BUSINESS PERFORMANCE REPORT

Saigon Securities Inc. (SSI)
04/2013

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Note:

2012 ECONOMY AND STOCK MARKET REVIEW

VIETNAM MACRO ECONOMY

- GDP growth at 5.03%
- Trade surplus the second time in 20 years: Export increased substantially thanks to telephones and electronic appliances. Decrease of import was alarming signal of low demands
- Low demands: Retail Sales real growth (regardless of inflation factor) was 6.2% YoY in the year. Industrial Production Index rose 4.8% YoY while Inventory levels rose to 20.1% YoY

Note:

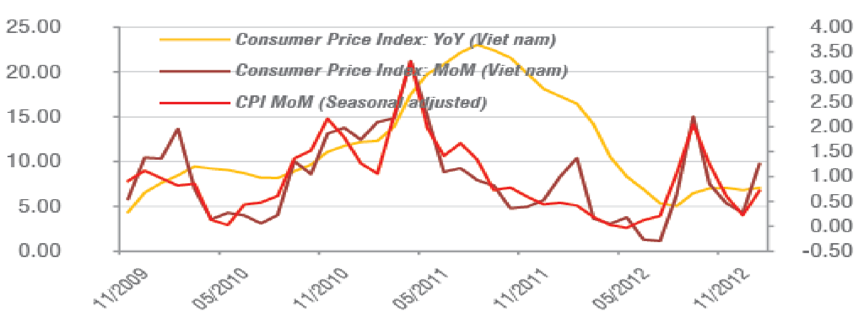
VND/USD EXCHANGE RATE AND INFLATION

- Major highlights: stable Vietnam Dong in the whole the year
- Positive balance of payment at about USD 10 bio in 2012 (as compared to USD 3 bio surplus in 2011)
- Forex reserves reached USD 25 bio (double the 2011 level)
- Inflation sharply declined in 2012, to 6.81% YoY (from 18% in 2011).
- Reasons:
  - Monetary and fiscal tightening policy were quite aggressive in 1H2012.
  - Aggregate demand was weak in 2H2012

Note:

2012 CPI MOVEMENT

Vietnam CPI 2009-2013 (%)



Source: GSO, SSI Research

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EXCHANGE RATE MOVEMENT IN 2011-2013

Unofficial VND/USD exchange rate 2011-2013

Source: Reuters

Note:

BAD DEBT AND CREDIT GROWTH

- NPLs in the banking system was announced at roughly 8-10%
- 70% of total loans are reportedly related to properties
- A number of scandals happened and several financial tycoons were arrested
- Credit growth in 2012 was 8.91% YoY (compared to historical annual growth of 20-30%). Debt reduced sharply.

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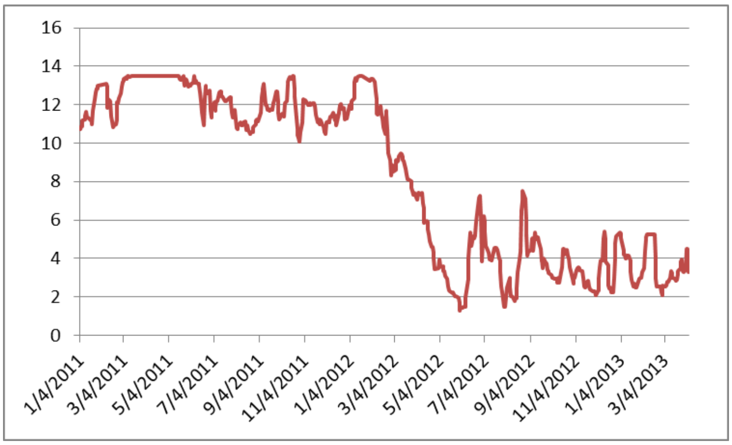
INTEREST RATE MOVEMENT

O/N rate declining sharply (2011-2013)



Note:

2012 VIETNAM STOCK MARKET REVIEW

- For the first five months of the year, the VN Index rallied to 500 level with the active participation of investors expecting for a quick turnaround of the economy, signal of a decline in inflation and policy rate decreases (3 times)
- Subsequently, the market soon fell after the outbreak of the banks scandals and bad debts published
- After falling below the 380 level, the VN Index mustered a comeback in late 2012 as the government officially announced a number of supportive measures to resuscitate the economy in 2013.

