

JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM

198 Tran Quang Khai, Hoan Kiem, Hanoi, Vietnam



Vietcombank



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ANNUAL REPORT 2009

Vietcombank



Ngân hàng hàng đầu vì **Việt Nam thịnh vượng**

The leading bank for a **prosperous Vietnam**



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Vietcombank's Profile

The Joint-Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) was established and renamed on 02 June 2008 (in accordance with License for Establishment and Operation dated 23 May 2008 by the State Bank of Vietnam, and Business Operation Registration Certification dated 02 June 2008 by Hanoi Investment and Planning Department) after the equitization of the former Bank for Foreign Trade of Vietnam by its Initial Public Offering (IPO) on 26 December 2007.

For more than 46 years of continuous development, Vietcombank has projected itself as the leading banking service provider in Vietnam including traditional services such as international settlement and trade finance, fund mobilization, lending, project finance, etc. as well as modern banking services such as treasury and derivatives, card service, e-banking and so on. The bank takes a significant market share in various business lines, such as: lending (~10%), deposit taking (~12%), international settlement (~23%) and card service (~55%)... With advantage of modern banking technologies, Vietcombank is the pioneer in applying advanced technologies in automatic processing of banking services and launching electronic banking services e.g. Internet banking, VCB-Money (Home banking), SMS Banking, Phone banking... in order to "make banking services familiar to customers".

Originally established as a specialized bank servicing external economic activities, Vietcombank today has grown into a universal bank with presence in all major cities and provinces throughout the country, comprising 1 Head Office in Hanoi, 1 Operations Centre, more than 300 branches and transaction offices nationwide, 3 local subsidiaries, 1 subsidiary in Hong Kong, 4 joint ventures, 3 associated companies and 1 representative office in Singapore. The customer service network is further extended and diversified with 11,183 ATMs and POS across the country. The Bank's operation is supported by its relationship with more than 1,300 correspondent banks in approximately 100 countries and territories.

A home of highly experienced and skillful staff who possess professional working attitude, Vietcombank is proud to be a prime choice for top local and foreign corporations and enterprises as well as more than 4 million individual customers.

The year 2009 marked a significant milestone in Vietcombank's history. More than 1 year since transformation into a joint-stock commercial bank, the Bank has seen a recorded profit with pre-tax profit of 5,004 billion dong. The corporate governance and administration of Vietcombank has been increasingly flexible and drastic, making the Bank more modern, professional and effective.

2009 was a year full of changes, enormous difficulties, but not less successes

Following the momentum of the global economic recession in 2008, many large economies went into deep recession in the first half of 2009 but had some signs of recovery in the second half of the year. Vietnamese economy was quite successful with relatively high economic growth rate compared to other countries in the region (5.32 %), low rate of inflation (6.52%), high FDI commitments as well as actual disbursement, and social stability, etc. The Government stimulus package with the interest rate subsidy program as the heart has had positive effects on banking operations, however unexpected fluctuations in interest rate, exchange rate, liquidity, etc., also caused many difficulties for banks.

With the motto of "Safety – Quality – Growth – Efficiency", Vietcombank succeeded in preserving the role of a long-standing, leading bank in Vietnam and achieved an improving position in international market.

We attained most of the targets set out in the General Shareholder Meeting, total assets reached 255.5 trillion VND, up 15.04% compared to 2008, loans portfolio grew by 25.56%, customer deposits increased by 5.92%; loan quality was improved considerably with NPLs ratio of 2.47%; consolidated income before tax was 5,004 billion VND, increased by 39.39% compared to 2008, leading to a high ROE of 25.58%. We continued our network expansion with 53 branches and transaction offices established in 2009, making a total of 321 branches and transaction offices. Internal control and corporate governance were continuously improved. Business cooperation expanded and brought in many business opportunities. Vietcombank stock was listed on Ho Chi Minh Stock Exchange, so information was transparent and published timely.

Apart from focusing on business operation, we strictly followed the instructions by the Government and the State Bank of Vietnam, contributing to the economic recession prevention and macro-economy and money market stabilization; actively participated in social-welfare programs.

Those achievements were thanks to the efforts of 10,000 employees, the trust and loyalty of millions of clients and 20 thousand shareholders and the support of relevant authorities.

Message from Chairman and Chief Executive Officer

multi-function financial group among the 70 largest financial institutions in Asia and a leading bank in Vietnam, we will stick to our motto of "Speed - Safety - Quality - Efficiency" and will be "flexible but resolute" in management policy to achieve targeted criteria. Specifically, we aimed at achieving 23% increase in customer deposits, loan portfolio growth rate of 20%, loan quality improvement, qualitative loan classification application with targeted NPL ratio below 3.5%, maintaining the current dividend payout ratio and retaining accumulated earnings for growth. Organization structure and corporate governance will be improved to enhance efficiency. Recapitalization will be realized to ensure internationally standardized capital adequacy ratio and to facilitate sustainable growth. The selection of strategic partner will be speeded up based on established criteria to find out the most suitable partners.

With the recovery of the global and Vietnam economy, sound policies of the Government, the State Bank of Vietnam, relevant ministries and the trust and support of clients, partners and shareholders, with the determination of Vietcombank's employees, we strongly believe that those targets will be realized, shareholder's interest will be ensured and the Bank's firm growth will be sustained.



NGUYEN HOA BINH
Chairman



NGUYEN PHUOC THANH
Chief Executive Officer



MEMBERS AND ORGANIZATION OF BOARD OF DIRECTORS AND SUPERVISORY COMMITTEE

VIETCOMBANK'S BOARD OF DIRECTORS HAS EIGHT MEMBERS, INCLUDING CHAIRMAN AND SEVEN MEMBERS

1. Mr. Nguyen Hoa Binh
Chairman of the Board of Directors
2. Mr. Tran Van Ta
Member of the Board of Directors
3. Ms. Le Thi Hoa
Member of the Board of Directors
4. Ms. Le Thi Kim Nga
Member of the Board of Directors
5. Mr. Tran Trong Do *
Member of the Board of Directors
6. Ms. Nguyen Thi Tam
Member of the Board of Directors, Deputy General Director
7. Mr. Nguyen Phuoc Thanh
Member of the Board of Directors, Chief Executive Officer
8. Mr. Pham Huyen Anh
Member of the Board of Directors

* Mr. Tran Trong Do retired on 01/01/2010

SUPERVISORY COMMITTEE HAS FIVE MEMBERS, INCLUDING CHIEF OF SUPERVISORY COMMITTEE AND FOUR MEMBERS

1. Ms. Truong Le Hien
Chief of Supervisory Committee
2. Ms. La Thi Hong Minh
Member of Supervisory Committee
3. Ms. Do Thi Mai Huong
Member of Supervisory Committee
4. Ms. Dang Thi Thuy
Member of Supervisory Committee
5. Mr. Nguyen Chi Thanh
Member of Supervisory Committee

SHAREHOLDING AND CHANGES IN SHAREHOLDING OF MEMBERS OF BOARD OF DIRECTORS

Name	Position	Number of shares(*)
Nguyen Hoa Binh	Chairman of the Board of Directors	3,500
Tran Van Ta	Member of the Board of Directors	0
Le Thi Hoa	Member of the Board of Directors	2,500
Le Thi Kim Nga	Member of the Board of Directors	5,388
Tran Trong Do	Member of the Board of Directors	3,500
Nguyen Phuoc Thanh	Member of the Board of Directors, Chief Executive Officer	2,500
Nguyen Thi Tam	Member of the Board of Directors, Deputy General Director	3,000
Pham Huyen Anh	Member of the Board of Directors	0

There has no change in shareholding percentage of members of Board of Directors.

* Excluding government representation shares

STATISTICAL DATA OF SHAREHOLDERS

According to the list of shareholders as of 05/11/2009.

SHAREHOLDER OWNS MORE THAN FIVE PERCENT OF VIETCOMBANK'S SHARES

SCIC is the only shareholder that owns more than five percent of Vietcombank's shares, which represents the State – owned capital at Vietcombank. As of 05/11/2009, SCIC holds 90.72% of Vietcombank's total shares.

Shareholder	Address	Share holding	Percentage (%)
State Capital Investment Corporation (SCIC)	15A Tran Khanh Du Street, Hoan Kiem District, Hanoi	1,097,800,600	90.72%

DOMESTIC SHAREHOLDERS

Shareholder	Share holding	Number of shareholders	Percentage (%)
Domestic corporate investors	32,354,314	206	2.67%
Domestic individual investors	55,307,408	25,537	4.57%
Total	87,661,722	25,743	7.24%

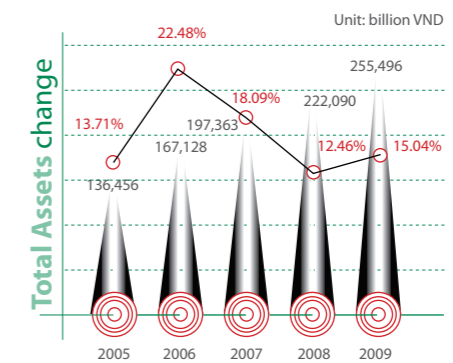
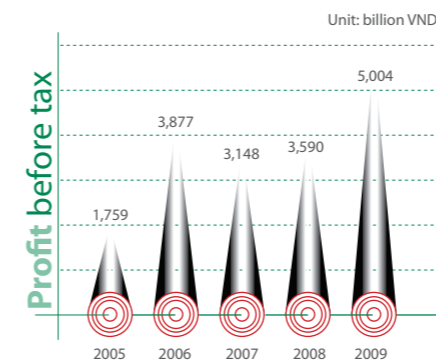
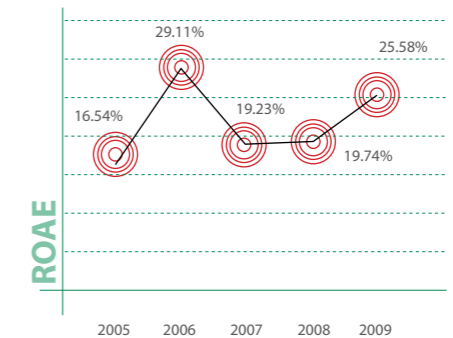
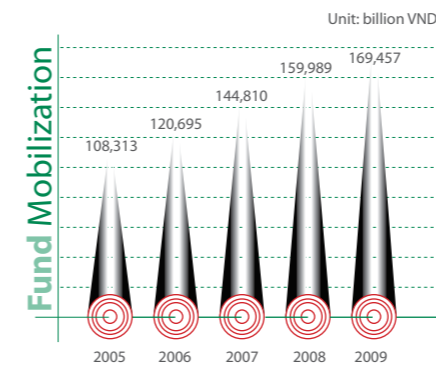
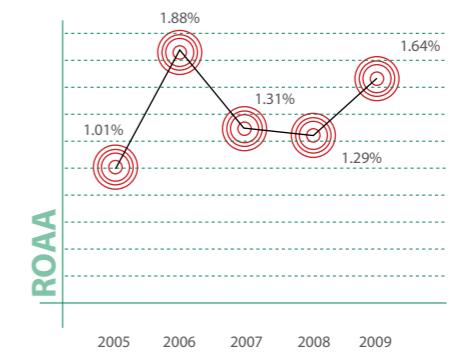
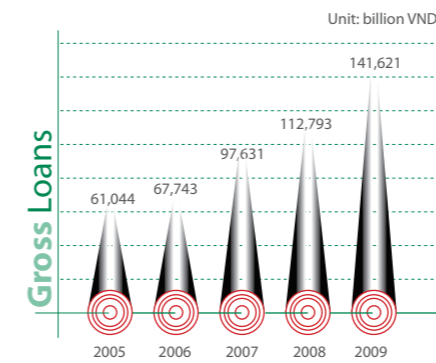
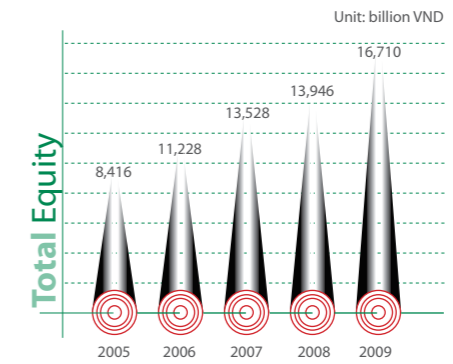
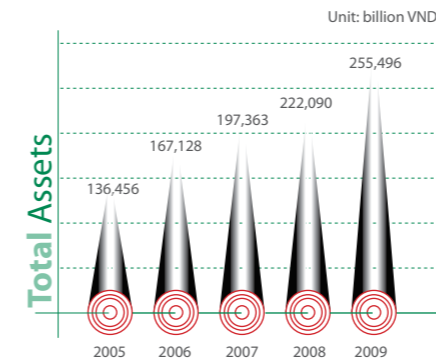
FOREIGN SHAREHOLDERS

Shareholder	Share holding	Number of shareholders	Percentage (%)
Foreign corporate investors	23,557,970	65	1.95%
Foreign individual investors	1,065,734	364	0.09%
Total	24,623,704	429	2.04%

Financial Highlights 2005 - 2009

	2005	2006	2007	2008	2009
	Unit: billion VND				
Total assets	136,456	167,128	197,363	222,090	255,496
Total Equity	8,416	11,228	13,528	13,946	16,710
Gross loans/Total Assets (%)	43.67%	39.68%	48.34%	50.79%	55.43%
Net interest income	3,310	3,817	4,005	6,622	6,499
Net non-interest income	975	1,472	2,109	2,318	2,788
Total operating income	4,285	5,289	6,114	8,940	9,287
Total operating expense	(967)	(1,291)	(1,628)	(2,592)	(3,494)
Net operation income before provision	3,318	3,998	4,486	6,348	5,793
Provision for credit losses	(1,559)	(121)	(1,337)	(2,757)	(789)
Profit before tax	1,760	3,877	3,149	3,590	5,004
Corporate income tax	(467)	(1,016)	(759)	(862)	(1,060)
Profit after tax	1,293	2,861	2,390	2,728	3,945
Net profit	1,290	2,859	2,380	2,711	3,921
Number of branches	72	59	59	63	70
Number of employees	6,700	7,277	9,190	9,212	10,401
Common shares (million)				1,210	1,210
Dividend (%/year)				12.0%	12.0%
Profitability ratios					
NIM	2.65%	2.58%	2.26%	3.26%	2.81%
Non-interest income/total income	22.75%	27.82%	34.47%	25.93%	30.02%
ROAE	16.54%	29.11%	19.23%	19.74%	25.58%
ROAA	1.01%	1.88%	1.31%	1.29%	1.64%
Security ratios					
Net loans/total deposit	56.36%	56.13%	67.42%	70.50%	83.57%
NPLs/Gross loans	3.40%	2.70%	3.87%	4.61%	2.47%
BIS CAR	9.50%	9.30%	9.20%	8.90%	8.11%*

* Shareholder equity, used to calculate BIS CAR, is fully estimated after profit allocation (fund, retained earning...). CAR is only 7.07% if calculated based on profit before allocation. BIS CAR calculation is in accordance with the latest guideline from the SBV on valuating shareholder equity deductions.



▲ Total Assets
○ Change

Vietcombank's performance in 2009



KEY RESULTS

1. Consolidated total assets as at 31/12/2009 were VND 255,496 billion, or 15.0% increased against 31/12/2008 and 3.7% higher than business plan. Total assets of the bank itself as at 31/12/2009 reached VND 255,067 billion, increasing 15.6% compared to that of 31/12/2008.
2. Profit before tax in 2009 reached VND 5,004 billion, up 39.4% compared to that of 2008, which was 50.7% above the target; Profit after tax totalling VND 3,944.8 billion; Net profit (excluding minority interest) reached VND 3,921 billion.
3. Return on average equity was 25.58%.
4. Although fund mobilization faced a lot of challenges in 2009, Vietcombank still maintained a significant growth of 18.8% in VND mobilization. Especially, Vietcombank focused on interbank fund mobilization, which made the bank more efficient in capital trading. Vietcombank also tightly followed the State Bank of Vietnam's guidance on ceiling interest rates and exchange rates.
5. Tightly followed the direction of the Government, the State Bank of Vietnam and market fluctuations, Vietcombank implemented credit policy in a flexible and determined way. Vietcombank achieved the credit growth target at 25.6%.
6. Credit quality was significantly improved since NPL ratio was well maintained at 2.47% compared to 4.61% of 2008 and well below the target of 3.5%.
7. Vietcombank timely and effectively implemented the program "Interest rate subsidy program" with the outstanding loans reached VND 47,198 billion as at 31/12/2009. Total loans for the program in 2009 was VND 151,995 billion.
8. Foreign exchange trading was closely kept up with the unforeseeable fluctuation in financial market, applied some adjusted methods of buying foreign currencies throughout Vietcombank's internal system to minimize risks and significantly contribute to the bank's income.
9. Vietcombank continued pushing up its retail banking activities from the Head Office to Branches. Vietcombank created a foundation for retail banking in many fields and provided a series of retail products for customers. Targeted criteria were completed, including fund mobilization, individual loans, card services, remittance services, settlement services... etc.
10. Dividend payout was 12%.



11. The Bank actively expanded international relationship, increased the bank's reputation among international community, which opened more business opportunities for Vietcombank. The bank has participated in many activities of regional and international organizations (Annual meeting WB-IMF, Asian Bankers Association ABA, World Economic Forum...). The Bank successfully co-organized the IIF Asia CEO Meeting, arranged meetings with a lot of global financial groups.
12. The Bank actively participated in community activities to enhance its position in domestic market. Vietcombank set aside over VND 100 billion to implement many social and charitable activities, which represents the bank's responsibilities to society, such as Gratitude Fund, Fund for the Poor, Children's Fund... etc.
13. On June 30, 2009, Vietcombank's shares were officially listed on Ho Chi Minh City Stock Exchange.

