deputy General Director	Appointed on 3 April 2012
Mr Nguyen Quoc Toan	Deputy General Director	Appointed on 3 April 2012
Mr Nguyen Huu Chinh	Deputy General Director	Resigned on 1 December 2012
Ms Vo Thi Kim Anh	Chief Accountant	Appointed on 1 October 1999

### LEGAL REPRESENTATIVE

The legal representative of the Bank during the financial year ended 31 December 2012 and at the date of this report is Mr Pham Van Bu, the Chairman.

According to Decision No. 06/QĐ-HĐQT-DAB dated 26 January 2011, Mr Tran Phuong Binh, the General Director, is authorised to sign off these consolidated financial statements.

### AUDITORS

The auditors of the Bank are Ernst & Young Vietnam Limited

## **/// REPORT OF MANAGEMENT**

Management of Dong A Commercial Joint Stock Bank ("the Bank") presents its report and the consolidated financial statements of the Bank and its subsidiaries for the financial year ended 31 December 2012.

### **MANAGEMENT'S RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

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

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank and its subsidiaries will continue in business.

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

Management has confirmed to comply with the above requirements in preparing the accompanying consolidated financial statements for the year ended 31 December 2012.

### **STATEMENT BY MANAGEMENT**

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2012 and of the consolidated results of their operations and their consolidated cash flows for the financial 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 Management:

A red circular stamp of the Dong A Commercial Joint Stock Bank. The text inside the stamp reads: "S.B.K.K.D: 0301442379-C.T.C.P", "NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN ĐÔNG Á", and "Q. PHÚ NHUẬN TP. HỒ CHÍ MINH". A black ink signature is written over the stamp.

**Mr Tran Phuong Binh**

General Director

Ho Chi Minh City, Vietnam

29 March 2013



# INDEPENDENT AUDITORS' REPORT

Reference: 60752831/15505028

To: The Shareholders of  
Dong A Commercial Joint Stock Bank

We have audited the consolidated financial statements of Dong A Commercial Joint Stock Bank ("the Bank") and its subsidiaries as set out on pages 5 to 68, which comprise the consolidated balance sheet as at 31 December 2012, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

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

## Basis of Opinion

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

## Audit Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2012 and of the consolidated results of their operations and their consolidated 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  
Ho Chi Minh City, Vietnam  
29 March 2013

Hoàng Thị Hồng Minh  
Auditor  
Certificate No. 0761/KTV

# /// CONSOLIDATED BALANCE SHEET

as at 31 December 2012

B02/TCTD

	NOTES	31 DECEMBER 2012 VND MILLION	31 DECEMBER 2011 VND MILLION
			(as restated)
<b>ASSETS</b>			
Cash, gold and precious stones	5	4,827,650	8,170,257
Balances with the State Bank of Vietnam	6	1,891,120	1,479,377
Due from and loans to other credit institutions	7	2,658,526	4,213,094
Due from other credit institutions		1,657,808	4,213,094
Loans to other credit institutions		1,008,280	-
Provision for loans to other credit institutions	10	(7,562)	-
Trading securities	8	199,968	243,219
Trading securities		218,538	255,387
Provision for a decline in value of trading securities	13.1	(18,570)	(12,168)
Derivatives and other financial assets		-	-
Loans and advances to customers		49,756,163	43,341,054
Loans and advances to customers	9	50,650,056	44,003,078
Provision for credit losses	10	(893,893)	(662,024)
Investment securities		4,290,122	2,572,672
Securities - available-for-sale	11	4,290,584	2,572,672
Securities - held-to-maturity		-	-
Provision for a decline in value of investment securities	13.2	(462)	-
Long-term investments	12	451,169	537,650
Investments in joint-ventures		-	-
Investments in associates		-	-
Other long-term investments		502,578	573,262
Provision for impairment of long-term investments	13.3	(51,409)	(35,612)
Fixed assets		1,379,110	1,223,566
Tangible fixed assets	14.1	917,537	910,026
Cost		1,566,995	1,420,908
Accumulated depreciation		(649,458)	(510,882)
Financial lease		-	-
Cost		-	-
Accumulated depreciation		-	-
Intangible fixed assets	14.2	461,573	313,540
Cost		521,870	358,553
Accumulated amortisation		(60,297)	(45,013)
Investment properties		-	-
Cost		-	-
Accumulated depreciation		-	-
Other assets		3,824,395	2,957,306
Receivables	15.1	1,225,688	1,485,433
Interest and fee receivables	15.2	2,077,206	1,019,497
Deferred tax asset	21	27,716	-
Other assets	15.3	493,785	452,376
In which: Goodwill		-	-
Provision for doubtful debts		-	-
<b>TOTAL ASSETS</b>		<b>69,278,223</b>	<b>64,738,195</b>

# /// CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2012

B02/TCTD

	NOTES	31 DECEMBER 2012 VND MILLION	31 DECEMBER 2011 VND MILLION
			(as restated)
<b>LIABILITIES</b>			
<b>Borrowings from the Government and the State Bank of Vietnam</b>		-	839,958
<b>Due to and borrowings from other credit institutions</b>	16	5,874,350	5,734,774
Due to other credit institutions		2,039,900	4,186,819
Borrowings from other credit institutions		3,834,450	1,547,955
<b>Due to customers</b>	17	50,790,243	36,064,013
<b>Derivatives and other financial liabilities</b>		-	-
<b>Grants, entrusted funds and loans exposed to risks</b>	18	703,017	609,131
<b>Valuable papers issued</b>	19	4,323,124	4,872,574
<b>Other liabilities</b>		1,483,298	10,803,980
Interest and fee payables	20.1	550,730	473,680
Deferred tax liability		-	27,748
Other payables	20.2	897,678	10,261,552
Provision for contingent liabilities and off-balance sheet commitments	10	34,890	41,000
<b>TOTAL LIABILITIES</b>		<b>63,174,032</b>	<b>58,924,430</b>
<b>OWNERS' EQUITY</b>			
<b>Capital and reserves</b>			
<b>Capital</b>		<b>5,000,583</b>	<b>4,500,583</b>
Charter capital	22.1	5,000,000	4,500,000
Fund for capital expenditure		-	-
Share premium		-	-
Treasury shares		-	-
Preference shares		-	-
Other capital	22.1	583	583
<b>Reserve funds</b>	22	<b>504,643</b>	<b>364,806</b>
<b>Foreign currency difference reserve</b>		-	-
<b>Asset revaluation reserve</b>		-	-
<b>Retained earnings</b>	22.1	<b>598,965</b>	<b>948,376</b>
<b>TOTAL OWNERS' EQUITY</b>		<b>6,104,191</b>	<b>5,813,765</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>69,278,223</b>	<b>64,738,195</b>



# /// CONSOLIDATED BALANCE SHEET (continued)

Reference: 60752831/15505028

B02/TCTD

## OFF BALANCE SHEET ITEMS

	NOTES	31 DECEMBER 2012 VND MILLION	31 DECEMBER 2011 VND MILLION
<b>Contingent liabilities</b>		<b>4,097,519</b>	<b>5,098,217</b>
Financial guarantees		1,200	531
Letters of credit		2,648,121	3,213,377
Other guarantees		1,448,198	1,884,309
<b>Commitments</b>		<b>-</b>	<b>-</b>
Commitments to customers		-	-
Other commitments		-	-
	36	<b>4,097,519</b>	<b>5,098,217</b>

Prepared by:



Ms Bui Nguyen Bao Vi  
Deputy Head of  
Accounting Department  
Ho Chi Minh City, Vietnam  
29 March 2013

Reviewed by:



Ms Vo Thi Kim Anh  
Chief Accountant

Approved by:



Mr Tran Phuong Binh  
General Director

# /// CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2012

B03/TCTD

	NOTES	31 DECEMBER 2012 VND MILLION	31 DECEMBER 2011 VND MILLION
Interest and similar income	24	7,457,648	7,348,942
Interest and similar expense	25	(4,963,253)	(4,881,882)
<b>Net interest and similar income</b>		<b>2,494,395</b>	<b>2,467,060</b>
Fee and commission income		528,768	466,687
Fee and commission expenses		(120,071)	(84,433)
<b>Net fee and commission income</b>	<b>26</b>	<b>408,697</b>	<b>382,254</b>
<b>Net loss from foreign currencies and gold trading</b>	<b>27</b>	<b>(137,706)</b>	<b>(27,850)</b>
<b>Net loss from dealing of trading securities</b>	<b>28</b>	<b>(58,522)</b>	<b>(27,881)</b>
<b>Net gain from dealing of investment securities</b>	<b>29</b>	<b>19,531</b>	<b>26,501</b>
Other operating income		39,882	5,237
Other operating expenses		(3,617)	(2,400)
<b>Net other operating income</b>	<b>30</b>	<b>36,265</b>	<b>2,837</b>
<b>Income from long-term investments</b>	<b>31</b>	<b>20,731</b>	<b>24,552</b>
<b>TOTAL OPERATING INCOME</b>		<b>2,783,391</b>	<b>2,847,473</b>
Personnel expenses		(572,186)	(629,943)
Depreciation and amortisation charges		(156,788)	(124,214)
Other operating expenses		(645,477)	(541,633)
<b>TOTAL OPERATING EXPENSES</b>	<b>32</b>	<b>(1,374,451)</b>	<b>(1,295,790)</b>
Net operating profit before credit loss expense		1,408,940	1,551,683
Credit loss expense	10	(631,784)	(296,176)
<b>PROFIT BEFORE TAX</b>		<b>777,156</b>	<b>1,255,507</b>
Current corporate income tax expense	21	(255,406)	(278,935)
Deferred corporate income tax benefit/(expense)	21	55,464	(29,416)
<b>Total corporate income tax expense</b>		<b>(199,942)</b>	<b>(308,351)</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>577,214</b>	<b>947,156</b>
<b>Basic earnings per share (VND)</b>	<b>23</b>	<b>1,192</b>	<b>2,105</b>

Prepared by:

Reviewed by:

Approved by:



Ms Bui Nguyen Bao Vi  
Deputy Head of  
Accounting Department  
Ho Chi Minh City, Vietnam  
29 March 2013



Ms Vo Thi Kim Anh  
Chief Accountant



Mr. Tran Phuong Binh  
General Director

# /// CONSOLIDATED CASH FLOW STATEMENT

as at and for the year ended 31 December 2012

B04/TCTD

	NOTES	31 DECEMBER 2012 VND MILLION	31 DECEMBER 2011 VND MILLION
			(as restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest and similar receipts		6,387,510	6,762,952
Interest and similar payments		(4,886,203)	(4,856,014)
Net fees and commission receipts		408,697	382,254
Net payments from foreign currencies, gold and securities trading		(58,969)	(157,922)
Net other operating payments		(477)	(1,414)
Recovery from bad debts written-off previously	30	3,832	2,246
Payments to employees and other operating expenses		(1,285,031)	(1,054,723)
Corporate income tax paid during the year	21	(246,717)	(325,528)
<b>Net operating cash flows before changes in net operating assets and liabilities</b>		<b>322,642</b>	<b>751,851</b>
<b>Changes in operating assets</b>		<b>(6,813,271)</b>	<b>(6,690,755)</b>
Decrease/(increase) in due from and loans to other credit institutions		1,980,000	(764,771)
Increase)/decrease in trading securities		(1,681,063)	335,214
(Increase)/decrease in derivatives and other financial assets		-	-
Increase in loans and advances to customers		(6,646,978)	(5,682,231)
Decrease in provision for writing-off of loans, securities and long-term investments	10	(398,463)	(66,370)
Increase in other assets		(66,767)	(512,597)
<b>Changes in operating liabilities</b>		<b>4,167,880</b>	<b>8,338,418</b>
(Decrease)/increase in borrowings from the Government and the State Bank of Vietnam		(839,958)	139,958
Increase in due to and borrowings from other credit institutions		139,576	1,560,939
Increase in due to customers (including State Treasury)		14,726,230	4,646,734
Decrease in valuable papers issued (except for valuable papers included in financial activities)		(549,450)	(6,282,163)
Increase in grants, entrusted funds and loans exposed to risks		93,886	298,843
Increase/(decrease) in derivatives and other financial liabilities		-	-
(Decrease)/increase in other liabilities		(9,387,741)	7,982,469
Reserves utilised during the year		(14,663)	(8,362)
<b>Net cash flows (used in)/from operating activities</b>		<b>(2,322,749)</b>	<b>2,399,514</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(138,497)	(156,663)
Proceeds from disposal of fixed assets		222	2,079
Expenses of disposal of fixed assets		-	-
Purchase of investment property		-	-
Proceeds from disposal of investment property		-	-
Expenses of disposal of investment property		-	-
Payments for investments in joint ventures, associates and other entities		-	-
Proceeds from investments in joint ventures, associates and other entities		70,684	40,882
Dividend receipts from long-term investments	31	20,731	24,552
<b>Net cash flows used in investing activities</b>		<b>(46,860)</b>	<b>(89,150)</b>



# /// CONSOLIDATED CASH FLOW STATEMENT (continued)

as at and for the year ended 31 December 2012

B04/TCTD

	NOTES	31 DECEMBER 2012 VND MILLION	31 DECEMBER 2011 VND MILLION
			(as restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in charter capital	22.1	500,000	-
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 to shareholders		(625,321)	(604,981)
Purchase of treasury shares		-	-
Proceeds from sale of treasury shares		-	-
<b>Net cash flows used in financing activities</b>		<b>(125,321)</b>	<b>(604,981)</b>
<b>Net (decrease)/increase in cash and cash equivalents during the year</b>		<b>(2,494,930)</b>	<b>1,705,383</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>33</b>	<b>10,809,683</b>	<b>9,104,300</b>
<b>Net foreign exchange difference</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>33</b>	<b>8,314,753</b>	<b>10,809,683</b>

Prepared by:



Ms Bui Nguyen Bao Vi  
Deputy Head of  
Accounting Department  
Ho Chi Minh City, Vietnam  
29 March 2013

Reviewed by:



Ms Vo Thi Kim Anh  
Chief Accountant

Approved by:



Mr Tran Phuong Binh  
General Director

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

B05/TCTD

## 1. CORPORATE INFORMATION

Dong A Commercial Joint Stock Bank ("the Bank") is a commercial joint stock bank incorporated and registered in the Socialist Republic of Vietnam.

### *Establishment and Operations*

The Bank was established in Vietnam in accordance with Banking License No. 0009/NH-GP issued by the State Bank of Vietnam ("the SBV") on 27 March 1992 and Decision No. 135/QĐ-UB issued by the People's Committee of Ho Chi Minh City on 16 April 1995. The Bank's operational duration is 99 years.

