

ANNUAL REPORT 2011

15 years - the heart of banking



VIB's Annual Report 2011

15 years - the heart of banking

The message	
The message from the Chairman of the Board of Directors Chief Executive Officer's review	
Overview VIB	
Vision - Mission - Core Values	10
Corporate Gorvernance	
VIB's highlights in 2011	22
Important figures over the last 15 years	24
Performance Report	
Retail Banking	28
Wholesale Banking	32
Foreign Direct Investment Banking	
Treasury	38
Risk Management	40
Human Resource Development and Training	42
The status of VIB's strategic transformation projects	
Stepping up the pace of information technology	46
Brand development	47
Financial statements	
Consolidated financial statements	50
Notes to the consolidated financial statements for the year	59
Shareholder information	
Network of branches	

The message from the Chairman of the Board of Directors



Chairman of the Board of Directors **Han Ngoc Vu**

Despite the anticipated challenges in 2012, I am fully confident of VIB's future and the bank's ability to maintain sustainable development, provide ever better quality service for our customers and deliver more value to our shareholders

2011 marked the bank's 15th consecutive year of superior service with a view of continuous improving of business operations and bringing increased convenience to customers. The title "15 years - the heart of banking" on the cover of this year's Annual Report reflects the bank's business philosophy of creating positive improvement for all partners. Since 2009, VIB has allocated substantial resources to implement 26 long-term strategic projects to complete construction of infrastructure for the bank's business activities, half of which are aimed at enhancing the quality and capacity of our customer service. The remaining projects are aimed at ensuring the effective and suitable administration and evaluation of all business units and individuals in VIB.

VIB's business foundation is built on the basis of leaders and employees sharing a common set of beliefs and values. Customer-focus, excellence, honesty, teamwork and discipline are the 5 core values which VIB's leaders are communicating and instilling in their staff. This value system is gradually becoming a part of the bank's DNA.

Performance 2011

In 2011, the main momentum of growth for VIB was the optimum exploitation of the new sales and service model which was launched in 2009 and the provision of better and more convenient services to customers.

As of end of 2011, more than 80% of the bank's business units have completed the shift to a completely new sales and service model. A centralized support mechanism was successfully launched at the Head Office and other regions. The numbers of business units increased from 135 to 160 while the total number of ATMs and POS also increased from 141 to 191 and from 1,600 to 2,600 respectively, bringing greater convenience to customers. Personal clients and Small and Medium-sized Enterprises (SMEs) remained central to VIB's services provision, while opportunities arising from business operations with major corporations in savings, foreign exchange and in dealing with FDI businesses (foreign direct investment) also saw substantial returns. In 2011, FDI Banking was established in VIB in order to professionalize business operations with foreign invested enterprises. As a result, the bank's customers went up by 21% during the same period.

The shift in business operations, manifested through the on-schedule implementation of long-term and short-term strategic projects have resulted in significant accomplishments. Of note is the fundamental completion of the group of projects on transforming the operational model of VIB's business network as a whole. The great coordination between the Branch Transformation Rollout (BTR) project committee with the training and support units and relevant business units and divisions in this endeavor has helped usher in smooth transformation.

The group of human resources and performance management projects has also seen excellent results including the completion, delivery and application of KPI components, Target Setting, Management Information System (MIS), and Performance Management System (PMS). The changes in the organizational structure and information technology are unprecedented, allowing for much better business performance and improved customer service culture.

In the uncertain and challenging economic environment of 2011, VIB opted for a cautious business growth plan with tight controls over credit growth, which was at 4.2% for the whole year and have made significant investments in reinforcing risk management mechanisms, particularly credit risks. The Credit Management Transformation Project initiated in mid 2011 with the participation of many Commonwealth Bank of Australia (CBA) experts has been actively implemented and will be transferred in phases in 2012 to risk management-related departments in the bank. VIB also pursued a very cautious risk provision policy last year. Despite being categorized into Group 1 (the group of best banks) by the State Bank of Vietnam regarding operational quality, VIB leaders still decided to establish a reserve worth 974 billion VND out of the total pre-provision profit of 1.823 trillion VND. Average income was at 1.581 VND per share.