FUND MOBILIZATION

In the year 2009, amid the complex context in the financial market and severe competition among commercial banks, the Board of Management of Vietcombank defined fundraising as a key and guidelines target for the year. The Board of Management also drastically guided the whole network to focus on fundraising and capital trading. The detailed results are as follows:

Total fund mobilization of Vietcombank for the year 2009 increased by 17.5% against 2008. Mobilised funds directly from the economy reached VND 169,457 billion, increased by 5.9% compared to that of 2008. Domestic currency mobilization from customers experienced an increase of 18.8% compared to 2008. In competitive environment, customer deposits still increased by 34.5% thanks to a lot of fund mobilisation programs and the great effort of Vietcombank branches.

Despite of liquidity constraint in the last quarter of 2009, Vietcombank not only maintained the most stable liquidity status in the market, but also played a key role in providing funds to other banks, assisting to stabilize the country's banking system and increasing its profitability from money market activities.

USE OF FUNDS

Balances with the State Bank of Vietnam, other financial institutions and performance in interbank market.

The proportion of cash and balances with the State Bank of Vietnam in total assets was decreased from 15.3% to 11.6% in the year 2009, showing that Vietcombank has maximized the effectiveness of the use of funds and while ensuring its liquidity.

Unit: VND billion

	2009	2008	Rate
TOTAL ASSETS	255,496	222,090	15.0%
of which:			
Cash and balances with SBV	29,660	34,044	-12.9%
Placements with and loans to other institutions	47,463	30,377	56.2%
Trading securities	6	404	-98.5%
Investment securities	33,061	41,905	-21.1%
Loans and advances to customers	141,621	112,793	25.6%
Investment in other entities and long-term investments	3,741	3,152	18.7%

The year 2009 witnessed enormous difficulties and challenges for the commercial banks. Nevertheless, in that context, Vietcombank still maintained its operations in the interbank market to gain considerable profit, especially bonds trading and open market operation. Vietcombank played an important role in lending activities in interbank market with big lending volume, providing liquidity to other banks. Vietcombank also proactively participated in open market operation to maximize the usage of valuable papers and had short future transactions with the total volume of VND 53,267 billion.

CREDIT ACTIVITIES

Targets & Fact Figures

Unit: VND billion

Criteria	Targets	Facts
Gross loans	133,096	141,621
Growth rate against 2008	18%	25.6%
Proportion of loans to SMEs	24%	27.0%
Proportion of loans to individuals	10%	9.8%
NPLs Ceiling	3.5%	2.47%

Total outstanding loans were VND 141,621 billion, up 25.6% against 2008. The percentage of loans to customers in total used funds was 55.4%

Nevertheless, if excluding exchange rate factor, the loans growth rate in 2009 was only 23.6%. Vietcombank credit growth was much lower than that of banking industry (37.7%) but ensured efficiency and safety.

The Bank's structure of loans

Loan portfolio analyzed by regions: Compared to 2008 figure, all 6 regions experienced significant growth rate; in which, Northern Delta and Red River Delta excluding Hanoi had the biggest credit growth; Ho Chi Minh City was still the leading area with the largest proportion. The slowest loans growth region was the South East area excluding HCMC.

Loans portfolio analyzed by customers: Loans to Small and Medium enterprises SME accounted for 27.0% of total loans in 2009, above the target figure. Loans to individual made up 9.8% of total loans. The proportion of individual loans was below the target, which resulted from the lending restriction policy by SBV.

The implementation of credit programs in 2009

Interest rate subsidy programme: As at 31/12/09 total outstanding loans under interest rate subsidy programme was VND 47,198 billion including: short-term loans of VND 39,009 billion; medium and long term loans of VND 8,187 billion and agriculture loans of VND 1.6 billion. Total interest income subsidized to customer was 1,384 billion. Total loans reached VND 151,995 billion in 2009.

Loans under VDB's guarantee: As at 31/12/09, Vietcombank provided loans to 44 enterprises located at 17 areas under VDB's guarantee with the contracted amount of VND 288 billion and outstanding loans of VND 193 billion.

Credit quality

In 2009, Vietcombank followed sustainable credit growth, focusing on credit quality





improvement by restructuring investment portfolio, strengthening customer relationship, applying advanced technology in investment portfolio management, strictly controlling credit quality and risk management, etc. Above-mentioned methods resulted in better credit quality. As at 31/12/2009, NPLs ratio was 2.47% - much lower than the figure of 4.61% in 2008 and the targeted figures for 2009 of 3.5% set by the General shareholder meeting.

Loan loss provision

As at 31/12/2009, Vietcombank made 100% provision under the requirement of State Bank of Vietnam. Outstanding provision under the consolidated report of 2009 was VND 5,502 billion in which general provision was VND 1,387 billion and specific provision was 4,115 billion.

Within a year, Vietcombank has actively retrieved a lot of bad debts with total amount of VND 148 billion.

IMPORT-EXPORT SETTLEMENT

The year 2009 was burdened by global economic recession and downturns, the import-export turnover hence slumped 13.2% compared to that of 2008. Export volume decreased by 9.9% and import volume decreased by 15.8%. Amid this context, the reduction of import and export turnover through Vietcombank is unavoidable. Besides, Vietcombank encountered the fierce competition from other banks.

The total import and export turnover of Vietcombank was USD 25.62 billion, 23.8% decrease compared to 2008. Export turnover therein was USD 12.46 billion, 28.7% decrease compared to the previous year. The import turnover therein was USD 13.15 billion, decreased by 14.5% compared to 2008. Nevertheless, Vietcombank still have a large proportion within domestic export-import market share, accounting for 20.4% in 2009, in which, export turnover accounted for 22% market share and import turnover made up 19.1% market share.

CARD SERVICES

In 2009, Vietcombank outreached its target in card issuance as well as payment turnover.

Vietcombank card issuance and payment volume has been increasing year by year, maintaining its leading position in Vietnam card market. The total card issuance was 966,243 cards, 11.7% increase compared to 2008. International card payment turnover reached USD 567 million, which was 105.5% target of the year. Vietcombank accounted for more than 53% market share of international card payment turnover, 36% market share in issuance of international card, 21% of local card issuance and more than 33% turnover of card payment of all kinds.

The Bank focused on network development and infrastructure expansion to facilitate its customer in card payment and usage. In 2009, Vietcombank continued to be the leading bank in total number of ATM as well as POS countrywide, occupying 15% of total domestic ATM machines (1,530 machines), and 26% of total POS (more than 9,700 machines). From April, 2009, Vietcombank became the first bank in Vietnam applying MV standardization for both Visa and Master card. The bank deployed internet banking for both international and domestic payment cards, satisfying cardholders' requirements and catching up with international tendency.

FOREIGN EXCHANGE DEALINGS

2009 was a difficult year for foreign exchange dealings due to fluctuations in exchange rate, foreign currency market and the prolonged shortage of foreign currency supply. Thus, total volume of foreign exchange dealings decreased by 14.3% compared to that of 2008. In 2009, Vietcombank continuously issued guidelines to the whole network in adapt to market fluctuations and regulated the foreign exchange dealings of the whole network to minimize risks. Therefore, total earnings from foreign exchange dealings contributed a significant proportion of total income.

RETAIL BANKING

Under fierce competition, the bank continued pushing up its retail banking activities. In 2009, the Bank completed rules and regulations applied to individual customers, strictly followed market movements, from promotion and customer care to preferential pricing, fee, interest, as well as new product offerings. The Bank has well performed targeted retail banking criteria in a broader base. Deposit from customers as at 31/12/2009 increased by 34.5% compared to 31/12/2008. Total loans to customers increased by 36%. Total direct individual remittance turnover in 2009 was USD 1,016 million; indirect remittance through companies and banks was USD 300 million.

Electronic banking services were pushed up and paid special attention to: Internet B@nking: the number of customer registered increased by 84.2% compared to 31/12/2008; SMS B@nking: the number of customer registered increased by 97.3%, VCB-Securities-Online reached turnover of VND 2,846.9 billion etc...



Vietcombank's performance in 2009

CAPITAL INVESTMENT

As at 31/12/2009, the Bank had its stake in 29 entities. The total amount in investments, joint-ventures of Vietcombank (excluding capital invested in subsidiaries) was VND 3,527 billion, accounting for 29.1% equity. Capital invested in joint-ventures with overseas partners accounted for 30.5% of the total, shares in local credit institutions accounted for 55.4%; shares in domestic companies was about 14.1%. Total income from capital investment in 2009 was VND 454.7 billion.

TECHNOLOGY AND PRODUCT DEVELOPMENT

In 2009, Vietcombank ensured the stability and continuity of IT system. The bank deployed many important and advanced projects in banking services as follows:

- Completed EMV project, built up a platform to develop other advanced technologies (OTP, ID...). The success of this project has made Vietcombank the first bank to meet EMV standards for credit card issuance and payment.
- Upgraded Internet banking service with new utilities such as: allowing customers to transfer money (identifying OTP by SMS or EMV card); registering/modifying customer information in internet banking; paying for bills via this service.
- Completed security gap inspection, a security condition for the bank in launching new advanced products and services (e-commerce service).
- Developed facilities to minimize manual operations and enhance risk management functions in operational departments such as: setting up power for users to make transactions on general ledger accounts, print function for Debit/Credit advice in IBT-online system in the form of a statement and auto-checking system for branches' demand deposit accounts at Head office.
- Launched Contact Center and Phone banking services-facilitating customer in registering and using the bank's services via self-service channel or bank agents...

NETWORK DEVELOPMENT, HUMAN RESOURCES DEVELOPMENT

- In 2009, Vietcombank has restructured departments in Head Office towards division management model: restructuring Treasury division (separating 3 departments: front - middle - back office); establishing Operation Risk Management department, modifying names and functions of some departments, forming Card Service Center and IT Center in Head Office.
- To establish, rearrange the organisation structure of branches to form retail banking departments at branch

level. In 2009, big branches fulfilled the establishment of their own retail baking departments.

- In 2009, Vietcombank established 7 branches (in which, 5 branches had not gone into operation as at 31/12/2009, i.e. Quang Tri, Phu Yen, Bac Giang, Tra Vinh and Kon Tum) and 48 transaction offices. At present, the Bank has Head Office, operation center, 70 branches and 248 transaction offices.
- The establishment of a money transfer company in the US is in progress and expected to be fulfilled in 2010.
- To continuously complete management tools: to issue regulations such as: risk management policy, financial policy, staff management regulations, salary regulations, branches rating regulations etc...

SOCIAL SECURITY PERFORMANCE

Beside business activities, Vietcombank also involved in many social welfare activities for the wish of delivering more and more support to the public society:

Gratitude activities: Vietcombank funded VND 40 billion for a gratitude activity named "Truong Son Gratitude"; supported VND 5 billion to cooperate with Quang Tri's authorities in building a war memorial for the dead soldiers by the southern bank of Thach Han river; gave presents to heavily wounded soldiers in Bac Ninh, Bac Giang, Hung Yen provinces with total amount of VND 30.5 million; built 4 houses for poor people in Quang Nam and Thai Binh with amount of VND 90 million.

Charity activities: Vietcombank financed VND 56 billion for Tuong Duong (Nghe An) and Dam Rong district (Dac Lac) according to 30a Government resolution on alleviating poverty quickly and stably in 61 poor districts; supported Fund for the Poor with VND 60 million in Tay Ninh province, VND 2 billion in Ninh Thuan and VND 5 billion in Dong Thap.

Activities for Vietnamese children: Vietcombank granted 2,000 lifebuoys to children in Thua Thien Hue, Bac Giang, Can Tho, An Giang province; 500 wheelchairs to 10 provinces around the country.

In addition, billion of VND were used to support wounded soldiers, orphans, hundreds of heroes' Vietnamese mother; build houses of gratitude and relieve people affected from natural calamity...

PERFORMANCE IN SUBSIDIARIES AND ASSOCIATED COMPANIES

VCB Securites Company

Under the recovery of the Vietnamese stock exchange market, the operation of VCBS in 2009 has strongly recovered compared to 2008, total income before tax reached VND 331 billion.

VCB Leasing Company

As at December 31, 2009, total leasing amount was VND 1,044.85 billion, increased VND 44.5 billion, equivalent to the increase of 4.5% compared to adjusted plan. With unfavourable market conditions in 2009, the company made efforts to attract more reputable customers. Total income before tax of the company in 2009 was VND 36.2 billion.

Vinafico Company

At the end of 2009, total capital of Vinafico was HKD 341.5 million. Total fund mobilization was HKD 284.4 million; gross loans totaled HKD 12.8 million; non-performing loans was 3.33 million HKD- decreased nearly HKD 200,000.00 compared to 2008; import-export payment revenue in 2009 was HKD 433.8 million.

Vietcombank's performance in 2009



TARGETS FOR 2010

Since the start of the year 2010, the world economy has seen some signals of recovery. However, emerging economies are still facing many uncertainties during the recovery, which greatly influenced on import-export market and capital investment.

Regarding domestic economic environment, the year 2010 is forecasted to have some improvements; nevertheless, money market is still facing many difficulties such as inflation, liquidity, fluctuations of exchange rate and mismatch between foreign currency supply and demand. On the other hand, the competition among banking community is fiercer than ever before, especially among Joint stock commercial banks, 100% foreign owned banks and other investment channels. To meet the target of a sustainable economic growth in 2010, the State Bank of Vietnam implements monetary policies in a prudent, active and flexible way to stabilize the monetary market; increase liquidity for banking sector and the economy; control the money-supply at about 20%, credit growth at about 25%; and maintain the interest rate and domestic currency value at an acceptable level.

Based on government resolutions, guidelines by the State Bank of Vietnam for banking sector and 2009 operation results, Vietcombank's Board of Directors set out key targets for 2010 as follows:

Key Performance Targets

- Total assets: up by 15.0%
- Total fund mobilization: up by 23.0%
- Total outstanding loans: up by 20.0%
- NPL ratio: under 3.5%
- Income before taxes: VND 4,500 billion
- Earning per share (VND/share): VND 1,200

* In 2010, Vietcombank set aside provision according to section 7 instead of section 6 of Decision 493/2005/QĐ-NHNN)

Major strategies

Within our general goal of "Acceleration – Safety – Quality – Efficiency", Vietcombank's key strategies are:

1. To significantly increase fund mobilization; fund raising is given top priority to expand the Bank's operation.
2. Accelerate corporate banking, speed up retail-banking segment to improve the Bank's capital structure in order to diversify assets and liabilities portfolio for risks management purpose.
3. Business growth must be in compliance with ensuring the safety in banking operation; to maximize the Bank's traditional advantages; to maintain the matching between assets and liabilities.
4. To re-organize the organisation structure towards division management at Head Office and to restructure branches' organisation; to improve management competence and discipline observation by staff.
5. To upgrade technology to meet increasing demand from customers as well as to serve business management and administration.
6. To encourage international and public relations; to enhance promotion of the Bank's products, services and brand within the network and in the market.
7. To issue and consolidate internal policy in compliance with legal requirements to meet international standard and minimize operational risks.
8. To continue working with strategic partners, to issue more stocks to increase legal capital and lift BIS CAR ratio to 10%.





Awards

RECOGNITIONS BY INTERNATIONAL ORGANIZATIONS IN 2009

1. AWARDS BY ASIA MONEY

Best domestic provider of FX services in Vietnam as voted by corporates

Best for innovative FX products and structured ideas

Best FX prime broking services

Joint #1 for Best single-bank electronic trading platform

Best Local Cash Management Bank in Vietnam as voted by small and medium-sized corporates

Best Domestic FX Bank in Vietnam, 2006-2008

2. AWARDS BY TRADE FINANCE MAGAZINE

Best Local Trade Bank in Vietnam 2009

AWARDS BY DOMESTIC ORGANISATIONS

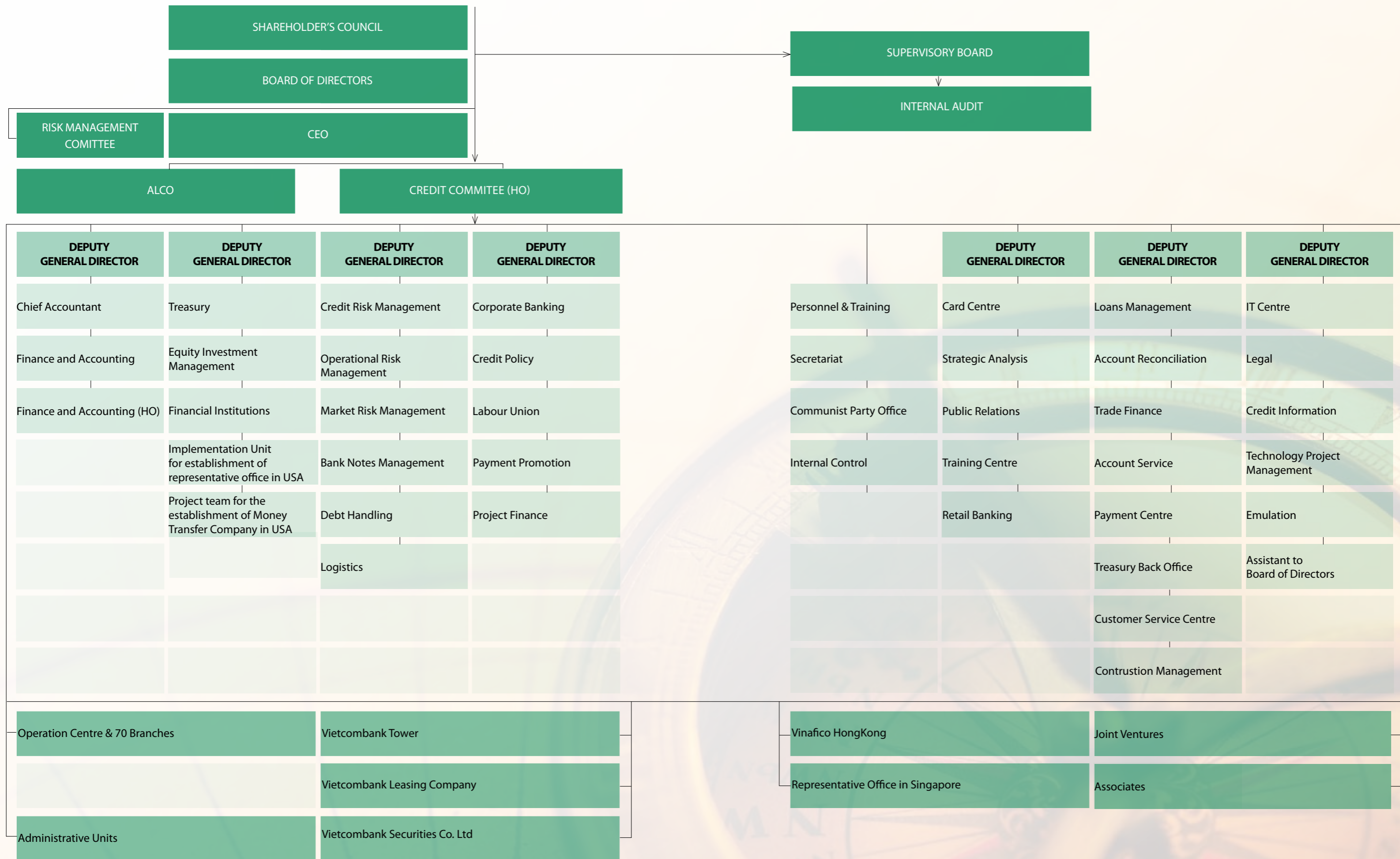
“Top 10 – Pretigious brand in external trade” voted by The Vietnam Union of Friendship Organisation, Voice of Vietnam and Van Hien Magazine.