The Bank's principal activities are to provide banking services throughout Vietnam including receiving short, medium and long-term deposits from organisations and individuals; making short, medium and long-term loans and advances to organisations and individuals based on the nature and capability of the Bank's sources of capital; providing foreign exchange transactions; international trade financial services; discount of commercial papers, bonds and other valuable papers; and providing other banking services allowed by the State Bank of Vietnam.

### *Charter capital*

The charter capital has increased overtime and amounted to VND 5,000 billion as at 31 December 2012 (31 December 2011: VND 4,500 billion), which was fully contributed by the shareholders.

### *Head office and branch network*

The Bank's head office is located at 130 Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam. As at 31 December 2012, the Bank had one (1) transaction centre, two hundred and twenty seven (227) branches, transaction offices, transaction units and saving funds.

### *Subsidiaries*

As at 31 December 2012, the Bank had two (2) subsidiaries as below:

SUBSIDIARY	ESTABLISHMENT DECISION	PRINCIPAL ACTIVITY	OWNERSHIP
Dong A Securities Company Limited	Decision No. 12/GPHDKD issued by the State Securities Commission on 20 May 2003	Securities trading	100%
Dong A Money Transfer Company Limited	Business License No. 4104000024 issued by the Department of Planning and Investment of Ho Chi Minh City on 20 August 2001	Money transfer	100%

In addition, Dong A Securities Company Limited also had one (1) subsidiary as below:

SUBSIDIARY	ESTABLISHMENT DECISION	PRINCIPAL ACTIVITY	OWNERSHIP
Dong A Capital Company Limited	Decision No. 20/UBCK-GP issued by the State Securities Commission on 24 September 2007	Fund management	100%

### *Employees*

Total employees of the Bank and its subsidiaries as at 31 December 2012 were 5,206 persons (31 December 2011: 4,846 persons).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

B05/TCTD

## 2. FISCAL YEAR AND FUNCTIONAL CURRENCY

### 2.1 Fiscal year

The Bank's fiscal year starts on 1 January and ends on 31 December.

### 2.2 Accounting currency

The Bank maintains its accounting records in Vietnam Dong ("VND"). The consolidated financial statements of the Bank and its subsidiaries are presented in millions of Vietnam Dong ("VND million"), which does not affect understanding of the users of the consolidated financial statements.

## 3. ACCOUNTING STANDARDS AND SYSTEM

### 3.1 Compliance with the Vietnamese Accounting Standards and System for Credit Institutions

Management confirms that the accompanying consolidated financial statements have been prepared in accordance with the Vietnamese

### 3.2 Accounting standards and system

The consolidated financial statements of the Bank and its subsidiaries are prepared in accordance with the Accounting System for Credit Institutions required under Decision No. 479/2004/QĐ-NHNN issued on 29 April 2004, amended and revised decisions on Decision No. 479/2004/QĐ-NHNN, Decision No. 16/2007/QĐ-NHNN issued on 18 April 2007 by the Governor of the State Bank of Vietnam and Vietnamese Accounting Standards issued by Ministry of Finance as per:

- Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

The accompanying consolidated financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying consolidated balance sheet, consolidated income statement, consolidated cash flow statement and the notes thereto and their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present its consolidated financial position, consolidated financial performance and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

### 3.3 Consolidated financial statements

The consolidated financial statements include the financial statements of the Bank and its subsidiaries as at and for the year ended 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Bank using consistent accounting policies.

All intra-group balances, transactions, income and expenses and unrealised profits resulting from intra-group transactions are eliminated in full.

The financial statements of subsidiaries are fully consolidated from the date when the control is transferred to the Bank. The control is achieved when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. The operating results of subsidiaries acquired or disposed during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, as appropriate.



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

B05/TCTD

## 3. ACCOUNTING STANDARDS AND SYSTEM (continued)

### 3.4 Basis of judgments and estimates

The preparation of the consolidated financial statements requires management make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income and expenses and the resultant provisions. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty and actual results may differ, resulting in future changes in such provisions.

#### 3.4.1 Going concern

The Bank's management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has sufficient resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

#### 3.4.2 Provision for deposits at and loans to other banks and enterprise bonds

At year-end, the Bank and its subsidiaries perform the assessment on the recoverability of deposits at and loans to other banks and enterprise bonds to determine the level of provision charged to the consolidated income statement. The Bank makes the estimation based on the financial ability of investees and recoverable value of collateral (if any). Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty and actual results may differ, resulting in future changes in such provisions.

### 3.5 Changes in accounting policies and disclosures

The accounting policies adopted by the Bank and its subsidiaries in preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2011, except the changes disclosed as below:

#### 3.5.1 Change in accounting policy in relation to Circular No. 180/2012/TT-BTC providing guidance on the financial treatment of retrenchment allowance of employees

On 24 October 2012, the Ministry of Finance issued Circular No. 180/2012/TT-BTC providing guidance on the financial treatment of retrenchment allowance of employees in enterprises. According to this circular, in 2012, enterprises may use the balance of retrenchment allowance made in accordance with Circular No. 82/2003/TT-BTC issued by the Ministry of Finance on 31 December 2011 (if any) to make retrenchment payments to employees. If the provision fund for retrenchment allowance is not available or not sufficient to make such payments to employees, the shortage amount shall be recognised in other operating costs when preparing the annual financial statements, and shall be deducted for corporate income tax calculation purposes. In contrast, if there is outstanding balance of retrenchment allowance at the end of 2012 (after the payment of retrenchment allowance in 2012), the entire balance shall be written off other income and not carried forward to following years.

Accordingly, the Bank and its subsidiaries have ceased to make the retrenchment allowance and reverse the entire balance of retrenchment allowance into the income in this year.

#### 3.5.2 Change in the accounting policy in relation to Circular No. 125/2012/TT-BTC providing accounting guidance applied for capital management companies

On 5 September 2011, the Ministry of Finance issued Circular No. 125/2012/TT-BTC providing accounting guidance applied for capital management companies as the replacement of Decision No. 62/2005/QĐ-BTC issued by the Ministry of Finance on 14 September 2005 about accounting regime applied for securities investment capital management companies. This circular will be effective for financial years starting from 1 January 2012 onwards. The Bank has applied this circular and revised the corresponding beginning balances.

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

B05/TCTD

## 3. ACCOUNTING STANDARDS AND SYSTEM (continued)

### 3.6 Adjustments/restatements of opening balances and basis for adjustments

In 2012, the Bank has made the adjustment of some figures in the 2011 consolidated financial statements as follows:

Extracted from the consolidated balance sheet as at 31 December 2011

Unit: VND million

	31 DECEMBER 2011 AS PREVIOUSLY STATED	ADJUSTMENT/ RESTATEMENT	31 DECEMBER 2011 AS RESTATED
<b>Due from and loans to other credit institutions</b>			
Due from other credit institutions	4,213,593	(499)	4,213,094
<b>Trading securities</b>			
Trading securities	566,811	(311,424)	255,387
<b>Other assets</b>			
Receivables	1,986,748	(501,315)	1,485,433
Other assets	449,521	2,855	452,376
<b>Effect on the total assets</b>		<b>(810,383)</b>	
<b>Other liabilities</b>			
Other payables	11,071,935	(810,383)	10,261,552
<b>Effect on the total liabilities</b>		<b>(810,383)</b>	

The Bank adjusted these figures to ensure the comparability due to the Bank's subsidiary - DongA Capital Management Co., Ltd applied Circular No. 125/2011/TT-BTC issued by the Ministry of Financial on 5 September 2011 providing accounting guidance for fund management companies.

In accordance with Circular No. 125/2011/TT-BTC, entrusted capital and assets are recorded as below:

- Funds received from entrusted investors are recorded and monitored in the off-balance sheet items of the company. Investment portfolio from the use of the entrusted funds is recorded and monitored in the off-balance sheet items of the company.
- Receivables of entrusted investors resulting from entrusted funds, such as interests receivable of entrusted funds, other benefits of entrusted investors and other receivables, are recorded and monitored in the off-balance sheet items of the company.
- Payables of entrusted investors, which comprise fees payable to the company and other payables, are recorded and monitored in the off-balance sheet items of the company.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprise cash, gold, precious stones, current accounts with the SBV, treasury notes and other short-term valuable papers which are qualified for discount with the SBV, due from and loans to other banks with an original maturity of less than three months from transaction dates and securities investments with maturity of less than three months (3) from purchase date.

### 4.2 Receivables

Receivables other than receivables from banking activities of credit institutions are initially recognised at cost and continuously presented at cost in subsequent periods.

Provision for doubtful debts is set up based on the aging schedule of overdue debts or expected losses which may occur in case where a debt has not been due for payment but a corporate debtor is bankrupted or liquidated; or individual debtor is missing, run away, being prosecuted, under a trial or serving sentences or dead. Provision expense occurred is recognised into "Other operating expenses" in the consolidated income statement for the period.

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

B05/TCTD

## 4. CÁC CHÍNH SÁCH KẾ TOÁN CHỦ YẾU (tiếp theo)

### 4.2 Receivables (continued)

The Bank and its subsidiaries make provision for doubtful debts under the guidance of Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Accordingly, the provision rates applied for overdue receivables are as follows:

OVERDUE PERIOD	PROVISION RATE
From over six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
From three (3) years and above	100%

### 4.3 Loans and advances to customers

Loans and advances to customers are presented at the outstanding principal balances at the end of the financial year.

### 4.4 Provision for credit losses

#### *Loans classification*

Loans and advances to customers are classified and provided for allowance in accordance with the Law on Credit Institutions No. 47/2010/QH12 effective from 1 January 2011; Decision No. 1627/2001/QĐ-NHNN dated 31 December 2001 issued by the State Bank of Vietnam on lending statutory; Decision No. 127/2005/QĐ-NHNN dated 3 February 2005 amending and supplementing Decision No. 1627/2001/QĐ-NHNN; Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 and Decision No. 18/2007/QĐ-NHNN dated 25 April 2007 by the State Bank of Vietnam on loan classification and provision. Accordingly, loans are classified as Current, Special Mention, Substandard, Doubtful and Loss on the basis of payment arrears status and other qualitative factors.

Loans classified as Substandard, Doubtful and Loss are considered as non-performing loans.

According to Decision No. 493/2005/QĐ-NHNN, loans to customers will be classified at the end of each quarter for the first three quarters and on 30 November for fourth quarter in the fiscal year.

On 23 April 2012, the State Bank of Vietnam issued Decision No. 780/QĐ-NHNN stipulating the loan classification for restructured loans and advances. Accordingly, the risk grade of loans and advances which have been rescheduled and extended for repayment based on the credit evaluation of the financial performance and the ability to repay the loans after restructuring or extension, remains unchanged and same as prior to the restructuring or extension. The Bank has complied with Decision No. 780/2012/QĐ-NHNN to make loan classification during the year.

#### *Specific provision*

Specific provision is created on the net loans and advances exposure of each borrower using fixed provision rates as follows:

GROUP	NAME	SPECIFIC PROVISION RATE
1	Current	0%
2	Special Mention	5%
3	Substandard	20%
4	Doubtful	50%
5	Loss	100%

Net loans and advances exposure for each borrower is calculated by subtracting from the loan balance the discounted value of collateral. Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN stipulated specific discount rates for certain accepted collaterals



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

B05/TCTD

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.4 Provision for credit losses (continued)

#### *General provision*

In accordance with Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN, a general provision is made for credit losses which are yet to be identified during the loan classification and provision process and for the potential financial difficulties due to deterioration in loan quality. As such, the Bank is required to fully create and maintain a general provision at 0.75% of total loans and advances to customers, guarantees, payment acceptances and non-cancellable loan commitments with specific effective date which are classified in groups 1 to 4.

#### *Bad debt resolution*

The provisions are recorded in the consolidated income statement as an expense and will be used to write-off any credit losses incurred. According to Decision No. 493/2005/QĐ-NHNN, the Bank should establish the Bad Debt Resolution Committee which approves the writing-off of loans classified in Group 5, or which corporate borrowers are bankrupted or liquidated, or which individual borrowers are deceased or missing.

### 4.5 Trading securities

Trading securities are debt, equity and other securities acquired by the Bank and its subsidiaries for resale in the short-term period for benefits from price variance.

Trading securities are initially recorded at the cost on the transaction date and continuously presented at cost in subsequent periods.

Interest earned in the period of holding trading securities is recognised in the consolidated financial statements on a cash basis.

These securities are subject to review for diminution in their values at the financial statements date. Trading securities are provided for provision for decline in value when their carrying value is higher than the market value in compliance with Circular No. 228/2009/TT-BTC issued on 7 December 2009. In circumstances where securities' market prices are not available, no provision is made. Provisions for decline in value of investments are recognised as "Net gain/(loss) from dealing of trading securities" in the consolidated income statement.

### 4.6 Available-for-sale investment securities

Available-for-sale securities include debt and equity securities which are held by the Bank and its subsidiaries for the purpose of investment and availability for sale, and are not regularly purchased and sold but can be sold any time when there is benefit and the Bank and its subsidiaries are neither the founder shareholder, strategic partner nor have certain influence on the preparing and making financial and operating policies of the investees through a written agreement on assignments of its representatives to the Board of Directors or Management of the investees.

Available-for-sale equity securities are initially recognised at cost at the purchase date and continuously presented at cost in subsequent periods.

Available-for-sale debt securities are initially recognised at face value at the purchase date. The accrued interest income (for debt securities with interest payment in arrears) and unearned interest income (for debt securities with interest payment in advance) are recorded in a separate account. Discount/premium which represents the difference between the cost and the amount being the face value plus (+) accrued interest income (for debt securities with interest payment in arrears) or minus (-) unearned interest income (for debt securities with interest payment in advance) is also recorded in a separate account.

In subsequent periods, these securities are continuously recorded at face value, and the discount/premium is amortised to the consolidated income statement on a straight-line basis over the remaining term of securities. The interest received in arrears is recorded on the following principle: the accrued interest amount prior to the purchase is credited to the value of such securities and the corresponding accrued interest income account; and the accrued interest amount after the purchase is recognised into the consolidated income statement under the cumulative method. The amount of interest received in advance is amortised to the interest income from investment securities on a straight-line basis over the remaining term of securities.

Available-for-sale investments are subject to review for diminution in their value. Provision is made when there is indicating impairment loss in accordance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance dated 7 December 2009. In case that fair value or market prices of securities are not available or cannot be determined reliably, no provision is made. Provision for a decline in value is recognised into the consolidated income statement in "Net gain/(loss) from dealing of investment securities".



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

B05/TCTD

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.7 Other long-term investments

Other long-term investments represent capital contributions and investments in other entities which the Bank and its subsidiaries hold less than 20% voting rights and are the founder shareholder, the strategic partner, or have ability to make certain influence on preparing and making the financial and operating policies of the investees through a written agreement on assignment of its representatives to the Board of Directors or Management of the investees.

Other long-term investments are initially recognised at cost at the purchase date and continuously presented at cost less provision for impairment of long-term investments (if any) in subsequent periods.

