

# JSC BANK FOR FOREIGN TRADE OF VIETNAM



*Vietcombank*



*endless  
Success*

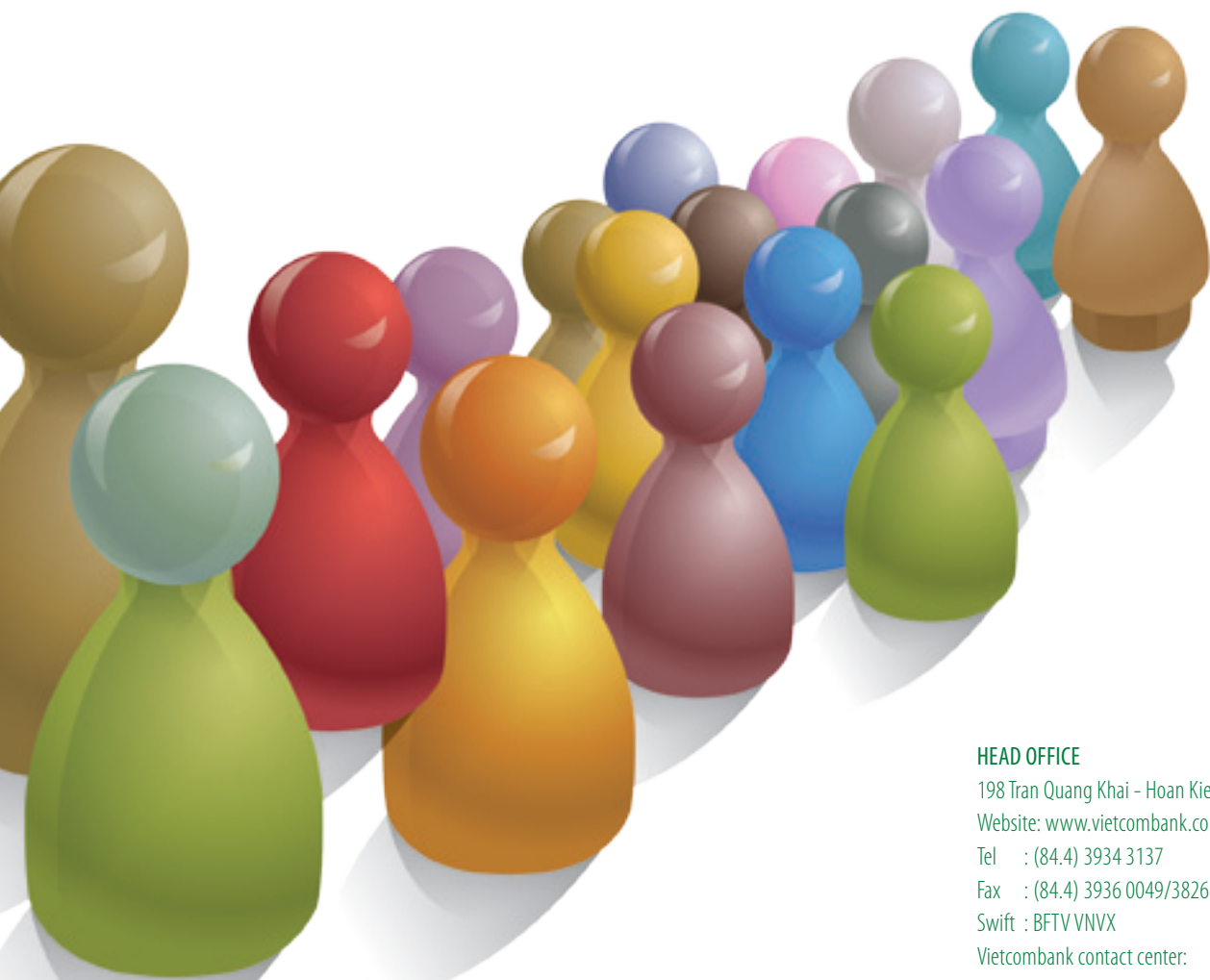
ANNUAL REPORT **2010**

# *Vietcombank*



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

The leading bank for a **prosperous Vietnam**



#### HEAD OFFICE

198 Tran Quang Khai - Hoan Kiem - Ha Noi - Vietnam

Website: [www.vietcombank.com.vn](http://www.vietcombank.com.vn)

Tel : (84.4) 3934 3137

Fax : (84.4) 3936 0049/3826 9067

Swift : BFTV VNVX

Vietcombank contact center:

(84.4) 3824 3524/1900545413

## Contents

- 4 VIETCOMBANK PROFILE
  - 8 Overview
  - 10 Awards by international organizations
  - 11 Recognitions by domestic organizations
- 12 MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE OFFICER
- 14 KEY FINANCIAL FIGURES 2006 - 2010
- 16 REPORT FROM BOARD OF MANAGEMENT
  - 20 Overview of Global and Vietnam economy in 2010
  - 22 Analysis of key figures of the year 2010
  - 24 Vietcombank's performance in 2010
  - 32 Business strategy in 2011
- 38 INFORMATION ON INVESTORS RELATION AND MANAGEMENT
  - 41 Shareholding and changes in shareholding of members of the Board of Directors
  - 41 Statistical data on shareholders
- 42 VIETCOMBANK'S RELATED COMPANIES
  - 44 Companies own more than 50% of Vietcombank's share capital
  - 44 Companies with more than 50% stake owned by Vietcombank
  - 45 Summary of operation of related companies
- 48 ORGANISATION AND PERSONNEL
  - 50 Organisation structure
  - 52 Board of Directors
  - 54 Board of Management
- 56 VIETCOMBANK NETWORK
  - 58 Head Office, Operation Center and domestic branches
  - 61 Domestic subsidiaries, overseas network, Representative office and joint - ventures, associates
- 62 FINANCIAL STATEMENTS 2010
  - 64 Corporate information
  - 65 Independent auditors' report
  - 66 Financial statements

## 2006 - 2010

Vietcombank has been awarded "BEST BANK IN VIETNAM" for 5 consecutive years in many areas by Asiamoney

Boundless  
**Aspiration...**

### VIETCOMBANK Profile

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Overview

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Awards by international organizations

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Recognitions by domestic organizations

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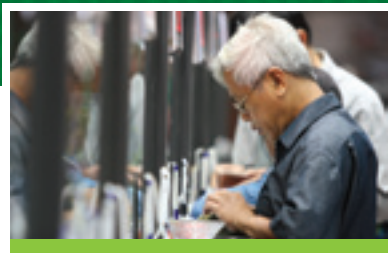
Vietcombank is **THE FIRST** state-owned bank selected for pilot privatization by the Government.

The Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) officially came into operation on 02/06/2008 after successfully implementing the privatization plan through IPO conducted on 26/12/2007.



# Overview

Nearly half of century in the market, Vietcombank has affirmed its position as the leading bank providing a wide range of financial services in international trade and traditional services such as treasury, fund mobilization, credit, project finance as well as modern banking activities such as forex trading and derivatives, card business, ebanking...



Vietcombank was established on 1/4/1963 from the Foreign Exchange Bureau of the State Bank of Vietnam. For more than 47 years of continuous development, Vietcombank has made significant contributions to the stability and development of Vietnam's economy, fulfilling its political role as the leading bank for foreign trade as well as having important influence on the global and regional financial community.

As the first state-owned bank chosen for pilot privatization by the Government, the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) officially came into operation on 02/06/2008 after successfully implementing the privatization plan through IPO conducted on 26/12/2007.

With strength in technology, Vietcombank is the first mover in applying advanced technologies in automatically processing banking services and continuously launching new e-banking products and services such as Internet Banking, VCB-Money (Home Banking), SMS Banking, Phone Banking... in order to "get closer to customers".

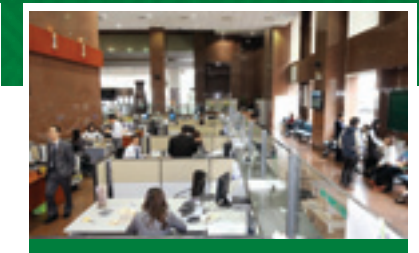
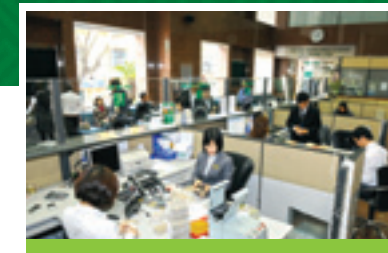
Originally established as a specialized bank serving external economic activities, Vietcombank today has developed into a universal bank with presence in all major cities and provinces throughout the country, comprising of Head Office in Hanoi, 1 Operation Center, nearly 400 branches and transaction offices, 3 local subsidiaries, 1 subsidiary in Hongkong, 1 representative office in Singapore, 4 joint ventures, 2

associated companies. The distribution network is further expanded with an Autobank system of 16,300 ATM and POS across the country. Moreover, the bank's operation is further supported by its relationship with more than 1,300 correspondent banks in 100 countries and territories.

The year 2010 remarked Vietcombank's significant success in implementing its business strategy of developing into a universal bank by reinforcing and affirming its position as the leading wholesale bank while simultaneously strengthening retail business for diversification and profit maximization. Vietcombank has continuously launched a diversified range of highly functional products such as fund mobilization, corporate lending, e-banking services, money transfer...

# CHARTERED CAPITAL 17,588 billion dong

In 2010, Vietcombank successfully raised its chartered capital to 17,588 billion dong with an increase of 9.28% in the first time and 33% in the second time, which meets the requirement on capital adequacy as expected by investors and shareholders to facilitate technology infrastructure investment, equity investment in subsidiaries, joint ventures, affiliates and the growth of credit and treasury activities.



Advanced banking services such as VCB-ib@nking, VCB-SMSB@nking has attracted a large number of customers, which proves that Vietcombank is able to meet its target of becoming one of five leading retail banks.

Thanks to its highly experienced, educated and professional employees, Vietcombank is proud to be the prime choice for top local and foreign corporations as well as 5.2 million individual customers.

Due to great efforts and creativity in overcoming challenges and implementing the business strategies "Speed, Safety, Quality, Efficiency", over the recent years, Vietcombank has achieved breakthrough results with the

highest recorded profit of Vietnam banking industry. Vietcombank's profit before tax for 2010 was 5,479 billion dong, increased by 9.5% compared to 2009 and exceeded 22% the planned figure; ROE reached 22.5% and NPLs ratio was kept at 2.83% (below the goal set in 2010 which was 3.5%).

In 2010, Vietcombank has been recognized by international community as "Best bank in Vietnam" in many fields (cash management, forex trading, trade finance). Besides, Vietnam Report and Tax Magazine (Tax Bureau) voted and announced Vietcombank as the biggest income tax payment bank of Vietnam, the fourth biggest income tax payment corporation of Vietnam, which

acknowledges the significant contribution of Vietcombank to the state budget and simultaneously confirms Vietnam's superior efficiency in operation over the last years.

Vietcombank will be flexible and drastic in management to make a breakthrough in retail business and strengthen wholesale activities, keep up with market changes, step by step develop into a modern, professional and effective bank to meet the strategic objective of becoming the universal financial group among the 70 largest financial institutions in Asia and securing the leading position in Vietnam.

## Awards by International Organizations

# ASIAMONEY

**AWARDS BY ASIAMONEY 2010**  
(for 5 consecutive years (2006 - 2010)). Vietcombank was granted the award "BEST BANK IN VIETNAM" in many areas.

#1 BEST LOCAL CASH MANAGEMENT BANK IN VIETNAM AS VOTED BY MEDIUM SIZED CORPORATES.

#1 BEST LOCAL CASH MANAGEMENT BANK IN VIETNAM AS VOTED BY LARGE SIZED CORPORATES.

#3 BEST LOCAL CASH MANAGEMENT BANK IN VIETNAM AS VOTED BY SMALL SIZED CORPORATES.

BEST DOMESTIC PROVIDER OF FX SERVICES AS VOTED BY FINANCIAL INSTITUTIONS.

#2 BEST DOMESTIC PROVIDER OF FX SERVICES AS VOTED BY CORPORATES.



**BEST VIETNAMESE TRADE BANK IN 2010**  
for 3 consecutive years (2008 - 2010). Awards by Trade Finance Magazine 2010.

## Recognitions by Domestic Organizations



**NATIONAL BRAND 2010**  
The leading brand in finance voted by National Brand Council.

**THE BIGGEST INCOME TAX PAYMENT BANK IN VIETNAM,**  
and the fourth biggest income tax payment corporate in Vietnam voted and announced by Vietnam Report along with Vietnam Tax Department and VNR500 Advisory Board.

**NATIONAL STRONG BRAND NAME 2010**  
awarded by Intellectual Property Association and National Office of Intellectual Property of Vietnam.

**PRESTIGIOUS SECURITIES BRAND NAME 2010** (the third time)  
voted by Vietnam Association of Securities Business, State bank of Vietnam - Credit Information Center and Vietnam Financial Information - State Securities Commission of Vietnam.

**VIETNAM STRONG BRAND NAME 2010**  
voted and awarded by Vietnam Economic Times and Vietnam Trade Promotion Agency (Ministry of Industry and Trade).

# Message from Chairman and Chief Executive Officer

In such unfavorable condition, Vietcombank has kept up with market changes, been flexible and drastic in management, taken advantages of all business opportunities based on available resources. Thanks to the efforts of more than 11,000 employees, the trust and loyalty of millions of customers, 21 thousands of shareholders, the support of relevant authorities, Vietcombank has succeeded in maintaining its leading position in Vietnam.

In 2010, the global economy has overcome the crisis however not yet totally recovered. Moreover, many new threats have come: European sovereign debt crisis, high inflation threats in China and other emerging economies, "the currency war". Vietnam has experienced a relatively high growth rate (6.78%), however, on the other hand, consumer price index (CPI) has exceeded two figures (11.75%). Inflation rate, interest rate, exchange rate... have changed unpredictably. Credit growth of banking system was high (29.81%) meanwhile fund mobilization from the economy only increased by 27.2%.

Over the last year, Vietcombank expanded its network to 357 branches and transaction offices, ensured safety and efficiency in operation and enhanced quality in corporate governance and management activities. Business cooperation continuously developed and brought in many business opportunities. Vietcombank successfully raised its chartered capital to 17,588 billion dong through 2 phases. Vietcombank has achieved and even surpassed its objectives set in the Shareholders' General Meeting. Total assets reached more than 307 thousand billion dong, up 23% compared to 2009. Security ratios were ensured, NPLs ratio (according to qualitative classification) stood at 2.83%. Profit before

tax was 5,479 billion dong, increased by 9.5% compared to previous year after making provision 1,501 billion dong. Vietcombank remained the most profitable bank with the highest ROAE in Vietnam.

Apart from focusing on business activities, over the last year, we strictly followed instructions by the Government and the State Bank of Vietnam, contributing to the macro-economy and monetary market stabilization and the state budget. Besides, we actively participated in social welfare programs. Vietcombank's image has appeared in areas affected by floods and natural disasters, on "green days", in poor areas, in charity programs which has an effect and has increasingly become closer to public.

In 2011, despite many changes in banking operation regulations and remaining unfavorable macro-economics environment, Vietcombank continues to adopt its strategies "Speed - Safety - Quality - Efficiency" to accomplish a breakthrough in retail business along with strengthening wholesale activities, improving fund mobilization, credit and treasury activities as well as developing services. Our management will be flexible and drastic to achieve set objectives, including

increasing fund mobilization from economy by 20%, controlling credit growth below 20%, ensuring credit quality, maintaining 20% market share in import and export payment and dominant market share in card business, developing modern banking products and services based on its advanced technology; expanding its network and completing organization structure; enhancing risk management activities, ensuring security ratios for sustainable growth. Besides, the selection of strategic partner will be speeded up to complete in 2011.

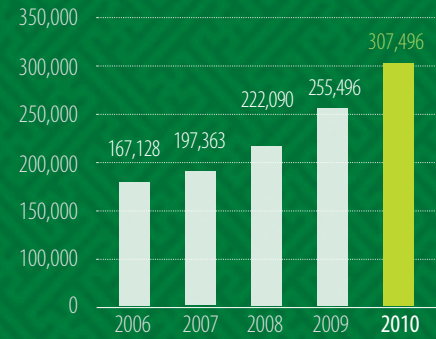
2011 is the first year implementing the country's 5 - year plan from 2011 - 2015 and implementing the Resolution of the XI Annual Party Congress. With the recovery of the global and Vietnam economy, sound policies of the Government, the State bank of Vietnam, relevant ministries, the trust and support of customers, partners and shareholders, with the dynamism, creativity and determination of Vietcombank's employees, we strongly believe those objectives set for 2011 will be realized, shareholder's benefits will be ensured and the Bank's firm growth will be sustained.

NGUYEN HOA BINH  
Chairman

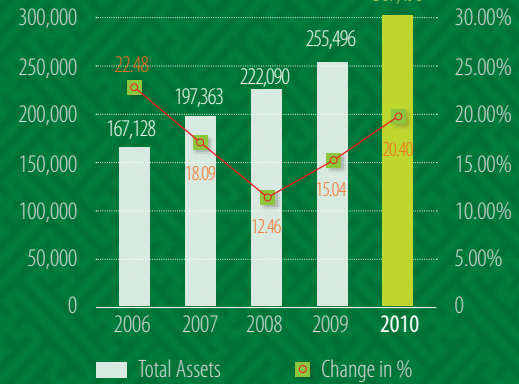
NGUYEN PHUOC THANH  
Chief Executive Officer



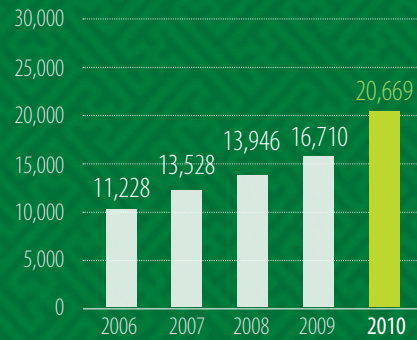
**TOTAL ASSETS**  
UNIT: VND BILLION



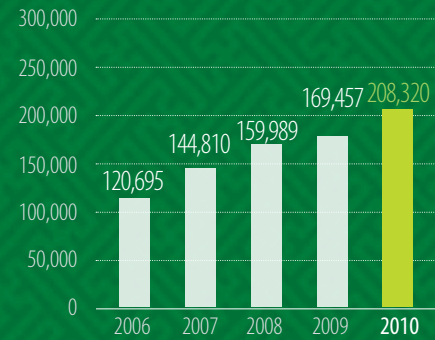
**TOTAL ASSETS CHANGE IN %**  
UNIT: VND BILLION