“Stock of Good Reputation - 2009” and **“top 20 listed enterprises in Vietnam”** voted by Vietnam Association of Financial Investors, Credit information centre – State Bank of Vietnam, State Securities Commision of Vietnam and Vietnam Financial Information.

“Outstanding member in Government Bonds auction” voted by Hanoi Stock Exchange and Vietnam Investment Review.

State Bank of Vietnam has acknoleged: **“Vietcombank is fully qualified to do foreign exchange transaction in domestic and international markets”**

Vietcombank Chairman – Mr. Nguyen Hoa Binh was awarded **“Top 10 – Outstanding businessman in exexternal trade affairs”** the first time in 2009 by The Vietnam Union of friendship Organisation, Voice of Vietnam and Van Hien Magazine; **“Vietnam Outstanding Businessman in 2009”** awarded by Vietnam Chamber of Commerce and Industry (VCCI)



Organisation structure

Board of Directors

Nguyen Hoa Binh

Chairman of the BOD

Qualifications:
University for Foreign Studies,
English Faculty
Master of Business Administration,
Vietnam-Belgium Master Program

Nguyen Phuoc Thanh

Member of BOD

Qualifications:
National Economics University,
Master of Economics Ho Chi Minh City

Nguyen Thi Tam

Member of BOD

Qualifications:
University for Foreign Studies
Diploma of Advanced Banking

Le Thi Kim Nga

Member of BOD

Qualifications:
Foreign Trade University
PhD of Economics

Le Thi Hoa

Member of BOD

Qualifications:
National Economics University
Master of Banking and Finance,
Vietnam- France Master Program.

Tran Van Ta

Member of BOD

Qualifications:
University for Foreign Studies –
Russian Faculty
PhD of Economics, Karl- Marx
University, Hungary

Pham Huyen Anh

Member of BOD

Qualifications:
Foreign Trade University
Master of Economics

Board of Management

Nguyen Phuoc Thanh

CEO

Qualifications:
National Economics University,
Master of Economics Ho Chi Minh City

Pham Quang Dung

Deputy General Director

Qualifications:
National Economics University
University for Foreign Studies
Master of Finance and Banking,
Birmingham University, UK

Nguyen Van Tuan

Deputy General Director

Qualifications:
University for Foreign Studies
Degree of Banking Management,
University of Washington, USA
MBA, Vietnam- Belgium Master Program

Nguyen Thi Tam

Deputy General Director

Qualifications:
University for Foreign Studies
Diploma of Advanced Banking

Nguyen Thu Ha

Deputy General Director

Qualifications:
Foreign Trade University
Master of Business Administration,
Georgetown University, USA

Dinh Van Muoi

Deputy General Director

Qualifications:
Van Hanh Sai Gon University

Dao Minh Tuan

Deputy General Director

Qualifications:
University of Technology
National Economics University
Master of Banking and Finance,
Banking Academy

Nguyen Danh Luong

Deputy General Director

Qualifications:
Banking Academy
PhD of Economics (Banking Academy)

Nguyen Thi Hoa

Chief Accountant

Qualifications:
University of Finance and Accounting

Board of Directors



Board of Management



Vietcombank's Network

HEAD OFFICE

198 Tran Quang Khai, Hoan Kiem, Hanoi, Vietnam
Website: www.vietcombank.com.vn
Tel: 84 - 4 - 39343137
Fax: 84 - 4 - 38249067; 84 - 4 - 39343844
Vietcombank Contact Center: 84-4-38243524/1900545413

OPERATIONS CENTRE

31-33 Ngo Quyen Street,
Hoan Kiem District, Hanoi
Tel: 84-4 39368547
Fax: 84-4 38241395/ 84-4 39365534

VINH PHUC BRANCH

116 Ngo Quyen Road, Vinh Yen Town,
Vinh Phuc Province
Tel: 84-211 3720920
Fax: 84-211 3720921, 84-211 3720934

HANOI BRANCH

344 Ba Trieu Street,
Hoan Kiem District, Hanoi
Tel: 84-4 3974 6666
Fax: 84-4 3974 7065

THANH CONG BRANCH

30-32 Lang Ha Street, Dong Da, Hanoi
Tel: 84-4 37764362
Fax: 84-4 37761747

HOAN KIEM BRANCH

23 Phan Chu Trinh Street,
Hoan Kiem District, Hanoi
Tel: 84-4 39335566
Fax: 84-4 39335580

THANG LONG BRANCH

98 Hoang Quoc Viet Street,
Cau Giay District, Hanoi
Tel: 84-4 37569008/37569004
Fax: 84-4 3756 9006

THANH XUAN BRANCH

277 Nguyen Trai, Thanh Xuan Trung Ward,
Thanh Xuan District, Hanoi
Tel: 84-4 35578589
Fax: 84-4 35574140

CHUONG DUONG BRANCH

564 Nguyen Van Cu, Long Bien, Hanoi
Tel: 84-4 38777102
Fax: 84-4 36522949

BA DINH BRANCH

Handi Resco Tower, 521 Kim Ma Street,
Ngoc Khanh Ward, Ba Dinh District, Hanoi
Tel: 84-4 37665318
Fax: 84-4 37665313

HA TAY BRANCH

484 Quang Trung, Ha Dong, Hanoi
Tel: 84-4 33554545
Fax: 84-4 33554444

BAC NINH BRANCH

353 Tran Hung Dao Road, Dai Phuc Ward,
Bac Ninh City, Bac Ninh Province
Tel: 84-241 3811848
Fax: 84-241 3811848

BAC GIANG BRANCH

179 Hung Vuong Street,
Bac Giang City, Bac Giang Province
Tel: 84-240 3855576
Fax: 84-240 3855575

HUNG YEN BRANCH

Nghia Hiep Commune,
Yen My District, Hung Yen Province
Tel: 84-321 3941886
Fax: 84-321 3941044

HAI DUONG BRANCH

66 Nguyen Luong Bang,
Hai Duong Town, Hai Duong Province
Tel: 84-320 3891131
Fax: 84-320 3891807

HAI PHONG BRANCH

11 Hoang Dieu,
Hong Bang District, Hai Phong City
Tel: 84-31 3842658
Fax: 84-31 3841117

QUANG NINH BRANCH

703 Le Thanh Tong,
Ha Long City, Quang Ninh Province
Tel: 84-33 3629215
Fax: 84-33 3828914

HA LONG BRANCH

Ha Long Road, Bai Chay Ward,
Ha Long City, Quang Ninh Province
Tel: 84-33 3811 808/ 3811 911
Fax: 84-33 3844 746

MONG CAI BRANCH

2 Van Don, Tran Phu Ward,
Mong Cai City, Quang Ninh Province
Tel: 84-33 3887575
Fax: 84-33 3881676

THAI BINH BRANCH

75 Le Loi, Le Hong Phong Ward,
Thai Binh City, Thai Binh Province
Tel: 84-36 3836994
Fax: 84-36 3836994

HA TINH BRANCH

2 Nguyen Thi Minh Khai Road, Tran Phu
Ward, Ha Tinh City, Ha Tinh Province
Tel: 84-39 3857001
Fax: 84-39 3857002

XUAN AN BRANCH

Xuan An Town, Nghi Xuan District,
Ha Tinh Province
Tel: 84-39 3821049/ 3821202
Fax: 84-39 3821248

VINH BRANCH

21 Quang Trung, Vinh City, Nghe An Province
Tel: 84-38 3842033
Fax: 84-38 3842192

QUANG BINH BRANCH

54 Nguyen Huu Canh, Dong Hoi,
Quang Binh Province
Tel: 84-52 3840380
Fax: 84-52 3828347

QUANG TRI BRANCH

189 Le Duan, Dong Ha, Quang Tri Province
Tel: 84-53 3555727
Fax: 84-53 3555726

HUE BRANCH

78 Hung Vuong, Hue City,
Thua Thien Hue Province
Tel: 84-54 3811900/ Máy lẻ100
Fax: 84-54 382 4631

DA NANG BRANCH

140, 142 Le Loi, Hai Chau District,
Da Nang City
Tel: 84-511 3822110
Fax: 84-511 3826062

QUANG NAM BRANCH

35 Tran Hung Dao, Tam Ky City,
Quang Nam Province
Tel: 84-510 3813236/3810673
Fax: 84-510 3813235

QUANG NGAI BRANCH

345 Hung Vuong, Quang Ngai City,
Quang Ngai Province
Tel: 84-55 3828578
Fax: 84-55 3711482

DUNG QUAT BRANCH

Lot L3 Sai Gon - Dung Quat Industrial Zone,
Binh Son District, Quang Ngai Province
Tel: 84-553 610807
Fax: 84-553 610806

QUY NHON BRANCH

152 Le Loi, Quy Nhon City,
Binh Dinh Province
Tel: 84-56 3821498
Fax: 84-56 3823181

PHU TAI BRANCH

Highway 1A, Tran Quang Dieu Ward,
Binh Dinh Province
Tel: 84-56 3541869
Fax: 84-56 3741007

PHU YEN BRANCH

194-196 Hung Vuong, Ward 4,
Tuy Hoa City, Phu Yen Province
Tel: 84-57 3811709
Fax: 84-57 3818186

NHA TRANG BRANCH

17 Quang Trung, Van Thanh Ward,
Nha Trang City, Khanh Hoa Province
Tel: 84-58 3722820/ 3821483
Fax: 84-58 3815114/ 3823806

CAM RANH BRANCH

122 Street 22/8, Cam Thuan Ward,
Cam Ranh, Khanh Hoa Province
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Fax: 84-58 3952403

DAKLAK BRANCH

06 Tran Hung Dao Street,
Buon Ma Thuot City, Daklak
Tel: 84-500 3857899
Fax: 84-500 3855038

GIA LAI BRANCH

50 Phan Boi Chau, Pleiku City,
Gia Lai Province
Tel: 84-59 3828595
Fax: 84-59 3828592

KON TUM BRANCH

108D Le Hong Phong Street,
Kon Tum Town, Kon Tum Province
Tel: 84-59 3703333
Fax: 84-59 3913516

DA LAT BRANCH

1 Le Hong Phong Street, Ward 4,
Da Lat City, Lam Dong Province
Tel: 84-63 3511811/ 3989989
Fax: 84-63 3533666/ 3510480

BINH THUAN BRANCH

87 Street 19/4, Phan Thiet City,
Binh Thuan Province
Tel: 84-62 3739064/ 113
Fax: 84-62 3739290

DONG NAI BRANCH

77C Hung Dao Vuong Street,
Bien Hoa City, Dong Nai Province
Tel: 84-61 382 3666
Fax: 84-61 382 4191

BIEN HOA BRANCH

02, street 3A, Bien Hoa Industrial Park 02,
Bien Hoa City, Dong Nai Province
Tel: 84-61 3995981
Fax: 84-61 3991947

NHON TRACH BRANCH

Street 25B, Nhon Trach Industrial Park III,
Nhon Trach Town, Dong Nai Province
Tel: 84-61 3560881
Fax: 84-61 3560880

BINH DƯƠNG BRANCH

314 Binh Dương high way, Ward Phu Hoa,
Thu Dau Mot Town, Binh Dương Province
Tel: 84-650 3822685
Fax: 84-650 3831220

BINH DUONG INDUSTRIAL PARK BRANCH

Street DT 743, Ward Binh Hoa,
Thuan An Town, Binh Dương Province
Tel: 84-650 3710722/ 3710723
Fax: 84-650 3710725

SONG THAN BRANCH

1 Truong Son, Ward An Binh,
Di An Town, Binh Dương Province
Tel: 84-8 37241627/84-650 3792158
Fax: 84-8 37241498/84-650 3792387

HO CHI MINH CITY BRANCH

29 Ben Chuong Duong,
Ward Nguyen Thai Binh, Dist 1,
Ho Chi Minh City
Tel: 84-8 38297245
Fax: 84-8 3 8297228

BEN THANH BRANCH

69 Bui Thi Xuan, Ward Pham Ngu Lao,
Dist 1, Ho Chi Minh city
Tel: 84-8 38359323
84-8 39256088
Fax: 84-8 38325041

TAN DINH BRANCH

72 Pham Ngoc Thach, Ward.3, Dist 3,
Ho Chi Minh City
Tel: 84-8 38208762/ 38208763/ 38200291
Fax: 84-8 38206846

KY DONG BRANCH

13-13Bis Ky Dong, Ward. 9, Dist 3,
Ho Chi Minh city
Tel: 84-8 39318956
Fax: 84-8 39318953

NAM SAI GON BRANCH

Tan Thuan Industrial Park, Ward Tan Thuan
Dong, Dist 7, Ho Chi Minh City
Tel: 84-8 37701634
Fax: 84-8 37701635

BINH TAY BRANCH

129 - 129A Hau Giang Street, Ward 5, Dist 6,
Ho Chi Minh City
Tel: 84-8 39600477
84-8 39600478
Fax: 84-8 39606217

PHU THO BRANCH

664 Su Van Hanh Street, Ward.12, Dist 10,
Ho Chi Minh City
Tel: 84-8 3863 5821
Fax: 84-8 3862 4804

TAN BINH BRANCH

Ground floor E-Town 364 Cong Hoa,
Ward 13, Tan Binh Dist, Ho Chi Minh City
Tel: 84-8 38106454
Fax: 84-8 38106838

VINH LOC BRANCH

Street 7, Admin. Division, Vinh Loc Industrial
Zone, Binh Tan Dist - Ho Chi Minh City
Tel: 84-8 37651328/37652863/37654941
Fax: 84-8 37651327

DISTRICT 5 BRANCH

2D - 2E Ly Thuong Kiet, Ward 12, Dist 5,
Ho Chi Minh City
Tel: 84-8 39573378
Fax: 84-8 39573380

BINH THANH BRANCH

169 Dien Bien Phu, Ward 15,
Binh Thanh Dist, Ho Chi Minh City
Tel: 84-8 38407924
Fax: 84-8 38407923

THU DUC BRANCH

Linh Trung I Processing Zone, Linh Trung
Ward, Thu Duc Dist, Ho Chi Minh City
Tel: 84-8 38974947
Fax: 84-8 38974176

VUNG TAU BRANCH

27 Tran Hung Dao, Ward 1, Vung Tau City,
Ba Ria-Vung Tau Province
Tel: 84-64 3852309
Fax: 84-64 3859859

LONG AN BRANCH

134, 138 Nguyen Huu Tho, Ward Ben Luc,
Ben Luc Town, Long An Province
Tel: 84-72 3633684
Fax: 84-72 3633687

TÂY NINH BRANCH

374 - 376 30/4 Street, Ward 3,
Tây Ninh Town, Tây Ninh Province
Tel: 84-66 3818 997
Fax: 84-66 3818 998

DONG THAP BRANCH

66 30/4 Street, Ward 1,
Cao Lanh City, Dong Thap Province
Tel: 84-67 3877555
Fax: 84-67 3872119

AN GIANG BRANCH

01 Hung Vuong, Ward My Long,
Long Xuyên City, An Giang Province
Tel: 84-763 841816
Fax: 84-763 841591

CHAU DOC BRANCH

315 Le Loi Street, Châu Doc, An Giang
Tel: 84-76 3565603
Fax: 84-76 3561703

TIEN GIANG BRANCH

20 - 20A Ly Thuong Kiet, Ward 6,
My Tho City, Tien Giang
Tel: 84-7 33975495
Fax: 84-7 33975878

CAN THƠ BRANCH

7 Hoa Binh, Ward Tan An, Ninh Kieu Dist,
Can Tho City
Tel: 84-710 382 0445/ 3820355/
3824353/3824534
Fax: 84-710 3817299

TRA NOC BRANCH

No 18, Tra Noc Processing Zone,
Ward Tra Noc, Binh Thuy Dist, Can Tho City
Tel: 84-710 3844272
Fax: 84-710 3843056