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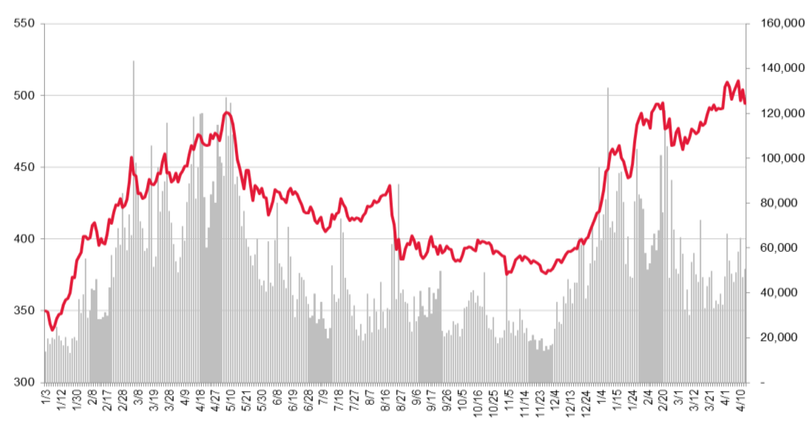
2012 VIETNAM STOCK MARKET REVIEW

- VN Index closed 413.13 on December 28th, an increase of 17.69%
- HNX Index closing the year down by 0.9% at 57.09 point level
- Trading liquidity improved on both bourses; as average trading value increased about 28% during the year.
- **Foreign investors were active in 2012.** Both trading volume and value of foreign investors increased, on overall, they bought VND 4.6 trillion net in 2012 (mostly on HOSE, VND 3.35 trillion, and nearly tripled 2011's figure)

Note:

2012 VIETNAM STOCK MARKET REVIEW

VN Index 2012-2013



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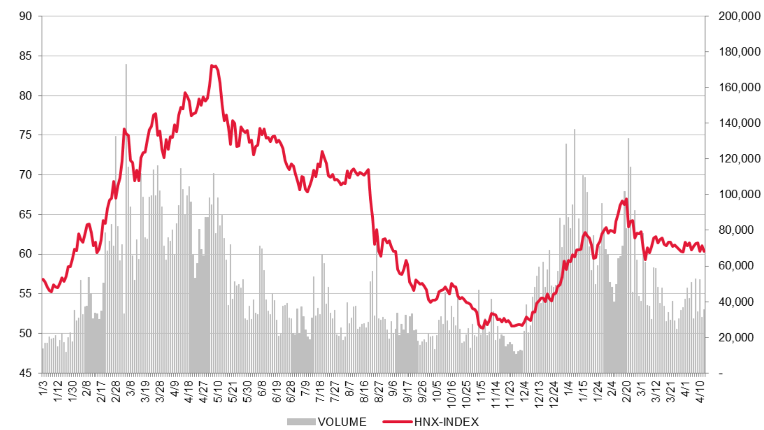
2012 VIETNAM STOCK MARKET REVIEW

HNX Index 2012-2013



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2012 BUSINESS PERFORMANCE REPORT

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BUSINESS PERFORMANCE

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SECURITIES SERVICES

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SECURITIES SERVICES

- SSI continued its leading position in the brokerage for foreign investors segment with a market share of approximately 32% on Hose
- SSI proudly became the only securities firm in Vietnam appointed and authorized as the distributor/agent by many leading open-end funds including Eastspring Investments Fund Management Company; Manulife Vietnam; VIPC Capital Management Corporation (VAM); Vietcombank Fund Management (VCBF); VietFund Management (VFM); Vinawealth Fund Management Company.
- SSI was proudly the first securities firm in Vietnam to successfully estabalish FIX connection to Bloomberg and Reuters.
- SSI's advisory & investment reports were the most searched and read reports via Bloomberg. 70% of Trading volume of foreign institutional customers was via Bloomberg

SECURITIES SERVICES

- Outperformed 2012 plan in terms of revenues and profit;
- Reasonable cost control and effective risk management
- The 2nd brokerage position in terms of general market share :
  - Due to fierce competition among securities firms
  - SSI maintained careful and prudent policies in order to support customers safely manage their assets
  - Stable in developing the client base with nearly 60,000 accounts: among that there were 100 new institutional accounts

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SECURITIES SERVICES

- Financial products for individual investors have been regularly improved
- Safely and effective margin lending activities
- Efficient trading execution of large block orders for institutional customers
- High quality of advisory and investment consulting, especially timely recommendations
- Reports generated to institutional clients incremented significantly in terms of both quantity and quality
- SSI has successfully built and run an Online Analysis Center on SSI website for individual investors: SSI's clients can access and download SSI's reports, market analysis newsletters.