**TOTAL SHAREHOLDERS' EQUITY**  
UNIT: VND BILLION

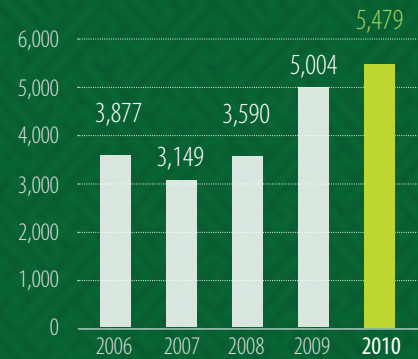


**FUND MOBILIZATION**  
UNIT: VND BILLION

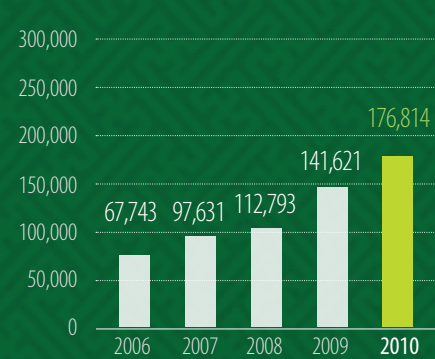


**KEY FINANCIAL FIGURES 2006 - 2010**

**PROFIT BEFORE TAX**  
UNIT: VND BILLION



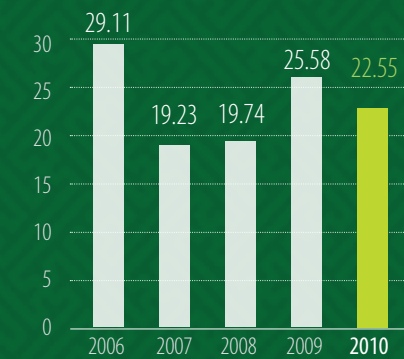
**GROSS LOANS**  
UNIT: VND BILLION



**ROAA**  
UNIT: %



**ROAE**  
UNIT: %



	Unit: VND billion	2006	2007	2008	2009	2010
<b>TOTAL ASSETS</b>		167,128	197,363	222,090	255,496	307,496
Shareholders' Equity		11,228	13,528	13,946	16,710	20,669
Gross loans/ Total assets		39.68%	48.34%	50.79%	55.43%	57.50%
Net interest income		3,817	4,005	6,622	6,499	8,188
Net non-interest income		1,472	2,109	2,318	2,788	3,337
Total operating income		5,289	6,114	8,940	9,287	11,525
Total operating expenses		(1,291)	(1,628)	(2,592)	(3,494)	(4,544)
Net operation income before provision		3,998	4,486	6,348	5,793	6,980
Provision for credit risks		(121)	(1,337)	(2,757)	(789)	(1,501)
Profit before tax		3,877	3,149	3,590	5,004	5,479
Corporate income tax		(1,016)	(759)	(862)	(1,060)	(1,243)
Profit after tax		2,861	2,390	2,728	3,945	4,236
Net profit		2,859	2,380	2,711	3,921	4,215
Number of branches		59	59	63	70	72
Number of employees		7,277	9,190	9,212	10,401	11,415
Common shares (million)		-	-	1,210	1,210	1,322
Dividend payout (%)		-	-	12.0	12.0	12.0

**PROFITABILITY RATIOS AND SECURITY RATIOS**

**PROFITABILITY RATIOS**

NIM	2.58%	2.26%	3.26%	2.81%	2.83%
Non-interest income/ Total income	27.82%	34.47%	25.93%	30.02%	28.95%
ROAE	29.11%	19.23%	19.74%	25.58%	22.55%
ROAA	1.88%	1.31%	1.29%	1.64%	1.50%

**SECURITY RATIOS**

Net loans/ Total deposit	56.13%	67.42%	70.50%	83.57%	84.88%
NPLs/ Gross loans	2.70%	3.87%	4.61%	2.47%	2.83%
BIS CAR	9.30%	9.20%	8.90%	8.11%	9.0%



VND **5,479**

billion is net profit before tax,  
increased by 9.5% compared  
to 2009 and exceeded 22%  
the targeted figure

**Unshakable**  
will...

Report from Board of Management

Overview of Global and Vietnam economy in 2010

Analysis of key figures of the year 2010

Vietcombank's performance in 2010

Business strategy in 2011



## Vietcombank's Performance in 2010

# OVERVIEW OF GLOBAL AND VIETNAM ECONOMY 2010

The year 2010 witnessed the global economy rebound and some positive economic trends after the global financial and economic crisis; the economy is still far from stabilisation with potentially negative impact on Vietnam economy.

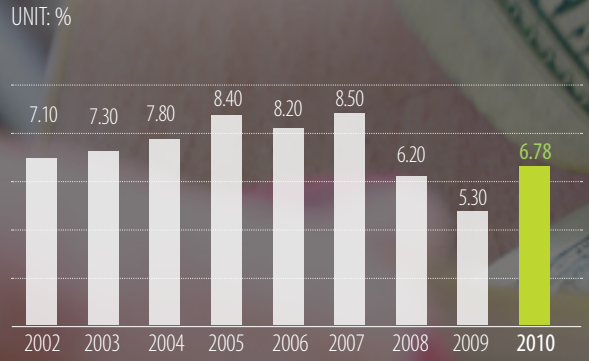
In this difficult context, thanks to the close and flexible guidance of the Government, Vietnam has maintained GDP growth of 6.78%; industry growth of 7.7%; import export growth of 25.5% in comparison with the year 2009. However, at the same time, the economy itself still remains many difficulties: the slow pace of economic structure transition, the low investment efficiency, the high tendency of trade deficit, the low foreign exchange reserve, and the high inflation (11.75%). On top of that, Vietnam's sovereign credit rating was downgraded due to **"concerns regarding payment balance and increasing inflation"**, that has another adverse impact on the economy.

interest rate, the high pressure to maintain operation performance in the context of legal regulation newly issued which push more requirements on banks such as circular No. 13/2010/TT-NHNN and No. 19/2010/TT-NHNN. The banking sector's performance of the year 2010 reflected the gap between banks. Some medium and large sized banks achieved much better performance compared to small sized banks with high input costs and high risk exposure. For the year 2010, the whole banking sector witnessed an increase of 29.8% in total lending, 27.3% increase in total deposits and 25.4% in total payment in comparison to the year 2009.

For banking sector, the year 2010 was a difficult year. The banking system had to face with many challenges such as: the dramatic fluctuation of exchange rate and

In such an unstable business environment, Vietcombank has tried its utmost efforts to overcome many difficulties and challenges to achieve good performance and remain its position as the leading bank of Vietnam.

GDP GROWTH



INFLATION



# Analysis of key

1

## Financial Results

Profit before tax reached VND 5,479 billion, up 9.5% compared to the year 2009 and exceeded 22% the set target in Shareholders' General Meeting (VND 4,500 billion). Profit after tax achieved VND 4,236 billion; Net profit of the year (profit after tax minus minority interest) was VND 4,215 billion.

2

## Profitability Ratios

Return on average equity (ROAE) was 22.5%;  
Return on average assets (ROAA) was 1.5%.

3

## Dividend Payout

was 12%.

4

## Consolidated Total Assets

as of 31/12/2010 were VND 307,496 billion, 20.4% increase over 31/12/2009 and 4.7% higher than the set target in Shareholders' General Meeting. Total asset of the Bank itself was VND 306,930 billion, increasing 20.3% compared to that of 31/12/2009.

5

## Chartered Capital Increase

Vietcombank raised its chartered capital to VND 17,588 billion with an increase of 9.28% in 8/2010 and 33% in 2/2011.

6

## Fund Mobilization

Fund mobilization from the economy was VND 208,320 billion, an increase of 23% compared to 2009 and reached the set target in the Shareholders' General Meeting.

7

## Lending

was VND 176,814 billion, an increase of VND 35,193 billion - approximation of 25%, reaching 104% target set in Shareholders' General Meeting.

# figures of the year 2010

8

## Credit Quality

Credit quality has significantly improved. At the end of 2010 non-performing loans (NPL) was 2.83%, lower than the target set by the Shareholders' General Meeting (3.5%)

9

The total import and export turnover of Vietcombank reached nearly USD 31 billion, 21% increase compared to 2009, made up 20% market share.

10

## Card Services

Vietcombank maintained its leading position in almost every card field: issuance, payment volume as well as points of sale (POS). Payment turnover, card issuance, card usage outreached the set targets.

11

## Foreign Exchange Trading

In 2010, Vietcombank fulfilled its commitments of ensuring payment for customers and the import of essential goods for the economy. Earnings from foreign exchange trading have contributed considerably to total income.

12

## Retail Banking

With a wide range of products and services, considerate customer care and professional working procedure, the bank has attracted a large individual customer base with more than 5.2 million accounts. Retail banking activities has contributed to increase fee and commission income of the bank. The bank has well performed targeted retail banking criteria in a broader base, covering fund mobilisation, lending to individuals, card service, remittance, payment.

13

## Foreign Activities

Vietcombank has actively taken part in regional and international professional organisations such as annual meetings of WB, IMF, Asian Bankers Association, and ASEAN Bankers Association, met with many financial institutions. Foreign activities have helped the bank to enhance its prestige in international financial community.

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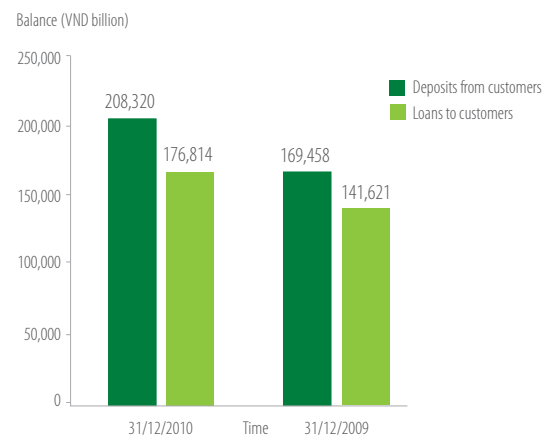
## Social welfare contribution

In 2010, Vietcombank financed up to VND 69.6 billion for social activities and charity programmes. As such, the bank is not only recognised a prestigious bank in its business but also a responsible organisation to society and is highly appreciated by the community.

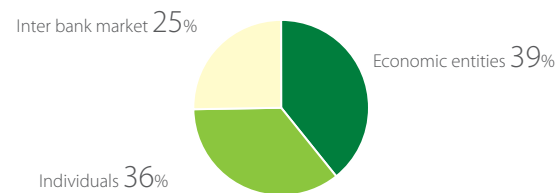


## Vietcombank's Performance in 2010

Fund mobilization and Loans to customers



Deposits from customers by type of customers



### Fund Mobilisation

In wake of fierce competition among credit institutions in fund mobilisation, from the start of the year, the bank defined fund mobilisation as a key target of the year. To implement this task, the Board of Management drastically assigned the fund mobilisation target to all branches, and actively diversified fund mobilisation products with reasonable mobilised interest rates, in conjunction with promotion programs, proper investment in technology, enhancing competitiveness in fund mobilisation. The bank's branches have actively penetrated into and broaden the market, approached and thoughtfully cared for customers. As a result, fund resources of the bank increased spectacularly. **Mobilised funds from the economy** reached more than VND 208,320 billion equivalent, or 23% higher than 2009, this is also the highest level during the past 5 years, meeting the planned target. In 2010, fund mobilisation from population gained special result with total of VND 98,880 billion equivalent, increased by 28.5% against 2009. The bank also recorded VND 108,172 billion mobilised from organisations, increased by 16.3% in comparison with the previous year, and VND 69,600 billion mobilised from interbank market, or 13.3% higher than 2009.

## Treasury

In 2010, the bank traded actively in interbank market in order to best meet liquidity demand of the banking system and optimize its fund utilisation. Through this activity, Vietcombank has supported liquidity to other commercial banks, contributing to stabilise local money market. As of 31/12/2010, Vietcombank's balances with other financial

institutions reached nearly 88,000 billion, increased by 21% against end of 2009. In addition, the bank's bond trading and investment continued to maintain and develop well. All valuable papers held by the bank were of high liquidity and profitability. Total balance of valuable papers as at the end of 2010 were VND 33,000 billion.

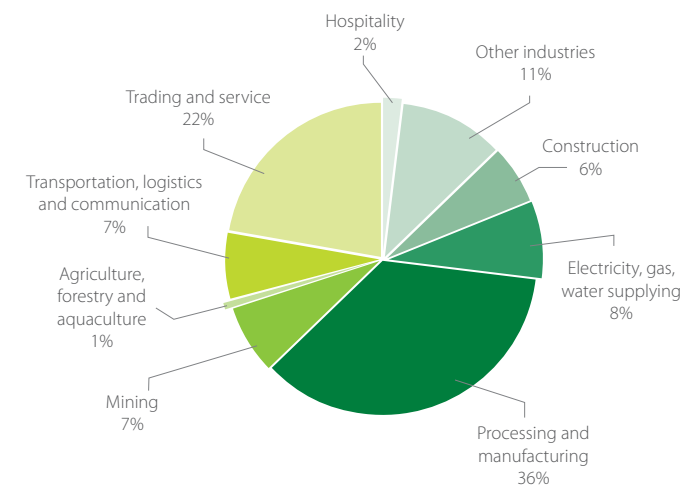
## Credit Activities

Vietcombank's lending always plays important role in funding the economy, contributing to the development of many regions and locations nationwide. Vietcombank is also known as a leading bank in financing for important national projects in industries like gas and petroleum, oil, electricity, hydro-powered electricity, steel, agricultural... In addition, the bank is also a big lender to the SMEs.

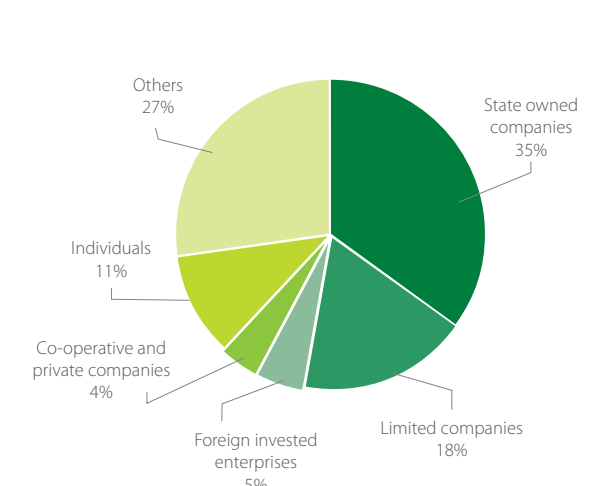
In 2010, the bank's credit activities saw a noteworthy result. As at 31/12/2010, total outstanding loans were VND 176,814 billion, up 25% against 2009. Loans to SMEs accounted for 29.6% of total loans, meeting the target figure.

ITEMS	TARGETS	FACTS 2010	ASSESSMENT
Gross loans (Unit: VND billion)	168,656	176,814	Above target
Growth rate of gross loans against 2009	20%	25%	Above target
Proportion of loans to SMEs	28%	29.6%	Above target
Proportion of loans to individuals	11%	10.9%	Meet target
NPLs Ceiling	<3.5%	2.83%	Meet target

Loans portfolio by Industry as of 31/12/2010



Loan portfolio by type of borrowers as of 31/12/2010



# Vietcombank's Performance in 2010 (cont.)

## Credit Activities (cont.)

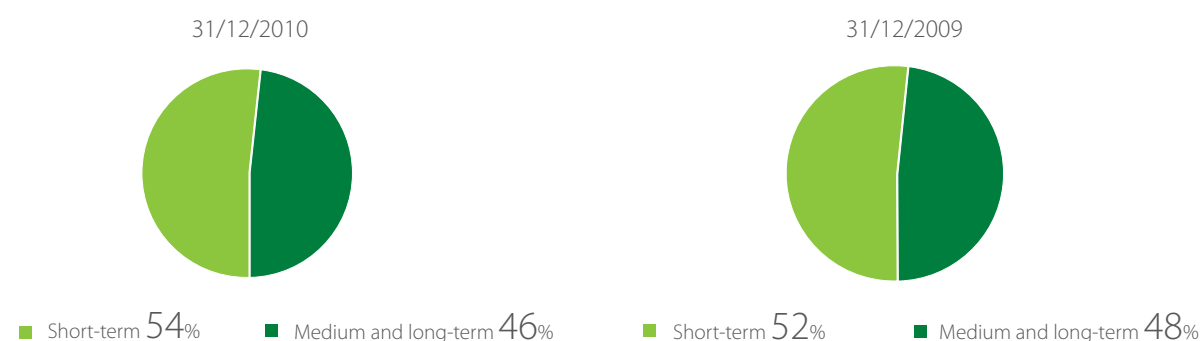
### Loan portfolio analyzed by terms

Unit: VND billion

	31/12/2010	31/12/2009	GROWTH
Short term	94,715	73,706	28.5%
Medium and long term	82,099	67,915	20.8%

Vietcombank's credit activities were seen as well-proportioned and harmonious development in terms of portfolio by customers, by industries, and by terms. In

addition, credit growth was often monitored, ensuring balance between lending and funding resources, so as to make sure liquidity and profit maximisation.



### The Bank's structure of loans

» **Loans portfolio by currencies:** As at 31/12/2010, growth rate of outstanding loans in VND nearly caught up with growth rate of outstanding loans in foreign currencies, corresponding to 21.3% and 25.4% respectively.

» **Loans portfolio by terms:** Short term loans saw a spectacular leap with growth rate of 28.5% against 2009, whilst medium and long term loans just grew up 20.9% compared to 2009. The bank, therefore, has controlled the growth rate of medium and long term loans, to make it comply with regulation in "rate of using short term capital to finance medium and long term loans".



### The Implementation of Credit Programs in 2010

» **The implementation of credit programs in 2010:** As at 31/12/2010 total outstanding loans under interest rate subsidy program was VND 8,187 billion, including medium and long term loans of 4% interest rate subsidy package was VND 6,595 billion; medium and long term loans of 2% interest rate subsidy package was VND 1,589 billion. Outstanding loans to agricultural industry in 2009 was VND 0.65 billion, and in 2010 was VND 0.66 billion. Total interest

which Vietcombank has subsidized to its customers (excluding settled short term interest rate subsidy package) was VND 386 billion.

» **Loans under VDB's guarantees:** Vietcombank provided loans to 39 enterprises in 15 locations under VDB's guarantees with total contracted amount of VND 360.2 billion and outstanding loans of VND 135.3 billion.

### Credit Quality

Credit quality is always paid special attention by the bank. By classifying loans in compliance with Article 7 of Decision 493, the bank's credit quality has been improved. The bank's NPLs ratio was 2.83%, lower than targeted figure set by the bank's BOD. The NPLs ratio in 2010 was higher than that of 2009 mainly because of debt classification method, presenting more prudent viewpoint of the bank.

### Loan Loss Provision

As at 31/12/2010, Vietcombank made 100% general provision and specific provision under the requirement of State Bank of Vietnam. Outstanding provision under the consolidated financial statements as of 31/12/2010 was VND 5,689 billion, in which general provision was VND 1,278 billion and specific provision was VND 4,411 billion.

### Investment

As of the end of 2010, Vietcombank's total equity investment in 33 entities was VND 4.9 thousand billion, accounting for 36% chartered capital and capital reserve.

Diversified investment structure: finance and banking sector accounted for 60% total investment portfolio, securities accounted for 15%, shares in real-estate was about 9% and shares in insurance was about 7%.

To improve investment efficiency, in 2010, Vietcombank proactively restructured the portfolio by selling some of its stakes to realize earnings and increasing investment in some businesses and holding only effective investment accounts. Revenues from investment activities in 2010 was quite positive, reached VND 492 billion, up 24% compared to that of 2009 and 1.5 times higher than the planned figure.

# Vietcombank's Performance in 2010 (cont.)

## Foreign exchange trading and import - export settlement

In 2010, Vietcombank improved trade finance procedures by centralizing the processing of transactions at Head Office for the small and medium branches. As the result, trade finance business has improved, contributing to an increase in import-export settlement. Total import and export turnover of 2010 was USD 31 billion, nearly 21% increase compared to 2009, 12% higher than the target, accounted for 20% import-export market share. Export turnover was USD 16.5 billion, increased 31.6% compared to 2009, made up for 23% market share. Import turnover was USD 14.5 billion, increased 10% compared to 2009, made up for more than 17% market share. Main markets are US, Taiwan, Hong Kong, Singapore, Japan, Korea, China and EU.

To fulfil the vital role as an import-export settlement centre, Vietcombank proactively balanced foreign currency for the economy. In 2010, despite the global economic recession, shortage of foreign currency supply and fluctuations in exchange rate, Vietcombank's foreign exchange trading volume reached USD 35.2 billion. Vietcombank has taken number of flexible measures, finding foreign currency supply in order to fulfil its commitment on payment for customers and the import of enough essential goods for the economy.