KIEN GIANG BRANCH

2 Mac Cuu, Rach Gia City,
Kien Giang Province
Tel: 84-77 386 8149
Fax: 84-77 386 6243

TRA VINH BRANCH

No 28 Nguyen Thi Minh Khai Street,
Ward 2, Tra Vinh Town, Tra Vinh Province
Tel: 84-74 3868780
Fax: 84-74 3868791

SOC TRANG BRANCH

25 - 27 Hai Ba Trung, Ward 1,
Soc Trang City, Soc Trang Province
Tel: 84-79 3621752
Fax: 84-79 3824186

CA MAU BRANCH

04 Lac Long Quan, Ward 7,
Ca Mau city, Ca Mau Province
Tel: 84-780 3835027
Fax: 84-780 3833466

DOMESTIC SUBSIDIARIES

VIETCOMBANK FINANCE LEASING COMPANY

3rd floor, No 10B, Trang Thi, Hoan Kiem District, Hanoi
Tel: 84-4 3928 9289
Fax: 84-4 3928 9150

VIETCOMBANK SECURITIES COMPANY

12th & 17th floor, Vietcombank Tower, 198 Tran Quang Khai, Hoan Kiem District, Hanoi
Tel: 84 - 4 - 39366426/ 39366990
Fax: 84 - 4 - 39360262

ADMINISTRATIVE UNITS

TRAINING CENTRE

15th floor, Vietcombank Tower, 198 Tran Quang Khai, Hoan Kiem District, Hanoi
Tel: 84 - 4 - 39343137
Fax: 84 - 4 - 39365401

OVERSEAS NETWORK

VIETNAM FINANCE COMPANY IN HONGKONG

16th floor, Golden Star Building, 20 Lockhard, Hongkong
Tel: 852 2865 3905
Fax: 852 2865 3908

REPRESENTATIVE OFFICE IN SINGAPORE

14 Robinson Road, 08 - 01 Far East Finance Building Singapore 048545
Tel: 65 6323 7558
Fax: 65 6323 7559

JOINT-VENTURES, ASSOCIATES

JOINT VENTURES COMPANY

SHINHAN VINA BANK

3 - 5 Ho Tung Mau, District 1,
Ho Chi Minh City

VIETCOMBANK TOWER

15th, Vietcombank Tower, 198 Tran Quang Khai,
Hoan Kiem District, Hanoi

VIETCOMBANK BONDAY BEN THANH, CO LTD

2nd, No 5 Nguyen Gia Thieu, Ward 6, District 3,
Ho Chi Minh city

VIETCOMBANK FUND MANAGEMENT COMPANY

18th, Vietcombank Tower, 198 Tran Quang Khai, Hoan Kiem
District, Hanoi

VIETCOMBANK CARDIF INSURANCE COMPANY

Room 803, Ha Noi Opera House Business Centre,
60 Ly Thai To, Hanoi

ASSOCIATES COMPANY

VIET COMBANK BONDAY CO., LTD

35 Nguyen Hue, District 1, Ho Chi Minh city

VIETCOMBANK PARTNER FUND I

18th, Vietcombank Tower, 198 Tran Quang Khai, Hanoi



Financial Statements

Joint Stock Commercial Bank for Foreign Trade of Vietnam Corporate Information

Banking Licence No. 138/GP-NHNN dated 23 May 2008 issued by the State Bank of Vietnam. The banking licence was issued for a period of 99 years from the date of the licence.

Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Hanoi's department of Planning and Investment.

Board of Directors

Mr. Nguyen Hoa Binh	Chairman	Appointed on 23 May 2008
Mr. Tran Van Ta	Member	Appointed on 23 May 2008
Mr. Nguyen Phuoc Thanh	Member	Appointed on 23 May 2008
Ms. Le Thi Hoa	Member	Appointed on 23 May 2008
Mr. Tran Trong Do	Member	Appointed on 23 May 2008 <i>(Retired on 1 January 2010)</i>
Ms. Nguyen Thi Tam	Member	Appointed on 23 May 2008
Ms. Le Thi Kim Nga	Member	Appointed on 23 May 2008
Mr. Pham Huyen Anh	Member	Appointed on 20 May 2009

Board of Management

Mr. Nguyen Phuoc Thanh	General Director	Appointed on 23 May 2008
Ms. Nguyen Thi Tam	Deputy General Director	Appointed on 4 June 2008
Ms. Nguyen Thu Ha	Deputy General Director	Appointed on 4 June 2008
Mr. Dinh Van Muoi	Deputy General Director	Appointed on 4 June 2008
Mr. Nguyen Van Tuan	Deputy General Director	Appointed on 4 June 2008
Mr. Dao Minh Tuan	Deputy General Director	Appointed on 4 June 2008
Mr. Pham Quang Dung	Deputy General Director	Appointed on 4 June 2008
Mr. Nguyen Danh Luong	Deputy General Director	Appointed on 1 August 2009

Chief Accountant Ms. Nguyen Thi Hoa

Legal representative Mr. Nguyen Phuoc Thanh
General Director

The Bank's registered office 198 Tran Quang Khai Street
Hoan Kiem District, Ha Noi, Vietnam

The Bank's auditors KPMG Co.Limited

Independent Auditors' Report

To the Shareholders

Joint Stock Commercial Bank for Foreign Trade of Vietnam

Scope

We have audited the accompanying consolidated balance sheet of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") and its subsidiaries (together "Vietcombank") as of 31 December 2009 and the related consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto ("the consolidated financial statements"). The consolidated financial statements are the responsibility of Vietcombank's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Vietcombank as of 31 December 2009 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 for Credit Institutions and other relevant accounting regulations stipulated by the State Bank of Vietnam and accounting principles generally accepted in Vietnam.

The consolidated financial statements of Vietcombank as at 31 December 2008 and for the period from 1 June 2008 to 31 December 2008 were audited by another firm of auditors whose report dated 27 April 2009 expressed an unqualified opinion on those consolidated financial statements. As presented in Note 2(c), certain corresponding figures were restated as required by the State Auditors.

KPMG Limited Vietnam

Investment Licence No. 011043000345
Audit report No. 2009KTo/VCB-KPMG/AC



John T. Ditty
CPA No. N.0555/KTV
General Director

Tran Dinh Vinh
CPA No.0339/KTV

Consolidated Balance Sheet

As at 31 December 2009

	Note	31/12/2009 VND million	31/12/2008 (restated) VND million
A ASSETS			
I Cash, gold, silver, gemstones on hand	3	4,485,150	3,482,209
II Balances with the State Bank of Vietnam	4	25,174,674	30,561,417
III Balances with and loans to other credit institutions	5	47,456,662	30,367,772
1 Balances with other credit institutions		46,480,842	29,345,297
2 Loans to other credit institutions		982,218	1,031,844
3 Allowance for loans to other credit institutions		(6,398)	(9,369)
IV Trading securities	6	5,768	309,043
1 Trading securities		6,001	403,698
2 Allowance for diminution in the value of trading securities		(233)	(94,655)
VI Loans and advances to customers		136,996,006	108,617,623
1 Loans and advances to customers	7	141,621,126	112,792,965
2 Allowance for loans and advances to customers	8	(4,625,120)	(4,175,342)
VII Investment securities	9	32,634,887	41,567,126
1 Available-for-sale securities		21,020,349	30,261,562
2 Held-to-maturity securities		12,040,643	11,643,476
3 Allowance for diminution in the value of investment securities		(426,105)	(337,912)
VIII Long-term investments	10	3,637,730	3,048,870
2 Investments in joint-ventures		1,270,718	1,148,757
3 Investments in associate companies		22,850	27,489
4 Other long-term investments		2,447,542	1,975,600
5 Allowance for diminution in the value of long-term investments		(103,380)	(102,976)
IX Fixed assets		1,505,260	1,361,086
1 Tangible fixed assets	11	1,181,841	1,043,437
a Cost		3,152,487	2,641,280
b Accumulated depreciation		(1,970,646)	(1,597,843)
3 Intangible fixed assets	12	323,419	317,649
a Cost		500,504	465,819
b Accumulated amortisation		(177,085)	(148,170)
XI Other assets	13	3,599,746	2,774,374
1 Receivables		1,565,526	768,731
2 Accrued interest and fee receivable		1,616,209	1,685,831
4 Other assets		418,011	319,812
TOTAL ASSETS		255,495,883	222,089,520

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet (continued)

As at 31 December 2009

	Note	31/12/2009 VND million	31/12/2008 (restated) VND million
B LIABILITIES AND SHAREHOLDERS' EQUITY			
I Amounts due to the Government and the State Bank of Vietnam	14	22,578,400	9,515,633
II Deposits and borrowings from other credit institutions	15	38,835,516	26,447,065
1 Deposits from other credit institutions		31,977,936	21,353,964
2 Borrowings from other credit institutions		6,857,580	5,093,101
III Deposits from customers	16	169,071,562	157,067,019
IV Derivatives and other financial liabilities	17	81,843	-
V Other borrowed funds	19	555,244	
VI Valuable papers issued	18	386,058	2,922,015
VII Other liabilities		7,722,844	11,533,320
1 Accrued interest and fees payables	19(a)	1,848,712	2,835,614
2 Deferred tax liabilities		484	458
3 Other liabilities	19(b)	5,033,207	7,943,054
4 Provision for contingent liabilities and off-balance sheet commitments	19(c)	840,441	754,194
TOTAL LIABILITIES		238,676,242	208,040,296
VIII Capital and reserves			
1 Capital		12,146,020	12,164,475
a Chartered capital		12,100,860	12,100,860
b Others capital		45,160	63,615
2 Reserves		1,283,539	612,159
3 Foreign exchange differences		167,838	145,867
4 Revaluation reserve		8,873	8,873
5 Retained earnings		3,104,063	1,014,455
TOTAL SHAREHOLDERS' EQUITY	20	16,710,333	13,945,829
IX Minority interest		109,308	103,395
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		255,495,883	222,089,520

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

Consolidated Balance Sheet (continued)

As at 31 December 2009

	Note	31/12/2009 VND million	31/12/2008 (restated) VND million
OFF-BALANCE SHEET ITEMS			
I Contingent liabilities			
1		-	1,088
2		31,639,498	24,628,918
3		13,338,765	10,254,890
II Commitments			
1		380,811	231,411

Prepared by:

Phung Nguyen Hai Yen



Deputy Director of Finance and
Accounting Department

Nguyen Thi Hoa



Chief Accountant

Approved by:

Nguyen Thi Tam




Deputy General Director

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Income

For the year ended 31 December 2009

	Note	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 (restated) VND million
1	21	15,293,558	11,035,298
2	22	(8,794,892)	(7,340,053)
I		6,498,666	3,695,245
3	23	1,372,403	681,337
4	23	(383,190)	(213,280)
II	23	989,213	468,057
III	24	918,309	591,402
IV	25	183,297	67,891
V	26	172,876	(83,583)
5	27	246,689	211,185
6	27	(118,683)	-
VI	27	128,006	211,185
VII	28	396,437	544,970
VIII	29	(3,493,917)	(1,636,570)
IX		5,792,887	3,858,597
X	30	(788,513)	(1,987,518)
XI		5,004,374	1,871,079

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

Consolidated Statement of Income (continued)

for the year ended 31 December 2009

	Note	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 (restated) VND million	
7	Income tax expense – current	31(a)	(1,059,621)	(365,192)
8	Income tax expense – deferred		-	216
XII	Total income tax expense		(1,059,621)	(364,976)
XIII	Net profit after tax		3,944,753	1,506,103
XIV	Net profit attributable to minority interest		(23,398)	(8,721)
XV	Net profit during the year / period		3,921,355	1,497,382
XVI	Earnings per share (VND)	20(d)	2,871	1,104

Prepared by:

Phung Nguyen Hai Yen



Deputy Director of Finance and
Accounting Department

Nguyen Thi Hoa



Chief Accountant

Approved by:

Nguyen Thi Tam



Deputy General Director

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 VND million	
CASH FLOWS FROM OPERATING ACTIVITIES			
1	Interest and similar income received	15,363,180	10,954,380
2	Interest and similar expenses paid	(9,781,794)	(6,442,097)
3	Fee and commission income received	989,213	468,057
4	Net receipts/payments from the trading activities of foreign currencies, gold and securities	1,151,756	651,634
5	Other (expense paid)/income received – net	(26,780)	74,277
6	Received from the written off bad debts	147,561	134,820
7	Payments for employees and other operating activities	(2,979,744)	(1,060,224)
8	Income tax paid	(681,015)	(556,799)
	Net cash flow from operating activities before changes in operating assets and working capital	4,182,377	4,224,048
Changes in operating assets			
9	Balances with and loans to other credit institutions	(4,845,843)	1,779,997
10	Trading in securities	10,528,995	(11,102,728)
12	Loans and advances to customers	(28,828,161)	(3,030,438)
13	Utilisation of allowance for loans and advances to customers	(261,711)	(463,705)
14	Other assets	(888,918)	97,908
Changes in operating liabilities			
15	Amounts due to the Government and the State Bank of Vietnam	13,062,767	(11,765)
16	Deposits and borrowings from other credit institutions	12,388,451	2,823,140
17	Deposits from customers	12,004,543	31,384,174
18	Valuable papers issued	(2,535,957)	316,145
19	Other borrowed funds	(555,225)	133,651
20	Derivatives and other financial liabilities	81,843	-
21	Other liabilities	(3,534,479)	(6,398,442)
22	Payments from reserves	(146,182)	(1,654)
I	Net cash flow generated from operating activities	10,652,500	19,750,331

The accompanying notes are an integral part of these consolidated financial statements.

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

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2009

	Year ended 31/12/2009 VND million	From 1/6/2008 to 31/12/2008 VND million
CASH FLOWS FROM INVESTMENT ACTIVITIES		
1 Payments for purchases of fixed assets	(545,666)	(384,782)
2 Proceeds from disposals of fixed assets	7,463	2,088
3 Payments for disposals of fixed assets	(238)	(182)
7 Payments for investments in other entities	(455,942)	(776,326)
8 Proceeds from disposals of investments in other entities	93,188	-
9 Dividends received from long-term investments	160,681	118,992
II Net cash flow from investment activities	(740,514)	(1,040,210)
CASH FLOWS FROM FINANCING ACTIVITIES		
4 Dividends paid	(768,460)	(78,600)
III Net cash flow from financing activities	(768,460)	(78,600)
IV Net cash flows during the year/period	9,143,526	18,631,521
V Cash and cash equivalents at the beginning of the year/period	63,458,405	44,826,884
VII Cash and cash equivalents at the end of the year/period (Note 32)	72,601,931	63,458,405
SIGNIFICANT NON-CASH TRANSACTIONS		
Dividends for the year ended 2008 advanced in December 2008 (Note 20(c))	78,600	-

Prepared by:  Phung Nguyen Hai Yen
Deputy Director of Finance and Accounting Department

Approved by:  Nguyen Thi Hoa
Chief Accountant

  Nguyen Thi Tam
Deputy General Director

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated financial Statements

For the year ended 31 December 2009

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

1. Reporting entity

(a) Establishment and operations

Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") was established upon the transformation from a state-owned commercial bank following an approval of the Prime Minister on the equitisation plan of the Bank for Foreign Trade of Vietnam and in accordance with other relevant regulations. The Bank was granted Banking Licence No. 138/GP-NHNN dated 23 May 2008 by the State Bank of Vietnam ("the SBV") for a period of 99 years and Business Registration Certificate No. 0103024468 dated 2 June 2008 by the Hanoi's Department of Planning and Investment.

The principal activities of the Bank are to mobilise and receive short, medium and long-term deposit funds from organisations and individuals; lend to organisations and individuals up to the nature and ability of the Bank's capital resources; conduct settlement and cash services; and other banking services as approved by the SBV; conduct investments in associates, joint-ventures and other companies; investments in bonds and dealing in foreign exchange in accordance with prevailing regulations.

(b) Chartered capital

Under Banking Licence No. 138/GP-NHNN dated 23 May 2008 issued by the SBV and Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by the Hanoi's Department of Planning and Investment, the Bank's chartered capital is VND12,100,860,260,000. The face value per share is VND10,000.

	31/12/2009		31/12/2008	
	Number of shares	%	Number of shares	%
Shares owned by the State (represented by the State Capital Investment Corporation ("SCIC"))	1,097,800,600	90.72%	1,097,800,600	90.72%
Shares owned by others	112,285,426	9.28%	112,285,426	9.28%
	1,210,086,026	100%	1,210,086,026	100%

(c) Information on the equitisation of the Bank

The Bank for Foreign Trade of Vietnam was equitised under Decision No. 1289/QĐ-TTg dated 26 September 2007 of the Prime Minister regarding the approval of the equitisation plan of the Bank for Foreign Trade of Vietnam. The enterprise value and the bid price of its share are in accordance with Decision 2900/QĐ-NHNN dated 30 November 2007 issued by the SBV. On 26 December 2007, the Bank for Foreign Trade of Vietnam conducted an initial public offering.

Notes to the Consolidated financial Statements (continued)

For the year ended 31 December 2009

The equitisation process of the Bank for Foreign Trade of Vietnam was implemented in accordance with Decree 109/2007/ND-CP dated 26 June 2007 issued by the Government and Circular 146/2007/TT-BTC dated 6 December 2007 issued by the Ministry of Finance ("the MoF") on equitisation program for 100% state owned entities. The SBV is the authority responsible for the equitisation of the Bank for Foreign Trade of Vietnam. Therefore, the SBV is the authorised body to announce the enterprise value and approve the finalisation of financial issues, costs relating to the equitisation, financial support paid to redundant employees, proceeds received from issuance of shares during the equitisation process and the value of the capital portion belonging to the State as at the time when the Bank received its Business Registration Licence.

