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VISION

By

2017

VPBank will become

1

of the five leading joint-stock commercial banks in Vietnam
of the three leading retail joint-stock commercial banks in Vietnam

CORE VALUES

CUSTOMER FOCUS

PRODUCTIVITY

AMBITION

PEOPLE DEVELOPMENT

TRUST

MAKE THE DIFFERENCE



FINANCIAL HIGHLIGHTS

BUSINESS PERFORMANCE INDICATORS	Unit	2011	2012	2013
Total assets	VND billion	82,818	102,673	121,264
Shareholder's equity	VND billion	5,996	6,709	7,727
Deposits from customers	VND billion	29,412	59,514	83,844
Loans to customers	VND billion	29,184	36,903	52,474
Total operating income	VND billion	2,487	3,114	4,969
Profit before tax	VND billion	1,064	949	1,355

PROFITABILITY AND PRUDENTIAL INDICATORS	Unit	2011	2012	2013
ROA	%	1.12	0.77	0.91
ROE	%	14	11	14
CAR	%	11.9	12.5	12.5
LDR	%	134	76	77

PROFIT BEFORE TAX (VND billion)



TOTAL ASSETS (VND billion)



DEPOSITS FROM CUSTOMERS (VND billion)



LOANS TO CUSTOMERS (VND billion)



CAGR: Compound annual growth rate

MESSAGE FROM THE CHAIRMAN AND CEO



Last year, 2013, has been our second consecutive year at Vietnam Prosperity Commercial Joint Stock Bank (VPBank) of seamlessly adopting the 'three-pronged' strategy to realize our vision of becoming a top-three retail Joint Stock Bank (JSB) and a top-five overall JSB in Vietnam by 2017.

Through implementing our vision and strategy, the Bank's transformation agenda has been reflected in a vast array of key projects that were vigorously and radically undertaken in 2013 with a view to: (i) boosting robust growth; (ii) building and enhancing organizational and foundational systems; (iii) ramping up productivity; and (iv) reducing operational risk expenses.

Regarding financial performance, VPBank has fulfilled numerous underlying targets to become one of the few Joint-Stock Commercial Banks in Vietnam that have yielded a positive business performance in 2013:

- ♦ The Bank's customer deposits increased by VND24.4

trillion, equivalent to an increase of 41%, as compared to 2012. This is considered a sound growth rate among the group of Joint-Stock Commercial Banks;

- ♦ The Bank's loan balance rose by VND15.6 trillion, equivalent to roughly 42% as compared with 2012. This is an encouraging indicator which has been highly appreciated amidst the tough context for credit growth in the banking sector;
- ♦ The Bank's consolidated profit before tax reached VND1,355 billion, up by 43% and exceeded the target that was approved by the General Shareholders.

Earning these achievements, in which we take pride, against the backdrop of economic turbulence, is attributable to the Bank's thorough preparation of a good foundational system from the very first year of rolling out our transformation strategy. In 2013 alone, VPBank sharpened its bank-wide focus on completing the following important assignments:

- ♦ **Operational system:** Undertaking the centralization of operational models, including improving quality and extending the centralized credit processing activities; sharpening focus on collateral evaluation activities; upgrading Corporate Banking Service Center; and separating a vast range of support activities for transference to the Bank's subsidiaries;
- ♦ **Risk management system:** Stabilizing the new organizational structure; enacting a series of regulations on risk management policies; setting up risk management strategy; rolling out credit monitoring activities; putting a premium on operational risk management; introducing the evaluation system and enhancing the quality of the scorecards for retail and SME customers;
- ♦ **Collection system:** Setting and successfully organizing the centralized collection system; and releasing business units from the collection function to reinforce business performance;
- ♦ **Information Technology (IT) System:** Setting up the bank-wide IT Master Plan; implementing a variety of key projects to support the business and network development.
- ♦ **Financial management:** Setting up plans, monitoring and conducting detailed evaluation of each division, each business unit and each specific business activity; successfully executing the centralized reporting; strictly monitoring the internal expenditure; making financial statements in accordance with International Financial Reporting Standards (IFRS); initially standardizing data management and building automated reporting system;
- ♦ Another notable achievement in 2013 was that the Bank's plans for implementation and consolidation of its organizational structure continued to be relentlessly focused on with the establishment of such business units as Commercial Banking (CMB), SME Centers; initially rolling out and preparing for reorganization of the sales and service system towards specializing the role of selling products and services as well as customer care in branches; optimizing the products and services to deliver more utilities and conveniences for customers; and laying foundations for the expansion plan in 2014.



Ngo Chi Dzung
BOD Chairman

In 2014, VPBank's BOD and BOM will continue to undertake key strategic projects throughout the Bank's four transformation components, including the following core tasks:

- ♦ To further improve the Bank's foundational systems in the first half of 2014 through the strategic projects on risk management, operations, human resources, information technology and other areas. The most remarkable ones are: Improvement of card issuance and management system; automation of the enterprise resource planning (ERP); successful establishment and implementation of the Business Intelligence Competency Center; introduction of the new centralized collection system; launch of the new E-banking system; execution of key components in the Risk Management Strategy; application of the Core Competency Framework to all the Bank's staff; and the first phase of the program on human resource quality improvement;
- ♦ Capitalizing on the accomplishments of the foundational systems solidified in 2012, 2013 and the first half of 2014. In the second half of 2014, the Bank will focus its resources on generating disruptive business growth in its main business areas in service of our rapid expansion of large-scale sales campaigns, stimulation of sales efficiency from the projects on specialization of sales staff, customer care and cross-selling coordination between traditional channels and new alternative channels, strong development of state-of-the-art products, services and amenities.

2014 is considered a pivotal year for the Bank as we shift from the old chapter of foundation system solidification to the new chapter of disruptive growth in VPBank's five-year strategy. We expect to continuously earn the trust and further support from our valued customers, shareholders, investors and partners. Rest assured, the Board of Directors and the Board of Management have every intent to stay on course fulfilling our targets and delivering exceptional added value to our VPBank shareholders.

Our warmest thanks!



Nguyen Duc Vinh
CEO



OVERVIEW OF VPBANK

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A 20 YEAR JOURNEY

2013 marked a significant milestone in our 20-year journey of transformation from establishment to development (August 12, 1993 – August 12, 2013). Today, we build on the momentum of our track record through implementing rapid development amid tough economic conditions while we continue to execute signature innovative breakthroughs in the banking industry.

Aggressive transformation

VPBank's comprehensive *Transformation Program* was initiated in 2010 and a component of this major initiative included the renaming of the Bank from Vietnam Joint-Stock Commercial Bank for Private Enterprises into Vietnam Prosperity Joint-Stock Commercial Bank. Earlier, VPBank had engraved a number of landmarks on the market by investing in IT infrastructure development. We were the first bank to introduce the first chip card in Vietnam, the VPBank Platinum MasterCard in 2007. In 2009, we were one of the leading banks in the market to deploy an electronic banking service. It was not until 2010, however, that VPBank began to substantively "peel its skin" in all respects culminating in the 2010 comprehensive transformation program in the consultation with McKinsey & Company. A series of initiatives for foundation building and business development were implemented including our Sales Stimulation Program (SSP), Value Proposition Initiative for Customer Segments, Network Development Initiative, Organizational Structure and Staffing Initiative, Risk Management Strengthening Initiative and the Centralized Credit Approval Initiative.

In 2012, facing internal as well as external changes, VPBank took the initiative in formulating an ambitious growth strategy for the period 2012 – 2017 and set forth the goal to become a top-five Joint-Stock Bank and a top-three Retail Joint-stock Bank in Vietnam by 2017.

The 'three-pronged' strategy has been drastically adopted by VPBank to drive organic growth in the targeted customer segments, to continue strengthening capacities and pro-actively monitor the market. In addition, a variety of new initiatives have been implemented, including

Alternative Channel Strategy Project, Fee Income Strategy Project, SME Strategy Project, Risk Management Strategy Project, Information Technology Strategy Project, Debt Collection Project, and most recently, Sales and Distribution Transformation Project.

Extraordinary breakthroughs

VPBank's transformation efforts have reaped tangible results. Our tremendous growth is measurably reflected in the level of scaling up of its branches and transaction offices nationwide and through its diversified development of sales and distribution channels.

After 20 years of operation, VPBank today has more than 200 transaction offices, including 63 modern and professional SME centers and nearly 7,000 employees and sales collaborators. The Bank's chartered capital has increased from VND210 billion in 2004 to VND5,770 billion in 2013. In February 2014, the State Bank of Vietnam agreed with VPBank on raising its chartered capital to VND6,347 billion. In 2011, VPBank's profit before tax exceeded VND1,000 billion for the first time. In 2012, the Bank's total assets were in excess of VND100,000 billion for the first time. In 2013, profit before tax increased by 43% as compared with 2012 and profit after tax exceeded VND1,000 billion for the first time ever.

Thanks to the innovative value proposition programs and the new brand identity research, VPBank's transaction office network has been completely transformed with regard to appearance, model and service amenities. VPBank's products and services have always been continuously improved while

incorporating many more utilities in an attempt to enrich benefits for its customers. All have contributed to satisfying existing customers and capturing the new ones, speedily expanding the customer base and increasing deposits with VPBank. In 2012, VPBank's customer deposits grew at 102%, which ranked 1st in the market. In 2013, VPBank's customer base went up by almost 60% as compared with 2012.

VPBank's foundational system has been more and more firmly strengthened. The Bank is a market leader in application of advanced IT in products, services and operating systems. The Bank has flexibly used the technologies of sustainable development in consonance with international governance standards such as ITIL and Service Oriented Architecture (SOA). VPBank also attained international certification on Payment Card Industry Data Security Standard (PCI DSS) and is on the way to complete the IT Strategy for period 2012-2017.

Along with the building of a solid corporate culture environment, the core HR management system has been formulated and successfully instituted at VPBank. The Bank has standardized the job title and staffing system, set standard KPIs, successfully implemented the work performance management system and innovated the remuneration and incentive system. Most recently, the Bank has implemented the program on capacity evaluation and enhancement in conformity with international standards for the bank-wide staff.

VPBank has gradually rolled out an independent, centralized and specialized risk management system that meets international standards and is closely linked to the Bank's business strategy. We closely studied and monitored the material risks on credit, liquidity and market operations to maintain the necessary level of capital and we kicked off strategic projects to set the premise for the realization of international standards, particularly the Basel II. In parallel with the implementation of international best practices with regard to corporate governance, VPBank has continuously perfected its organizational structure in line with our clear and transparent corporate governance policies.

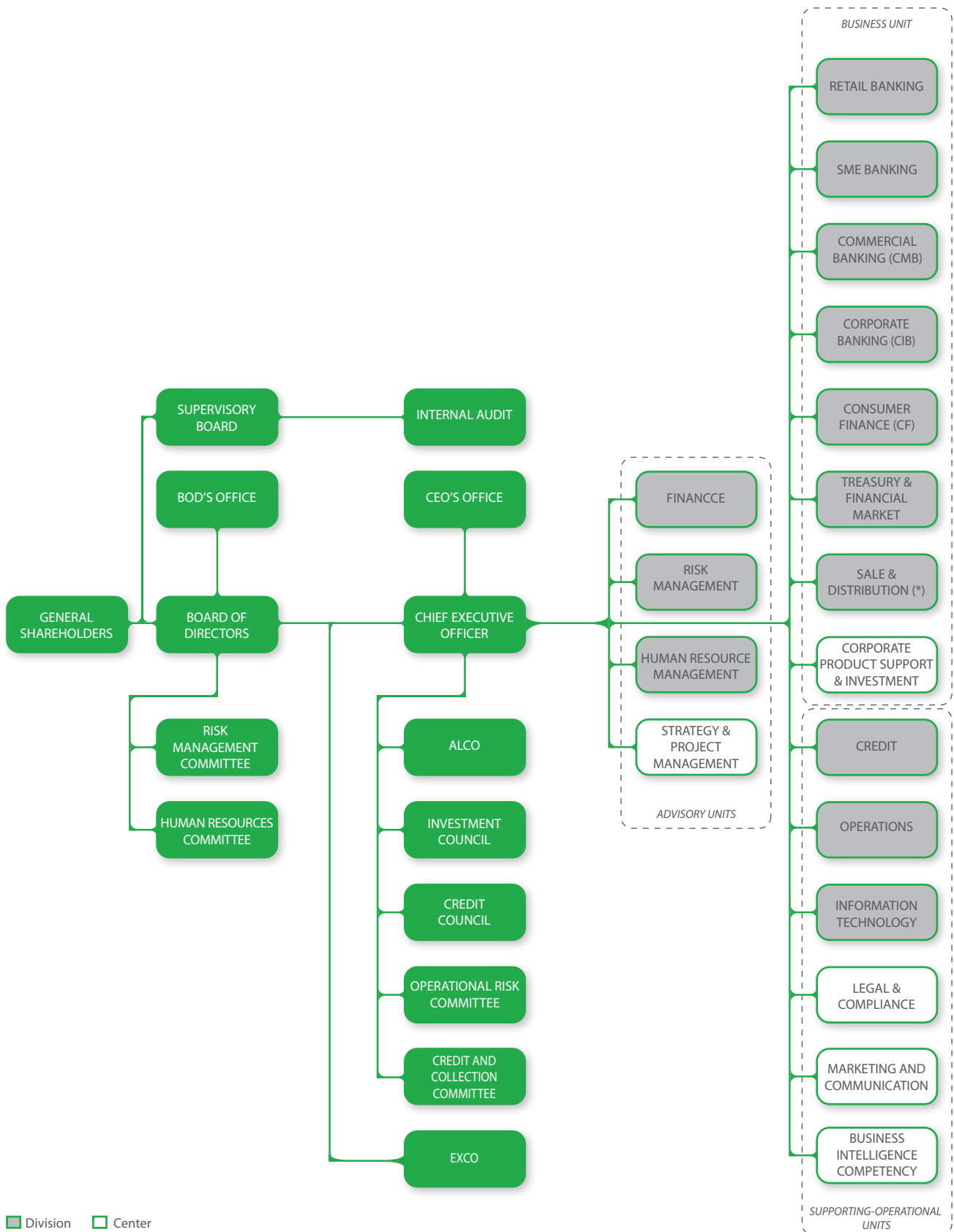
Due to these numerous initiatives, VPBank's brand has grown increasingly solid earning us a number of prestigious awards including: Most Innovative Retail Bank in Vietnam in 2013 awarded by Global Banking & Finance Review; Excellent Certificate of Outstanding Quality of International Payment awarded by Citibank, Bank of New York; Most Satisfactory Retail Banking Service title, Vietnam Trade in 2012, Top 500 Vietnam Trade Name coupled with a wide range of other awards.

VPBank will diligently and aggressively implement the 2012-2017 growth strategy in conjunction with the building of foundations to drive growth, aiming at hitting its ambitious targets by 2017.



Chairman Ngo Chi Dzong and CEO Nguyen Duc Vinh received the Certificate of Merit awarded by the Governor of the State Bank of Vietnam at the 20-year Anniversary of VPBank held in August 2013.

ORGANIZATIONAL CHART



(*) Since April 1, 2014, S&D activities will be segregated and merged into the Retail Banking Division and the SME Division

MEMBERS OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD



1. Mr. Ngo Chi Dzung

Chairman of the Board of Directors

Graduating from Moscow Geological Prospecting University in 1992, Mr. Dzung successfully completed his doctoral thesis at the Institute of Social-Political Strategic Research under the Russian Academy of Sciences in 2002. From 1996 to 2004, he was a founding shareholder and appointed member of the Board of Directors of Vietnam International Bank (VIB). From 2005 to 2010, he was the Chairman of KBG Group (Russia) and Vice Chairman of Vietnam Technological and Commercial Joint Stock Bank (Techcombank). He joined the Board of Directors of VPBank in April 2010 and was selected Chairman of the Board of Directors until now. In addition, he was the Chairman of Human Resources Committee, Investment Council, high-level Credit Council, Vice Chairman of Risk Management Committee and a voting member of the Assets - Liabilities Management Council (ALCO) of VPBank.

2. Mr. Bui Hai Quan

Vice Chairman of the Board of Directors

After graduating in economics from Kiev National Economics University of Ukraine, Mr. Quan was an intern and collaborator of this university from 1991 to 1993. He is currently Director of Viet Hai Trading and Technical Service Co., Ltd.; member of the Board of Directors of Long Viet MDF Wooden Technology Joint-stock Company; and Chairman of the Board of Directors of Hong Hai Company Ltd. He joined the Board of Directors of VPBank in April 2006 and was elected Vice Chairman in December 2008. He is now a member of the Human Resources Committee, Investment Council, ALCO, Vice Chairman of the high-level Credit Council, Chairman of Risk Management Committee, and Chairman of the Members' Council of VPBank Securities Company.

3. Mr. Lo Bang Giang

Vice Chairman of the Board of Directors

Mr. Giang obtained a Master Degree in Economics from Kiev National Aviation University, Ukraine in 2002. After that, he received his Bachelor Degree in Finance and Banking from Moscow Economics, Statistics and Information University, the Russian Federation in 2010. Mr. Giang acted as Head of the Supervisory Board of Delta Bank and has been Member of the Board of Directors of Hung Vuong

Aqua-products Joint Stock Company since 2008. Mr. Giang has been the Vice Chairman of the Board of Directors of VPBank since March 2010. Additionally, he is also a member of the Human Resources Committee, Investment Council, ALCO, Risk Management Committee and Vice Chairman of the high-level Credit Council of VPBank as well as the Members' Council of VPBank Securities Company.

4. Mr. Phung Khac Ke

Independent Member of the Board of Directors

After graduating from Hanoi University of National Economics in 1969, Mr. Ke was retained as a lecturer at the university for two years and then moved to work for the State Bank of Vietnam from September 1971. From 1983 to 1987, he was a research student on currency circulation and credit at Leningrad Institute of Economics and Finance, the former Union of Soviet Socialist Republics (USSR). Since June 1979, Mr. Ke held many managerial positions at the State Bank of Vietnam such as Deputy Manager of the Issue and Vault Department and the Economics and Planning Department, Deputy Chief of the Governor's Office, Manager of the Credit Department. From February 1998 to April 2002, he was appointed Chief Executive Officer of Vietnam Joint Stock Commercial Bank for Industry and Trade. From May 2002 to April 2008, Mr. Ke was Deputy Governor of the State Bank of Vietnam. From April 2011 to date, he has been an independent member of VPBank's Board of Directors. He has also been a member of the Risk Management Committee of VPBank since its establishment.

5. Mr. Luong Phan Son

Member of the Board of Directors

Mr. Son graduated from Lvov Polytechnic National University, USSR with a Bachelor's degree in Engineering. From 1988 to 1993, he worked for Bechka company in Lvov city. After that, he came back to Vietnam and took the position of Deputy General Director of Tan Hoang Minh Company from 1994 to 1997. From 1998 to date, he has been Deputy Director cum Chief Representative of INVESTLINK Company in Russian Federation. Mr. Son was a member of VPBank's Board of the Directors from April 2012 to October 2012 and from April 2013 to date.



6. Mr. Nguyen Duc Vinh

Chief Executive Officer (CEO), member of the Board of Directors

Mr. Nguyen Duc Vinh earned two MBAs from both France and the United States. He worked as Deputy General Director for Vietnam Airlines Corporation (Vietnam Airlines) before taking his roles in the Board of Directors and the Board of Management for Vietnam Technological and Commercial Joint Stock Bank (Techcombank) with important positions including: CEO, member of the Board of Directors cum CEO, Vice Chairman of the Board of Directors. From July 2012 to date, Mr. Nguyen Duc Vinh has been the CEO of VPBank. From April 2013, Mr. Nguyen Duc Vinh has been elected member of the Board of Directors of VPBank.

7. Ms. Nguyen Quynh Anh

Head of the Supervisory Board

Ms. Anh graduated from Lenin Pedagogical University in Moscow in 1994 with a Bachelor Degree in Russian Linguistics and Literature. She also obtained Master degrees in Educational Sciences and Business Administration, specializing in corporate governance model from the State University of Management, the Russian Federation. Ms. Anh was Deputy Editor-in-chief of the “Nhan Hoa” Newspaper – a newspaper under the Russian Press Committee from 1995 to 2003. She then undertook positions of Accountant, Material Supplies Manager, Financial Director of BeePack Group, the Russian Federation from 2003 to 2008. From 2009 to February 2010, she was General Director of Lien Minh Investment Joint Stock Company. She was a member of the Supervisory Board of Vietnam Technological and Commercial Joint Stock Bank (Techcombank) from 2008 to March 2010 and Euro Capital Securities Company from 2009 to June 2010. She was elected Head of the Supervisory Board of VPBank from March 2010 to date and served as a full-time member. Ms. Anh has also acted as the Chief Supervisor of VPBank Securities Company since September 2011.

8. Ms. Trinh Thi Thanh Hang

Full-time Member of the Supervisory Board

Graduating from the University of Natural Sciences – Hanoi National University with a Bachelor Degree in Information Technology and the National Economics University with a Bachelor Degree in Finance and Banking, Ms. Hang worked as a teacher at Hong Bang High School, Hanoi from 1998 to 1999. She then worked for Military Commercial Joint Stock Bank. She held the position of Information Technology Officer from 1999 to 2008 and Financial Officer from 2008 to March 2010. Ms. Hang has been appointed member of the Supervisory Board since March 2010. Also, she has been appointed the Supervisor of VPBank Asset Management Company Limited since November 2010.

9. Ms. Nguyen Thi Mai Trinh

Member of the Supervisory Board

After graduating from Moscow Geological State University with a Bachelor Degree in Economics, Ms. Trinh received a bachelor degree in Law of Intellectual Property from the University of Intellectual Property Law, the Russian Federation. She then obtained a Doctoral Degree in Economics Science from Moscow Geological Prospecting Institute, Russian Federation. She has held various positions in Moscow, such as Accountant for Dominanta Service Company from 1995 to September 1998 and King Lion Company from October 1998 to December 2002. She held the position of Chief Finance Officer (CFO) for Beepack Company within 5 years from August 2004 to October 2008 and Accounting Officer for Interlogo Business Corp Company in Moscow – a company specialized in international financial investment - from August 2005 to December 2011. She was also the CFO of KBG Group from October 2008 to December 2011. Ms. Trinh has been a member of VPBank’s Supervisory Board since March 2012.

MEMBERS OF THE BOARD OF MANAGEMENT



1. Mr. Nguyen Duc Vinh

Chief Executive Officer (CEO)

Mr. Nguyen Duc Vinh earned two MBAs from both France and the United States. He worked as Deputy General Director for Vietnam Airlines Corporation (Vietnam Airlines) before taking his roles in the Board of Directors and the Board of Management for Vietnam Technological and Commercial Joint Stock Bank (Techcombank) with important positions including: CEO, member of the Board of Directors cum CEO, Vice Chairman of the Board of Directors. From July 2012 to date, Mr. Nguyen Duc Vinh has been the CEO of VPBank. From April 2013, Mr. Nguyen Duc Vinh has been elected member of the Board of Directors of VPBank.

2. Ms. Luu Thi Thao

Deputy CEO, Head of Finance Division

Ms. Luu Thi Thao graduated from the Banking Academy with a Bachelor Degree in accounting. She has been a member of the Association of Chartered Certified Accountants of the United Kingdom (The ACCA UK) since 2002. She used to work for PricewaterhouseCoopers (Vietnam) Company Limited and KPMG Vietnam Company Limited before holding various management positions such as Head of Internal Audit, Compliance Department, ABN AMRO Vietnam Branch and Chief Financial Officer of ANZ Bank Vietnam. Ms. Luu Thi Thao has been Deputy CEO of VPBank cum Head of Finance Division since August 2011.

3. Mr. Peterjan van Nieuwenhuizen

Deputy CEO, Head of Operations Division

Mr. Peterjan Van Nieuwenhuizen obtained a Master Degree of Information Technology from Twente University (the Netherlands), a Bachelor of Arts and Certificate of Advanced Study in Mathematics from the University of Cambridge (England). He had extensive working experience at McKinsey & Company in senior positions such as Associate Partner and Engagement Manager in a variety of countries such as the United Kingdom, Canada, Singapore, Indonesia and South Africa. He has been Head of Operations Division of VPBank since October 2012. From November 2013, he was appointed to be the Deputy CEO of VPBank cum Head of Operations Division, taking charge in leading the radical transformation at VPBank.

4. Mr. Kalidas Ghose

Deputy CEO, Head of Consumer Finance Division,
Head of Retail Banking Division

Mr. Kalidas Ghose graduated from Jadavpur University (India) and then obtained a post-graduate certificate on Business Administration, XLRI School of Management and Human Resources, Jamshedpur (India). He has held various important positions such as: General Director of CitiFinancial India, President cum CEO of CitiFinancial Corp (Philippines), CEO of Prudential Vietnam Finance Company Limited, General Director of Retail Banking and Individual Investment Management, Mekong Region of ANZ Vietnam. He joined VPBank in March 2011 and now serves as the Deputy CEO cum Head of 2 Divisions including Consumer Finance Division and Retail Banking Division of VPBank.



5. Mr. Vu Minh Truong

Deputy CEO, Head of Treasury and Financial Market Division

Obtaining his Bachelor of Business Administration from the West Berlin University in Germany, Mr. Vu Minh Truong worked as Manager of the Corporate Banking Department of HSBC, Director of Currency Trading, Foreign Exchange and Global Markets for Vietnam at Standard Chartered Bank Vietnam, Director of Global Markets for Vietnam and Director of Financial Institution in the Greater Mekong Region of ANZ Vietnam. From July 2011 to the end of 2013, Mr. Vu Minh Truong assumed the position of Deputy CEO of VPBank cum Head of Wholesale Banking Division. Since January 2014, he has been Deputy CEO cum Head of Treasury and Financial Market Division of VPBank.

6. Ms. Luu Thi Anh Xuan

Deputy CEO, Head of Commercial Banking Division

Mrs. Luu Thi Anh Xuan obtained her master degree from Henley Management College in the United Kingdom. Mrs. Xuan has diverse experience with specialized skills in banking industry through holding several senior leadership positions including Vice Chairman, Director of Trade Finance of Deutsche Bank - Ho Chi Minh Branch, Relationship Manager of ABN ARMO Bank - Hanoi Branch, Deputy Director of Smartlinks, Vice Chairman and Director of nation-wide Trade Finance of Citibank, Deputy CEO of Techcombank. Mrs. Xuan joined VPBank in August 2012 and has been Deputy CEO cum Head of Commercial Banking Division.

7. Mr. Nguyen Thanh Binh

Deputy CEO, Head of Credit Division

Mr. Nguyen Thanh Binh joined the Armed Forces of Vietnam from 1985 to 1988 before obtaining a Bachelor Degree in Finance and Banking from Hanoi University of National Economics and completing a post-graduate training course on Public Policies of the Fulbright Vietnam Program. Joining VPBank from 1994, he had held various managerial positions in the Credit Department, Research and Development Department, General Affairs and Branch Management Department at VPBank's Head Office amongst other positions before being appointed Deputy CEO in 2002. He is now Deputy CEO cum Head of Credit Division.

8. Ms. Nguyen Thi Bich Thuy

Deputy CEO

After graduating from the National Economics University with a Bachelor degree in Accounting in 1994, Ms. Nguyen Thi Bich Thuy pursued a Master of Finance and Banking course at Paris Dauphine University & ESCP, France. She has held the position of Deputy Manager of the General Treasury Department of the Asia Pacific Bank and Deputy CEO of Habubank. From June 2010 to December 2013, Ms. Nguyen Thi Bich Thuy was the Deputy CEO of VPBank cum Head of Treasury and Investment Division. Since January 2014, she has assumed the position of Deputy CEO of VPBank.

MEMBERS OF THE BOARD OF MANAGEMENT



9. Ms. Duong Thi Thu Thuy

Deputy CEO, Head of Sales and Distribution Division

Ms. Duong Thi Thu Thuy obtained her Bachelor Degree from the Hanoi Banking College, Bachelor Degree in Finance and Banking from the University of National Economics and a Bachelor Degree in English language from the Hanoi Foreign Languages University under the Hanoi National University and her Master Degree in Senior Management from the National Economics University. Since 2002, she worked at VPBank and held various managerial positions including Head of Corporate Customer Relationship Department – Branch Manager of VPBank Hanoi, Deputy CEO cum Director of Transaction Center and Deputy CEO cum Head of Retail and SME Division. She has been Deputy CEO cum Head of Sales and Distribution (S&D*) Division since June 2012.

10. Mr. Phan Ngoc Hoa

Deputy CEO, Deputy Head of Sales and Distribution Division

After obtaining a Bachelor Degree in Finance from the University of Economics Ho Chi Minh City in 1994, Mr. Phan Ngoc Hoa joined VPBank. He had held various senior managerial positions at VPBank Ho Chi Minh and VPBank Sai Gon branches before being appointed Deputy CEO of VPBank in 2010. He is now Deputy CEO cum Deputy Head of Sales and Distribution Division of VPBank.

11. Mr. Wilhelmus Johannes Broekhuizen

Head of Risk Management Division

Mr. Wilhelmus Johannes Broekhuizen graduated from Law Faculty, Erasmus University Rotterdam (the Netherlands) and has had more than 30 years of working experience in the banking sector. He held key positions in ING Bank from 2002 to 2010 including Director of Risk Management in Romania, Regional Director of Risk Management in Czech Republic, Slovakia and Austria. Prior to joining VPBank, he was Director of Risk Management and member of the Board of Managers of The Royal Bank of Scotland in Romania. Since September 2013, he has held the position of Head of Risk Management Division.

12. Mr. Fung Kai Jin

Head of SME Banking Division

Obtaining a Bachelor's Degree in Economics from the Royal Melbourne Academy - Institute of Technology and a Master of Business Administration at Curtin University (Australia), Mr Fung Kai Jin has gained many years of experience working in the banking sector in Asia. He has held the position of Executive Vice President cum Head of Commercial Banking for 6 years at Alliance Bank (Malaysia). Earlier, Mr. Fung Kai Jin had taken up senior management positions such as Director of International Settlements, Director of Corporate Banking and Head of SME Division at Standard Chartered Bank in Malaysia. Mr. Fung Kai Jin joined VPBank in April 2013 and he is now working as Head of Small Medium Enterprises (SME) Banking Division.

(*) Since April 1, 2014, S&D activities will be segregated and merged into the Retail Banking Division and the SME Division



13. Ms. Phung Thi Thu Huong

Head of Corporate Banking Division

Ms. Phung Thi Thu Huong graduated from Hanoi Foreign Trade University and held a Master's degree in Banking and Finance Economics from the University of Paris Dauphine & ESCP (France). She has had more than 20 years of experience in the banking and financial sectors in senior leadership positions including Director of Operations at Chinfon Bank (Taiwan), Customer Relationship Manager at Standard Chartered Bank Hanoi Branch, Director of Financial Advisory company in Vietnam International Securities and Head of Financial Markets at ANZ Bank Vietnam. She joined VPBank in July 2011 and has served as VPBank Head of Corporate Banking Division from January 2014.