Provision for impairment of long-term investment is recognised in the consolidated income statement when their market values are lower than carrying values, or where there is other objective evidence of prolonged impairment of other long-term investments.

Provision for impairment of long-term investment is made if the investees incur net loss (except for the loss is incurred in line with the business plan before the investment is made) in accordance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Provision for impairment loss is computed by multiplying the excess of total actual capital contributions of all parties in the investee over the owners' equity of the investee by the percentage of investment capital of the Bank and its subsidiaries in total actual capital contributions of all parties in the investee.

### 4.8 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date ("repos") are not derecognised from the consolidated financial statements. The corresponding cash received is recognised as a liability in the consolidated balance sheet. The difference between the sale and repurchase prices is allocated on a straight-line basis into the consolidated income statement over the term of the agreement using the contractual interest rate.

Securities purchased under agreements to resell at a specified future date ("reverse repos") are not recognised in the consolidated financial statements. The corresponding cash paid is recognised as an asset in the consolidated balance sheet. The difference between the purchase and resale prices is allocated on a straight-line basis to the consolidated income statement over the term of the agreement using the contractual interest rate.

### 4.9 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the consolidated income statement.

When assets are sold or liquidated, their costs and accumulated depreciation are removed from the consolidated balance sheet and any gains or losses resulting from their disposal are recorded in the consolidated income statement.

### 4.10 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or liquidated, their costs and accumulated amortisation are removed from the consolidated balance sheet and any gains or losses resulting from their disposal are recorded in the consolidated income statement.

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.11 Depreciation and amortisation

Depreciation and amortisation of tangible fixed assets and intangible assets is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and structures	5 - 50 years
Machinery and equipment	3 - 7 years
Vehicles	6 - 10 years
Office equipment	3 - 10 years
Other tangible assets	4 - 10 years
Accounting software and other applications	3 - 20 years
Other intangible assets	3 - 20 years

Land use rights with infinite useful life are not amortised. Land use rights with definite useful life are amortised on a straight-line basis over the term of land use rights.

### 4.12 Payables and accruals

Payable and accrual are recognised for amount to be paid in the future for goods and services received, whether or not billed to the Bank and its subsidiaries.

### 4.13 Provision for off-balance-sheet commitments

According to Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN of the State Bank of Vietnam, credit institutions must make a loan classification and provision for guarantees, payment acceptances and non-cancellable loan commitments (generally called off-balance-sheet commitments). Off-balance sheet commitments are classified into groups such as Current, Special Mention, Substandard, Doubtful and Loss based on the overdue status and other qualitative factors.

Specific provision and general provision for off-balance-sheet commitments are calculated similarly to provision for credit losses as described in Note 4.4. Provision expense is recorded as "Credit loss expense" in the consolidated income statement and provision balance is recorded as other liabilities in the consolidated balance sheet.

### 4.14 Income and expense recognition

Interest income and expense are recognised in the consolidated income statement on an accrual basis. The recognition of accrued interest income is suspended when a loan is classified in groups 2 to 5 according to Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN. Suspended interest income is reversed and monitored in the off-balance sheet and recognised in the consolidated income statement upon actual receipt.

Income from securities brokerage services is recognised in the consolidated income statement when the transaction has been processed.

Income from securities investment is determined by the difference between the selling price and the average cost of securities sold. Cost of securities sold is calculated using the moving weighted average method. Cost of long-term bond is calculated using the weighted average method.

Entrusted investment portfolio management fee is recognised on an accrual basis according to the conditions and terms of contracts.

Service fees and commissions are recognised when incurred.

Cash dividends from equity investments are recognised in the consolidated income statement when the Bank and its subsidiaries' right to receive the payment is established. For stock dividends and bonus shares, only the number of shares is updated in the accounting records without recognising dividend income in the consolidated income statement.

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.15 Foreign currency transactions

The Bank and its subsidiaries maintain their accounting systems and record all transactions in functional currencies. Monetary assets and liabilities denominated in foreign currencies at year-end are translated into VND using exchange rates ruling at the consolidated balance sheet date (see list of exchange rates of applicable foreign currencies against VND as at 31 December in Note 42). Income and expenses arising in foreign currencies during the year are converted into VND at rates ruling at the transaction dates. Unrealised foreign exchange differences arising from the translation of monetary assets and liabilities at the consolidated balance sheet date are recognised in the consolidated income statement.

### 4.16 Corporate income tax

#### *Current tax*

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be paid to (or recovered from) the tax authorities. The tax rates and tax laws are applied and enacted at the consolidated balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Bank and its subsidiaries to set off current tax assets against current tax liabilities and when the Bank and its subsidiaries intends to settle their current tax assets and liabilities on a net basis.

The tax returns of the Bank and its subsidiaries are subject to examination by the tax authorities. Due to the ambiguity associated with the applicability of tax laws and regulations in Vietnam, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

#### *Deferred tax*

Deferred tax is provided for temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purpose at the consolidated balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences, except:

- Where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will be sufficient for the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the consolidated balance sheet date.

# **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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## **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **4.16 Corporate income tax (continued)**

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxable entity and the same taxation authority and the Bank and its subsidiaries intend to settle its current tax assets and liabilities on a net basis.

### **4.17 Fiduciary assets**

Assets held in a fiduciary capacity are not reported in the consolidated financial statements since they are not owned by the Bank and its subsidiaries.

### **4.18 Derivative contracts**

With respect to foreign currency forward contracts, difference between VND value of sale or purchase of foreign currency under forward rate and spot rate at the effective date of contract is recognised as asset item - "Derivative and other financial assets" if it is positive or liability item - "Derivative and other financial liabilities" if it is negative. This difference will be amortised on a straight-line basis during the contract term. At the consolidated balance sheet date, foreign currency forward commitments are re-valued using the official exchange rate ruling by the SBV. Gain or loss from revaluation is recognised into "Net gain/(loss) from foreign currencies and gold trading" of the consolidated income statement.

### **4.19 Offsetting**

Financial assets and financial liabilities are offset and reported at the net amount in the consolidated balance sheet if, and only if, the Bank and its subsidiaries have an enforceable legal right to offset financial assets against financial liabilities and the Bank and its subsidiaries have intention to settle on a net basis, or the realisation of assets and settlement of liabilities are made simultaneously.

### **4.20 Employee benefits**

#### **4.20.1 Post employment benefits**

Post employment benefits are paid to retired employees of the Bank and its subsidiaries by the Social Insurance Agency which belongs to the Ministry of Labour, Invalids and Social Affairs. The Bank and its subsidiaries are required to make contributions to these post employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.00% of an employee's basic salary on a monthly basis. The Bank and its subsidiaries have no further obligation to fund the post employment benefits of its employees.

#### **4.20.2 Voluntary resignation and retrenchment benefits**

Voluntary resignation benefits: The Bank and its subsidiaries have the obligation, under Section 42 of the Vietnam Labour Code amended on 2 April 2002, to pay allowance arising from voluntary resignation of employees, equal to one-half month's salary for each year of employment plus salary allowances (if any) up to 31 December 2008. From 1 January 2009, the average monthly salary used in this allowance calculation will be adjusted at the end of each reporting period by the average salary of the last six-month period up to the reporting date.

Retrenchment benefits: The Bank and its subsidiaries have the obligation, under Section 17 of the Vietnam Labour Code, to pay allowance to employees who are retrenched as a result of organisational restructure or technological changes. In such case, the Bank and its subsidiaries shall pay to the employees an allowance for loss of work equivalent to the aggregate amount of one month's salary for each year of employment, but no less than two months' salary. Allowance increase or decrease is recorded in the operating expenses.

In the year 2012, the Bank and its subsidiaries have ceased to make the provision for retrenchment allowance and reverse the entire balance of retrenchment allowance into other income in accordance with Circular No. 180/2012/TT-BTC issued by the Ministry of Finance on 24 October 2012.



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 4.20 Employee benefits (continued)

### 4.20.3 Unemployment insurance

According to Circular No. 04/2009/TT-BLDTBXH guiding Decree No. 127/2008/ND-CP on unemployment insurance, from 1 January 2009, the Bank and its subsidiaries are obliged to pay unemployment insurance at 1.00% of their salary fund used for payment of unemployment insurance for insurance participants and deduct 1.00% of salary of each employee to simultaneously pay to the Unemployment Insurance Fund.

## 4.21 Appropriation of net profit

Net profit after tax is available for appropriation to shareholders after approval by the shareholders at the Annual General Meeting and after making appropriation to reserve funds in accordance with the Bank's charter and Vietnamese regulatory requirements. Dividend is computed based on the retained earnings and distributed according to the shareholders' respective ownerships

## 4.22 Basic earnings per share

Basic earnings per share are computed by dividing net profit for the year attributable to ordinary shareholders of the Bank before any appropriation of statutory reserves and bonus and welfare fund by the weighted average number of ordinary shares outstanding during the year.

## 5. CASH, GOLD AND PRECIOUS STONES

Unit : VND million

	31 DECEMBER 2012	31 DECEMBER 2011
Cash on hand in VND	1,373,536	1,208,573
Cash on hand in foreign currencies	1,138,474	951,337
Monetary gold	2,315,640	6,010,347
	<b>4,827,650</b>	<b>8,170,257</b>

## 6. BALANCES WITH THE STATE BANK OF VIETNAM

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
<b>Demand deposits at the State Bank of Vietnam</b>		
- In VND	1,602,757	1,181,926
- In foreign currencies	288,363	297,451
	<b>1,891,120</b>	<b>1,479,377</b>

Balances with the State Bank of Vietnam ("SBV") include settlement and compulsory deposits. In accordance with the regulations of the SBV, the Bank is required to maintain certain cash reserves with the SBV in the form of compulsory deposits computed at 3.00% and 1.00% of customer deposits in VND; 8.00% and 6.00% of customer deposits in foreign currencies with original maturities of less than 12 months and over 12 months, respectively. Accordingly, total required average compulsory deposit (in both VND and foreign currencies) in December 2012 were VND 1,367,367 million and USD 13,836 thousand, respectively.

In 2012, compulsory deposit in VND and current account in USD earns interest at 1.20% p.a and 0.00% p.a, respectively.

The Bank has complied with regulations of the SBV about compulsory reserve during the year.

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 7. DUE FROM AND LOANS TO OTHER CREDIT INSTITUTIONS

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
		as restated
Due from other credit institutions	1,657,808	4,213,094
Loans to other credit institutions	1,008,280	-
General provision for loans to other credit institutions	(7,562)	-
	<b>2,658,526</b>	<b>4,213,094</b>

### 7.1 Deposits at other credit institutions

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
		as restated
<b>Demand deposits</b>		
- In VND	108,847	34,306
- In foreign currencies	548,961	1,101,841
	<b>657,808</b>	<b>1,136,147</b>
<b>Term deposits</b>		
- In VND	1,000,000	3,061,800
- In foreign currencies	-	15,147
	<b>1,000,000</b>	<b>3,076,947</b>
	<b>1,657,808</b>	<b>4,213,094</b>

According to Circular No. 21/2012/QĐ-NHNN issued by the State Bank of Vietnam dated 18 June 2012, credit institutions and branches of foreign banks are not allowed to make deposit and receive deposits (except for demand deposits) from other credit institutions and branches of foreign banks from the effective date of this circular (1 September 2012). Accordingly, the Bank has complied with the regulation of this circular.

The term deposits at other banks as at 31 December 2012 are the deposits incurred before the effective date of Circular No. 21/2012/TT-NHNN.

Interest rates of term deposits at other credit institutions at the year-end are as follows:

	31 DECEMBER 2012 (% P.A)	31 DECEMBER 2011 (% P.A)
Term deposits at local credit institutions in VND	9.00	5.00 - 14.00
Term deposits at foreign credit institutions in foreign currencies	-	0.15 - 0.20

### 7.2 Loans to other credit institutions

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
Loans to other credit institutions in VND	800,000	-
Loans to other credit institutions in foreign currencies	208,280	-
	<b>1,008,280</b>	<b>-</b>
General provision for loans to other credit institutions	(7,562)	-
	<b>1,000,718</b>	<b>-</b>

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 7. DUE FROM AND LOANS TO OTHER CREDIT INSTITUTIONS (continued)

### 7.2 Loans to other credit institutions (continued)

Interest rates of loans to other credit institutions at the year-end are as follows:

	31 DECEMBER 2012 (% P.A)	31 DECEMBER 2011 (% P.A)
Loans to local credit institutions in VND	4.00 - 7.00	-
Loans to other credit institutions in foreign currencies	0.5	-

## 8. TRADING SECURITIES

Trading securities as at 31 December comprised of:

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
		as restated
<b>Equity securities</b>		
Issued by local economic entities	218,538	255,387
Provisions for trading securities	(18,570)	(12,168)
	<b>199,968</b>	<b>243,219</b>

Listing status of trading securities held by the Bank and its subsidiaries is as follows:

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
<b>Equity securities</b>		
Listed	60,772	153,803
Non-listed	157,766	101,584
	<b>218,538</b>	<b>255,387</b>

## 9. LOANS AND ADVANCES TO CUSTOMERS

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
Loans to local economic entities and individuals	48,286,460	42,437,105
Overdraft loans	1,374,584	707,442
Loans from grants and entrusted funds	585,494	486,518
Loans for discounted commercial notes and valuable papers	312,300	316,872
Loans under the form of credit cards	91,218	55,141
	<b>50,650,056</b>	<b>44,003,078</b>

Interest rates of loans to customers at the year-end are as follows:

	31 DECEMBER 2012 (% P.A)	31 DECEMBER 2011 (% P.A)
Loans in VND	9.00 - 24.00	10.20 - 26.00
Loans in foreign currencies	3.00 - 9.10	4.00 - 11.30

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## 9. LOANS AND ADVANCES TO CUSTOMERS (continued)

### 9.1 Analysis of loans by quality

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
Current	46,361,463	39,959,744
Special mention	2,288,965	3,301,322
Substandard	834,339	194,403
Doubtful	507,073	286,930
Loss	658,216	260,679
	<b>50,650,056</b>	<b>44,003,078</b>

### 9.2 Analysis of loans by original terms

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
Short-term loans	28,041,576	27,906,862
Medium-term loans	13,807,636	10,978,029
Long-term loans	8,800,844	5,118,187
	<b>50,650,056</b>	<b>44,003,078</b>