## Card Services

- » In 2010, Vietcombank maintained its leading positions in Vietnam card services industry. All targets for card payment, issuance as well as usage were outreached. In 2010, the total card issuance was 1 million, 1.5 times higher than the target. Moreover, Vietcombank continued to dominate in all types card issuance: 30% debit card, 30% international credit card, 18% ATM card. Card usage and payment turnover has increased considerably. Especially, international credit card payment turnover increased 30.7% compared to 2009, accounted for more than 50% market share.
- » The Bank has placed a great emphasis on developing card products and services and card payment network. Vietcombank's infrastructure always ensures the safety, convenience and efficiency in card payment and usage. In 2010, Vietcombank was ranked No. 1 in terms of the POS network, accounting for 26% and No. 2 with respect to the ATM network with 14% market share.
- » The Bank is always the first-mover in developing new card products and services. Only in 2010, Vietcombank has performed several projects to create more value-added services for customers and enhanced Vietcombank's reputation in the market, such as taxi card payment and co-brand taxi card issuance, the project for the change of domestic debit card's BIN, the project of converting VCB-MTV co-brand card into VCB MasterCard international debit card, pre-paid card development project.



## Retail Banking

In 2010, Vietcombank has continuously strengthened its retail banking activities through the research and launch of various highly functional products for fund mobilization, personal credit, internet banking service, money transfer... as well as improved customer services, standardized operational procedures, increased services income. Individual money transfer is still Vietcombank's strength; the total amount of money transfer to individual customers was nearly USD 1.2 billion, up 21.8% compared to that of 2009, which was 103% target for overseas remittance.

A number of retail products have attracted the large amount of customers, such as: modern VCB-IBanking, VCB-SMS Banking service... The number of individual customers increased by 20% compared to 2009, resulting in 5.2 million individual accounts. This proved that Vietcombank is able to achieve its objective of becoming one of the top 5 banks in retail banking.

## Technology and Product Development

Vietcombank is always the pioneer in applying advanced technology in business operations, product management and management activities. As the result, Vietcombank is able to meet customer's requirements, manage risks, save processing cost and time. Those achievements were thanks to the efforts of Vietcombank's BOM in technology investment, the effective coordination of relevant departments

in performing projects and launching technological products, along with continuous efforts of highly experienced and skilful technical staff.

In 2010, Vietcombank has invested and completed some important projects such as "IT supervision system" and "Centralized data storage" projects, "Information management safe policy" system consulting project.

## Vietcombank's Performance in 2010 (cont.)



### Network development, organisation restructuring and human resource development

In 2010, Vietcombank has restructured departments in Head office towards division management model by establishing finance and retail banking departments. To continuously complete management tools, Vietcombank keeps developing the network of branches and transaction offices in order to maintain market share, increase competitive advantage and expand business. In 2010, Vietcombank formed 2 new branches and 40 transaction offices. At present, the Bank has 357 transaction offices and branches covering 43 provinces and cities in the country.

Together with improving organization structure, expanding network, Vietcombank's BOM always pay much attention to human resource management. Understanding that human resource plays an important role in Vietcombank's success, in 2010, Vietcombank has placed great emphasis on human resources management reflecting through staff appointing, dismissing, rotating activities in order to develop a highly expertise, ethical and passionate staff base. In 2010, the number of employees increased by 9.5% compared to that of 2009. Vietcombank has organized more than 70 training courses for the employees. More than 3,000 staff were trained in 2010. As a result, the quality of employees was enhanced, facilitating Vietcombank's development.

VND **69.6** billion  
has been spent for social welfare and charity program

### Risk management and ensuring safety in operation

Together with expanding business, in 2010, Vietcombank has enhanced its risk management capabilities, improved management system, credit, market and business risk supervision. Vietcombank has completed the internal credit rating system; officially classified debts and loan loss provisions qualitatively (Article 7 - Decision 493), ensuring the conformity with international rules. As the result, Vietcombank's BOM is able to manage effectively under unstable market conditions and liquidity and interest risk are under control. Vietcombank strictly complied with the regulations in Circular 13 & 19/2010/TT-NHNN.

Vietcombank has improved internal policies by enforcing new policies such as: Decision 204/QĐ-VCB.HĐQT on credit guarantee policy of Vietcombank; Decision 557/QĐ-NHNT.HĐQT regarding regulations on management and activity of Vietcombank's authorized representatives in other companies; Decision 642/QĐ-NHNT.HĐQT regarding regulations on safe ratios in Vietcombank business; Decision 593/QĐ-NHNT.QLRRTN about regulations on reporting and handling risks in Vietcombank business.

The tasks of examination, control, internal audit are often taken in co-operation with Government inspector, banking supervision, independent audit in check of obey and risk management in Vietcombank business.

### Social welfare contribution

Beside business activities, Vietcombank also involved in many social welfare activities for the wish of delivering more and more support to the public society. In 2010, Vietcombank has spent VND 69.6 billion for social work and the charity programs detailed as following:

- » Gratitude activities: Vietcombank funded VND 21 billion for gratitude activity named "Truong Son Gratitude".
- » Charity activities: Vietcombank financed VND 21.6 billion for Tuong Duong district (Nghe An province) and Dam Rong district (Dac Lac province) according to Government's Decision 30a on alleviating poverty

quickly and stably in 61 poor districts; supported Fund for the Poor with VND 5 billion in Dong Thap province, helped VND 3.9 billion for the flooded people.

- » Activities for Vietnamese children: Vietcombank has attended in funding the program: Lightening the dreams of Vietnamese children.

In addition, billions of VND were used to support wounded soldiers, orphans, hundreds of Vietnamese Mother - Heroes; build houses of gratitude and relieve people affected from natural calamity... The young in Vietcombank is also enthusiastic about humanitarian blood donation.





## Business Strategy in 2011

In 2011, the global economy is forecasted to recover and grow, however at the slow pace and remains many difficulties after the crisis. Inflation and interest rates in international markets tend to increase; investment capital stream continues to flow into new emerging markets.

Not being outside of the mainstream, Vietnam economy in general and banking sector in particular will continue to face many challenges: high inflation, the unpredictability of interest rate and exchange rate. In such unfavourable context, the government aims at controlling inflation, stabilizing the macro economy and ensuring social security. In 2011, the State Bank of Vietnam will implement prudent monetary

policies including tightening and controlling the growth of total payment instruments and credit in the economy. 2011 is marked as a milestone for Vietnam banks to adopt the new Law on Credit Institutions. The supervision of the State Bank on credit institutions through the new law will be more closely with higher requirements.

Based on the analysis of business environment, strictly following the direction of the Government and the State Bank of Vietnam, thoroughly understanding the guideline: “**Speed - Safety - Quality - Efficiency**” and the view on supervising operation “**Flexibly, Drastically**”, Vietcombank has identified its business strategy in 2011 as followed:

### KEY PERFORMANCE TARGETS IN 2011

INDICATORS	PLANNED 2011	GROWTH TO 2010
1 Total assets (VND billion)	353,620	15%
2 Total outstanding loans (VND billion)	212,177	≤ 20% <sup>(1)</sup>
3 Total fund mobilization (VND billion)	249,984	20%
4 Income before taxes (VND billion)	5,650	3.1%
5 Number of employees	13,127	Maximum 15%
6 Wage cost/income before taxes not include wage	32.96 %	10.9%
7 Number of branches and transaction office accrued <sup>(2)</sup>	76	80.9%
8 NPLs/Gross loans	Under 2.8%	-
9 Dividend (%/value)	12%	-

(1): Credit growth rate controlled under 20%.

(2): BOD approved to establish 6 branches and 70 transaction offices.

## Business Strategy in 2011 (cont.)



To achieve objectives for performance, growth, market share and business efficiency in 2011, Vietcombank will strictly implement following strategies:

1. To enhance fund mobilization - leading key task throughout 2011.
2. To control credit growth, improve credit quality and optimize fund utilization efficiency.

Vietcombank needs to proactively and creatively take all measures to achieve targets for fund mobilization; to improve and develop highly functional products and services with competitive interest rate to increase fund mobilization; promote fund mobilization in potential highly economical areas; implement fund mobilization programs and enhance international offshore funding.

- » To maintain proper credit structure in line with capital sources; to proactively look for potential customers and projects and evaluate customers' needs, to prioritize lending to production, export and agriculture sectors, rural areas and SMEs. To limit loans for non-production sectors.
- » To focus on ensuring credit quality, reducing NPLs and handling effectively outstanding debts.
- » To diversify capital market and money market activities. Proactively creating market analysis and forecast to seize business opportunities in valuable papers trading business in order to accomplish high efficiency in the use of capital. To review investment portfolio with a great emphasis on investment efficiency.

3. To improve service quality and non-interest income.

- » *To keep the strength in foreign exchange trading business.* To implement sound policy to attract and retain foreign exchange sources from export customers to ensure sufficient foreign currency for import customers' requirement; increase net income from foreign currencies trading activities.
- » *To maintain market share in export - import payments.* To increase the competitiveness advantage of products, to focus on keeping and developing customers using Vietcombank's international payment service.
- » *To sustain its leading position in card payment and further expand the growth momentum.* To improve and develop card services in both payment and issuance towards enhancing the quality of card holder and card service, in-depth development in

addition to expansion. To expand the network for increasing POS payment turnover; to implement the State Bank scheme of promoting non-cash payment in Vietnam;

- » *To push up retail banking services.* To complete tools and policies for supporting retail products; to expand retail network, develop new markets and improve payment on internet banking, mobile;

4. To reinforce and develop customer base and product diversification.

- » To develop sales force in branches/transaction offices;
- » To improve customer service;
- » To diversify products and services upon customers' demand, tastes and regional characteristics. To deploy synchronized multiple e-banking products to expand customer base and revenues.

## Business Strategy in 2011 (cont.)

### 5. To enhance risk management, inspection, control and ensure the safety in operation.

To focus on improving risk management skills in the entire system, as well as gradually apply international standards in the area of credit risk, operational risk and market risk management; to reinforce the monitoring and supervisory mechanism to support business administration, minimizing operational risk and loss; to review and complete regulations issued, to establish new regulations to meet the requirements of the Law on Credit Institutions 2010 and current legislations, creating the legal basis for all Vietcombank's activities.

### 6. To complete the organization model, network development

- » To review and standardize the HO and branches model.
- » To do research and expand networks in potential areas, in urban, commercial and industrial areas.
- » To review the current status of subsidiaries and representative offices to plan the overall development plans as well as to improve operational efficiency.
- » To do research on expanding operation into neighbouring countries and international markets.

### 7. Human resources development

To develop human resources based on developing internal training system to improve professional competencies for staff in the system; to evaluate, plan, assign staff in accordance with the competence of staff.

### 8. Infrastructure investment and basic construction

To push up the completion of projects for construction and renovation of branch offices, creating spacious facilities to serve customers better, improve the operational efficiency; to strictly control expenditure on construction; to review and cut off ineffective and moderate projects; to organize widely bidding to select the best contractor with the most reasonable cost.

### 9. Financial management, cost saving

To review, inspect, and request all the staff to comply with regulations, avoiding wasteful use of regular expenditures. Asset procurement must be based on actual needs and cost saving; the asset price and quality must be decided upon market investigation.

### 10. To push up other support activities

- » To improve management efficiency as well as the coordination between Head Office and branches;
- » To push up communications and PR activities for Vietcombank's services and products in order to bring Vietcombank's image friendly to community. To complete the bid evaluation and expand the project *"Standardization and development Vietcombank's brand"*
- » To participate actively in external activities: joining industry associations, forums, annual conference, meeting with investors...; attending ADB Annual Meeting held in Hanoi in May 2011.
- » To support and actively take part in social activities; building Vietcombank's image as a strong financial institution paying great attention to community interest.



**5.2** million  
individual accounts

USD **1.2** billion  
individual remittance, increased  
by 21.8% in comparison with 2009

**Ceaseless**  
Effort...

Information on Investors Relation and Management

- Shareholding and changes  
in shareholding of members of the Board of Directors
- Statistical data on shareholders

## Members and organization of Board of Directors and Supervisory Board

Vietcombank's Board of Directors has seven (7) members including Chairman and six (6) members

1. Mr. <b>NGUYEN HOA BINH</b>	Chairman of the Board of Directors
2. Mr. <b>NGUYEN PHUOC THANH</b>	Member of the Board of Directors Chief Executive Officer
3. Mr. <b>TRAN VAN TA *</b>	Member of the Board of Directors
4. Mr. <b>PHAM HUYEN ANH</b>	Member of the Board of Directors
5. Ms. <b>LE THI HOA</b>	Member of the Board of Directors
6. Ms. <b>LE THI KIM NGA</b>	Member of the Board of Directors
7. Ms. <b>NGUYEN THI TAM</b>	Member of the Board of Directors

Supervisory has five (5) members, including Head of Supervisory Board and four (4) members

1. Ms. <b>TRUONG LE HIEN</b>	Head of Supervisory Board
2. Ms. <b>LA THI HONG MINH</b>	Member of Supervisory Board
3. Ms. <b>DO THI MAI HUONG</b>	Member of Supervisory Board
4. Ms. <b>DANG THI THUY **</b>	Member of Supervisory Board
5. Mr. <b>NGUYEN CHI THANH ***</b>	Member of Supervisory Board

\* Mr. Tran Van Ta retired on 19/04/2010  
 \*\* Ms. Dang Thi Thuy retired on 01/05/2010  
 \*\*\* Mr. Nguyen Chi Thanh stepped down on 19/04/2010

## Shareholding and changes in shareholding of members of the Board of Directors <sup>(1)</sup>

FULL NAME	TITLE	NUMBER OF SHARES AS OF 31/12/2009	NUMBER OF SHARES AS OF 31/12/2010	PERCENTAGE <sup>(2)</sup>
NGUYEN HOA BINH	Chairman of the Board of Directors	3,500	3,824	0.00029%
TRAN VAN TA	Member of the Board of Directors	0	0	-
LE THI HOA	Member of the Board of Directors	2,500	2,731	0.00021%
LE THI KIM NGA	Member of the Board of Directors	5,388	5,887	0.00045%
NGUYEN PHUOC THANH	Member of the Board of Directors Chief Executive Officer	2,500	2,731	0.00021%
NGUYEN THI TAM	Member of the Board of Directors	3,000	3,278	0.00025%
PHAM HUYEN ANH	Member of the Board of Directors	0	0	-

## Statistical data on Shareholders

According to the list of shareholders closed as of 16/12/2010.

### Shareholder owns more than 5% of VIETCOMBANK's share capital

State Bank of Vietnam (SBV) is the only shareholder who owns more than 5% of Vietcombank's share capital, representing Vietcombank's State-owned capital. As of 16/12/2010, SBV holds 90.72% of Vietcombank's share capital.

SHAREHOLDER	ADDRESS	NUMBER OF SHARES	PERCENTAGE (%)
STATE BANK OF VIETNAM (SBV)	47 - 49 Ly Thai To street, Hoan Kiem Dist, Hanoi	1,199,666,918	90.72%

### Domestic Shareholders

SHAREHOLDER	NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	PERCENTAGE (%)
Domestic corporates	37,623,259	200	2.85%
Domestic individuals	46,394,673	19,903	3.51%
<b>TOTAL</b>	<b>84,017,932</b>	<b>20,103</b>	<b>6.36%</b>

### Foreign Shareholders

SHAREHOLDER	NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	PERCENTAGE (%)
Foreign corporates	37,279,589	73	2.82%
Foreign individuals	1,407,013	451	0.11%
<b>TOTAL</b>	<b>38,686,602</b>	<b>524</b>	<b>2.93%</b>

\* According to Official letter No. 563/TTg-KTTH of the Prime Minister dated 07/04/2010, SBV replaced SCIC to become the representative for Vietcombank's State-owned capital holding 90.72% of Vietcombank's share capital.

(1) Excluding government representation shares  
 (2) Vietcombank's chartered capital as of 31/12/2010 was VND 13,223,714,520,000

VND **4,900**

billion is Vietcombank's  
total investment  
into 33 institutions



# Cooperation

to consolidate position...

## VIETCOMBANK's related companies

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Companies own more than 50% of Vietcombank's share capital

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Companies with more than 50% stake owned by Vietcombank

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Summary of operation of related companies

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# Vietcombank's related companies

## Companies own more than 50% of Vietcombank's share capital

Currently, the State is the only shareholder owning more than 50% of Vietcombank's share capital.

## Companies with more than 50% stake owned by Vietcombank

NAME	SHORT NAME	OPERATION LICENSE	NATURE OF BUSINESS	% SHAREHOLDING
Vietcombank Leasing Company	VCB Lea Co	No. 0104005246 issued by Department of Planning and Investment of Hanoi dated 05.02.2009	Financial leasing	100.00
Vietcombank Securities Company	VCBS	No. 0104000069 issued by Department of Planning and Investment of Hanoi dated 24.04.2002	Securities	100.00
Vietnam Finance Company in Hongkong	Vinafico	No. 05456282-000-02-10-2 dated 10.02.2010	Financial service	100.00
VCB Money Inc	VCB - Money	No. E0321392009_6 dated 15.06.2009	Money transfer service	75.00
Vietcombank Tower Company	VCBT	No. 1578/GP issued by Ministry of Planning and Investment dated 30.05.1996	Office leasing	70.00
Vietcombank Bonday Ben Thanh Limited	VBB	No. 2458/GP issued by Ministry of Planning and Investment dated 07.02.2005	Office Leasing	52.00
Vietcombank Fund Management Company	VCBF	No. 06/UBCK-GPHĐQLQ issued by State Securities Commission of Vietnam dated 02.12.2005	Investment Fund Management	51.00

## Summary of operation of companies with more than 50% stake owned by Vietcombank

### 1. Vietcombank Leasing Company (VCB Lea Co)

VCB Lea Co, a subsidiary 100% owned by Vietcombank, specializes in financial leasing. Despite unfavourable business environment, the Company still had a better year compared to 2009 thanks to its proactive and flexible business strategy. Total assets as of 31/12/2010 reached VND 1,450 billion, a 39% increase year on year. Fund mobilization was VND 1,066 billion reflecting 55% increase year on year. Net profit stood at VND 26.1 billion, a remarkable 27% increase compared to the 2009 results and 18.5% rise above the planned figure.

### 2. Vietcombank Securities Company (VCBS)

VCBS is 100% owned by Vietcombank. In 2010, due to unfavourable market conditions and severe competition among securities companies, VCBS only achieved modest results with profit before tax of VND 34.5 billion.

### 3. Vietnam Finance Company in Hong Kong (Vinafico - VFC)

Vietnam Finance Company in Hong Kong (VFC), a subsidiary 100% owned by Vietcombank, operates in financial field in Hong Kong. VFC's main activities are mobilizing deposits, lending and providing financial services. VFC is currently facing the intense competition in Hong Kong market, especially in financial services sector, which is dominated by big banks and financial institutions in the world. As a result, in 2010, Vinafico achieved modest performance with profit before tax of HKD 252,812.

### 4. VCB Money Inc (VCB Money)

VCB Money, a joint stock company with 75% of chartered capital owned by Vietcombank (the remaining 25% of chartered capital held by Le Vu Company), offers the service of transferring money from America to Vietnam. VCB Money was officially registered on 15/06/2009 in Nevada State and currently based in California. The company has been in business for over 01 year, developing agency network and negotiating with foreign partners to be able to implement the service in the coming year.