14. Ms. Pham Bach Duong

Head of Human Resources Division

Ms. Pham Bach Duong obtained the Bachelor of English at the Hanoi University in 1984. She also attended training courses in the major of Human Resources in the Asian Institute of Technology and Australian Human Resources Institute in 1995. She has held the position of Chief Human Resources Officer at many large multinational companies. Prior to joining VPBank, she had been working as the Chief Human Resources Officer for Standard Chartered Bank Vietnam Limited (Vietnam). She has assumed the role as Head of Human Resources Division at VPBank since February 2014.

15. Mr. Vo Tan Long

Head of Information Technology Division

Graduating from the Saint-Petersburg State Electrical Engineering University as an electronics engineer in 1992, Mr. Vo Tan Long successfully completed his doctoral thesis in Physics and Mathematics at this university in 1995. With sixteen years of experience working in various positions such as technical support, project management, information technology solutions, Business Manager and General Director of IBM Vietnam, Mr. Vo Tan Long joined VPBank since April 2013 as Head of Information Technology Division.

16. Mr. Le Hoang Lan

Head of Strategy and Project Management Center

Mr. Le Hoang Lan graduated from the Banking Academy in 1994. He had nearly 10 years experience working for the State Bank of Vietnam, with extensive experience in ODA projects and program management and international cooperation. While working for the State Bank of Vietnam, he obtained a Master Degree in Public Policies from the National Graduate Institute for Policies Studies (GRIPS) in Japan. From 2004, he worked as a consultant for Asian Development Bank (ADB) in public policy training. Joining VPBank in November 2010, he is now Head of Strategy and Project Management Center.

MEMBERS OF THE BOARD OF MANAGEMENT



17. Mr. Tran Tuan Viet

Head of Marketing and Communications Center

A graduate from the University of Hanoi, Hanoi Foreign Trade University and University of Languages and International Studies - Vietnam National University, Mr. Tran Tuan Viet has gained nineteen years of experience in the fields of commerce, marketing, communications and advertisement. He has held several positions including Business Development Manager, Director of Retail Commerce in such multisectoral conglomerates as FPT, Ocean Group; Managing Director and Chief Operations Officer in media companies such as FPT Media, Santa Vietnam and Ancom Communication. Mr. Tran Tuan Viet joined VPBank in July 2013 and he is now taking up the position of Head of Marketing and Communications Center at VPBank.

18. Mr. Vivek Bhanot

Head of Business Intelligence Competency Center

Mr. Vivek Bhanot obtained his Bachelor of Civil Engineering degree from Thapar Institute of Engineering & Technology (now Thapar University) in India and his MBA in Hong Kong University. He worked as a structural design engineer in Punj Lloyd Limited in India for 3 years. Since 2009, he has been working in the Vietnamese banking industry in various roles providing extensive decision support to senior management & business units. After working in Techcombank for three and a half years, Mr. Vivek Bhanot joined VPBank in January 2013 and is now the Head of Business Intelligence Competency Center.

19. Ms. Nguyen Thi Bich Thao

Deputy Head of the Legal and Compliance Center

Ms. Nguyen Thi Bich Thao graduated from Hanoi Law University with a Bachelor Degree. She also obtained a B.A in English from Hanoi University and is currently a Lawyer of the Hanoi Lawyer Association. She has held the post of Deputy Director of the Investconsult Law Company prior to joining VPBank in 2011, when she assumed the post of Deputy Director of the Legal Department – HO. Currently, Ms. Nguyen Thi Bich Thao is Deputy Head of the Legal and Compliance Center.

2013 BUSINESS PERFORMANCE REPORT

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VPBANK 10

MILEPOSTS OF 2013

1. 20th Anniversary of VPBank - Striving to realize dreams

The “20 years – Striving to realize dreams” Campaign was launched during the very first days of 2013 through various programs of social welfare, customer gratitude, professional, culture and sports competitions. The Gala Celebrations themed “VPBank 20” were successfully held in Hanoi and HCMC.

2. VPBank was rated with stable outlook by Moody's

In October 2013, Moody's assigned the ratings of B3 to VPBank with a stable outlook. This was the first time this global credit rating firm had assigned a credit rating to VPBank. According to Moody's, the rating on VPBank's deposit in VND is at B3, with its financial strength rating (BFSR) standing at E and baseline credit assessment (BCA) at Caa1.

3. VPBank won a variety of valuable awards

- ♦ In March 2013: VPBank was honored to receive the “Most Innovative Retail Bank Vietnam 2013” Award by the Global Banking & Finance Review (GBAF).
- ♦ In March 2013: VPBank was honored to receive the STP (Straight-Through-Process) Award 2012 by New York Bank (BNY Mellon).
- ♦ In July 2013: VPBank was granted with “Typical Brand 2013”.
- ♦ In November 2013: VPBank was granted with the Straight - Through - Processing (STP) Award by Citibank.
- ♦ In November 2013: VPBank received the “Most Satisfactory Banking Services 2013” award as elected by readers of the Vietnam Economic Times.

4. E-banking strategy and breakthrough in online service

Development of E-banking was one of VPBank's key strategies in 2013, laying the premise for E-banking to become a major service and product supplying channel for customers. In 2013, the Strategy focused on the quick-win solutions such as the supplementary functions on Internet Banking, changes to the Internet Banking interface; development of the Mobile Banking application for Android and iOS operating systems; launching promotion programs to boost E-banking bank-wide.

5. Introduction of specialized cards

In 2013, Cards such as VPBank Lady, VPBizcard, VPBank SmartCash Visa, among others, were introduced with the aim to focus on VPBank's new customer segments, especially female customers; households and SMEs.

6. Transformation Festival

Continuing its stride on the path of transformation, VPBank's Strategy in 2013 was embraced by all VPBank's units who connected with the Bank's transformation spirit through a wide range of workshops and Transformation Festival Days within their respective divisions and units.

7. Establishment of the Priority Customer System

A part of the long-term retail banking development strategy, the Priority Banking or the Priority Customer System has been established to take care the group of customers that is small in number yet contributes a large share of the Bank's deposit.

8. S&D Transformation project and transformation of the sales and service model

The Sales and Distribution Transformation Project was established aiming at creating major impacts to change and transform the sales and distribution system, including the branch system, alternative channels and SME centers. Assessed as the bank-wide strategic transformation program, the project's goal is to set up a new model that helps the sales and service staff bring into full play their strengths and achieve the best possible performance.

9. Consolidation and strengthening of the leadership with extensive national and international experience

In 2013, VPBank focused on completing and strengthening the team of senior leaders to get prepared to enter the stage of fulfilling the strategic objectives. A great number of senior staff were appointed, including a pool of expats. The key positions in the operational apparatus were also added to ensure the seamless and professional operation of the entire system, thus contributing to generate new momentum and vitality to VPBank.

10. Upholding risk management work

On July 3, 2013, VPBank officially established the Risk Management Division. A vast array of documents, regulations and guidelines were internally enacted to facilitate VPBank's staff to ensure operations safety, thereby helping VPBank raise its service quality, assert its prestige and competitiveness in the market.

ANALYSIS OF FINANCIAL TARGETS

I. Overview of the economy and the banking sector in 2013

1. Macroeconomic situation in 2013

In 2013, Vietnam's economy obtained certain achievements:

- ♦ GDP in 2013 increased by 5.42% as opposed to 2012. Although the growth rate was lower than the set target of 5.5%, it was higher than the rate of 5.25% in 2012 and indicated signs of recovery;
- ♦ Average CPI in 2013 increased by 6.6% over the average rate in 2012. CPI surged in the first and third quarters with an average monthly growth rate of 0.8% while maintaining its relatively stable and low growth rate in the second and fourth quarters with an average monthly growth rate of 0.4%. Inflation rate stood at 6.04% for the whole year of 2013;
- ♦ Industrial production showed signs of gradual recovery, especially the processing and manufacturing industries. Export witnessed a sharp increase, balance of trade shifted positively;
- ♦ Credit growth in the last few months of the year significantly improved; Absorption of foreign investment underwent positive changes.

However, Vietnam's economy encountered a number of challenges:

- ♦ Inflation stayed at a controllable rate but still contained potential risks; State budget balancing still faced persistent difficulties given the slow recovery rate of domestic business and production;
- ♦ The demand of the economy was weak. Corporate capital absorption capacity was low. Inventories decreased but still remained high.

2. Banks' performance in 2013

In 2013, Banks' performance showed positive signs yet still facing certain difficulties:

- ♦ NPL ratio showed signs of reduction but it still stood at a high rate, credit quality has not really been improved;
- ♦ Business efficiency of credit institutions was lower than previous years. The gap between interest income and interest expenses throughout the entire banking sector was low due to the declined output-input interest rate gap while risk provisioning sharply increased due to the worsened asset quality;
- ♦ 2013 ROE and ROA were not significantly improved. Meanwhile, the operational costs of the investment plans for network and personnel development continued to rise;
- ♦ Sector-wide loan balance growth rate stood at 12.51%, fulfilling the target set by SBV at the beginning of the year;
- ♦ Sector-wide customer deposits increased at roughly 16%.



II. Analysis of VPBank's financial targets in 2013

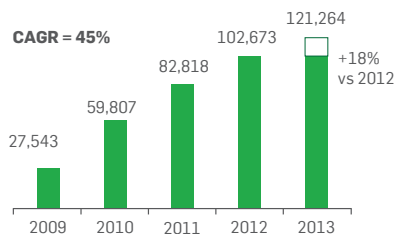
In 2013, despite the bottlenecks encountered by the economy in general and the banking sector in particular, VPBank continued to be recognized with the attainment of outstanding growth in asset size, robust shift in asset structure and capital sources coupled with vigorous growth in profitability ratios and yields, commendable accomplishment of the plans approved by the General Shareholders' Meeting, as well as keeping on track with the five-year strategic orientations.

1. Assets

Total assets have constantly grown during the years. At the end of the fiscal year, VPBank's total consolidated assets hit VND121,264 billion, up by VND18,591 billion (equivalent to 18%) as opposed to 2012.

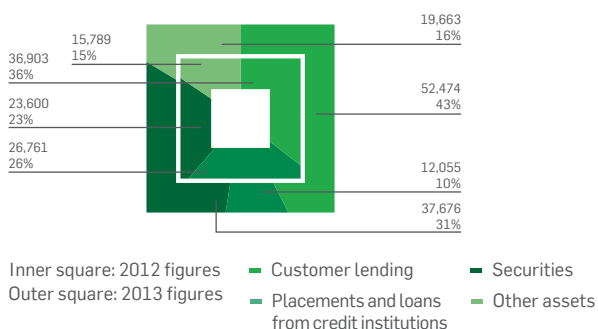
Growth in total assets was mainly attributable to sharp growth in customer lending and the securities portfolio, which has resulted in a remarkable shift in the balance sheet structure, thus increasing the ratio of customer lending to 43%. The securities portfolio accounted for 31% and placements and loans to other credit institutions diminished to 10% of the total assets. This formed the basis for a sustainable growth in total assets in the subsequent years.

Chart 1: Total assets



Unit: VND billion; Source: Audited consolidated financial statements

Chart 2: Total assets structure



Unit: VND billion; Source: Audited consolidated financial statements
The items in the Total assets structure have included Provisioning Reserve

Credit balance (including customer lending, corporate bonds and entrusted investment): By the end of 2013, credit grant balance reached VND65,625 billion, up by 43% as compared with the end of 2012. In 2013, VPBank was approved by the SBV to increase credit growth target to 45%, which demonstrates high appreciation for VPBank's executive and management capability as well as risk control.

Investment and business securities: VPBank's investment strategy is associated with profit goals, liquidity position and the risk appetite approved by the Board of Directors. Driven by that strategy, VPBank has maintained its growth into safe bonds of high liquidity such as government bonds, SBV's Treasury bills, State Treasury bills and bonds of credit institutions while aiming at selective growth regarding the corporate bond portfolio.

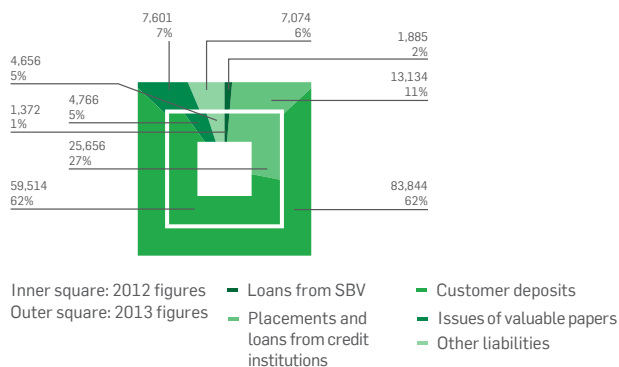
Placements and loans to other credit institutions: underwent a remarkable reduction as compared with the end of 2012, down by nearly VND15,000 billion, contributing to the restructuring of the balance sheet in a positive and effective manner.

2. Liabilities and Equity

2.1 Total liabilities

VPBank implemented the capital mobilization strategy towards the expansion of "core deposits" that cover the relatively stable deposit categories as assessed by VPBank

Chart 3: Liabilities structure



Unit: VND billion; Source: Audited consolidated financial statements

from time to time to enable the Bank to contain risk and restructure the asset balance sheet in a positive and effective manner. Consistent with this direction, VPBank's structure of mobilized sources experienced significant changes in 2013.

At the end of 2013, liabilities amounted to VND113,537 billion, up by VND17,574 billion, equivalent to 18% as opposed to the end of 2012. Although this growth was slower than it had been three years ago, there was a strong shift in the liabilities structure, which was mainly attributable to the growth in customer deposits (up by 41%).

Deposits from customers: underwent a robust increase, reaching VND83,844 billion, up by VND24,330 billion (equivalent to 41%) YoY, far higher than the sector-wide average growth rate and 3% in excess of the rate set by the General Shareholders' Meeting. This growth was attributable to the right capital mobilization strategy coupled with tireless efforts made by VPBank in raising its prestige and brand identification. During the last six months of 2013, VPBank successfully issued two rounds of middle- and long-tenor bonds, with the total mobilization of VND2,000 billion of three-year tenor bonds plus VND2,500 billion of bonds of more than 10-year tenor.

Placements and loans from other credit institutions: posted a drop of 49% as compared with 2012 (from VND25,656 billion in 2012 down to VND13,134 billion in 2013), bringing the ratio of liabilities down to 12%.

2.2. Shareholder's equity

General Shareholders' Meeting in 2013 approved the raising of its chartered capital to VND 6,347 billion through: (a) paying dividends in the form of shares; (b) paying bonus shares from the retained earnings; and (c) using the reserve fund for the chartered capital. By February 17, 2014, VPBank had been approved by the SBV to proceed with its increase in chartered capital.

By the end of 2013, the Bank's total consolidated shareholder's equity reached VND7,727 billion, up by VND1,018 billion YoY.

3. Customer lending and deposits

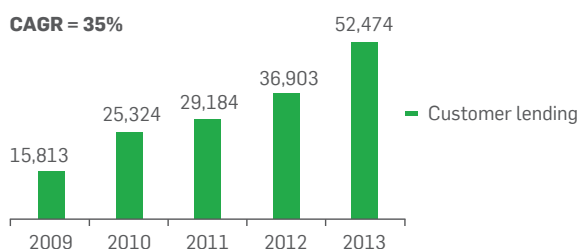
Last year, VPBank was on track with the set progress of the strategic projects, especially the projects of the key business units under the two Retail Banking and SME Divisions along with the strategic projects that radically exploited opportunities from other business divisions. Thanks to these initiatives, lending and deposit activities have gained encouraging results.

3.1 Customer lending

In 2013, customer lending reached VND52,474 billion, up by VND15,571 billion (equivalent to 42%) as compared to the end of 2012, thereby marking an outstanding growth rate as opposed to the average rate during the prior three years and a far higher increase versus the sector-wide overall growth. This impressive growth rate was attributable to VPBank's application of a wide range of credit programs and packages with preferential interest rates that suit the market situation and customer segments during the economy's tough time.

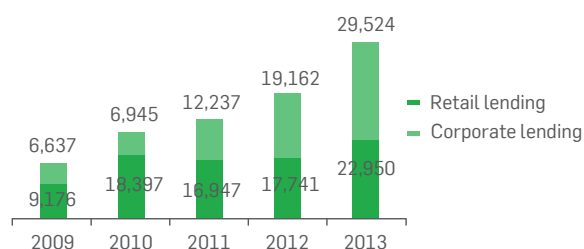
Lending to corporate customers reached VND29,524 billion and retail lending hit VND22,950 billion, representing the growths of 54% and 29% respectively versus 2012. The proportion of lending to corporate customers represented 56% of the total loan balance (of which lending to SMEs accounted for a major share). This was squarely in line with VPBank's retail strategy which sharpened the Bank's emphasis on developing and supporting the retail customer segment as well as the SME segment. From the very start of the year, VPBank flexibly deployed the preferential credit programs for customers such as VND1,000 billion to finance the "Super Cyclone Promotion Car Loan Program" with the preferential interest rate of 6% per annum for the first six months, "SME success 2013" and "Loans in VND, enjoying interest rates of foreign currencies loans". In addition, VPBank was approved by the SBV to participate in the SMEFP II & III Project financed by the Japan International Cooperation Agency (JICA).

Chart 4: Customer lending



Unit: VND billion
Source: Audited consolidated financial statements

Chart 5: Lending by customer structure



Unit: VND billion
Source: Audited consolidated financial statements

Parallel with credit growth, VPBank has been adopting a wide array of solutions to improve asset quality and control credit quality. The most typical practice is the finalization of the centralized credit processing and approval in addition to the reinforcement and specialization of loans collection activities. This is why the NPL ratio has always been controlled at a safe level, which stood at 2.81% at the end of 2013.

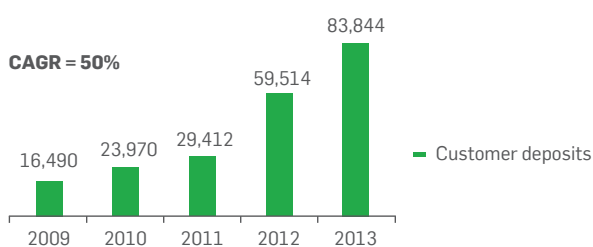
Aside from that, VPBank is also one of the pioneering banks in studying and implementing the Capital Accord under the Basel II standards with the coordination of international consulting companies, including the map-out of the IT Master Plan to support measurements of credit risks, market risks, operational risks, capital calculation and ICAAP system.

3.2 Deposits from customers

Customer deposits in 2013 reached VND83,844 billion, up by VND24,330 billion (representing an increase of 41%) versus 2012, exceeding the set target and being listed in the group of commercial banks with high deposit growth rate. VPBank always sets out its target of mobilizing funds from residents and economic entities to reduce the reliance on funds sourced from the secondary market, improve liquidity reserves and to be aligned with organic growth strategy in terms of scale in the first stage.

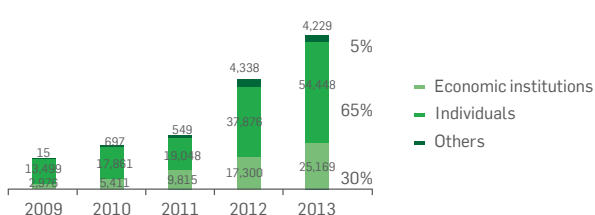
Among various deposit sources, the funds mobilized from

Chart 6: Customer deposits



Unit: VND billion
Source: Audited consolidated financial statements

Chart 7: Structure of customer deposits



Unit: VND billion
Source: Audited consolidated financial statements

retail customers made up the largest absolute increase (up by VND16,570 billion, representing a rise of 44%), maintaining the contribution proportion in the total customer deposits of 65%, playing a role in executing the Bank's retail strategy and improving the fund stability and sustainability.

In addition to sharpening its spotlight on our retail strategy, VPBank has also concentrated on radically exploiting the opportunities from the corporate banking divisions towards growth and diversification of deposit resources and capitalizing on other cheap funds.

From the very inception of 2013, the Board of Management has adopted effective solutions for deposit growth. These initiatives include:

- Designing diversified multichannels and deposit products with specific features which are tailored to the needs of numerous types of customers including: Easy Savings, which suits the customers in sudden need of funds; online savings, which enables customers to make deposits anytime and anywhere without having to come to the Bank's counters;
- Adopting flexible fund transfer pricing policy to encourage and create momentum for deposit growth;
- Simultaneously rolling out a range of projects and programs to improve current account balance and diversify the deposit sources in order to reduce costs of fund.

4. Liquidity and operational safety indicators

VPBank always places a strong emphasis on maintaining a high liquidity level to comply with SBV's requirements and proactively formulate and deploy the liquidity risk management strategy. The Bank has also developed its liquidity provision plan in which the action plans for urgent circumstances are clearly defined.

Such safety indicators as Capital Adequacy Ratio (CAR), ratio of short term funds used for the medium & long term lending of VPBank have continually maintained their stability and sustainability.

Indicators (consolidated)	Re-quire-ment	2011	2012	2013
Capital adequacy ratio (CAR)	>=9%	11.9%	12.5%	12.5%
Ratio of short term funds used for the medium & long term lending of VPBank	<=30%	8.6%	15.2%	22.4%

Source: Audited Consolidated Financial Statements

III. Business Performance in 2013

In 2013, despite numerous difficulties in the business environment, VPBank achieved comparatively positive business performance. By the end of the fiscal year, VPBank's consolidated profit before tax had reached VND 1,355 billion,

representing an increase of VND406 billion as compared with 2012, or growth equivalent to 43%. This was the first year VPBank's profit after tax had exceeded the threshold of VND1,000 billion, reaching VND1,018 billion (US48 million).

	Targets	2013 (VND billion)	2012 (VND billion)	Gaps	
				(VND billion)	%
I	Net operating Income	4,969	3,114	1,855	60
1	Net interest income	4,083	3,063	1,020	33
2	Net interest from services	604	271	333	123
3	Net interest from gold and FX trading	(21)	(117)	96	82
4	Gain/Loss from securities trading	304	(102)	406	397
II	Net interest from other activities	108	105	2	2
III	Income from capital contribution and share purchasing	12	17	(5)	-32
IV	Operating expenses	2,838	1,875	963	51
V	Profit before provisioning	2,251	1,362	889	65
	Risk Provisioning	896	413	483	117
VI	Profit before tax	1,355	949	406	43
VII	Corporate income tax	337	234	104	44
VIII	Profit after tax	1,018	715	302	42

1. Net operating income

Thanks to dramatic increases in VPBank's core activities as well as changes in the capital structure and usage, total consolidated net operating income in 2013 reached VND4,969 billion, a sharp increase compared with 2012 (up by VND1,855 billion, equivalent to 60%).

Total operating income growth was attributable to all activities, including:

- Net interest income accounts for the largest share (up by VND1,020 billion, equivalent to an increase of 33%), which was mainly attributable to the vigorous growth in size of deposit, lending and maintenance of strong and effective asset balance sheet;
- Net fee income (up by VND333 billion, equivalent to an increase of 123%);
- Income from securities trading (up by VND406 billion, equivalent to an increase of 397%).

VPBank's income structure was dramatically improved towards the increase in non-interest incomes along with the gradually lessened dependence on credit income. The net interest income in 2013 only accounted for 82% of TOI, instead of 98% in 2012. The proportion of non-interest income increased by 16% (from 2% in 2012 to 18% in 2013).

Chart 8 Net operating income structure in 2013

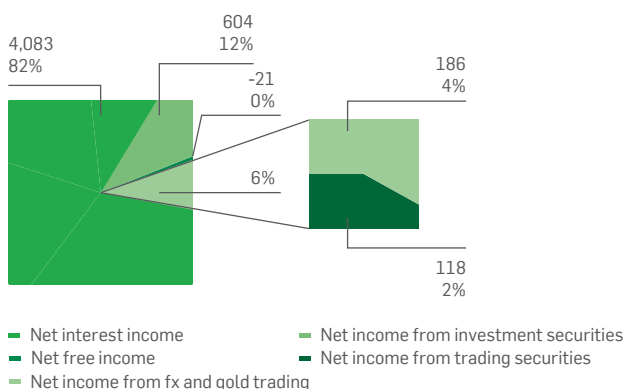
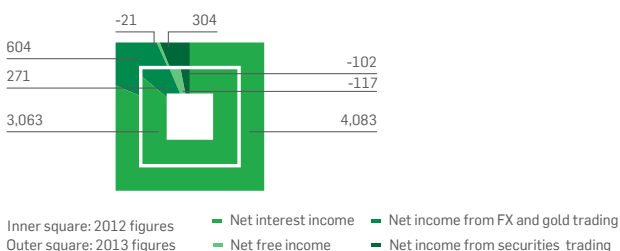


Chart 9: Net operating income structure 2012-2013



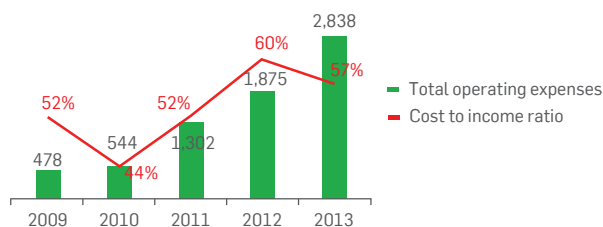
These results reflected the success of VPBank's business model transformation strategy that has been implemented during the last few years. In consultation with world-leading banking specialists, a great variety of initiatives and projects to increase fee income have been deployed with positive effects.

2. Operating expenses

VPBank's operating expenses experienced some increases in recent years, up by 51% in 2013 against 2012. This is consistent with the Bank's transformation and restructuring process, network expansion, changes in organizational model, completion of the foundational systems on information technology and risk management that is coupled with robust growth in size of business activities. However, operating expenses were carefully monitored and kept under control commensurate with the increased income; thus, the Cost to Income Ratio (CIR) was reduced from 60% in 2012 to 57% in 2013.

Wage costs and employee-related expenses accounted for 41% of the total operating costs, representing the largest share of operating expenses. Staff costs increased by VND359 billion, compared with 2012, as a result of VPBank's focus on strengthening its pool of human resources; recruiting more senior personnel and foreign experts; supplementing key positions in the operational apparatus, as well as improving

Chart 10: Operating expenses



the employees' welfare. This is completely consistent with the view and orientation of VPBank's leadership - always regarding human resources as one of the core foundations to achieve its ambitious growth strategy.

Additionally, management expenses had substantive increases, mainly attributable to advertising costs, of which marketing costs have been largely focused to enhance the image and affirm VPBank's brand name, and costs for key sales stimulation programs (increasing from VND128 billion in 2012 to VND405 billion in 2013).

3. Provisioning expenses

As of December 31, 2013, VPBank had fully set aside general provisions and specific provisions under the SBV's regulations pursuant to Decision No.493 and Decision No.18 as well as proactively applied the Circular 21 on loan classification and risk provisioning for loans to other credit institutions. As of December 31, 2013, the balance of the risk provisioning fund had been VND1,318 billion, representing an increase of more than twofold against late 2012, commensurate with the credit growth rate in 2013 and our proactive efforts in compensating for possible losses.

Unit: VND billion	2013	2012	Change from 2012
General provision	159	98	61
Primary market and off-balance sheet commitments	159	44	115
Secondary market	0.4	55	(54)
Specific provision	352	301	51
Provision expense for on-balance sheet	384	13	371
Total provision expense for the year	896	413	483
Total provision reserve fund	1,318	572	746

4. Profitability

2013 – Despite a tough year for the banking sector in particular and Vietnam's economy in general, VPBank managed to satisfactorily reach and maintain its profitability targets as well as efficient use of total assets.

ROA - The return on average assets ratio (ROA) of VPBank in 2013 reached 0.91%, up by 0.14% as compared to 2012, primarily attributable to the restructuring of capital and assets to sustainable activities with higher profitability, as analyzed above.

ROE - The return on average equity (ROE) has been significantly improved. In 2013, ROE achieved 14%, up by

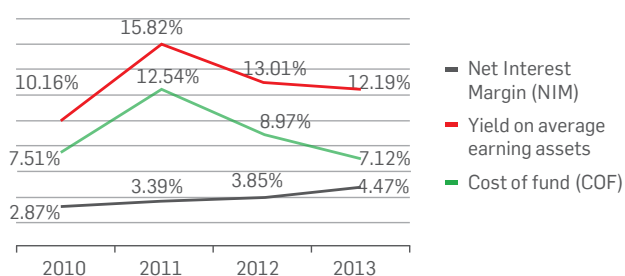
3% as compared to 2012 and back to the good business performance levels of 2011 with ROE of 14%.

EPS - Earnings per share reached VND1,764/share, increasing by VND524 against 2012.

NIM - Net interest margin reached 4.47% in 2013.

In 2013, the yield on earning assets (YEA) decreased slightly by 0.82% from 13.01% to 12.19%, while the cost of fund suffered from a sharp decrease (down by 1.85% from 8.97% in 2012 to 7.12% in 2013). As a result, net interest margin increased by 0.62% to 4.47% as compared to 2012. Net interest margin (NIM) has increased constantly over the years.

Chart 11: Profitability indicators



Unit: VND billion,%; Source: Audited Consolidated Financial Statements

5. General evaluation

2013 was a successful year for VPBank as reflected in its impressive fulfillment of its set business targets and higher growth YoY. The beacon of the 2013 financial picture was the 34% in excess of the consolidated PBT plan set forth from the beginning of the year, of which the Bank's business activities reached VND1,265 billion (43% of growth YoY), the subsidiaries were profitable, especially the securities company whose profits were doubled as compared with the previous year; the ties between the Bank and its subsidiaries have been strengthened with regards to products, specialized activities and governance work. This mutual support has not only helped reinforce competitiveness, but also been a basis for more stable and sustainable development.

VPBank has made rapid and sustainable progress in realizing its growth targets. Tiding over these overall difficulties,

VPBank has continued to achieve impressive steps in growth regarding lending and deposit scale, which resulted in an asset and capital balance sheet of solid structure.

Achieving the above results in 2013 not only represents VPBank's great efforts amid risky financial market conditions but also contributes to establishing a financial foundation for breakthroughs in the future. These accomplishments reflect the clear and appropriate guidelines of the Board of Directors, the coordination and flexible guidance of the Board of Management and the diligent efforts of the entire VPBank staff. All of the above not only reaffirms to our customers, partners and shareholders that VPBank is a safe and reliable bank, but also strengthens our position and brand in Vietnam's financial market.

Target (VND billion/%)	Actual 2013	Budget 2013	% versus budget	% growth versus 2012
Total Assets	121,264	120,000	101%	18%
<i>Deposit from customers</i>	83,844	81,230	103%	41%
<i>Loans to customers</i>	52,474	47,974	109%	42%
NPL	2.81%	<3%	100%	
Consolidated profit before tax	1,355	1,010	134%	43%
ROE	14%	13%	108%	25%

RISK MANAGEMENT

In 2013, VPBank has accomplished a number of strategic initiatives to strengthen risk management capacity in line with international standards and effectively support stronger demand from business units.

In order to meet regulator's requirements on Basel II implementation as well as to manage risk in a prudent manner, the Board of Director (BOD) has approved the five-year Risk Master Plan in close consultation with an internationally reputable consultancy firm. VPBank aims to effectively implement Basel II advanced approaches of credit risk management by 2017.