Note:

SECURITIES SERVICES

- Concentrated on the development of more online trading applications to provide trading platforms which are faster, more user-friendly and easy to use
- Provided almost all of the trading tools through online trading such as placing orders, cash advance withdrawal from selling securities, money transfer, margin account management, placing conditional orders and account statements …
- Additionally, focused on development of all securities trading activities via all trading platforms: E-trading on internet, Contact center, SMS and email trading
- The number of orders put through online trading has continuously increased accounting for more than 70% of all total placed orders

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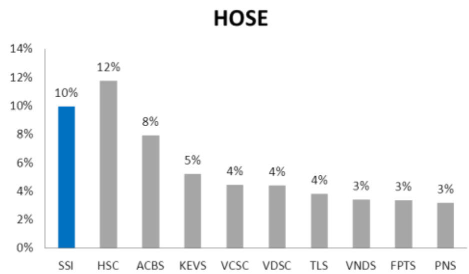
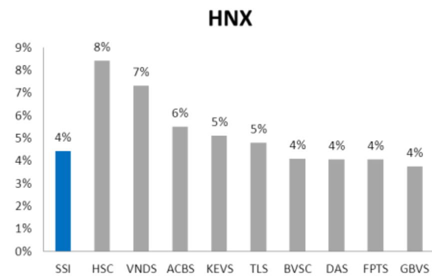
SECURITIES SERVICES

Market share of equity trading brokerage in 2012 of top 10 securities firms





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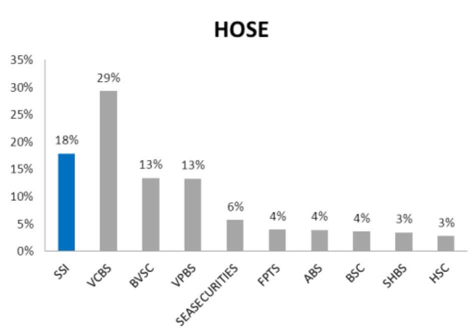
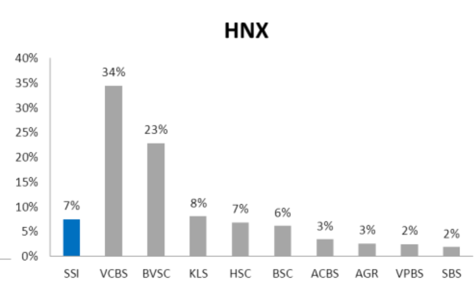
SECURITIES SERVICES

Market share of bond trading brokerage in 2012 of top 10 securities firms





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INVESTMENT BANKING

INVESTMENT BANKING (IB)

- IB faced a lot of difficulties in 2012
  - 2012 was a hard year to raise funds for enterprises
  - Too low pricing of a number of good enterprises and existence of weak listed companies discouraged listing enterprises and a number of them have been even considering de-listing

Note:

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INVESTMENT BANKING (IB)

- However, SSI Investment Banking has still gained some remarkable achievements.:
  - ➢ Implementing a number of contracts advising on corporate finance, funds raising in domestic and overseas market:
    - Mobilized nearly VND 557.8 billion for Refrigeration Electrical Engineering Corporation (REE) by separately issuing 557.846 convertible bonds
    - Successfully mobilized VND 196 billion for Vietnam Electronics; VND 1,000 billion for Petrolimex Group Commercial Joint Stock Bank through private placement and public offering
    - assisted in the equitization process of 3 biggest subsidiaries of Housing and Urban Development Corporation (HUD).Other customers included Hanoi Construction Corporation, Viglacera Corporation, Vietnam Water and Environment Investment Corporation

Note:

INVESTMENT BANKING (IB)

- Enhancing the quality of IB team and services:
  - ➢ The leadership of the investment banking team has been transferred to an ex-pat manager
  - ➢ Training a team of high capability, professionalism and ethics
  - ➢ Over 51% Master's degree holders and 100% staff with over 3 years of experience

Note:

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SSI ASSET MANAGEMENT

ASSET MANAGEMENT

- **2012 a hard year**
  - Asset management companies that were unable to raise funds had little investment options other than sporadic investments using their limited owners' equities capital base.
  - Some asset companies were knee-deep in prolonged net loss period and were under special supervision of the SSC due to their unhealthy financial conditions.
  - Those with successful fund raising could hardly be more content, having to lower management fees

