

Commonwealth Bank and VIB complete their strategic shareholding partnership

14 September 2010: Commonwealth Bank of Australia (the Group) and Vietnam International Bank (VIB) have completed arrangements for a strategic partnership in Vietnam. After regulatory approvals were confirmed in Vietnam, Commonwealth Bank has taken a 15% stake in VIB, becoming its exclusive foreign strategic shareholder.

As part of the investment arrangements, a long-term 'Capability Transfer Program' (CTP) will begin next month at VIB. The program replicates the successful programs in place with Commonwealth Bank's partner banks in China.

The CTP is expected to help VIB further enhance its operational and commercial capabilities, risk management and competitiveness. A team of banking specialists from Commonwealth Bank will work with the business on the ground in Hanoi to identify opportunities in critical business areas including retail banking, risk management, human resources, IT, treasury and finance. The arrangements will span the next five years and include shared business initiatives which are expected to see VIB emerge as a full service bancassurance group.

"We pride ourselves on not only the strong relationships we have with the Shareholders, Boards and leaders of all our partnership investments, but with the contribution we have made towards helping our partners to grow," Simon Blair, Group Executive, International Financial Services said.

"2010 financial year results show that our NPAT from the China banking partners (Bank of Hangzhou and Qilu Bank) has grown 50% on the previous year, and most notably, our five year CTP with Bank of Hangzhou has seen the business grow to become China's independently rated number one City Commercial Bank (CCB) ahead of more than 120 CCB peers."

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Bank of Hangzhou and Qilu Bank achieved deposit and loan growth of 20% in FY2010, and due to their confidence in the partnership, chose to appoint Commonwealth Bank Senior Vice Presidents into key roles in their business.

Mr Han Ngoc Vu, Chairman of VIB said, "The Commonwealth Bank's track record in China is a great indication of how it works with its partners in Asia to create long-term sustainable value to a business. We are looking forward to seeing the opportunities of this partnership develop quickly in Vietnam's high-growth banking market."

As part of the strategic partnership, VIB will expand its Board of Directors to include two representatives of Commonwealth Bank. VIB will also appoint CBA executives to several leadership and line management positions as it undergoes a major transformation to cope with growth and increasing competition.

"The partnership is a good match for both banks as we both have a common focus on customer service excellence," Mr Blair said. "VIB's priority to grow retail and small-to-medium business banking is also consistent with our Group's strategy in Asia."

"We are confident our partnership can help VIB lift its already strong performance even further, and in turn, form a long lasting commercial relationship between our organisations."

Consistent with the Strategic Partnership Agreement signed earlier this year, Commonwealth Bank intends to request an increase in the VIB investment to 20% at the earliest opportunity - the maximum investment allowed by the State Bank of Vietnam (SBV).

Financial details of the investment transaction are below the materiality threshold for the Commonwealth Bank Group and were not disclosed by the parties.

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About VIB

Established in 1996 and headquartered in Hanoi, Vietnam International Bank (VIB) is one of the top three Joint Stock Banks (JSB) in Vietnam and one of the first private JSBs to be granted a credit rating by Moody's.

VIB employs more than 3,000 people and operates 120 branches and transaction offices across Vietnam.

VIB offers a wide range of products and services for both personal and corporate customers and currently has more than 480,000 personal customers and approximately 10,000 corporate customers, focusing on small-to-medium businesses.

VIB has invested heavily in recent years in technology, strategy and branding. In 2006, the bank implemented a new core banking system and is proving its credentials as a technologically advanced bank by being one of the first JSBs to issue a prepaid card. It was also one of the first of all Vietnamese banks to issue cards with embedded security chips.

Supporting VIB's 120 branches and transaction offices across 27 cities are 125 ATMs, a 24/7 call centre and 2,600 Point of Sale terminals – the second largest distribution network of all Vietnam's approximately 30 JSBs.

VIB's vision is to be the most innovative and customer centric bank in Vietnam. Its core values are customer focus, team work, proactive mindset, discipline and excellence and plans to create brand differentiation through superior products and service excellence.

Current performance metrics include:

- Total assets of \$A3.8 billion*
 - Consumer and wholesale asset growth of more than 35% year on year*
 - Deposit growth of more than 25% despite intense competition*
 - Capital Adequacy Ratio above 12% risk weighted assets*
 - Year to date profit growth of more than 80% year on year*
 - Return on equity consistently exceeding 21%.*
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