

**SUMMARY OF ABBANK DEVELOPMENT STRATEGY
FOR THE PERIOD OF 2011 -2020
(To be presented at the Shareholders Meeting)**

This strategic statement is made under the direction of the Board of Directors of An Binh Commercial Joint-stock Bank (ABBANK), to be submitted to the BOD and the General Meeting of Shareholders for reporting on the formation of a strategy for the whole ABBANK in a 10 year period of 2010 – 2020.

Based on ABBANK's declaration about “Mission”, “Vision” and “Core values” of which ABBANK is pursuing, the Committee of Strategy and Development Plan has built 5 strategic objectives in the next 10 years:

- ① Stable growing to lead ABBANK entered into the “TOP TEN” banks in year 2016.
 - ② Adding values for shareholders' investment.
 - ③ Improving ABBANK's services and bringing the Bank to the mass of people.
 - ④ Creating prosperity and satisfying the development demands of labor force.
 - ⑤ Making contribution to the development of society and community.
- ✧ It is expected that ABBANK to enter the TOP 10 rank of the private – owned capital joint stock banks group by 2016 with total assets of VND 165.610 billion.
- ✧ ABBANK will be ranked 9th among these private-owned capital banks by 2020 with total assets of VND 379,553 billion.

Together with financial forecast for ABBANK and its 26 competitors, SDPC has proposed the strategies, plans and policies relating to banking model, internally organizational chart, corporate governance, marketing strategy, business strategy in the field of credit, deposit, capital utilization, investment and service sector, including business strategy for retail banking, development of market share and networking, deploying of products and services together with other plans relating to human resource, training, IT, risk management in order to archive the initiated 5 strategic objectives. The roadmap to implement such strategies, plans and policies has also been built up to concretize the action program for the whole bank in the next 10 years.

This strategic plan is considered as a starting point of a long-term building progress of strategy for ABBANK. This statement will continue to be amended and with latest updated information on changes of Vietnamese financial and banking industry. The SDPC will also monitor the

implementation of these strategies and plans approved by the BOD and passed by the General Meeting of Shareholders, and frequently report to the BOD on the progress of implementation of strategy as well as propose of amendments or supplements if considered necessary.

The content of this Strategy Plan is divided into 5 parts:

- Part I: ABBANK AND BUSINESS ENVIRONMENT
- Part II: ANALYSIS OF COMPETITORS AND CURRENT STATUS OF ABBANK
- Part III: DEFINITION OF OVERALL STRATEGIC OBJECTIVES
- Part IV: STRATEGIES, PLANS AND POLICIES TO ACHIEVE OBJECTIVES
- Part V: FINANCIAL FORECAST FOR PERIOD 2011-2020

Below is the summary of the essential contents:

1. Strategies, Plans and Policies to achieve the Objective No. 1

1.1. Banking Model

In the period of 2011 – 2020, ABBANK will continue to operate as an universal bank, with two main functions of commercial banking and investment banking. In which, the function of commercial banking of ABBANK shall consists of two majors areas which are retail banking (consumer/individual retail banking) and business banking (business/wholesale banking).

1.2 Business Strategy

In order to achieve the goal of total assets estimated at 165,000 billion dong in 2016 and 379,900 billion dong in 2020, ABBANK to focus on four main areas of business activities such as fund mobilization, lending, treasury trading and investment activities:

- ✧ **Mobilization:** The objective of ABBANK's capital mobilization is 110,000 billion dong and 253,000 billion dong by the year 2016 and 2020, respectively with the average annual growth rate of mobilizing capital is about 25.5% for the period 2011-2020.
- ✧ **Lending:** Proposed lending targets is to reach 88.000 billion dong by the year 2016 and 253.000 billion dong by the year 2020. The average annual growth rate of lending is about 25.5% for the period of 2011-2020.
- ✧ **Treasury:** objective of Treasury activity in period 2011-2020 include (i) to ensure full of liquidity, orient the policy of fund management to be centralize, flexible and prudent and (ii) to enhance the quality of market risk management and operational risk management; (iii) to exploit the medium and long term funds; (iv) to make growth in the size and quality of operations and strengthen business capability of treasury staffs.
- ✧ **Financial investment:** Objectives of financial investment activity in the planning period 2011-2020 is to improve and enhance the quality of investment activities safely and effectively by establishing a appropriate investment policies, an internal legal system for the financial investment activities in ABBANK, building the general solution, reducing risk from investment channels, investment outside banking sector and bring average profit contribution of 15% per year of the total profit before tax.

1.2.1 Key market segments

- **For individual customers:** ABBANK shall build up a marketing strategy based on market segments suitable to geographic characteristics, to human habits and behavior characteristics.

- **For corporate customers**

Market segments in the regions ABBANK has been presented: a strategy plan based on geographic area, industry, type of enterprise and partners.

Market segments in the region that ABBANK is not yet presented: by geographic area, high technology preferred customers, operation types and characteristics.

- **Enhance competitive capacity:** strength development and weakness overcoming plan.

1.2.2 ABBANK orientation to a service banking

- In order to increase the profit and income from services it requires the bank to complete the service ranges however it will avoid credit risks and the ownership capital or chartered capital will not be highly required.

- Increase income from services is not required to increase of equity capital and free from risks as in the credit activities. In 2010, ABBANK's income ratio from credit activities was 65%, income ratio from service fees was 12%, income ratio from revenue of bonds was 21%, income ratio from direct investment 2%. In the next 10 years ABBANK will allocate resources to perfect the system of products and services, upgrade the capacity of information technologies with the targets to enter in the rank of TOP 10, income from banking services will be estimated of 30%.

1.2.3 Retail banking strategy

ABBANK is aiming to the retail banking operation with the ratio of 50/50 between the corporate/business banking and retail banking by 2016. In order to achieve the target of which the ratio of retail/business is 50/50, it is required ABBANK to complete organizational model for retail banking, designing of products, services, distribution channels, methods of management and governance, as well as other supporting activities such as information technology, risk management, marketing, human resources... in accordance with the characteristics of retail banking.

1.3 Plan to increase the charter capital of ABBANK

✧ **Purpose of the charter capital increase:**

- To support a plan for overall asset growth and banking activities for the period 2011-2020
- To meet the requirement for minimum leverage ratio of 8% and CAR 9%
- To meet the schedule of the State Bank to increase charter capital of joint-stock commercial banks to a minimum of VND 5,000 billion and then to VND 10,000 billion within the next 5 years.

❖ **Plans and schedule to increase charter capital**

- 2010: Issued shares from equity capital surplus of 348 billion VND.
- 2011: Issues additional shares from equity capital surplus of 369 billion VND (in order to keep charter capital not exceeding 4,200 billion VND as agreed with IFC and Maybank).
- 2012: Issues additional shares from equity capital surplus of 204 billion VND and issue additional shares in form of conversion of 600 billion VND convertible bonds held by IFC and Maybank. Total additional shares is equivalent of 804 billion VND in par value.
- 2013: it is expected that ABB's stock will be listed on the Vietnamese stock exchange in the first half of 2013.
- 2013-2016: issues more additional shares including issue share from equity capital surplus of 390 billion VND (from the capital contributions by IFC and Maybank) and new issues on the stock exchange.
- 2017-2020: issues new shares.

❖ **In 2016:** It is expected that ABB will enter Top 10 among privately-owned banks. By then, ABB must have charter capital of at least 10,273 billion VND, and the total charter capital needed to increase during this period by 6,443 billion VND.

❖ **In 2020:** it is expected that ABB will rank 9th among privately-owned banks. By then, ABB must have charter capital of at least 21.925 billion VND and the total charter capital needed to increase during that period by 18.095 billion VND

1.4 Information technology plan

❖ Kế hoạch thực hiện: based on the current and long term demand of infrastructure, human resource, IT applications, procedure and regulations, investment plan, we estimate the investment budget for IT and corebanking system will be 10 – 15 millions USD in next 5 years. ABBANK needs to spend yearly 15% - 20% of total management expenses (current average expenses is 11%). The permanent expenses include salary, training, applications development and system maintenance and non-depreciated equipments.

1.5 Policy and operation of risk management

Establish, operate and complete the risk management regulations and procedures of credit, operations, markets in line with international practice.

2 Strategies, plans and policies to achieve Objective 2

Plans to increase investment value of the shareholders is the plan to increase the value of tangible assets and intangible assets value of ABBANK through the index ROE, ROA, and brandname of ABBANK that increase the market price of ABBANK's shares.

3 Strategies, plans and policies to achieve Objective 3

- Marketing and branding strategy
- Network and infrastructure development plan
- In 2011-2020 period, ABBANK's orientation is to focus on the development of the network in way of continuing to consolidate and exploit the potential markets in key economic centers and the vicinity thereof and following will cover 63 provinces/cities across the country to rapidly increase its market share.
- Plans and specific policies

According to the plan from the Network Development Department, ABBANK expect to established from 25 - 30 new transaction points per year with growth rate of total assets equal to 20% (in 2011), 30% (in 2012-2015 period) and 23% (in 2016-2020 period) respectively. Based on the above figures, the 2011-2016 period will witness participation of 165 new transaction offices with VND 591 billion of the average assets per office by the year it enter into TOP 10, that means increasing of 79% as compared to 2010.