On 3 April 2009, the SBV issued Official Letter No 2347/NHNN-CNH, notifying the necessary preparation work to be completed and the unit to be in charge of conducting the finalisation of financial issues and hand-over of resources between the Bank for Foreign Trade of Vietnam and the Bank.

As at 31 December 2009 and at the date of these consolidated financial statements, the finalisation of the Bank's equitisation and the handover of resources has not been completed. As such, any adjustments, which may arise from the finalisation of the equitisation, have not been determined.

(d) Locations and network

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Ha Noi. As at 31 December 2009, the Bank has one (1) Head Office, one (1) Operations Centre, one (1) Training Centre and sixty five (65) branches nationwide, three (3) local subsidiaries, one (1) overseas subsidiary, four (4) joint ventures, two (2) associates and one (1) overseas representative office located in Singapore.

The Bank and its subsidiaries hereinafter are referred as "Vietcombank".

(e) Subsidiaries

Subsidiary	Operating Licence	Nature of business	% direct shareholding by the Bank
Vietcombank Financial Leasing Company Limited ("VCB Leasing")	Operating Licence No. 05/GP-CTCTTC dated 25 May 2009 granted by the SBV	Finance & non-banking	100%
Vietcombank Securities Company Limited ("VCB Securities")	Operating Licence No. 09/GPHDKD dated 24 April 2002 and Licence No. 12/GPHDLK dated 23 May 2002 granted by the State Securities Commission	Capital market, securities brokerage and investment and financial advisory	100%
Vietcombank Tower 198 Company Limited ("VCB Tower")	Investment Licence No. 1578/GP dated 30 May 1996 and No. 1578/GPDC1 dated 18 April 2006 granted by the Ministry of Planning and Investment	Office leasing	70%
Vietnam Finance Company Limited ("Vinafico")	Investment No. 05456282 granted in 1987 by the Hong Kong Monetary Authority	Finance & non-banking	100%

(f) Number of employees

As at 31 December 2009, Vietcombank has 10,401 employees (31 December 2008: 9,212 employees).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

2. Summary of significant accounting policies

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

(a) Basis of financial statement preparation

The consolidated financial statements, expressed in Vietnam Dong ("VND") rounded to the nearest million ("VND million"), have been prepared in accordance with Vietnamese Accounting Standard ("VAS"), the requirements of the Vietnamese Accounting System for Credit Institutions and other relevant accounting regulations stipulated by the SBV, and the accounting principles generally accepted in Vietnam. The Bank also prepared the separate financial statements for the year ended 31 December 2009.

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the direct method. For the period from 1 June 2008 to 31 December 2008, the consolidated statement of cash flow was prepared using the indirect method. The accounting policies have been consistently applied by Vietcombank. Except for the consolidated statement of cash flows, the accounting policies are consistent with those used in the period from 1 June 2008 to 31 December 2008.

(b) Fiscal year

Vietcombank's fiscal year is from 1 January to 31 December. The first consolidated fiscal period of Vietcombank was from 1 June 2008 to 31 December 2008. Therefore, the comparative figures for the consolidated statement of income and consolidated statement of cash flows are for the period from 1 June 2008 to 31 December 2008.

(c) Prior period adjustments

Having accepted the adjustments raised by the State Auditors following the minute dated 5 February 2010, Vietcombank retrospectively restated the balances as at 31 December 2008 and for the period from 1 June 2008 to 31 December 2008. Impacts of those adjustments on the figures as of 31 December 2008 were as follows:

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

	Note	31/12/2008 (as previously reported) VND million	31/12/2008 (adjustments) VND million	31/12/2008 (restated) VND million
Balance sheet				
Allowance for loans and advances to customers	8	(4,264,201)	88,859	(4,175,342)
Allowance for diminution in the value of long-term investments	10(c)	(190,212)	87,236	(102,976)
Tangible fixed assets	11	1,043,204	233	1,043,437
Cost		2,641,037	243	2,641,280
Accumulated depreciation		(1,597,833)	(10)	(1,597,843)
Receivables	13(a)	90,594	678,137	768,731
Accrued interest and fee receivable	13(b)	1,686,972	(1,141)	1,685,831
Other assets	13(c)	1,034,064	(714,252)	319,812
Other liabilities	19(b)	7,921,988	21,066	7,943,054
Payable to the State relating to equitisation		3,175,180	22,264	3,197,444
Other liabilities		4,746,808	(1,198)	4,745,610
Provision for contingent liabilities and off-balance sheet commitments	19(c)	791,975	(37,781)	754,194
Retained earnings	20	858,668	155,787	1,014,455
Off-balance sheet items				
Other guarantees		10,446,215	(191,325)	10,254,890
Undrawn loan commitments		20,711,017	(20,479,606)	231,411
Statement of income				
Interest and similar income	21	11,036,896	(1,598)	11,035,298
Fee and commission income	23	680,881	456	681,337
Other income	27	210,928	257	211,185
Operating expenses	29	(1,730,640)	94,070	(1,636,570)
Allowance and provision expenses for loans and off-balance sheet commitments	30	(2,110,704)	123,186	(1,987,518)
Income tax expense – current	31	(304,608)	(60,584)	(365,192)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

Certain corresponding figures have been reclassified to conform with the current year's presentation as follows:

	31/12/2008 (as previously presented) VND million	31/12/2008 (reclassified) VND million
Investments in associates	31,331	27,489
Other long-term investments	1,971,758	1,975,600
Allowance for diminution of trading securities	(131,989)	(94,655)
Allowance for diminution of investment securities	(300,578)	(337,912)
Borrowings from other credit institutions	2,546,550	5,093,101
Other borrowed funds	3,101,795	555,244

As described in Note 2(a), during the year Vietcombank changed the method of preparation of the consolidated statement of cash flows from the indirect method to the direct method. As a result, the consolidated statement of cash flows for the period from 1 June to 31 December 2008 has been represented using the direct method.

(d) Foreign currency transactions

Vietcombank maintains its accounting system and records all transactions in original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the inter-bank rates prevailing on the balance sheet date. Non-monetary foreign currency assets and liabilities are reported using the exchange rate effective at the date of the transaction. The income and expenses in foreign currencies are recognised in the consolidated income statement in VND at exchange rates at the dates of transactions.

Foreign exchange differences arising from revaluation of foreign currency trading accounts are recorded in the consolidated statement of income.

For the purpose of accounting for the investments in associates and joint-ventures using the equity method and full consolidation of subsidiaries into the consolidated financial statements, assets and liabilities and equity accounts of these companies are translated into VND at the spot rate of exchange ruling at the balance sheet date, and the consolidated statement of income is translated at the average exchange rate for the year. The exchange differences arising on the translation are taken to equity in the consolidated balance sheet.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(e) 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 subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company balances, transactions and profit/loss on transactions between those companies and the Bank are eliminated. The accounting policies of subsidiaries have been changed where necessary to ensure the consistency with the policies adopted by the Bank.

(ii) Minority interest

Minority interest is the portion of the profit or loss and net assets of a subsidiary attributable to equity interest that are not owned, directly or indirectly through subsidiaries, by the Bank.

(iii) Associates and joint ventures

Associates are those entities in relation to which the Bank has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Bank holds from 20 to 50 percent of the voting power of a certain entity. Joint ventures are those entities over whose activities the Bank has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The Bank uses the equity method for consolidating its investments in associates and joint ventures in the consolidated financial statements. The Bank's share of its associates' and joint-ventures' post acquisition profits or losses is recognised in the consolidated statement of income. When the Bank's share of losses in an associates and joint ventures equals or exceeds the carrying amount of its investment in the associates and joint ventures, the Bank does not recognise further losses in its consolidated financial statements, unless it has obligations to pay on behalf of the associates and joint ventures. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Bank.

(f) Cash and cash equivalents

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(g) Investments

(i) Classification

Investment securities

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

Trading securities

Trading securities are defined as debt securities or equity securities, which are bought and held for the purpose of reselling within one year to gain profit on changes in price. Trading securities are initially recognised at cost at date of the transaction. They are subsequently measured at the lower of cost and market value. Gains or losses from the disposal of trading securities are recognised in the consolidated statement of income.

Available-for-sale investment securities

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

Held-to-maturity investment securities

Held-to-maturity investment securities are debt securities, with fixed or determinable payments and maturities where Vietcombank's management has the positive intention and ability to hold until maturity.

Capital contribution and long-term investments

Investments in associates and joint-venture company

Associates are those entities in relation to which the Bank has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Bank holds from 20 to 50 percent of the voting power of a certain entity. Joint ventures are those entities over whose activities the Bank has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in subsidiaries, associates and joint – ventures entities are stated at cost less allowance for diminution in value of investments in the consolidated financial statements.

Other 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 capital contributions, investments into joint-ventures and associates).

(ii) Recognition

Vietcombank recognises securities and other long-term investments on the date it becomes a party to the effective contractual provisions of the investments (trade date accounting).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(iii) Measurement

Investment securities are initially stated at cost of acquisition. They are subsequently measured at the lower of cost and market value. Premiums and discounts arising from purchases of debt securities are amortised to the consolidated statement of income using straight-line basis over the period from the acquisition dates to maturity date.

Investments are stated at cost less allowance for diminution. Cost is determined on a weighted average basis.

In accordance with Circular 12/2006/TT-BTC issued by the MoF on 21 February 2006, credit institutions are required to make an allowance for long term investments (including allowance for diminution of investment in securities) in accordance with regulations applicable to enterprises.

For the period from 1 June 2008 to 31 December 2008, allowance for diminution of long-term securities investments was determined using valuation techniques.

(iv) De-recognition

Investments in securities are derecognised when the rights to receive cash flows from the investments have expired or Vietcombank has transferred substantially all risks and rewards of ownership.

(h) Loans and advances to customers

Loans and advances to customers are stated on consolidated balance sheet at cost less an allowance for doubtful debts.

Decision No. 493/2005/QD-NHNN dated 22 April 2005 issued by the SBV ("Decision 493"), which was amended and supplemented by Decision No. 18/2007/QD-NHNN dated 25 April 2007 issued by the SBV ("Decision 18"), requires specific allowance to be made for loans and advances based on loan gradings and corresponding allowance rate against principal outstanding as at 30 November less allowed value of collateral as follows:

Allowance rate

Group 1 – Current	0%
Group 2 – Special mentioned	5%
Group 3 – Sub-standard	20%
Group 4 – Doubtful	50%
Group 5 – Loss	100%

In addition, Vietcombank is required to make a general allowance of 0.75% of outstanding loans that are classified from Group 1 to Group 4 as at the balance sheet date. Such general allowance is required to be made in full within 5 years from the effective date of Decision 493. As at 31 December 2009, Vietcombank provided a general allowance of 0.75% of the above balances as at 30 November 2009 (31 December 2008: 0.75% of the above balances as at 30 November 2008).

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(i) Provision for off-balance sheet commitments

In accordance with Decision 493 and Decision 18, Vietcombank is also required to classify guarantees, acceptances, undrawn loan commitments which are irrevocable into 5 groups (Note 2(h)) and make specific provisions accordingly).

In addition, Vietcombank is required to make a general provision of 0.75% of total irrevocable outstanding letters of guarantee, letters of credit, and commitment of financing to customers as at the balance sheet date. Such general provision is required to be made in full within 5 years from the effective date of Decision 493. As at 31 December 2009, Vietcombank provided a general provision of 0.75% of the above balances as at 30 November 2009 (31 December 2008: 0.75% of the above balances as at 30 November 2008).

(j) 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 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:

• premises	25 years
• office furniture, fittings and equipment	3-5 years
• motor vehicles	6 years
• others	4 years

(k) Intangible fixed assets

(i) Land use rights

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use right. Amortisation is computed on a straight-line basis over the lease term.

Land use rights are not amortised if they have an indefinite term.

(ii) Other intangible fixed assets

Copyrights and patents and other intangible fixed assets are amortised on a straight-line basis over 4 years.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(l) Deposits and certificates of deposits

Deposits and certificates of deposits are stated at cost.

(m) Provision for severance allowance

Under the Vietnamese Labour Code, when employees who have worked for the Bank and its subsidiaries in Vietnam for 12 months or more ("eligible employees") voluntarily terminates their labour contract, the employer is required to pay the eligible employees severance allowance calculated based on years of service and employees' compensation at termination. Provision for severance allowance has been provided at 3% of the basic salary which is used for calculating Social Insurance contribution of the Bank and its subsidiaries in Vietnam.

Pursuant to Law on Social Insurance, effective from 1 January 2009, the Bank, its subsidiaries in Vietnam and their employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees' basic salary or 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of the unemployment insurance scheme, the Bank and its subsidiaries in Vietnam are no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to existing eligible employees as of 31 December 2008 will be determined based on the eligible employees' years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

(n) Capital and reserves

(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.

(iii) Treasury shares

When share capital recognised as equity is purchased, the amount of the consideration paid, which includes directly attributable costs, net off any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(iv) Reserves

Reserves are for specific purposes and distributed from net profit after tax and at prescribed rates as below:

- Supplementary chartered capital reserve: 5% of net profit after tax and does not exceed 10% of the Bank's chartered capital.
- Financial provision reserve: 10% of net profit after tax and does not exceed 25% of the Bank's chartered capital.

Reserve to supplement capital and financial provision reserve are not distributable.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

- Bonus and welfare reserves: does not exceed 3 month salary expense, as per the Official Letter No.7426/NHNN-TCCB dated 24 September 2009 of the SBV.

- Investment, development reserves and other reserves: to be made upon the Decision of the Shareholders meeting

The remaining of the net profit after tax, after allocation to reserves and dividend, is recorded as retained earnings of the Bank.

Vietcombank Securities Co., Ltd sets up reserves in accordance with Circular 24/2007/TT-BTC issued by the MoF on 27 March 2007.

(o) Revenue

(i) Interest income

Interest income of outstanding loans classified in Group 1 is recognised in the consolidated statement of income on an accrual basis. Interest on loans classified in Group 2 to Group 5 as defined in Note 2(h) is recognised upon receipt.

(ii) Fees, commissions and dividend income

Fees and commissions are recognised on an accrual basis. Dividends receivable in cash are recognised in the consolidated statement of income when Vietcombank's right to receive payment is established.

(iii) Dividends received in the form of shares

Dividends received in the form of shares, bonus shares and rights to purchase shares of the existing shareholders, dividends received by Vietcombank in form of shares distributed from retained earnings are recognised as an increase in the value of the investment and as income in the consolidated statement of income.

(iv) Interest subsidy

During the year, having implemented policies of the Government and the SBV on interest subsidy program in which the qualified customers were subsidised 4% of interest rate on loans granted by the Bank. The interest income portion representing this 4% per annum was recorded as receivable from the State Budget.

(p) Interest expense

Interest expense is recorded on an accrual basis.

(q) 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.

(r) Earnings per share

Vietcombank presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of Vietcombank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(s) Taxation

Income tax on the profit or loss for the year comprises of 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 substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing 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 substantively enacted at the balance sheet date.

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.

(t) Related parties

Entities and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Bank and its subsidiaries are related parties of the Bank. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank and its subsidiaries that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Bank and close members of the family of these individuals and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Government of Vietnam, through the SCIC, is the major shareholder of the Bank. For the purpose of these consolidated financial statements, the only Government agencies considered as related parties of the Bank are the SCIC, the MoF and the SBV.

(u) Segment reporting

A segment is a distinguishable component of Vietcombank 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. Vietcombank's primary format for segment reporting is based on geographical.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(v) Off-balance sheet items

(i) Foreign exchange contracts

Vietcombank 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 either purchase or sell a designated currency at a specific future date for a specific exchange rate and are settled in cash. Forward contracts are recorded at nominal value on the balance sheet at the transaction date and are subsequently revalued 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 revalued on the balance sheet date; the difference on revaluation is recognised in the consolidated statement of income.

(ii) Commitments and contingent liabilities

Vietcombank has outstanding credit commitments. Vietcombank 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 the amounts do not represent expected future cash flows.

(iii) Payments received in the form of shares

Payments received in the form of shares from investees which are made from other sources other than the retained earnings of the investees are not recorded in the consolidated statement of income but as off-balance sheet items instead.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

3. Cash, gold, silver and gemstones on hand

	31/12/2009 VND million	31/12/2008 VND million
Cash on hand in VND	2,768,590	2,120,887
Cash on hand in foreign currencies	1,328,320	1,090,845
Valuable papers in foreign currencies	10,416	16,136
Gold	377,824	254,341
	4,485,150	3,482,209

4. Balances with the State Bank of Vietnam

	31/12/2009 VND million	31/12/2008 VND million
Current account in VND	7,491,646	4,098,428
Current account in USD	17,683,028	26,462,989
	25,174,674	30,561,417

These consist of a compulsory reserve for liquidity and a current account.

Under the SBV's regulations relating to the compulsory reserve, banks are permitted to maintain a floating balance for the compulsory reserve requirements ("CRR").

The monthly average balance of the reserves must not be less than CRR rates multiply with preceding month's average balances of deposits.