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ASSET MANAGEMENT

Business Performance

- **Sustainable Revenue Growth**
  - Effectively managing current funds and clients' portfolios
  - Seeking for new funds and entrusted portfolio clients
  - After the liquidation of SSI Vision Fund, total AUM reached VND 2.670 billion
- Efficient Investment, seeking long-term growth potentials
  - Most of our funds and client portfolios outperformed the market in 2012
  - NAV of our Dividend Portfolio increased by 27% and our Balanced Portfolio increased by 20% compared to 18% return of the VNIndex.
- Gaining a number of rewards
  - "Best Asset Management Company" by The Asset and "Best Fund House" by Asia Asset Management.
  - SSIAM's CEO – Ms. Le Thi Le Hang was named "CEO of the Year" by Asia Asset Management.

Note:

ASSET MANAGEMENT

- Pushing up the launching of SSI Prestige, the portfolio management service aimed at high-net-worth individual and institutional clients.
- SSI Prestige provides an all-rounded investment solution including advisory, financial planning, investing strategy constructing, investment execution and post-investment management services
- By the end of 2012, the number of clients using SSI Prestige increased two folds since the launching of the product
- **Effective risk managements, improving operational procedure, running** a built-in transaction warning mechanism
- Increased HR capacity in both quantity and quality to provide better services to our clients as well as to be ready for the launch of new products in 2013

Note:

Note:

ASSET MANAGEMENT

- **Supporting SSI's strategy of "Accompanying and Developing with Associated Companies"**
  - increase investments in leading enterprises in the Agriculture, Forestry, Fisheries and Consumers sectors

    ABT, HVG, NSC, SSC, PAN, ELC, TMS, GIL, LAF

- Our Portfolio Managers seated in the Board of Directors and Supervisory Boards of associated companies. Our people had actively coordinated with the investees' executives in constructing sustainable development strategies, placing more focus on quality of management, risk management, product quality and market development.

Note:

TREASURY ACTIVITES

TREASURY

Difficulties

- Bad debts increased in the banking system
- Volatile interest rates
- A number of securities firms in illiquidity, suffered from big loss, even failed to pay fees to VSD

Treasury Achievements

- Managing investors' assets cautiously, ensured liquidity, and simultaneously sustained reasonable profits
- AUM of VND 3,500 bio
- Diversified treasury tradings: banks deposit, bonds trading, repo, margin lending …
- Cautiously rating banks to set up deposit limits with best interest rates
- **Optimize customers' benefits through diversified and safe financial products.**
  - Timely warning and advisory for customers in financial products in order to ensure their safety
  - No bad debt related to margin lending
  - helping investors to take full advantages of their capital and borrowings

Note:

2012 P&L (consolidated)

Items	Bio VNĐ
Revenue	**849,3**
Expense	**(472,5)**
In which:	
Direct operating expenses	(515,2)
Provision	60,7
General and administrative expenses	**(18)**
Other revenue	**4,4**
Profit from associates	**106**
Total EBIT	**487,2**
Profit after tax belonging to Major Shareholder	**464,3**

Note:

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CORPORATE RESPONSIBILITIES

Note:

INVESTMENT IN EDUCATION

- Completion of Community Training Center in Quang Han commune, Tra Linh, Cao Bang province.
- Providing school equipment for poor pupils in Moc Chau
- Program “Good jobs at year end – Warm Tet for Children” for the poor in Cao Bang

Note:

Elimination of hunger, Poverty Reduction, Disaster Relief

- Donations for Fund of supporting Quang Ngai fishermen
- Visiting and gift-giving to poor people in Thieng Lieng Island – Can Gio
- “Love sharing” Program for poor children at Tu Hanh Pagoda, in Binh Tan district, Ho Chi Minh City.
- Back giving activities

2013 BUSINESS PLAN

Note:

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2013 MACRO OUTLOOK

- **GDP growth to be at modest level**
  - net exports will decline with higher import growth.
  - The Governement is making some attempts to boost consumption, but limited at certain level.
  - GDP 2013 is expected at 5,3%.

2013 MACRO OUTLOOK

- **Investments will not be strong**
  - **for public investment**: target published established for 2013 is roughly VND 175 trillion (lower than that of VND 180 trillion in 2012)
  - this investment budget is targeted at existing projects, mostly to clear the infrastructure project debt carried over from last year.
  - **for private investments:** as lending and deposit rates would be lower than 2012's average, conditions for private investments would become more favorable. However, in order to reduce debt ratio, companies and individuals have to curtail spending and investments.