### 5. Vietcombank Tower 198 Company Ltd (VCBTower)

Vietcombank Tower 198 Company Ltd is a 70:30 joint venture between Vietcombank and FELS Property Holdings Pte, Ltd of Singapore, engaging in office lease at Vietcombank Tower 198 Tran Quang Khai, Hoan Kiem, Hanoi. Despite the severe competition in Hanoi office leasing market due to increased supply, the company has maintained a stable operation with rental rate of 100% and achieved good business result with net profit of USD 3,796,485 for 2010.

## Vietcombank's related companies (cont.)

### 6. Vietcombank Bonday Ben Thanh Company (VBB)

VBB is a joint venture of the Bank and Travel Company Ben Thanh and Bonday Investment Ltd (Hong Kong) with contribution ratio of 52%, 18% and 30% respectively, operating in office and apartment leasing (class A), as well as providing offices for Vietcombank's branches and subsidiaries in Ho Chi Minh City. Currently VBB has been in the construction works which are expected to be completed in June 2013.

### 7. Vietcombank Fund Management Company (VCBF)

VCBF is a joint venture company of Vietcombank and Viet Capital Holdings Pte, Ltd (Ltd) with contribution ratio of 51% and 49% respectively, operating in establishing and managing securities investment funds, managing securities investment portfolio.

In February 2008, Franklin Templeton, one of the global largest assets management corporation, purchased all VCBF's shares owned by Viet Capital Holdings and officially becomes foreign shareholder of VCBF.

As of 31/12/2010, VCBF established and managed 03 member funds with total committed investment capital of USD 160 million, 07 securities investment portfolios with total contribution capital of VND 800 billion.

During current years, the unfavourable economic conditions strongly impacts on business result of Fund Management Company. However, VCBF has made great effort and continued expanding and diversifying operation by developing service of investment portfolio management for domestic enterprises and foreign investors. In 2010, net profit of company reached VND 603 million.

## Summary of operation of Vietcombank's related companies

### Vietcombank's related companies

NAME	SHORT NAME	OPERATION LICENSE	NATURE OF BUSINESS	% SHAREHOLDING FROM VIETCOMBANK
ShinhanVina Bank	SVB	No. 10/NH-GP by State Bank of Vietnam dated 04.01.1993	Banking	50
Vietcombank Cardiff Life Insurance Company	VCLI	No. 55/GP by Ministry of Finance dated 23.10.2008	Insurance	45
Vietcombank Bonday Inc	VCBB	No. 283/GP by Department of Planning and Investment dated 05.12.1991	Office Leasing	16

#### 1. Shinhan Vina Bank (SVB)

SVB is a joint venture bank of Vietcombank and Shinhan Bank with contribution ratio of 50:50, incorporated in 1993 (previous name was First Vina).

In 2010, despite many challenges and competitions, SVB still remained stable business operation with principal activities: an increase of 67% in fund mobilization, 22% in outstanding loan and 65% in international payment compared to 2009, reaching net profit of USD 14,284 million.

#### 2. Vietcombank Cardiff Life Insurance Company (VCLI)

VCLI is a joint venture company of Vietcombank (45%), Cardiff (43%) and Seabank (12%), operating in Life Insurance, specializing in distribution of Life Insurance products through bank (bancassurance). Currently, VCLI provides insurance products including: personal credit insurance, group credit insurance, credit insurance for co-borrowers and death insurance.

In the year 2010, VCLI has distributed personal credit insurance products over all Vietcombank system and begun implementing this product in Seabank (December 2010). Net profit for the year 2010 was VND 30,246 million.

#### 3. Vietcombank Bonday Limited (VCB Bonday)

VCB Bonday is a joint venture company of Vietcombank (16%), Sai Gon Real Estate Corporation (4%) and Bonday Investment Ltd Hong Kong (80%), established for the purpose of building and managing Harbour View Tower located at 35 Nguyen Hue street, District 1, Ho Chi Minh City, and operating in office leasing.

In 2010, in the context of global financial crisis and economic downturn as well as the severe competition in office leasing market with abundant supply, the company still maintained stable operation with rental rate of 98% for the year 2010 and achieved good business result with net profit of VND 33,422 million.





**Potential**  
out of vision...

**11,415**

is the number of  
Vietcombank staff as at  
31 December 2010

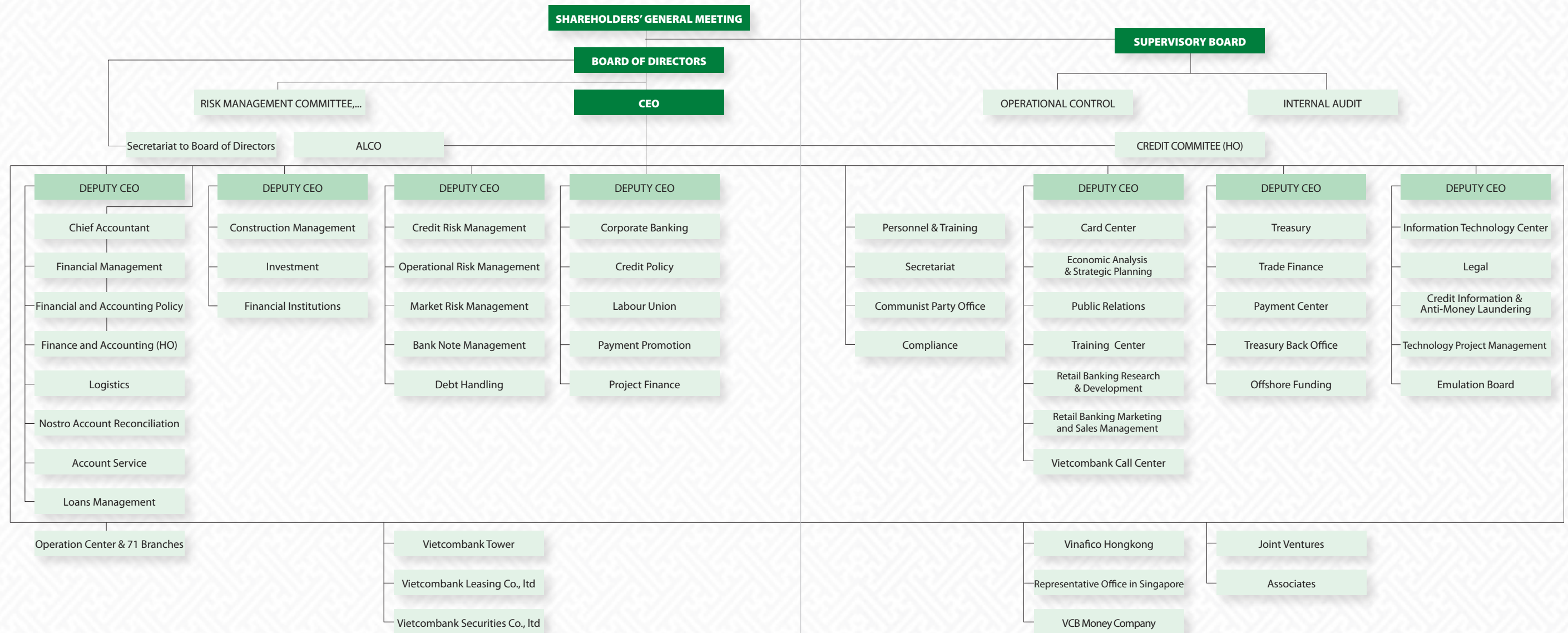
Organisation and Personnel

Organisation structure

Board of Directors

Board of Management

# Organisation structure



# Board of Directors



**Mr. NGUYEN HOA BINH**  
Chairman of the BOD

University for Foreign Studies  
Master of Business Administration,  
Vietnam - Belgium Program,  
National Economics University



**Mr. NGUYEN PHUOC THANH**  
Member of the BOD and CEO

Ho Chi Minh Economics University  
Master of Business Administration,  
Pacific Western University (USA),  
Vietnam National University



**Mr. PHAM HUYEN ANH**  
Member of the BOD

Foreign Trade University  
Postgraduate - Nanzan Nagoya University (Japan)  
Master of Economics,  
Foreign Trade University



**Ms. NGUYEN THI TAM**  
Member of the BOD

University for Foreign Studies  
Diploma of Advanced Banking



**Ms. LE THI KIM NGA**  
Member of the BOD

Foreign Trade University  
PhD of Economics, National Economics University



**Ms. LE THI HOA**  
Member of the BOD

National Economics University,  
Master of Banking and Finance, CFVG Program

# Board of Management



**Mr. NGUYEN PHUOC THANH**  
Chief Executive Officer - CEO

Ho Chi Minh Economics University  
Master of Business Administration,  
Pacific Western University (USA),  
Vietnam National University



**Mr. PHAM QUANG DUNG**  
Deputy General Director

National Economics University  
Master of Banking and Finance,  
Birmingham University, UK



**Mr. NGUYEN VAN TUAN**  
Deputy General Director

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



**Ms. NGUYEN THU HA**  
Deputy General Director

Foreign Trade University  
Master of Business Administration,  
Georgetown University (USA)



**Mr. DAO MINH TUAN**  
Deputy General Director

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



**Mr. NGUYEN DANH LUONG**  
Deputy General Director

Banking Academy  
PhD of Economics (Banking Academy)



**Mr. DAO HAO**  
Deputy General Director

Ho Chi Minh Economics University  
Hanoi Law University



**Mr. PHAM THANH HA**  
Deputy General Director

National Economics University  
MBA, George Washington University (USA)



**Ms. NGUYEN THI HOA**  
Chief Accountant

University of Finance and Accounting

**1,300**  
correspondent banks  
in 100 countries  
and territories

**72** branches nationwide

**3** domestic companies

**3** foreign companies  
and representative offices

**6** joint ventures and associates



Continuous  
**Development...**

VIETCOMBANK Network

Head Office, Operation Center and domestic branches

Domestic subsidiaries, overseas network,  
representative office and joint - ventures, associates

# Head Office, Operation Center and Domestic Branches

## HEAD OFFICE

198 Tran Quang Khai - Hoan Kiem District - Hanoi, Vietnam  
Website: www.vietcombank.com.vn

Tel: (84.4) 3934 3137

Fax: (84.4) 3936 0049/3826 9067

Vietcombank Call Center 24/7:

(84.4) 3824 3524/1900545413

No	BRANCH	ADDRESS	CONTACT
1	An Giang	01 Hung Vuong Street, Long Xuyen City, An Giang Province.	Tel : 0763 841816 Fax : 0763 841591
2	Ba Dinh	521 Kim Ma Street, Ba Dinh District, Ha Noi	Tel : 04 37665318 Fax : 04 37665313
3	Bac Giang	179 Hung Vuong Street, Bac Giang City, Bac Giang Province	Tel : 0240.3858996 Fax : 0240.3855575
4	Bac Ninh	353 Tran Hung Dao Street, Bac Ninh City, Bac Ninh Province	Tel : 0241 3811848 Fax : 0241 3811848
5	Ben Thanh	69 Bui Thi Xuan Street, Pham Ngu Lao Ward, District 1, Ho Chi Minh City	Tel : 08 8359323 Fax : 08 38325041
6	Bien Hoa	22 Street 3A, Bien Hoa II Industrial Zone, Bien Hoa city, Dong Nai Province	Tel : 061 3995981 Fax : 061 3991947
7	Binh Duong	314 Binh Duong Highway, Phu Hoa Ward, Thu Dau 1 Town, Binh Duong Province	Tel : 0650 3822685 Fax : 0650 3831220
8	Binh Tay	129 - 129A Hau Giang Street, Ward 5, District 6, Ho Chi Minh City	Tel : 08 39600477 Fax : 08 39606217
9	Binh Thanh	169 Dien Bien Phu Street, Ward 15, Binh Thanh District, Ho Chi Minh City	Tel : 08 38407924 Fax : 08 38407923
10	Binh Thuan	87 Street 19/4, Xuan An Ward, Phan Thiet City, Binh Thuan Province	Tel : 062 3739064 Fax : 062 3739290
11	Ca Mau	3 - 4C, Au Co Street, Ward 7, Ca Mau City, Ca Mau Province	Tel : 0780 3835027 Fax : 0780 3833466
12	Cam Ranh	122 Street 22/8, Cam Thuan Ward, Cam Ranh Town, Khanh Hoa Province	Tel : 058 3955767 Fax : 058 3952403
13	Can Tho	7 Hoa Binh Street, Ninh Kieu District, Can Tho City	Tel : 0710 3820445 Fax : 0710 3817299
14	Chau Doc	55 Le Loi Street, Chau Phu B Ward, Chau Doc Town, An Giang Province	Tel : 076 3565603 Fax : 076 3561703
15	Chuong Duong	564 Nguyen Van Cu Street, Long Bien District, Ha Noi	Tel : 04 38777102 Fax : 04 36522949
16	Da Lat	1 Le Hong Phong Street, Ward 4, Da Lat City, Lam Dong Province	Tel : 063 3511811 Fax : 063 3533666
17	Da Nang	140 Le Loi Street, Hai Chau I Ward, Hai Chau District, Da Nang City	Tel : 0511 3822110 Fax : 0511 3826062
18	Dak Lak	6 Tran Hung Dao Street, Ban Me Thuot City, Dak Lak Province	Tel : 0500 3857899 Fax : 0500 3855038
19	Dong Nai	77 C Hung Dao Vuong Street, Bien Hoa City, Dong Nai Province	Tel : 061 3823666 Fax : 0613 824191
20	Dong Thap	66 Street 30/4, Ward 1, Cao Lanh City, Dong Thap Province	Tel : 067 3872114 Fax : 067 3872119
21	Dung Quat	Lot L3 Sai Gon Dung Quat Industrial Zone, Binh Son District, Quang Ngai Province	Tel : 0553 610807 Fax : 0553 61080
22	Gia Lai	50 Phan Boi Chau Street, Hoi Thuong Ward, Pleiku City, Gia Lai Province	Tel : 059 3828595 Fax : 059 3828592
23	Ha Long	Ha Long Street, Bai Chay Ward, Ha Long City, Quang Ninh Province	Tel : 033 3811 808 Fax : 033 3844 746

No	BRANCH	ADDRESS	CONTACT
24	Ha Noi	334 Ba Trieu Street, Hai Ba Trung District, Ha Noi	Tel : 04 3974 6666 Fax : 04 3974 7065
25	Ha Tay	484 Quang Trung Street, Ha Dong, Ha Noi	Tel : 04 33554545 Fax : 04 33554444
26	Ha Tinh	2 Nguyen Thi Minh Khai Street, Tran Phu Ward, Ha Tinh City, Ha Tinh Province	Tel : 039 3857001 Fax : 039 3857002
27	Hai Duong	66 Nguyen Luong Bang Street, Hai Duong City, Hai Duong Province	Tel : 0320 3891131 Fax : 0320 3891807
28	Hai Phong	11 Hoang Dieu, Hong Bang District, Hai Phong Province	Tel : 031 3842658 Fax : 031 3841117
29	Ho Chi Minh	29 Ben Chuong Duong, District 1, Ho Chi Minh City	Tel : 08 38297245 Fax : 08 38297228
30	Hoan Kiem	23 Phan Chu Trinh Street, Hoan Kiem District, Hanoi	Tel : 04 39335566 Fax : 04 39335580
31	Hue	78 Hung Vuong Street, Hue City, Thua Thien Hue Province	Tel : 054 3811900 Fax : 054 3824631
32	Hung Yen	39 Street, Nghia Hiep Town, Yen My District, Hung Yen Province	Tel : 0321 3941886 Fax : 0321 3941044
33	Binh Duong Industrial Zone	DT 743 Street, Binh Hoa Town, Thuan An District, Binh Duong Province	Tel : 0650 3710722 Fax : 0650 3710725
34	Kien Giang	2 Mac Cuu Street, Rach Gia City, Kien Giang Province	Tel : 077 3862 749 Fax : 077 3866 243
35	Kon Tum	124B Le Hong Phong Street, Quyet Thang Ward Kon Tum City, Kon Tum Province	Tel : 060 3703337 Fax : 060 3913516
36	Ky Dong	13 - 13 bis Ky Dong, Ward 9, District 3, Ho Chi Minh City	Tel : 08 39318956 Fax : 08 39318953
37	Long An	134 - 138 Nguyen Huu Tho Street, Ben Luc Town, Long An Province	Tel : 072 3633684 Fax : 072 3633687
38	Mong Cai	2 Van Don Street, Mong Cai City, Quang Ninh Province	Tel : 033 3887575 Fax : 033 3881676
39	Nam Sai Gon	Tan Thuan Industrial Zone, District 7, Ho Chi Minh City	Tel : 08 37701634 Fax : 08 37701635
40	Nha Trang	17 Quang Trung Street, Nha Trang City, Khanh Hoa Province	Tel : 058 3722820 Fax : 058 3815114
41	Nhon Trach	25B Street, Nhon Trach III Industrial Zone, Nhon Trach Town, Dong Nai Province	Tel : 061 3560881 Fax : 061 3560880
42	Phu Tai	1A Highway, Tran Quang Dieu Ward, Quy Nhon City, Binh Dinh Province	Tel : 056 3541869 Fax : 056 3741007
43	Phu Tho	664 Su Van Hanh Street, District 10, Ho Chi Minh City	Tel : 08 38635821 Fax : 08 38624804
44	Phu Yen	194 - 196 Hung Vuong Street, Ward 7, Tuy Hoa City, Phu Yen Province	Tel : 057.3811709 Fax : 057.3818186
45	District 5	2D - 2E Ly Thuong Kiet Street, District 5, Ho Chi Minh City	Tel : 08 39573378 Fax : 08 39573380
46	Quang Binh	3 Ly Thuong Kiet Street, Dong Hoi City, Quang Binh Province	Tel : 052 3840380 Fax : 052 3828347
47	Quang Nam	35 Tran Hung Dao, Tam Ky City, Quang Nam Province	Tel : 0903 507785 Fax : 0510 3813235
48	Quang Ngai	345 Hung Vuong Street, Quang Ngai City, Quang Ngai Province	Tel : 055 3828578 Fax : 055 3711482
49	Quang Ninh	703 Le Thanh Tong, Ha Long City, Quang Ninh Province	Tel : 033 3629215 Fax : 033 3828914
50	Quang Tri	51 Tran Hung Dao, Dong Ha Town, Quang Tri Province	Tel : 053.3555727 Fax : 053.3555726