The CRR rate applied at the year ended are:

Type of deposits	31/12/2009	31/12/2008
Deposits in VND with term of less than 12 months	3%	6%
Deposits in VND with term of and more than 12 months	1%	2%
Deposits in foreign currencies with term of less than 12 months	7%	7%
Deposits in foreign currencies with term of and more than 12 months	3%	3%

Effective annual interest rates at the year end are:

	31/12/2009	31/12/2008
Current account in VND	0%	0%
Current account in USD	0.1%	1%
Compulsory reserve in VND	1.2%	1.2% - 10%
Compulsory reserve in USD	0%	0%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

5. Balances with and loans to credit institutions

	31/12/2009 VND million	31/12/2008 VND million
Balance with other credit institutions		
Demand deposit in VND	135,185	53,613
Demand deposit in foreign currencies	10,807,667	6,294,195
Term deposits in VND	10,111,700	10,390,522
Term deposits in foreign currencies	25,426,290	12,606,967
	46,480,842	29,345,297
Loans to other credit institutions		
Loans in VND	534,189	997,889
Loans in foreign currencies	448,029	33,955
	982,218	1,031,844
General allowance for loans to other credit institutions	(6,398)	(9,369)
	975,820	1,022,475
	47,456,662	30,367,772

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

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 VND million
Opening balance	9,369	13,834
Reversal of allowance made during the year/period (Note 30)	(2,971)	(4,465)
Closing balance	6,398	9,369

Effective annual interest rates at the year end are:

	31/12/2009	31/12/2008
Demand deposit in VND	0%	0%
Demand deposit in foreign currencies	0%	0%
Term deposits in VND	9.8% - 12%	6.5% - 21%
Term deposit in foreign currencies	0.07% - 5%	0.05% - 9%
Loans in VND	8.1% - 12%	6.5% - 21%
Loans in foreign currencies	0.5% - 6.2%	0.9% - 8.5%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

6. Trading securities

	31/12/2009 VND million	31/12/2008 (restated) VND million
Equity securities		
Equity securities issued by other credit institutions	-	121,315
Equity securities issued by local economic entities	6,001	282,383
	6,001	403,698
Allowance for diminution in the value of trading securities	(233)	(94,655)
	5,768	309,043

Listing status of securities is as follows:

	31/12/2009 VND million	31/12/2008 VND million
Equity securities		
Listed	6,001	279,506
Unlisted	-	124,192
	6,001	403,698

Movement in allowance for diminution in the value of trading securities were as follow:

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 (restated) VND million
Opening balance	94,655	124,001
Reversal of allowance during the year/period (Note 25)	(94,422)	(29,346)
Closing balance	233	94,655

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

7. Loans and advances to customers

	31/12/2009 VND million	31/12/2008 VND million
Loans to local corporations and individuals	139,628,737	110,794,167
Discounted bills and valuable papers	911,080	889,873
Financial lease	1,044,858	1,084,152
Loans given to make payments on behalf of customers	6,745	11,096
Loans to foreign individuals and enterprises	29,706	-
Blocked loans and loans awaiting resolution	-	13,677
	141,621,126	112,792,965

Loan portfolio by loan group is as follows:

	31/12/2009 VND million	31/12/2008 VND million
Current	130,088,700	104,529,600
Special mentioned	8,033,742	3,061,320
Sub-standard	440,649	921,191
Doubtful	394,977	813,087
Loss	2,663,058	3,467,767
	141,621,126	112,792,965

Loan portfolio by term is as follows:

	31/12/2009 VND million	31/12/2008 VND million
Short - term	73,706,171	59,343,948
Medium - term	18,173,642	13,571,270
Long - term	49,741,313	39,877,747
	141,621,126	112,792,965

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

Loan portfolio by type of borrowers is as follows:

	31/12/2009 VND million	31/12/2008 VND million
State owned companies	56,228,609	52,919,287
Limited companies	21,992,871	15,780,959
Foreign invested enterprises	11,495,821	9,640,296
Co-operative and private companies	6,190,863	3,673,869
Individuals	13,676,950	10,859,365
Others	32,036,012	19,919,189
	141,621,126	112,792,965

Loan portfolio by industry sectors is as follows:

	31/12/2009 VND million	31/12/2008 VND million
Construction	11,144,304	7,552,473
Electricity, gas, water supplying	8,125,594	4,734,813
Processing and manufacturing	54,568,332	44,831,131
Mining	8,831,119	8,176,716
Agriculture, forestry and aquaculture	1,944,886	2,414,403
Transportation, logistics and communication	10,416,625	7,434,487
Trading and service	35,928,224	24,990,989
Hospitality	3,042,568	2,843,598
Other industries	7,619,474	9,814,355
	141,621,126	112,792,965

Effective annual interest rates at the year end are:

	31/12/2009	31/12/2008
Loans and advances in USD	4% - 11.6%	5% - 8%
Loans and advances in VND	7.3% - 20.5%	8.5% - 21%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

8. Allowance for loans and advances to customers

	31/12/2009 VND million	31/12/2008 (restated) VND million
General allowance	1,072,050	761,510
Specific allowance	3,553,070	3,413,832
	4,625,120	4,175,342

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

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 (restated) VND million
Opening balance	761,510	809,988
Allowance made /(reversal) during the year/period (Note 30)	297,245	(51,332)
Foreign exchange difference	8,071	2,854
Others (adjustment for last year movement)	5,224	-
Closing balance	1,072,050	761,510

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

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 (restated) VND million
Opening balance	3,413,832	2,010,116
Allowance made during the year/period (Note 30)	403,959	1,867,421
Allowance utilisation for writing off bad debt during the year/period	(261,711)	(463,705)
Foreign exchange difference	2,214	-
Others (adjustment for last year movement)	(5,224)	-
Closing balance	3,553,070	3,413,832

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

9. Investment securities

(a) Available-for-sale securities

	31/12/2009 VND million	31/12/2008 (reclassified) VND million
Debt securities		
Government bonds	11,070,652	19,353,491
Issued by local credit institutions	9,836,153	9,624,404
Issued by local economic entities	-	960,364
Equity securities		
Issued by local credit institutions	94,997	-
Issued by local economic entities	18,547	11,541
Other securities		
Trust investment	-	311,762
	21,020,349	30,261,562
Allowance for diminution in the value of available for sale securities	(86,896)	(337,912)
	20,933,453	29,923,650

As at 31 December 2009, Government bonds amounted to VND5,750 billion (31 December 2008: nil) were pledged with the SBV as the security for borrowings from the SBV (Note 14).

Movements in allowance for diminution in value of available for sale securities were as follows:

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 (reclassified) VND million
Opening balance	337,912	-
Allowance made during the year/period	-	337,912
Allowance reversal during the year/period (Note 26)	(251,016)	-
Closing balance	86,896	337,912

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(b) Held-to-maturity securities

	31/12/2009 VND million	31/12/2008 VND million
Government bonds	2,350,000	3,079,552
Debt securities issued by local credit institutions	531,354	73,480
Debt securities issued by local entities	-	1,535
Debt securities issued by foreign entities (i)	2,691,150	2,546,550
Investments trusted to a foreign fund manager (ii)	6,265,215	5,942,359
Investments trusted to a local fund manager (iii)	202,924	-
	12,040,643	11,643,476
Allowance for diminution in the value of held to maturity securities	(339,209)	-
	11,701,434	11,643,476

(i) Debt securities issued by foreign credit institutions

This represents a note of USD150 million issued by UBS AG – Jersey branch with conditions that at least the principal amounts are guaranteed to maturity (i.e. 23 April 2010) by the issuer.

(ii) Investments trusted to a foreign fund manager

This represents an investment with an initial amount of USD350 million which is managed by Pacific Investment Management Company ("PIMCO"), a company located in Newport Beach (the United States of America) which established PIMCO Asia Limited in Hong Kong, which signed the investment management agreement with the Bank on 1 June 2007.

As at 31 December 2009 and 31 December 2008, the investments comprised debt securities including corporate bonds, certificate of deposits issued by foreign credit institutions, and US government bonds.

As at 31 December 2009, corporate bonds amounted to VND4,754 billion were pledged as the security for a borrowing of the Bank amounted to VND4,485 billion (Note 15).

Movements in allowance for diminution in the value of these investments are as follows:

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 VND million
Allowance made during the year/period and closing balance (Note 26)	339,209	-

(iii) Trusted investment for foreign entities

Trusted investment represents an amount of VND202 billion which is managed by Vietcombank Investment Management Company ("VCBF").

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

10. Long-term investments

(a) Investments in joint-ventures

As at 31 December 2009

	Business sector	% share-holding	At cost VND million	At carrying value VND million
ShinhanVina Bank	Bank	50%	484,340	778,348
Vietcombank-Bonday-Benthanh Joint Venture Company Limited	Hotel	52%	144,760	152,953
Vietcombank Fund Management Joint Venture Company	Investment fund management	51%	19,381	47,926
Vietcombank-Cardiff Life Insurance Company Limited	Life insurance	45%	270,000	291,491
			918,481	1,270,718

As at 31 December 2008

	Business sector	% share-holding	At cost VND million	At carrying value VND million
ShinhanVina Bank	Bank	50%	484,340	684,792
Vietcombank-Bonday-Benthanh Joint Venture Company Limited	Hotel	52%	144,760	152,809
Vietcombank Fund Management Joint Venture Company	Investment fund management	51%	19,381	41,156
Vietcombank-Cardiff Life Insurance Company Limited	Life insurance	45%	270,000	270,000
			918,481	1,148,757

The Bank owns 52% and 51% of the total capital of the Vietcombank-Bonday-Ben Thanh Joint Venture Company Limited and Vietcombank Fund Management respectively. However, according to these companies' charters, it is required that unanimity among related parties must be reached regarding to all important decisions on the companies' operational and financial matters. Therefore, the fact that the Bank owns more than half of the companies' capital does not necessarily constitute control over these companies. As a result, the investments in the above companies are treated as "Investment in joint ventures" rather than "Investment in subsidiaries".

The Bank owns 45% of the total capital of Vietcombank-Cardiff Life Insurance Company Limited. However, according to this company's charter, it is required that unanimity among related parties must be reached regarding to all important decisions on the company's operational and financial matters. As a result, the investment in this company is classified as "Investment in joint ventures" rather than "Investment in associates".

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(b) Investments in associate companies

As at 31 December 2009

	Business sector	% share-holding	At cost VND million	At carrying value VND million
Vietcombank-Bonday Joint Venture Company Limited	Office rental	16%	30,934	15,117
Vietcombank Partners Fund 1	Investment fund	11%	16,500	7,733
			47,434	22,850

During the year, Vietcombank Partners Fund 1 redeemed VND5.5 billion to the Bank.

As at 31 December 2008 (reclassified)

	Business sector	% share-holding	At cost VND million	At carrying value VND million
Vietcombank-Bonday Joint Venture Company Limited	Office rental	16%	30,934	16,482
Vietcombank Partners Fund 1	Investment fund	11%	22,000	11,007
			52,934	27,489

The Bank has significant influence but no control, through its participation in the Board of Directors and the Fund Representative Board of these respective parties, over the financial and operational policies of these companies. Therefore, the investments in the above companies are classified in "Investments in associates" rather than "Other long-term investments".

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(c) Other long-term investments

As at 31 December 2009

	Business sector	% share-holding	VND million
Vietnam Export-Import Commercial Joint Stock Bank	Bank	8.76 %	632,065
Saigon Bank for Industry and Trade	Bank	6.63 %	93,408
Military Commercial Joint Stock Bank	Bank	11 %	812,641
Gia Dinh Joint Stock Commercial Bank	Bank	15.11 %	238,300
Orient Commercial Joint Stock Bank	Bank	6.9 %	137,907
Central Peoples's Credit Fund	Credit Fund	0.37 %	5,000
Small & Medium Enterprises Credit Guarantee Fund	Credit services	0.93 %	1,800
SWIFT, MASTER and VISA	Card services	-	761
Petrolimex Insurance JSC	Insurance	10 %	34,300
PV Drilling JSC	Drilling	3.04 %	66,386
Gentraco JSC	Food services	3.89 %	4,024
Ho Chi Minh City Infrastructure Investment	Construction	1.78 %	13,676
Nha Rong Insurance Company	Insurance	7.5 %	12,540
Saigon Postel Company	Tele-communication	3.85 %	138,072
PVTRANS Pacific JSC	Transportation	10 %	120,000
PCB Investment Company	Credit information services	1.9 %	380
Cement Financial JSC	Financial services	11 %	33,000
Vietnam Infrastructure Development and Finance Investment JSC	Highway investment	1.5 %	75,000
Vietcombank Real Estate JSC	Real estate	11 %	11,000
Smartlink Card	Card services	8.8 %	3,842
FNBC	Media services	10%	13,440
			2,447,542
Allowance for diminution in the value of investments			(103,380)
			2,344,162

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

As at 31 December 2008 (reclassified)

	Business sector	% share-holding	VND million
Vietnam Export-Import Commercial Joint Stock Bank	Bank	8.76 %	632,065
Saigon Bank for Industry and Trade	Bank	9.16 %	93,408
Military Commercial Joint Stock Bank	Bank	7.99 %	320,758
Vietnam International Joint Stock Commercial Bank	Bank	2.42%	51,111
Gia Dinh Joint Stock Commercial Bank	Bank	15.11 %	238,300
Orient Commercial Joint Stock Bank	Bank	7.79 %	114,922
Central Peoples's Credit Fund	Credit Fund	4.5 %	5,000
Small & Medium Entities Credit Guarantee Fund	Credit services	3.6 %	1,800
SWIFT, MASTER and VISA	Card services	-	761
Petrolimex Insurance JSC	Insurance	10 %	34,300
PV Drilling JSC	Drilling	4.36 %	59,986
Gentraco JSC	Food services	3.97 %	3,739
Ho Chi Minh City Infrastructure Investment	Construction	1.95 %	12,176
Nha Rong Insurance Company	Insurance	7.5 %	12,540
Saigon Postel Company	Tele-communication	3.85 %	138,072
PVTRANS Pacific JSC	Transportation	10 %	120,000
PCB Investment Company	Credit information services	1.9 %	380
Cement Financial JSC	Financial services	11 %	33,000
Vietnam Infrastructure Development and Finance Investment JSC	Highway investment	1.5 %	75,000
Vietcom real estate JSC	Real estate	11 %	11,000
Smartlink Card	Card services	8.8 %	3,842
FNBC	Media services	10%	13,440
			1,975,600
Allowance for diminution in the value of investments – restated			(102,976)
			1,872,624

Movements in allowance for diminution in the value of investments were as follows:

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 (restated) VND million
Opening balance	102,976	-
Allowance made during the year/period (Note 29)	404	102,976
Closing balance	103,380	102,976

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

11. Tangible fixed assets

	Premises	Office furniture, fittings and equipment	Motor Vehicles	Others	Total
	VND million	VND million	VND million	VND million	VND million
Cost					
Opening balance - restated	578,939	1,665,740	219,689	176,912	2,641,280
Additions	23,849	372,939	56,578	56,531	509,897
- Purchases	23,176	372,358	56,572	56,513	508,619
- Others	673	581	6	18	1,278
Decreases	(1,667)	(16,817)	(5,610)	(2,342)	(26,436)
- Disposal	(793)	(16,651)	(5,610)	(2,326)	(25,380)
- Others	(874)	(166)	-	(16)	(1,056)
Foreign exchange difference	19,836	7,699	45	166	27,746
Closing balance	620,957	2,029,561	270,702	231,267	3,152,487
Accumulated depreciation					
Opening balance - restated	204,070	1,179,112	109,366	105,295	1,597,843
Additions	25,331	297,756	33,562	26,184	382,833
- Charge for the year	25,351	297,873	33,562	26,052	382,838
- Others	(20)	(117)	-	132	(5)
Decreases	(490)	(16,767)	(5,596)	(2,281)	(25,134)
- Disposal	(490)	(16,609)	(5,596)	(2,262)	(24,957)
- Others	-	(158)	-	(19)	(177)
Foreign exchange difference	7,261	7,675	39	129	15,104
Closing balance	236,172	1,467,776	137,371	129,327	1,970,646
Net book value					
Opening balance-restated	374,869	486,628	110,323	71,617	1,043,437
Closing balance	384,785	561,785	133,331	101,940	1,181,841

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

12. Intangible fixed assets

	Leasehold land use right	Copyrights and patents	Others	Total
	VND million	VND million	VND million	VND million
Cost				
Opening balance	274,317	113,987	77,515	465,819
Additions	17,457	18,709	1,590	37,756
- Purchases during the year	16,748	18,709	1,590	37,047
- Other	709	-	-	709
Disposal	(4,400)	-	-	(4,400)
Foreign exchange difference	1,327	-	2	1,329
Closing balance	288,701	132,696	79,107	500,504
Accumulated depreciation				
Opening balance	14,384	71,877	61,909	148,170
Charge for the year	3,501	24,411	679	28,591
Foreign exchange difference	322	-	2	324
Closing balance	18,207	96,288	62,590	177,085
Net book value				
Opening balance	259,933	42,110	15,606	317,649
Closing balance	270,494	36,408	16,517	323,419

13. Other assets

(a) Receivables

	31/12/2009	31/12/2008 (restated)
	VND million	VND million
Internal receivables	144,677	176,872
External receivables (i)	1,420,849	591,859
	1,565,526	768,731

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(i) External receivables

	31/12/2009 VND million	31/12/2008 (restated) VND million
Advances for the purchase of fixed assets	380,750	395,292
Receivable from SBV in relation to the interest subsidy program	550,343	-
Advance for corporate income tax	2,989	47,227
VAT receivables	104	92
Construction in progress (*)	227,776	82,702
Foreclosed assets – net (**)	31,843	39,805
Other receivables	227,044	26,741
	1,420,849	591,859

(*) Construction in progress

	31/12/2009 VND million	31/12/2008 VND million
Construction in progress	227,776	82,702
<i>In which, large constructions include office building construction of:</i>		
<i>South Sai Gon</i>	82,716	-
<i>Thanh Cong Branch</i>	45,533	28,344
<i>Vinh Branch</i>	18,933	12,907
<i>Ha Tinh Branch</i>	16,371	7,695
<i>Da Nang Branch</i>	10,221	5,726
<i>Gia Lai Branch</i>	7,860	3,673
<i>Quang Nam Branch</i>	7,532	6,427
<i>Hai Duong Branch</i>	9,336	5,552

(**) Foreclosed assets - net

	31/12/2009 VND million	31/12/2008 (restated) VND million
Cost - restated	61,589	65,518
Less: Allowance for diminution, represented by:		
<i>Opening balance</i>	(29,746)	(25,713)
<i>Decrease foreclosed assets</i>	-	32,260
<i>Allowance made during the year/period (Note 30)</i>	(4,033)	(47)
	31,843	39,805

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(b) Accrued interest and fee receivables

	31/12/2009 VND million	31/12/2008 (restated) VND million
From loans and advances to customers	610,879	738,279
From balances with and loans to other credit institutions	27,601	156,350
From investment securities	861,182	791,189
From currency swap transactions	116,085	-
Others	462	13
	1,616,209	1,685,831

(c) Other assets

	31/12/2009 VND million	31/12/2008 (restated) VND million
Prepaid expenses for office and fixed assets rental	180,995	136,354
Materials	44,219	25,987
Receivables relating to card transactions	123,366	143,109
Other assets	69,431	14,362
	418,011	319,812

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

	31/12/2009 VND million	31/12/2008 VND million
Borrowings from the SBV	5,326,079	40,534
Borrowings collateralised by valuable papers	5,303,920	23,912
Borrowings under special assistance programs	-	5,002
Other borrowings	22,159	11,620
Others	17,252,321	9,475,099
Deposit from the State Treasury	8,567,342	5,584,909
Deposit from the SBV	8,684,979	3,890,190
	22,578,400	9,515,633

Borrowings from the SBV as at 31 December 2009 were secured by government bonds amounted to VND5,750 billion (31 December 2008: nil) (Note 9(a)).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

15. Deposits and borrowings from other credit institutions

	31/12/2009	31/12/2008 (reclassified)
	VND million	VND million
Deposits	31,977,936	21,353,964
Demand deposits in VND	2,404,356	3,287,285
Demand deposits in foreign currencies	19,346,483	8,564,021
Term deposits in VND	3,853,632	6,477,118
Term deposits in foreign currencies	6,373,465	3,025,540
Borrowings	6,857,580	5,093,101
Borrowings in VND	40,000	-
Borrowings in foreign currencies	6,817,580	5,093,101
	38,835,516	26,447,065

VND4,485 billion out of the borrowings from other credit institutions in foreign currencies as at 31 December 2009 were secured by corporate bonds with carrying value of VND4,754 billion held in a fore (Note 9(b)).

Effective annual interest rates at the year end are as follows:

	31/12/2009	31/12/2008
Demand deposits in VND	0.15% - 2.4%	0.15% - 1.2%
Demand deposits in foreign currencies	0.1% - 1.5%	0.5% - 1.5%
Term deposits in VND	8.52% - 12%	6% - 21%
Term deposits in foreign currencies	0.1% - 2.4%	0.1% - 4.81%
Borrowings in VND	12%	-
Borrowings in foreign currencies	0.96% - 2.41%	3.47% - 4.92%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

16. Deposits from customers

	31/12/2009	31/12/2008
	VND million	VND million
Demand deposits	47,256,093	52,456,086
Demand deposits in VND	29,180,004	25,143,749
Demand deposits in foreign currencies	18,076,089	27,312,337
Term deposits	117,061,369	101,118,042
Term deposits in VND	70,919,040	59,149,764
Term deposits in foreign currencies	46,142,329	41,968,278
Deposits for specific purposes	3,152,533	2,464,577
Margin deposits	1,601,567	1,028,314
	169,071,562	157,067,019

Deposits from customers by type of customers are as follows:

	31/12/2009	31/12/2008
	VND million	VND million
Economic entities	90,216,895	99,146,339
Individuals	76,964,703	57,242,440
Others	1,889,964	678,240
	169,071,562	157,067,019

Effective annual interest rates at the year end are as follows:

	31/12/2009	31/12/2008
Current accounts in VND	2.4% - 6%	2.4% - 3%
Current accounts in foreign currencies	0.1% - 0.2%	1% - 1.25%
Term deposits in VND	6.6% - 15%	7% - 17.5%
Term deposits in foreign currencies	0.5% - 4.5%	1.75% - 6.8%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

17. Derivatives and other financial liabilities

	31/12/2009		31/12/2008	
	Contract notional value VND million	Carrying value VND million	Contract notional value VND million	Carrying value VND million
Derivatives				
Currency swap contracts	3,670,400	81,843	-	-

18. Valuable papers issued

	31/12/2009 VND million	31/12/2008 VND million
Certificates of deposit	356,214	2,891,388
Short-term in VND	6,265	1,344
Short-term in foreign currencies	31,539	955,150
Medium-term in VND	234,300	93,642
Medium-term in foreign currencies	84,110	1,841,252
Bond and treasury bills	29,844	30,627
Short-term in VND	459	1,143
Short-term in foreign currencies	817	1,859
Medium-term in VND	27,719	26,812
Medium-term in foreign currencies	849	813
	386,058	2,922,015

Effective annual interest rate at the year end as follows:

	31/12/2009	31/12/2008
Short-term certificates of deposit in VND	7.86% - 9.03%	-
Short-term certificates of deposit in foreign currencies	-	-
Medium-term certificates of deposit in VND	8.5% - 9.4%	9.12% - 17.7%
Medium-term certificates of deposit in foreign currencies	-	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

19. Other liabilities

(a) Accrued interest and fees payables

	31/12/2009 VND million	31/12/2008 (restated) VND million
For deposit from customers	1,796,266	2,777,098
For deposits and borrowings from other credit institution	10,492	49,062
For valuable papers issued	2,049	1,629
For swap transactions	39,905	7,825
	1,848,712	2,835,614

(b) Other liabilities

	31/12/2009 VND million	31/12/2008 (restated) VND million
Internal payables (i)	617,011	500,791
External payables (ii)	4,416,196	7,442,263
	5,033,207	7,943,054

(i) Internal payables

	31/12/2009 VND million	31/12/2008 (restated) VND million
Payables to employees (*)	550,203	447,459
Provision for severance allowance	4,393	2,994
Others	62,415	50,338
	617,011	500,791

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(*) Details of payables to employees were as below:

	31/12/2009	31/12/2008 (restated)
	VND million	VND million
Salary payables to employees	527,209	295,174
Others	22,994	152,285
	<u>550,203</u>	<u>447,459</u>

(ii) External payables

	31/12/2009	31/12/2008
	VND million	VND million
Payables to the State relating to equitisation (*)	388,538	3,197,444
Payable relating to cash received from initial public offering (**)	1,108,290	1,109,038
Payables to the State relating to severance allowance	48,698	48,698
Corporate income tax payables	340,966	6,598
Tax payable	33,010	46,035
Interest income on investment in securities received in advance pending for allocation	37,180	500,174
Payables for construction and acquisition of fixed assets	213,683	179,346
Payables for securities investors	691,703	1,030,636
Pending items in settlement	487,560	587,206
Other payables to customer	46,579	327,840
Other pending items in settlement	-	49,355
Interest of special government bonds in the period before transformation to joint-stock bank	-	49,031
Remittance payables	262,199	-
Other payables to the State relating to interest subsidy program	18,702	-
Other payables	739,088	310,862
	<u>4,416,196</u>	<u>7,442,263</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(*) Payables to the State relating to equitisation

	Year ended 31/12/2009	Period from 1/6/2008 to 31/12/2008 (restated)
	VND million	VND million
Opening balance	3,197,444	-
Incurred during the year/period	191,094	3,197,444
- Transfer to retained earnings (Note 20)	-	3,203,847
- Increase of chartered capital of Vietcombank Securities Company Limited from retained earnings as at 31 May 2008	187,600	-
- Expenses for equitisation incurred	-	(6,403)
- Others	3,494	-
Paid during the year/period	(3,000,000)	-
	<u>388,538</u>	<u>3,197,444</u>

During the year ended 31 December 2009, the Bank increased the capital of Vietcombank Securities Company Limited from VND512,400 million to VND 700,000 million. The increase of VND 187,600 million was transferred from retained earnings as at 31 May 2008 of this subsidiary and therefore recorded as an increase in Payables to the State relating to equitisation.

(**) Payable relating to cash received from initial public offering

This represents the remaining premium from the initial public offering when equitising the Bank for Foreign Trade of Vietnam. This balance will be settled upon the approval of the Bank's equitisation.

(c) Provision for contingent liabilities and off-balance sheet commitments

	Year ended 31/12/2009	Period from 1/6/2008 to 31/12/2008 (restated)
	VND million	VND million
Opening balance	754,194	578,347
Provision made in the year/period (Note 30)	86,247	175,847
	<u>840,441</u>	<u>754,194</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

20. Capital and reserves

(a) Statement of changes in equity

	Share capital VND million	Other capital VND million	Reserves					Foreign exchange difference VND million	Asset revaluation reserve VND million	Retained earnings VND million	Total VND million
			Supplement chartered capital reserve VND million	Financial provision reserves VND million	Bonus and welfare funds VND million	Investment and development fund VND million	Total VND million				
Balance at 1/6/2008 – as previously reported	5,702,004	63,615	504,447	940,050	149,719	7,049,830	8,644,046	97,093	9,728	83,531	14,600,017
Adjustments	-	-	-	-	-	-	-	-	-	28,667	28,667
Balance at 1/6/2008 – restated	5,702,004	63,615	504,447	940,050	149,719	7,049,830	8,644,046	97,093	9,728	112,198	14,628,684
Increase during the period											
Profit for the period – restated	-	-	-	-	-	-	-	-	-	1,497,382	1,497,382
Share capital issued to others shareholders	1,122,854	-	-	-	-	-	-	-	-	-	1,122,854
Decrease during the period											
Appropriate to reserve	-	-	64,453	129,620	161,610	1,071	356,754	-	-	(356,754)	-
Utilisation of funds	-	-	(332,582)	(610,408)	(1,654)	-	(1,654)	-	-	-	(1,654)
Transfer to chartered capital representing the state holding	5,440,442	-	-	(4,287,144)	-	(5,230,134)	-	-	-	(210,308)	-
Transfer to payables to the State – restated (Note 19)	(164,440)	-	(165,068)	(294,397)	-	(2,551,275)	(3,010,740)	-	-	(28,667)	(3,203,847)
Transfer to payables to employees	-	-	-	-	(146,715)	-	(146,715)	-	-	-	(146,715)
Revaluation during the year	-	-	-	-	-	-	-	48,386	(855)	-	47,531
Other movements	-	-	-	100	502	-	602	388	-	604	1,594
Balance at 31/12/2008 – restated	12,100,860	63,615	71,250	164,965	163,462	212,482	612,159	145,867	8,873	1,014,455	13,945,829
Increase during the year											
Profit for the year	-	-	-	-	-	-	-	-	-	3,921,355	3,921,355
Other movements	-	-	-	-	-	-	-	21,971	-	-	21,971
Decrease during the year											
Allocation to reserve	-	-	173,802	353,943	447,641	9,507	984,893	-	-	(984,893)	-
Dividends	-	-	-	-	-	-	-	-	-	(847,060)	(847,060)
Utilisation during the year	-	-	-	(1,115)	(145,067)	-	(146,182)	-	-	-	(146,182)
Increase of chartered capital of VCB Securities (Note 19)	-	(16,329)	-	-	-	(171,271)	(171,271)	-	-	-	(187,600)
Other movements	-	(2,126)	-	-	3,940	-	3,940	-	-	206	2,020
Balance at 31/12/2009	12,100,860	45,160	245,052	517,793	469,976	50,718	1,283,539	167,838	8,873	3,104,063	16,710,333

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(b) Details of shareholders of the Bank

	31/12/2009 VND million	31/12/2008 VND million
Ordinary shares		
State	10,978,006	10,978,006
Other shareholders	1,122,854	1,122,854
	12,100,860	12,100,860

The Bank's authorised and issued share capital are:

	31/12/2009		31/12/2008	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	1,210,086,026	12,100,860	1,210,086,026	12,100,860
Issued share capital				
Ordinary shares	1,210,086,026	12,100,860	1,210,086,026	12,100,860
Shares outstanding				
Ordinary shares	1,210,086,026	12,100,860	1,210,086,026	12,100,860

The par value of each ordinary share is VND10,000.

(c) Dividends

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 VND million
Dividend of the year 2008 paid in cash to the State	768,460	-
Dividend of the year 2008 advanced to other shareholders in December 2008	78,600	-
	847,060	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(d) Basic earnings per share

(i) Profit attributable to the shareholders of the Bank

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 (restated) VND million
Net profit after tax	3,921,355	1,497,382
Appropriation to bonus and welfare fund	(447,641)	(161,610)
Profit attributable to the shareholders of the Bank	<u>3,473,714</u>	<u>1,335,772</u>

(ii) Weighted average number of ordinary shares

	Year ended 31/12/2009	Period from 1/6/2008 to 31/12/2008 (restated)
Weighted average outstanding shares	<u>1,210,086,026</u>	<u>1,210,086,026</u>

(iii) Basic earnings per share

	Year ended 31/12/2009 VND	Period from 1/6/2008 to 31/12/2008 VND
Basic earnings per share	<u>2,871</u>	<u>1,104</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

21 Interest and similar income

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 (restated) VND million
Interest income from loans and advances to customers	10,858,959	8,109,896
Interest income from balances with other credit institutions	1,068,834	1,368,416
Interest income from investing debt securities	3,252,577	1,552,718
- Interest income from investment securities	3,252,577	1,552,718
Interest income from finance lease	108,565	-
Others	4,623	4,268
	<u>15,293,558</u>	<u>11,035,298</u>

Included in interest income from investing debt securities for the year ended 31 December 2009 was VND12,638 million from Education Bonds which is not taxable (period from 1 June 2008 to 31 December 2008: VND7,681 million (Note 31)).

22. Interest and similar expenses

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 VND million
Interest expenses on deposits	8,485,842	6,670,270
Interest expenses on borrowings	184,294	460,722
Interest expense on valuable papers issued	123,731	191,901
Others	1,025	17,160
	<u>8,794,892</u>	<u>7,340,053</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

23. Net fee and commission income

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 VND million (restated)
<i>Fee and commission income</i>		
Settlement services	632,994	336,728
Cash services	85,904	39,325
Guarantee services	131,282	60,890
Trusted and agency activities	6,796	1,121
Other services	515,427	243,273
	1,372,403	681,337
<i>Fee and commission expenses</i>		
Settlement services	(218,998)	(122,303)
Cash services	(14,234)	(7,986)
Telecom services	(34,049)	(16,688)
Trusted and agency activities	(2,620)	(3,313)
Other services	(113,289)	(62,990)
	(383,190)	(213,280)
	989,213	468,057

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

24. Net gain from trading foreign currencies

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 VND million
Gains from trading foreign currencies		
From foreign currencies spot	3,786,778	2,193,994
From currency derivatives	4,075	-
From revaluating gold	109,041	-
From revaluating foreign currencies contract trading	49,279	2,371
Others	8	-
	3,949,181	2,196,365
Losses from trading currencies and gold		
From foreign currencies spot	(2,794,880)	(1,574,192)
From currency derivatives	(194,162)	-
From revaluating gold	-	(15,076)
From revaluating foreign currencies contract trading	(41,830)	(15,695)
	(3,030,872)	(1,604,963)
	918,309	591,402

25. Net gain from trading of trading securities

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 VND million
Income from trading securities	134,421	175,119
Cost of trading securities	(45,546)	(143,287)
Reversal of allowance for diminution in the value of trading securities (Note 6)	94,422	36,059
	183,297	67,891

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

26. Net gain/(loss) from sale of investment securities

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 VND million
Income from trading of investment securities	452,213	-
Cost of investment securities	(191,144)	-
Allowance for diminution in the value of investment securities (Note 9)	(339,209)	(83,583)
Reversal of allowance for diminution in the value of investment securities (Note 9)	251,016	-
	<u>172,876</u>	<u>(83,583)</u>

27. Net income from other activities

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 (restated) VND million
Income from other activities		
Income from interest rate swap transactions	2,345	52,492
Income from other activities	244,344	158,693
	<u>246,689</u>	<u>211,185</u>
Expense from other activities		
Expense from interest rate swap transactions	(98,925)	-
Other expenses	(19,758)	-
	<u>(118,683)</u>	<u>-</u>
	<u>128,006</u>	<u>211,185</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

28. Income from investments in other entities

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 VND million
Dividends received from capital contributions, buying shares (Note 31)	179,443	491,817
- From equity securities trading	13,427	10,846
- From investment securities	-	480,971
- From long-term investments	166,016	-
Sharing of net profit/loss of investments in joint-ventures and associates using equity method (Note 31)	129,306	53,153
Other income	87,688	-
	<u>396,437</u>	<u>544,970</u>

29. Operating expenses

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 (restated) VND million
Tax, duties and fees	174,645	92,716
Salaries and related expenses	1,983,950	769,507
<i>In which:</i>		
- Salary and allowance (Note 33)	1,835,982	676,869
- Additional expenses based on salary	67,954	27,370
- Other allowances	1,931	2,924
- Social activities expenses	78,083	62,344
Expenses on assets	755,935	274,003
<i>In which:</i>		
- Depreciation of fixed assets	411,272	216,400
Administrative expenses	492,097	376,466
Insurance expenses on deposit of customers	57,184	20,902
Allowance for diminution in the value of long-term investments (Note 10(c))	404	102,976
Others	29,702	-
	<u>3,493,917</u>	<u>1,636,570</u>

Salary and allowance for the year ended 31 December 2009 of the Bank and VCB Leasing were accrued based on 28.37% profit before tax and the salary and allowance expenses of the Bank and VCB Leasing following the Decision No.1861/QD-NHNN dated 5 August 2009 of the SBV regarding the salary and allowance expense rate applied for the year 2009.