Along with gaining the trust of the bank's strategic shareholder—Australia's leading bank, the Commonwealth Bank of Australia (CBA), VIB increased its charter capital from 4 trillion VND to 4.25 trillion VND in 2011, bringing the total capital surplus to 2.553 trillion and the shareholders' equity value at 8.16 trillion at the end of 2011. CBA raised its stake in VIB from 15% to 20% triggered by its strong commitment to supporting human resources, technology transfer and business cooperation.

Corporate Governance

The Board of Directors now has 8 members instead of the previous 9 as Mr. Ha Hoang Dung requested to be transferred to the Board of Management to be in charge of risk management. He has played a significant role in risk management in the Board of Management, which was in need of human resources at management level. Five out of eight members of the Board of Directors substantially or wholly spend their time on the bank's management including setting the strategic directions, participating in important discussions and giving opinions, providing guidance, approving the proposals by the Board of Management and maintaining oversight of the bank's operations. The two committees under the Board of Directors including Risk Management and Human Resources have delivered good results in intensive research and consultation to the Board of Directors and

the Board of Management in their areas of expertise. The management has performed its tasks well thanks to the 15 to 35 years of broad experience in bank management and operations of its members and 3 members representing CBA. VIB is now considered to have a highly-performed governance apparatus.

Outlook 2012

2011 was a year full of challenges for all businesses in general and for VIB in particular as global turmoil continued to hit Vietnam's economy. These were evidenced by depositors' confidence (both individuals and businesses) in putting their money in banks. Thus, the race in raising capital and managing capital mobilization prices is likely to go up to a higher level for banks. In the wake of limited financial resources, the competition in capital mobilization especially from individual customers is expected to become more strategically important to banks. On the other hand, credit growth will remain low for the majority of credit institutions to maintain capital reserves. VIB will respond by growing its business cautiously by focusing on implementing initiatives to improve operational performance. Maintaining a stable financial foundation and operational mechanism to offer better service to customers and generate higher returns for shareholders remains a high priority for the bank.

"Despite the anticipated challenges in 2012, I am absolutely confident about VIB's future and the bank's ability to maintain sustainable development, provide growing quality services for customers and deliver consistent values for our shareholders".

Finally, I would like to take this opportunity to thank our customers and shareholders for their continued support. And my special thanks go to the people of VIB who have always been the foundation for the bank's success.

Chairman of the Board of Directors



Han Ngoc Vu

Chief Executive Officer's review



Chief Executive Officer **Duong Thi Mai Hoa**

With the cooperation of the foreign strategic shareholder and the engagement of customers, partners and all shareholders, we do believe that VIB will continue sustaining its position and achieving new successes.

Dear shareholders, customers and partners,

On 18/09/2011, VIB celebrated its 15th anniversary. 15 years is not a long time, yet it is an important milestone as it marked the bank's presence with millions of customers, shareholders and partners. I am very fortunate to be in the management position of the bank in such a special year to witness VIB growing on its achievements to change and elevate itself towards sustainable growth in a challenging business environment.

Every year brings new challenges and 2011 was no exception for Vietnam's banking sector. The slow recovery of the global economy, the macroeconomic instability in the country along with the tight monetary policies of the State Bank of Vietnam (SBV) have affected the business results of the banking system in general and VIB in particular. VIB still performed well in the face of these challenges in compliance with the provisions of the State Bank of Vietnam to contribute to the country's macroeconomic stability and maintain the bank's solid operational platform.

In the framework of this report, I would like to review two core issues :

- Operational Highlights in 2011
- Development Plans for 2012.