The bank continue to combine and exploit the advantages of strategic partners as EVN, VNPost to set up transaction offices at the electricity offices to promote the image, product and services of ABBANK as well as to serve the customer needs.

4 Strategies, plans and policies to achieve Objective 4

- In the period of 2011-2020, ABBANK needs to prepare for the increase of labor force equal 13% each year and reach 5,100 employees in 2015; 7,100 employees in 2020; the average salary will increase 13% per annum, reach VND 13,36 million dong per month per person in 2015 and 25,28 million dong per month per person in 2020.
- Building the recruitment plan, training plan, talent management plan.
- Building the personnel management system to improve productivity.

5 Strategies, plans and policies to achieve objective number 5

To achieve the object number 5, ABBANK needs to incorporate the implementation of two models: Social Responsibility (CSR – Corporate Social Responsibility) and Community Relations (PR-Public Relationship) to develop a strategy to ABBANK for not onlly maximize profits but also contribute to the community and society.

- With respect to the protection of shareholders' value, represented by the showings of after-tax profit, ROE and ROA, the estimated after-tax profit of ABBANK would reach VND 1,979 billion by 2016 and VND 4,538 billion by 2020 whilst ROE and ROA as estimated to reach 14.94% and 1.2% by 2016 and reepectively 14.95% and 1.2% by 2020.

- In terms of the relationship with employees, represented by employee's monthly average salary and allowance. Particularly, the employee's monthly average salary will reach VND 14.97 million and VND 25.28 million respectively by 2016 and 2020.
- In terms of the contribution to public and society represented by the level of tax, number of employees, charity budget, particularly ABBANK's total tax would reach VND 660 billion and VND 1,513 billion respectively by 2016 and 2020 whilst total employees would reach 5,600 and 7,600 at the respective time. Additionally, a reasonable budget for the charity work will be proposed for the planning period.
- To set up a charity fund "ABBANK FOUNDATION" from annual profit after tax and contribution from kind people. In the time the bank will update and train the employees on their social responsibilities and community relationship in order to enhance the bank contribution to the society.

Financial forecast in 2011 - 2020

Strategies and plans mentioned herein are based on financial forecast the SDPC has done for ABBANK and other 26 domestically commercial banks in Vietnam. This is the summarized table of the above financial forecast:

Unit: million VND

Items	2010 (real)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total assets	37.999	45.629	60.926	79.351	103.347	134.599	165.610	203.767	250.714	308.479	379.553
Loans	19.806	23.767	32.454	42.269	55.050	71.698	88.217	108.542	133.550	164.302	202.180
Deposits	25.952	31.184	40.614	52.896	68.892	89.724	110.397	135.832	167.128	205.634	253.012
Charter capital	3.831	4.200	5.004	5.394	6.720	8.585	10.273	12.352	14.908	18.054	21.925
Equity capital	4.633	4.805	6.049	6.453	8.267	10.767	13.249	16.301	20.057	24.678	30.364
Income after tax	477	430	710	935	1.220	1.589	1.979	2.436	2.997	3.688	4.538
ROA	1.26%	0.94%	1.17%	1.18%	1.19%	1.18%	1.2%	1.14%	1.2%	1.2%	1.2%
ROE	10.3%	8.95%	11.69%	14.5%	14.76%	14.77%	14.94%	14.94%	14.94%	14.95%	14.95%
Leverage	12.19%	10.53%	9.98%	8.13%	8%	8%	8%	8%	8%	8%	8%

Conclusion

Strategies and plans proposed in 2011-2020 are based on financial forecast of ABBANK and other 26 commercial banks in a period 2011-2020. Financial forecast is based on many assumptions and premises that the assumptions and premises may change frequently during the planning period. For that reason, the SDPC will closely supervise changes of market environment, changes in regulations and laws during the planning period to regularly update and adjust forecast according to the reality in each period.

The Board of Directors and the SDPC hereby propose the Shareholders to approve this summary of strategic development plan and to authorize the Board of Directors to perfect the plan in details for the bank development of different stages and periods ahead.

On behalf of the Board of Directors
Chairman

Vu Van Tien