During the year ended 31 December 2009, the Bank contributed VND1,736 million to unemployment insurance fund (period from 1 June 2008 to 31 December 2008: nil).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

30. Provision and allowance for credit risks

	Note	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 (restated) VND million
General allowance for loans to other credit institutions			
Reversal during the year/period	5	(2,971)	(4,465)
General allowance for loans and advances to customers			
Made during the year/period	8	297,245	-
Reversal during the year/period	8	-	(51,332)
Specific allowance for loans and advances to customers			
Made during the year/period	8	403,959	1,867,421
Provision for diminution of foreclosed assets			
Made during the year/period	13(a)(i)	4,033	47
Provision for contingent liabilities and off-balance sheet commitments			
Made during the year/period	19(c)	86,247	175,847
		788,513	1,987,518

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

31. Corporate income tax

(a) Current income tax expenses

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 (restated) VND million
Profit before tax	5,004,374	1,871,079
<i>(Less: non-taxable income)/Add: non-deductible expenses</i>		
(Net profit) from investments in joint ventures and associates (Note 28)	(129,306)	(53,153)
(Interest income) from Government Education Bond (Note 21)	(12,638)	(7,681)
Net (gain)/loss from currency revaluation in foreign currency trading during the year	(116,490)	28,469
(Dividend income) (Note 28)	(179,443)	(491,817)
Utilisation of (accumulated losses) of VCB Securities	(270,949)	(48,139)
Non-deductible tax expenses	1,847	15,020
(Non-taxable income)	(53,869)	(7,004)
Others	1,343	-
Taxable income	4,244,869	1,306,774
Effective corporate income tax rate	24.96%	27.95%
Corporate income tax – current	1,059,621	365,192

(b) Applicable tax rate

From 1 January 2009, the Bank has an obligation to pay corporate income tax at the rate of 25% (period from 1 June 2008 to 31 December 2008: 28%) on taxable profits.

In accordance with Circular 03/2009/TT-BTC dated 31 January 2009 of the MoF ("Circular 03"), operations of VCB Leasing, VCB Securities and VCB Tower meet the definition of Small and Medium Enterprises and these companies are therefore entitled to 30% reduction of current income tax expense for the fourth quarter of 2008 and the whole year 2009.

Vinafico has an obligation to pay corporate income tax at the rate on 17% of taxable profit.

The corporate income tax computation is subjected to the review and approval of the local tax authorities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

32. Cash and cash equivalents

	31/12/2009 VND million	31/12/2008 VND million
Cash, gold, silver, gemstones on hand	4,485,150	3,482,209
Balances with the SBV	25,174,674	30,561,417
Balances with credit institutions due within three months	39,926,107	27,686,031
Securities due within three months	3,016,000	1,728,748
	72,601,931	63,458,405

33. Employee benefits

	Year ended 31/12/2009	Period from 1/6/2008 to 31/12/2008
Total number of employees	10,401	9,212
Employees' income		
Total salary fund (VND million) (Note 29)	1,835,982	676,869
Monthly average income (VND million)	14.7	10.5

34. Obligations to State Budget

	1/1/2009 (restated) VND million	Occurrence		31/12/2009 VND million
		Payable VND million	Paid VND million	
Value added tax	16,383	185,273	(177,487)	24,169
Corporate income tax	(40,629)	1,059,621	(681,015)	337,977
Personal income tax	16,294	32,171	(45,150)	3,315
Other taxes	13,266	46,183	(54,028)	5,421
	5,314	1,323,248	(957,680)	370,882

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

35. Significant transactions and balances with related parties

(a) Significant transactions with related parties

	Year ended 31/12/2009 VND million	Period from 1/6/2008 to 31/12/2008 VND million
SBV		
Interest income from deposits with the SBV	130,688	153,096
Interest expense on deposits from the SBV	114,466	30,843
Interest expense on borrowing from the SBV	106,035	260,442
Currencies swap contracts – contract notional value	3,670,400	-
MoF		
Interest income from loans to the MoF	165,312	101,192
Interest expense on deposits from the MoF	14,461	50,728
SCIC		
Interest expense on deposits from the SCIC	1,131,833	783,186
Dividends paid to the SCIC	768,460	-
Shinhan Vina Bank		
Interest income on deposits with Shinhan Vina Bank	-	45,320
Interest expense on deposits from Shinhan Vina Bank	1,331	5,970
Vietcombank Fund Management		
Management fees	555	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(b) Significant balances with related parties

	31/12/2009 VND million	31/12/2008 VND million
SBV		
Deposits with the SBV	25,174,674	30,561,417
Borrowings from the SBV	14,392,808	3,930,724
Currency swap contracts – contract notional value	3,670,400	-
MoF		
Loans to MoF	3,353,226	3,521,378
Deposits at the Bank	8,567,342	5,584,909
SCIC		
Deposits at the Bank	11,170,842	10,706,094
Vietcombank Fund Management		
Trusted investments from the Bank (Note 9(b))	202,924	-
Shinhan Vina Bank		
Deposits at the Bank	8,375	134,043
Deposits with Shinhan Vina Bank	-	169,770

36. Concentrations by geographical area

	Loans and advances VND million	Deposits VND million	Credit commitments VND million	Derivatives VND million	Trading and investment securities VND million
Domestic	141,591,420	165,411,141	380,811	81,843	24,110,628
Overseas	29,706	3,660,421	-	-	8,956,365
	141,621,126	169,071,562	380,811	81,843	33,066,993

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

37. Financial risk management

(a) Financial derivatives instrument risk

At present, risk on derivative products, specifically the forward contracts, are managed by Vietcombank on the basis of compliance with regulations, imposed by the SBV on foreign exchange management (Ordinance on Foreign Exchange in 2006) and other applicable regulations of the SBV relating to foreign exchange position and transactions of credit institutions that are allowed to engage in foreign exchange transactions as specified in Decision 1081/2002/QD-NHNN of 7 October 2002. According to this Decision, credit institutions who are entitled to engage in foreign exchange transactions as approved by the SBV, are allowed to maintain a daily open position that is not exceeded 30% of the Bank's capital.

In addition, forwards contracts are closely monitored in accordance with Vietcombank's internal regulations. Foreign exchange transactions in general and forward contracts in particular and other capital transactions (borrowing/deposits) at the Bank are centrally and consistently monitored at the Head Office. In accordance with the Bank's regulations and policies, branches are only allowed to deal with customers on the basis to ensure the overall safety position of the Bank and in compliance with regulations relating to forward contracts. Branches are not allowed to maintain their own position in order to avoid exchange rate risk and settlement risk. In accordance with Regulation No. 1073/QD-NHNT-KDNT dated 29 September 2006 of the Bank for Foreign Trade of Vietnam (now the Joint Stock Commercial Bank for Foreign Trade of Vietnam), all foreign exchange transactions, including forward foreign exchange transactions, are managed and monitored centrally via internal accounts of Vietcombank. In accordance with this Decision, position at branches including position of the forward contracts at the end of each day will be automatically squared to the Head Office. In addition to ensuring the benefits of forward contracts, ensuring a safety foreign exchange position is a top priority for the Bank.

(b) Credit risk

The Bank takes on exposure to credit risk, the risk that a counterparty will cause a financial loss for the Bank by failing to discharge an obligation on time. Credit risk arises principally in lending activities that lead to loans and advances, investment activities that bring in debt securities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The credit risk management and control are performed through issuance of related policies and procedures, including credit risk management policies, establishment of Credit Risk Settlement Committee and Credit Committee.

The Bank classifies loans and advances to customers and other credit institutions in accordance with Decision 493 and Decision 18 (Note 2(h)) upon which credit risks of non-performing loans are regularly assessed in order to have appropriate resolutions.

In order to manage credit risks, the Bank has established policy and procedures relating to credit management; established credit manuals; performed credit risk assessment; set up credit rating systems and loan classification and segregated authorization in credit activities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(c) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The real interest rate adjustment term is the remaining time from the date of the financial statements to the latest interest rate adjustment term of the items subsequent to the balance sheet.

The following assumptions and conditions have been adopted in the analysis of real interest rate adjustment term of Vietcombank's items on the balance sheet:

- Cash, gold and gemstones, long-term investments, and other assets (fixed assets, investment properties and other assets included) are classified as non-interest bearing items;
- The real interest rate adjustment term of trading securities and investments securities is based on issuer's terms on interest rate of securities;
- The real interest adjustment term of due from other banks, loans to customers, due to the Government and the SBV, due to other banks and customer deposits are identified as follows:

- Items with fixed interest rate during the contractual term: the real interest adjustment term is based on the contractual maturity date subsequent to the balance sheet date;

- Items with floating interest rate: the real interest adjustment term is based on the latest interest rate term subsequent to the balance sheet date;

- The real interest adjustment term of "valuable papers issued" is based on valuable papers' maturities and the Bank's interest rate for each issuance;
- The real interest adjustment term of other borrowed funds is categorised as one to five years term;
- The real interest adjustment term for other liabilities is categorised from one to three months. In reality, these items can have different interest rate adjustment terms.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

	Overdue VND million	Non-interest bearing VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
I Cash, gold, silver, gemstones on hand	-	4,484,856	294	-	-	-	-	-	4,485,150
II Balances with the State Bank of Vietnam	-	-	25,174,674	-	-	-	-	-	25,174,674
III Balances with and loans to other credit institutions – gross	-	741,480	43,466,272	2,178,192	701,116	376,000	-	-	47,463,060
IV Trading securities – gross	-	6,001	-	-	-	-	-	-	6,001
VI Loans and advances to customers – gross	11,532,426	-	36,207,419	47,453,972	29,849,757	10,818,692	1,158,484	4,600,376	141,621,126
VII Investment securities - gross	-	113,544	2,462,613	970,000	3,341,350	2,153,000	20,450,823	3,569,662	33,060,992
VIII Long-term investments - gross	-	3,741,110	-	-	-	-	-	-	3,741,110
IX Fixed assets	-	1,505,260	-	-	-	-	-	-	1,505,260
X Other assets - gross	-	3,629,492	-	-	-	-	-	-	3,629,492
Total assets	11,532,426	14,221,743	107,311,272	50,602,164	33,892,223	13,347,692	21,609,307	8,170,038	260,686,865
Liabilities									
I,II Amount due to the Government and the State Bank of Vietnam and other credit institutions	-	-	56,580,277	3,071,969	1,104,925	643,486	13,259	-	61,413,916
III Deposits from customers	-	-	91,300,259	33,263,212	11,401,004	27,708,162	5,397,646	1,279	169,071,562
IV Derivatives and other financial liabilities	-	-	-	81,843	-	-	-	-	81,843
V Other borrowed and trusted funds	-	19	-	-	-	-	-	-	19
VI Valuable papers issued	-	-	130,657	-	225,759	301	29,341	-	386,058
VII Other liabilities	-	7,722,844	-	-	-	-	-	-	7,722,844
Total liabilities	-	7,722,863	148,011,193	36,417,024	12,731,688	28,351,949	5,440,246	1,279	238,676,242
Interest sensitivity gap	11,532,426	6,498,880	(40,699,921)	14,185,140	21,160,535	(15,004,257)	16,169,061	8,168,759	22,010,623
Cumulative interest sensitive gap	11,532,426	18,031,306	(22,668,615)	(8,483,475)	12,677,060	(2,327,197)	13,841,864	22,010,623	

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank was incorporated and operates in Vietnam, with VND as its reporting currency, The major currency in which the Bank transacts is VND. The exchange rate between VND and foreign currencies during the year fluctuated significantly. The Bank's loans and advances were mainly denominated in VND with the remainder mainly in USD. Some of the Bank's other assets are in currencies other than the reporting currency and USD. The Bank's management has set limits on positions by currency in accordance with the bank's internal risk management system and regulations by SBV. 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 2009

	VND	USD	Euro	Gold	Other currencies	Total
	VND million	VND million	VND million	VND million	VND million	VND million
Assets						
I Cash, gold, silver, gemstones on hand	2,768,603	868,583	260,685	377,824	209,455	4,485,150
II Balances with the State Bank of Vietnam	7,491,646	17,683,028	-	-	-	25,174,674
III Balances with and loans to other credit institutions - gross	11,396,472	29,927,080	3,387,933	-	2,751,575	47,463,060
IV Trading securities - gross	6,001	-	-	-	-	6,001
VI Loans and advances to customers - gross	95,240,358	44,658,104	1,636,969	-	85,695	141,621,126
VII Investment securities - gross	24,072,233	8,988,759	-	-	-	33,060,992
VIII Long-term investments - gross	3,741,110	-	-	-	-	3,741,110
IX Fixed assets	1,504,105	-	-	-	1,155	1,505,260
X Other assets - gross	662,672	2,678,689	260,388	-	27,743	3,629,492
Total assets	146,883,200	104,804,243	5,545,975	377,824	3,075,623	260,686,865
Liabilities						
I, II Amount due to the Government and the State Bank of Vietnam and other credit institutions	11,994,859	47,097,226	1,103,373	-	1,218,458	61,413,916
III Deposits from customers	102,368,706	60,125,512	4,311,301	-	2,266,043	169,071,562
IV Derivatives and other financial liabilities	-	81,843	-	-	-	81,843
V Other borrowed and trusted funds	-	19	-	-	-	19
VI Valuable papers issued	268,742	106,367	10,949	-	-	386,058
VII Other liabilities	6,892,714	565,099	120,327	-	144,704	7,722,844
Total liabilities	121,525,021	107,976,066	5,545,950	-	3,629,205	238,676,242
FX position on balance sheet	25,358,179	(3,171,823)	25	377,824	(53,582)	22,010,623
FX position off balance sheet	41,106,802	4,277,798	(117)	-	(25,408)	45,359,075
FX position on and off-balance sheet	66,464,981	1,105,975	(92)	377,824	(578,990)	67,369,698

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

(iii) Liquidity risk

Liquidity risk is the risk that Vietcombank fails to realize its financial commitments with customers or counterparties due to unavailability of funds or liquidity.

The maturity of monetary assets and liabilities represent the remaining terms of these assets and liabilities from the balance sheet date to the maturity date according to the underlying contractual agreements or term of issuance.

The following assumptions and conditions have been adopted in the preparation of the Vietcombank's maturity analysis:

- Balance with the SBV are considered as current. This includes the compulsory deposits;
- The maturity of investment securities is based on redemption dates established by the issuer of these financial instruments;
- The maturities of amounts due from other banks and loans and advances to customers are based on the contractual maturity date. The actual maturity sometimes varies from the original contractual term when the contract is extended;
- The maturity of equity investments is considered to be over one year as equity investments have no stated maturity; and
- Amounts due to other banks and owed to customers are determined based on either the nature of the amount or their contractual agreements. For example, vostro accounts and current accounts paid upon customers' demand are considered to be current, the maturity of term deposits and borrowings are based on the contractual maturity date. In practice, such items may be rolled over and maintained for longer period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

	Overdue over 3 months	Overdue up to 3 months	Up to 1 month	From 1 month to 3 months	From 3 months to 12 months	From 1 year to 5 years	Over 5 years	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Assets								
I Cash, gold, silver, gemstones on hand	-	-	4,485,150	-	-	-	-	4,485,150
II Balances with the State Bank of Vietnam	-	-	25,174,674	-	-	-	-	25,174,674
III Balances with and loans to other credit institutions - gross	-	-	37,962,556	1,963,551	7,461,630	75,323	-	47,463,060
IV Trading securities - gross	-	-	6,001	-	-	-	-	6,001
VI Loans and advances to customers - gross	3,532,309	8,000,117	8,626,488	17,916,056	48,927,107	43,030,581	11,588,468	141,621,126
VII Investment securities - gross	-	-	2,473,191	542,809	5,483,841	20,878,014	3,683,137	33,060,992
VIII Long-term investments - gross	-	-	13,440	-	-	2,177,022	1,550,648	3,741,110
IX Fixed assets	-	-	-	-	-	-	1,505,260	1,505,260
X Other assets - gross	-	-	188,156	3,441,336	-	-	-	3,629,492
Total assets	3,532,309	8,000,117	78,929,656	23,863,752	61,872,578	66,160,940	18,327,513	260,686,865
Liabilities								
I,II Amount due to the Government and the State Bank of Vietnam and other credit institutions	-	-	50,653,480	780,186	4,475,085	5,483,264	21,901	61,413,916
III Deposits from customers	-	-	51,470,784	46,792,450	54,857,526	10,700,069	5,250,733	169,071,562
IV Derivatives and other financial liabilities	-	-	-	81,843	-	-	-	81,843
V Other borrowed and trusted funds	-	-	-	-	-	19	-	19
VI Valuable papers issued	-	-	130,657	-	226,060	29,341	-	386,058
VII Other liabilities	-	-	652,126	7,070,718	-	-	-	7,722,844
Total liabilities	-	-	102,907,047	54,725,197	59,558,671	16,212,693	5,272,634	238,676,242
Net liquidity gap	3,532,309	8,000,117	(23,977,391)	(30,861,445)	2,313,907	49,948,247	13,054,879	22,010,623

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

38. Subsequent events

Subsequent to the balance sheet date, the Bank announced dividends at the rate of VND1,200 per share (12%).

Vietcombank is applying for capital increase from VND12,101 billion to VND13,223 billion.

39. Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Management on 31 March 2010.

Prepared by:

Phung Nguyen Hai Yen



Deputy Director of Finance and Accounting Department

Nguyen Thi Hoa



Chief Accountant

Approved by:

Nguyen Thi Tam



Deputy General Director