Note:

2013 MACRO OUTLOOK

- **foreign direct investment:** The MPI estimated that in 2013, FDI commitments and disbursement are expected to reach USD 13-14 billion and 10.5-11 billion, or identical to 2012's figures.

2013 MACRO OUTLOOK

➡ **Inflation risk remains; interest rate cut is not permanent.**

- Historically, a low inflation year is typically superseded by a high one: In 2012, inflation base was relatively low, thus, further complicating matters for the Government to achieve CPI's target of 6-6.5% in 2013
- Pressure to raise price of petroleum products, coal, and electricity → a domino effect for other domestic commodities.
- Chances for permanent low interest rate are implausible.
- On average, lending interest rate level could fall below 2012's level, in the 10-16% range depending on industries

Note:

2013 MACRO OUTLOOK

- **Stable VND/USD exchange rate**
  - Overall balance of payment is expected a surplus in 2013 to reach USD3 billion (as import forecasted to recover in 2013).
  - With higher inflation expectations, we expect the VND to depreciate slightly against the USD (3% at most).
  - The Gold bar market stabilization remains a difficult challenge in 2013.

2013 STOCK MARKET OUTLOOK

- **Risks perseverance, Opportunities reappearance**
  - **risks in 2013 will parallel those of 2012**
  - Issues of the economy
    - (1) unresolved Bad Debts
    - (2) protracted SOEs inefficiency,
    - (3) weak aggregate demand
    - (4) Inflation risk
    - (5) Budget deficit
    - (6) Oversupply in the properties market

Note:

2013 STOCK MARKET OUTLOOK

- Although 2013 EPS growth estimate is only 6%, we believe the VN Index could experience much higher growth during the year, energized by optimistic view on Government's actions to address the economic issues and technical measures to boost liquidity such as an extension of Foreign Ownership Limit
- With market, P/E Ratio at the end of 2012 at around 9.8x, 15-20% market upside in 2013 is plausible in our view

SECURITIES SERVICES PLANNING

- Attempt to win back the No.1 position in brokerage market share at HOSE
- Maintain market share in top 10 at HNX and leading the foreign institutional customers brokerage over 30% market share
- Expanding local and overseas customers network
- Enhancing advisory and financial products, online trading system and Contact centre
- Enhancing risk control
- Standardizing operational models of branches and transaction offices
- Training a professional team

Note:

Note:

IB PLANNING

- ***Maintaining the market leader through diversification of services and high added value services***
  - ➢ our fundamental pillars of Investment Banking functions will consist of consulting services, financial restructuring, capital structure, M&A, hybrid products, and structured products, which will combine stocks and debt instruments.
  - ➢ Aiming at target customers being big size enterprises in potential core industries
- **Broaden relationships with leading international financial institutions**

Note:

ASSET MANAGEMENT PLANNING

- SSIAM has prepared our technical and human resources for the launch of new products when market conditions are appropriate (Open-ended funds, ETF, REIT and Securities Investment Company, etc..)
- Attracting more entrusted assets, seeking new investment opportunities and managing effectively the existing funds and portfolio
- Continuing SSI's strategy of "Accompany and develop with associated companies". Increasing the number of associates (11 at end of 1Q2013)
- ➡ Expanding retail clients segment through SSI Prestige product in closer coordination with commercial banks and insurance companies

Note:

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TREASURY TRADING PLANNING

- **Manage cash flows prudently and accurately, ensure liquidity for the whole system.**
  - To improve current data system, SSI has established automatic cash flows report system – Oracle Treasury. Once completed, this system will store all treasury related data, thereby making cash flow management process more effective and accurate, and diminishing liquidity risk
- **Guarantee the highest safety for the company's capital**
- **Diversify business activities, construct new flexible structured products.**
- **Optimize opportunities in the bond market**

Note:

2013 P&L PLANNING

Items	bio VND
Total revenue	**955.5**
In which	
Revenue from operating activities	673.5
Profit from associates	282
Total expenses	**(465.5)**
Profit before tax	**490**

Note:

1Q2013 P&L (SSI separate)

Items	bio VND
Total revenue	**185.6**
Total expenses	**(13.7)**
In which	
Operating expenses and administrative expenses	*(122.1)*
Provision reverse	*108.4*
Other income	**16.3**
Profit before tax	**188.2**

Note:

THANK YOU

FOR FURTHER INFORMATION PLEASE ACCESS: WWW.SSI.COM.VN

Note: