

# ASX Announcement



CommonwealthBank

## Commonwealth Bank enters into strategic partnership with Vietnam International Bank

**Sydney, 21 April 2010:** I attach, for your information, a copy of an announcement released in Hanoi at 3.30 pm today (Hanoi time) relating to the formation of a strategic partnership between the Commonwealth Bank of Australia and Vietnam International Bank.

John Hatton  
Company Secretary

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## **VIB and Commonwealth Bank of Australia sign a Strategic Co-operation Agreement**

*Hanoi: Wednesday, 21 April 2010* – Vietnam International Bank (VIB) and the Commonwealth Bank of Australia (Commonwealth Bank) have entered into agreements to form a strategic partnership, which at end of completion, will see the Commonwealth Bank take a 20% stake in VIB (subject to regulatory approval).

This investment represents a significant step-up in an association which began in 2009, when VIB and Commonwealth Bank were engaged in a 'Technical Assistance Program'. This involved a team of banking experts from Commonwealth Bank working with VIB to identify skills gaps and opportunities in critical business areas including retail banking, risk management, human resources, IT, treasury and finance.

As part of the strategic partnership, a longer-term 'Capability Transfer Program' will be established to further enhance the operational and commercial capabilities of VIB. The two banks will also engage in an ongoing working partnership to investigate other business opportunities moving forward.

The Commonwealth Bank has extensive experience in Capability Transfer Programs (CTP) with a strong track record of commitments in China. Most notably its five year CTP with Bank of Hangzhou has seen that business grow to

become China's number one City Commercial Bank (CCB) ahead of more than 120 CCB peers. Commonwealth Bank has also lifted the business performance of Qilu Bank in Jinan where it holds a 20% stake and where it provides substantial capability transfer.

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 strategic partners in Asia to create long-term sustainable value to a business.

"For VIB, a Strategic Partnership and CTP with such a strong and trusted financial institution as the Commonwealth Bank, will help us improve our competitiveness in what is a fast growing financial services industry in Vietnam.

"In the past three years, VIB has seen considerable growth in its market share and business performance. The bank has achieved a compound annual asset growth rate of more than 40% in the past five years and branches have grown from 30 to 117," Chairman Vu said.

"Upon completion of this transaction, we expect to be a top five private joint stock commercial bank in Vietnam, with the goal to further improve our ranking as the partnership develops."

Simon Blair, Head of International Financial Services at Commonwealth Bank said, "Despite several years of challenging economic times around the world, Vietnam remains well positioned for long-term growth and we want to participate in and support that growth.

"Australia is home to the second largest Vietnamese population outside Vietnam and the Commonwealth Bank's market share of Australian residents 'born in Vietnam' is close to 50%. We believe this is a great indication of the trust and respect the Australian Vietnamese community has in our bank and the opportunities it creates for the future."

“With a young population of 87 million, a rapid uptake of internet and mobile phone technologies and only around 15% of the population currently using banking services, we expect the demand for financial services in Vietnam to increase significantly in the coming years.

“We are confident we can help VIB become one of the best performing banks in Vietnam and in turn form a long lasting commercial relationship between our organisations,” Mr Blair said.

The partnership is a good match for both banks as both have a common focus on customer service, growth in retail and small-to-medium business banking, people development and shareholder value.

Upon completion of the transaction, Commonwealth Bank expects to hold two seats on an expanded VIB Board of Directors.

Completion of the transaction is subject to regulatory requirements and approvals.

Ends

## **About VIB**

Established in 1996, Vietnam International Bank (VIB) is one of the top 8 Joint Stock Banks (JSB) in Vietnam and one of the first private JSBs to be granted a credit rating by Moody's.

Headquartered in Hanoi, VIB employs more than 2,700 people and operates 117 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 400,000 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 chips that meet EMV standard.

In 2008, Boston Consulting Group undertook a comprehensive strategic review to help the bank identify skill gaps across the business and in 2009, VIB went through a rebranding program with the goal of shifting its image to a modern and customer focused bank.

Supporting VIB's 117 branches and transaction offices across 17 cities are 125 ATMs, a 24/7 call centre and 2,439 Point of Sale terminals – the second largest distribution network of all Vietnam's approximately 30 JSBs.

VIBs 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.

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