To this end, key activities being implemented by VPBank include the following:

- ♦ Finalizing the Risk master plan;
- ♦ Implementing a centralized credit approval structure;
- ♦ In process of completing a data infrastructure for developing credit rating and risk classification methods in accordance with international standards;
- ♦ Further developing scorecards for different client segments;
- ♦ Developing an early credit risk warning system;
- ♦ Further enhancing the bank's debt recovery and restructuring system;
- ♦ Enhancing risk awareness significantly not just at an operational level but also at the senior managerial level.

Risk Management Framework

VPBank sees strong risk management capabilities as vital to the success of a well-managed bank. Within the vision of becoming a top three retail bank and a top five joint stock bank by 2017, strong risk management has played a crucial role in the Bank's growth strategy. As the bank is planning to substantially grow its balance sheet, the increasing diversification of products and services requires us to identify, measure, aggregate and manage our risks effectively, and to allocate our capital among our businesses appropriately.

The following points constitute our core principles of risk management:

- ♦ We operate a three-line of defense risk management model comprising front office functions, risk

management and internal audit where each line of defense has a specific set of risk management and control responsibilities.

- ♦ BOD is ultimately responsible for risk management while delegating day-to-day management to senior risk committees responsible for regularly monitoring of the risk and capital profile of the businesses;
- ♦ BOD approves the Bank's risk appetite and risk strategy on an annual basis based on the endorsement of the Risk Management Committee (RCO). Board of Management and Risk Management Division are accountable for implementing the risk strategy based on defined and approved risk appetite;
- ♦ All types of risk are managed through a series of risk management processes, including: credit risk, market risk, operational risk, liquidity risk and reputational risk;
- ♦ Stress testing and scenario analysis are used to assess the resilience of VPBank's capital position under extreme but plausible conditions;
- ♦ Appropriate risk analytic, measurement and monitoring tools are put in place to measure material risk exposures across various types of risk;
- ♦ With the implementation of Basel II requirements, a strong risk culture is embedded into the organization.

Risk Governance Structure

Ultimate responsibility for setting our risk appetite and for the effective management of risk rests with the BOD.

Delegated by the Board, the Risk Management Committee (RCO) has responsibility for oversight and review of prudential risks including, but not limited to credit, market, capital, liquidity and operational risks. The committee is delegated to make decisions on bank-wide policies including, but not limited to risk strategy, stress testing framework, capital strategy and high-level risk policies. It reviews the performance of the bank against defined overall risk appetite and makes recommendations to the BOD. It also has responsibility for reviewing and monitoring activities of other risk related committees including Assets - Liabilities Council (ALCO), Operational Risk Committee (ORC), Credit and Collection Committee (CCC) and Product Council.

RCO receives regular reports and risk proposals prepared by the risk function, including reports on the Bank's portfolio trends, material policies, risk limit proposals, stress testing

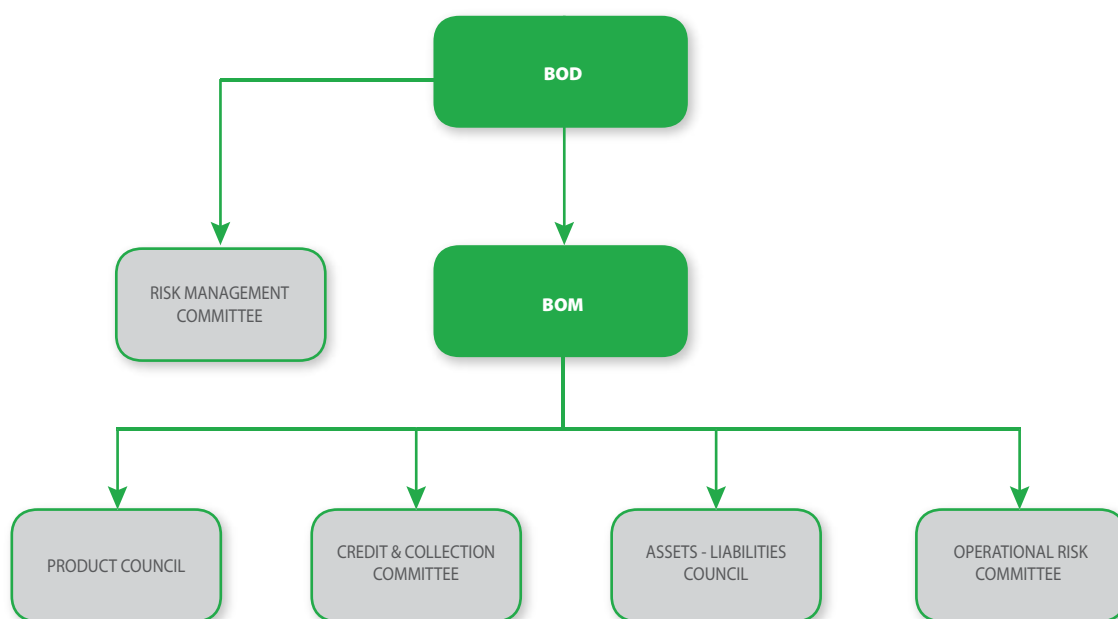
scenarios, liquidity report and capital adequacy report as well as an up-to-date report on the implementation of the annual risk strategy.

ORC is also a committee under the BOD which is responsible for management of operational risk including the Bank's engagement in new activities (e.g. products, processes, systems, the degree of materiality of the outsourcing initiatives of the Bank, implementation of key operational risk measurement and anti-fraud management framework).

ALCO under Board of Management (BOM) is responsible for the management of capital, balance sheet structure, liquidity, foreign exchange and interest rate risk.

CCC is an executive level committee responsible for more specific issues in relation to credit policies, recovery management and collection strategy. In compliance with the Bank's risk appetite set by the BOD, CCC makes decisions on credit policies and processes, collection and recovery strategy of the Bank. It regularly reviews the performance of credit portfolios and the implementation of collection and recovery plan.

Product Council under BOM is responsible for assessment of new product proposal and makes recommendations to relevant authorities for final decision.

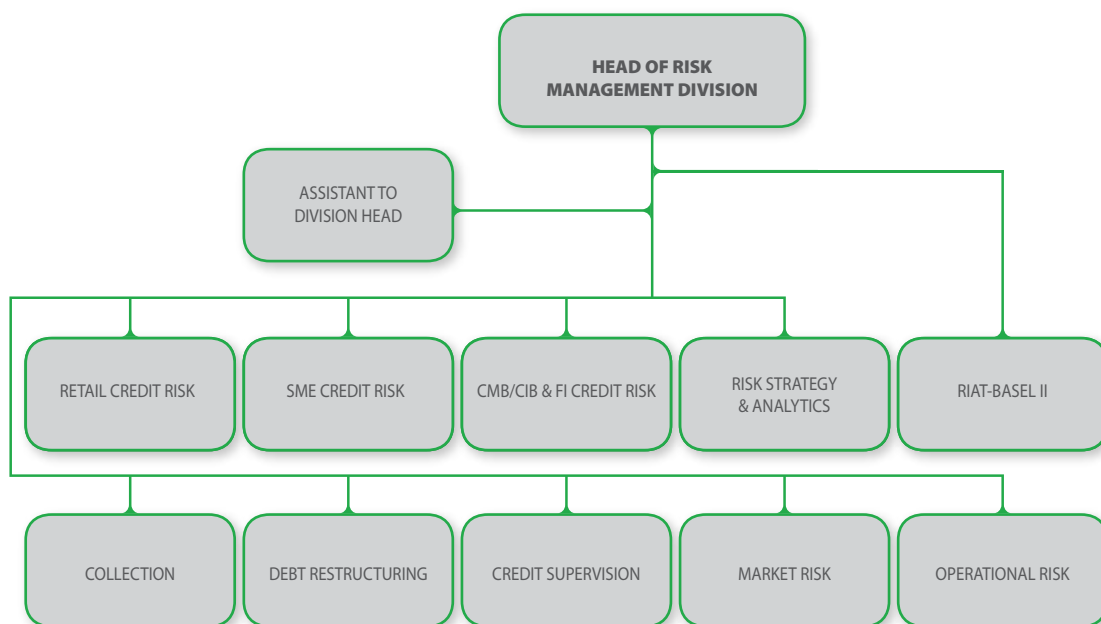


Risk Function

The Chief Risk Officer (CRO) has been appointed to oversee the risk management function. The CRO is a member of the Board of Management and has a dual reporting line to the CEO and to the BOD and BOD level committees. The CRO is responsible for the following:

- Development and maintenance of risk management system and processes to identify, approve, measure, monitor, control and report risks.
- Engagement of senior management on material risk matters.
- Development of risk controls and mitigation processes.
- Implementation of the risk appetite strategy set by the BoD.

In line with Basel requirements and aligned with the Bank's strategy, the risk management organizational structure has been modified to create an effective body supporting the Bank's growth strategy while maintaining risk at a controllable level. Functional risk units in charge of risk-related issues in Retail, SME, CMB and CIB segments cooperate closely with our corresponding business divisions and also monitor their performance within clearly defined risk parameters. The risk analytic and strategy unit is responsible for establishing bank-wide risk policies and preparing the risk-appetite documents. It also plays a key role in executing Basel II projects to prepare the bank for full compliance in coming years.



VPBANK TRANSFORMATION

The last few years have been years of change for VPBank, and the coming years will similarly see the bank develop rapidly. This is necessary and indeed inevitable in view of the bold aspirations set by the bank: to become a top three retail JSB and a top five JSB overall. During the period 2010-2012, VPBank turned itself into a modern bank with a strong management team, a professional organizational structure and implemented a modern approach to key areas in banking, such as credit risk management and its operational model. In response to internal and external changes, the Bank has mapped out an adjusted strategy towards a clear approach to an ambitious growth target for the period 2012-2017.

In early 2013, the Bank put a premium on implementing

the above adjusted strategy and obtained encouraging achievements through some transformation projects with major changes to the centralization-oriented operational model, initiated a major transformation program in the sales model as well as made crucial innovations in risk and IT infrastructure, among other areas.

At the end of 2013, the Bank conducted a "gap analysis" in order to assess the difference between what the bank aims to be (as described in its strategy) and where it stands today. To bridge that gap, the Bank drew a comprehensive transformation roadmap with the vision towards 2017 thoroughly set by the Bank including a vast range of clear transformation initiatives. The resulting roadmap covers three phases of transformation over the coming years:



Figure 1: VPBank transformation roadmap

Stage 1 - Foundational growth: Grow selectively while focusing on building the risk and operational foundations of the bank to allow safe expansion afterwards;

Stage 2 - Rapid scale-up: Aggressively expand to reach target scale in terms of balances and customer numbers;

Stage 3 - Consolidation: Re-focus on efficiency, productivity and quality.

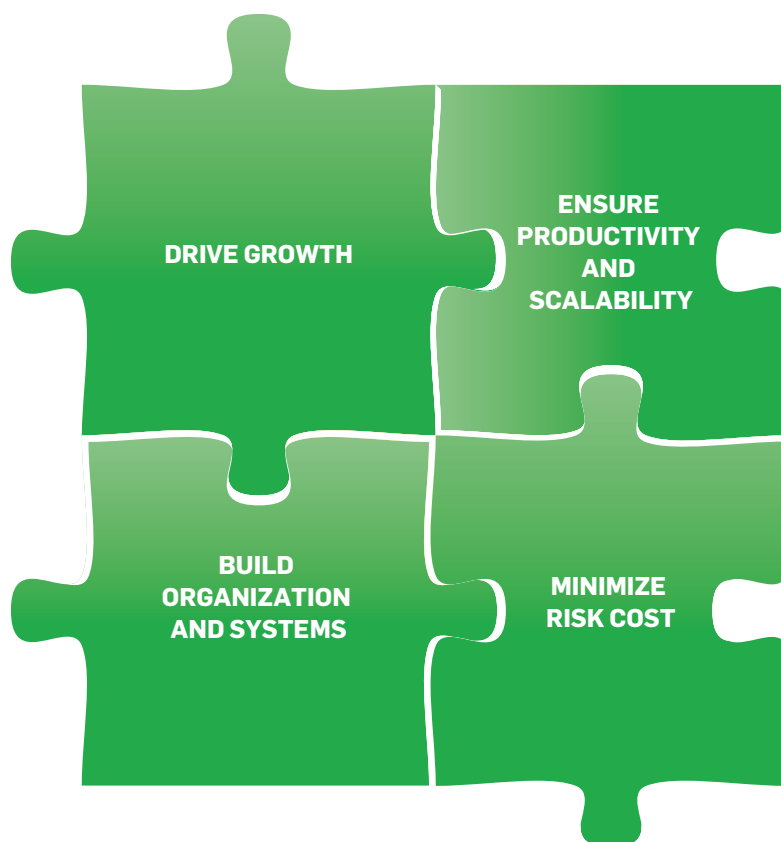
The transformation journey is illustrated in the Figure in page 30.

During each of the phases of the transformation, VPBank will have a variety of initiatives to implement and they are a true jigsaw of change. To combine all these activities into a coherent picture, the Bank concentrates on four areas of change - the very four pieces of the transformation puzzle:

1. Drive growth: simply relying on "natural growth" would not get the bank to where it wants to be in size by 2017; thus, the implementation of aggressive growth initiatives are needed (from the introduction of innovative products to a bold new sales & service model as well as major sales campaigns);

2. Ensure productivity and scalability: without strict control on productivity and scalability, the costs would spiral out of control during the rapid scale-up VPBank is going through. For that reason, VPBank will focus on developing an advanced, highly centralized operating model, continuing automation, lean process redesign and to ensure that growth will result in expected profitability;

3. Minimize risk cost: Applying advanced credit risk management tools as well as tight control mechanisms to



4 components in VPBank's transformation jigsaw

minimize operational and market risks to prevent the fact that increased risk costs will end up eroding our yield of growth in revenue;

4. Build organization and systems: strong people and strong systems are at the core of modern banking. That is why we are building a customer-centric culture, introducing automation to the extent possible, and continually improving our reporting and analytical systems.

It is against this roadmap that VPBank tracks the success of its transformation efforts both qualitatively (have planned initiatives been implemented successfully?) as well as quantitatively (what is the revenue or cost impact of any given project?). And in case circumstances change or it seems that our existing transformation efforts may not yet be enough

to meet our aspirations, then VPBank will carefully assess the situation and adjust our transformation roadmap in a transparent manner. Through this process everyone inside (and indeed outside) the bank can see clearly and objectively how the bank is progressing towards its 2017 vision, and intervene if there are road blocks.

In conclusion, VPBank has years of big changes ahead. However, thanks to its carefully planned roadmap, VPBank can be rest assured that our transformation will be systematic, balanced, and-most importantly-successful. It will help the Bank to grow, to improve our efficiency, to minimize risk, and to build the strongest people and systems in the market-in short, it will help us to become a top three retail JSB and top five overall JSB by 2017!

	Now - Q3/2014	Q4/2014 - Q2/2016	Q3/2016 – Q4/2017
	FOUNDATIONAL GROWTH	RAPID SCALE-UP	CONSOLIDATION
DRIVE GROWTH	<ul style="list-style-type: none"> Sales and service model; Retail product programmes; SME product/credit programmes; E-banking (Retail-focused); Customer service improvement; Cash & Trade. 	<ul style="list-style-type: none"> Sales campaigns at scale; Building brand; Sustaining new S&D model; Pushing sales productivity; Advanced E-banking; Fee income. 	<ul style="list-style-type: none"> Customer profitability; Customer portfolio management; Priority banking; Advanced products.
ENSURE PRODUCTIVITY AND SCALABILITY	<ul style="list-style-type: none"> Enhanced credit administration; Operating model transformation; Process documentation & improvement. 	<ul style="list-style-type: none"> Continuous cost monitoring and intervention; Automation of remaining back office areas. 	<ul style="list-style-type: none"> End-to-end lean: <ul style="list-style-type: none"> Pure cost reduction; Streamlining and linking up of processes e-2-e.
MINIMIZE RISK COST	<ul style="list-style-type: none"> Collections; Fraud and information security; Credit risk rating; Operational risk management. 	<ul style="list-style-type: none"> Credit risk management (cont.); Operations risk management (cont.); Full BCP solution; AML solution. 	<ul style="list-style-type: none"> Basel II compliance (e.g. FIRB, market risk models, RWA solution).
BUILD ORGANIZATION AND SYSTEMS	<ul style="list-style-type: none"> Top team effectiveness; People/culture transformation; MIS/Data warehouse Phase 1; ERP. 	<ul style="list-style-type: none"> Data warehouse Phase 2; Continuation of ERP; Full collaboration solution; Recruitment at scale. 	<ul style="list-style-type: none"> Data warehouse Phase 3; Institutionalizing best HR practices.

Detailed transformation roadmap showing concrete, detailed strategic initiatives

BUSINESS HIGHLIGHTS

Retail Banking

After finalizing the five-year strategy in 2012, VPBank started putting in place the main strategic pillars of the Retail Banking Strategy at the beginning of 2013.

Accordingly, the Bank has built a professional organizational structure for the Retail Banking Division, followed by stimulating good people with good performance from within the organization, pulling in outstanding talents from the market, adding expatriates to pool together a qualified and fully capable team to lead the business activities targeting the Retail Banking segments.

Last year, VPBank developed and executed an appropriate customer- segmented strategy tailored to the mass affluent – the key segment for the Retail Banking Division. A wide variety of Home Loan, Auto Loan and Consumption Loan products catering to all sub-segments of the mass affluent market were launched. This was done in parallel with the expansion of distribution for these loans through tie-ups with dealers and developers.

These efforts resulted in a 20% growth in our loan book in 2013, which compares very well with the general market conditions. On the deposit side, a Regular Savings plan was launched. This, along with various other promotions initiated by VPBank, led to a 30% growth in the Retail Banking Division's Liabilities.

The third leg of the Mass Affluent segment, that is the payment space, was captured by the launch of the Virtual Pre-paid card which allows customers to make payments via the internet in a quick and secured manner.

250,000

NEW RETAIL CUSTOMERS OF VPBANK
IN 2013

The Bank's credit card suite was enhanced by the launch of VP Lady Credit Card and Debit Card as part of VPBank's women segment strategy. This card differentiates the market by offering specific values for women, including the introduction of the insurance card specifically designed for them.

Again, as part of the segmentation strategy, the Priority Customer Program was introduced by VPBank targeting the affluent segment with special privileges like a dedicated Relationship Manager, Special VIP room for servicing in most

key branches of Hanoi and Ho Chi Minh and opportunities to take part in such events as investment seminars. The Program has been very well received by our affluent customers and VPBank has planned to increase the number of Priority Centers in 2014.

Customers were given more options to use VPBank's services by the launch of the Mobile Banking Application in 2013. This allows customers to do simple banking transactions like transfers and bill payments on their smartphones. Internet banking was upgraded to absorb many more partners for bill payments. VPBank's total number of internet banking customers more than doubled and internet banking transactions went up by four times as compared with 2012. Guided by such an ambitious strategy, it is VPBank's determination to make the Bank's internet banking the best in Vietnam.

SME Banking

VPBank kicked off its transformation journey of the SME Division in late 2012 with the roll-out of the SME strategy to serves three key objectives:

- ♦ To support VPBank to become a top five Joint Stock Commercial Bank overall in Vietnam.
- ♦ To be the SME bank of choice for our chosen customer segment.
- ♦ To build a business model which consistently delivers a set of sustainable results in profitability and returns.

Tiding over the obstacles and challenges in 2013, the SME business of VPBank managed to achieve positive results as loans and deposits grew by 40% and 72% respectively while the customer base increased by 20% compared to 2012.

For the achievement of these results, VPBank executed tremendously urgent tasks in 2013 such as implementing business plans, formulating new initiatives and re-skilling our people, all concurrently.

While remaining focused on building the three pillars (People, Products & Processes) of the business model, VPBank is also investing a lot of its resources in strengthening our risk management capabilities. New tools and processes were introduced to help us to further improve loan quality. Risk awareness was raised through training and close partnership forged between business units and the Risk Management Division.

In 2013, VPBank established eight dedicated SME centers in the key locations of Hanoi and Ho Chi Minh City. By early 2014, the number of dedicated SME centers had been expanded to 63 nationwide to serve SME customers better, concurrent with the establishment of a telephone hotline at 1 900-54-54-15 coupled with our responsive email service at I2B internet banking.

72% 

OF SME DEPOSIT GROWTH VERSUS
2012

In addition, investments will also be increased significantly to include recruitment of experienced and qualified staff as well as training them in multiple skills, as VPBank believes its well-trained personnel are critical to position VPBank as a true partner of SMEs and to move towards its goal as the bank of choice for our chosen customer segment.

2013 was considered to be a pivotal year for VPBank in preparing the core products to target SME customers that in turn supports the momentum of strong business development in the coming years. In late 2013, the Bank piloted the five core products to further improve its ability to fulfill clients' banking requirements. The initial results from the piloting of these products are promising and VPBank is optimistic to secure favorable growth as it raises product effectiveness and sales productivity. Naturally, even more new products are planned for 2014.

In parallel with the product development, credit underwriting and procedures, policies were reviewed and simplified to ensure good turnaround time and higher efficiency. Clear customer selection, pre-defined credit limits, better credit monitoring measures and new tools like scorecard are already in place to improve risk management capacity. In 2014, VPBank's focus will continue to be placed on efficiency of our processes as speed and cost of processing will become an important competitive tool for SME business.

As an important step toward becoming a trustworthy partner to SMEs, we have been working with VCCI and several trade associations to provide regular briefings to their members. On the other hand, VPBank has also proactively introduced support programs which can help to share the difficulties faced by SMEs in terms of availability of loans, cost of loans and reduced costs of financing. For example, for exporters, VPBank has US\$ loans to help take advantage of cheaper interest rates. Furthermore, the SME Success Program and other preferential interest rate programs help VPBank's customers ease their cash flow burden and financing costs

Commercial Banking

With an aim to offer banking products and services to corporates with annual revenue from VND400 billion to VND1,600 billion, VPBank officially established the Commercial Banking Division (CMB) in early 2013 with the formation of two Corporate Banking Centers in Hanoi and HCMC and one Product and Business Support Center.

CMB's key business orientation is to provide a comprehensive financial package for customers, including, but not limited to, such products and services as credit, deposit, domestic and international payment, foreign exchange in an attempt to cater for businesses' needs of financial services to the highest possible extent.

Priority products and services for corporate customers comprise international trade finance (through import - export financing), domestic trade finance (through the financing programs for suppliers and distributors) and package financing. VPBank has also reinforced the delivery of payment services, foreign exchange and off-balance sheet transactions to increase fee income.

Last year, VPBank embarked on completing the portfolio of core products and services, applying effective sales management tools, improving appraisal and corporate credit processes and thereby enhancing the efficiency and quality of serving CMB customers.

VND **4,800** billion

2013 YEAR END LOAN BALANCE OF CMB

As a result, VPBank gained numerous impressive achievements in this CMB customer segment including:

- ♦ Ending loan balance hit VND4,800 billion;
- ♦ Off-balance sheet balance hit VND2,100 billion, of which the guarantee balance reached more than VND1,400 billion, L/C balance reached VND683 billion, contributing to enhancing VPBank's reputation in the international and domestic financial market;
- ♦ FX trading volume reached over USD200 million, contributing to the increased scope and income from FX trading;
- ♦ Fee income reached VND46 billion, largely contributing to the whole bank's total fee income;
- ♦ Development of a portfolio of more than 240 customers with transactions;

- ♦ Actively networked in our community through numerous professional organizations and associations that ultimately strengthen our relationships in key sectors of the Vietnamese economy including cotton, fiber, textile, garment and pharmacy-healthcare.

Corporate Banking

In 2013, VPBank obtained numerous remarkable achievements in Corporate Banking (CIB), initially confirming VPBank's brand in the potential but challenging CIB customer segment.

This was illustrated through the growth in our ending deposit balance and credit balance, which stood at VND19,157 billion and VND4,246 billion, respectively. Noteworthy points include CIB's FX sales increased by 214%, international payment rose by 261% and guarantees grew at a leapfrogging rate of 432% as compared to 2012.

Last year, in the context of aggressive competition by other credit institutions, especially foreign banks and state-owned banks, VPBank focused on strengthening its marketing and acquisition of big corporate customers, leading to an impressive increase of 20% in the number of customers compared with 2012.

432% 

GROWTH IN GUARANTEE
ACTIVITIES OF CIB

In addition, VPBank continued to actively nurture relationships with our existing customers, especially large corporations including Vietnam Oil and Gas Group and its subsidiaries, Vietnam Electricity, Vietnam Airlines, Vietnam National Coal – Mineral Industries Group, FTP Group and Vietnam Steel Corporation, among others. Last year, VPBank took the first step in providing banking services to foreign-invested companies namely Uni President, Yamaha, Honda and Kinderword.

VPBank has not only focused on developing and offering commercial banking services to large corporations, but also attained early success in providing debt capital market services such as bond issuance. In September 2013, VPBank partnered with VPBank Securities Company Limited (VPBS) in providing bond advice, arrangement and issuance worth VND5,000 billion for Vietnam National Coal – Mineral Industries Group. This is the largest bond issuance ever for a state-owned corporation as well as the most successful deal in 2013.

Another of VPBank's achievements in wholesale banking services was the continual product and service quality improvement, of which the most noticeable amelioration was the solutions to Cash Flow Management and Trade Finance, such as comprehensive online payment (I2B), centralized cash management (Sweeping), airlines' agent financing (VNA, IATA) and deployment of electricity bill payment for Electricity of Vietnam (EVN).

2013 also highlighted the success of the State Budget Collection Project. Through direct connections with the State Treasury, provincial Customs Departments and Tax Departments, VPTax software allows VPBank's customers to make online tax payments. The tax payment amount will be recognized immediately by customs and tax departments, facilitating fast customs clearance of goods and timely payment to the state budget. The amounts paid to the state budget through VPTax software has steadily grown in volume.

Treasury and Investment

The Bank's profits in 2013 were significantly attributable to the Treasury and Investment Division, thanks to timely decisions made in currency trading activities. The trading of valuable papers also enlisted several opportunities to restructure the investment portfolio, develop a portfolio eligible to support the Bank's liquidity as needed while making decisions on realization of the portfolio's profits at the appropriate time.

Total transaction volume increased by three times in Government bonds and treasury bills as compared to 2012 and VPBank has been among the top five bidding members being commercial banks as ranked by the Ministry of Finance. Thanks to this result, VPBank continued to be recognized by the Ministry of Finance as one of the 25 bidding members of the Ministry during the period of 2014-2015.

Regarding investment activities, in addition to the investment in new portfolios in an efficient manner, the Bank also actively reviewed the previous investments, re-valuated collaterals, requested customers to supplement collaterals or liquidated investments to minimize risks.

With the above efforts, VPBank exceeded 121% of the profit plan assigned for the Treasury and Investment segment.

121% 

OF THE PROFIT PLAN ASSIGNED TO
TREASURY AND INVESTMENT SEGMENT

Sales and Distribution Network

In 2013, VPBank successfully accomplished the plan assigned to the Sales and Distribution (S&D) network: average customer deposit hit 113%, average loan balance reached 108% and the number of active customers achieved 115% of the set plan.

With more than 200 S&D business units across 34 provinces and cities nationwide, last year, the Bank vigorously focused on developing sales strategies, including the optimization of sales effectiveness at transaction points, setting targets and monitoring their implementation in an effective manner. Thereby, the branches' sales productivity increased by more than 30% year on year.

>30% 

BRANCHES' SALES PRODUCTIVITY

Numerous sales stimulation programs, service quality stimulation programs (Sales Incentive Program and the "Best seller" program, among others) have been repeatedly established and deployed to increase sales productivity and honor excellent sales staff and tellers.

In addition, the S&D system has also focused its resources on formulating a set of service quality standards for sales positions, simultaneously deploying internal training programs, workshops on sales and communications on corporate culture to establish the sales culture and new services across the transaction points. Accordingly, service quality has been greatly improved year on year and VPBank was honored to receive the title "Best quality service provider in 2013" awarded by the Economic Times on November 9, 2013. The Western Union Center under the VPBank's S&D system also won "The Best Agent in Offering Multi Products/ Channels" award.

Also in 2013, the Bank conducted a wide range of cultural and communications activities across the S&D system such as "Breakthrough leadership", "VPBank Open", "VPBank Super Cup" to develop team building in the system as well as foster cooperation with other units in the Bank.

The S&D system is well prepared to implement the key assigned tasks in 2014, including the continuous formulation and execution of sales incentives and quality service improvement programs in various units within the system, supporting the successful transformation of the sales and service system under the new model as well as fulfilling the commissioned business targets. Beginning April 1, 2014, S&D activities will be segregated and merged into the Retail Banking Division and the SME Division.

Consumer Finance

Despite just being newly founded in early 2011, with the stated objective of easy and effective financial solutions to customers, VPBank's Consumer Finance (CF) Division has achieved striking results after only three years of operations and continuous innovation, thus affirming the Bank's Leading position in this domain.

The year 2013 was marked with remarkable growth for the consumer finance business with 300,000 customers. The success of the Consumer Finance Division was also highlighted by impressive numbers such as the growth of the loan portfolio to VND 5,300 billion, maintaining a distribution network of over 2,000 points of sales during the year, along with 5,500 sales agents in 58 provinces and cities of Viet Nam.

The CF product strategy has been broadly and extensively changed recently with the diversification into more productive channels and the improvement in credit performance portfolio. This has resulted in not only a safe take-off to tide over economic obstacles, but also an unprecedented growth in sales with large numbers of loan applications every month.

2013 also witnessed VPBank's huge efforts in risk management with regard to the CF. A robust portfolio management was formed via smart credit rules, centralized underwriting procedures, an adaptive and flexible collection strategy, and the automatic credit policy checking process. This wise execution has efficiently ensured the credit quality target in recent years.

300,000

ACTIVE CUSTOMERS OF CF

Another contribution to the division's great performance is the building up of the Business Intelligence (BI) system. The new CRM and loan management software has enabled the monthly acquisition of thousands of new customers. The system is assessed as one of the CF's greatest strengths and will strongly support this segment's business activities in 2014.

In 2014, VPBank will continue its diversification of sales channels, the effective management of third parties and service providers, as well as the launching of more innovative CF products to provide potential customers with effective solutions, thereby fulfilling their financial needs and improving their lives.

ENHANCING THE FOUNDATIONS

Human Resources

The year 2013 marked an important milestone in the overall transformation of VPBank in general and in HR management activities in particular, illustrating the strong commitment of VPBank's leaders as well as the unification and coherence of all VPBank staff. As a result, VPBank has achieved a wide range of business goals despite challenging economic conditions overall and specifically in the banking-finance sector. Specifically, VPBank has promptly implemented the HR Business Partner (HRBP) model to keep abreast with the fast transformation of the whole Bank thereby effectively assisting the strong growth in the size of VPBank's human resources.

The HRBP model has helped the HR Division better understand the Bank's business activities as well as competency requirements for key positions, hence enabling VPBank to improve its recruitment efficiency, retain and develop VPBank's human resources. HR's skill in donning the role of "companion" was made clear in 2013 as the Bank continuously enhanced its organizational structure in alignment with the new business model that focuses on centralization, standardization and specialization for a better overall performance.