## Head Office, Operation Center and Domestic Branches (cont.)

No	BRANCH	ADDRESS	CONTACT
51	Quy Nhon	152 Le Loi Street, Quy Nhon City, Binh Dinh Province	Tel : 056 3821498 Fax : 056 3823181
52	Operations Center	31 - 33 Ngo Quyen Street, Hoan Kiem District, Ha Noi	Tel : 04 39368547 Fax : 04 38241395
53	Soc Trang	27 Hai Ba Trung Street, Soc Trang City, Soc Trang Province	Tel : 079 3621752 Fax : 079 3824186
54	Song Than	1 Truong Son Highway, Di An District, Binh Duong Province	Tel : 0650 3792158 Fax : 0650 3792387
55	Tan Binh	1G, 1F Room, Tanni Office Building, 108 Tay Thanh Street, Tay Thanh Ward, Tan Phu Dist, Ho Chi Minh City	Tel : 08 38106454 Fax : 08 38106838
56	Tan Dinh	72 Pham Ngoc Thach Street, District 3, Ho Chi Minh City	Tel : 08 38208762 Fax : 08 38206846
57	Tay Ninh	374 - 376 Street 30/4, Ward 3, Tay Ninh Town, Tay Ninh Province	Tel : 066 3818 997 Fax : 066 3818 998
58	Thai Binh	75 Le Loi Street, Thai Binh City, Thai Binh Province	Tel : 036 3836994 Fax : 036 3836994
59	Thang Long	98 Hoang Quoc Viet Street, Cau Giay District, Ha Noi	Tel : 0912081898 Fax : 04 37569006
60	Thanh Cong	Lot 3, 4.1 CC Hoang Dao Thuy Street, Nhan Chinh Ward, Thanh Xuan District, Ha Noi	Tel : 04 62578686 Fax : 04 37761747
61	Thanh Hoa	11 Hac Thanh Street, Dien Bien Ward, Thanh Hoa City, Thanh Hoa Province	Tel : 037 372 8286 Fax : 037 372 8386
62	Thanh Xuan	277 Nguyen Trai Street, Thanh Xuan District, Ha Noi	Tel : 04 35578589 Fax : 04 35574140
63	Thu Duc	Linh Trung I Industrial Zone, Thu Duc District, Ho Chi Minh City	Tel : 08 38974947 Fax : 08 38974176
64	Tien Giang	20 -20A Ly Thuong Kiet Street, Ward 6, My Tho City, Tien Giang Province	Tel : 07 33975495 Fax : 07 33975878
65	Tra Noc	Tra Noc Industrial Zone, Tra Noc Ward, Binh Thuy District, Can Tho Province	Tel : 0710 3844272 Fax : 0710 3843056
66	Tra Vinh	28 Nguyen Thi Minh Khai Street, Ward 2, Tra Vinh Town, Tra Vinh Province	Tel : 074 3868780 Fax : 074 3868791
67	Vinh	21 Quang Trung Street, Vinh City, Nghe An Province	Tel : 038 3842033 Fax : 038 3842192
68	Vinh Loc	Admin Divison, Vinh Loc Industrial Zone, Binh Tan District, Ho Chi Minh City	Tel : 08 37651328 Fax : 08 37651327
69	Vinh Long	1D - 1E Hoang Thai Hieu Street, Ward 1, Vinh Long City, Vinh Long Province	Tel : 070 3836478 Fax : 070 3836479
70	Vinh Phuc	116 Ngo Quyen Street, Vinh Yen, Vinh Phuc Province	Tel : 0211 3720920 Fax : 0211 3720 921
71	Vung Tau	27 - 29 Tran Hung Dao Street, Vung Tau City, Ba Ria - Vung Tau Province	Tel : 064 3852309 Fax : 064 3859859
72	Xuan An	Xuan An Town, Nghi Xuan District, Ha Tinh Province	Tel : 039 3821049 Fax : 039 3821248

## Domestic Subsidiaries Overseas Network, Representative Office and Joint - Ventures, Associates

### Domestic Subsidiaries

No	COMPANY NAME	ADDRESS	CONTACT
1	Vietcombank Finance Leasing Company	3 <sup>rd</sup> floor, No. 10B Building, Trang Thi Street, Hoan Kiem District, Ha Noi	Tel : 04 39289289 Fax : 04 39289150
2	Vietcombank Securities Company	12 <sup>th</sup> & 17 <sup>th</sup> Floor, VCB Tower, 198 Tran Quang Khai Street, Hoan Kiem District, Ha Noi	Tel : 04 39366426/ 39366990 Fax : 04 39360262
3	Vietcombank Tower Company	15 <sup>th</sup> Floor, VCB Tower, 198 Tran Quang Khai Street, Hoan Kiem District, Ha Noi	Tel : 04 39340919 Fax : 04 39340918

### Overseas Network, Representative Office

No	COMPANY NAME	ADDRESS	CONTACT
1	VCB Money Company	VCB Money, Inc 11770 E Warner Avenue, Fountain Valley, CA 92708	Tel : 714 979 1055 Fax : 714 979 1278
2	Vinafico Hong Kong	16/F, Golden Star Building, 20 - 24, Lockhart Road, Wanchai, Hong Kong	Tel : 852 2865 3908 Fax : 852 2866 0007
3	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

No	COMPANY NAME	ADDRESS	CONTACT
1	ShinhanVina Bank	100 Nguyen Thi Minh Khai Street, Ward 6, District 3, Ho Chi Minh City	Joint Venture
2	Vietcombank Bonday	35 Nguyen Hue Street, District 1, Ho Chi Minh City	Associate
3	Vietcombank Bonday - Ben Thanh	2 <sup>nd</sup> Floor, 5 Nguyen Gia Thieu Street, Ward 6, District 3, Ho Chi Minh City	Joint Venture
4	Vietcombank Fund Management Company	18 <sup>th</sup> Floor, VCB Tower, 198 Tran Quang Khai Street, Hoan Kiem District, Ha Noi	Joint Venture
5	Vietcombank - Cardif Insurance Company	Room 908, 9 <sup>th</sup> Floor, Vincom B Tower, 191 Ba Trieu Street, Hai Ba Trung District, Ha Noi	Joint Venture
6	Vietcombank Partner Fund 1 (VPF1)	18 <sup>th</sup> Floor, VCB Tower, 198 Tran Quang Khai Street, Hoan Kiem District, Ha Noi	Associate

VND **4,215**  
billion is net profit after tax  
as at 31 December 2010

Dividend Payout **12%**



Endless  
**Success...**

Financial Statements 2010

- Corporate information
- Independent Auditors' Report
- Financial Statements



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 banking licence.

Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Department of Planning and Investment of Hanoi People's Committee, renewed to Business Registration certificate No. 0100112437 for the first time on 6 September 2010 and the second time on 2 March 2011.

### Board of Directors

Mr. NGUYEN HOA BINH	Chairman	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
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. 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
Mr. DAO HAO	Deputy General Director	Appointed on 2 August 2010
Mr. PHAM THANH HA	Deputy General Director	Appointed on 2 August 2010

**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 Limited

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 2010 and the related consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 31 March 2011 ("the consolidated financial statements"). The consolidated financial statements are the responsibility of the Bank's Board of 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 consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

### Audit opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Vietcombank and its subsidiaries as of 31 December 2010 and of their consolidated results of operations and their consolidated cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements.

KPMG Limited  
Vietnam  
Investment Licence No. 011043000345  
Audit report No. 2010KTo/VCB-KPMG/AC



TRAN ANH QUAN  
CPA No. 0306/KTV  
Deputy General Director

NGUYEN THUY DUONG  
CPA No. 0893/KTV

## Consolidated balance sheet as at 31 December 2010

	NOTE	VND million	
		2010	2009
<b>A ASSETS</b>			
I Cash on hand, gold, silver, gemstones	3	5,232,743	4,485,150
II Balances with the State Bank of Vietnam	4	8,239,851	25,174,674
III Balances with and loans to other credit institutions	5	79,653,830	47,456,662
1 Balances with other credit institutions		79,499,786	46,480,842
2 Loans to other credit institutions		159,666	982,218
3 Allowance for loans to other credit institutions		(5,622)	(6,398)
IV Trading securities	6	7,181	5,768
1 Trading securities		10,830	6,001
2 Allowance for diminution in the value of trading securities		(3,649)	(233)
V Derivatives and other financial assets	7	34,686	-
VI Loans and advances to customers		171,124,824	136,996,006
1 Loans and advances to customers	8	176,813,906	141,621,126
2 Allowance for loans and advances to customers	9	(5,689,082)	(4,625,120)
VII Investment securities	10	32,811,215	32,634,887
1 Available-for-sale securities		22,780,947	21,020,349
2 Held-to-maturity securities		10,329,560	12,040,643
3 Allowance for diminution in the value of investment securities		(299,292)	(426,105)
VIII Long-term investments	11	3,955,000	3,637,730
1 Investments in joint-ventures		1,563,346	1,270,718
2 Investments in associate companies		22,965	22,850
3 Other long-term investments		2,524,588	2,447,542
4 Allowance for diminution in the value of long-term investments		(155,899)	(103,380)
IX Fixed assets		1,586,004	1,505,260
1 Tangible fixed assets	12	1,178,724	1,181,841
a Cost		3,539,200	3,152,487
b Accumulated depreciation		(2,360,476)	(1,970,646)
3 Intangible fixed assets	13	407,280	323,419
a Cost		606,920	500,504
b Accumulated amortisation		(199,640)	(177,085)
XI Other assets	14	4,850,756	3,599,746
1 Receivables		1,919,777	1,565,526
2 Accrued interest and fees receivable		2,349,959	1,616,209
4 Other assets		581,020	418,011
<b>TOTAL ASSETS</b>		<b>307,496,090</b>	<b>255,495,883</b>

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

	NOTE	VND million	
		2010	2009
<b>B LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
I Amounts due to the Government and the State Bank of Vietnam	15	10,076,936	22,578,400
II Deposits and borrowings from other credit institutions	16	59,535,634	38,835,516
1 Deposits from other credit institutions		53,950,694	31,977,936
2 Borrowings from other credit institutions		5,584,940	6,857,580
III Deposits from customers	17	204,755,949	169,071,562
IV Derivatives and other financial liabilities	18	-	81,843
V Other borrowed funds		20	19
VI Valuable papers issued	19	3,563,985	386,058
VII Other liabilities		8,774,055	7,722,844
1 Accrued interest and fees payables	20(a)	2,637,441	1,848,712
2 Deferred tax liabilities		2,088	484
3 Other liabilities	20(b)	5,124,795	5,033,207
4 Provision for contingent liabilities and off-balance sheet commitments	20(c)	1,009,731	840,441
<b>TOTAL LIABILITIES</b>		<b>286,706,579</b>	<b>238,676,242</b>
VIII Capital and reserves			
1 Capital		14,255,875	12,146,020
a Charter capital		13,223,715	12,100,860
b Share premium		987,000	-
c Other capital		45,160	45,160
2 Reserves		1,456,675	1,283,539
3 Foreign exchange differences		269,314	167,838
4 Asset revaluation difference		35,631	8,873
5 Retained profits		4,651,984	3,104,063
<b>TOTAL SHAREHOLDERS' EQUITY</b>	21	<b>20,669,479</b>	<b>16,710,333</b>
IX Minority interest		120,032	109,308
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>307,496,090</b>	<b>255,495,883</b>

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

Consolidated balance sheet(continued)  
as at 31 December 2010

	NOTE	2010	2009
VND million			
<b>OFF-BALANCE SHEET ITEMS</b>			
I			
1		251	-
2		34,540,188	31,639,498
3		15,630,554	13,338,765
II			
1		1,100,805	380,811

Prepared by

PHUNG NGUYEN HAI YEN

NGUYEN THI HOA




Head of Financial  
and Accounting Policy Department

Chief Accountant

Approved by

NGUYEN DANH LUONG



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 2010

	NOTE	2010	2009
VND million			
1	22	20,580,638	15,293,558
2	23	(12,392,225)	(8,794,892)
I		8,188,413	6,498,666
3	24	1,918,540	1,372,403
4	24	(502,130)	(383,190)
II	24	1,416,410	989,213
III	25	561,680	918,309
IV	26	18,149	183,297
V	27	268,381	172,876
5	28	724,527	246,689
6	28	(144,780)	(118,683)
VI	28	579,747	128,006
VII	29	492,026	396,437
VIII	30	(4,544,416)	(3,493,917)
IX		6,980,390	5,792,887
X	31	(1,501,207)	(788,513)
XI		5,479,183	5,004,374
7	32(a)	(1,243,391)	(1,059,621)
8		-	-
XII		(1,243,391)	(1,059,621)
XIII		4,235,792	3,944,753
XIV		(21,248)	(23,398)
XV		4,214,544	3,921,355
XVI	21(d)	2,315	2,215

Prepared by

PHUNG NGUYEN HAI YEN

NGUYEN THI HOA



Head of Financial  
and Accounting Policy Department



Chief Accountant

Approved by

NGUYEN DANH LUONG



Deputy General Director

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

**Consolidated statement of cash flows**  
for the year ended 31 December 2010

	VND million	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
1 Interest and similar income received	19,846,888	15,363,180
2 Interest and similar expenses paid	(11,603,496)	(9,781,794)
3 Fee and commission income received	1,416,410	989,213
4 Net receipts from the trading activities of foreign currencies, gold and securities	904,205	1,151,756
5 Other income received/(expense paid) - net	244,707	(26,780)
6 Receipts from recovery of bad debts previously written off	334,053	147,561
7 Payments to employees and for other operating activities	(3,969,690)	(2,979,744)
8 Income tax paid	(1,336,828)	(681,015)
<b>Net cash flow from operating activities before changes in operating assets and working capital</b>	<b>5,836,249</b>	<b>4,182,377</b>
<b>Changes in operating assets</b>		
9 Balances with and loans to other credit institutions	1,966,969	(4,845,843)
10 Trading securities	6,045,940	10,528,995
12 Loans and advances to customers	(35,192,780)	(28,828,161)
13 Utilisation of allowance for loans and advances to customers	(306,069)	(261,711)
14 Other assets	(869,328)	(888,918)
<b>Changes in operating liabilities</b>		
15 Amounts due to the Government and the State Bank of Vietnam	(12,501,464)	13,062,767
16 Deposits and borrowings from other credit institutions	20,700,118	12,388,451
17 Deposits from customers	35,684,387	12,004,543
18 Valuable papers issued	3,177,927	(2,535,957)
19 Other borrowed funds	-	(555,225)
20 Derivatives and other financial liabilities	(196,987)	81,843
21 Other liabilities	1,114,803	(3,534,479)
22 Payments from reserves	(438,643)	(146,182)
<b>I Net cash flow generated from operating activities</b>	<b>25,021,122</b>	<b>10,652,500</b>

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

	VND million	
	2010	2009
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
1 Payments for purchases of fixed assets	(543,493)	(545,666)
2 Proceeds from disposals of fixed assets	1,536	7,463
3 Payments for disposals of fixed assets	(443)	(238)
7 Payments for investments in other entities	(503,980)	(455,942)
8 Proceeds from disposals of investments in other entities	292,195	93,188
9 Dividends received from long-term investments	138,726	160,681
<b>II Net cash flow from investing activities</b>	<b>(615,459)</b>	<b>(740,514)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
1 Issuance of new shares	1,122,855	-
4 Dividends paid	(1,452,103)	(768,460)
<b>III Net cash flow from financing activities</b>	<b>(329,248)</b>	<b>(768,460)</b>
<b>IV Net cash flow during the year</b>	<b>24,076,415</b>	<b>9,143,526</b>
<b>V Cash and cash equivalents at the beginning of the year</b>	<b>72,601,931</b>	<b>63,458,405</b>
<b>VII Cash and cash equivalents at the end of the year (Note 33)</b>	<b>96,678,346</b>	<b>72,601,931</b>

Prepared by

PHUNG NGUYEN HAI YEN



Head of Financial  
and Accounting Policy Department

NGUYEN THI HOA



Chief Accountant

Approved by

NGUYEN DANH LUONG



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 2010

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 the approval of the Prime Minister on the equitisation plan of the Bank for Foreign Trade of Vietnam and in accordance with 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 Department of Planning and Investment of Hanoi People’s Committee. Business Registration certificate No. 0100112437 was renewed for the first time on 6 September 2010 and the second time on 2 March 2011.

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

#### b. Charter 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 Department of Planning and Investment of Hanoi People’s Committee, the Bank’s charter capital is VND 12,100,860,260,000. Under Business Licence No. 0100112437 which was renewed for the first time on 6 September 2010, the Bank’s charter capital is VND 13,223,714,520,000. The face value per share is VND 10,000.

	2010		2009	
	NUMBER OF SHARES	%	NUMBER OF SHARES	%
Shares owned by the State of Vietnam	1,199,666,918	90.72%	1,097,800,600	90.72%
Shares owned by others	122,704,534	9.28%	112,285,426	9.28%
	<b>1,322,371,452</b>	<b>100%</b>	<b>1,210,086,026</b>	<b>100%</b>

### c. Information on the equitisation of the Bank

The Bank for Foreign Trade of Vietnam was equitised under Decision No. 1289/QD-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/QD-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.

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 2010 and at the approval 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 2010, the Bank has one (1) Head Office, one (1) Operations Centre, one (1) Training Centre and seventy one (71) Branches Nationwide, three (3) Local Subsidiaries, two (2) Overseas Subsidiaries, 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**”.

## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2010

### 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 issued in 1987 by the Hong Kong Monetary Authority	Finance & non-banking	100%
VCB-Money Incorporation	Business Licence No. E0321392009-6 dated 15 June 2009 granted by Authority of Nevada State, United States of America	Remittance	75%

### f. Number of employees

As at 31 December 2010, Vietcombank has 11,415 employees (31 December 2009: 10,401 employees).

## 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 Standards ("VAS"), the Vietnamese Accounting System for Credit Institutions stipulated by the SBV and the relevant statutory requirements. The Bank also prepared the separate financial statements for the year ended 31 December 2010.

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. The accounting policies have been consistently applied by Vietcombank during the year. Except for points as described in Note 2(j)(i), 2(m)(iv), 2(n)(iii) and 2(g), Vietcombank has consistently applied the accounting policies for the year ended 31 December 2009.

### b. Fiscal year

Vietcombank's fiscal year is from 1 January to 31 December.

### c. Foreign currency transactions

The Bank maintains its accounting system and records all transaction in their original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the ruling inter-bank exchange 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. Income and expenses in foreign currencies are translated into VND at exchange rates at the dates of the transactions.

Foreign exchange differences arising from revaluation of foreign currency trading activities 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.

### d. 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.

## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2010

### (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.

### e. 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 discounting, 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.

### f. Investments

#### (i) Classification

##### 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.

##### Investment securities

Investment securities are classified into two categories: 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.

##### 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-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.

##### Other long-term investments

Other long-term investments include equity securities and other long term capital contributions whose holding, withdrawing or paying term is for more than 1 year (at the exclusion of capital contributions, investments into joint-ventures and associates).

#### (ii) Recognition

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

#### (iii) Measurement

Trading securities are initially recognized at cost of acquisition. They are subsequently measured at the lower of carrying value and market value. Gains or losses from the disposal of trading securities are recognized in the consolidated statement of income.

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.

Investment in associates, and joint-ventures are accounted for using the equity method and are recognised initially at cost; and subsequently are accounted for using equity method.

Other long term investments are initially recognized at cost. Cost is determined on a weighted average basis. They are subsequently stated at cost less allowance for diminution in their values.

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.

## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2010

### (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.

### g. Loans and advances to customers

Loans and advances to customers are stated on consolidated balance sheet at outstanding principal less allowances for credit risk.

In accordance with decision No. 493/2005/QĐ-NHNN dated 22 April 2005 issued by the SBV ("Decision 493"), which was amended and supplemented by Decision No. 18/2007/QĐ-NHNN dated 25 April 2007 issued by the SBV ("Decision 18"), specific allowance for credit risk is calculated on loan grading 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 2010, Vietcombank provided a general allowance of 0.75% of the above balances as at 30 November 2010 (31 December 2009: 0.75% of the above balances as at 30 November 2009).

Effective from the year ended 31 December 2010, the Bank has applied Article 7 of Decision 493 to reclassify loans and advances as at 31 December 2010 based on qualitative and quantitative factors. This loan and advance classification method was approved by the SBV in the Official Letter No. 3937/NHNN - TTGSNH dated 27 March 2010.

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 organisations, enterprises) or borrowers are dead or missing (for individuals).

### h. Provision for off-balance sheet commitments

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

In addition, Vietcombank is required to make a general provision of 0.75% of total outstanding letters of guarantee, letters of credit, and commitment of financing to customers as at the consolidated 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 2010, Vietcombank provided a general provision of 0.75% of the above balances as at 30 November 2010 (31 December 2009: 0.75% of the above balances as at 30 November 2009).



## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2010

### i. 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 case 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

### j. Intangible fixed assets

#### (i) Land use rights

Land use rights are the land transferred upon payments of land use fee. 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.

In accordance with Circular 203/2009/TT-BTC dated 20 October 2009 by the Ministry of Finance, effective from 1 January 2010, intangible fixed assets which are land use rights are not amortised.

#### (ii) Other intangible fixed assets

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

### k. Deposits and certificates of deposits

Deposits and certificates of deposits are stated at cost.

### l. 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 fund 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.

### m. 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 issuance price and the par value of the shares is recorded as share premium in equity.

#### (iii) Treasury shares

When Vietcombank repurchases its own issued share, the total paid amount which includes directly attributable costs, net off any tax effects, is recognised as a deduction from equity and referred to as treasury shares.

#### (iv) Reserves

Reserves are for specific purposes and distributed from net profit after tax excluding net gain from revaluation of gold, trading foreign currencies and derivatives ("net profit for appropriation to reserves") at prescribed rates as below:

- » Supplementary chartered capital reserve: 5% of net profit for appropriation to reserves and does not exceed 10% of the Bank's charter capital.
- » Financial provision reserve: 10% of net profit for appropriation to reserves and does not exceed 25% of the Bank's charter capital.
- » Bonus and welfare funds: Not exceeding 3 month salary expense under the Official Letter No. 7426/NHNN-TCCB dated 24 September 2009 of the SBV. Prior to 1 January 2010, bonus and welfare funds were recorded in capital and reserves. From 1 January 2010, in accordance with Circular No. 244/2009/TT-BTC issued by Ministry of Finance dated 31 December 2009 to provide guidance on amending, supplementing Vietnamese Accounting System, the Bank reclassified bonus and welfare funds from capital and reserves to internal payables.

## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2010

These reserves are to be made upon decision of the Shareholders' meeting and in accordance with regulations of the Law.

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

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

### n. Revenue

#### (i) Interest income

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

#### (ii) Fees, commissions and dividend income

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

#### (iii) Dividends received in the form of shares

In accordance with Circular No. 244/2009/TT-BTC dated 31 December 2009, effective from 1 January 2010, dividends and other receipts in form of shares which are distributed by joint-stock companies from sources other than retained profits, are not recorded in the consolidated financial statements but only recognised as an increase in the number of shares held by the Bank instead.

For the year ended 31 December 2009, dividends received in form of shares, bonus shares and rights to purchase shares of the existing shareholders, dividends received by the Bank in form of shares distributed from retained profits were recorded as an increase in the value of the investment and an income in the consolidated statement of income.

#### (iv) Interest subsidy

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

### o. Interest expense

Interest expense is recorded on an accrual basis.

### p. 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.

### q. 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 dividing the adjusted profit or loss attributable to ordinary shareholders by the weighted average number of outstanding ordinary shares.

### r. 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 calculated by using the balance sheet method, providing for the 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.

### s. Related parties

Entities and individuals, directly or indirectly through one or more intermediaries, which 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, directly or indirectly owning 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.

## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2010

The Government of Vietnam, through the SBV (2009: the State Capital Investment Corporation), is the major shareholder of the Bank. Therefore, in these consolidated financial statements, the only two Government agencies considered as related parties of the Bank are the MoF and the SBV.

### t. Segment reporting

A segment is a distinguishable component of Vietcombank 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 different from those of other segments. Vietcombank's primary format for segment reporting is based on geographical segment. Vietcombank's secondary format for segment reporting is based on business segment.

### u. Off-balance sheet items

#### (i) Foreign exchange contracts

Vietcombank enters into foreign exchange forwards and swaps contracts which enable customers to transfer, modify or reduce their foreign exchange risk or other market risks and simultaneously are used for business purpose of Vietcombank.

Forward contracts are commitments to either purchase or sell a designated currency at a specific future date for a specific exchange rate and 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 differences among specified exchange rates calculated on 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

The Bank has credit commitments arising from its regular lending activities. These commitments are unutilised loans and overdraft facilities which are approved. The Bank 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 these commitments and contingent liabilities do not represent expected future cash flows.

### 3. Cash, gold, silver and gemstones on hand

	VND million	
	2010	2009
Cash on hand in VND	3,238,396	2,768,590
Cash on hand in foreign currencies	1,462,824	1,328,320
Valuable papers in foreign currencies	13,396	10,416
Gold	518,127	377,824
	<b>5,232,743</b>	<b>4,485,150</b>

### 4. Balances with the State Bank of Vietnam

	VND million	
	2010	2009
Demand deposits in VND	3,058,043	7,491,646
Demand deposits in USD	5,181,808	17,683,028
	<b>8,239,851</b>	<b>25,174,674</b>

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

Under the SBV's regulations on 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 effective CRR rates at the year end were as follows:

TYPE OF DEPOSITS	2010	2009
Deposits in VND with term of less than 12 months	3%	3%
Deposits in VND with term of and more than 12 months	1%	1%
Deposits in foreign currencies with term of less than 12 months	4%	7%
Deposits in foreign currencies with term of and more than 12 months	2%	3%

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

	2010	2009
Compulsory reserve in VND	1.2%	1.2%
Compulsory reserve in USD	0%	0%
Demand deposits in VND	0%	0%
Demand deposits in USD	0.1%	0.1%

Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

5. Balances with and loans to other credit institutions

	VND million	
	2010	2009
<b>Balances with other credit institutions</b>		
Demand deposits in VND	79,097	135,185
Demand deposits in foreign currencies	13,361,116	10,807,667
Term deposits in VND	36,267,312	10,111,700
Term deposits in foreign currencies	29,792,261	25,426,290
	<b>79,499,786</b>	<b>46,480,842</b>
<b>Loans to other credit institutions</b>		
Loans in VND	150,200	534,189
Loans in foreign currencies	9,466	448,029
	<b>159,666</b>	<b>982,218</b>
Allowance for loans to other credit institutions	(5,622)	(6,398)
	<b>154,044</b>	<b>975,820</b>
	<b>79,653,830</b>	<b>47,456,662</b>

Details of allowances for loans to other credit institutions comprise of:

	VND million	
	2010	2009
General allowance	1,132	6,398
Specific allowance	4,490	-
Closing balance	<b>5,622</b>	<b>6,398</b>

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

	VND million	
	2010	2009
Opening balance	6,398	9,369
Reversal of general allowance during the year (Note 31)	(5,266)	(2,971)
Closing balance	<b>1,132</b>	<b>6,398</b>

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

	VND million	
	2010	2009
Allowance made during the year and closing balance (Note 31)	4,490	-

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

	2010	2009
Demand deposits in VND	0%	0%
Demand deposits in foreign currencies	0%	0%
Term deposits in VND	10.5% - 13.5%	9.8% - 12%
Term deposits in foreign currencies	0.8% - 5.8%	0.07% - 5%
Loans in VND	11.5% - 13.2%	8.1% - 12%
Loans in foreign currencies	2% - 5.5%	0.5% - 6.2%

6. Trading securities

Listing status of trading securities was as follows:

	VND million	
	2010	2009
<b>Equity securities</b>		
Listed	10,830	6,001

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

	VND million	
	2010	2009
Opening balance	233	94,655
Allowance/(Reversal) made during the year (Note 26)	3,416	(94,422)
Closing balance	<b>3,649</b>	<b>233</b>

7. Derivatives and financial assets

	VND million			
	2010		2009	
	CONTRACT NOTIONAL VALUE	CARRYING VALUE	CONTRACT NOTIONAL VALUE	CARRYING VALUE
<b>Derivatives</b>				
Currency swap contracts	785,568	24,250	-	-
Currency forward contracts	145,704	10,436	-	-
	<b>931,272</b>	<b>34,686</b>	<b>-</b>	<b>-</b>

Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

8. Loans and advances to customers

	VND million	
	2010	2009
Loans to local corporations and individuals	174,288,885	139,628,737
Discounted bills and valuable papers	1,184,880	911,080
Finance leases	1,190,898	1,044,858
Loans given to make payments on behalf of customers	149,243	6,745
Loans to foreign individuals and enterprises	-	29,706
	<b>176,813,906</b>	<b>141,621,126</b>

Loan portfolio by loan group was as follows:

	VND million	
	2010	2009
Current	154,293,019	130,088,700
Special mentioned	17,515,340	8,033,742
Sub-standard	1,022,348	440,649
Doubtful	300,389	394,977
Loss	3,682,810	2,663,058
	<b>176,813,906</b>	<b>141,621,126</b>

Loan portfolio by term was as follows:

	VND million	
	2010	2009
Short-term	94,715,390	73,706,171
Medium-term	20,682,088	18,173,642
Long-term	61,416,428	49,741,313
	<b>176,813,906</b>	<b>141,621,126</b>

Loan portfolio by type of borrowers was as follows:

	VND million	
	2010	2009
State owned companies	61,249,054	56,228,609
Limited companies	32,851,968	21,992,871
Foreign invested enterprises	9,744,238	11,495,821
Co-operative and private companies	6,510,681	6,190,863
Individuals	18,709,093	13,676,950
Others	47,748,872	32,036,012
	<b>176,813,906</b>	<b>141,621,126</b>

Loan portfolio by industry sectors was as follows:

	VND million	
	2010	2009
Construction	10,479,503	11,144,304
Electricity, gas, water supplying	14,158,727	8,125,594
Processing and manufacturing	63,622,119	54,568,332
Mining	11,454,950	8,831,119
Agriculture, forestry and aquaculture	2,071,144	1,944,886
Transportation, logistics and communication	12,167,693	10,416,625
Trading and service	38,862,585	35,928,224
Hospitality	3,969,130	3,042,568
Other industries	20,028,055	7,619,474
	<b>176,813,906</b>	<b>141,621,126</b>

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

	2010	2009
Loans and advances in VND	12% - 18%	7.3% - 20.5%
Loans and advances in USD	2% - 12%	4% - 11.6%

9. Allowance for loans and advances to customers

	VND million	
	2010	2009
General allowance	1,278,370	1,072,050
Specific allowance	4,410,712	3,553,070
	<b>5,689,082</b>	<b>4,625,120</b>

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

	VND million	
	2010	2009
Opening balance	1,072,050	761,510
Allowance made during the year (Note 31)	198,502	297,245
Foreign exchange difference	7,818	8,071
Others	-	5,224
Closing balance	<b>1,278,370</b>	<b>1,072,050</b>

Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

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

	VND million	
	2010	2009
Opening balance	3,553,070	3,413,832
Allowance made during the year (Note 31)	1,161,792	403,959
Allowance utilised for writing off bad debt during the year	(306,069)	(261,711)
Foreign exchange difference	1,919	2,214
Others	-	(5,224)
<b>Closing balance</b>	<b>4,410,712</b>	<b>3,553,070</b>

10. Investment securities

a Available-for-sale securities

	VND million	
	2010	2009
<b>Debt securities</b>		
Government bonds	8,106,576	11,070,652
Issued by local credit institutions	13,451,842	9,836,153
Issued by local economic entities	1,222,529	-
<b>Equity securities</b>		
Issued by local credit institutions	-	94,997
Issued by local economic entities	-	18,547
	<b>22,780,947</b>	<b>21,020,349</b>
Allowance for diminution in value of available-for-sale securities	(299,292)	(86,896)
	<b>22,481,655</b>	<b>20,933,453</b>

As at 31 December 2010, Government bonds amounted to VND 1,000 billion (31 December 2009: VND 5,750 billion) were pledged with the SBV as the security for borrowings from the SBV (Note 15).

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

	VND million	
	2010	2009
Opening balance	86,896	337,912
Allowance/ (Reversal) made during the year (Note 27)	212,396	(251,016)
<b>Closing balance</b>	<b>299,292</b>	<b>86,896</b>

b. Held-to-maturity securities

	VND million	
	2010	2009
Government bonds	2,433,659	2,350,000
Debt securities issued by local credit institutions	773,374	531,354
Debt securities issued by foreign entities	-	2,691,150
Investments trusted to a foreign fund manager (i)	6,594,442	6,265,215
Investments trusted to a local fund manager (ii)	528,085	202,924
	<b>10,329,560</b>	<b>12,040,643</b>
Allowance for diminution in value of held to maturity securities	-	(339,209)
	<b>10,329,560</b>	<b>11,701,434</b>

(i) Investments trusted to a foreign fund manager

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

As at 31 December 2010 and 31 December 2009, the investments comprised of debt securities including corporate bonds, certificate of deposits issued by foreign credit institutions, and US government bonds.

As at 31 December 2010, corporate bonds amounting to VND 5,922 billion were pledged as security for a borrowing of the Bank from other credit institutions amounted to VND 4,733 billion (Note 16).

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

	VND million	
	2010	2009
Opening balance	339,209	-
Allowance made during the year	-	339,209
Allowance reversed during the year (Note 27)	(339,209)	-
<b>Closing balance</b>	<b>-</b>	<b>339,209</b>

(ii) Trusted investment for foreign entities

	VND million	
	2010	2009
Investment trusted to Vietcombank Fund Management Joint Venture Company ("VCBF")	528,085	202,924

## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2010

### 11. Long-term investments

#### a. Investments in joint-ventures

As at 31 December 2010

		%		VND million
	NATURE OF BUSINESS	SHARE-HOLDING	AT COST	AT CARRYING VALUE
ShinhanVina Bank	Bank	50%	589,390	961,709
Vietcombank-Bonday-Benthanh Joint Venture Company Limited	Office rental	52%	276,067	276,789
Vietcombank Fund Management Joint Venture Company	Investment fund management	51%	28,050	43,435
Vietcombank-Cardiff Life Insurance Company Limited	Life insurance	45%	270,000	281,413
			<b>1,163,507</b>	<b>1,563,346</b>

As at 31 December 2009

		%		VND million
	NATURE OF BUSINESS	SHARE-HOLDING	AT COST	AT CARRYING VALUE
ShinhanVina Bank	Bank	50%	484,340	778,348
Vietcombank-Bonday-Benthanh Joint Venture Company Limited	Office rental	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
			<b>918,481</b>	<b>1,270,718</b>

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, the companies' charters require a consensus among related parties on all important decisions on the companies' operational and financial matters. Therefore, owning more than half of the companies' capital does not mean that the Bank has control over these companies. Therefore, the investments in the above companies are classified into "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, the companies' charters require a consensus among related parties on all important decisions on the companies' operational and financial matters. Therefore, the investments in the above companies are classified into "Investment in joint ventures" rather than "Investment in associates".

#### b. Investments in associate companies

As at 31 December 2010

		%		VND million
	NATURE OF BUSINESS	SHARE-HOLDING	AT COST	AT CARRYING VALUE
Vietcombank-Bonday Joint Venture Company Limited	Office rental	16%	30,934	11,061
Vietcombank Partners Fund 1	Investment fund	11%	16,500	11,904
			<b>47,434</b>	<b>22,965</b>

As at 31 December 2009

		%		VND million
	NATURE OF BUSINESS	SHARE-HOLDING	AT COST	AT CARRYING VALUE
Vietcombank-Bonday Joint Venture Company Limited	Office rental	16%	30,934	15,117
Vietcombank Partners Fund 1	Investment fund	11%	16,500	7,733
			<b>47,434</b>	<b>22,850</b>

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".

#### c. Other long-term investments

As at 31 December 2010

		%		VND MILLION
	NATURE OF BUSINESS	SHARE-HOLDING		
Vietnam Export-Import Commercial Joint Stock Bank	Bank	8.19 %		582,065
Saigon Bank for Industry and Trade	Bank	5.26 %		123,452
Military Commercial Joint Stock Bank	Bank	11 %		966,642
Gia Dinh Joint Stock Commercial Bank	Bank	3.83 %		116,833
Orient Commercial Joint Stock Bank	Bank	4.67 %		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 and settlement services	-		761
Petrolimex Insurance JSC	Insurance	10 %		67,900
PV Drilling JSC	Drilling	2.56 %		55,945
Gentraco JSC	Food services	3.80 %		4,024
Ho Chi Minh City Infrastructure Investment	Construction	1.78 %		13,676
Nha Rong Insurance Company	Insurance	3.72 %		12,540
Saigon Postel Company	Tele-communication	3.79 %		138,072
PVTRANS Pacific JSC	Drilling Transportation	10 %		120,000
PCB Investment Company	Credit information services	6.36 %		3,181
Cement Financial JSC	Financial services	10.91 %		70,950
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 %		4,400
FNBC	Media services	10%		13,440
				<b>2,524,588</b>
Allowance for diminution in the value of investments				(155,899)
				<b>2,368,689</b>

Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

As at 31 December 2009

	NATURE OF BUSINESS	% 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 %	812,642
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 and settlement services	-	761
Petrolimex Insurance JSC	Insurance	10 %	34,300
PV Drilling JSC	Drilling	3.04 %	66,385
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	Drilling 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
			<b>2,447,542</b>
Allowance for diminution in the value of investments			(103,380)
			<b>2,344,162</b>

Movements in allowance for diminution in the value of other long-term investments were as follows:

	VND million	
	2010	2009
Opening balance	103,380	102,976
Allowance made during the year (Note 30)	52,519	404
<b>Closing balance</b>	<b>155,899</b>	<b>103,380</b>

12. Tangible fixed assets

	VND million				
	PREMISES	OFFICE FURNITURE, FITTINGS AND EQUIPMENT	MOTOR VEHICLES	OTHERS	TOTAL
<b>Cost</b>					
Opening balance	620,957	2,029,561	270,702	231,267	3,152,487
Additions	110,484	215,824	36,755	40,513	403,576
- Purchases	132,363	188,922	36,755	40,227	398,267
- Others	(21,879)	26,902	-	286	5,309
Decreases	(601)	(33,991)	(4,347)	(6,216)	(45,155)
- Disposal	(664)	(33,388)	(4,347)	(5,886)	(44,285)
- Others	63	(603)	-	(330)	(870)
Foreign exchange difference	20,262	7,937	46	47	28,292
<b>Closing balance</b>	<b>751,102</b>	<b>2,219,331</b>	<b>303,156</b>	<b>265,611</b>	<b>3,539,200</b>
<b>Accumulated depreciation</b>					
Opening balance	236,172	1,467,775	137,372	129,327	1,970,646
Additions	27,861	317,654	37,008	36,071	418,594
- Charge for the year	28,476	317,409	37,008	36,103	418,996
- Others	(615)	245	-	(32)	(402)
Decreases	(365)	(33,610)	(4,347)	(5,867)	(44,189)
- Disposal	(365)	(33,308)	(4,347)	(5,867)	(43,887)
- Others	-	(302)	-	-	(302)
Foreign exchange difference	7,365	7,897	40	123	15,425
<b>Closing balance</b>	<b>271,033</b>	<b>1,759,716</b>	<b>170,073</b>	<b>159,654</b>	<b>2,360,476</b>
<b>Net book value</b>					
Opening balance	384,785	561,786	133,330	101,940	1,181,841
<b>Closing balance</b>	<b>480,069</b>	<b>459,615</b>	<b>133,083</b>	<b>105,957</b>	<b>1,178,724</b>



Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

13. Intangible fixed assets

	VND million			
	LAND USE RIGHT	COPYRIGHTS AND PATENTS	OTHERS	TOTAL
<b>Cost</b>				
Opening balance	288,700	132,697	79,107	500,504
Additions	58,801	63,529	-	122,330
- Purchases during the year	81,697	63,529	-	145,226
- Others	(22,896)	-	-	(22,896)
Decreases	(17,270)	-	(10)	(17,280)
- Disposal	-	-	(10)	(10)
- Others	(17,270)	-	-	(17,270)
Foreign exchange difference	1,364	-	2	1,366
<b>Closing balance</b>	<b>331,595</b>	<b>196,226</b>	<b>79,099</b>	<b>606,920</b>
<b>Accumulated depreciation</b>				
Opening balance	18,207	96,288	62,590	177,085
Additions	(9,608)	32,134	686	23,212
- Charge for the year	811	32,134	686	33,631
- Others	(10,419)	-	-	(10,419)
Disposal	(997)	-	(10)	(1,007)
Foreign exchange difference	348	-	2	350
<b>Closing balance</b>	<b>7,950</b>	<b>128,422</b>	<b>63,268</b>	<b>199,640</b>
<b>Net book value</b>				
Opening balance	270,493	36,409	16,517	323,419
<b>Closing balance</b>	<b>323,645</b>	<b>67,804</b>	<b>15,831</b>	<b>407,280</b>