### 9.3 Analysis of loans by ownership type

	31 DECEMBER 2012		31 DECEMBER 2011	
	VND MILLION	%	VND MILLION	%
<b>Loans to economic entities</b>				
Other joint stock companies	20,495,035	40.46	17,501,359	39.77
Other limited liability companies	15,111,685	29.83	12,254,918	27.85
Private enterprises	997,099	1.97	1,198,764	2.72
Joint stock companies with over 50% of equity interest or voting rights owned by the State; or controlled by the State	563,048	1.11	612,555	1.39
Public Service Units, the Party and other associations	129,674	0.26	94,025	0.21
Cooperatives and united cooperatives	126,318	0.25	103,503	0.24
Foreign-invested enterprises	63,505	0.13	78,310	0.18
One-member limited liability companies wholly owned by the State	59,570	0.12	20,468	0.05
Limited liability companies with two or more members with over 50% of equity interest owned by the State; or controlled by the State	530	0.00	307,032	0.70
	<b>37,546,464</b>	<b>74.13</b>	<b>32,170,934</b>	<b>73.11</b>
<b>Loans to individuals</b>	<b>13,103,592</b>	<b>25.87</b>	<b>11,832,144</b>	<b>26.89</b>
	<b>50,650,056</b>	<b>100.00</b>	<b>44,003,078</b>	<b>100.00</b>



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 9. LOANS AND ADVANCES TO CUSTOMERS (continued)

### 9.4 Analysis of loans by economic sectors

	31 DECEMBER 2012		31 DECEMBER 2011	
	VND MILLION	%	VND MILLION	%
Construction	13,106,973	25.88	10,293,477	23.39
Trading, repairing of motor vehicles, motorcycles and other vehicles	12,838,124	25.35	13,165,439	29.92
Household services and products for personal consumption	9,418,681	18.59	7,886,568	17.92
Processing industry	6,476,351	12.79	5,433,915	12.35
Agriculture, forestry and aquatic products	3,119,147	6.16	2,574,250	5.85
Other services activities	2,212,752	4.37	1,265,126	2.88
Logistics	927,643	1.83	943,363	2.14
Real estate trading activities	855,886	1.69	998,380	2.27
Administration activities and supporting services	472,001	0.93	478,880	1.09
Hotels and restaurants	276,132	0.54	251,268	0.57
Financial, banking and insurance services	269,335	0.53	281,330	0.64
Education and training	261,569	0.52	165,367	0.38
State governance and national defense:	162,316	0.32	73,246	0.17
Communist Party, unions, social obligations	81,779	0.16	51,517	0.12
Mining exploration	60,027	0.12	51,849	0.12
Health care and social relief activities	50,846	0.10	41,469	0.09
Electricity and gas supply and distribution	31,195	0.06	10,572	0.02
Information and communication	19,228	0.04	19,046	0.04
Water supply and waste treatment	10,056	0.02	9,460	0.02
Science and technology	15	0.00	200	0.00
International NGO	-	-	8,356	0.02
<b>Entertainment</b>	<b>50,650,056</b>	<b>100.00</b>	<b>44,003,078</b>	<b>100.00</b>

## 10. PROVISION FOR CREDIT LOSSES

Provision for credit losses as at 31 December comprised of:

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
Loans to other credit institutions	7,562	-
Loans to customers	893,893	662,024
Off-balance sheet commitments	34,890	41,000
	<b>936,345</b>	<b>703,024</b>

The Bank has classified its loans and advances to customers in accordance with Article 6 of Decision No. 493/2005/QĐ-NHNN, Decision No. 18/2007/QĐ-NHNN and Decision No. 780/2012/QĐ-NHNN issued by the State Bank of Vietnam and its own policy on loan classification and loan loss provision. The provision for credit losses was made based on the classification of outstanding loan balances and guarantees in the off-balance sheet as at 31 December 2012, instead of at 30 November 2012 as required by Decision No. 493/2005/QĐ-NHNN due to the Bank believes that the classification of outstanding loans as at 31 December 2012 represents more properly the credit quality of the Bank at the year-end.



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 10. PROVISION FOR CREDIT LOSSES (continued)

Movements in provision for credit losses in the current year are as follows:

Unit: VND million

	SPECIFIC PROVISION	GENERAL PROVISION	TOTAL
Beginning balance	333,956	369,068	703,024
Provision charged during the year	746,091	64,740	810,831
Reversal of provision during the year	(179,047)	-	(179,047)
Provisions used to write-off bad loans	(382,046)	(16,417)	(398,463)
<b>Ending balance</b>	<b>518,954</b>	<b>417,391</b>	<b>936,345</b>

Movements in provision for credit losses in the previous year are as follows:

	SPECIFIC PROVISION	GENERAL PROVISION	TOTAL
Beginning balance	160,373	312,845	473,218
Provision charged during the year	251,702	56,223	307,925
Reversal of provision during the year	(11,749)	-	(11,749)
Provisions used to write-off bad loans	(66,370)	-	(66,370)
<b>Ending balance</b>	<b>333,956</b>	<b>369,068</b>	<b>703,024</b>

The breakdown of loan classification and provision as required by Decision No. 493/2005/QĐ-NHNN, Decision No. 18/2007/QĐ-NHNN, Decision No. 780/2012/QĐ-NHNN and its own policy as at 31 December 2012 is as follows:

Unit: VND million

	BALANCE	SPECIFIC PROVISION	GENERAL PROVISION	TOTAL PROVISION
<b>Loans to other credit institutions</b>				
Current	1,008,280	-	7,562	7,562
Loans and advances to customers				
Current	46,361,463	-	347,711	347,711
Special mention	2,288,965	71,884	17,167	89,051
Substandard	834,339	94,877	6,258	101,135
Doubtful	507,073	116,295	3,803	120,098
Loss	658,216	235,898	-	235,898
	50,650,056	518,954	374,939	893,893
<b>Off-balance sheet commitments</b>				
Current	4,652,060	-	34,890	34,890
<b>Total</b>	<b>56,310,396</b>	<b>518,954</b>	<b>417,391</b>	<b>936,345</b>

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 11. INVESTMENT SECURITIES

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
<b>Debt securities</b>		
Government bonds	1,466,581	1,116,114
Bonds issued by Ho Chi Minh City People Committee	200,000	-
Issued by other local credit institutions	2,300,000	1,000,000
Issued by local economic entities	50,000	50,000
	<b>4,016,581</b>	<b>2,166,114</b>
<b>Equity securities</b>		
Issued by other local credit institutions	-	8,676
Issued by local economic entities	274,003	397,882
	<b>274,003</b>	<b>406,558</b>
	<b>4,290,584</b>	<b>2,572,672</b>

### 11.1 Available-for-sale debt securities

Unit: VND million

		31 DECEMBER 2012		31 DECEMBER 2011	
		FACE VALUE	CARRYING VALUE	FACE VALUE	CARRYING VALUE
Government bonds	(a)	1,464,615	1,466,581	1,114,615	1,116,114
Bonds issued by Vietnam Development Bank (VDB)	(b)	1,300,000	1,300,000	-	-
Promissory notes issued by Vietnam Export Import Commercial Joint Stock Bank	(c)	800,000	800,000	800,000	800,000
Bonds issued by Ho Chi Minh City People Committee	(d)	200,000	200,000	-	-
Bonds issued by Vietnam Bank for Social Policies	(e)	200,000	200,000	200,000	200,000
Bonds issued by Coal and Mining Corporation of Vietnam	(f)	50,000	50,000	50,000	50,000
		<b>4,014,615</b>	<b>4,016,581</b>	<b>2,164,615</b>	<b>2,166,114</b>

- (a) Government bonds have term from 2 years to 5 years and bear interest at rate from 9.65% to 12.42% per annum.
- (b) Bonds issued by Vietnam Development Bank have term from 3 to 5 year and bear interest at rate from 9.50% and 9.80% per annum.
- (c) The notes have term of 9 months and bear interest at rate of 9.00% per annum.
- (d) Bonds issued by Ho Chi Minh City People Committee have term of 3 years and bear interest at rate of 10.70% per annum.
- (e) Bonds issued by Vietnam Bank for Social Policies have term of 5 years and bear interest at rate of 10.32% per annum.
- (f) Bonds issued by Coal and Mining Corporation of Vietnam have term of 5 years and bear interest at rate of 10.525% per annum, and are unsecured.

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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## 11. INVESTMENT SECURITIES (continued)

### 11.2 Listing status of available-for-sale securities

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
<b>Debt securities</b>		
Listed	3,166,581	1,316,114
Non-listed	850,000	850,000
	<b>4,016,581</b>	<b>2,166,114</b>
<b>Equity securities</b>		
Listed	5,366	-
Non-listed	268,637	406,558
	<b>274,003</b>	<b>406,558</b>
	<b>4,290,584</b>	<b>2,572,672</b>

## 12. OTHER LONG-TERM INVESTMENTS

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
Other long-term investments	502,578	573,262
Provisions for decline in value of long-term investments	(51,409)	(35,612)
	<b>451,169</b>	<b>537,650</b>



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 12. LONG-TERM INVESTMENTS (continued)

Capital contributions and long-term investments in economic entities as at 31 December comprised of:

	31 DECEMBER 2012			31 DECEMBER 2011		
	FACE VALUE VND MILLION	COST VND MILLION	OWNED BY THE BANK %	FACE VALUE VND MILLION	COST VND MILLION	OWNED BY THE BANK %
Saigon M&C Real Estate JSC	31,383	94,147	3.00	31,383	94,147	3.00
Asia Commerce Fisheries Corpora- tion	15,792	50,116	4.29	20,226	63,703	5.50
Kinh Do Land Corporation	40,000	46,000	4.00	40,000	46,000	4.00
Special Aquatic Products JSC	11,200	42,448	10.37	11,200	42,448	10.37
Khai Toan JSC	9,376	38,972	7.68	9,376	38,972	7.68
Hung Thinh Phat Metallurgy JSC	12,857	33,141	4.29	12,857	39,071	4.29
Vina Investment JSC	9,000	27,343	6.00	9,000	27,343	6.00
Nha Be Water Supply JSC	10,900	24,525	10.00	10,900	24,525	10.00
Dong A Real Estate JSC	20,900	20,900	6.97	33,000	33,000	11.00
Ben Thanh Water Supply JSC	9,360	19,188	10.00	9,360	19,188	10.00
Gia Dinh Water Supply JSC	9,695	13,863	10.21	9,500	13,680	10.00
Song Hau Food Processing JSC	3,000	11,250	5.00	6,000	22,500	10.00
Saigon Building Investment, Con- struction and Trading JSC	3,300	10,597	11.00	3,300	10,597	11.00
Phu Hoa Tan Water Supply JSC	9,000	9,450	10.00	9,000	9,450	10.00
Global Insurance JSC	8,800	8,800	11.00	8,800	8,800	11.00
Thuan Phat Mobile Technology JSC	8,000	8,000	10.00	8,000	8,000	10.00
Credit Information Investment JSC	7,962	7,962	9.84	7,962	7,962	9.84
Century Synthetic Fiber Corporation	2,938	7,469	1.28	746	1,785	0.33
PETEC Logistics JSC	5,400	5,400	5.40	5,400	5,400	5.40
Saigon Plastic JSC	2,830	5,181	3.28	1,358	2,917	0.81
Vina Smart Card JSC	3,300	3,300	11.00	3,300	3,300	11.00
Cho Lon Water Supply JSC	2,767	2,988	2.13	2,767	2,988	2.13
DIC Real Estate JSC	1,240	2,840	10.99	-	-	-
Vietnam National Financial Switching	2,500	2,500	1.98	2,500	2,500	1.98
PETEC Lam Dong Coffee JSC	1,460	1,480	4.87	1,460	1,480	4.87
Sai Gon Trade and Production Devel- opment Corporation	400	1,400	2.68	-	-	-
Sai Gon Cho Lon inresco JSC	250	1,000	0.83	-	-	-
Center for Research and Application of Economic Sciences (Cesais)	750	750	8.41	750	750	8.41
Bank Training and Consultancy JSC	503	503	5.15	503	503	5.15
Guarantee Fund for small and medi- um enterprises	500	500	0.26	500	500	0.26
Vina Printing and Trading JSC	156	415	0.49	3,240	8,603	10.13
30/4 Garment and Leather Products	150	150	1.79	150	150	1.79
Investments in other companies	-	-		24,000	33,000	
		<b>502,578</b>			<b>573,262</b>	

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 13. PROVISION FOR A DECLINE IN VALUE OF SECURITIES AND LONG-TERM INVESTMENTS

Movements of provision for a decline in value of securities and long-term investments during the current year are as follows:

Unit: VND million

	2012	2011
<b>Beginning balance</b>		
In which:		
Trading securities	12,168	17,493
Available-for-sale investment securities	-	12,375
Other long-term investments	35,612	10,946
	<b>47,780</b>	<b>40,814</b>
<b>Increase/(decrease) during the year</b>		
In which:		
Trading securities	6,402	(5,325)
Available-for-sale investment securities	462	(12,375)
Other long-term investments	15,797	24,666
	<b>22,661</b>	<b>6,966</b>
<b>Ending balance</b>		
In which:		
Trading securities	18,570	12,168
Available-for-sale investment securities	462	-
Other long-term investments	51,409	35,612
	<b>70,441</b>	<b>47,780</b>

### 13.1 Provision for a decline in value of trading securities

Unit: VND million

	31 DECEMBER 2012		31 DECEMBER 2011
	COST	PROVISION	PROVISION
	(NOTE 8)		
<b>Trading securities</b>			
Listed shares	60,772	18,415	5,432
Non-listed shares	157,766	155	6,736
	<b>218,538</b>	<b>18,570</b>	<b>12,168</b>

### 13.2 Provision for a decline in value of available-for-sale investment securities

Unit: VND million

	31 DECEMBER 2012		31 DECEMBER 2011
	COST	PROVISION	PROVISION
	(NOTE 11)		
<b>Debt securities</b>			
Listed	3,166,581	-	-
Non-listed	850,000	-	-
	<b>4,016,581</b>	-	-
<b>Equity securities</b>			
Listed	5,366	462	--
Non-listed	268,637	-	-
	<b>274,003</b>	<b>462</b>	-
	<b>4,290,584</b>	<b>462</b>	-

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 13. PROVISION FOR A DECLINE IN VALUE OF SECURITIES AND LONG-TERM INVESTMENTS (continued)

### 13.3 Provision for impairment of long-term investments

Unit: VND million

	31 DECEMBER 2012		31 DECEMBER 2011
	COST		
	(NOTE 12)	PROVISION	PROVISION
<b>Other long-term investments</b>			
Listed shares	2,988	-	747
Non-listed shares	499,590	51,409	34,865
	<b>502,578</b>	<b>51,409</b>	<b>35,612</b>

## 14. FIXED ASSETS

### 14.1 Tangible fixed assets

Movements of tangible fixed assets in the current year are as follows:

Unit: VND million

	BUILDINGS & STRUCTURES	MACHINERY & EQUIPMENT	VEHICLES	OFFICE EQUIPMENT	OTHERS	TOTAL
<b>Cost</b>						
Beginning balance	642,839	552,631	74,825	106,549	44,064	1,420,908
Additions	98,683	80,582	10,659	10,809	3,363	204,096
Increase from reclassification	-	758	-	1,311	-	2,069
Disposals	-	(124)	(770)	(320)	(345)	(1,559)
Decrease from reclassification	(54,583)	-	-	-	(130)	(54,713)
Other decrease	(1,541)	(394)	-	(898)	(973)	(3,806)
<b>Ending balance</b>	<b>685,398</b>	<b>633,453</b>	<b>84,714</b>	<b>117,451</b>	<b>45,979</b>	<b>1,566,995</b>
<b>Accumulated depreciation</b>						
Beginning balance	66,123	325,256	43,032	51,415	25,056	510,882
Depreciation charge for the year	26,240	80,899	9,288	17,394	7,683	141,504
Increases from reclassification	-	753	-	-	-	753
Disposals	-	(117)	(766)	(316)	(312)	(1,511)
Decreases from reclassification	(334)	-	-	(115)	(304)	(753)
Other decreases	(414)	(182)	-	(81)	(740)	(1,417)
<b>Ending balance</b>	<b>91,615</b>	<b>406,609</b>	<b>51,554</b>	<b>68,297</b>	<b>31,383</b>	<b>649,458</b>
<b>Net book value</b>						
Beginning balance	576,716	227,375	31,793	55,134	19,008	910,026
<b>Ending balance</b>	<b>593,783</b>	<b>226,844</b>	<b>33,160</b>	<b>49,154</b>	<b>14,596</b>	<b>917,537</b>

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 14. FIXED ASSETS (continued)

### 14.1 Tangible fixed assets (continued)

Other information on tangible fixed assets:

Unit: VND million

	31 DECEMBER 2012
Net book value of tangible fixed assets which are temporarily idle	34,056
Cost of tangible fixed assets fully depreciated but still in use	239,127

### 14.2 Intangible assets

Movements of intangible fixed assets in the year are as follows:

Unit: VND million

	LAND USE RIGHTS	ACCOUNTING SOFTWARE AND OTHER APPLICATIONS	TOTAL
<b>Cost</b>			
Beginning balance	241,646	116,907	358,553
Additions	88,420	22,353	110,773
Increase from reclassification	52,644	-	52,644
Other decrease	-	(100)	(100)
<b>Ending balance</b>	<b>382,710</b>	<b>139,160</b>	<b>521,870</b>
<b>Accumulated amortisation</b>			
Beginning balance	617	44,396	45,013
Amortisation charge for the year	695	14,589	15,284
<b>Ending balance</b>	<b>1,312</b>	<b>58,985</b>	<b>60,297</b>
<b>Net book value</b>			
Beginning balance	241,029	72,511	313,540
<b>Ending balance</b>	<b>381,398</b>	<b>80,175</b>	<b>461,573</b>

Other information on intangible fixed assets:

VND million

	31 DECEMBER 2012
Cost of intangible fixed assets fully amortised but still in use	11,806

## 15. OTHER ASSETS

### 15.1 Receivables

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011 (AS RESTATED)
Construction in progress (a)	60,987	29,852
Other receivables (b)	1,164,701	1,455,581
	<b>1,225,688</b>	<b>1,485,433</b>



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 15. OTHER ASSETS (continued)

### 15.1 Receivables (continued)

(a) This account represents the construction in progress of branches and transaction offices of the Bank as follows:

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
468 Nguyen Thi Minh Khai	19,746	8,672
Hai Phong branch	12,611	-
Ninh Thuan branch	8,745	-
Bac Giang branch	5,871	230
Gia Rai branch	4,912	-
Phuoc Long transaction office	4,754	-
Vinh Long branch	1,510	1,510
Buon Ho transaction office	-	2,605
Binh Duong branch	-	7,671
Quang Ngai branch	-	8,896
Others	2,838	268
	<b>60,987</b>	<b>29,852</b>

(b) Other receivables comprised of:

Unit: VND million

	NOTES	31 DECEMBER 2012	31 DECEMBER 2011
			(AS RESTATED)
<b>Internal receivables</b>			
Advances for interim dividends	(i)	435,000	585,000
Advances for operating activities		44,360	73,750
Other receivables		9,667	6,187
<b>External receivables</b>			
Deposits for acquisition of land and houses for the Bank's branches and transaction offices		260,115	333,074
Deposits for office leases	(ii)	191,375	55,144
Receivables from cooperation investment contracts	(iii)	69,349	236,352
Advances to investors for securities trading		49,051	28,426
Receivables from customers in securities trading		30,727	3,752
Advances for purchase of fixed assets		14,837	83,653
Receivables on interest subsidy from the SBV		13,882	17,184
Deductible input VAT		10,912	4,443
Receivable from securities margin transactions		10,428	-
Others		24,998	28,616
		<b>1,164,701</b>	<b>1,455,581</b>

- (i) This represents the advances for interim dividends to the Bank's shareholders which will be deducted from the Bank's undistributed earnings after obtaining resolution by the Annual General Meeting of the Shareholders (Note 22.1).
- (ii) This includes the advances to purchase the floor areas at M&C Tower for the Bank's future offices amounting to VND 165,000 million as at 31 December 2012.
- (iii) This represents receivables from cooperation investment contracts of the Bank's subsidiaries - Dong A Securities Company Limited, with investors.



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

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## 15. OTHER ASSETS (continued)

### 15.2 Interest and fee receivables

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
Interest receivable from loans to customers	1,824,475	818,134
Interest receivable from investment debt securities	217,047	99,134
Interest receivable from deposits at credit institutions	34,872	102,184
Interest receivable from loans to credit institutions	812	45
	<b>2,077,206</b>	<b>1,019,497</b>

### 15.3 Other assets

Unit: VND million

	NOTES	31 DECEMBER 2012	31 DECEMBER 2011
			AS RESTATED
Foreclosed assets	(a)	391,936	386,176
Prepaid and deferred expenses	(b)	90,608	53,932
Others		11,241	12,268
		<b>493,785</b>	<b>452,376</b>

- (a) These are collateral assets given to the Bank as repayment of debts under transferable contracts. The Bank currently takes necessary procedures to transfer ownership of these assets.
- (b) This represents office leasing prepayments, major fixed assets repairs, office upgrading cost, tools and equipment in use which are amortised for a period from 2 months to 5 years.

## 16. DUE TO AND BORROWINGS FROM OTHER BANKS

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
Deposits from other banks	2,039,900	4,186,819
Borrowings from other banks	3,834,450	1,547,955
	<b>5,874,350</b>	<b>5,734,774</b>

### 16.1 Deposits from other credit institutions

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
<b>Demand deposits</b>		
- In VND	90,384	111,595
- In foreign currencies	3,976	7,848
	<b>94,360</b>	<b>119,443</b>
<b>Term deposits</b>		
- In VND	800,000	1,630,500
- In foreign currencies	1,145,540	2,436,876
	<b>1,945,540</b>	<b>4,067,376</b>
	<b>2,039,900</b>	<b>4,186,819</b>

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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as at and for the year ended 31 December 2012

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## 16. DUE TO AND BORROWINGS FROM OTHER BANKS (continued)

### 16.1 Deposits from other credit institutions (continued)

Interest rates of term deposits from other banks at the year-end are as follows:

	31 DECEMBER 2012 (% P.A)	31 DECEMBER 2011 (% P.A)
Term deposits from local banks in VND	9.00	6.00 - 14.00
Term deposits from local banks in foreign currencies	2.80 - 3.50	4.50 - 6.25

### 16.2 Borrowings from other banks

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
In VND	2,500,000	1,373,000
In foreign currencies	1,334,450	174,955
	<b>3,834,450</b>	<b>1,547,955</b>

Interest rates applied for loans from other banks at the year-end are as follows:

	31 DECEMBER 2012 (% P.A)	31 DECEMBER 2011 (% P.A)
Loans from local banks in VND	4.00 - 11.00	16.00 - 20.80
Loans from local banks in foreign currencies	0.60 - 4.07	-
Loans from foreign banks in foreign currencies	2.29 - 2.81	2.25 - 3.03

## 17. DUE TO CUSTOMERS

### 17.1 Analysis by products

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
<b>Demand deposits</b>		
Demand deposits in VND	6,524,711	5,303,347
Demand saving deposits in VND	44,429	17,664
Demand deposits in foreign currencies	297,623	284,864
Demand saving deposits in foreign currencies	11,513	8,816
<b>Term deposits</b>		
Term deposits in VND	2,879,214	2,013,884
Term saving deposits in VND	37,031,730	24,748,079
Term deposits in foreign currencies	2,364	43,430
Term saving deposits in foreign currencies	3,366,535	3,235,290
<b>Margin deposits</b>		
Margin deposits in VND	114,278	99,962
Margin deposits in foreign currencies	440,263	268,540
<b>Deposits for specific purposes</b>	<b>77,583</b>	<b>40,137</b>
	<b>50,790,243</b>	<b>36,064,013</b>



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 17. DUE TO CUSTOMERS (continued)

### 17.1 Analysis by products (continued)

Interest rates of customer deposits at the year-end are as follows:

	31 DECEMBER 2012 (% P.A)	31 DECEMBER 2011 (% P.A)
Demand deposits in VND	0.00 - 3.60	0.00 - 5.40
Demand saving deposits in VND	1.20	1.00 - 2.40
Demand deposits in foreign currencies	0.00 - 1.30	0.00 - 1.30
Demand saving deposits in foreign currencies	0.00 - 0.50	0.00 - 0.50
Term deposits in VND	2.00 - 14.00	2.40 - 14.00
Term saving deposits in VND	2.00 - 14.00	6.00 - 14.00
Term deposits in foreign currencies	0.50	1.00 - 5.00
Term saving deposits in foreign currencies	0.60 - 5.62	0.18 - 5.50

If customers withdraw term saving deposits in the same day of making deposits, they will receive no interest and have to pay fee on money counting at minimum fee rate according to the tariff of the Bank. If customers withdraw deposits before the maturity date, the lowest demand deposit interest rate will be applied at that date.

### 17.2 Analysis by type of customer and ownership

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
<b>Deposits by economic entities</b>		
State-owned enterprises	1,170,474	1,239,516
Private enterprises and others	7,790,779	2,964,481
Foreign-invested enterprises	2,467	342,007
	<b>8,963,720</b>	<b>4,546,004</b>
<b>Deposits by individuals</b>	<b>41,183,785</b>	<b>31,502,761</b>
<b>Deposits by others</b>	<b>642,738</b>	<b>15,248</b>
	<b>50,790,243</b>	<b>36,064,013</b>

## 18. GRANTS, ENTRUSTED FUNDS AND LOANS EXPOSED TO RISKS

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
Grants and entrusted funds from Bank for Investment and Development of Vietnam	421,304	431,338
Grants and entrusted funds from Japan Bank for International Cooperation	268,523	172,795
Grants and entrusted funds from Asian Development Bank	13,190	4,998
	<b>703,017</b>	<b>609,131</b>



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 18. GRANTS, ENTRUSTED FUNDS AND LOANS EXPOSED TO RISKS (continued)

Grants and entrusted funds from Bank for Investment and Development of Vietnam ("BIDV") in USD and VND are the entrustment funds from the World Bank through BIDV to sponsor for the Rural Finance Project I, II and III. Details of this loan were as follows:

- Medium-term loan bears interest at rate of 9.55% p.a (2011: from 5.82% p.a to 13.92% p.a).
- Long-term loan bears interest at rate of 9.55% p.a for loans in VND (2011: 8.16% p.a) and 0.75% p.a for loans in USD (2011: 0.75% p.a).

Grants and entrusted funds from Japan Bank for International Cooperation in VND are used for Small and Medium Enterprise Finance Program. These loans are medium and long-term loans which bear interest at rate of 7.68% p.a (2011: 4.80% p.a to 12.48% p.a and from 4.80% to 7.50% p.a).

Grants and entrusted funds from Asian Development Bank in VND are used to sponsor for Financial Project ADB. These loans have term of 2, 3, 5, 7 and 14 years and bear interest at rate of 8.76% p.a (2011: from 7.56% p.a to 13.68% p.a).

## 19. VALUABLE PAPERS ISSUED

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
<b>Certificates of gold deposit</b>		
Term under 12 months	3,158,982	2,678,151
Term from 12 months to 5 years	-	181,751
Term from 5 years and above	-	1,852
	<b>3,158,982</b>	<b>2,861,754</b>
<b>Promissory notes</b>		
Term under 12 months	1,164,142	1,960,820
Bond		
<b>Term from 12 months to 5 years</b>	<b>-</b>	<b>50,000</b>
	<b>4,323,124</b>	<b>4,872,574</b>

Interest rates of certificates of gold deposit and promissory notes at the year-end are as follows:

	31 DECEMBER 2012	31 DECEMBER 2011
	(% P.A)	(% P.A)
<b>Certificates of gold deposit</b>		
Term under 12 months	0.50 - 2.80	0.20 - 1.70
Term from 12 months to 5 years	-	0.15 - 3.06
Term from 5 years and above	-	1.02 - 5.45
<b>Promissory notes</b>		
Term under 12 months	7.93 - 14.00	13.94 - 14.00
<b>Bond</b>		
Term from 12 months to 5 years	-	18.00



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 20. OTHER LIABILITIES

### 20.1 Interest and fee payables

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
Interest payable on deposits in VND	63,583	70,914
Interest payable on deposits in foreign currencies	14,217	11,339
Interest payable on savings deposits in VND	375,330	264,079
Interest payable on savings deposits in foreign currencies	9,741	10,875
Interest payable on valuable papers in VND	49,702	71,921
Interest payable on valuable papers in gold	6,345	1,972
Interest payable on loans in VND	20,145	21,717
Interest payable on loans in foreign currencies	4,738	997
Interest payables on gold kept on behalf of customer	6,233	18,845
Other fee payables	696	1,021
	<b>550,730</b>	<b>473,680</b>

### 20.2 Other payables

Unit: VND million

	NOTES	31 DECEMBER 2012	31 DECEMBER 2011 (AS RESTATED)
<b>Internal payables</b>			
- Bonus and welfare fund		53,532	61,782
- Payables to employees		3,501	47,910
- Provision for severance allowance		-	36,713
<b>External payables</b>			
- Certificate of gold deposits matured awaiting settlement.		186,861	-
- Gold kept on behalf of customers		170,518	9,591,281
- Pending payables to customers		100,469	85,305
- Taxes and obligations to the State budget	21	84,136	76,338
- Short-term loans	(*)	76,845	39,872
- Deposits of investors for securities trading		70,105	73,045
- Remittance payables		54,570	50,296
- Payables to foreign money transfer companies		36,552	45,193
- Blocked deposits		16,894	23,803
- Payables to the SBV for interest subsidy		9,216	9,206
- Loan interest received in advance from customers		5,527	17,956
- Dividend payables to the Bank's shareholders		2,585	57,906
- Advances from customers		2,184	2,291
- Payables of dividends, principal and interest of bonds on behalf of investors		1,698	1,403
- Payables to custody center		1,506	10,852
- Deposits from customers for bidding of securities purchase		-	589
- Other payables		20,979	29,811
		<b>897,678</b>	<b>10,261,552</b>

(\*) These are short-term loans from individuals and economic entities of Dong A Securities Limited Company, a subsidiary of the Bank.

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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as at and for the year ended 31 December 2012

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## 21. OBLIGATIONS TO THE STATE BUDGET

Unit: VND million

	BEGINNING BALANCE	AMOUNT INCURRED DURING THE YEAR		ENDING BALANCE
		PAYABLE	PAID	
Value added tax ("VAT")	7,590	36,881	(37,376)	7,095
- VAT on services	3,625	29,422	(25,952)	7,095
- VAT on foreign exchange	3,965	7,459	(11,424)	-
Corporate income tax	55,289	255,406	(246,717)	63,978
Other taxes	13,459	56,198	(56,594)	13,063
	<b>76,338</b>	<b>348,485</b>	<b>(340,687)</b>	<b>84,136</b>

The Bank and its subsidiaries' tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

### Corporate income tax

The Bank and its subsidiaries have obligations to pay Corporate Income Tax ("CIT") at the rate of 25% of taxable profits, except for Dong A Securities Company Limited which has CIT rate of 20% of taxable profits.

The consolidated CIT expense comprises of the CIT expense of the Bank and its subsidiaries. The Bank and its subsidiaries are responsible for preparing and filing their separate CIT returns to the local tax authorities.

The CIT expense of the Bank and its subsidiaries for the year comprised of:

Unit: VND million

	2012	2011
Current CIT expense	255,406	278,935
Deferred CIT (income)/expense	(55,464)	29,416
	<b>(199,942)</b>	<b>308,351</b>

### Current Corporate Income Tax

Current corporate income tax payable is determined based on the taxable income of the current year. Taxable income is different from the one reported in the consolidated income statement since it excludes items of income or expense that are taxable or deductible in other years due to the differences between the Bank's accounting policies and the current tax regulations, and also excludes non-taxable and non-deductible items for tax purpose. The current corporate income tax payables of the Bank and its subsidiaries are calculated based on the statutory tax rates applicable at the year-end.

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 21. OBLIGATIONS TO THE STATE BUDGET (continued)

### *Current Corporate Income Tax (continued)*

Provision for current corporate income tax for the year is calculated as follows:

Unit: VND million

	2012	2011
<b>Profit before tax</b>	<b>777,156</b>	<b>1,255,507</b>
Tax exempt dividend income	(20,731)	(24,552)
Unrealised foreign exchange losses/(gains)	110,863	(110,992)
Unrealised foreign exchange gains/(losses) in previous years which were realised in the current year	110,992	(72,220)
Income from transfer of land use rights	-	65,547
Other non-deductible expenses	978	325
Cost of transfer of land use rights	(2,700)	-
Tax losses of subsidiaries	44,657	1,999
<b>Estimated taxable income</b>	<b>1,021,215</b>	<b>1,115,614</b>
CIT expense of the Bank, at 25%	249,544	272,501
CIT expense of subsidiaries, at 25%	5,760	6,402
Adjustments for CIT expense for the previous year	102	32
<b>Total estimated CIT expense for the year</b>	<b>255,406</b>	<b>278,935</b>
CIT payable at beginning of year	55,289	103,308
Adjustments for CIT for the previous year	-	(55)
Tax advance in prior year	-	(1,371)
CIT paid during the year	(246,717)	(325,528)
<b>CIT payable at end of year</b>	<b>63,978</b>	<b>55,289</b>

### *Deferred Corporate Income Tax*

Deferred income tax incurred during the year pertains mainly to origination or reversal of unrealised foreign exchange gains/losses resulting from the re-translation of assets and liabilities denominated in foreign currencies into VND at the year-end.

Deferred CIT is presented by the Bank as follows:

Unit: VND million

	CONSOLIDATED BALANCE SHEET		EFFECT ON THE CONSOLIDATED INCOME STATEMENT	
	31 DECEMBER 2012	31 DECEMBER 2011	2012	2011
<b>Deferred tax asset</b>				
Unrealised foreign exchange losses arise/(reverse)	27,716	-	27,716	(18,055)
Gain from transfer of land use rights	-	-	-	16,387
	27,716	-		
<b>Deferred tax liability</b>				
Unrealised foreign exchange gains (arise)/reverse	-	(27,748)	27,748	(27,748)
	-	(27,748)		
<b>Net deferred income tax income/(expense)</b>			<b>55,464</b>	<b>(29,416)</b>



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

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## 21. OBLIGATIONS TO THE STATE BUDGET (continued)

### *Current Corporate Income Tax (continued)*

#### *Losses carried forward*

According to current tax regulations, enterprises entitled to carry each individual tax loss forward to offset against taxable profits arising within five (5) years subsequent to the year in which the loss is incurred.

As at 31 December 2012, Dong A Securities Limited Company and Dong A Capital Limited Company are entitled to carry forward tax losses amounting to VND 46,656 million to offset against future taxable profit as follows:

Unit: VND million

ORIGINATING YEAR	CAN BE UTILISED UP TO	TAX LOSS	UTILISED UP TO 31 DECEMBER 2012	FORFEITED	UNUTILISED AT 31 DECEMBER 2012
2008	2013	15,618	(15,618)	-	-
2011	2016	1,999	-	-	1,999
2012	2017	44,657	-	-	44,657
		<b>62,274</b>	<b>(15,618)</b>	<b>-</b>	<b>46,656</b>

The Bank's subsidiaries do not recognise deferred tax assets on the tax losses due to uncertainty of sufficient future taxable income.

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

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## 22. OWNERS' EQUITY AND RESERVES

### 22.1 Statement of changes in owners' equity

Unit: VND million

	CHARTER CAPITAL	CAPITAL SUPPLEMEN- TARY FUND	FINANCIAL RESERVE FUND	BUSINESS & DEVELOPMENT FUND	OTHER RESERVES	OTHER CAPITAL	RETAINED EARNINGS	TOTAL
<b>Opening balance</b>	<b>4,500,000</b>	<b>96,495</b>	<b>261,103</b>	<b>6,104</b>	<b>1,104</b>	<b>583</b>	<b>948,376</b>	<b>5,813,765</b>
- Increase charter capital from share issuance	500,000	-	-	-	-	-	-	500,000
- Net profit for the year	-	-	-	-	-	-	577,214	577,214
- Appropriation to reserves by the Bank and a subsidiary for previous year	-	46,890	91,185	1,047	11,378	-	(150,500)	-
- Temporary appropriation to reserves by the Bank for current year	-	-	-	-	4,000	-	-	4,000
- Appropriation to welfare and bonus fund by the Bank and a subsidiary for previous year	-	-	-	-	-	-	(54,186)	(54,186)
- Dividends paid for previous year	-	-	-	-	-	-	(720,000)	(720,000)
- Reserves utilised during the year	-	-	(107)	-	(14,556)	-	-	(14,663)
- Other decrease	-	-	-	-	-	-	(1,939)	(1,939)
<b>Ending balance</b>	<b>5,000,000</b>	<b>143,385</b>	<b>352,181</b>	<b>7,151</b>	<b>1,926</b>	<b>583</b>	<b>598,965</b>	<b>6,104,191</b>

The Bank paid the dividends in cash amounting to VND 720,000 million for the financial year of 2011 in accordance with the resolution of the shareholders at the Bank's 20th Annual General Meeting held on 30 March 2012. The Bank also made an advance of interim dividends in cash for the current year 2012 amounting to VND 435,000 million (2011: VND 585,000 million) (Note 15.1) which will be offset against the retained earnings after obtaining resolution to be passed by the Annual General Meeting of shareholders.

The remaining balance of retained earnings for making reserves and distribution of additional dividend is as below:

	2012	2011
Retained earnings	598,965	948,376
Interim dividends paid	(435,000)	(585,000)
<b>Remaining retained earnings for making reserves and additional dividend distribution</b>	<b>163,965</b>	<b>363,376</b>

In 2012, the Bank's charter capital increased by VND 500,000 million in accordance with Official Letter No. 9659/NHNN-TTGSNH issued by the State Bank of Vietnam dated 16 December 2011.

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

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## 22. OWNERS' EQUITY AND RESERVES (continued)

### 22.1 Statement of changes in owners' equity (continued)

Details of shares issued by the Bank are as follows:

	31 DECEMBER 2012 SHARES	31 DECEMBER 2011 SHARES
Authorised shares	500,000,000	450,000,000
Issued and paid-up shares	500,000,000	450,000,000
Ordinary shares	500,000,000	450,000,000
Outstanding shares	500,000,000	450,000,000
Ordinary shares	500,000,000	450,000,000
Par value (VND/share)	10,000	10,000

### 22.2 Reserves of the Bank

According to Decree No. 57/2012/ND-CP effective from 20 July 2012, commercial joint stock banks must make reserves based on the percentage on profit after tax as below:

	AMOUNT	MAXIMUM BALANCE
Capital supplementary reserve	5% of net profit after tax	100% charter capital
Financial reserve	10% of net profit after tax and after deducting of supplementary capital reserve	25% charter capital

The following reserves are created based on the percentage of net profit after tax and after deduction of supplementary capital reserve and financial reserve in accordance with resolution of the shareholders.

	AMOUNT	MAXIMUM BALANCE
Business and development fund	Based on resolution of the shareholders	Not defined
Welfare and bonus fund	Based on resolution of the shareholders	Not defined
Other funds	Based on resolution of the shareholders	Not defined

The Bank has not yet made statutory reserves from net profit after tax for 2012. Such reserves will be made in 2013 after obtaining the resolution of the shareholders at the Annual General Meeting.

### 22.3 Reserves of subsidiaries

#### *Dong A Securities Company Limited*

In accordance with Decision No. 27/2007/QĐ-BTC issued by the Ministry of Finance on 24 April 2007, securities companies are required to create statutory reserves based on the percentage of net profit after tax as follows:

	AMOUNT	MAXIMUM BALANCE
Capital supplementary reserve	5% of net profit after tax	100% of charter capital
Financial reserve	5% of net profit after tax	10% of charter capital

Other reserves are created based on this subsidiary's charter as follows:

	AMOUNT	MAXIMUM BALANCE
Business and development fund	10% of net profit after tax	Not defined
Internal training fund	5% of net profit after tax	Not defined
Bonus fund	5% of net profit after tax	Not defined
Welfare fund	5% of net profit after tax	Not defined

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

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## 22. OWNERS' EQUITY AND RESERVES (continued)

### 22.3 Reserves of subsidiaries (continued)

#### *Dong A Capital Company Limited*

Reserves are created based on this subsidiary's charter as follows:

	% OF NET PROFIT AFTER TAX
Capital supplementary reserve	10%
Financial reserve	10%
Business and development fund	10%
Internal training fund	5%
Bonus fund	5%
Welfare fund	5%

#### *Dong A Money Transfer Company Limited*

Reserves are created based on this subsidiary's charter as follows:

	% OF NET PROFIT AFTER TAX
Financial reserve	10%
Business and development fund	5%

## 23. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit after tax attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

Basic earnings per share of the Bank are calculated as follows:

	2012	2011
Net profit attributable to ordinary shareholders of the Bank (VND million)	577,214	947,176
Weighted average number of outstanding ordinary shares during the year (shares)	484,426,230	450,000,000
Basic earnings per share (VND/share)	1,192	2,105

## 24. INTEREST AND SIMILAR INCOME

Unit: VND million

	2012	2011
Interest income on loans	6,721,558	6,633,742
Interest income on debt securities investments	372,990	222,188
Interest income on deposits	344,538	473,854
Other income from credit activities	18,562	19,158
	7,457,648	7,348,942

## 25. INTEREST AND SIMILAR EXPENSES

Unit: VND million

	2012	2011
Interest expense on customer deposits	4,346,916	4,239,977
Interest expense on valuable papers	413,117	412,356
Interest expense on borrowings	203,220	229,124
Other expenses from credit activities	-	425
	4,963,253	4,881,882



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 26. NET FEES AND COMMISSION INCOME

Unit: VND million

	2012	2011
<b>Fees and commission income</b>		
Settlement services	334,964	288,730
Money transfer services	58,922	55,712
Guarantee transactions	43,044	30,831
Brokerage services	39,452	22,193
Investment securities and financial advisory services	21,265	3,347
Treasury services	3,116	2,339
Entrusted investments and agencies	2,776	8,942
Asset maintenance	1,351	455
Underwriting and agency of securities issuance services	294	16,116
Supporting service for trading securities	-	14,396
Other income	23,584	23,626
	<b>528,768</b>	<b>466,687</b>
<b>Fees and commission expenses</b>		
Expenses of Card center	(27,431)	(18,104)
Post office and internet expenses	(22,271)	(23,354)
Advisory services	(20,631)	(4,776)
Settlement services	(19,821)	(23,056)
Brokerage services	(12,080)	(7,162)
Treasury services	(4,218)	(4,287)
Entrusted investments and agencies	(1,156)	-
Other expenses	(12,463)	(3,694)
	<b>(120,071)</b>	<b>(84,433)</b>
<b>Net fees and commission income</b>	<b>408,697</b>	<b>382,254</b>

## 27. NET LOSS FROM FOREIGN CURRENCIES AND GOLD TRADING

Unit: VND million

	2012	2011
<b>Income from foreign currencies and gold trading</b>		
Income from gold trading	385,313	155,550
Income from spot foreign exchange	65,923	212,410
Income from currency derivative financial instruments	11,494	565
	<b>462,730</b>	<b>368,525</b>
<b>Expense from foreign currencies and gold trading</b>		
Expense from gold trading	(458,685)	(258,501)
Expense from spot foreign exchange	(124,802)	(137,874)
Expense from currency derivative financial instruments	(16,949)	-
	<b>(600,436)</b>	<b>(396,375)</b>
<b>Net loss from foreign currencies and gold trading</b>	<b>(137,706)</b>	<b>(27,850)</b>

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 28. NET LOSS FROM DEALING OF TRADING SECURITIES

Unit: VND million

	2012	2011
Income from trading securities	68,774	26,403
Expenses from trading securities	(120,894)	(59,609)
(Expense)/reversal of provision for a decline in value of trading securities	(6,402)	5,325
	<b>(58,522)</b>	<b>(27,881)</b>

## 29. NET GAIN FROM DEALING OF INVESTMENT SECURITIES

Unit: VND million

	2012	2011
Income from trading available-for-sale investment securities	24,489	14,126
Expense from trading available-for-sale investment securities	(4,496)	-
(Expense)/reversal of provision for decline in value of available-for-sale investment securities	(462)	12,375
	<b>19,531</b>	<b>26,501</b>