In 2013, VPBank focused on setting up foundational systems for HR management while ensuring the sufficient supply of quality resources to meet the outstanding growth targets of business performance. Advanced HR management systems of the Bank have always been an area of special focus and enhanced accordingly to align with new operational processes and organizational structures, such as branch scale criteria, job title standardization, KPIs setting, and linking performance management system (PMS) to remuneration. Checkpoint360 (a 360 degree feedback system) was introduced and applied to top leaders and managers and it has proven particularly effective at generating valuable multi-perspective feedback from peers, supervisors and direct reporting lines.

In order to build a robust foundation for excellent development, VPBank has prided itself on pioneering the development and application of the Core Competency Framework to the whole Bank and Functional Competency Sets for Business Divisions. An overall organizational health check-up has also been conducted for an overview on employees' current competencies that serves as a basis for a learning map in 2014 as well as a specific learning path for development in the next three years.

The Bank's Training Center has been restructured in a more specialized way for its "change agent" role. For the effective implementation of the Bank's transformation process, the "Learning culture" has been initiated throughout the Bank.

Strategy and Project Management

Strategy research, governance and project management in 2013 continued to actively support VPBank's transformation program. In addition to the execution of some research activities and the introduction of best practices in international banking governance to the leadership, strategy management was also initiated to monitor the implementation progress of the bank-wide strategy and business divisions' strategies.

In 2013, project management work was intensified to track the progress as well as compliance of all VPBank's projects utilizing new project management procedures that were coupled with the submission of weekly project progress and risk reports to the Board of Directors and the Board of Management. The tight monitoring of the projects' progress and risks enabled the Bank to promptly solve problems and avoid half-measure implementation.

Highly experienced personnel and resources were widely mobilized to embark on the Bank's strategic projects such as the Sales and Service Model transformation, Household Business Loans and Pre-Basel II, among others.

Last year, one of the new progressive steps that the project management team initiated was to evaluate the priority order of project proposals developed by various units to serve as the basis for resource allocation for project implementation and resolution of conflicts over resources used among the projects.

Beside the two majors of strategy research, governance and project management, the business intelligence work also contributed timely support to the Retail Banking Division with reports on customer segments, products and marketing programs.

Recognizing the importance of E-banking in today's modern digital world, VPBank has established an E-banking Project under the management of the Strategy Center for more proactive support and acceleration rendered to this project. By the end of 2013, the E-banking Project had yielded substantial results, marking the outstanding development of VPBank's e-banking operations. Specifically, VPBank

launched the Mobile Banking application used on three operating systems including Android, iOS and Windows Phone for both smart phones and tablets. The Internet Banking (I2B) system's interface has been changed and continuously upgraded with an aim to cater for diversified needs and improve customer experience. With the support of continuously executed marketing and sales promotion programs, the number of I2B registered users during 2013 rose more than 100% and the transaction volume via electronic channels increased by 300% against 2012.

Marketing and Communications

In 2013, the emphasis of VPBank's marketing and communication activities was placed on laying firm steps for developing the professional, dynamic and modern image of the Bank:

- ♦ Standardizing brand identity through revising and issuing new Brand as well as Branch guidelines;
- ♦ Launching the "Prosperity Tree Campaign" in December 2013 at Vincom Center Ba Trieu Hanoi, offering visitors opportunities to experience VPBank's branding attractiveness, products and services quality comprehensively;
- ♦ Refreshing VPBank's appearance on new media channels and social networks including YouTube and Facebook with creative communication campaigns. Within just a month, the Bank's Facebook page hiked from 2,000 to 27,000 likes with direct interactions (people talking about page) of up to over 100,000 times during peak times;
- ♦ Winning prestigious national and international awards including Typical Brand 2013 and Most Innovative Retail Bank 2013, among others.

Credit Approval and Collateral Management

In 2013, VPBank set out changes to functions and the organizational chart of the credit approval and collateral management departments with an aim to meet new requirements and tasks when the Bank continues with its comprehensive Transformation Program.

The Credit Division's key mission is to operate the credit approval system catering to large and medium-size customers, while being responsible for the issues related to collateral management across the system.

In addition to improving the quality of re-appraisal and engagement in approving credit applications, VPBank has also implemented a number of initiatives and solutions in an attempt to shorten the re-appraisal time, such as issuing detailed application checklists for various customer segments, reviewing and issuing service-level agreements in a way to shrink the time committed for professional deliverables and piloting the management software for credit approval and re-appraisal procedures. In 2013, the Bank revised its collateral management policies pertaining to the receiving, evaluating, and managing of collaterals at VPBank, particularly the collaterals of goods and inventories in rotation. The Bank has also re-evaluated capacities of credit officers (COs) at CPC; on that basis, training programs were developed and re-training courses have been provided to the COs. Exams have been conducted to grant certificates to COs, thus ensuring the quality of the centralized credit appraisal and approval at CPC.

Information Technology

Information Technology (IT) has always been considered one of the spearheads in enhancing VPBank's capacity; the Bank approved the IT Master Plan for the period 2013-2017, which aligns technological orientations with strategic goals to turn VPBank into one of the leading retail banks in Vietnam, particularly:

- ♦ Facilitating VPBank's transformation to become a customer-centric organization: to render customers with brand new experiences through utility, availability anytime and anywhere, amplified by an insight into customers' requirements as well as proactive responses to the requirements via offering reliable and safe services;
- ♦ Providing a solid and flexible foundation for business transformation activities: to develop and continuously supplement as well as consolidate IT services in an attempt to early detect the changes in business environment and swiftly enlist new business opportunities, significantly reduce the time for launching products to the market by adopting a stable enterprise architecture plus application integration capacity, accompanied by service delivery capacity;
- ♦ Pioneering in collaboration with both external and internal partners: to build a collaboration foundation for innovative and shared activities among various business units, between VPBank and its partners as well as customers, all aiming at marked improvements in business relationships, resulting in a more insightful and effective vision of both quantity and quality.

In 2013, VPBank vigorously focused on three out of the ten key initiative groups under this strategy with an aim to prepare a solid foundation for long-term growth, including:

- ♦ Enhancing capacity and technical know-how in IT service delivery activities: aligning business objectives of business units with IT Division, translating these objectives into overall objectives for IT staff, while initially transforming IT Division's organization into a service-oriented one;
- ♦ Defining enterprise architecture and determining design authority: the enterprise architecture enables the Bank to maintain its continuous growth in every aspect without breaking the overarching design while ensuring flexibility to respond to the changes in business models;
- ♦ Building a strong IT platform to support specialized applications: to capitalize on the newest technological initiatives to build an IT platform with high efficiency, reliability and safety.

By the end of 2013, the Bank had achieved remarkable achievements in three of the above groups of initiatives:

- ♦ Conducting organizational and procedural transformation of the IT Division from a back-up unit into a business divisions' partner through the service delivery orientations. The IT Division's organizational chart has been designed to ensure clear understanding of

technical requirements, improve service quality through the products' entire life cycle;

- ♦ Initially transforming the procedure of developing solutions, building enterprise architecture with service-oriented architecture (SOA);
- ♦ Setting up e-banking applications for the transitional period with a monthly increase from 20% to 30% in transaction volume and users;
- ♦ Improving a series of network's components and the IT system to optimize the use of resources, enhanced the processing capacity, including equipping a new network load balancing system, data storage devices as well as server upgrades for the Bank's core banking systems;
- ♦ Relocating and consolidating the infrastructure of the stand-by data center to meet the standards and requirements of the banking sector and the State Bank of Vietnam;
- ♦ Improving standard IT service quality offered to end-users and minimized unmet requirements;
- ♦ Turning VPBank into the first recognized Bank in Vietnam to qualify for PCI-DSS standards on data safety and security for payment and card organizations, facilitating the Bank to introduce new banking services to the market.

SUBSIDIARIES

VIETNAM PROSPERITY BANK ASSET MANAGEMENT LIMITED COMPANY (VPBANK AMC)

Founded in 2006, the Vietnam Prosperity Bank Asset Management Limited Company (VPBank AMC) has gradually asserted its position as a member unit of effective operation in VPBank's debt management and asset exploitation, while providing value-added services to the Bank.

In 2013, the Company boldly changed its management model as well as organizational structure to be aligned with VPBank's business strategy. The Decentralization of management, reporting and guidance mechanisms were developed and applied in consonant with the most advanced practices in the market.

The Company's operation model is compact and highly specialized in each of the following operational segments to improve its business performance, specifically:

- ♦ **Debt trading:** trading outstanding debts of other credit institutions and asset management companies under other commercial banks in compliance with legislative regulations;

- ♦ **Debt handling:** receiving and handling overdue debts, collaterals related to the overdue debts commissioned by VPBank to VPBank AMC to handle in an attempt to recover the Bank's capital the fastest possible;
- ♦ **Asset management and exploitation:** managing and exploiting the economic efficiency of the assets under VPBank's ownership; and ;
- ♦ **Asset valuation:** valuating the collaterals within the VPBank system.

In 2013, VPBank AMC collected and handled VND2,029 billion of NPLs in 2013 while assuming the entire array of design, management and supervision over the construction works to repair and renovate the branch offices bank-wide.

In 2013, the Company's net revenue from production and business activities was VND319.4 billion, with total assets of VND5,542 billion and 107 employees.

VPBANK SECURITIES COMPANY LIMITED (VPBS)

Being one of the securities companies with the largest shareholders' equity in the market after its chartered capital had increased to VND800 billion in 2012, key operational areas of VPBank Securities Co., Ltd (VPBS) include securities brokerage, securities trading, financial products trading, corporate finance consultancy and analytic services.

With the support of VPBank as its parent bank, VPBS aims to become one of the leading securities companies by 2015 that provides superior and distinctive products, services and utilities. With its 243 employees, VPBS has a network of offices in Hanoi, Ho Chi Minh City and Da Nang with an increasingly expanded transaction network and customer base.

Regarding securities brokerage and trading activities, VPBS has always been among the top 10 securities companies having the largest market share for bond brokerage in both of the two Stock Exchanges (HNX and HSX) in 2013.

Concerning Corporate Finance Consultancy Services, VPBS successfully rendered advisory services for a vast range of bond issue deals, particularly the large and complex deals of 2013. Specifically, VPBS advised for the successful issue arrangements of corporate bonds worth more than VND13,000 billion in the form of individual share issuance.

VPBS's financial products trading activities have been further expanded with numerous diversified products plus competitive and flexible policies, accompanied by automated and strict risk management processes.

For these achievements, VPBS has been honored by the Hanoi Stock Exchange (HNX) as one of the six exemplary member securities companies in 2013 based on the set of comprehensive and objective assessment criteria including: financial adequacy level, brokerage market share, cooperation and coordination level with the HNX as well as compliance with information disclosure obligation.

On September 12, 2013, it was VPBS's honor to receive the "2013 Best Bond House" award presented by FinanceAsia Magazine in Singapore. This is an annual award presented by FinanceAsia to honor bond issuance advisors that have achieved high volume and value of issuance in their local markets. The evaluation and voting process is conducted comprehensively on the basis of such criteria as structure, value and influential scope of the deals in the local bond market as well as the advisors' experience and background. VPBS's achievements in bond issuance advisory and securities trading activities have contributed to create liquidity for Vietnam's bond market.

In 2013, VPBS's profit after tax reached VND128.6 billion, increasing 111% against 2012. Return on Equity and Net Profit Margin stood at 16.1% and 24.4% respectively. As of December 31, 2013, VPBS's total assets exceeded VND2,855 billion; its financial adequacy ratio reached 237.94%, exceeding the minimum requirement as set by the State Committee for Securities..

CORPORATE SOCIAL RESPONSIBILITY

Along with developing its business and improving the quality of products and services, VPBank has always attached significant importance to fulfilling its commitment to corporate social responsibility and the pursuit of sustainable development values. Through practical actions taken in a range of areas such as social security, protection of environmental and natural resources, and provision of sufficient welfare benefits to employees and their families, VPBank wishes to contribute to the development of a better community for a society of equality, civilization and prosperity.

In 2013, VPBank continued to carry out activities which have been maintained for many years, providing care to: those disabled by the war, policy entitlement families, families with meritorious services to the revolution as well as serving as a regular companion of large-scale philanthropic programs to support the poor and the disadvantaged nationwide, especially in such regions as the: Northwest, Central Highlands and Southwest.

VPBank has been engaged in the financing of cardiac surgeries and construction of houses for the poor in Vinh Long province, compassion houses for former young militia in Thanh Hoa province, medical equipment for provincial hospitals and granting of scholarships to poor students in Phu Tho province, among others.

The Bank has also actively participated and proactively organized the philanthropic movements such as donations to support the Central Region's people affected by storms and floods, support local Funds for the poor, Association for the

Support of Handicapped and Orphans and responses to the events for disadvantaged and disabled children.

Having taken deep interest in study promotion and talent encouragement, as well as placing a premium on people development and intellectual incubation, VPBank has organized numerous scholarship programs for the talented but disadvantaged pupils in three regions including the Northwest, the Central Highlands as well as sponsored funds to purchase school equipment for students in Hoa Binh province.

Recognizing the importance of the living environment, VPBank has always proactively responded to environmental protection activities; launched practical internal activities to reduce pollution such as encouraging bicycle commuting, planting trees, saving electricity, saving paper and minimizing printing activities, among others.

Apart from the charity and voluntary work for the community and society, VPBank has always paid due attention to the movements and programs for developing and defending the homeland, demonstrated its citizen's responsibility and Vietnamese people's traditional patriotism. In 2013, VPBank enthusiastically contributed to the program "Vietnam's banks with the beloved Spratly" launched by the Banking Sector's Trade Union with an aim to contribute to the affirmation and protection of Vietnam's sovereignty over its islands and seas.

VPBank has been especially focused on offering good welfare packages, organizing encouragement activities for competition, creativity, as well as ensuring the healthy and motivated working environment of its staff.



VPBank actively participated in environmental protection activities



AUDITED FINANCIAL STATEMENTS 2013

Consolidated financial statements
for the year ended 31 December 2013

CORPORATE INFORMATION

Banking Licence No.	0042/NH - GP	12 August 1993
	The banking licence was issued by the State Bank of Vietnam and was valid for 99 years from the date of the banking licence.	
Business Registration Certificate No.	0100233583	8 September 1993
	The initial Business Registration Certificate and updates were issued by Hanoi Department of Planning and Investment, of which the most updated was issued on 16 December 2013.	
Board of Directors	Mr. Ngo Chi Dzung	Chairman
	Mr. Bui Hai Quan	Vice Chairman
	Mr. Lo Bang Giang	Vice Chairman
	Mr. Phung Khac Ke	Independent Member
	Mr. Luong Phan Son	Member (appointed on 24/4/2012, resigned on 22/10/2012 and reappointed on 26/4/2013)
	Mr. Nguyen Duc Vinh	Member (appointed on 26/4/2013)
CEO & Deputy CEOs	Mr. Nguyen Duc Vinh	Chief Executive Officer
	Mr. Nguyen Thanh Binh	Deputy Chief Executive Officer
	Mr. Phan Ngoc Hoa	Deputy Chief Executive Officer
	Ms. Duong Thi Thuy	Deputy Chief Executive Officer (resigned on 14/6/2013)
	Ms. Duong Thi Thu Thuy	Deputy Chief Executive Officer
	Ms. Nguyen Thi Bich Thuy	Deputy Chief Executive Officer
	Ms. Luu Thi Thao	Deputy Chief Executive Officer
	Mr. Vu Minh Truong	Deputy Chief Executive Officer
	Mr. Marek Hovorka	Deputy Chief Executive Officer (resigned on 14/6/2013)
	Mr. Kalidas Ghose	Deputy Chief Executive Officer
	Ms. Luu Thi Anh Xuan	Deputy Chief Executive Officer
	Mr. Peterjan Van Nieuwenhuizen	Deputy Chief Executive Officer (appointed on 1/11/2013)
Legal representative	Mr. Ngo Chi Dzung	Chairman
Registered office	1st - 7th Floor, Capital Tower	
	No. 72 Tran Hung Dao Street, Tran Hung Dao Ward, Hoan Kiem District	
	Hanoi, Vietnam	
Auditor	KPMG Limited Vietnam	

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Vietnam Prosperity Joint Stock Commercial Bank ("the Bank") is responsible for preparation and presentation of the consolidated financial statements of the Bank and its subsidiaries (collectively referred to as "VPBank") in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Management:

(a) The consolidated financial statements set out on pages 46 to 105 give a true and fair view of the consolidated financial position of VPBank as at 31 December 2013, and of the consolidated results of operations and the consolidated cash flows of VPBank for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and

(b) At the date of this statement, there are no reasons for the Board of Management to believe that VPBank will not be able to pay its debts as and they fall due.

The Board of Management has, on the date of this statement, authorized these consolidated financial statements for issue.

On behalf of the Board of Management,



Nguyen Duc Vinh

Chief Executive Officer

Hanoi, 5 March 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders

VIETNAM PROSPERITY JOINT STOCK COMMERCIAL BANK

We have audited the accompanying consolidated financial statements of Vietnam Prosperity Joint Stock Commercial Bank ("the Bank") and its subsidiaries (collectively referred to as "VPBank"), which comprise the consolidated balance sheet as at 31 December 2013, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto ("the consolidated financial statements") which were authorized for issue by VPBank's Board of Management on 5 March 2014, as set out on pages 46 to 105.

Management's responsibility for the Consolidated Financial Statements

VPBank's Board of Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Accounting Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respect, of the consolidated financial position of VPBank as at 31 December 2013 and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

KPMG Limited

Vietnam

Investment Certificate No. 011043000345

Audit Report No. 13-02-159/4



Tran Dinh Vinh

Practicing Auditor Registration
Certificate No. 0339-2013-007-1
Deputy General Director

Nguyen Minh Hieu

Practicing Auditor Registration
Certificate No. 1572-2013-007-1

Hanoi, 5 March 2014

CONSOLIDATED BALANCE SHEET

as at 31 December 2013

Form B02/TCTD-HN

(Issued in accordance with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 of the Governor of the State Bank of Vietnam)

	Note	31/12/2013 VND million	31/12/2012 VND million (Restated)
A ASSETS			
I Cash and gold on hand	4	1,549,351	799,402
II Balances with the State Bank of Vietnam	5	1,523,596	1,372,667
III Balances with and loans to other credit institutions	6	12,055,421	26,760,927
1 Deposits with other credit institutions		3,319,183	17,317,365
2 Loans to other credit institutions		8,796,925	9,498,221
3 Allowance for loans to other credit institutions		(60,687)	(54,659)
IV Securities held for trading	7	8,508,797	1,345,840
1 Securities held for trading		8,510,340	1,366,615
2 Allowance for diminution in the value of securities held for trading		(1,543)	(20,775)
V Derivatives and other financial assets	8	-	57,471
VI Loans and advances to customers		51,869,416	36,523,123
1 Loans and advances to customers	9	52,474,123	36,903,305
2 Allowance for loans and advances to customers	10	(604,707)	(380,182)
VII Investment securities	11	29,167,489	22,254,016
1 Available for sale securities		28,530,794	22,263,016
2 Held to maturity securities		636,695	-
3 Allowance for diminution in the value of investment securities		-	(9,000)
VIII Long-term investments	12	71,831	67,338
4 Other long-term investments		72,304	67,811
5 Allowance for long-term investments		(473)	(473)
IX Fixed assets		447,406	458,197
1 Tangible fixed assets	13	242,984	251,800
a Cost		480,816	529,352
b Accumulated depreciation		(237,832)	(277,552)
2 Intangible fixed assets	14	175,531	176,840
a Cost		270,784	249,222

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2013

		Note	31/12/2013 VND million	31/12/2012 VND million (Restated)
b	Accumulated amortisation		(95,253)	(72,382)
3	Investment property	15	28,891	29,557
a	Cost		29,965	29,916
b	Accumulated depreciation		(1,074)	(359)
XI	Other assets		16,071,063	13,034,109
1	Receivables	16(a)	11,615,721	10,227,540
2	Accrued interest and fee receivables	16(b)	2,954,722	2,454,983
3	Deferred tax assets		-	5,634
4	Other assets	16(c)	2,107,180	438,350
5	Allowance for other assets	16(d)	(606,560)	(92,398)
TOTAL ASSETS			121,264,370	102,673,090
B	LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES				
I	Amounts due to the Government and the State Bank of Vietnam	17	1,885,457	1,371,572
II	Deposits and borrowings from other credit institutions	18	13,134,052	25,655,717
1	Deposits from other credit institutions		8,081,635	15,542,886
2	Borrowings from other credit institutions		5,052,417	10,112,831
III	Deposits from customers	19	83,843,780	59,514,141
IV	Derivatives and other financial liabilities	8	50,851	-
V	Other borrowed and entrusted funds		63,737	64,540
VI	Valuable papers issued	20	7,600,755	4,766,100
VII	Other liabilities		6,959,041	4,591,916
1	Accrued interest and fee payables	21(a)	2,006,498	1,186,701
3	Other liabilities	21(b)	4,908,974	3,390,977
4	Allowance for off-balance sheet commitments	21(c)	43,569	14,238
TOTAL LIABILITIES			113,537,673	95,963,986

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2013

	Note	31/12/2013 VND million	31/12/2012 VND million (Restated)
SHAREHOLDERS' EQUITY			
VIII	Capital and reserves	22	
1	Capital	7,726,697	6,709,104
a	Share capital	5,771,369	5,771,369
c	Share premium	5,770,000	5,770,000
		1,369	1,369
2	Reserves	328,295	233,031
5	Retained earnings	1,627,033	704,704
TOTAL SHAREHOLDERS' EQUITY		7,726,697	6,709,104
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		121,264,370	102,673,090

		31/12/2013 VND million	31/12/2012 VND million
OFF-BALANCE SHEET ITEMS			
I	CONTINGENT LIABILITIES		
2	Letters of credit	1,339,815	799,286
3	Other guarantees	4,304,333	2,036,303
II	OTHER COMMITMENTS		
1	Conditional undrawn loan commitments	23,363,837	9,990,054

Prepared by:



Nguyen Thi Thu Hang
Chief Accountant

Approved by:



Luu Thi Thao
Deputy Chief Executive Officer
cum. Chief Financial Officer



Nguyen Duc Vinh
Chief Executive Officer

5 March 2014

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF INCOME

for the year ended 31 December 2013

Form B03/TCTD-HN

(Issued in accordance with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 of the Governor of the State Bank of Vietnam)

Note			2013 VND million	2012 VND million (Restated)
1	Interest and similar income	23	11,125,177	10,340,939
2	Interest and similar expenses	23	(7,042,590)	(7,277,906)
I	Net interest income	23	4,082,587	3,063,033
3	Fee and commission income	24	880,209	671,852
4	Fee and commission expenses	24	(276,385)	(401,035)
II	Net fee and commission income	24	603,824	270,817
III	Net loss from trading of foreign currencies and gold		(20,813)	(117,164)
IV	Net gain from trading of securities held for trading	25	117,999	73,913
V	Net gain/(loss) from investment securities	26	185,902	(176,112)
5	Other income	27	124,771	129,438
6	Other expenses	27	(17,227)	(23,953)
VI	Net other income		107,544	105,485
VII	Income from investments in other entities		11,628	17,092
VIII	Operating expenses	28	(2,837,862)	(1,874,989)
IX	Operating profit before allowance and provision expenses		2,250,809	1,362,075
X	Allowance and provision expenses	29	(895,963)	(413,052)
XI	Profit before tax		1,354,846	949,023
7	Income tax expense – current	30	(331,592)	(239,137)
8	Income tax (expense)/income – deferred	30	(5,634)	5,595
XII	Total income tax expense	30	(337,226)	(233,542)
XIII	Net profit after tax		1,017,620	715,481
XV	Basic earnings per share (VND/share)	31	1,764	1,240

Prepared by:



Nguyen Thi Thu Hang
Chief Accountant

Approved by:



Luu Thi Thao
Deputy Chief Executive Officer
cum. Chief Financial Officer



Nguyen Duc Vinh
Chief Executive Officer

5 March 2014

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2013

Form B04/TCTD-HN

(Issued in accordance with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 of the Governor of the State Bank of Vietnam)

	2013 VND million	2012 VND million (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
01 Interest and similar income received	10,754,497	9,725,669
02 Interest and similar expenses paid	(6,277,347)	(7,312,366)
03 Fee and commission income received	603,760	270,084
04 Net loss from foreign currencies and gold trading activities	(95,254)	(117,164)
05 Net gain/(loss) from securities trading activities	275,669	(89,849)
06 Other income received	103,463	97,298
07 Operating and salary expenses payments	(2,573,758)	(1,793,885)
08 Income tax paid	(188,744)	(256,026)
Net cash flows from operating activities before changes in operating assets and liabilities	2,602,286	523,761
Changes in operating assets		
09 Balances with and loans to other credit institutions	797,025	(2,634,633)
10 Securities held for trading and investment securities	(12,929,880)	(2,685,785)
11 Derivatives and other financial instruments	57,471	(57,471)
12 Loans and advances to customers	(16,207,513)	(7,719,662)
13 Utilization of allowance for loans and advances, securities, long term investments	(251,824)	(281,106)
14 Other assets	(3,179,093)	(4,366,854)
Changes in operating liabilities		
15 Amounts due to the Government and the SBV	513,885	454,445
16 Deposits and borrowings from other credit institutions	(12,521,665)	68,126
17 Deposits from customers	24,329,639	30,102,006
18 Valuable papers issued	334,655	(10,276,015)
19 Other borrowed and entrusted funds	(803)	(35,642)
20 Derivatives and other financial liabilities	50,851	(2,541)
21 Other liabilities	1,472,623	(1,145,637)
22 Utilisation of reserves	(27)	(6)
I NET CASH FLOWS FROM OPERATING ACTIVITIES	(14,932,370)	1,942,986

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

for the year ended 31 December 2013

		2013 VND million	2012 VND million (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
01	Payments for purchases of fixed assets	(113,444)	(167,468)
02	Proceeds from disposal of fixed assets	18,728	417
07	(Payments)/proceeds from investments in other entities	(4,493)	55,474
09	Dividends received from long-term investments	11,628	17,092
II	NET CASH FLOWS FROM INVESTING ACTIVITIES	(87,581)	(94,485)
CASH FLOWS FROM FINANCING ACTIVITIES			
01	Proceeds from issuance of long-term valuable papers eligible to be recognized as owners' equity and other long-term loans	2,500,000	-
	NET CASH FLOWS FROM FINANCING ACTIVITIES	2,500,000	-
IV	NET CASH FLOWS FOR THE YEAR	(12,519,951)	1,848,501
V	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	17,987,985	16,139,484
VI	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Note 32)	5,468,034	17,987,985

NON-CASH INVESTING AND FINANCING ACTIVITIES

	2013 VND million	2012 VND million
Bonus shares	-	40,000
Dividend shares	-	680,000

Prepared by:



Nguyen Thi Thu Hang
Chief Accountant

Approved by:



Luu Thi Thao
Deputy Chief Executive Officer
cum. Chief Financial Officer



Nguyen Duc Vinh
Chief Executive Officer

5 March 2014

The accompanying notes are an integral part of the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2013

Form B05/TCTD-HN

(Issued in accordance with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 of the Governor of the State Bank of Vietnam)

These notes form an integral part of, and should be read in conjunction with, the accompanying consolidated financial statements.

1. Reporting entity

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

The Bank was established pursuant to the Banking Licence No. 0042/NH-GP dated 12 August 1993 issued by the State Bank of Vietnam ("SBV") and the Business Registration Certificate No. 0100233583 dated 8 September 1993 issued by Hanoi Department of Planning and Investment. The Bank entered into operation on 12 August 1993 with an operation period of 99 years.

The Bank has been established to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans and advances to organizations and individuals based on the nature and capability of the Bank's sources of capital; also including foreign exchange transactions, international trade finance services, discount of commercial papers, bonds and other valuable papers, and providing other banking services allowed by the SBV.

As at 31 December 2013, the Bank's share capital is VND5,770 billion (31/12/2012: VND5,770 billion). Face value per share is VND10,000.

As at 31 December 2013, the Bank has one (1) Head Office, one (1) operation centre, thirty nine (39) branches, one hundred and fifty-six (156) transaction offices and ten (10) savings funds nationwide.

As at 31 December 2013, the Bank had two (2) subsidiaries as follows:

Subsidiaries	Operating licence	Nature of Business	% owned by the Bank
VPBank Securities Company Limited (VPBS)	0104000621, dated 28 November 2006 issued by Hanoi Department of Planning and Investment.	Securities activities	100%
VPBank Asset Management Company Limited (VPBank AMC)	0105837483, dated 15 April 2013 granted by Hanoi Department of Planning and Investment.	Asset and Liabilities management	100%

The Bank and its subsidiaries are hereinafter collectively called "VPBank". As at 31 December 2013, VPBank had 6,795 employees (31/12/2012: 4,326 employees).

2. Basis of financial statement preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions issued by SBV, and relevant statutory requirements applicable to financial reporting. These accounting policies may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards in other countries. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilization is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

(b) Basis of measurement

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

(c) Annual accounting period

The fiscal year of VPBank is from 1 January to 31 December.

(d) Accounting currency

VPBank's accounting currency is Vietnamese Dong ("VND"), rounded to the nearest million ("VND million").

3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the effective date of control until the date the control ceases.

(ii) Transactions eliminated on consolidation

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

(b) Foreign currency transactions

The Bank maintains an accounting system that records all transactions in original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the Bank's exchange rates prevailing on the balance sheet date. Non-monetary foreign currency assets and liabilities are translated into VND using the exchange rate effective at the date of the transaction. Income and expenses transactions incurred in foreign currencies are translated into VND using exchange rates on the dates of the transactions in the consolidated statement of income.

Translation adjustment arising from dealing activities as at the balance sheet date are recorded in the consolidated statement of income.

(c) Cash and cash equivalents

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

(d) Trading securities

(i) Classification

Trading securities include debt or equity securities and other securities that VPBank purchases and intends to sell in the period of not exceeding 1 year for short-term earnings.

(ii) Recognition

VPBank recognises trading securities at the date VPBank becomes a party under contractual terms with respect to these securities (trade date accounting).

(iii) Measurement

Securities held for trading are recognized at cost less allowance for diminution in the value of the securities. Allowance is made when market price is lower than book value.

Market price of quoted trading securities is the quoted closing bid price of Ho Chi Minh City Stock Exchange or the average price at the Hanoi Stock Exchange at the reporting date.

Market price of unquoted trading securities which are freely traded on OTC market, market price is the average price of transaction prices at the reporting date provided by three securities companies with charter capital of more than VND300 billion.

Securities which are not freely traded in the market or those whose market price cannot be determined are recorded at cost without any allowance to be made.

The allowance for diminution in value of trading securities mentioned above will be reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognized. An allowance is reversed only to the maximum level being equal to the securities' carrying amount if no allowance had been recognised.

Cost of trading securities is determined on a weighted average basis.

(iv) De-recognition

VPBank derecognizes trading securities when the contractual rights to the cash flows from these securities expire or when the significant risks and rewards of ownership of these securities have been transferred.

(e) Financial investments

(i) Investment securities

Investment securities are classified into two categories: available-for-sale investment securities and held-to-maturity investment securities. VPBank classifies investment securities at the purchase date. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 issued by the SBV, VPBank is allowed to reclassify its investment securities once after their purchase date.

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

Held-to-maturity investment securities are debt securities with fixed or determinable payment and fixed maturities where

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

VPBank's management has the positive intention and ability to hold until maturity.

Available for sale and held to maturity debt securities are initially recognised at cost including transaction costs and other directly attributable costs. They are subsequently recognized at amortised cost (affected by premium/discount amortisation) less allowance for diminution in the value of investment. Premium and discounts arising from purchases of debt securities are amortised to the separate statement of income on a straight-line basis over the period from acquisition date to maturity date.

Available for sale equity securities are initially recognised at cost and subsequently recognized at the lower of the cost and market value with the difference to the separate statement of income.

(ii) Capital contribution and long-term investments

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

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

(iii) Allowance for diminution in the value of financial investments

In accordance with Official Letter No. 7459/NHNN-TCKT issued by SBV on 30 June 2006, when the financial statements are prepared, if the market value of held-for-trading and available-for-sale securities is lower than their book value or there is indication of long-term diminution in the value of investments for held-to-maturity securities, VPBank makes allowance for each investment in securities in accordance with current requirements of allowance for diminution in the value of securities as requirement in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by Ministry of Finance ("Circular 228") and Circular No. 89/2013/TT-BTC issued by Ministry of Finance dated 28 June 2013 on amendments of and supplements to Circular 228. Where market value is not available or not measured reliably, these securities are carried at cost.

In accordance with Circular 228, allowance for diminution in the value of investments in economic entities (such as limited liability companies, joint stock companies, partnerships, joint ventures and other long-term investments), are required if the economic entities suffer losses (except when the loss was anticipated in their business plan before the date of investment).

Allowance for long-term investments is made for investments which are stated at cost. VPBank makes allowance when its total actual investments are higher than total equity of the invested economic entities calculated on the basis of VPBank's share of ownership.

(f) Loans and advances to customers and other credit institutions

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

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

Allowance for credit risk comprises of general allowance and specific allowance, which are made at least on a quarterly basis.

In accordance with Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 issued by the SBV ("Decision 493"), which was amended and supplemented by Decision No. 18/2007/QĐ-NHNN dated 25 April 2007 issued by the SBV ("Decision 18"),

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

requires specific allowance at the balance sheet date (31 December) to be calculated on the basis of outstanding principal less discounted value of collateral assets multiplied by the allowance rate specified for each loan group, all as at 30 November, which is provided below:

Loan group	Rate of allowance
Group 1 – Current	0%
Group 2 – Special mentioned	5%
Group 3 – Substandard	20%
Group 4 – Doubtful	50%
Group 5 – Loss	100%

The classification of loan groups as well as the basis for determination of the value and the discounted value for each type of collateral is specified in Decision 493 and Decision 18.

Effective from 23 April 2012, the Bank adopted Decision No.780/QD-NHNN dated 23 April 2012 issued by the SBV ("Decision 780") regarding the classification of loans being rescheduled or having the repayment terms extended under which such loans are classified in the same loan groups as before rescheduling or having the repayment terms extended if the borrower are assessed as having positive business potential and ability to repay well these loans.

General allowance at the balance sheet date (31 December) is calculated at 0.75% of outstanding loans and advances to customers and other credit institutions that are classified into Groups 1 to Group 4 as at 30 November.

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

The Bank adopted Circular No. 21/2012/TT-NHNN issued by the SBV on 18 June 2012 since the effective date being 1 September 2012 ("Circular 21") on regulations on operations of lending, borrowing; term purchase and sale of valuable papers among foreign credit institutions and bank branches and Circular No. 01/2013/TT-NHNN issued by the SBV on 7 January 2013 on amendments of and supplements to a number of articles of Circular 21. Accordingly, the Bank classifies loans to other credit institutions and provides allowance for loans to other credit institutions in accordance with Decision 493 and Decision 18.

(g) Allowance for off-balance sheet items

Allowance for off-balance sheet items comprises a general allowance and a specific allowance and is made at least once a quarter.

In accordance with Decision 18, if the Bank assesses its customers as unable to perform their obligations as committed to a covered third party, VPBank is required to classify guarantees, acceptances, loan commitments which are irrevocable and unconditional and have a specific performance date (herein referred to as "off-balance sheet commitments") for these customers into 5 groups and make specific allowances accordingly using the method provided in Note 3(f).

Besides, in accordance with Decision 493, general allowance as at 31 December is calculated at 0.75% of total outstanding off-balance sheet commitments as at 30 November.

(h) Derivative financial instruments

Derivatives are recorded in a balance sheet account at contract value on the date which a derivative contract is entered into and revalued subsequently at each period end. Gains or losses arising from derivatives are recognised in the consolidated statement of income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Derivative financial instruments classified as derivative financial assets if the value recorded is positive and classified as derivative financial liabilities if the value recorded is negative.

(i) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

- ♦ buildings and structures 40 years
- ♦ machineries and equipment 4 - 10 years
- ♦ motor vehicles 8 years
- ♦ office equipment 5 years
- ♦ others 4 - 7 years

(j) Intangible fixed assets

(i) Land use rights

Intangible fixed assets being land use rights comprise:

- ♦ The land use right allocated by the State with land use fee or receiving the transfer of legal land use right (including definite and indefinite land use right).
- ♦ The right to use the leased land before the effective date of the 2003 Land Law but the rent has been paid for the leasing time or paid in advance for many years but the remaining land lease term paid is at least five years and granted with certificate of land use right by the competent authority.

Definite land use rights are stated at cost less accumulated amortization. Indefinite land use rights are stated at cost and are not amortized.

The cost of fixed assets being land use rights determined is the total amount paid to have the legal land use right plus (+) costs of site clearance, ground leveling, registration fee (excluding costs for building works on land) or the value of land use right received as contributed capital

(ii) Software

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

(k) Investment property

(i) Cost

Investment property is stated at cost less accumulated depreciation. The initial cost of an investment property comprises its purchase price, cost of land use rights and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating in the manner intended by management. Expenditure incurred after investment property has been put into operation, such as repairs and maintenance, is charged to the consolidated statement of income in the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property, the expenditure is capitalised as an additional cost of investment property.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property. The estimated useful lives are as follows:

- ♦ buildings and structures 3- 21 years
- ♦ land use right indefinite

(l) Other receivables

Other receivables, other than loans to customers, are initially recorded at cost and less allowance for doubtful receivables.

Other receivables are subject to assessment of allowance based on overdue date of receivables or estimated loss arising from undue debts of which the indebted economic organisations are bankrupt or undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have died. Increases or decreases to the allowance balance are recorded in operating expenses.

VPBank makes allowance for doubtful receivables in accordance with Circular 228 at the following allowance rates over overdue receivables:

Overdue period	Rate of allowance
From six (06) months to less than one (01) year	30%
From one (01) year to less than two (02) years	50%
From two (02) years to less than three (03) years	70%
Over three (03) years	100%

(m) Provision

A provision other than those described in Notes 3(d), 3(e), 3(f), 3(g) and 3(l) is recognised if, as a result of a past event, VPBank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

(n) Other payables

Other payables are stated at their cost.

(o) Share capital

(i) Ordinary shares

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

(ii) Share premium

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

(p) Reserves and funds

The Bank

The Bank is required to make the following allocations before distribution of profits:

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

The Bank made allocations in 2013 compulsory reserves based on 2012 profit after tax (excluding profits transferred from the subsidiaries).

Bonus and welfare funds are allocated from profit after tax at resolution by the shareholders in the Annual General Meeting and are used primarily to make payments to the Bank's employees. These funds are not required by law and are fully distributable.

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

The subsidiaries

VPBank Asset Management Company Limited ("VPBank AMC")

According to Circular 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance, VPBank AMC is required to make reserves and other funds from profit after tax based on the rates that the Bank currently applies. VPBank AMC has not made allocations for compulsory reserves in 2013 due to pending approval by shareholders in the Annual General Meeting.

VPBank Securities Company Limited ("VPBank Securities Company")

According to Decision No. 27/2007/QĐ-BTC dated 24 April 2007 issued by the Ministry of Finance, securities companies are required to make reserves and other funds from profit after tax based on the following rates:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

	Annual allocation	Maximum balance
Reserve to supplement chartered capital	5% of profit after tax	100% of chartered capital
Financial reserve	5% of profit after tax	10% of chartered capital

The allocation to reserves from profit after tax of the subsidiaries will be made upon approval of Annual General Meeting.

(q) Revenue recognition

(i) Interest income

Interest income is recognised in the consolidated statement of income on an accruals basis, except for uncollected interest on loans classified in Group 2 to Group 5 as defined in Note 3(f) which is recognised upon receipt.

(ii) Fee and commission income

Fees and commissions are recognized in the consolidated statement of income on an accrual basis.

(iii) Dividend income

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

In accordance with Circular No. 244/2009/TT-BTC dated 31 December 2009, effective from 1 January 2010, issued by the Ministry of Finance, dividend received in the form of shares and shares distributed from retained earnings are recognized as an increase in the number of shares, not recognized in the consolidated statement of income.

(r) Interest expenses

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

(s) Operating lease payments

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

(t) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous year.

Deferred tax is provided using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Basic earnings per share

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

(v) Segment reporting

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

(w) Off-balance sheet items

(i) Foreign exchange contracts

VPBank enters into foreign exchange forwards and swaps which enable customers to transfer, modify or reduce their foreign exchange or other market risks and also trades these products for its own account.

Forward contracts are commitments to settle in cash at a future date based on differentials between specified exchange rates, as applied to a notional principal amount. Forward contracts are recorded at nominal value on the balance sheet at the transaction date and are subsequently revaluated at exchange rate at the year end. Realised or unrealised gain or loss is recognised in the consolidated statement of income.

Swap contracts are commitments to settle in cash at a future date based on differentials between specified exchange rates, as applied to a notional principal amount. Swap contracts are subsequently revaluated on the balance sheet date; the difference on revaluation is recognised in the consolidated statement of income.

(ii) Commitments and contingent liabilities

VPBank has outstanding credit commitments. These commitments are approved and unutilised loans and overdraft facilities. VPBank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the contingent liabilities and commitments will expire without any advanced payment, in whole or in part. Therefore these commitments and contingent liabilities do not represent expected future cash flows.

(x) Classification of financial instruments for disclosure purposes

(i) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the VPBank's consolidated financial position and consolidated results of operations and the nature and extent of risk arising from financial instruments, the VPBank classifies its financial instruments as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Financial assets

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- ♦ It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- ♦ Upon initial recognition, it is designated by the VPBank as at fair value through profit or loss.

Held-to-maturity investments

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

- ♦ those that the VPBank upon initial recognition designates as at fair value through profit or loss;
- ♦ those that the VPBank designates as available-for-sale; and
- ♦ those that meet the definition of loans and receivables.

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 those:

- ♦ that the VPBank intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- ♦ that the VPBank upon initial recognition designates as available-for-sale; or
- ♦ for which the VPBank may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

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

- ♦ financial assets at fair value through profit or loss;
- ♦ held-to-maturity investments; or
- ♦ loans and receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Financial liabilities

Financial liabilities at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- ♦ It is considered by Board of management as held for trading. A financial liability is considered as held for trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- ♦ Upon initial recognition, it is designated by the VPBank as at fair value through profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

(ii) Measurement and disclosures of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, VPBank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

4. Cash and gold on hand

	31/12/2013 VND million	31/12/2012 VND million
Cash on hand in VND	435,544	357,276
Cash on hand in foreign currencies	1,076,216	281,150
Valuable papers in foreign currencies	-	107
Gold on hand	37,591	160,869
	1,549,351	799,402

5. Balances with the State Bank of Vietnam

These consist of a compulsory reserve requirement ("CRR") for liquidity and a current account.

	31/12/2013 VND million	31/12/2012 VND million
Current account and compulsory reserve	1,523,596	1,372,667

Under the State Bank of Vietnam's regulations on the compulsory reserve, banks are permitted to maintain a floating balance for CRR.

The monthly average balance of the current account must not be less than the monthly balance of compulsory reserves. The amount of monthly compulsory reserve is calculated by the preceding month average balances of deposits multiplied with respective CRR rates.

The CRR rates applied at the year-end were as follows:

Deposits in scope	CRR rates	
	31/12/2013	31/12/2012
Preceding month's average balances of:		
Deposits in foreign currencies with term of less than 12 months	8%	8%
Deposits in foreign currencies with term of and more than 12 months	6%	6%
Deposits in VND with term of less than 12 months	3%	3%
Deposits in VND with term of and more than 12 months	1%	1%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Year-end annual interest rates were as follows:

	31/12/2013	31/12/2012
Deposits in VND		
Within the compulsory reserve requirement	1.2%	1.2%
Exceeding the compulsory reserve requirement	0%	0%
Deposits in USD		
Within the compulsory reserve requirement	0%	0%
Exceeding the compulsory reserve requirement	0.05%	0.05%

6. Balances with and loans to other credit institutions

	31/12/2013 VND million	31/12/2012 VND million
Current accounts	1,168,103	11,060,515
Current accounts in VND	108,033	8,043,991
Current accounts in foreign currencies	1,060,070	3,016,524
Term deposits	2,151,080	6,256,850
Term deposits in VND	1,940,720	4,941,640
Term deposits in foreign currencies	210,360	1,315,210
Loans	8,736,238	9,443,562
Loans in VND	8,165,004	9,124,478
Loans in foreign currencies	631,921	373,743
Allowance for loans to other credit institutions	(60,687)	(54,659)
	12,055,421	26,760,927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Allowance for loans to other credit institutions were as follows:

	2013 VND million	2012 VND million
General allowance (i)	54,967	54,659
Specific allowance (ii)	5,720	-
	60,687	54,659

(i) Movements in general allowance for loans to other credit institutions were as follows:

	2013 VND million	2012 VND million
Opening balance	54,659	-
Allowance made during the year (Note 29)	308	54,659
Closing balance	54,967	54,659

(ii) Movements in specific allowance for loans to other credit institutions were as follows:

	2013 VND million	2012 VND million
Opening balance	-	-
Allowance made during the year (Note 29)	5,720	-
Closing balance	5,720	-

Year-end annual interest rates were as follows:

	31/12/2013	31/12/2012
Term deposits in VND	4% - 10%	9% - 13.5%
Term deposits in foreign currencies	0.25% - 0.7%	2.5% - 3.5%
Loans in VND	4.2% - 10.8%	6.5% - 15%
Loans in foreign currencies	0.3% - 4.5%	0.1% - 2.5%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

7. Securities held for trading

	31/12/2013 VND million	31/12/2012 VND million
Debt securities	8,241,473	1,268,805
Government bonds	1,155,608	350,512
Bonds issued by local credit institutions	344,734	126,556
Bonds issued by local economic entities	6,741,131	791,737
Equity securities	268,867	97,810
Shares issued by local economic entities	268,867	97,810
	8,510,340	1,366,615
Allowance for diminution in the value of securities held for trading (i)	(1,543)	(20,775)
	8,508,797	1,345,840

Term and the contractual interest rate of the debt securities at the end of the year were as follows:

	31/12/2013		31/12/2012	
	Term	Interest Rate	Term	Interest Rate
Government bonds	2 years - 4 years	9.4% - 13.2%	2 years - 4 years	9.4% - 13.2%
Bonds issued by local economic entities (VND)	1 year - 4 years	11% - 15%	1 year - 4 years	11% - 15%
Bonds issued by local credit institutions (VND)	4 years - 8 years	10.2% - 11.5%	1 year - 4 years	10.2% - 11.5%

Listing status of securities held for trading:

	31/12/2013 VND million	31/12/2012 VND million
Debt securities	8,241,473	1,268,805
Unlisted	8,241,473	1,268,805
Equity securities	268,867	97,810
Listed	49,519	37,333
Unlisted	219,348	60,477
	8,510,340	1,366,615

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

(i) Allowance for diminution in the value of securities held for trading were as follows:

	2013 VND million	2012 VND million
Opening balance	20,775	17,425
Allowance (reversed)/made during the year (Note 25)	(19,232)	3,350
Closing balance	1,543	20,775

8. Derivatives and other financial assets/(liabilities)

	Total contract nominal value (at foreign exchange rate at balance sheet date) VND million	Total carrying value (at foreign exchange rate at balance sheet date)		
		Assets VND million	Liabilities VND million	Net value VND million
31 December 2013				
Derivative financial instrument	27,504,838	4,574,951	(4,625,802)	(50,851)
Foreign exchange forward contracts	12,340,612	2,657,629	(2,760,747)	(103,118)
Foreign exchange swap contracts	15,164,226	1,917,322	(1,865,055)	52,267
31 December 2012				
Derivative financial instrument	10,812,268	4,245,393	(4,187,922)	57,471
Foreign exchange forward contracts	5,716,778	2,848,259	(2,829,820)	18,439
Foreign exchange swap contracts	5,095,490	1,397,134	(1,358,102)	39,032

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

9. Loans and advances to customers

	31/12/2013 VND million	31/12/2012 VND million
Loans to local economic entities and individuals	52,375,482	36,820,307
Treasury bills discounts	31,260	7,083
Payment on behalf of customers	-	2,337
Loans financed by sponsored, trusted funds (*)	59,831	65,334
Loans to foreign economic entities and individuals	7,550	8,244
	52,474,123	36,903,305

(*) Loans under sponsored funds and trusted funds include loans supported by trusted funds from national development assistance programs of Ministry of Finance and the SBV. VPBank directly received the loans from leading bank which is Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") and the National Management Unit for ODA Projects. VPBank receives the funds, manages and makes use of these loans and bears all risks relating to the loans. In case of the loan become insolvent, VPBank is responsible to repay BIDV and the National Management Unit for ODA Projects as committed in the signed contract.

Loan portfolio by loan group was as follows:

	31/12/2013 VND million	%	31/12/2012 VND million	%
Group 1 - Current	48,531,102	92.49%	32,969,671	89.34%
Group 2 - Special mentioned	2,468,725	4.70%	2,930,347	7.94%
Group 3 - Substandard	594,869	1.14%	257,505	0.70%
Group 4 - Doubtful	474,208	0.90%	554,257	1.50%
Group 5 - Loss	405,219	0.77%	191,525	0.52%
	52,474,123	100%	36,903,305	100%

Loan portfolio by term was as follows:

	31/12/2013 VND million	%	31/12/2012 VND million	%
Short term	24,575,232	46.83%	22,745,669	61.64%
Medium term	18,734,481	35.70%	10,211,494	27.67%
Long term	9,164,410	17.47%	3,946,142	10.69%
	52,474,123	100%	36,903,305	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Loan portfolio by type of borrowers was as follows:

	31/12/2013 VND million	%	31/12/2012 VND million	%
State-owned enterprises	1,453,967	2.77%	1,273,255	3.46%
Limited liability companies	14,591,969	27.81%	9,129,350	24.74%
Joint stock companies	12,757,141	24.31%	8,038,951	21.78%
Foreign invested companies	226,724	0.43%	130,446	0.35%
Private businesses	494,031	0.94%	590,401	1.60%
Individuals and others	22,950,291	43.74%	17,740,902	48.07%
	52,474,123	100%	36,903,305	100%

Loan portfolio by industry sectors was as follows:

	31/12/2013 VND million	%	31/12/2012 VND million	%
Agriculture and forestry	1,615,109	3.08%	1,006,350	2.73%
Trading, manufacturing and processing	16,160,966	30.80%	21,539,001	58.37%
Construction	3,794,409	7.23%	5,999,742	16.26%
Warehousing, transportation, and communications	1,725,027	3.29%	1,145,692	3.10%
Personal service activities and others	29,178,612	55.61%	7,212,520	19.54%
	52,474,123	100%	36,903,305	100%

Year-end annual interest rates were as follows:

	31/12/2013	31/12/2012
Loans and advances in VND	7% - 15%	8% - 18%
Loans and advances in foreign currencies	2.3% - 6%	2.3% - 7%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

10. Allowance for loans and advances to customers

	31/12/2013 VND million	31/12/2012 VND million
General allowance	386,254	256,536
Specific allowance	218,453	123,646
	604,707	380,182

Movements in general allowance for loans and advances to customers were as follows:

	2013 VND million	2012 VND million
Opening balance	256,536	212,704
Allowance made during the year (Note 29)	129,718	45,656
Utilization of allowance	-	(1,824)
Closing balance	386,254	256,536

Movements in specific allowance for loans and advances to customers were as follows:

	2013 VND million	2012 VND million
Opening balance	123,646	101,469
Allowance made during the year (Note 29)	346,631	301,459
Utilization of allowance	(251,824)	(279,282)
Closing balance	218,453	123,646

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

11. Investment securities

	31/12/2013 VND million	31/12/2012 VND million
Available for sale securities		
Government bonds (*)	4,788,735	6,127,692
SBV bills	200,000	1,500,196
Treasury bills	3,926,630	1,240,000
Bonds issued by local economic entities	6,410,670	7,269,606
Bonds issued by local credit institutions	13,106,359	6,035,522
Shares issued by local economic entities	98,400	90,000
	28,530,794	22,263,016
Allowance for diminution in value of available for sale securities (i)	-	(9,000)
	28,530,794	22,254,016
Held to maturity securities		
Bonds issued by local economic entities (**)	636,695	-
	636,695	-
	29,167,489	22,254,016

The year-end term and interest of debt securities at the balance sheet date were as follows:

	31/12/2013		31/12/2012	
	Term	Interest rate	Term	Interest rate
Government bonds	5 years	13.2%	2 years - 5 years	8.8% - 13.2%
SBV bills	6 months	5.5%	3 months	6.75% - 6.8%
Treasury bills	1 year	6.03% - 6.5%	6 months - 1 year	8.15% - 8.5%
Bonds issued by local economic entities				
<i>Bonds issued in VND</i>	2 years - 5 years	8.6% - 15%	2 years - 5 years	10% - 18%
Bonds issued by local credit institutions				
<i>Bonds issued in VND</i>	2 years - 10 years	9.55% - 10.5%	2 years - 10 years	10% - 13%
<i>Bonds issued in USD</i>	3 months - 1 year	1.7% - 4.5%	3 months	4%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

(*) Included in the balance at as 31 December 2013 is VND1,820,649 million of Government bonds which were used as collateral for loans from the SBV (Note 17).

(**) These represent the special bonds issued by Vietnam Asset Management Company ("VAMC") which has a term of five years and is interest rate of 0% per annum (31/12/2012: not applicable). These bonds are paid for the bad debts that VPBank sold to VAMC. Allowance for the bonds will be made at the rate of 20% per annum over the next five years starting from 2014 in accordance with Circular 19/2013/TT-NHNN dated 6 September 2013 issued by the SBV.

(i) Movements in allowance for diminution in the value of investment securities were as follows:

	2013 VND million	2012 VND million
Opening balance	9,000	-
Allowance (reversed)/made during the year (Note 26)	(9,000)	9,000
Closing balance	-	9,000

12. Long-term investments

	31/12/2013 VND million	31/12/2012 VND million
Other long-term investments – cost (i)	72,304	67,811
Allowance for diminution in the value of long-term investment (ii)	(473)	(473)
	71,831	67,338

(i) Other long-term investments comprise:

	31/12/2013 VND million	31/12/2012 VND million
Investment in unlisted financial institutions	38,366	35,036
Investment in unlisted economic entities	33,938	32,775
	72,304	67,811

(ii) Movements in allowance for diminution in the value of long term investment were as follows:

	2013 VND million	2012 VND million
Opening balance	473	473
Allowance made/(reversed) during the year	-	-
Closing balance	473	473

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

13. Tangible fixed assets

2013	Buildings and structures VND million	Machinery and equipment VND million	Motor vehicles VND million	Office equipment VND million	Others VND million	Total VND million
Cost						
Opening balance	66,804	64,146	107,448	175,507	115,447	529,352
Addition	2,078	6,492	10,819	57,849	15,886	93,124
Disposals	(8,301)	(7,049)	(20,195)	(7,658)	(3,497)	(46,700)
Other increases/ (decreases)	-	22	-	(21)	-	1
Reclassifications (*)	(170)	(18,624)	(5,259)	(54,140)	(16,768)	(94,961)
Closing balance	60,411	44,987	92,813	171,537	111,068	480,816
Accumulated depreciation						
Opening balance	17,267	26,036	54,720	115,808	63,721	277,552
Charge for the year	2,287	7,211	12,374	17,601	18,577	58,050
Disposals	(7,107)	(1,415)	(14,772)	(6,445)	(2,339)	(32,078)
Other increases/ (decreases)	(1,044)	(17)	(7,439)	9,705	(988)	217
Reclassifications (*)	(170)	(11,788)	(2,596)	(40,977)	(10,378)	(65,909)
Closing balance	11,233	20,027	42,287	95,692	68,593	237,832
Net book value						
Opening balance	49,537	38,110	52,728	59,699	51,726	251,800
Closing balance	49,178	24,960	50,526	75,845	42,475	242,984

(*) The reclassifications represent net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing VND30 million or more. These assets are reclassified to Prepayments.

2012	Buildings and structures VND million	Machinery and equipment VND million	Motor vehicles VND million	Office equipment VND million	Others VND million	Total VND million
Cost						
Opening balance	66,058	51,855	81,350	143,594	94,077	436,934
Addition	785	12,921	30,619	34,814	18,359	97,498
Disposals	-	(67)	(499)	(955)	(872)	(2,393)
Other increases/ (decreases)	(39)	(563)	(4,022)	(1,946)	3,883	(2,687)
Closing balance	66,804	64,146	107,448	175,507	115,447	529,352
Accumulated depreciation						
Opening balance	14,603	18,526	43,324	96,197	49,515	222,165
Charge for the year	2,213	7,844	14,661	13,563	22,231	60,512
Disposals	-	(60)	(316)	(37)	(796)	(1,209)
Other increases/ (decreases)	451	(274)	(2,949)	6,085	(7,229)	(3,916)
Closing balance	17,267	26,036	54,720	115,808	63,721	277,552
Net book value						
Opening balance	51,455	33,329	38,026	47,397	44,562	214,769
Closing balance	49,537	38,110	52,728	59,699	51,726	251,800

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

14. Intangible fixed assets

2013	Land use rights VND million	Software VND million	Total VND million
Cost			
Opening balance	90,711	158,511	249,222
Additions	-	20,257	20,257
Disposals	(1)	(41)	(42)
Other increases	-	3,207	3,207
Reclassifications (*)	-	(1,860)	(1,860)
Closing balance	90,710	180,074	270,784
Accumulated amortisation			
Opening balance	877	71,505	72,382
Charge for the year	-	23,964	23,964
Disposals	-	(31)	(31)
Other decreases	(9)	(1,042)	(1,051)
Reclassifications (*)	-	(11)	(11)
Closing balance	868	94,385	95,253
Net book value			
Opening balance	89,834	87,006	176,840
Closing balance	89,842	85,689	175,531

(*) The reclassifications represent net book values of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing VND 30 million or more. These assets are reclassified to Prepayments.

2012	Land use rights VND million	Software VND million	Total VND million
Cost			
Opening balance	68,277	140,312	208,589
Additions	21,855	18,199	40,054
Other increases	579	-	579
Closing balance	90,711	158,511	249,222
Accumulated amortisation			
Opening balance	868	51,786	52,654
Charge for the year	-	19,706	19,706
Other increases	9	13	22
Closing balance	877	71,505	72,382
Net book value			
Opening balance	67,409	88,526	155,935
Closing balance	89,834	87,006	176,840

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

15. Investment property

2013	Land use rights VND million	Buildings, structures VND million	Total VND million
Cost			
Opening balance	20,075	9,841	29,916
New acquisitions	-	63	63
Disposals	-	(14)	(14)
Closing balance	20,075	9,890	29,965
Accumulated depreciation			
Opening balance	-	359	359
Charge for the year	-	717	717
Disposals	-	(2)	(2)
Closing balance	-	1,074	1,074
Net book value			
Opening balance	20,075	9,482	29,557
Closing balance	20,075	8,816	28,891

2012	Land use rights VND million	Buildings, structures VND million	Total VND million
Cost			
Opening balance	-	-	-
New acquisitions	20,075	9,841	29,916
Closing balance	20,075	9,841	29,916
Accumulated depreciation			
Opening balance	-	-	-
Charge for the year	-	359	359
Closing balance	-	359	359
Net book value			
Opening balance	-	-	-
Closing balance	20,075	9,482	29,557

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

16. Other assets

(a) Receivables

	31/12/2013 VND million	31/12/2012 VND million (Restated)
Internal receivables		
Advanced for operations	120,409	65,844
Advanced for salaries, per diem	11,243	2,926
Others	10,836	69,325
External receivables		
Receivable from investor for securities trading	1,659,713	1,155,812
Receivable from securities trading activities (i)	750,150	2,194,150
Advance to State Budget (Note 34)	5,426	-
Other receivables (deposits to purchase offices, debts sold and purchased, etc.)	9,057,944	6,739,483
	11,615,721	10,227,540

(i) These are entrusted funds to purchase securities with the contractual term of five years and the interest rate depending on actual results of operation without any collateral (31/12/2012: term ranging from 12 to 33 months and the fixed interest rate ranging from 10% to 12.9% p.a. or floating interest rate).

(b) Interest and fee receivable

	31/12/2013 VND million	31/12/2012 VND million
Interest receivable from the deposits	508,252	749,760
Interest receivable from the securities investment	1,227,316	1,182,197
Interest receivable from credit activities	1,078,001	510,932
Interest receivable from the derivative instruments	141,079	12,069
Fee receivables	74	25
	2,954,722	2,454,983

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

(c) Other assets

	31/12/2013 VND million	31/12/2012 VND million
Materials	10,735	7,188
Prepaid expenses	502,851	313,546
Foreclosed assets transferred to VPBank awaiting for resolution	1,579,368	117,614
Others	14,226	2
	2,107,180	438,350

(d) Allowance for other assets

	31/12/2013 VND million	31/12/2012 VND million
Opening balance	92,398	12,248
Allowance made during the year	514,274	80,150
Includes:		
- Allowance made for other receivables (Note 29)	384,255	13,138
- Allowance for other assets (Note 28)	130,019	67,012
Utilized allowance	(112)	-
Closing balance	606,560	92,398

17. Amounts due to the Government and the State Bank of Vietnam

	31/12/2013 VND million	31/12/2012 VND million
Borrowings from the SBV		
Borrowings on discounted and rediscounted valuable papers (*)	1,885,457	-
Borrowings secured by valuable papers	-	1,371,572
	1,885,457	1,371,572

(*) This represents borrowings on discounted and rediscounted valuable papers at SBV which were secured by Government bonds amounting to VND1,820,649 million (31/12/2012: Nil) (Note 11). These borrowings have the original term of 7 days and bear an interest rate of 5.5% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

18. Deposits and borrowings from other credit institutions

	31/12/2013 VND million	31/12/2012 VND million
Demand deposits	94,966	10,324,557
Demand deposits in VND	65,035	8,443,016
Demand deposits in foreign currencies	29,931	1,881,541
Term deposits	7,986,669	5,218,329
Term deposits in VND	5,734,429	3,903,119
Term deposits in foreign currencies	2,252,240	1,315,210
Borrowings	5,052,417	10,112,831
Borrowings in VND	2,882,553	8,403,925
Borrowings in foreign currencies	2,169,864	1,708,906
	13,134,052	25,655,717

Year-end annual interest rates were as follows:

	31/12/2013	31/12/2012
Term deposits in VND	2.5% - 6.4%	9% - 14%
Term deposits in foreign currencies	0.5% - 1.4%	2.5% - 3.5%
Borrowings in VND	3.5% - 10%	8% - 11%
Borrowings in foreign currencies	0.5% - 3.5%	2% - 3.8%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

19. Deposits from customers

	31/12/2013 VND million	31/12/2012 VND million
Current accounts	5,662,433	5,586,859
Current accounts in VND	5,314,409	5,357,391
Current accounts in foreign currencies	348,024	229,468
Term deposits	77,847,950	53,691,334
Term deposits in VND	71,106,552	50,725,261
Term deposits in foreign currencies	6,741,398	2,966,073
Deposits for special purposes	44,626	9,133
Deposits for special purposes in VND	44,544	9,052
Deposits for special purposes in foreign currencies	82	81
Marginal deposits	288,771	226,815
Marginal deposits in VND	223,969	174,267
Marginal deposits in foreign currencies	64,802	52,548
	83,843,780	59,514,141

Deposits from customers by type of customers were as follows:

	31/12/2013 VND million	31/12/2012 VND million
Economic entities	25,168,793	17,300,260
Individuals	54,446,288	37,876,118
Others	4,228,699	4,337,763
	83,843,780	59,514,141

Year-end annual interest rates were as follows:

	31/12/2013 VND million	31/12/2012 VND million
Term deposits in VND	1.2% - 9%	2% - 11%
Term deposits in foreign currencies	0.05% - 2%	0.05% - 2%

20. Valuable papers issued

	31/12/2013 VND million	31/12/2012 VND million
Up to 12 months	-	2,166,100
From 12 months up to 5 years	5,100,755	2,600,000
Over 5 years	2,500,000	-
	7,600,755	4,766,100

Valuable papers of VPBank consist of bonds dominated in VND and bore annual interest rates from 9.2% to 14% (31/12/2012: 9% – 14% per annum); interest is paid at maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

21. Other liabilities

(a) Accrued interest and fee payables

	31/12/2013 VND million	31/12/2012 VND million
Interest payable for deposits	1,562,912	937,089
Interest payable for valuable papers issued	314,002	188,276
Interest payable for borrowings	52,919	6,074
Interest payable for other borrowed and entrusted funds	47	33,199
Interest payable for derivative instruments	76,384	21,815
Fee payables	234	248
	2,006,498	1,186,701

(b) Other payables and liabilities

	31/12/2013 VND million	31/12/2012 VND million (Restated)
Internal payables		
Payable to employees	158,681	105,890
Bonus and welfare funds	284	1,496
External payables		
Provision for taxation (Note 34)	266,922	103,605
Other payables (i)	4,483,087	3,179,986
	4,908,974	3,390,977

(i) Other payables included payables to securities investors, transfer payments, deferred interest income on bonds and debts purchase contracts.

(c) Allowance for off-balance sheet commitments

Movements in general allowance for off-balance sheet commitments were as follows:

	31/12/2013 VND million	31/12/2012 VND million
Opening balance	14,238	16,098
Allowance made/(reversed) during the year (Note 29)	29,331	(1,860)
Closing balance	43,569	14,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

22. Capital and reserves

(a) Consolidated statements of changes in equity

	Share capital	Share premium	Reserve to supplement capital	Financial reserve	Investment & development fund	Retained earnings	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance at 1 January 2012	5,050,000	1,369	18,170	133,175	35	793,496	5,996,245
Net profit for the year (restated)	-	-	-	-	-	715,481	715,481
Appropriations to equity funds	-	-	41,866	79,791	-	(121,657)	-
Appropriations to bonus and welfare funds	-	-	-	-	-	(2,422)	(2,422)
Utilizations of reserves	-	-	-	(6)	-	-	(6)
Bonus shares	40,000	-	(40,000)	-	-	-	-
Dividend shares	680,000	-	-	-	-	(680,000)	-
Others	-	-	-	-	-	(194)	(194)
Balance at 1 January 2013 (restated)	5,770,000	1,369	20,036	212,960	35	704,704	6,709,104
Net profit for the year	-	-	-	-	-	1,017,620	1,017,620
Appropriations to reserves	-	-	33,908	61,383	-	(95,291)	-
Utilizations of reserves	-	-	-	(27)	-	-	(27)
Balance at 31 December 2013	5,770,000	1,369	53,944	274,316	35	1,627,033	7,726,697

(b) Share capital

	31/12/2013		31/12/2012	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	577,000,000	5,770,000	577,000,000	5,770,000
Issued share capital				
Ordinary shares	577,000,000	5,770,000	577,000,000	5,770,000
Shares in circulation				
Ordinary shares	577,000,000	5,770,000	577,000,000	5,770,000

Nominal value of VPBank's ordinary share is VND10,000. Each share is entitled to one vote at the Annual General Meeting of VPBank. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to VPBank's residual assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

23. Net interest income

	2013 VND million	2012 VND million (Restated)
Interest and similar income from		
Interest income from deposits	790,353	1,618,639
Interest income from loans to customers	7,331,922	5,723,016
Trading of and investment in debt securities	2,888,357	2,766,615
Other interest income	114,545	232,669
	11,125,177	10,340,939
Interest and similar expenses for		
Expenses for deposits	(5,877,783)	(4,112,588)
Expenses for borrowings	(782,687)	(1,637,765)
Valuable papers issued	(364,459)	(1,216,178)
Other interest expenses	(17,661)	(311,375)
	(7,042,590)	(7,277,906)
Net interest income	4,082,587	3,063,033

24. Net fee and commission income

	2013 VND million	2012 VND million
Fee and commission income from		
Guarantee services	69,078	23,224
Settlement and cash services	110,793	71,247
Trustee and agency services	197,191	338,224
Consulting services	251,378	64,313
Insurance agency services	47,174	17,006
Other services	204,595	157,838
	880,209	671,852
Fee and commission expenses for		
Settlement and cash services	(56,918)	(43,598)
Post and telecommunication charges	(9,068)	(14,485)
Trustee and agency services	(58,182)	(116,927)
Consulting services	(1,282)	(3,154)
Other services	(150,935)	(222,871)
	(276,385)	(401,035)
Net fee and commission income	603,824	270,817

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

25. Net gain from trading of securities held for trading

	2013 VND million	2012 VND million
Gain from trading of securities held for trading	151,134	118,944
Loss from trading of securities held for trading	(52,367)	(41,681)
Allowance/ reversal for diminution in the value of securities held for trading (Note 7)	19,232	(3,350)
Net gain from trading of securities held for trading	117,999	73,913

26. Net gain/(loss) from investment securities

	2013 VND million	2012 VND million
Gain from trading of investment securities	482,012	88,567
Loss from trading of investment securities	(305,110)	(255,679)
Allowance/ reversal for diminution in the value of investment securities (Note 11)	9,000	(9,000)
Net gain/(loss) from investment securities	185,902	(176,112)

27. Net income from other activities

	2013 VND million	2012 VND million (Restated)
Income from other activities		
Income from penalty for breaking contracts	55,705	81,674
Income from office and warehouse leasing	-	8,490
Other incomes	69,066	39,274
	124,771	129,438
Expense for other activities		
Expense for disposal of fixed assets	(6,394)	-
Expense for penalty of breaking contracts	(6,892)	(20,020)
Other expenses	(3,941)	(3,933)
	(17,227)	(23,953)
Net income from other activities	107,544	105,485

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

28. Operating expenses

	2013 VND million	2012 VND million (Restated)
Taxes and fees	5,378	8,386
Salary and related expenses	1,156,511	797,556
In which:		
<i>a) Salary, wages and allowances</i>	998,475	674,084
<i>b) Salary based expenses</i>	76,120	72,630
<i>c) Allowances</i>	4,054	1,968
<i>d) Social activities expenses</i>	3,517	375
<i>e) Meal allowances</i>	51,956	48,499
Expenses on assets	456,197	352,322
<i>In which: Depreciation and amortisation</i>	82,731	80,577
Management expenses	642,490	293,653
In which:		
<i>a) Per diem</i>	24,186	18,227
<i>b) Expenses for activities of Trade Union</i>	2,308	1,888
<i>c) Other management expenses</i>	615,996	273,538
Allowance made for other assets (Note 16(d))	130,019	67,012
Deposit insurance expenses	61,734	34,086
Other expenses	385,533	321,974
	2,837,862	1,874,989

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

29. Allowance and provision expenses

	Note	2013 VND million	2012 VND million (Restated)
General allowance for loans and advances to other credit institutions	6	308	54,659
Specific allowance for loans and advances to other credit institutions	6	5,720	-
General allowance for loans and advances to customers	10	129,718	45,656
Specific allowance for loans and advances to customers	10	346,631	301,459
Allowance for other balance-sheet assets	16(d)	384,255	13,138
General allowance made/(reversed) for off-balance-sheet commitments	21(c)	29,331	(1,860)
		895,963	413,052

30. Income tax

(a) Recognised in the statement of income

	2013 VND million	2012 VND million (Restated)
Current tax expense		
Current year	331,592	239,137
Deferred tax income		
Origination/(reversal) of temporary difference	5,634	(5,595)
Income tax expense	337,226	233,542

(b) Reconciliation of effective tax rate

	2013 VND million	2012 VND million (Restated)
Profit before tax	1,354,846	949,023
Adjustments for		
Tax exempt income	(11,628)	(17,092)
Non deductible expenses	5,283	1,829
Adjustment of current year taxable income as per tax finalisation of prior years	(588)	(3,373)
Taxable income	1,347,913	930,387
Tax at VPBank's tax rate (25%)	336,978	232,597
Under allowance of previous year's tax payables	248	945
Total income tax expense	337,226	233,542

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

c) Applicable tax rate

VPBank has an obligation to pay the government CIT at the rate of 25% of taxable profit. The CIT computation is subject of the review and approval of the tax authorities.

On 19 June 2013, the National Assembly approved the Law on amendments and supplements to a number of articles of the Corporate Income Tax Law. Accordingly, the highest income tax rate shall be reduced from 25% to 22% for 2014 and 2015, and to 20% from 2016.

31. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2013 was based on the profit after tax of VND 1,017,620 million (31/12/2012: VND 715,481 million) and a weighted average number of ordinary shares outstanding of 577,000,000 shares (2012: 577,000,000 shares), as follows:

(i) Net profit after tax

	2013 VND million	2012 VND million (Restated)
Net profit after tax	1,017,620	715,481

ii) Weighted average number of ordinary shares

	2013	2012
Issued ordinary shares at the beginning of the year	577,000,000	505,000,000
Effect of bonus shares and dividend shares issued in 2012	-	72,000,000
Weighted average number of ordinary shares for the year	577,000,000	577,000,000

(iii) Basic earnings per share

	2013 VND million	2012 VND million (Restated)
Basic earnings per share	1,764	1,240

32. Cash and cash equivalents

	31/12/2013 VND million	31/12/2012 VND million
Cash and gold on hand	1,549,351	799,402
Balance with the SBV	1,523,596	1,372,667
Demand deposit with other credit institutions	1,168,103	11,060,515
Balances with other credit institutions with original terms of not exceeding three months	745,360	4,755,401
Securities with original terms of not exceeding three months from the acquisition date	481,624	-
	5,468,034	17,987,985

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

33. Employee benefits

	2013	2012
Average number of employees during the year (employees)	5,561	3,937
Employees' income		
1. Basic salaries (VND million)	998,475	674,084
2. Allowances (VND million)	56,010	50,467
	1,054,485	724,551
Average annual salary (VND million)	180	171
Average annual income (VND million)	190	184

34. Obligations to the State Budget

<i>For the year ended 31 December 2013</i>	31/12/2012 VND million (Restated)	Incurred VND million	Paid VND million	31/12/2013 VND million
Value added tax	6,782	54,565	37,426	23,921
Corporate income tax	77,078	331,592	188,744	219,926
Other taxes	19,745	97,467	99,563	17,649
	103,605	483,624	325,733	261,496

Tax payables for the current year included an amount of VND266,922 due to the State Budget (Note 21(b)) and an amount of VND5,426 due from the State Budget for overpayment (Note 16(a)).

<i>For the year ended 31 December 2012</i>	31/12/2011 VND million	Incurred VND million (Restated)	Paid VND million	31/12/2012 VND million (Restated)
Value added tax	1,137	57,522	51,877	6,782
Corporate income tax	93,680	239,424	256,026	77,078
Other taxes	9,083	62,806	52,144	19,745
	103,900	359,752	360,047	103,605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

35. Segment reporting

Geographical segments

VPBank has monitored segment information by main regions in Vietnam as follows:

31/12/2013	The North VND million	The Central VND million	The South VND million	Elimination VND million	Total VND million
Assets	94,040,148	1,073,507	28,100,319	(1,949,604)	121,264,370
Liabilities	83,097,691	3,347,691	28,126,895	(1,034,604)	113,537,673
Fixed assets	274,890	41,257	131,259	-	447,406
2013					
Revenue	10,207,130	209,254	4,049,395	(378,150)	14,087,629
Expenses	9,191,410	388,382	3,449,208	(296,217)	12,732,783
Profit before tax	1,015,720	(179,128)	600,187	(81,933)	1,354,846
31/12/2012	The North VND million (Restated)	The Central VND million	The South VND million	Elimination VND million	Total VND million (Restated)
Assets	86,829,263	4,493,146	13,043,185	(1,692,504)	102,673,090
Liabilities	79,833,969	4,404,425	12,503,096	(777,504)	95,963,986
Fixed assets	298,299	98,897	61,001	-	458,197
2012					
Revenue	9,426,781	810,421	1,904,748	(130,830)	12,011,120
Expenses	8,810,867	578,733	1,741,450	(68,953)	11,062,097
Profit before tax	615,914	231,688	163,298	(61,877)	949,023

Business segments

VPBank operates in the retail banking, asset management, and securities trading segments.

31/12/2013	Retail Banking VND million	Asset management VND million	Securities trading VND million	Elimination VND million	Total VND million
Assets	114,816,169	5,541,716	2,856,089	(1,949,604)	121,264,370
Liabilities	107,342,619	5,320,454	1,909,204	(1,034,604)	113,537,673
Fixed assets	405,198	30,677	11,531	-	447,406
Năm 2013					
Revenue	13,523,675	414,762	527,342	(378,150)	14,087,629
Expenses	12,258,636	411,488	358,876	(296,217)	12,732,783
Profit before tax	1,265,039	3,274	168,466	(81,933)	1,354,846
31/12/2012	Retail Banking VND million	Asset management VND million (Restated)	Securities trading VND million	Elimination VND million	Total VND million (Restated)
Assets	98,696,210	3,093,724	2,575,660	(1,692,504)	102,673,090
Liabilities	92,192,041	2,846,635	1,702,814	(777,504)	95,963,986
Fixed assets	403,331	35,686	19,180	-	458,197
2012					
Revenue	11,215,897	396,982	529,071	(130,830)	12,011,120
Expenses	10,421,158	257,292	452,600	(68,953)	11,062,097
Profit before tax	794,739	139,690	76,471	(61,877)	949,023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

36. Financial instrument disclosure

(a) Financial risk management

VPBank has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risks

This note presents information about VPBank's exposure to each of the above risks, VPBank's objectives, policies and processes for measuring and managing risk, and VPBank's management of capital.

Risk management framework

The Board of Management ("BOM") has overall responsibility for the establishment and oversight of VPBank's risk management framework. To facilitate this oversight function, VPBank's BOM has established an Assets and Liabilities Committee ("ALCO") and a Risk Committee ("RCO") which are responsible for developing and monitoring key risk management policies for specific areas authorized by the BOM and periodically report to the BOM on their activities. These committees include both executive and non-executive members.

VPBank's risk management framework is established to form key principles in managing and controlling significant risks arising from VPBank's activities. Based on this, specific policies and regulations for each type of risk are established to assist VPBank in analyzing and determining appropriate risk limits and control and monitoring measures and ensuring adherence to the limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. VPBank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(b) Credit risk

Credit risk is the one that exerts the largest impact on VPBank's income and capital. VPBank has established a credit risk appetite on the basis of managing credit activities in a prudent manner and in compliance with pre-determined limits including the credit concentration risk limits and adhering to VPBank's risk tolerance. In principle, VPBank refuses to get involved in credit activities or credit products until sufficient understanding of such and appropriate control measures are obtained. To keep credit risks under control, VPBank's policy is to engage in transactions with reliable partners, and request its partners to take guarantee measures as and when required.

The credit risk management system is operated based on the principles of independence and centralization. Accordingly, the development of risk management policies, determination of risk limits and risk monitoring, risk reporting and risk control are implemented independently and centrally at the Risk Management Division. The reports from the Risk Management Division are a basis for RCO to issue key credit decisions.

VPBank measures credit risks, make allowances and comply with safe ratios for loan and advances to customers and to other credit institutions in accordance with relevant regulations of the State Bank of Vietnam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

VPBank's overall approach to credit risk is a risk based approach. Accordingly, credit approval or credit valuation decisions as well as the behavioural methods in monitoring and classifying credits and controlling credit risks are being designed following the risk levels of customers. To this end, key activities being implemented by VPBank include the followings:

- ♦ Focusing on completion of data infrastructure used for developing credit rating and risk classification systems in accordance with international standards;
- ♦ Developing and completing the credit rating system and the scorecard system;
- ♦ Gathering and reviewing credit policies/documents of the whole system to reassess the integrity and responsiveness to the requirements specified in the policies of Risk Management Framework;
- ♦ Completing the credit quality monitoring mechanism for the entire life cycle of a loan;
- ♦ Developing an early credit risk warning system; and
- ♦ Developing a debt recovery and restructuring system.

Set out below is the credit exposure of VPBank's balance sheet, excluding collateral or credit support:

	Neither past due nor impaired VND million	Past due but not impaired VND million	Past due and with allowance made VND million	Total VND million
<i>At 31 December 2013</i>				
Balances with and loans to other credit institutions - gross	12,110,388	-	5,720	12,116,108
Securities held for trading (debt securities) - gross	8,241,473	-	-	8,241,473
Loans and advances to customers - gross	48,531,102	1,573,705	2,369,316	52,474,123
Investment securities (debt securities) - gross	29,069,089	-	-	29,069,089
Other financial assets - gross	13,696,269	-	581,813	14,278,082
	111,648,321	1,573,705	2,956,849	116,178,875
<i>At 31 December 2012</i>				
Balances with and loans to other credit institutions - gross	26,815,586	-	-	26,815,586
Securities held for trading (debt securities) - gross	1,268,805	-	-	1,268,805
Loans and advances to customers - gross	32,969,671	817,629	3,116,005	36,903,305
Investment securities (debt securities) - gross	22,173,016	-	-	22,173,016
Other financial assets - gross	12,393,646	-	26,354	12,420,000
	95,620,724	817,629	3,142,359	99,580,712

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Carrying value of collaterals held by VPBank was as follows:

	31/12/2013 VND million	31/12/2012 VND million
Real estates	85,080,187	71,921,260
Movable assets	14,034,117	8,347,362
Valuable papers	11,944,826	8,186,861
Other secured assets	49,586,638	15,407,722
	160,645,768	103,863,205

VPBank does not hold collateral that can be sold or pledged to third parties when the owners still be able to repay debt.

(c) Liquidity risk

Liquidity risk is the risk that VPBank will not be able to meet its financial obligations as they fall due, or, the risk that VPBank might have to face unacceptable material losses in order to meet those obligations. Liquidity risk may lead to negative effect on VPBank's profit, reputation, equity, even causes VPBank's bankruptcy.

Liquidity risk management

VPBank maintains a specific portfolio and volume of high-liquid assets, which may includes but not limited of cash, gold, interbank deposits, Government bonds and other high-liquid assets in order to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to VPBank's reputation. VPBank will establish specific liquidity gap and follow strictly on each period based on Assets and Liabilities structure.

VPBank understands the interrelation of credit risk and market risk and how they may have impacts on VPBank's liquidity. VPBank also realizes that liquidity risks come from two sides of its balance sheet. Therefore, VPBank's approach to managing liquidity is to constantly focus on diversification of investment and credit activities and increases of accessibility to capital markets by raising fund through various tools and products.

ALCO Support Department under the Finance Division is responsible for oversight of VPBank's compliance with liquidation limits and ratios and submission of VPBank's consolidated liquidity reports to ALCO for review and making decisions that are compatible with the development strategy of VPBank and the business status and market developments in different periods. VPBank adopts both of the common approaches to managing liquidity, namely Stock Approach and Flow Approach. Accordingly, VPBank monitors on a daily basis the compliance with adequate liquidity ratios and forecast movements of cash flows which may have impact on VPBank's liquidity position in the future to ensure compliance at any time with all the regulations of the SBV as well as its internal regulations.

Liquidity risk limits are established based on results of VPBank's liquidity forecast in normal and stressed market conditions. Regular liquidity stress testing is conducted under a variety of scenarios covering adverse conditions. At the same time, VPBank also issues specific regulations on a Liquidity Contingency Plan ("LCP") which clearly specify the roles and responsibilities of each unit and individual and a coordination process for implementation when there appear signs of a possible stressed liquidity event.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

The liquidity ratios according to the regulations of the State Bank of Vietnam were as follows:

- ♦ The minimum liquidity ratio between highly liquid assets such as cash and cash equivalent, government bonds, listed bonds over total liabilities is 15%.
- ♦ The minimum ratio between assets receivable and liabilities payable within the next 7 business days is one.

	31/12/2013	31/12/2012
Liquidity ratio within the next 7 days (%) At 31 December	182.08%	125.34%

The following table provides an analysis of the monetary assets and liabilities of VPBank into relevant maturity groupings based on the remaining period from the balance sheet date to repayment date.

As at 31 December 2013 (VND million)	Overdue more than 3 months	Overdue less than 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years	Total
Assets								
Cash and gold on hand	-	-	1,549,351	-	-	-	-	1,549,351
Balances with the SBV	-	-	1,523,596	-	-	-	-	1,523,596
Balances with and loans to other credit institutions – gross	5,720	-	4,154,375	5,460,826	2,495,187	-	-	12,116,108
Securities held for trading – gross	-	-	6,738,733	426,963	53,562	1,054,114	236,968	8,510,340
Loans and advances to customers – gross	1,474,296	2,468,725	9,482,535	5,854,499	10,894,527	14,014,632	8,284,909	52,474,123
Investment securities – gross	-	-	303,345	678,769	10,299,764	15,051,646	2,833,965	29,167,489
Long term investments – gross	-	-	-	-	-	-	72,304	72,304
Other financial assets – gross	581,813	-	12,946,119	-	-	750,150	-	14,278,082
	2,061,829	2,468,725	36,698,054	12,421,057	23,743,040	30,870,542	11,428,146	119,691,393
Liabilities								
Amounts due to the Government and the SBV	-	-	1,885,457	-	-	-	-	1,885,457
Deposits and borrowings from other credit institutions	-	-	8,708,726	1,800,052	2,625,274	-	-	13,134,052
Deposits from customers	-	-	29,867,944	20,651,497	33,125,124	198,730	485	83,843,780
Derivatives	-	-	50,851	-	-	-	-	50,851
Other borrowed and entrusted funds	-	-	-	-	-	63,737	-	63,737
Valuable papers issued	-	-	-	-	-	5,100,755	2,500,000	7,600,755
Other financial liabilities	-	-	2,648,192	-	3,680,347	-	-	6,328,539
	-	-	43,161,170	22,451,549	39,430,745	5,363,222	2,500,485	112,907,171
Net liquidity gap	2,061,829	2,468,725	(6,463,116)	(10,030,492)	(15,687,705)	25,507,320	8,927,661	6,784,222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

As at 31 December 2012 (VND million)	Overdue more than 3 months	Overdue less than 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years	Total
Assets								
Cash and gold on hand	-	-	799,402	-	-	-	-	799,402
Balances with the SBV	-	-	1,372,667	-	-	-	-	1,372,667
Balances with and loans to other credit institutions - gross	-	-	16,618,946	2,485,000	5,124,000	2,587,640	-	26,815,586
Securities held for trading - gross	-	-	102,264	175,300	18,790	997,408	72,853	1,366,615
Derivatives and other financial instruments	-	-	-	-	57,471	-	-	57,471
Loans and advances to customers - gross	1,003,287	2,930,347	2,470,591	5,786,207	16,586,310	6,873,298	1,253,265	36,903,305
Investment securities - gross	-	-	911,784	1,600,196	2,740,000	17,011,036	-	22,263,016
Long term investments - gross	-	-	-	-	-	-	67,811	67,811
Other financial assets - gross	-	26,354	4,235,697	1,928,465	5,153,754	1,075,730	-	12,420,000
	1,003,287	2,956,701	26,511,351	11,975,168	29,680,325	28,545,112	1,393,929	102,065,873
Liabilities								
Amounts due to the Government and the SBV	-	-	1,371,572	-	-	-	-	1,371,572
Deposits and borrowings from other credit institutions	-	-	17,178,924	3,559,659	4,917,134	-	-	25,655,717
Deposits from customers	-	-	30,819,243	12,212,616	15,873,722	603,441	5,119	59,514,141
Other borrowed and entrusted funds	-	-	-	-	64,540	-	-	64,540
Valuable papers issued	-	-	-	166,100	2,000,000	2,600,000	-	4,766,100
Other financial liabilities	-	-	2,067,747	1,140,864	262,483	826,736	-	4,297,830
	-	-	51,437,486	17,079,239	23,117,879	4,030,177	5,119	95,669,900
Net liquidity gap	1,003,287	2,956,701	(24,926,135)	(5,104,071)	6,562,446	24,514,935	1,388,810	6,395,973

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

(d) Market risks

Market risk is the risk that negative changes in prices and market-related values will adversely affect VPBank's income and capital. Some market risks include interest rate risk, currency risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Market risk management

Management of market risks is vested in the Market Risk Department under the Risk Management Division. The Department is responsible for the development of detailed market risk management policies and process, guidance on market risks management measures, propose independent market risks limits for review and approval by the Management and control market risks limit on daily/monthly basis according to VPBank's regulations.

Since the year 2012, the issued market risk management policy provides fundamental principles and a system of tools, market risk limits on trading activities (Trading book) and other interest rate risk positions in the Banking Book, with controls in the Trading Book such as the Net FX Exposure, PV01, Cash Flow Exposure, Duration gap, etc. and in the Banking Book such as maturity gap measurement (using the Repricing Model – Revaluation Gap).

In the future, when required condition of infrastructure and data are available, the Bank will adopt more advanced methods such as VaR, Monte Carlo model, etc. to accurately measure risks and compute capital to be necessarily allocated for market risk under the Basel II standards.

Market forecasts also play an important role in market risk management. The Market Risk Management Department in combination with other specialized units gathers and analyzes information and data to generate forecasts regarding potential market movements. Accordingly, VPBank is provided with a sufficient basis for making decisions on effective risk prevention measures.

In the upcoming time, VPBank plans to actively research risk measuring models for financial derivatives in order to ensure preparedness for controlling associated risks when VPBank decides to provide the products in Vietnam market.

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. VPBank was incorporated and operates in Vietnam, with VND as its reporting currency. Meanwhile, the Assets – Resources Structure of VPBank includes other currencies (e.g. USD, EUR, AUD, etc.) and thus VPBank has currency risks.

Currency risk management

VPBank's management has set limits on positions by currency in accordance with VPBank's internal risk assessment system and the SBV's regulations. The major currency in which VPBank transacts is VND. VPBank's loans and advances were mainly denominated in VND with the remainder mainly in USD. Some of VPBank's other assets are in currencies other than the reporting currency and USD. Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

As at 31 December 2013 (VND million)	VND	USD	EUR	Gold	Other currencies	Total
Assets						
Cash and gold on hand	435,543	207,046	665,769	37,591	203,402	1,549,351
Balances with the SBV	1,511,340	12,256	-	-	-	1,523,596
Balances with and loans to other credit institutions – gross	10,213,756	1,847,285	22,220	-	32,847	12,116,108
Securities held for trading – gross	6,641,889	1,868,451	-	-	-	8,510,340
Loans and advances to customers – gross	48,846,641	3,627,482	-	-	-	52,474,123
Investment securities – gross	27,875,521	1,291,968	-	-	-	29,167,489
Long term investment – gross	72,304	-	-	-	-	72,304
Other financial assets – gross	14,087,068	133,776	6,368	50,550	320	14,278,082
	109,684,062	8,988,264	694,357	88,141	236,569	119,691,393
Liabilities						
Amounts due to the Government and the SBV	1,885,457	-	-	-	-	1,885,457
Deposits and borrowings from other credit institutions	8,696,187	4,437,865	-	-	-	13,134,052
Deposits from customers	76,675,300	6,572,584	399,043	-	196,853	83,843,780
Derivatives and other financial liabilities	827,901	(1,090,576)	267,725	-	45,801	50,851
Other borrowed and entrusted funds	62,184	1,553	-	-	-	63,737
Valuable papers issued	7,600,755	-	-	-	-	7,600,755
Other financial liabilities	6,280,661	41,742	4,569	-	1,567	6,328,539
	102,028,445	9,963,168	671,337	-	244,221	112,907,171
FX position	7,655,617	(974,904)	23,020	88,141	(7,652)	6,784,222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

As at 31 December 2012 (VND million)	VND	USD	EUR	Gold	Other currencies	Total
Assets						
Cash and gold on hand	357,288	110,692	158,049	160,869	12,504	799,402
Balances with the SBV	1,219,665	153,002	-	-	-	1,372,667
Balances with and loans to other credit institutions – gross	22,110,109	4,115,921	570,868	-	18,688	26,815,586
Securities held for trading – gross	1,366,615	-	-	-	-	1,366,615
Derivatives and other financial liabilities	100,797	(1,241,243)	902,395	-	295,522	57,471
Loans and advances to customers – gross	35,091,419	1,807,114	4,772	-	-	36,903,305
Investment securities – gross	22,054,816	208,200	-	-	-	22,263,016
Long term investment - gross	67,811	-	-	-	-	67,811
Other financial assets – gross	11,307,773	895,490	3,624	212,962	151	12,420,000
	93,676,293	6,049,176	1,639,708	373,831	326,865	102,065,873
Liabilities						
Amounts due to the Government and the SBV	1,371,572	-	-	-	-	1,371,572
Deposits and borrowings from other credit institutions	20,750,060	4,631,447	274,210	-	-	25,655,717
Deposits from customers	56,266,945	1,565,341	1,362,786	-	319,069	59,514,141
Other borrowed and entrusted funds	62,893	1,647	-	-	-	64,540
Valuable papers issued	4,766,100	-	-	-	-	4,766,100
Other financial liabilities	3,801,501	109,814	11,910	373,138	1,467	4,297,830
	87,019,071	6,308,249	1,648,906	373,138	320,536	95,669,900
FX position	6,657,222	(259,073)	(9,198)	693	6,329	6,395,973

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

With assumptions that all other variables, in particular interest rates, remain constant, the table below represents the sensitivity of profit or loss for the year ended 31 December when:

VND appreciates 2% against USD:

	Sensitivity of profit/(loss) after tax	
	31/12/2013 VND million	31/12/2012 VND million
USD	114,834	3,886

VND depreciates 2% against USD:

	Sensitivity of profit/(loss) after tax	
	31/12/2013 VND million	31/12/2012 VND million
USD	(114,834)	(3,886)

Securities price risk

Securities price risk arises from the securities held by VPBank. VPBank monitors the securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis.

VPBank's trading securities and investment securities are exposed to market price risks arising out of the uncertainty of future market price fluctuations of these securities. VPBank manages its equity securities price risk by diversifying its investment portfolio and maintaining prudence in selecting securities for investment in stipulated limits.

(ii) Interest rate risk

Interest rate risks are the risks that cause negative effects on VPBank's income and capital due to adverse fluctuations of the interest rate. Interest rate risks arise when there is a difference in term or in amount between interest-earning assets and interest-bearing liabilities that are mobilised to finance such assets. The main activities of VPBank to create interest rate risk, including: lending, deposit, investment.

Management of interest rate risks

Interest rate risks are measured based on the Repricing Model to analyse and review through the following two main methods:

- ♦ *Analysis of changes in net interest income:* on the basis of calculating accrued interest due to changes in interest rate under various scenarios. The method of analysing the changes in net interest income is reviewed as to short-term effects.
- ♦ *Economic value effect analysis (EVE):* this value represents the effects of interest rate fluctuations on the economic value of assets and liabilities in the balance sheet and off-balance sheet assets. The method of analysing the effects of economic value of equity is reviewed as to long-term effects on VPBank in respect of interest rate fluctuations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

The following tables show VPBank's assets and liabilities categorised by the contractual re-pricing or maturity date from the balance sheet date.

As at 31 December 2013 (VND million)	Overdue	Free of interest	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Total
Assets								
Cash and gold on hand	-	1,549,351	-	-	-	-	-	1,549,351
Balances with the SBV	-	-	1,523,596	-	-	-	-	1,523,596
Balances with and loans to other credit institutions - gross	5,720	-	4,154,375	5,460,826	2,495,187	-	-	12,116,108
Securities held for trading - gross	33,407	8,476,933	-	-	-	-	-	8,510,340
Loans and advances to customers - gross	3,943,021	-	23,230,161	15,072,642	5,505,889	1,670,413	3,051,997	52,474,123
Investment securities - gross	-	735,095	303,345	678,769	1,451,670	8,848,094	17,150,516	29,167,489
Long term investments - gross	-	72,304	-	-	-	-	-	72,304
Other financial assets - gross	581,813	12,946,119	-	-	-	-	750,150	14,278,082
	4,563,961	23,779,802	29,211,477	21,212,237	9,452,746	10,518,507	20,952,663	119,691,393
Liabilities								
Amounts due to the Government and the SBV	-	-	1,885,457	-	-	-	-	1,885,457
Deposits and borrowings from other credit institutions	-	-	8,708,726	1,800,052	1,536,914	1,088,360	-	13,134,052
Deposits from customers	-	-	29,867,943	20,651,497	19,289,491	13,835,633	199,216	83,843,780
Derivatives	-	50,851	-	-	-	-	-	50,851
Other borrowed and entrusted funds	-	-	-	-	63,737	-	-	63,737
Valuable papers issued	-	-	-	-	-	2,000,755	5,600,000	7,600,755
Other financial liabilities	-	6,328,539	-	-	-	-	-	6,328,539
	-	6,379,390	40,462,126	22,451,549	20,890,142	16,924,748	5,799,216	112,907,171
Total interest sensitivity gap	4,563,961	17,400,412	(11,250,649)	(1,239,312)	(11,437,396)	(6,406,241)	15,153,447	6,784,222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

As at 31 December 2012 (VND million)	Overdue	Free of interest	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Total
Assets								
Cash and gold on hand	-	799,402	-	-	-	-	-	799,402
Balances with the SBV	-	-	1,372,667	-	-	-	-	1,372,667
Balances with and loans to other credit institutions - gross	-	132,450	16,432,496	2,485,000	1,760,000	3,364,000	2,641,640	26,815,586
Securities held for trading - gross	-	97,810	4,454	175,300	-	18,790	1,070,261	1,366,615
Derivatives and other financial assets	-	57,471	-	-	-	-	-	57,471
Loans and advances to customers - gross	3,933,634	-	7,390,301	12,066,171	5,225,450	3,239,240	5,048,509	36,903,305
Investment securities - gross	-	90,000	821,784	1,600,196	1,540,000	1,200,000	17,011,036	22,263,016
Long term investments - gross	-	67,811	-	-	-	-	-	67,811
Other financial assets - gross	26,354	3,689,399	546,266	1,928,465	2,056,786	3,097,000	1,075,730	12,420,000
	3,959,988	4,934,343	26,567,968	18,255,132	10,582,236	10,919,030	26,847,176	102,065,873
Liabilities								
Amounts due to the Government and the SBV	-	-	1,371,572	-	-	-	-	1,371,572
Deposits and borrowings from other credit institutions	-	-	17,178,924	3,559,659	2,971,246	1,945,888	-	25,655,717
Deposits from customers	-	-	25,716,294	10,565,323	6,318,035	10,586,389	6,328,100	59,514,141
Other borrowed and entrusted funds	-	-	-	-	64,540	-	-	64,540
Valuable papers issued	-	-	-	166,100	-	2,000,000	2,600,000	4,766,100
Other financial liabilities	-	3,223,236	(14,625)	-	197,400	65,083	826,736	4,297,830
	-	3,223,236	44,252,165	14,291,082	9,551,221	14,597,360	9,754,836	95,669,900
Total interest sensitivity gap	3,959,988	1,711,107	(17,684,197)	3,964,050	1,031,015	(3,678,330)	17,092,340	6,395,973

The table below represents the sensitivity of profit or loss and equity within one year from the assumed increases in lending and funding interest rates in customer market as at 31 December. The opposite result is for the assumed decreases in lending and funding interest rates:

	Assumed increase in interest rate	Impact on profit and loss after tax Triệu VND	Impact on equity Triệu VND
<i>For the year ended 31/12/2013</i>			
VND	3%	(230,565)	(230,565)
USD	1.5%	(49,410)	(49,410)
<i>For the year ended 31/12/2012</i>			
VND	3%	120,459	120,459
USD	1.5%	9,804	9,804

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

(e) Fair value disclosure

Circular 210/2012/TT-BTC dated 06 November 2009 ("Circular 210") requires disclosure of the fair value measurement method and related information of fair value of financial assets and financial liabilities for the purpose of comparing their carrying value and fair value.

The following table sets out the carrying value and fair value of VPBank's financial assets and financial liabilities as at 31 December 2013:

As at 31 December 2013 (VND million)	Carrying value						Fair value VND million
	Fair value through profit and loss	Held-to-maturity	Loan and receivables	Available- for-sale	Amortised cost	Total carrying value	
		VND million					
	VND million		VND million	VND million	VND million	VND million	
Financial assets							
Cash and gold on hand	-	-	1,549,351	-	-	1,549,351	
Balances with the SBV	-	-	1,523,596	-	-	1,523,596	*
Balances with and loans to other credit institutions	-	-	12,055,421	-	-	12,055,421	*
Securities held for trading	8,508,797	-	-	-	-	8,508,797	*
Loans and advances to customers	-	-	51,869,416	-	-	51,869,416	*
Investment securities	-	636,695	-	28,530,794	-	29,167,489	*
Long term investments	-	-	-	71,831	-	71,831	*
Other financial assets	-	-	13,671,522	-	-	13,671,522	*
	8,508,797	636,695	80,669,306	28,602,625	-	118,417,423	
Financial liabilities							
Deposits and borrowings from the SBV other credit institutions	-	-	-	-	1,885,457	1,885,457	*
Deposits and borrowings from other credit institutions	-	-	-	-	13,134,052	13,134,052	*
Deposits from customers	-	-	-	-	83,843,780	83,843,780	*
Derivatives	-	-	-	-	50,851	50,851	*
Other borrowed and entrusted funds	-	-	-	-	63,737	63,737	*
Valuable papers issued	-	-	-	-	7,600,755	7,600,755	*
Other financial liabilities	-	-	-	-	6,328,539	6,328,539	*
	-	-	-	-	112,907,171	112,907,171	

* VPBank has not determined fair values of these financial instruments for disclosure in the financial statements because there is no listed price in their market and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System. Their fair values of these financial instruments may differ from their carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

As at 31 December 2012 (VND million)	Carrying value						Fair value VND million
	Fair value through profit and loss	Held-to-maturity	Loan and receivables	Available- for-sale	Amortised cost	Total carrying value	
		VND million					
	VND million		VND million	VND million	VND million	VND million	
Financial assets							
Cash and gold on hand	-	-	799,402	-	-	799,402	799,402
Balances with the SBV	-	-	1,372,667	-	-	1,372,667	*
Balances with and loans to other credit institutions	-	-	26,760,927	-	-	26,760,927	*
Securities held for trading	1,345,840	-	-	-	-	1,345,840	*
Derivatives	57,471	-	-	-	-	57,471	*
Loans and advances to customers	-	-	36,523,123	-	-	36,523,123	*
Investment securities	-	-	-	22,254,016	-	22,254,016	*
Long term investments	-	-	-	67,338	-	67,338	*
Other financial assets	-	-	12,327,602	-	-	12,327,602	*
	1,403,311	-	77,783,721	22,321,354	-	101,508,386	
Financial liabilities							
Deposits and borrowings from the SBV and other credit institutions	-	-	-	-	27,027,289	27,027,289	*
Deposits from customers	-	-	-	-	59,514,141	59,514,141	*
Other borrowed and entrusted funds	-	-	-	-	64,540	64,540	*
Valuable papers issued	-	-	-	-	4,766,100	4,766,100	*
Other financial liabilities	-	-	-	-	4,297,830	4,297,830	*
	-	-	-	-	95,669,900	95,669,900	

* VPBank has not determined fair values of these financial instruments for disclosure in the financial statements because there is no listed price in their market and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System. Their fair values of these financial instruments may differ from their carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

37. Comparative figures

Implementation of Tax Authority Inspection Minute for 2012 of VPAMC dated 31 July 2013, a number of comparative figures are restated/reclassified to conform with current year presentation. The comparing table presented the data in the previous year and after being restated/reclassified is as follows:

	31/12/2012 VND million (Restated)	31/12/2012 VND million (Restatement)	31/12/2012 VND million (Reclassification)	31/12/2012 VND million (As previously stated)
BALANCE SHEET				
Other assets	13,034,109	96,815	-	12,937,294
Other liability	4,591,916	24,728	-	4,567,188
Retained earnings	704,704	72,087	-	632,617
	2012 VND million (Restated)	2012 VND million (Restatement)	2012 VND million (Reclassification)	2012 Triệu VND (As previously stated)
STATEMENT OF INCOME				
Interest and similar expenses	(7,277,906)	95,872	-	(7,373,778)
Other expenses	129,438	7,770	-	121,668
Operating expenses	(1,874,989)	(7,351)	13,138	(1,880,776)
Allowance and provision expenses	(413,052)	-	(13,138)	(399,914)
Income tax expense	(239,137)	(24,204)	-	(214,933)
Net profit after tax	715,481	72,087	-	643,394
Basic earnings per shares (VND/share)	1,240	125	-	1,115
STATEMENT OF CASH FLOW				
Changes in operating assets				
Other assets	(4,366,854)	24,728	-	(4,342,126)
Changes in operating liabilities				
Other liabilities	(1,145,637)	(24,728)	-	(1,170,365)

Prepared by:



Nguyen Thi Thu Hang
Chief Accountant

Approved by:



Luu Thi Thao
Deputy Chief Executive Officer
cum. Chief Financial Officer



Nguyen Duc Vinh
Chief Executive Officer

5 March 2014



CORPORATE GOVERNANCE REPORT

Building on the efforts made since 2012 in strengthening and improving the corporate governance framework, in 2013, VPBank placed a premium on refining the pivotal operation mechanisms of major governance units, the shareholders' rights and took actions to prevent conflicts of interest and achieve information transparency.

I. Refinement of the Bank's Charter

The best practices of corporate governance require an organization to establish a corporate governance framework, firstly through the Charter and other internal documents such as Regulations on the Board of Directors and Regulations on Corporate Governance, among others.

VPBank's Charter has been developed with great details and clear contents, reflecting objectives, fields and scopes of activities of the Bank. The Charter provides adequate information related to governance structure, rights of shareholders, information publicity, accounting regime, conflict settlement and corporate reorganization. All contents of the Charter have been developed in full compliance with applicable laws.

From 2009 till now, the Bank has organized annual reviews and made amendments to the Charter's contents so as to make it suitable with applicable laws and submitted to the Annual General Shareholders' Meeting for approval. On April 26, 2013, the Annual General Shareholders' Meeting approved the following points: (a) the amendments and supplements to the 20 major articles in the Bank's 2012 Charter that had required readers to refer to additional regulatory provisions that brought practical challenges in using and tracking them in practice, (b) the clear separation between the provisions on rights and responsibilities of units and individuals, such as the Board of Directors (BOD), the Supervisory Board (SB), members of BOD and SB, (c) concrete provisions on remuneration for members of BOD and SB, and (d) provisions on the competent unit to designate an independent auditor to audit VPBank's activities in the upcoming fiscal year.

VPBank's Charter of all versions has been registered with the State Bank of Vietnam (SBV) as required and widely published to shareholders and partners on VPBank's website. VPBank will keep making amendment of the Charter to meet the Bank's current needs as well as comply with the best practices and applicable laws.

II. Information of Shareholders and General Shareholders' Meeting

Shareholder is the owner of shares in VPBank. As of December 31, 2013, the Bank had 3,710 shareholders with the majority of whom are individual shareholders. The rights and obligations of shareholders are specified in the Bank's Charter and all shareholders have the right to access the Bank's Charter at any time, which is uploaded in a section reserved for shareholders on the Bank's website.

In addition to the right of setting up a shareholder group owning more than 10% of common shares in six consecutive months to nominate and self-nominate members in the Board of Directors, the Bank's Charter also specifies the cumulative voting, which entitles minority shareholders to vote for their representatives in the Board of Directors.

The Bank only has common shares and no preferential ones. The Bank always respects the rights and benefits of shareholders and exerts significant efforts in providing shareholders with important information on the Bank's development process. The relationship with shareholders and information publishing to shareholders are performed by the Board of Directors' Office. All contributing ideas and feedback from shareholders are received and processed by the Board of Directors' Office or transferred to authorized persons for processing in accordance with regulations.

VPBank has already completed its website revamping project. Accordingly, the communication channel for shareholders has been restructured to provide more adequate information that is easier for searching to ensure compliance with international standards, as well as to facilitate shareholders and potential investors' accessibility to the Bank's information.

The General Shareholders' Meeting, consisting of all shareholders with voting rights, acts as the highest decision making agency of VPBank. The General Shareholders' Meeting raises opinions and makes decisions in its annual and extraordinary General Meetings of the Shareholders by written votes. The General Shareholders' Meeting is the opportunity for shareholders, at least once a year, to discuss important issues with members of the Board of Directors, Board of Management and to make decisions on operational guidelines for the Bank in the upcoming fiscal year.

The 2013 General Shareholders' Meeting was organized after the Financial Report had been audited by the independent auditor and the Bank had completed its additional election of members of the BOD in compliance with legal regulations. The meeting

invitation letter, enclosed with instructions on authorizing representatives to attend the meeting and other documents, were sent to all shareholders and fully published on the Bank's website.

The agenda and procedures for convening and voting in the General Shareholders' Meeting have fully complied with the relevant provisions in the Bank's Charter. Besides, in this Annual General Shareholders' Meeting, the Bank had submitted Regulations on organizing the General Meeting, Regulations on voting of resolutions in the General Meeting and Regulations on electing members of the Board of Directors, Supervisory Board (if any) to shareholders for endorsement and adoption. These Regulations were attached with the meeting materials and published on the Bank's website at least seven days prior to the meeting opening so that all shareholders have adequate time to review and provide feedback.

In the 2013 Annual General Shareholders' Meeting, important reports such as the Performance Report of the Board of Directors, Performance Report of the Supervisory Board and the Bank's Business Performance Report were all presented and discussed by shareholders prior to approval.

The Bank has also applied state-of-the-art information technology for shareholders to best supervise the results of delegate eligibility, checking and voting results of issues discussed in the meeting, as well as shorten the time of completing these tasks.

The Bank's Charter allows the General Shareholders' Meeting to vote by obtaining written opinions for issues within its scope of authority, except for some issues which must be voted immediately at the Meeting at any time if the Board of Directors finds it necessary for the Bank's interest. Documents requiring written opinions from shareholders are published on the Bank's website. Accordingly, any shareholder not receiving the request for opinions can still access and print out these documents for voting from the website. The deadline for getting shareholder's opinions in writing is usually set from 10 to 30 days, which is relevant to the task content and adequate for shareholders to review and send back their opinions. The counting of votes must be done in witness of the members of the Supervisory Board and the Minutes of the vote checking are publicized on the Bank's website within 24 hours upon completion. In 2013, VPBank sought shareholders' written comments and feedback in regards to the election of additional members to the Board of Directors.

III. Board of Directors

1. Roles and responsibilities of the Board of Directors

VPBank's Board of Directors is established based on the Charter and Regulations on Organization and Operations of the Board of Directors adopted by VPBank. VPBank's Board of Directors plays the key role in mapping out strategies for the Bank and providing guidance for the Board of Management's operation. Additionally, VPBank's Board of Directors strictly exercise its supervising responsibility over the Chief Executive Officer (CEO) by attending the monthly business review meetings held by the Board of Management; reviewing daily and weekly reports; thematic reports on risk management; as well as requesting additional reports if necessary. Furthermore, the Board of Directors frequently conducts its monitoring by checking and processing information from the reports of the Supervisory Board and Internal Audit Division over the Bank's units and through activities of committees under the Board of Directors.

2. Organizational structure of the Board of Directors

In 2013, VPBank's General Shareholders' Meeting elected two additional members to the Board of Directors, which resulted in a total of six members of the Board of Directors, including one independent member. The current number of members complies with applicable laws and suits the Bank's current scope and growth, bringing into full play its strength in making quick and efficient decisions.

The tenure of VPBank's Board of Directors is five years and the members of the Board of Directors can be re-elected an unlimited number of times. The tenure of five years is a suitable period for the members to have a long-term vision and witness achievements earned from their efforts. The current term of office of VPBank's Board of Directors started in 2010 and will end in 2015.

The members of VPBank's Board of Directors fully satisfy criteria, conditions of competency and experience as prescribed by the State Bank of Vietnam and VPBank. The current members of VPBank's Board of Directors are those who have strengths in managerial experience in business and banking, with profound knowledge and in-depth understanding of their functions, tasks, rights and obligations. Of the six members of the Board of Directors, one is concurrently holding the position of the CEO of VPBank. The members of VPBank's Board of Directors also strictly follow regulations on not concurrently taking roles as per applicable law:

- Chairman of VPBank's Board of Directors is not concurrently the manager of the Bank and other credit institutions;
- Members of VPBank's Board of Directors are not concurrently members of VPBank's Supervisory Board and managers of other credit institutions.

Members of the Board of Directors include:

- ♦ Mr. Ngo Chi Dzung: Chairman of the BOD;
- ♦ Mr. Bui Hai Quan: Vice Chairman of the BOD;
- ♦ Mr. Lo Bang Giang: Vice Chairman of the BOD;
- ♦ Mr. Phung Khac Ke: Independent Member of the BOD;
- ♦ Mr. Luong Phan Son: Member of the BOD, re-elected on April 26, 2013;
- ♦ Mr. Nguyen Duc Vinh: Member of the BOD, additionally elected on April 26, 2013.

3. Nomination, self-nomination and election

The election of members of the Board of Directors shall be conducted when the former Board of Directors' term of office is due, and the additional election or replacement of members shall take place as soon as any member loses his/her membership capacity in accordance with the laws, is dismissed or removed, or for any reason is unable to continue being a member of the Board of Directors.

The 2013 Annual General Shareholders' Meeting has elected two additional member of the Board of Directors. Prior to the Annual General Shareholders' Meeting, the Board of Directors obtained written opinions from shareholders on the expected number of members to be additionally elected to the Board of Directors. The Supervisory Board then also notified the shareholders of the required conditions and criteria on the elected titles so that they could nominate or self-nominate persons to hold such positions as prescribed by the laws and the Bank's Charter. The deadline for receiving opinions from shareholders on nomination and self-nomination was specified in the request for opinion and set at a minimum of 30 days from the date of sending such request. The list of persons expected to be elected to the Board of Directors and their profiles had been sent to the State Bank of Vietnam for evaluation with regard to eligibility criteria and conditions and approval had been obtained prior to election at the General Shareholders' Meeting.

The election of members of the Board of Directors or Supervisory Board follows the principles of cumulative voting. Accordingly, each shareholder has the total number of votes corresponding to the total owned shares multiplied by the number of candidates to be elected to the Board of Directors or the Supervisory Board. A shareholder has the right to cumulate his/her total votes for a candidate or divide votes for several candidates. A person elected to the Board of Directors or the Supervisory Board should receive the number of votes representing more than 51% of total shares presented in the meeting at the time prior to the election. In case the number of candidates receiving the number of votes of more than 51% is higher than the number of members to be elected to the Board of Directors or the Supervisory Board as per the General Shareholders' Meeting's regulations, the candidates shall be selected in the order of highest votes until there are enough members of the Board of Directors or Supervisory Board per regulation of the General Shareholders' Meeting. Exceptional cases shall follow the decision made by the General Shareholders' Meeting.

4. Independent member of the Board of Directors

As stipulated in VPBank's Charter, the criteria for independent members of the Board of Directors are defined as follows:

- ♦ Satisfy the required criteria and conditions for a member of the Board of Directors in terms of civil act capacity, professional ethics, competence, working experience and not concurrently hold posts as per relevant provisions of applicable laws;
- ♦ The independent member of the Board of Directors should also meet the following additional criteria and conditions:
 - a) Neither currently working for VPBank or VPBank's subsidiary companies nor having ever worked for VPBank or VPBank's subsidiary companies within the three preceding years;
 - b) Not receiving salary or regular remunerations from VPBank other allowances for members of the Board of Directors under regulations;
 - c) Not having a spouse, father, foster father, mother, foster mother, child, foster child, sibling or spouses of these persons who are major shareholders of VPBank, managerial officers or members of the Supervisory Board of VPBank or VPBank's subsidiary company;

- d) Not being a manager or a member of the Supervisory Board of VPBank at any time within five preceding years;
- e) Neither directly nor indirectly owning or representing ownership of 1% or more of the chartered capital or the voting share capital of VPBank;
- f) Not in conjunction with a related person as stipulated in Point p, Item 1, Article 1 of this Charter holding 5% or more of the chartered capital or the voting share capital of VPBank.

The current member of the Board of Directors of VPBank has been elected into VPBank's Board of Management since 2011. He has extensive experience in executive management at the State Bank of Vietnam and fully meets requirements on the independence, competence and experience as per applicable laws and VPBank's regulations.

5. Activities of the Board of Directors in 2013

The Board of Directors convened quarterly meetings according to a meeting schedule specified and sent to members of the Board of Directors in early 2013. The Secretary of the Board of Directors sent the Chairman's letter of invitation as well as materials related to a meeting of the Board of Directors five days prior to the meeting. All members of the Board of Directors had the right to ask for additional materials or suggest issues to be included in the agenda of the meeting. The members of the Supervisory Board and the CEO were all invited to attend the regular meetings of the Board of Directors and, in some cases, so were the Chief Financial Officer, Head of Human Resources Division or other senior executives, subject to each meeting's agenda. The Bank also made ready technical and interpretation support, if needed, for such meetings. All meetings were recorded with minutes and all resolutions are documented, with meeting participants reviewing and signing on such minutes and resolutions. The meeting minutes and materials were properly filed for retrieval by the Board of Directors or other stakeholders.

In 2013, the Board of Directors held four periodical meetings throughout the four quarters. These four meetings aimed at discussing operational and business plans of VPBank with the CEO in accordance with the changes in policies and guidelines of the SBV as well as the Government; assessing the business performance of the previous quarter and setting orientations for the activities of the Board of Management in the coming quarter; reviewing and monitoring the strategic implementation and discussing adjustments in conformity with actual situation; approving budget and business development plans of the Bank and its subsidiaries (VPBank Securities, VPBank AMC); adjusting the development orientations and the organizational structure of the VPBank AMC to suit the orientation of becoming a provider of specialized services to support the key business segments of the Bank and; approving the long-term bond issuance plan of the Bank, among other activities.

Apart from direct meetings, the Board of Directors also provides written comments. The procedures of submitting for the Board of Directors' written comments comply with the Bank's Charter and relevant regulations. In 2013, the Board of Directors issued written comments on the changes to the major policies and regulations directly relevant to the Bank's operations such as credit policies and risk management policies; approved sub-strategies such as the IT Master Plan, Risk Management Strategy, E-banking strategy, credit card issuance strategy, network development plans, new distribution channels of the Bank; adjusted human resource structure, functions and responsibilities of the councils and committees under the Board of Directors and the executive committees, etc. in accordance with actual conditions. The Board of Directors, on a regular basis, also provides comments on credit proposals with huge balances that exceed the authorized power of the high-level Credit Council of the Bank.

IV. Activities of the Councils and Committees under the Board of Directors

1. Committees under the Board of Directors

1.1 Human Resources Committee

The Human Resources Committee is tasked to advise the Board of Directors on the scope and structure of VPBank's Boards of Directors, Supervisory Board; counsel the Board of Directors in tackling personnel issues arising in the course of voting, appointment, dismissal, removal of members of the Board of Directors, Supervisory Board, executive managers of VPBank; advise and propose the remuneration, bonus and other benefits for members of the Board of Directors, Supervisory Board, Chief Executive Officer; review and submit the annual budget for employees to the Board of Directors for approval; advise the Board of Directors and make decisions within its authority on senior executives of the Bank; make decisions on policies, compensation and benefits for employees, training projects and human resources strategies, regulations on personnel recruitment and assessment; make decision on issues related to stock distribution plan to the Bank's employees. The Human Resources Committee meets on a monthly basis.

Members of VPBank's Human Resources Committee include:

1	Ngo Chi Dzung	Chairman of the BOD	Chairman of the Committee
2	Bui Hai Quan	Vice Chairman of the BOD	Member
3	Lo Bang Giang	Vice Chairman of the BOD	Member

1.2. Risk Management Committee

The Committee is tasked to advise the Board of Directors in the adoption of risk management strategies, processes and policies for all activities of the Bank. The Risk Management Committee also analyzes and provides warnings on the safety of VPBank against possible hidden and potential risks and recommends prevention measures; analyzes and decides the general risk level of the Bank; sets risk appetite and risk acceptance level for functional areas and the entire bank as well as supervises the execution of this policy within the Bank. The Risk Management Committee also takes responsibility for reviewing and deciding changes in the Bank's risk management structure to meet risk management requirements of regulatory agencies; diffusing knowledge and a culture of risk management in the entire bank. The Risk Management Committee organizes regular meetings once or twice a quarter or when arising issues fall under the jurisdiction of the Committee.

Members of VPBank's Risk Management Committee include:

1	Bui Hai Quan	Vice Chairman of the BOD	Chairman of the Committee
2	Ngo Chi Dzung	Chairman of the BOD	Member
3	Lo Bang Giang	Vice Chairman of the BOD	Member
4	Phung Khac Ke	Independent member of the BOD	Member
5	Luong Phan Son	Member of the BOD	Member
6	Nguyen Duc Vinh	Member of the BOD, CEO	Member
7	Nguyen Quynh Anh	Head of Supervisory Board	Member
8	Wilhelmus Johannes Broekhuisen	Head of Risk Management Division	Member

2. Councils & Committees under the Board of Management, participated by BOD members

2.1. Credit Council

The Council performs the function of rating and approving credit applications or credit limits exceeding the decision-making power of the Credit Boards under the branches; considers restructuring loans as proposed by functional departments; considers the exemption of fees and interest rates related to credit in accordance with the Regulations on fees and interest rates exemption of VPBank; recommends the Board of Directors to adjust credit policies in accordance with actual conditions; and handles the tasks related to credit activities of the Bank. To date, Credit Councils at all levels of VPBank have increased their meeting frequency and have set up daily meetings to promptly settle the needs of credit approval under their respective authority.

List of members of VPBank's Credit Council:

1	Ngo Chi Dzung	Chairman of the BOD	Chairman
2	Bui Hai Quan	Vice Chairman of the BOD	Vice Chairman
3	Lo Bang Giang	Vice Chairman of the BOD	Vice Chairman
4	Luong Phan Son	Member of the BOD	Member
5	Nguyen Duc Vinh	CEO	Member
6	Nguyen Thanh Binh	Deputy CEO, Head of Credit Division	Member
7	Dao Gia Hung	Deputy Head of Risk Management Division	Member
8	Ho Thuy Nga	Director of Credit Monitoring Department - Risk Management Division	Member

2.2. Investment Council

The Investment Council has the function of reviewing and approving VPBank's and its subsidiaries' investment projects whose value exceed the approval limits of the Chief Executive Officer, the Member Councils of the two affiliated companies, namely VPBank Securities Company (VPBS) and VPBank Asset Management Company Ltd. (VPBank AMC), and other specific limits as specified in the Bank's Financial Regulations. The Investment Council of VPBank also makes decisions on business limits with regard to credit institutions and proposals of investment into promissory notes, bonds and other valuable papers. The Investment Committee meets on a quarterly basis and endorses the Bank's arising proposals by obtaining written opinions.

List of members of VPBank's Investment Council:

1	Ngo Chi Dzung	Chairman of the BOD	Chairman of the Council
2	Bui Hai Quan	Vice Chairman of the BOD	Member
3	Lo Bang Giang	Vice Chairman of the BOD	Member
4	Nguyen Duc Vinh	Member of the BOD, CEO	Member

2.3. Assets/Liabilities Management Council (ALCO)

The ALCO's functions are to research and propose strategies for balance sheet structure, manage the balance sheet structure of the Bank to maximize profits and minimize risks; develop and monitor financial and credit indicators in compliance with the Bank's business strategy; control liquidity and liquidity risks, interest rate risk due to mismatches between assets and interest-sensitive liabilities; manage market risks against fluctuations in exchange rates and interest rates; guide the development, approval and execution of policies, processes, and systems for internal funds transfer pricing to ensure profitability for business units; manage owners' equity to ensure the sustainable growth of the Bank. ALCO has organized monthly meetings to regularly assess the macro-economic environment, activities of the banking sector and those of VPBank, make suitable decisions to ensure the Bank's liquidity, interest rates and corresponding volumes for funds mobilization or utilization programs; and ensure prudential ratios in accordance with the laws.

List of members of VPBank's ALCO:

1	Nguyen Duc Vinh	Member of the BOD, CEO	Chairman of the ALCO
2	Ngo Chi Dzung	Chairman of the BOD	Member
3	Bui Hai Quan	Vice Chairman of the BOD	Member
4	Lo Bang Giang	Vice Chairman of the BOD	Member
5	Vu Minh Truong	Deputy CEO, Head of Treasury and Financial Market Division	Member
6	Nguyen Thanh Binh	Deputy CEO, Head of Credit Division	Member
7	Luu Thi Thao	Deputy CEO, Head of Finance Division	Member
8	Luu Thi Anh Xuan	Deputy CEO, Head of CMB Division	Member
9	Fung Kai Jin	Head of SME Banking Division	Member
10	Kalidas Ghose	Deputy CEO, Head of Retail Banking Division	Member
11	Phung Thi Thu Huong	Head of CIB Division	Member
12	Wilhelmus Johannes Broekhuisen	Head of Risk Management Division	Member
13	Duong Thi Thu Thuy	Deputy CEO, Head of S&D Division	Member

2.4. Executive Committee (EXCO)

The EXCO performs the function of reviewing and proposing the Bank's business strategies to the Board of Directors for approval; keeping regular updates of the business performance; executing short-term action plans and solving challenges faced by the Bank's units during implementation; making recommendations on changes of organization structure, budgeting plan, business plan in line with realities and submitting them to the Board of Directors for approval; reviewing important project

proposals of the Bank. The EXCO holds meetings twice a month, with discretionary participation of members of the Board of Directors and the Supervisory Board.

Members of the EXCO consist of the Chairman of the Board of Directors and possibly other members of the Board of Directors as decided by the Chairman of the Board of Directors; members of the Board of Management, Heads of Divisions, and Directors of Independent Centers. The Chief Executive Officer is the Chairman of the EXCO.

2.5. Operational Risk Committee

Operational Risk Committee performs the function of managing the Bank's operational risks, ensuring the effectiveness of the promulgation and implementation of the policies on operational risk management and directing the dissemination of knowledge and culture regarding operational risk management across the bank-wide system.

The Operational Risk Committee is tasked to review and approve the overall strategy on operational risk management; operational risk management framework; operational risk related policies and regulations, capital strategies for operational risk management; monitoring the implementation and management of operational risks; and submitting regular and ad hoc reports to the Board of Directors and the Risk Management Committee on arising issues.

List of members of VPBank's Operational Risk Committee:

1.	Bui Hai Quan	Vice Chairman of the BOD	Chairman of the Committee
2.	Nguyen Duc Vinh	Member of the BOD, CEO	Member
3.	Wilhelmus Johannes Broekhuisen	Head of Risk Management Division	Member
4.	Petejan Van Nieuwenhuizen	Deputy CEO, Head of Operations Division	Member
5.	Nguyen Thanh Binh	Deputy CEO, Head of Credit Division	Member
6.	Luu Thi Thao	Deputy CEO, Head of Finance Division	Member
7.	Vo Tan Long	Head of Information Technology Division	Member
8.	Nguyen Quynh Anh	Head of Supervisory Board	Member
9.	Kim Ly Huyen	Chief Internal Audit	Member

2.6. Credit and Collection Committee

The Credit and Collection Committee is tasked with making credit-related decisions, including portfolio management, debt recovery and the usage of appropriate credit risk measurement tools and methods. It also reviews and approves the policies, tools and processes pertaining to the Bank's credit granting activities, debt handling and recovery performance of various units based on their respective KPIs. The Committee also scrutinizes the updated reports on credit portfolio quality by segments of the business divisions.

Periodically or when necessary, the Credit and Collection Committee will report to the Risk Management Committee and the Chief Executive Officer on matters within their scope of responsibility and make recommendations and proposals to the Risk Management Committee and the Chief Executive Officer on credit risk management strategies, report the results of stress tests on credit risks and NPL recovery strategies, among other activities.

List of members of VPBank's Credit and Collection Committee:

1.	Wilhelmus Johannes Broekhuisen	Head of Risk Management Division	Chairman of the Committee
2.	Nguyen Duc Vinh	Member of the BOD, CEO	Member
3.	Nguyen Thanh Binh	Deputy CEO, Head of Credit Division	Member
4.	Hoang Anh Tuan	General Director of AMC Company	Member
5.	Nguyen Minh Hoang	Head of Debt Management & Collection Center	Member

3. Resolutions/Decisions adopted by the aforementioned Councils/Committees:

No.	Council/ Committee	Number of Resolutions/ Decisions adopted during the year	Contents
1	Risk Management Committee	05 meetings were held during the year	<ul style="list-style-type: none"> ♦ Review and assess the status of VPBank's risk system, the implementation of risk management policies and risk appetite of the Bank; ♦ Reach an agreement on the risk management structure and human resources of the Risk Management Division, define clearly the functions and duties of the Risk Management Division and establish the dedicated risk management committees such as the Operational Risk Management Committee, the Credit and Collection Committee; ♦ Ratify the Bank's Risk Management Strategies in accordance with Basel 2's standards while adopting the overall development plan and the Bank's Basel 2 implementation roadmap based on the recommendations put forward by the consulting firm; ♦ Supervise and ratify the regulations and methods of risk management with regard to the Bank's products and services; ♦ Approve the critical initiatives to enhance risk management effectiveness, including the early warning system for credit risk, the credit rating system, measures to control operational risks in line with international standards, fraud prevention and control systems in banking operations; ♦ Discuss and adopt the content related to credit policies, corporate customer policies; risk management solutions for some specific risk categories of the Bank.
2	Human Resources Committee	08 meetings were organized during the year	<ul style="list-style-type: none"> ♦ Approve the HR Strategy and the Overall Action Plan 2013; ♦ Decide the policies and programs related to KPIs and business incentive policies, principles on jurisdiction for personnel judgments; ♦ Adopt the proposed contents on the development of corporate culture in 2013; ♦ Adopt training plans, methods and a roadmap in accordance with the competency framework; ♦ Review and consult the Board of Directors regarding the establishment of/ adjustment to the organizational model of the Marketing and Communications Center, Training Center, Risk Management Division, CIB, Treasury and Financial Market Division, Corporate Product Support and Investment Center, Legal and Compliance Center, VPBank Asset Management Company; ♦ Review, adjust and approve the income structure of 2013 for all staff of VPBank, approve the salary range for the business support team, review the salary increments in 2013; ♦ Approve the recruitment, appointment, re-arrangement of more than 700 officers from the level of Director/Deputy Director of Department onwards; ♦ Perform the Checkpoint 360o (360o feedback) for the Bank's senior leaders.

No.	Council/ Committee	Number of Resolutions/ Decisions adopted during the year	Contents
3	Executive Committee (EXCO)	12 meeting sessions were organized during the year resulting in approximately 200 decisions being made	<ul style="list-style-type: none"> ♦ The EXCO conducted 12 meeting sessions to discuss and decide numerous arising issues during the Bank's course of operations; ♦ Evaluate the business results of 2012 and of the months in 2013 as compared with the set plan; set forth short-term action plans ; ♦ Discuss the policies and budget plans, action plans, working agendas for 2013 and 2014; ♦ Endorse operational guidelines, the business plans for the year, including gold trading, establishment of the system of targets for the sales staff, and plans to boost product development, deploy card sale campaigns, credit growth plans, plans on deposits, NPL recovery, growth in customer base, credit quality management, etc. in conformity with the requirements and operations of the Bank from stated period to stated period; ♦ Reach an agreement on implementation of such projects as: credit approval system, card software connection, branch network transformation and household business loans, among others.
4	Credit Committee	120 meeting sessions were organized during the year, and 1,000 credit applications were approved.	The Credit Council of all levels approve applications for credit grants whose value exceeds the authorized limit of credit approvers and the credit processing centers of VPBank. In 2013, the Credit Council organized 120 meeting sessions to discuss, evaluate and adopt nearly 1,000 credit applications in addition to applications for credit condition adjustments for customers.
5	Assets/ Liabilities- Management Council (ALCO)	12 monthly meetings were held during the year, yielding approximately 60 decisions.	The ALCO conducts monthly meetings to discuss and decide the contents related to: Objectives of the Bank's balance sheet development, interest rate changes, currency trading limits, fund balance limits, orientation on ratios of tenors and customer segments in capital mobilization, expectations on the growth in loan balance, liquidity indicators, NPL ratio targets and foreign currency positions, among others.
6	Investment- Council	Executed approximately 100 decisions.	The Council approves the proposals regarding financial investments (plans of trading government bonds, corporate bonds, promissory notes, and financial transaction limits with financial institutions, ...) and some great cost approvals beyond the competence of the management levels that are proposed by the Bank's functional departments (investments in purchasing ATM system, data centers, servers, ...)
7	Operational Risk Management Committee	One meeting session was conducted, approving the guidelines on the Bank's management of various operational risk fields.	Established in late 2013, the Committee conducted one meeting session to adopt the contents relevant to the guidelines on the Bank's management of operational risk fields: Monitoring, assessing, discussing and reaching consensus on solutions to the findings of the External Audit and the Internal Audit as well as events related to operational risks; adopting the draft Key Risk Indicators (KRIs) for business units and back offices; monitor the results of customer complaints' resolution, proposing internal operational mechanism on complaint resolution; reaching an agreement on the establishment of an Internal Investigation Department to collect, track and supervise the arising risks and recommendations from various sources.
8	Credit and Collection Committee	Four meeting sessions were conducted with a focus on the issues related to debt handling and collection	Founded in late 2013, the Committee has been monitoring debt collection results ranging from early collection, debt restructuring to late collection and making recommendations as well as timely adjustments to improve the bank-wide situation of debt recovery. The Committee has finalized the collection targets as well as proposed debt recovery and settlement strategy for the AMC in 2014 under the new model. The Committee has proposed to change the process of debt restructuring towards centralizing the management and collection of the SME segment into one focal point only and; discussed and laid down clear criteria for streamlining of applications to management units.

V. Supervisory Board

1. General Introduction

The Supervisory Board of VPBank has three members, two of which are full-time members (FTEs), including the Head of the Supervisory Board. All members of the Supervisory Board have full knowledge of accounting and finance to satisfy the required criteria and conditions set out by the law and VPBank. On behalf of VPBank's General Shareholders' Meeting, the Supervisory Board of VPBank shall monitor the performance and activities of the Board of Directors, and concomitantly play the role of the Auditing Committee in accordance with the international practices, to control the Bank's financial and business activities; check annual financial reports and other financial activities; supervise the compliance with applicable laws and internal regulations of the Bank and; supervise the internal auditing function by directly managing the Bank's Internal Audit Division. VPBank's Supervisory Board takes responsibility for reporting and making explanations to the General Shareholders' Meeting in accordance with the laws. Nevertheless, the Supervisory Board works regularly with the Board of Directors to exchange views or advise on risks or key findings in the course of its operation.

List of members of VPBank's Supervisory Board:

1	Nguyen Quynh Anh	Head of Supervisory Board, full-time member
2	Trinh Thi Thanh Hang	Full-time member
3	Nguyen Thi Mai Trinh	Member

With a view to increase the number of the Supervisory Board's staff in accordance with the Bank's development scope, in early 2014, the Bank obtained written opinions from the General Shareholders on the additional election of one Member to the Supervisory Board, which is expected to take place at the 2014 AGM.

2. Activities of VPBank's Supervisory Board in 2013

2013 was the year that continued to witness a great deal of change, including the refinement of the Bank's organizational structure and operational model; the centralization of business-support activities into the Head Office's Back-Office Divisions; the establishment of independently-operated SME Centers; the gathering of large corporate customers into two CMB and CIB Divisions, to the branch network mostly focusing on retail. Hence, the Bank's internal audit activities and plans have also been continuously reviewed and revised more appropriately to ensure the best control over potentially arising risks during the Bank's operations. The Divisions' organizational chart has been adjusted accordingly, with a reduction of one center as well as the integration of two Procedure & Regulations Department and IT Department into the Audit Tools and Policy Department, streamlining of the two audit departments of the Retail banking Division, SME Banking Division and CF Division into the Northern Audit Department for Retail & SME and the Southern Audit Department for Retail & SME, increased personnel scope and supplements to the audit plan for the Audit Departments of functional units and subsidiaries so as to ensure the most effective performance for the 2013 audit plan of the Internal Audit Division.

Two dedicated members of the Supervisory Board work directly at the Bank and have closely directed the Internal Audit in executing the work plans. The risks detected through the direct auditing process as well as remote monitoring were regularly discussed amongst the Supervisory Board and constantly consulted with the Board of Directors and the Board of Management via monthly meetings or ad-hoc meetings as per requirements.

With its roles of controlling financial and business operations, checking financial statements and other financial activities of the Bank, monitoring the compliance with legal regulations and VPBank's regulations, the Supervisory Board regularly attends the meetings of the Board of Directors and the Board of Management (Risk Management Committee, ALCO, EXCO, etc.) in order to fully access information related to the Bank's business lines, the mechanisms and the issues that arise during the operational course of various units to assess and develop appropriate action plans.

In 2013, the spotlight continued to be focused on recruitment of experienced personnel and training for the Internal Audit's staff to ensure professional competence and audit efficiency. The Supervisory Board also oriented the Internal Audit Division to

regularly coordinate with and review the tasks similar to those of the Risk Management Division, Finance Division, Operations Division and others to reasonably allocate tasks and avoid the overlapped checking and audit sessions that were likely to affect the operation of relevant units. Senior staffs of the Internal Audit were sent to participate in the consultation project on the Risk Master Plan in accordance with Basel 2's standards.

The Supervisory Board and the Internal Audit in 2013 continued to implement and complete the Internal Audit Software Project (to be completed in the final month of Quarter I/2014 as planned), with the aim of managing the formulation of annual audit implementation plans, managing the audits in various units, documenting audit results, creating and maintaining the risk profiles for each business process and each audited unit. This software will help improve the productivity of the internal audit as well as strictly manage the audit records.

Beside supervisory activities, the Internal Audit also closely coordinated with dedicated units under the Board of Management such as the Legal and Compliance Center and the Operational Risk Management to track the implementation of the auditor's findings and recommendations. The meeting with the Board of Directors is still maintained on a monthly basis to discuss the issues raised in the audit report of the month and daily remote monitoring reports as well as to set specific deadlines for remedying systematic risks and handling compliance-related issues.

VI. Remuneration for the Board of Directors, the Supervisory Board

Total remuneration budget for the Board of Directors and the Supervisory Board in 2013, as approved by the General Shareholders' Meeting in 2013, was equal to 1% of the consolidated profit before tax (this policy has been kept unchanged since 2012). Given the business results in 2013 with profit before tax of VND1,355 billion, the total remuneration budget for the Board of Directors and the Supervisory Board in 2013 was approximately over VND13 billion.

The principle of determining remuneration for members of the Board of Directors and the Supervisory Board has been reviewed, approved and kept unchanged since 2012. Accordingly, on a monthly basis, each member receives a fixed rate of remuneration for each title and task-based remuneration as members of the Councils or Committees under the Board of Directors and the Supervisory Board.

In 2013, basically, the total actual remuneration paid to members of the Board of Directors and the Supervisory Board did not change considerably as compared to 2012, which was VND6,855 million, including VND4,560 million paid to the Board of Directors and VND2,295 million to the Supervisory Board.

VII. Prevention of Conflicts of Interests

The disclosure of related interests of members of the Board of Directors, members of the Supervisory Board, members of the Board of Management (CEO and Deputy CEOs) and the declaration of related persons shall be made at the beginning of each year and during the year upon changes over the disclosed information. The Corporate Secretary under the Board of Directors' Office shall gather information from members and send them the synthesized report as the basis for defining related persons of the Bank and following procedures in case the Bank has transactions with these persons.

Regulations of the Bank stipulate that permitted transactions between the Bank, on one hand, and members of the Board of Directors, members of the Supervisory Board, members of the Board of Management and related persons of these members, on the other hand, shall be subject to endorsement by the Board of Directors or Councils/Committees under the Board of Directors based on majority rule, with related members not having voting rights. All such transactions shall be reflected in signed contracts or clear documentation as stipulated by the Bank on the principle of equality and voluntarism.

Also, under the provisions of the Law on Credit Institutions, the Bank did not grant credit to any member of the Board of Directors, the Supervisory Board, CEO, Deputy CEO and/or equivalent titles as well as mother, father, wife, husband or child(ren) of those members.

VIII. Reports and Information Disclosure

Reports

VPBank has a reporting regime which is in compliance with the law on accounting and statistics, and submits regular operation reports as required by the State Bank of Vietnam (SBV). The reports that are already prepared by the Bank include:

- ♦ Financial reports on monthly, quarterly, semi-annual and annual basis to the SBV;
- ♦ Within 120 days from the end of the fiscal year, VPBank shall prepare and submit the audited consolidated financial reports to the SBV as stipulated by accounting laws. Besides the independent audit report, VPBank also drafted and publicized the audited financial statement according to IFRS;
- ♦ Within 90 days from the end of the fiscal year, VPBank shall prepare and submit consolidated reports on selling, buying, and other transactions between VPBank and its subsidiaries or affiliate companies;

VPBank's subsidiaries or affiliate companies shall also perform the responsibilities of submitting their financial reports and performance reports to the SBV if required.

In addition to the above reports, VPBank shall submit timely reports in writing to the SBV in the following circumstances:

- ♦ Changes in organization, governance, or financial situation of major shareholders within the year;
- ♦ Reports required by the SBV for monitoring and evaluation purposes (regular or ad-hoc upon request).

The Bank is undertaking information technology investment projects to strengthen its reporting capacity and quality of reporting to the SBV, regulatory agencies while catering for the needs of reporting on the Bank's governance activities.

Information disclosure

VPBank practices the information disclosure regime applicable for credit institutions as stipulated by the SBV and the information disclosure regime applicable for large-scale public companies as stipulated in Circular No. 52/2012/TT-BTC dated April 5, 2012, which provides guidance on information disclosure on the stock market.

The Bank-related information, which is made available on the websites of VPBank and the State Securities Commission as well as on other mass media as required, includes:

- ♦ **Financial reports:**
 - + Annual financial reports, consisting of consolidated and bank-only financial statements, which are audited by an authorized auditing firm and made available within 90 days as from the end of the fiscal year;
 - + Semi-annual financial reports, consisting of consolidated and bank-only financial statements, which are reviewed and checked by an authorized auditing firm and made available within 60 days as from the end of the first six months of the fiscal year;
 - + Quarterly financial reports, consisting of consolidated and bank-only financial statements, made available within 45 days from the end of the quarter.
- ♦ **Annual Report:** Beside the release of the Annual Report on VPBank's website, the Bank also published the Annual Report for its own activities.
- ♦ **Corporate Governance Report** was made available every six months and annually within 30 days as from the end of the reporting period.
- ♦ **Related information** of major shareholders is also released as per regulations.
- ♦ **Other information** of the Bank is made available regularly or on an ad-hoc basis as per regulations.

In addition to information required to be made available by laws, the Bank also proactively makes available the information on its strategies, new products, promotion programs and major events which exert large impact on the Bank's operation as well as social welfare and security activities on the mass media and on its own website.

The information disclosure is undertaken in accordance with the Bank's internal regulation on speech and information disclosure, with the focal point being the Communications and Marketing Center and the Board of Directors' Office, after the disclosure of such information has been endorsed by relevant competent bodies of the Bank

IX. Evaluation of the Implementation of Corporate Governance Regulations and Plans for Strengthening Corporate Governance Capacity of VPBank's Board of Directors

Upholding the results of improving and strengthening the Corporate Governance initiated in 2012 with the project entitled "Evaluation on the exercise of the regulations on Corporate Governance and the Project on improving VPBank's Corporate Governance" conducted by the International Finance Corporation (IFC). Accordingly, the basis, specific plan and roadmap to improve the Bank's capacity for Corporate Governance were identified by VPBank towards an advanced Corporate Governance system that operates in alignment with international best practices.

In 2013, IFC conducted additional surveys and assessments based on the advisory results of 2012. Accordingly, VPBank was recognized to have made considerable progress in rolling out the plan on strengthening Corporate Governance. In 2013, VPBank managed to finalize some plans incrementally fostering the roles and efficiency of Corporate Governance as follows:

- Revising the Bank's Charter and several existing policies which reflect the Bank's needs of improving corporate governance in line with best practices; listing the full rights of shareholders, including the right to be fairly treated among the Bank's shareholders; adding provisions on additional election of members of the Board of Directors and the Supervisory Board in case of premature resignation; issuing additional regulations on managers, reporting regime, the disclosure and provision of information and annual report. VPBank's Charter has been registered with the State Bank of Vietnam and has also been translated into English for ease of reference by foreign shareholders, investors and partners;
- Developing, adopting and communicating the Corporate Governance Regulation and Code of Conduct and Ethics for bank-wide application. The Dividend Policy has been set up and approved by the General Shareholders with a view to providing explicit information to the Bank's shareholders and potential investors;
- Regarding the Board of Directors: Additional personnel were recruited in 2013, the tasks and responsibilities were clearly assigned among members, the functions of monitoring, managing, controlling the internal supervision environment including auditing and risk management were better executed;
- Roles and responsibilities of the Risk Management Committee have been key areas of the Bank's focus; the new centralized risk management was strengthened to set up, evaluate and monitor the risk management systems and policies towards the best practices;
- Regarding information transparency: Making adjustments to improve the quality and features of the Bank's website, as well as improving the contents of the Annual report, which is the official channel to provide the customers and investors with the Bank's information; enacting the internal regulations on information disclosure to strengthen roles and responsibilities of the department in charge of information disclosure; proactively providing more information on the Bank's overall strategies as well as information regarding members of the Board of Directors and its Committees;
- Strengthening internal capacity to prepare financial statements in line with IFRS and disclose these audited financial statements on mass media.

In 2014, VPBank projects it will continue accentuating the roles and efficiency of corporate governance through continuous assessment and adjustments of the established governance documents and completion of the 2013 pending plans, namely:

- Setting up the performance evaluation mechanism for the BOD, Councils, Functional Committees, formulating and proposing remuneration policies for BOD members to review, ensuring that such policies will be aligned with the Bank's annual performance in a clear and fair manner and in line with long-term benefits of the Bank and its shareholders;
- Appointing additional members to the Supervisory Board. The functions of the Audit Committee (in accordance with international standards) will be added to the functions and tasks of the Supervisory Board;

- Regarding the supporting unit of the Board of Directors and the Corporate Secretary: Personnel with strong expertise in corporate law and corporate governance regulations will be added; the functions of Corporate Secretary and those of assistants to members of the Board of Directors or its councils or committees will be separated to enhance the supporting role of this group of personnel for corporate governance activities as well as for investor relations;
- Collecting and refining the internal regulations and policies on transactions with relevant parties to enhance transparency and clearance as well as supplementing the regulations on insider trading.

X. Shareholder Structure & Owners' Investment Capital Changes

1. Shares

The total number of shares of the Bank as of December 31, 2013 is 577,000,000 shares (expressed in words: Five hundred seventy seven million shares). All of these shares are common and outstanding shares. The shareholders' book for all of these shares is kept by VPBank Securities Company as per the shareholder book management authorization contract since 2008.

According to clause 1, Article 56 of the Law on Credit Institutions No. 47/2010/QH11: "shareholders being individuals, organizations whose representatives are members of the Board of Directors, members of the Supervisory Board, CEO (Director) of credit institutions shall not be allowed to transfer their shares during their respective term of office".

As of December 31, 2013, the shares owned by members of the Board of Directors, the Supervisory Board and CEO of VPBank were as follows:

No.	Full Name	Positions currently held at VPBank	Number of shares	Percentage of common shares owned
1	Ngo Chi Dzung	Chairman of BOD	25,872,404	4.48%
2	Bui Hai Quan	Vice Chairman of the BOD	8,936,112	1.55%
3	Lo Bang Giang	Vice Chairman of the BOD	817,490	0.14%
4	Phung Khac Ke	Independent member of the BOD	-	none
5	Luong Phan Son	Member of the BOD	2,383,599	0.41%
6	Nguyen Quynh Anh	Head of the Supervisory Board	22,720,834	3.94%
7	Nguyen Thi Mai Trinh	Member of the Supervisory Board	28,349,194	4.91%
8	Trinh Thi Thanh Hang	Member of the Supervisory Board	-	none
9	Nguyen Duc Vinh	Member of the BOD, CEO	-	none
Total			89,079,633	

All the shares of the members named in the above list are classified as transfer-restricted shares per applicable law. In addition, Mr. Luong Phan Son is the representative of the capital contribution of two companies. Therefore, the volume of shares of these two companies is also transfer-restricted shares as per the aforementioned regulation. And thus, the total transfer-restricted shares as per applicable law are 115,925,028 shares.

2. Shareholder structure of VPBank as of December 31, 2013

No.	Type of shareholders	Number of shareholders	Number of shares	Percentage
1	Individual shareholders	3,675	521,192,063	90.33%
2	Institutional shareholders	35	55,807,937	9.67%
3	Foreign shareholders	0	0	0%
Total		3,710	577,000,000	100.00%

In 2013, VPBank's major foreign shareholder, the Oversea-Chinese Banking Corporation Limited had a share transfer transaction that resulted in changes to VPBank's shareholders' structure. Accordingly, the ownership ratio of foreign investors at VPBank declined from 14.88% to 0%.

3. Owners' investment capital changes

The Annual General Shareholders' Meeting of VPBank adopted a resolution on raising the chartered capital by VND577,410 billion by distributing dividends in the form of shares from 2012 retained earnings of VND549,884 billion and distributing bonus shares from the reserve fund for charter capital supplementation worth VND27,526 billion.

VPBank made procedures to submit to the State Bank of Vietnam for approval of the rise in its chartered capital. However, these procedures were not finalized in 2013. Therefore, the Bank did not perform its capital raising plan as expected in 2013.

In the middle of February 2014, the State Bank of Vietnam ratified an official document to approve VPBank's capital raising plan from VND5,770 billion to the estimated chartered capital of VND6,347 billion. The Bank has been proceeding with other required procedures to complete this capital raising plan.

4. Transaction of treasury stocks

VPBank had no transaction of treasury stocks during the reporting year.

5. Other securities

VPBank did not have any other issuances of shares during the year.

6. Share transactions of internal shareholders

As stipulated by laws, shareholders who are members of the Board of Directors, the Supervisory Board, or CEO are not allowed to transfer shares during their respective term of office. As such, there has been no share transfer transaction of internal shareholders who are members of the Board of Directors, the Supervisory Board, or CEO in 2013.

Deputy Chief Executive Officers are regarded as senior managers of VPBank in accordance with provisions of the Bank's Charter. The Corporate Secretary includes staff members of the Board of Directors' Office. During the year, these shareholders had no share transfer transactions.

7. Transactions of foreign strategic shareholders

On November 22, 2013, the Bank's major shareholder, the Oversea-Chinese Banking Corporation Limited (OCBC), having its Head Office at 65 Chulia, #09-00 OCBC Centre Singapore 049513, completed the transfer of its entire 85,830,457 shares, representing 14.88% of the total VPBank's shares. The transferees are local individual investors. The major shareholder's transfer of shares was approved by the State Bank of Vietnam in accordance with applicable legislative regulations.

2014 BUSINESS PLAN



The National Assembly's Resolution 53/2013/QH13 dated November 11, 2013 clearly defines the overall socio-economic development plan in 2014, which is aimed to stabilize the macro-economy, control inflation, keep reasonable growth rate and increase the quality, effectiveness and competitiveness of the economy by boosting up the implementation of the three strategic breakthroughs in accordance with renewing the growth model and restructuring the economy with the major targets including GDP growth rate of 5.8%, an export turnover increase of 10%, a trade deficit accounting for 6% of export, a consumption price index (CPI) rise of 7%, investment for social development accounting for 30% of GDP, State budget overspending making up 5.3% of GDP.

On the basis of the Resolution, the State Bank of Viet Nam (SBV) provided direction on proactive and flexible management of monetary policies in close coordination with fiscal policies in an effort to control inflation in line with the set targets, stabilize the macro economy, support economic growth at a reasonable rate, ensure the liquidity of credit institutions and the economy, strive to control the total means of payment to increase at about 16-18% and credit to rise at around 12-14% in 2014. Simultaneously, the SBV continues to comprehensively and drastically implement the Scheme on Restructuring of Credit Institutions (CIs) system for the period 2011-2015, the Scheme on Handling of NPLs in an attempt to ensure the safety and sustainable development of the CIs.

2014 is the 2nd year VPBank has implemented the five-year strategy for the 2012 - 2017 period with the stated ambition to become one of the top commercial joint stock banks in 2017. After more than one year of implementing the transformation programs (2012-2013), with a focus on building the foundation systems, a handful of critical foundation systems have been set up and have initially created necessary tools and means to promote growth in a sustainable and solid manner, such as the risk management system, the centralized operations system for back-up services (back-office, especially the centralized credit processing), intensify technology and human resource management systems, among others. VPBank is ready to expand its business operations and make new breakthroughs.

Amid a tough business environment with numerous difficulties and complications while persisting with long-term strategic directions, continuing on-going tasks as from 2013, VPBank will keep on focusing on the two basic goals in 2014: (1) **Leverage the fruits of the initially established foundational systems, concentrating on break-through business development in the key strategies;** (2) **Continue to strengthen the foundation systems to ensure risk control in preparation for a sustainable growth period:**

- The business focus will be made on boosting credit growth and intensifying the customer base of two key

segments, including Retail Customers (consisting of consumer finance) and Small- and Medium-Sized Enterprises Customers (SME). Further efforts will be devoted to expanding and developing the Commercial Banking Segment (CMB) to ensure the continuity of service and value chains serving the Upper-SME segments, while taking full advantage of the increased income opportunity from credit and fees earned from this customer segment amid Vietnam's ever-changing economy. Selective development will be focused on the customer segment including Groups and Corporations and Corporate Investment Banking (CIB), with priorities in taking advantage of market opportunities to increase the size of assets and widen sources of income through the provision of banking services. The foreign currency and bond trading activities will attach great importance to closely monitoring the market fluctuations in order to maximize the efficient use of resources;

- Further efforts will be made in strengthening and improving the quality of the foundation platforms with a focus on risk management system (especially credit risk management and operational risk management system) and credit approval system. Also, synchronized implementation will be followed towards the professionalism and centralization of back-office management models (continuing the on-going process initiated as from 2013), sale models and service models with an aim to further enhance the efficiency of sales performance and customer service quality within the branch system. Further development will be focused on human resources as well as the advanced technology system to ensure good response to the rapid development of business activities as well as improve service quality.

Consolidated Financial Targets in 2014

No.	Indicators (VND billion/%)	2014 Plan
1	Total assets	155,000
2	Customer deposits	106,603
3	Balance of credit grants	84,454
	Of which: Customer lending	72,712
4	NPL ratio	<3%
5	Consolidated PBT	1,890
6	ROE	18%

VPBANK'S NETWORK



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TRANSACTION POINTS OF VPBANK NATION-WIDE

AN GIANG	02
BAC GIANG	04
BAC NINH	02
BINH DUONG	01
BINH DINH	02
BINH THUAN	02
CAN THO	04
ĐA NANG	10
ĐÔNG NAI	03
ĐÔNG THÁP	01
HA NOI	63
HA TINH	05
HAI DUONG	03
HAI PHONG	09
HOA BINH	02
HO CHI MINH	38
HUE	06
GIA LAI	01
KIEN GIANG	01
LONG AN	02
NAM DINH	05
NHA TRANG	02
NGHE AN	07
PHU THO	02
QUANG BINH	04
QUANG NAM	01
QUANG NINH	04
QUANG TRI	02
THANH HOA	07
THAI BINH	04
THAI NGUYEN	02
VINH LONG	01
VINH PHUC	04
VUNG TAU	01