14. Other assets

a. Receivables

	VND million	
	2010	2009
Internal receivables	204,853	144,677
External receivables (i)	1,714,924	1,420,849
	<b>1,919,777</b>	<b>1,565,526</b>

(i) External receivables

	VND million	
	2010	2009
Advances for the purchase of fixed assets	462,052	380,750
Receivable from SBV in relation to the interest subsidy program	402,136	550,343
Advance for corporate income tax	8,015	2,989
VAT receivables	60	104
Construction in progress (*)	485,442	227,776
Foreclosed assets - net (**)	-	31,843
Other receivables	357,219	227,044
In which: Dividend receivables	149,017	15,232
	<b>1,714,924</b>	<b>1,420,849</b>

(\*) Construction in progress

	VND million	
	2010	2009
<b>Construction in progress</b>	<b>485,442</b>	<b>227,776</b>
In which, large constructions include:		
- South Sai Gon Branch construction	247,861	82,716
- Thanh Cong Branch construction	45,533	45,533
- Vinh Branch construction	21,953	18,933
- Ha Tinh Branch construction	18,543	16,371
- Da Nang Branch construction	21,024	10,221
- Gia Lai Branch construction	15,301	7,860
- Quang Nam Branch construction	13,165	7,532
- Hai Duong Branch construction	15,620	9,336

(\*\*) Foreclosed assets - net

	VND million	
	2010	2009
Book value	2,145	61,589
Less: Allowance for diminution, represented by:	(2,145)	(29,746)
- Opening balance	(29,746)	(25,713)
- Allowance reversed/ (made) during the year (Note 31)	27,601	(4,033)
<b>Net value</b>	<b>-</b>	<b>31,843</b>

Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

b. Accrued interest and fee receivable

	VND million	
	2010	2009
From loans and advances to customers	1,029,959	610,879
From balances with and loans to other credit institutions	221,338	27,601
From investment securities	1,064,555	861,182
From currency swap transactions	33,968	116,085
Others	139	462
	<b>2,349,959</b>	<b>1,616,209</b>

c. Other assets

	VND million	
	2010	2009
Prepaid expenses for office and fixed assets rental	192,781	180,995
Materials	47,386	44,219
Receivables relating to card transactions	157,408	123,366
Other assets	183,445	69,431
	<b>581,020</b>	<b>418,011</b>

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

	VND million	
	2010	2009
<b>Borrowings from the SBV</b>	<b>797,051</b>	<b>5,326,079</b>
Borrowings collateralised by valuable papers	777,237	5,303,920
Other borrowings	19,814	22,159
<b>Others</b>	<b>9,279,885</b>	<b>17,252,321</b>
Deposits from the State Treasury	4,637,418	8,567,342
Deposits from the SBV	4,642,467	8,684,979
	<b>10,076,936</b>	<b>22,578,400</b>

Borrowings from the SBV as at 31 December 2010 were secured by government bonds amounted to VND 1,000 billion (31 December 2009: VND 5,750 billion) (Note 10(a)).

16. Deposits and borrowings from other credit institutions

	VND million	
	2010	2009
<b>Deposits</b>	<b>53,950,694</b>	<b>31,977,936</b>
Demand deposits in VND	3,143,441	2,404,356
Demand deposits in foreign currencies	16,626,802	19,346,483
Term deposits in VND	18,992,185	3,853,632
Term deposits in foreign currencies	15,188,266	6,373,465
<b>Borrowings</b>	<b>5,584,940</b>	<b>6,857,580</b>
Borrowings in VND	-	40,000
Borrowings in foreign currencies	5,584,940	6,817,580
	<b>59,535,634</b>	<b>38,835,516</b>

VND 4,733 billion out of the borrowings from other credit institutions in foreign currencies as at 31 December 2010 were secured by corporate bonds with carrying value of VND 5,922 billion held in investments trusted to a foreign fund manager (Note 10(b)(i)).

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

	2010	2009
Demand deposits in VND	0.15% - 2.4%	0.15% - 2.4%
Demand deposits in foreign currencies	0.1% - 1.5%	0.1% - 1.5%
Term deposits in VND	10.5% - 15.4%	8.52% - 12%
Term deposits in foreign currencies	0.15% - 4.67%	0.1% - 2.4%
Borrowings in VND	11.29% - 13.11%	12%
Borrowings in foreign currencies	1.94% - 1.99%	0.96% - 2.41%

Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

17. Deposits from customers

	VND million	
	2010	2009
Demand deposits	48,693,603	47,256,093
Demand deposits in VND	31,450,313	29,180,004
Demand deposits in foreign currencies	17,243,290	18,076,089
Term deposits	151,132,566	117,061,369
Term deposits in VND	104,161,018	70,919,040
Term deposits in foreign currencies	46,971,548	46,142,329
Deposits for specific purposes	3,578,543	3,152,533
Margin deposits	1,351,237	1,601,567
	204,755,949	169,071,562

Deposits from customers by type of customers were as follows:

	VND million	
	2010	2009
Economic entities	104,590,117	90,216,895
Individuals	98,879,938	76,964,703
Others	1,285,894	1,889,964
	204,755,949	169,071,562

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

	2010	2009
Current accounts in VND	3% - 7%	2.4% - 6%
Current accounts in foreign currencies	0.1% - 0.3%	0.1% - 0.2%
Term deposits in VND	7% - 17%	6.6% - 15%
Term deposits in foreign currencies	1% - 7%	0.5% - 4.5%

18. Derivatives and other financial liabilities

	VND million			
	2010		2009	
	CONTRACT NOTIONAL VALUE	CARRYING VALUE	CONTRACT NOTIONAL VALUE	CARRYING VALUE
Derivatives				
Currency swap contracts	-	-	3,670,400	81,843

19. Valuable papers issued

	VND million	
	2010	2009
Certificates of deposit	1,535,261	356,214
Short-term in VND	116	6,265
Short-term in foreign currencies	4,444	31,539
Medium-term in VND	113,065	234,300
Medium-term in foreign currencies	1,417,636	84,110
Bond and treasury bills	2,028,724	29,844
Short-term in VND	259	459
Short-term in foreign currencies	725	817
Medium-term in VND	2,015,820	27,719
Medium-term in foreign currencies	11,920	849
	3,563,985	386,058

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

	2010	2009
Short-term valuable papers in VND	7.63% - 9.10%	7.86% - 9.03%
Medium-term valuable papers in VND	8.5% - 11.2%	8.5% - 9.4%

20. Other liabilities

a. Accrued interest and fees payables

	VND million	
	2010	2009
For deposit from customers	2,539,030	1,796,266
For deposits and borrowings from other credit institution	17,797	10,492
For valuable papers issued	4,847	2,049
For swap transactions	74,816	39,905
Others	951	-
	2,637,441	1,848,712

## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2010

### b. Other liabilities

	VND million	
	2010	2009
Internal payables (i)	1,376,260	617,011
External payables (ii)	3,748,535	4,416,196
	<b>5,124,795</b>	<b>5,033,207</b>

#### (i) Internal payables

	VND million	
	2010	2009
Payables to employees	619,783	550,203
Provision for severance allowance	10,081	4,393
Bonus and welfare funds (*)	607,832	-
Others	138,564	62,415
	<b>1,376,260</b>	<b>617,011</b>

(\*) In accordance with Circular 244/2209/TT-BTC issued by the Ministry of Finance dated 31 December 2009 to provide guidance on amending, supplementing Vietnamese Accounting System, the Bank reclassified bonus and welfare funds from capital and reserves to internal payables.

#### (ii) External payables

	VND million	
	2010	2009
Payables to the State relating to equitisation	467,662	388,538
Payable relating to cash received from initial public offering (*)	91,689	1,108,290
Payables to the State relating to severance allowance	48,698	48,698
Corporate income tax payables	265,178	340,966
Other tax payables	82,658	33,010
Interest income on investment in securities received in advance pending for allocation	53,096	37,180
Payables for construction and acquisition of fixed assets	229,821	213,683
Payables for securities investors	421,533	691,703
Deposit in custody relating to pending payments	853,911	487,560
Other payables to customers	23,699	46,579
Other pending items in settlement	980,050	262,199
Other payables to the State relating to interest subsidy program	57,614	18,702
Other payables (**)	172,926	739,088
	<b>3,748,535</b>	<b>4,416,196</b>

(\*) Payable relating to cash received from Initial Public Offering

This represents the remaining surplus from the Initial Public Offering when equitising the Bank for Foreign Trade of Vietnam. This balance will be settled upon the approval of the equitisation settlement by the State Bank of Vietnam.

Movements of this account during the year were as follows:

	VND million	
	2010	2009
Opening balance	1,108,290	1,109,038
Incurred during the year/period	(1,016,601)	(748)
- Transfer to Share premium of the Bank (Note 21)	(987,000)	-
- Equitisation expenses	(29,601)	(748)
<b>Closing balance</b>	<b>91,689</b>	<b>1,108,290</b>

(\*\*) Other payables as at 31 December 2009 included VND 48,802 million being payables to the State relating to equitisation.

### c. Provision for contingent liabilities and off-balance sheet commitments

	VND million	
	2010	2009
Opening balance	840,441	754,194
Provision made in the year (Note 31)	169,290	86,247
<b>Closing balance</b>	<b>1,009,731</b>	<b>840,441</b>

Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

21. Capital and reserves

a. Statement of changes in equity

VND million

	CHARTER CAPITAL	SHARE PREMIUM	OTHER CAPITAL	RESERVES				ASSET REVALUATION DIFFERENCE	FOREIGN EXCHANGE DIFFERENCE	RETAINED PROFITS	TOTAL EQUITY
				RESERVE TO SUPPLEMENT CAPITAL	FINANCIAL RESERVE	INVESTMENT AND DEVELOPMENT FUND	BONUS AND WELFARE FUND				
Balance at 1/1/2010	12,100,860	-	45,160	245,052	517,793	50,718	469,976	8,873	167,838	3,104,063	16,710,333
Increase during the period	1,122,855	-	-	-	-	-	-	-	-	-	1,122,855
Recognition of share premium (*)	-	987,000	-	-	-	-	-	-	-	-	987,000
Profit for the year	-	-	-	-	-	-	-	-	-	4,214,544	4,214,544
Differences from foreign exchange revaluation at year end	-	-	-	-	-	-	125	26,758	101,476	-	128,359
Appropriations to reserve	-	-	-	210,681	422,444	7,660	567,631	-	-	(1,208,416)	-
Utilisation of funds	-	-	-	-	(885)	-	(437,758)	-	-	-	(438,643)
Dividends	-	-	-	-	-	-	-	-	-	(1,452,103)	(1,452,103)
Adjustments of CIT of 2009	-	-	-	-	-	-	-	-	-	(877)	(877)
Adjustments in accordance with the Annual General Meeting	-	-	-	1,566	3,132	-	-	-	-	(4,618)	80
Other movements	-	-	-	(462)	(1,024)	-	8,022	-	-	(773)	5,763
Transfer from bonus and welfare fund to retained profits	-	-	-	-	-	-	(164)	-	-	164	-
Transfer to internal payables (Note 20(b)(ii))	-	-	-	-	-	-	(607,832)	-	-	-	(607,832)
Balance at 31/12/2010	13,223,715	987,000	45,160	456,837	941,460	58,378	-	35,631	269,314	4,651,984	20,669,479

(\*): The recognition of VND 987,000 million of share premium was in accordance with the Resolution of the Bank's Board of Directors regarding the temporary record of share premium from the Initial Public Offering (IPO) on 26 December 2007 at an equal amount that has been transferred to the Central Enterprises Reform Support Fund by the Bank (Note 20(b)(ii)).

Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

b. Details of shareholders of the Bank

	VND million	
	2010	2009
Ordinary shares		
State	11,996,669	10,978,006
Other shareholders	1,227,046	1,122,854
	<u>13,223,715</u>	<u>12,100,860</u>

The Bank's authorised and issued share capital are:

	2010		2009	
	NUMBER OF SHARES	VND MILLION	NUMBER OF SHARES	VND MILLION
Authorised share capital	1,322,371,452	13,223,715	1,210,086,026	12,100,860
Issued share capital				
Ordinary shares	1,322,371,452	13,223,715	1,210,086,026	12,100,860
Shares outstanding				
Ordinary shares	<u>1,322,371,452</u>	<u>13,223,715</u>	<u>1,210,086,026</u>	<u>12,100,860</u>

Movements in share capital were as follows:

	2010		2009	
	NUMBER OF SHARES	VND MILLION	NUMBER OF SHARES	VND MILLION
Opening balance	1,210,086,026	12,100,860	1,210,086,026	12,100,860
Shares issued	112,285,426	1,122,855	-	-
Closing balance	<u>1,322,371,452</u>	<u>13,223,715</u>	<u>1,210,086,026</u>	<u>12,100,860</u>

The par value of each ordinary share is VND 10,000.

c. Dividends

	VND million	
	2010	2009
Dividends of prior years paid to the State	1,317,361	768,460
Dividends of prior years paid to other shareholders	134,742	78,600
	<u>1,452,103</u>	<u>847,060</u>

d. Basic earnings per share

(i) Profit attributable to the shareholders of the Bank

	VND million	
	2010	2009
Net profit after tax	4,214,544	3,921,355
Appropriation to bonus and welfare funds	(567,631)	(447,641)
Profit attributable to the shareholders	<u>3,646,913</u>	<u>3,473,714</u>

(ii) Weighted average number of ordinary shares

	2010	2009 (restated)	2009 (as previously reported)
	Shares issued at the beginning of the year	1,210,086,026	1,210,086,026
Adjusting impacts of share issuance during 2010 and after the financial year end	365,218,440	357,924,521	-
Weighted average number of ordinary shares	<u>1,575,304,466</u>	<u>1,568,010,547</u>	<u>1,210,086,026</u>

(iii) Basic earnings per share

	VND million		
	2010	2009 (restated)	2009 (as previously reported)
Basic earnings per share	<u>2,315</u>	<u>2,215</u>	<u>2,871</u>

The weighted average number of shares and earnings per shares for the year ended 31 December 2009 has been adjusted retrospectively following the issuance of shares with favourable price to existing shareholders after 31 December 2009.

22. Interest and similar income

	VND million	
	2010	2009
Interest income from loans and advances to customers	16,013,983	10,858,959
Interest income from balances with other credit institutions	1,470,577	1,068,834
Interest income from investing debt securities	2,932,111	3,252,577
- Interest income from investment securities	2,932,111	3,252,577
Interest income from finance lease	139,662	108,565
Other income from credit activities	24,305	4,623
	<u>20,580,638</u>	<u>15,293,558</u>

Included in interest income from investing debt securities for the year ended 31 December 2010 was VND 54,117 million from Education Bonds which is not taxable (for the year ended 31 December 2009: VND 12,638 million (Note 32)).

Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

23. Interest and similar expenses

	VND million	
	2010	2009
Interest expenses on deposits	(11,695,332)	(8,485,842)
Interest expenses on borrowings	(595,863)	(184,294)
Interest expense on valuable papers issued	(54,447)	(123,731)
Others expenses on credit activities	(46,583)	(1,025)
	<b>(12,392,225)</b>	<b>(8,794,892)</b>

24. Net fee and commission income

	VND million	
	2010	2009
<b>Fee and commission income</b>		
Settlement services	943,522	632,994
Cash services	113,211	85,904
Guarantee services	193,384	131,282
Trusted and agency activities	4,038	6,796
Other services	664,385	515,427
	<b>1,918,540</b>	<b>1,372,403</b>
<b>Fee and commission expenses</b>		
Settlement services	(297,903)	(218,998)
Cash services	(16,968)	(14,234)
Telecommunication services	(37,389)	(34,049)
Trusted and agency activities	(8,806)	(2,620)
Other services	(141,064)	(113,289)
	<b>(502,130)</b>	<b>(383,190)</b>
	<b>1,416,410</b>	<b>989,213</b>

25. Net gain from trading foreign currencies

	VND million	
	2010	2009
<b>Gains from trading foreign currencies</b>		
From foreign currencies spot trading	4,591,129	3,786,778
From currency derivatives	182,813	4,075
From revaluating gold	119,433	109,041
From revaluating trading foreign currencies	44,421	49,279
From revaluating derivative contracts	22,850	-
Others	-	8
	<b>4,960,646</b>	<b>3,949,181</b>
<b>Losses from trading foreign currencies</b>		
From foreign currencies spot trading	(3,990,576)	(2,794,880)
From currency derivatives	(286,121)	(194,162)
From revaluating trading foreign currencies	(122,269)	(41,830)
	<b>(4,398,966)</b>	<b>(3,030,872)</b>
	<b>561,680</b>	<b>918,309</b>

26. Net gain from trading of trading securities

	VND million	
	2010	2009
Income from trading of trading securities	21,565	134,421
Cost of trading of trading securities	-	(45,546)
Allowance made/ (Reversal of allowance) for diminution in the value of trading securities (Note 6)	(3,416)	94,422
	<b>18,149</b>	<b>183,297</b>

Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

27. Net gain from sales of investment securities

	VND million	
	2010	2009
Income from trading of investment securities	159,096	452,213
Cost of trading of investment securities	(17,528)	(191,144)
Allowance for diminution in the value of investment securities (Note 10)	(212,396)	(339,209)
Reversal of allowance for diminution in the value of investment securities (Note 10)	339,209	251,016
	<b>268,381</b>	<b>172,876</b>

28. Net income from other activities

	VND million	
	2010	2009
<b>Income from other activities</b>		
Income from interest rate swap transactions	3,064	2,345
Income from other activities	721,463	244,344
	<b>724,527</b>	<b>246,689</b>
<b>Expense from other activities</b>		
Expense from interest rate swap transactions	(115,852)	(98,925)
Other expenses	(28,928)	(19,758)
	<b>(144,780)</b>	<b>(118,683)</b>
	<b>579,747</b>	<b>128,006</b>

29. Income from investments in other entities

	VND million	
	2010	2009
Dividends received from capital contributions, buying shares (Note 32)	272,511	179,443
- Dividends received	123,494	164,211
- Dividends receivables	149,017	15,232
Consolidated net profit/(loss) of investments in joint-ventures and associates (Note 32)	109,229	129,306
Other income	110,286	87,688
	<b>492,026</b>	<b>396,437</b>

30. Operating expenses

	VND million	
	2010	2009
Tax, duties and fees	(201,593)	(174,645)
Salaries and related expenses	(2,569,733)	(1,983,950)
Of which:		
- Salary and allowance (Note 34)	(2,326,778)	(1,835,982)
- Additional expenses based on salary	(200,078)	(67,954)
- Other allowances	(6,556)	(1,931)
- Social activities expenses	(36,321)	(78,083)
Expenses on assets	(902,410)	(755,935)
Of which:		
- Depreciation of fixed assets	(452,574)	(411,272)
Administrative expenses	(735,378)	(492,097)
Insurance expenses on deposit of customers	(72,326)	(57,184)
Allowance for diminution in the value of long-term investments (Note 11(c))	(52,519)	(404)
Others	(10,457)	(29,702)
	<b>(4,544,416)</b>	<b>(3,493,917)</b>

Salary and allowance for the year ended 31 December 2010 was accrued based on 29.76% total income minus total expenditure excluding salary following the Decision No. 3907/QĐ-NHNN dated 26 May 2010 of the SBV regarding the salary and allowance expense rate applied for the Bank in the year 2010.