## 30. NET OTHER OPERATING INCOME

Unit: VND million

	2012	2011
Reverting retrenchment allowance	34,632	-
Recovery of bad loans previously written-off	3,832	2,246
Income from other operating activities	1,418	2,991
	<b>39,882</b>	<b>5,237</b>
Other operating expenses	(3,617)	(2,400)
	<b>36,265</b>	<b>2,837</b>

## 31. INCOME FROM LONG-TERM INVESTMENTS

Unit: VND million

	2012	2011
<b>Dividends in cash received during the year from long-term investments:</b>		
- Trading equity securities	7,085	6,395
- Investment equity securities	6,459	8,241
- Other long-term investments	7,187	9,916
	<b>20,731</b>	<b>24,552</b>

## /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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as at and for the year ended 31 December 2012

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### 32. OTHER OPERATING EXPENSES

Unit: VND million

	2012	2011
<b>Other tax expenses and fees</b>	<b>11,979</b>	<b>8,918</b>
<b>Expenses for employees</b>		
Salaries and allowances	511,972	568,646
Salary related allowances	60,204	24,436
Others	10	36,861
	<b>572,186</b>	<b>629,943</b>
<b>Asset expenses</b>		
Fixed assets depreciation and amortisation expenses	156,788	124,214
Office rental expenses	110,171	99,917
Maintaining and preparing assets	81,171	88,481
Expenses for tools and equipment	15,070	18,493
Asset insurance expenses	3,388	2,913
	<b>366,588</b>	<b>334,018</b>
<b>Other operating expenses</b>		
Administration expenses	68,334	32,223
Advertising, marketing, promotion and entertainment expenses	39,493	34,135
Electricity and water expenses	37,085	30,844
Material and printing expenses	36,880	27,257
Non-deductible input VAT	33,153	30,341
Meeting and conference expenses	28,885	13,863
Postal and communication expenses	26,009	22,741
Gas and fuel expenses	25,326	14,701
Business trip expenses	15,079	18,066
Training expenses	1,510	2,296
Other expenses	43,214	28,192
	<b>354,968</b>	<b>254,659</b>
<b>Insurance expense for customer deposits</b>	<b>52,933</b>	<b>43,586</b>
<b>Provision expense for decline in value of other long-term investments</b>	<b>15,797</b>	<b>24,666</b>
	<b>1,374,451</b>	<b>1,295,790</b>

### 33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represented in the consolidated cash flow statement comprise of the following amounts in the consolidated balance sheet:

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011 (AS RESTATE-ED)
Cash, gold and precious stones	4,827,650	8,170,257
Demand deposits at the State Bank of Vietnam	1,891,120	1,479,377
Demand deposits at other credit institutions	657,808	1,136,147
Deposits at and loans to other credit institutions with term of less than three (3) months	1,008,280	96,947
Less: Deposit of investors for securities trading (Note 20.2)	(70,105)	(73,045)
	<b>8,314,753</b>	<b>10,809,683</b>

## /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 34. EMPLOYEES' INCOME

	2012	2011
<b>I. TOTAL NUMBER OF EMPLOYEES (person)</b>	<b>5,206</b>	<b>4,846</b>
<b>II. EMPLOYEES' INCOME</b>		
1. Total salary fund paid (VND million)	395,204	465,029
2. Lunch allowance (VND million)	27,309	24,192
3. Bonus (VND million)	92,151	97,229
4. Total income (1+2+3) (VND million)	514,664	586,450
5. Average monthly salary (VND/employee)	6,326,098	7,996,784
6. Average monthly income (VND/employee)	8,238,315	10,084,778

### 35. TYPE AND VALUE OF COLLATERAL ASSETS

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
Real estates	44,353,628	37,772,111
Inventories	6,409,711	7,738,404
Valuable papers	5,671,354	5,518,860
Transportation vehicles	1,964,696	1,793,101
Machinery and equipments	1,808,549	1,950,045
Saving books	1,325,641	744,762
Others	2,621,614	3,573,994
	<b>64,155,193</b>	<b>59,091,277</b>

### 36. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank is a party to financial instruments that are recorded in the off-balance sheet. These financial instruments mainly comprise financial guarantees and commercial letters of credit ("L/C"). These instruments involve elements of credit risk in excess of the amounts recognised in the consolidated balance sheet.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss because any other party to a financial instrument fails to perform in accordance with the terms of the contract.

Financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party including guarantee for borrowings, settlement, and performing contracts and bidding. The credit risk involved in issuing guarantees is essentially the same as that involved in extending facilities to other customers.

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

Deferred payment letters of credit represent the amounts at risk should the contract be fully drawn upon and the client defaults in repayment to the beneficiary. Deferred payment letters of credit that were default by customers are recognised by the Bank as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank to pay the beneficiaries and to fulfill the guarantor obligation.



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 36. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

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

The outstanding commitments and contingent liabilities at 31 December comprised of:

VND million

	31 DECEMBER 2012	31 DECEMBER 2011
Letters of credit	3,118,813	3,492,152
Financial guarantees	1,200	531
Other guarantees	1,532,047	1,974,036
	<b>4,652,060</b>	<b>5,466,719</b>
Less: Margin deposits	(554,541)	(368,502)
Contingent liabilities	4,097,519	5,098,217

## 37. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other entities to which the Bank is related. Parties are considered as related parties if one party is able to control over or significantly influence to the other party in making decision of financial and operational policies. A party is deemed to be related to the Bank if:

- Directly, or indirectly through one or more intermediaries, the party:
  - controls, is controlled by, or is under common control with, the Bank (including parents and subsidiaries);
  - has an interest in the Bank that gives it significant influence over the Bank;
  - has joint control over the Bank;
- The party is a joint venture in which the Bank is a venture;
- The party is a member of the key management personnel of the Bank or its parent company;
- The party is a close member of the family of any individual referred to in (a) or (c);
- The party is an entity that is, directly or indirectly, controlled, jointly controlled or significantly influenced by, or of which, significant voting power in such entity resides with any individual referred to in (c) or (d).

Significant transactions with related parties during the current year are as follows:

BÊN LIÊN QUAN	NỘI DUNG GIAO DỊCH	GIÁ TRỊ TRIỆU VNĐ
Members of Board of Supervisors	Deposits	19,352
	Withdrawals	20,294
Members of the Management	Deposits	64,825
	Withdrawals	64,078
Members of Board of Directors	Deposits	356,360
	Withdrawals	339,738
Major shareholders (ownership from 5% of charter capital and above)	Deposits	3,187,411
	Withdrawals	3,199,748
	Loans	131,000
	Collection of interest	25,891
	Collection of principal	164,989
	Dividends paid	1,061
Others (*)	Deposits	4,967,281
	Withdrawals	4,962,302
	Loans	841,792
	Collection of interest	21,579
	Collection of principal	860,820
	Deposit for rent	130,000
	Advance for office building	37,234



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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## 37. RELATED PARTY TRANSACTIONS (continued)

Receivables and payables with related parties as at 31 December 2012 are as follows:

RELATED PARTY	TRANSACTION	RECEIVABLES/ (PAYABLES) VND MILLION
Members of Board of Supervisors	Current account	(148)
	Term saving deposits	(373)
Members of the Management	Current account	(799)
	Term saving deposit	(1,366)
Members of Board of Directors	Current account	(2,359)
	Demand saving deposits	(2)
	Term saving deposits	(28,895)
Major shareholders (ownership from 5% of charter capital and above)	Loans	354,873
	Current deposits	(3,789)
Others (*)	Current account	(24,269)
	Term deposit	(40,264)
	Blocked deposits	(7,239)
	Loans	153,655
	Deposit for rent	165,000
	Advance for office building	37,234

(\*) Other related parties represent enterprises in which the Bank and its subsidiaries have equity interest and the representatives on the Board of Directors and Management of these entities.

## 38. RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS

The Bank's objective is to become a multi-business financial group. Accordingly, the use of financial instruments, including accepting deposits from customers and investing these funds in high-quality assets to achieve sufficient interest margins, is the core of the Bank's activities. From risk management perspectives, this primarily involves providing loans to commercial and retail borrowers with varied creditworthiness, in both local and foreign currencies, as well as off-balance sheet commitments such as guarantees and letters of credit. The Bank also places its mobilised funds in loans to other banks. Foreign exchange and interest rate exposures are managed through the use of position limits, avoiding undue concentrations and entering into counterbalancing positions in order to offset exposures. Through holding a high proportion of assets as primary quality financial instruments, the balance sheet structure enables the Bank to avoid significant exposures within the scope of its operations and manage its liquidity position.

In addition, the effective implementation of a number of the Bank's internal risk management procedures has been enhanced. This helps monitoring the Bank's fund movements more effectively and efficiently and reducing possible errors and unnecessary complexities.

### 38.1 Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations.

In managing credit risk, the Bank has effectively applied the credit policies focusing on lending procedures and implementation instructions that standardise its credit activities.

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

#### (a) Financial assets not past due and not impaired

The Bank's financial assets which are not past due and not impaired include loans and advances to customers classified as Current loans in compliance with Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN; securities, receivables and other financial assets which are not past due and no provision is required in accordance with Circular No. 228/2009/TT-BTC.

The Bank believes that it can recover fully and timely these financial assets in the near future.

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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## 38. RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS (continued)

### 38.1 Credit risk (continued)

#### (b) Financial assets past due but not impaired

Past due financial assets but not impaired are presented as below::

Unit: VND million

	UP TO 90 DAYS	PAST DUE		
		FROM 91 TO 180 DAYS	FROM 181 TO 360 DAYS	OVER 360 DAYS
ASSETS				
Loans and advances to customers	428,762	23,921	19,760	86,897
Other assets				
Receivables	-	-	-	6,442

These financial assets are past due but not impaired since the Bank holds adequate collateral assets such as real estate properties, movable assets, valuable papers and other assets.

### 38.2 Market risk

#### (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market's interest rate.

The Bank frequently assesses its interest rate gaps, compares them with those in domestic and international markets, and then applies appropriate adjustments timely.

Analysis of assets and liabilities based on re-pricing date

The re-pricing period of effective interest rate is the remaining period from the date of the consolidated financial statements to the next re-pricing date of interest rate or maturity date applicable to assets and liabilities, whichever is earlier.

The following assumptions and conditions are applied in analyzing of the re-pricing period of interest rates of the Bank and its subsidiaries' assets and liabilities:

- Cash, gold and precious stones; capital contributions and long-term investments and other assets (including fixed assets, investment properties and other assets) are classified into group which is not affected by interest rate change.
- Deposits with the State Bank of Vietnam which represent current accounts are classified into group which has the repricing period of up to one month.
- The repricing term of interest of investment securities and trading securities is determined based on the actual maturity term of each kind of securities at the consolidated balance sheet date.
- The repricing term of interest of deposits and loans to credit institutions; loans and advances to customers; borrowings from the Government and the SBV; deposits from customers; issuance of valuable papers is determined as follows:
  - Items which bear fixed interest rate for the entire contractual term: The repricing term of interest is determined based on the remaining contractual term calculated from the consolidated balance sheet date.
  - Items which bear floating interest rate: The repricing term of interest is determined based on the next interest pricing date subsequent to the consolidated balance sheet date.

#### (a) Interest rate risk (continued)

- The repricing term of interest of valuable papers is determined based on the remaining maturity term of each valuable paper calculated from the consolidated balance sheet date.
- The repricing term of interest of entrusted funds and loans exposed to risks is determined based on the remaining contractual term calculated from the consolidated balance sheet date.
- Other liabilities are classified into the repricing period from 1 to 3 months. In practice, these accounts may have different repricing periods.

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

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## 38. RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS (continued)

### 38.2 Market risk (continued)

The classification of assets and liabilities according to the re-pricing period as at 31 December 2012 is as follows:

Unit: VND million

SUBJECT TO RE-PRICING OF INTEREST IN PERIOD									
OVERDUE	NON-IN-TEREST BEARING	UP TO 1 MONTH	1 - 3 MONTHS	3 - 6 MONTHS	6 - 12 MONTHS	1 - 5 YEARS	OVER 5 YEARS	TOTAL	
Assets									
Cash, gold and precious stones	-	4,827,650	-	-	-	-	-	-	4,827,650
Balances with the SBV	-	1,891,120	-	-	-	-	-	-	1,891,120
Due from other credit institutions	-	1,266,088	1,400,000	-	-	-	-	-	2,666,088
Trading securities	-	218,538	-	-	-	-	-	-	218,538
Loans and advances to customers	4,288,593	-	24,886,131	15,768,689	2,666,241	2,490,337	550,065	-	50,650,056
Investment securities	-	274,003	23,660	-	999,997	100,000	2,892,924	-	4,290,584
Long-term investments	-	502,578	-	-	-	-	-	-	502,578
Fixed assets	-	1,379,110	-	-	-	-	-	-	1,379,110
Other assets	6,442	3,817,953	-	-	-	-	-	-	3,824,395
Total assets	4,295,035	11,019,832	28,066,999	17,168,689	3,666,238	2,590,337	3,442,989	-	70,250,119
Liabilities									
Due to and borrowings from the SBV and other banks	-	-	94,360	1,633,120	2,441,400	1,705,470	-	-	5,874,350
Due to customers	-	-	32,721,839	7,239,486	1,960,499	6,066,859	2,801,270	290	50,790,243
Grants, entrusted funds and loans exposed to risks	-	-	1,353	10,417	19,854	43,242	618,766	9,385	703,017
Valuable papers issued	-	-	318,995	1,583,371	2,419,929	829	-	-	4,323,124
Other liabilities	-	-	-	-	-	-	-	-	1,448,408
Total liabilities	-	1,448,408	33,136,547	10,466,394	6,841,682	7,816,400	3,420,036	9,675	63,139,142
Interest sensitive difference of balance sheet items	4,295,035	9,571,424	(5,069,548)	6,702,295	(3,175,444)	(5,226,063)	22,953	(9,675)	7,110,977
Off-balance sheet commitments affecting interest sensitive difference of assets and liabilities (net)	-	-	-	-	-	-	-	-	-
Interest sensitive difference of balance-sheet and off-balance sheet items	4,295,035	9,571,424	(5,069,548)	6,702,295	(3,175,444)	(5,226,063)	22,953	(9,675)	7,110,977

Note: Total assets represent gross carrying value which does not include provision for credit losses and impairment of investments.



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

B05/TCTD

## 38. RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS (continued)

### 38.2 Market risk (continued)

#### (a) Interest rate risk (continued)

##### *Interest rate sensitivity*

No analysis on interest sensitivity was performed for the year ended 31 December 2012 since the Bank and its subsidiaries do not have sufficient data and technology.

#### (b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Bank was licensed and operates in Vietnam with VND as the required reporting currency. The major currency of the Bank's transactions is also VND. The Bank's loans and advances to customers and due to banks are mainly denominated in VND with the remainder mainly in USD. Only a small portion of amounts due from banks and customers are denominated in currencies other than VND and USD. The Bank's management has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

##### *Currency sensitivity*

No analysis on foreign currency sensitivity was performed for the year ended 31 December 2012 since the Bank and its subsidiaries do not have sufficient data and technology.



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

B05/TCTD

## 38. RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS (continued)

### 38.2 Market risk (continued)

#### (b) Currency risk (continued)

The classification of assets and liabilities denominated in foreign currencies equivalent to VND as at 31 December 2012 is as follows:

Unit: VND million

	EUR EQUIVALENT	USD EQUIVALENT	GOLD EQUIVALENT	OTHER CURRENCIES EQUIVALENT	TOTAL
<b>Assets</b>					
Cash, gold and precious stones	194,487	689,144	2,315,640	254,843	3,454,114
Balances with the SBV	-	288,363	-	-	288,363
Due to other credit institutions	11,803	644,488	-	100,950	757,241
Loans and advances to customers	15,393	4,556,744	1,551,552	4,151	6,127,840
Long-term investments	-	-	-	-	-
Other assets	76	31,123	3,758	16	34,973
<b>Total assets</b>	<b>221,759</b>	<b>6,209,862</b>	<b>3,870,950</b>	<b>359,960</b>	<b>10,662,531</b>
<b>Liabilities and owners' equity</b>					
Due to and borrowings from the SBV and other credit institutions	1,556	2,482,402	-	8	2,483,966
Due to customers	185,466	3,712,598	-	221,548	4,119,612
Grants, entrusted funds and loans exposed to risks	-	1,968	-	-	1,968
Valuable papers issued	-	-	3,158,982	-	3,158,982
Other liabilities	8,713	52,127	370,263	5,178	436,281
Capital and reserves	-	583	-	-	583
<b>Total liabilities and owners' equity</b>	<b>195,735</b>	<b>6,249,678</b>	<b>3,529,245</b>	<b>226,734</b>	<b>10,201,392</b>
<b>Currency position of balance sheet items</b>	<b>26,024</b>	<b>(39,816)</b>	<b>341,705</b>	<b>133,226</b>	<b>461,139</b>
Currency position of off-balance sheet items	(19,201)	(239,999)	377,799	(77,884)	40,715
<b>Currency position of balance sheet and off-balance sheet items</b>	<b>6,823</b>	<b>(279,815)</b>	<b>719,504</b>	<b>55,342</b>	<b>501,854</b>

Note: Total assets represent gross carrying value which does not include provision for credit losses and impairment of investments.

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

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## 38. RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS (continued)

### 38.2 Market risk (continued)

#### (c) Liquidity risk

Liquidity risk is risk when the Bank has difficulties in fulfilling its obligations for financial liabilities. Liquidity risk arises when the Bank may not afford to settle debt obligation when it is due at normal or difficult periods. In order to reduce liquidity risk exposure, the Bank diversifies the mobilisation of deposits from various sources apart from its basic capital resources. In addition, the Bank has policies to manage liquidity assets flexibly, monitor future cash flows and daily liquidity. The Bank also evaluates the estimated cash flows and the availability of current collateral assets in case of obtaining more deposits.

Liquidity risks are mainly mitigated through the Bank's holding a high proportion of assets as primary quality financial instruments, a large base of cash and cash equivalents in the form of Nostro accounts, balances with the State Bank of Vietnam and placements with other banks. The risk-weighted ratios are also used to manage the Bank's liquidity risk.

The maturity term of assets and liabilities represents the remaining terms of these assets and liabilities as calculated from the consolidated balance sheet date to the maturity date in accordance with contractual terms and conditions.

The following assumptions and conditions are applied in the analysis of maturity of the Bank's assets and liabilities:

- Balances with the State Bank of Vietnam are classified as demand deposits which includes the compulsory reserves. The balance of compulsory deposits depends on the proportion and terms of the Bank's customer deposits.
- The maturity term of investments in securities is calculated based on the maturity date of each type of securities.
- The maturity term of placements with and loans to other banks and loans to customers are based on the contractual maturity date. The actual maturity term may differ as loan agreements are often extended.
- The maturity of equity investments is considered as more than one year since these investments do not have specific maturity date.
- The maturity term of deposits and borrowings from other banks and customers' deposits is determined based on either the nature of these amounts or their maturity date. Vostro accounts and demand deposits are transacted as required by customers, and therefore, classified as current accounts. The maturity term of borrowings and term deposits is determined based on the maturity date in contracts. In fact, these amounts may be resolved, and therefore, may last beyond the original maturity date.
- The maturity term of fixed assets is determined on the remaining useful life of assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

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## 38. RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS (continued)

### 38.2 Market risk (continued)

#### (c) Liquidity risk (continued)

The classification of assets and liabilities by maturity as at 31 December 2012 is as follows:

Unit: VND million

OVERDUE								CURRENT			TOTAL
OVER 3 MONTHS	UP TO 3 MONTHS	UP TO 1 MONTH	1 - 3 MONTHS	3 - 12 MONTHS	1 - 5 YEARS	OVER 5 YEARS					
Assets											
Cash, gold and precious stones	-	-	4,827,650	-	-	-	-	-	-	4,827,650	
Balances with the SBV	-	-	1,891,120	-	-	-	-	-	-	1,891,120	
Due from other credit institutions	-	-	1,266,088	1,400,000	-	-	-	-	-	2,666,088	
Trading securities	-	-	-	218,538	-	-	-	-	-	218,538	
Loans to customers	1,999,628	2,288,965	3,093,599	5,864,514	17,007,903	13,393,773	7,001,674	-	-	50,650,056	
Investment securities	-	-	23,660	-	-	3,166,927	-	-	-	4,290,584	
Long-term investments	-	-	-	-	-	502,578	-	-	-	502,578	
Fixed assets	-	-	1,613	1,545	20,572	280,028	1,075,352	-	-	1,379,110	
Other assets	6,442	-	84,306	2,176,233	546,691	481,571	529,152	-	-	3,824,395	
Total assets	2,006,070	2,288,965	11,188,036	9,660,830	18,675,163	17,824,877	8,606,178	-	-	70,250,119	
Liabilities											
Due to and borrowing from the SBV and other banks	-	-	94,360	1,633,120	4,146,870	-	-	-	-	5,874,350	
Due to customers	-	-	32,721,839	7,239,486	8,027,358	2,801,270	290	-	-	50,790,243	
Grants, entrusted funds and loans exposed to risks	-	-	1,353	10,417	63,096	618,766	9,385	-	-	703,017	
Valuable papers issued	-	-	318,995	1,583,371	2,420,758	-	-	-	-	4,323,124	
Other liabilities	-	-	517,866	781,520	138,875	10,147	-	-	-	1,448,408	
Total liabilities	-	-	33,654,413	11,247,914	14,796,957	3,430,183	9,675	-	-	63,139,142	
Net liquidity	2,006,070	2,288,965	(22,466,377)	(1,587,084)	3,878,206	14,394,694	8,596,503	-	-	7,110,977	

Note: Total assets represent gross amount which does not include provision for credit losses and impairment of investments.



# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

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## 39. ADDITIONAL DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES IN COMPLIANCE WITH CIRCULAR NO. 210/2009/TT-BTC

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") which is effective for financial years beginning on or after 1 January 2011.

Because Circular 210 only provides guidance for the presentation and disclosures of financial instruments, the concepts of financial assets, financial liabilities and other related concepts presented as follows are solely applied for the disclosure of this note. The assets, liabilities and equity of the Bank have been still recognised and accounted for in accordance with the Vietnamese Accounting Standards and Accounting System for Credit Institutions and relevant regulations stipulated by the State Bank of Vietnam.

### Financial assets

Financial assets of the Bank and its subsidiaries within the scope of Circular 210 comprise cash, gold, precious stones, balances with the SBV, placements with other banks, loans and advances to customers and other banks, trading and investment securities, receivables and other assets under monetary derivative contracts.

According to Circular 210, financial assets are classified appropriately, for the purpose of disclosure in the consolidated financial statements, into one of the following categories:

#### ***Financial asset at fair value through profit or loss:***

is a financial asset that meets either of the following conditions:

- a) It is classified as held for trading. A financial asset is classified as held for trading if:
  - It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
  - On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
  - It is a derivative (except for a derivative that is a financial guarantee contract or a designated effective hedging instrument).
- b) Upon initial recognition it is designated by the Bank as at fair value through profit or loss.

#### ***Held-to-maturity investments:***

are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity other than:

- a) Those that the Bank upon initial recognition designates as at fair value through profit or loss;
- b) Those that the entity designates as available for sale; and
- c) Those that meet the definitions of loans and receivables.

#### ***Loans and receivables:***

are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- a) Those that the Bank intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;
- b) Those that the Bank upon initial recognition designates as available for sale; or
- c) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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## 39. ADDITIONAL DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES IN COMPLIANCE WITH CIRCULAR NO. 210/2009/TT-BTC (continued)

### Financial assets (continued)

#### ***Available-for-sale assets:***

are non-derivative financial assets that are designated as available for sale or are not classified as:

- a) Loans and receivables;
- b) Held-to-maturity investments;
- c) Financial assets at fair value through profit or loss.

#### ***Financial liabilities***

Financial liabilities of the Bank under Circular 210 consist of borrowings from the Government and the State Bank of Vietnam, deposits and borrowings from other banks, due to customers, grants, entrusted funds and loans exposed to risks, valuable papers issued by the Bank, payables and other liabilities under monetary derivative contracts.

According to Circular 210, financial liabilities are classified appropriately, for the purpose of disclosure in the consolidated financial statements, into one of the following categories:

- Financial liabilities at fair value through profit or loss

is a financial liability that meets either of the following conditions:

- a) It is classified as held for trading. A financial liability is classified as held for trading if:
  - It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
  - On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
  - Công cụ tài chính phái sinh (ngoại trừ các công cụ tài chính phái sinh được xác định là một hợp đồng bảo lãnh tài chính hoặc một công cụ phòng ngừa rủi ro hiệu quả).
- b) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

#### ***Financial liabilities at amortised cost***

Financial liabilities are not categorized as at fair value through profit or loss will be classified financial liabilities at amortised cost.

#### ***Offsetting financial assets and liabilities***

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

# /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

B05/TCTD

## 39. ADDITIONAL DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES IN COMPLIANCE WITH CIRCULAR NO. 210/2009/TT-BTC (continued)

### 39.1 Carrying amount and fair value of financial assets and financial liabilities

The carrying amount and fair value of financial assets of the Bank and its subsidiaries at the year-end are presented as below:

Unit: VND million

	FAIR VALUE THROUGH PROFIT OR LOSS	HELD-TO- MATURITY	LOANS AND RECEIVABLES	AVAILABLE- FOR-SALE	OTHER ASSETS AT AMORTISED COST	TOTAL	FAIR VALUE
Cash, gold and precious stones	-	-	-	-	4,827,650	4,827,650	4,827,650
Balances with the SBV	-	-	-	-	1,891,120	1,891,120	1,891,120
Due from other banks	-	-	1,000,718	-	1,657,808	2,658,526	(*)
Trading securities	199,968	-	-	-	-	199,968	(*)
Loans and advances to customers	-	-	49,756,163	-	-	49,756,163	(*)
Available for sale securities	-	-	-	4,290,122	-	4,290,122	(*)
Other financial assets	-	-	-	-	2,464,854	2,464,854	(*)
	199,968	-	50,756,881	4,290,122	10,841,432	66,088,403	

(\*) Fair value of financial assets cannot be determined because there is no specific guidance of fair value determination under the Vietnamese Accounting Standards and Accounting System for Credit Institutions and relevant regulations stipulated by the State Bank of Vietnam.

The carrying amount and fair value of the Bank's financial liabilities at the year-end are presented as below:

VND million

	FAIR VALUE THROUGH PROFIT OR LOSS	HELD-TO- MATURITY	LOANS AND RECEIVABLES	AVAILABLE- FOR-SALE	OTHER ASSETS AT AMORTISED COST	TOTAL	FAIR VALUE
Due to other credit institution	-	-	-	-	5,874,350	5,874,350	(*)
Due to customers	-	-	-	-	50,790,243	50,790,243	(*)
Grants, entrusted funds and loans exposed to risks	-	-	-	-	703,017	703,017	(*)
Valuable paper issued	-	-	-	-	4,323,124	4,323,124	(*)
Other liabilities	-	-	-	-	1,298,674	1,298,674	(*)
	-	-	-	-	62,989,408	62,989,408	

(\*) Fair value of financial liabilities cannot be determined because there is no specific guidance of fair value determination under the Vietnamese Accounting Standards and Accounting System for Credit Institutions and relevant regulations stipulated by the State Bank of Vietnam.

## /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

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### 39. ADDITIONAL DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES IN COMPLIANCE WITH CIRCULAR NO. 210/2009/TT-BTC (continued)

#### 39.2 Financial assets pledged, mortgaged or transferred but not derecognised

The financial assets of the Bank and its subsidiaries, which have been pledged, mortgaged to secure for loans or transferred under the sale and repurchase contracts with the SBV are as follows:

Unit: VND million

	31 DECEMBER 2012		31 DECEMBER 2011	
	CARRYING AMOUNT	RELATED OBLIGATIONS	CARRYING AMOUNT	RELATED OBLIGATIONS
Government bonds	-	-	872,190	844,468

#### 39.3 Hedging

For assets and liabilities management, the Bank and its subsidiaries have not used any derivative financial instruments for hedging purpose..

### 40. CAPITAL AND OPERATING LEASE COMMITMENTS

Unit: VND million

	31 DECEMBER 2012	31 DECEMBER 2011
Capital commitments for constructions and purchase of office equipment	201,979	38,956
Irrevocable operating leases		
due within one year	75,415	73,032
due from two to five years	147,980	134,612
due after five years	55,948	25,825
	279,343	233,469

### 41. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

There have been no significant events occurring after the consolidated balance sheet date which would require adjustments or disclosures in the notes to the consolidated financial statements.

## /// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

as at and for the year ended 31 December 2012

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### 42. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE YEAR-END

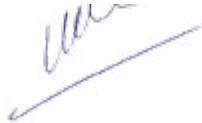
	31 DECEMBER 2012 VND	31 DECEMBER 2011 VND
USD	20,828	20,828
EUR	27,430	27,290
GBP	33,560	32,470
CHF	22,700	22,380
JPY	241	271
SGD	16,970	16,210
CAD	20,810	20,640
AUD	21,530	21,430

Prepared by



**Ms Bui Nguyen Bao Vi**  
Deputy Head of Accounting  
Department  
Ho Chi Minh City, Vietnam  
29 March 2013

Reviewed by



**Ms Vo Thi Kim Anh**  
Chief Accountant

Approved by



**Mr Tran Phuong Binh**  
General Director





## DongA Commercial Joint Stock Bank

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