During the year ended 31 December 2010, the Bank contributed VND 2,154 million (the year ended 31 December 2009: VND 1,736 million) to unemployment insurance fund.



Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

31. Provision and allowance for credit risks

	NOTE	VND million	
		2010	2009
General allowance for loans to other credit institutions			
Reversal during the year	5	5,266	2,971
Specific allowance for loans to other credit institutions			
Made during the year	5	(4,490)	-
General allowance for loans and advances to customers			
Made during the year	9	(198,502)	(297,245)
Specific allowance for loans and advances to customers			
Made during the year	9	(1,161,792)	(403,959)
Provision for diminution of foreclosed assets			
Reversal/(Allowance) made for foreclosed assets	14(a)(i)	27,601	(4,033)
Provision for contingent liabilities and off-balance sheet commitments			
Made during the year	20(c)	(169,290)	(86,247)
		(1,501,207)	(788,513)

32. Corporate income tax

a. Current income tax expenses

	VND million	
	2010	2009
Profit before tax	5,479,183	5,004,374
(Less: non-taxable income)/Add: non-deductible expenses		
Net profits from investments in joint ventures and associates (Note 29)	(109,229)	(129,306)
Interest income from Government Education Bond (Note 22)	(54,117)	(12,638)
Net gain from currency revaluation in foreign exchange trading activities during the year	(64,435)	(116,490)
Dividend income (Note 29)	(272,511)	(179,443)
Utilisation of accumulated losses of VCB Securities	-	(270,949)
Non-deductible tax expenses	2,633	1,847
Non-taxable income	-	(53,869)
Others	30,261	1,343
Taxable income	5,011,785	4,244,869
Effective corporate income tax rate	24,85%	24,96%
Corporate income tax - current	1,245,376	1,059,621
Tax losses utilised	(2,306)	-
Under provision in prior years	321	-
Corporate income tax - current	1,243,391	1,059,621

b. Applicable tax rate

The Bank and subsidiaries in Vietnam have an obligation to pay corporate income tax at the rate of 25% on taxable profits.

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

The corporate income tax computation shall be declared by the Bank and its subsidiaries themselves and subjected to the review and approval of the local tax authorities.

Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

33. Cash and cash equivalents

	VND million	
	2010	2009
Cash, gold, silver, gemstones on hand	5,232,743	4,485,150
Balances with the SBV	8,239,851	25,174,674
Balances with credit institutions due within three months	74,089,468	39,926,107
Securities due within three months	9,116,284	3,016,000
	<b>96,678,346</b>	<b>72,601,931</b>

34. Employee benefits

	2010	2009
Total number of employees	11,415	10,401
Employees' income		
Total salary fund (VND million) (Note 30)	2,326,778	1,835,982
Monthly average income (VND million)	16.99	14.70

35. Obligations to State Budget

	1/1/2010	OCCURRENCE		31/12 2010
		PAYABLE	PAID	
Value added tax	24,169	236,387	(232,339)	28,217
Corporate income tax (Note 20(b)(ii))	337,977	1,256,014	(1,336,828)	257,163
Of which:				
Corporate income tax incurred in the year 2010	337,952	1,243,391	(1,326,988)	254,355
Increase in corporate income tax payables according to tax minute for the period from 2005 to the first 5 months of 2008	-	9,840	(9,840)	-
Additional corporate income tax of 2009	-	2,808	-	2,808
Others	25	(25)	-	-
Personal income tax	3,315	174,664	(126,195)	51,784
Other taxes	5,421	50,580	(53,404)	2,597
	<b>370,882</b>	<b>1,717,645</b>	<b>(1,748,766)</b>	<b>339,761</b>

36. Significant transactions and balances with related parties

a. Significant transactions with related parties

	VND million	
	2010	2009
<b>SBV</b>		
Interest income from deposits with the SBV	35,773	130,688
Interest expense on deposits from the SBV	33,593	114,466
Interest expense on borrowing from the SBV	-	106,035
Currencies swap contracts - contract notional value	-	3,670,400
<b>MoF</b>		
Interest income from loans to the MoF	149,474	165,312
Interest expense on deposits from the MoF	16,760	14,461
<b>Shinhan Vina Bank</b>		
Interest expense on deposits from Shinhan Vina Bank	-	1,331
<b>Vietcombank Fund Management</b>		
Management fees	-	555

b. Significant balances with related parties

	VND million	
	2010	2009
<b>SBV</b>		
Deposits with the SBV	8,239,815	25,174,674
Borrowings from the SBV	5,439,518	14,392,808
Currency swap contracts - contract notional value	-	3,670,400
<b>MoF</b>		
Loans to MoF	3,089,662	3,353,226
Deposits at the Bank	4,637,418	8,567,342
<b>Vietcombank Fund Management</b>		
Trusted investments from the Bank	528,085	202,924
<b>Shinhan Vina Bank</b>		
Deposits at the Bank	-	8,375

Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

37. Segment reporting

a. Geographical segment

						VND million
	THE NORTH	THE MIDDLE AND TAY NGUYEN	THE SOUTH	OVERSEAS	ELIMINATION	TOTAL
1 Interest and similar incomes	18,537,892	3,929,271	9,654,593	5,872	(11,546,990)	20,580,638
2 Interest and similar expenses	(15,176,848)	(2,883,665)	(5,877,794)	(908)	11,546,990	(12,392,225)
I Net interest income	3,361,044	1,045,606	3,776,799	4,964	-	8,188,413
3 Fee and commission income	812,754	116,973	988,909	4,030	(4,126)	1,918,540
4 Fee and commission expenses	(467,886)	(8,604)	(29,719)	(47)	4,126	(502,130)
II Net fee and commission income	344,868	108,369	959,190	3,983	-	1,416,410
III Net gain from trading foreign currencies	470,088	72,667	18,925	-	-	561,680
IV Net gain from trading of trading securities	18,149	-	-	-	-	18,149
V Net gain from sales of investment securities	268,381	-	-	-	-	268,381
5 Other incomes	561,512	73,050	184,839	-	(94,874)	724,527
6 Other expenses	(124,856)	(11,067)	(7,253)	(1,604)	-	(144,780)
VI Other income - net	436,656	61,983	177,586	(1,604)	(94,874)	579,747
VII Income from investments in other entities	503,150	-	(11,124)	-	-	492,026
VIII Operating expenses	(2,534,343)	(574,710)	(1,523,512)	(6,725)	94,874	(4,544,416)
IX Profit before allowance and provision expenses for loans and off-balance sheet commitments	2,867,993	713,915	3,397,864	618	-	6,980,390
X Allowance and provision expenses for loans and off-balance sheet commitments	(1,230,340)	(117,725)	(153,130)	(12)	-	(1,501,207)
XI Profit before tax	1,637,653	596,190	3,244,734	606	-	5,479,183
7 Income tax expense - current	(294,496)	(147,544)	(801,238)	(113)	-	(1,243,391)
XII Total income tax expense	(294,496)	(147,544)	(801,238)	(113)	-	(1,243,391)
XIII Net profit after tax	1,343,157	448,646	2,443,496	493	-	4,235,792

Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

b. Business segment

						VND million
	BANKING	NON-BANK FINANCIAL INSTITUTIONS	SECURITIES	OTHERS	ELIMINATION	TOTAL
1 Interest and similar income	31,580,739	156,677	361,108	29,104	(11,546,990)	20,580,638
2 Interest and similar expenses	(23,572,623)	(74,005)	(292,587)	-	11,546,990	(12,392,225)
I Net interest income	8,008,116	82,672	68,521	29,104	-	8,188,413
3 Fee and commission income	1,848,728	4,030	69,908	-	(4,126)	1,918,540
4 Fee and commission expenses	(482,218)	(159)	(23,879)	-	4,126	(502,130)
II Net fee and commission income	1,366,510	3,871	46,029	-	-	1,416,410
III Net gain from trading foreign currencies	570,010	890	-	(9,220)	-	561,680
IV Net gain from trading of trading securities	-	-	18,149	-	-	18,149
V Net gain from sales of investment securities	281,032	-	(12,651)	-	-	268,381
5 Other income	582,145	13,081	8,967	120,334	(94,874)	724,527
6 Other expenses	(143,176)	(1,604)	-	-	-	(144,780)
VI Other income - net	438,969	11,477	8,967	120,334	(94,874)	579,747
VII Income from investments in other entities	477,125	9,017	4,861	1,023	-	492,026
VIII Operating expenses	(4,356,564)	(46,973)	(99,020)	(41,859)	94,874	(4,544,416)
IX Profit before allowance and provision expenses for loans and off-balance sheet commitments	6,785,198	60,954	34,856	99,382	-	6,980,390
X Allowance and provision expenses for loans and off-balance sheet commitments	(1,481,688)	(19,519)	-	-	-	(1,501,207)
XI Profit before tax	5,303,510	41,435	34,856	99,382	-	5,479,183
7 Income tax expense - current	(1,202,258)	(5,760)	(7,839)	(27,534)	-	(1,243,391)
XII Total income tax expense	(1,202,258)	(5,760)	(7,839)	(27,534)	-	(1,243,391)
XIII Net profit after tax	4,101,252	35,675	27,017	71,848	-	4,235,792

## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2010

### 38. 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 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.

Additionally, forward currency 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 is under exposure to credit risk, where a counterparty's default on its obligations will cause a financial loss for the Bank. Credit risk arises mainly in lending activities relating to loans and advances, and in investment activities involving investments 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 Handling 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(g)) 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 decentralised authorization in credit activities.

#### c. Market risk

##### (i) Interest rate risk

Interest rate risk occurs where the future cash flows of a financial instrument unexpectedly fluctuates due to the changes in market interest rates.

The real interest rate adjustment term is the remaining time starting from the date of the financial statements to the nearest 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 shall be subject to issuer's terms and conditions on interest rate of each securities.
- » The real interest adjustment term of balances with and loans to other credit institutions, loans to customers, amounts due to the Government and the State Bank of Vietnam, deposit and borrowings from other credit institutions and deposits from customers 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 starting from the date of the consolidated financial statements.
  - Items with floating interest rate: The real interest adjustment term is based on the latest interest rate adjustment 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 from one to five years.
- » The real interest adjustment term for other liabilities is from one to three months. In reality, these items shall have different interest rate adjustment terms.

Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

(i) Interest rate risk (cont)

	VND million								
	OVERDUE	NON-INTEREST BEARING	UP TO 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 TO 12 MONTHS	FROM 1 TO 5 YEARS	OVER 5 YEARS	TOTAL
<b>Assets</b>									
I Cash, gold, silver, gemstones on hand	-	5,232,422	309	12	-	-	-	-	5,232,743
II Balances with the State Bank of Vietnam	-	-	8,239,851	-	-	-	-	-	8,239,851
III Balances with and loans to other credit institutions - gross	-	435,865	69,715,522	4,066,271	3,898,434	611,888	931,472	-	79,659,452
IV Trading securities - gross	-	-	10,830	-	-	-	-	-	10,830
V Derivatives and financial assets	-	-	-	34,686	-	-	-	-	34,686
VI Loans and advances to customers - gross	4,718,379	-	69,931,227	57,773,272	34,058,393	6,500,421	3,302,781	529,433	176,813,906
VII Investment securities - gross	-	1,302,924	7,743,264	675,000	507,301	2,211,033	15,099,460	5,571,525	33,110,507
VIII Long-term investments - gross	-	4,110,899	-	-	-	-	-	-	4,110,899
IX Fixed assets	-	1,586,004	-	-	-	-	-	-	1,586,004
X Other assets - gross	-	4,687,781	-	-	-	165,120	-	-	4,852,901
<b>Total assets</b>	<b>4,718,379</b>	<b>17,355,895</b>	<b>155,641,003</b>	<b>62,549,241</b>	<b>38,464,128</b>	<b>9,488,462</b>	<b>19,333,713</b>	<b>6,100,958</b>	<b>313,651,779</b>
<b>Liabilities</b>									
I, II Amount due to the Government and the State Bank of Vietnam and other credit institutions	-	-	56,869,430	6,271,959	5,361,361	1,109,561	259	-	69,612,570
III Deposits from customers	-	-	111,056,716	43,522,988	14,693,944	27,192,277	8,280,031	9,993	204,755,949
IV Derivatives and other financial liabilities	-	-	-	-	-	-	-	-	-
V Other borrowed funds	-	20	-	-	-	-	-	-	20
VI Valuable papers issued	-	-	26,177	-	1,275	1,508,737	27,796	2,000,000	3,563,985
VII Other liabilities	-	7,519,757	1,246,948	-	7,350	-	-	-	8,774,055
<b>Total liabilities</b>	<b>-</b>	<b>7,519,777</b>	<b>169,199,271</b>	<b>49,794,947</b>	<b>20,063,930</b>	<b>29,810,575</b>	<b>8,308,086</b>	<b>2,009,993</b>	<b>286,706,579</b>
<b>Interest sensitivity gap</b>	<b>4,718,379</b>	<b>9,836,118</b>	<b>(13,558,268)</b>	<b>12,754,294</b>	<b>18,400,198</b>	<b>(20,322,113)</b>	<b>11,025,627</b>	<b>4,090,965</b>	<b>26,945,200</b>
<b>Cumulative interest sensitive gap</b>	<b>4,718,379</b>	<b>14,554,497</b>	<b>996,229</b>	<b>13,750,523</b>	<b>32,150,721</b>	<b>11,828,608</b>	<b>22,854,235</b>	<b>26,945,200</b>	

Notes to the Consolidated Financial Statements (continued)  
for the year ended 31 December 2010

(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. Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

	VND million					
	VND	USD	EUR	GOLD	OTHER CURRENCIES	TOTAL
<b>Assets</b>						
I Cash, gold, silver, gemstones on hand	3,238,396	1,110,789	191,385	518,127	174,046	5,232,743
II Balances with the State Bank of Vietnam	3,058,043	5,181,808	-	-	-	8,239,851
III Balances with and loans to other credit institutions - gross	36,496,607	33,943,325	3,785,335	-	5,434,185	79,659,452
IV Trading securities - gross	10,830	-	-	-	-	10,830
V Derivatives and other financial assets	931,272	(1,534,556)	802,494	-	(164,524)	34,686
VI Loans and advances to customers - gross	115,553,734	60,018,310	1,193,093	-	48,769	176,813,906
VII Investment securities - gross	26,107,888	7,002,619	-	-	-	33,110,507
VII Long-term investments - gross	4,110,899	-	-	-	-	4,110,899
IX Fixed assets	1,584,892	-	-	-	1,112	1,586,004
X Other assets - gross	4,451,744	342,723	857	-	57,577	4,852,901
<b>Total assets</b>	<b>195,544,305</b>	<b>106,065,018</b>	<b>5,973,164</b>	<b>518,127</b>	<b>5,551,165</b>	<b>313,651,779</b>
<b>Liabilities</b>						
I, II Amount due to the Government and the State Bank of Vietnam and other credit institutions	23,004,839	42,446,432	1,351,917	-	2,809,382	69,612,570
III Deposits from customers	137,129,966	60,728,924	4,484,706	-	2,412,353	204,755,949
IV Derivatives and other financial liabilities	-	-	-	-	-	-
V Other borrowed funds	-	20	-	-	-	20
VI Valuable papers issued	2,141,161	1,419,188	3,636	-	-	3,563,985
VII Other liabilities	6,728,032	1,747,906	132,882	-	165,235	8,774,055
<b>Total liabilities</b>	<b>169,003,998</b>	<b>106,342,470</b>	<b>5,973,141</b>	<b>-</b>	<b>5,386,970</b>	<b>286,706,579</b>
FX position on balance sheet	26,540,307	(277,452)	23	518,127	164,194	26,945,199
FX position off balance sheet	51,889,942	(1,410,079)	959,329	-	(167,394)	51,271,798
<b>FX position on and off-balance sheet</b>	<b>78,430,249</b>	<b>(1,687,531)</b>	<b>959,352</b>	<b>518,127</b>	<b>(3,200)</b>	<b>78,216,997</b>

d. Liquidity risk

Liquidity risk occurs where 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 accounts including the compulsory deposits;
- » The maturity of investment securities is based on redemption dates of each securities established by the issuers 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 date; 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 2010

Liquidity risk (cont.)

								VND million
	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
<b>Assets</b>								
I Cash, gold, silver, gemstones on hand	-	-	5,232,743	-	-	-	-	5,232,743
II Balances with the State Bank of Vietnam	-	-	8,239,851	-	-	-	-	8,239,851
III Balances with and loans to other credit institutions - gross	-	-	14,088,472	60,000,996	5,284,523	285,461	-	79,659,452
IV Trading securities - gross	-	-	-	10,830	-	-	-	10,830
V Derivatives and other financial assets	-	-	-	34,686	-	-	-	34,686
VI Loans and advances to customers - gross	3,387,900	1,341,503	9,370,878	31,907,113	65,520,875	48,427,848	16,857,789	176,813,906
VII Investment securities - gross	-	-	7,394,442	1,721,842	22,776,167	706,239	511,817	33,110,507
VII Long-term investments - gross	-	-	-	-	-	13,440	4,097,459	4,110,899
IX Fixed assets	-	-	248,568	-	-	9,894	1,327,542	1,586,004
X Other assets - gross	-	-	76,573	4,728,665	28,950	18,713	-	4,852,901
<b>Total assets</b>	<b>3,387,900</b>	<b>1,341,503</b>	<b>44,651,527</b>	<b>98,404,132</b>	<b>93,610,515</b>	<b>49,461,595</b>	<b>22,794,607</b>	<b>313,651,779</b>
<b>Liabilities</b>								
I, II Amount due to the Government and the State Bank of Vietnam and other credit institutions	-	-	56,566,999	3,193,236	4,853,915	4,978,865	19,555	69,612,570
III Deposits from customers	-	-	71,059,567	56,920,937	57,643,088	13,732,704	5,399,653	204,755,949
IV Derivatives and other financial liabilities	-	-	-	-	-	-	-	-
V Other borrowed funds	-	-	-	-	-	20	-	20
VI Valuable papers issued	-	-	26,177	-	1,510,012	27,796	2,000,000	3,563,985
VII Other liabilities	-	-	1,280,545	7,210,104	283,406	-	-	8,774,055
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>128,933,288</b>	<b>67,324,277</b>	<b>64,290,421</b>	<b>18,739,385</b>	<b>7,419,208</b>	<b>286,706,579</b>
<b>Net liquidity gap</b>	<b>3,387,900</b>	<b>1,341,503</b>	<b>(84,281,761)</b>	<b>31,079,855</b>	<b>29,320,094</b>	<b>30,722,210</b>	<b>15,375,399</b>	<b>26,945,200</b>

39. Subsequent events

In accordance with the approval in the Official Letter No. 7086/NHNN-TTGSNH dated 20 September 2010 and the approval of the Bank's shareholders through the Unscheduled General Shareholders' Meeting on 9 November 2010, the Bank has increased its capital from VND 13,233,715 million to VND 17,587,540 million on 21 February 2011. Business Licence of the Bank No. 0100112437 was renewed for the second time on 2 March 2011 by Hanoi Planning and Investment Department.

40. Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Management on 31 March 2011.

Prepared by

PHUNG NGUYEN HAI YEN



Head of Financial  
and Accounting Policy Department

NGUYEN THI HOA



Chief Accountant

Approved by

NGUYEN DANH LUONG



Deputy General Director



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***Vietcombank***

198 Tran Quang Khai, Hoan Kiem, Ha Noi, Vietnam  
Tel: (84.4) 3934 3137 \* Fax: (84.4) 3826 9067 \* Swift: BFTV VNVX \* Website: [www.vietcombank.com.vn](http://www.vietcombank.com.vn)  
Vietcombank Call Center: (84.4) 3824 3524/1900545413