In 2011, VIB's performance results remained modest with

total assets of 96.95 trillion VND, total mobilized capital of 57.489 trillion VND; outstanding loans of 43.497 trillion VND - an increase of 4.2% against that of 2010, shareholders' equity of 8.16 trillion VND - a rise of 23.8% compared to 2010, pre-provision profits of 1.823 billion VND, pre-tax profits of 849 billion VND, credit risk reserves of 974 billion VND and the capital adequacy ratio of 14.48%. Such results did not meet the expectations set by the General Meeting of Shareholders in 2011, the Board of Directors (BoD) or the Board of Management (BoM) due to a number of objective and subjective reasons such as the unstable macro economy, tightened monetary policies and the unadjusted business targets to adapt to the situation.

However, many positive signs can be seen by taking a closer look at these figures. Although the credit growth rate was 4%, this figure played to the strength of the bank in risk management. It was also a secure rate for the bank as many consequences of fast credit growth can only be seen after 1-2 years. The increase in charter capital and shareholders' equity along with the additional investment of 1.15 trillion VND from the Commonwealth Bank of Australia (CBA) – our foreign strategic shareholder have demonstrated the bank's great potentials in attracting foreign investors. VIB's capital adequacy ratio was higher than the regulated level of 9% set by the State Bank, which reflects performance safety as one of VIB's top priority. The reserves set for credit losses by VIB complied with international standards and with the provisions of the State Bank of Vietnam.

Mobilizing capital through issuance of valuable papers reached 57.489 trillion VND by the end of 2011, a slight drop in comparison with that of 2010. In particular, from January to the end of August 2011, deposits from the individuals and economic organizations rose by 17%. Since the beginning of September when the State Bank capped a ceiling on interest rates, VIB has strictly observed regulations and as a result capital mobilization decreased. However, in the final months of the year, VIB's capital situation was stabilized, with ensured liquidity, while smaller banks fell into difficulties, becoming insolvent.

25 new branches were opened in 2011, bringing the total number of VIB branches to 160. 132 out of the 160 branches have been transformed into the new sales and service model with more modern and convenient settings together with better services and qualities. Customers enjoyed more convenience when banking with VIB thanks to the expansion of ATMs and POS network. Moreover, VIB

brand awareness index accelerated from 62% to 75% as at the end of 2011. VIB was positioned in the top 10 banks with the highest brand awareness in Vietnam in a report by Nielsen Vietnam, a market research institution.

Remarkable accomplishments were also recorded in VIB's human resource developments in 2011 including setting up a new code of conduct, a remuneration scheme based on performance, human resource development strategies and talent fostering programs. The bank's human resource development has also achieved many positive results in 2011. VIB had 4,259 employees as at the end of 2011, an increase of 20% compared to the same period in 2010.

Risk management has always been one of the top priorities of VIB's leadership. As the year progressed, VIB further strengthened the processes and the models of risk management in line with international standards and enhanced the management of market risks, operational risks and credit risks to ensure safe operation for the bank in a challenging economic and competitive environment

Last year, CBA further invested 1.15 trillion VND to increase its holdings in VIB from 15% to 20%. In addition, CBA and VIB have worked on cooperation programs to help VIB expand its business operations, particularly retail banking. The capability transfer program between VIB and CBA has yielded substantial successes with more than 20 CBA experts participating in VIB's key areas.

Despite difficult conditions in the banking sector, VIB has managed to raise the number of customers, in which regular retail banking customers rose from 1.79 times to 2.32 times and the number of customers grew by 21% compared to 2010.

The world economy in 2012 is expected to face more barriers as uncertainties adversely impacting the recovery of economies in 2011 are likely to persist. Despite positive signs in the beginning of 2012 in Vietnam's economy, baddebts will remain a big issue in 2012 as well as pressure on bank mergers as banks cope with serious issues of liquidity and non-performing loans.

On the basis of 2011 performance and economic projection in 2012, the Board of Directors and the Board of Management have set business directions to deliver the group's ambitious agenda arranged in seven key drivers

and platforms as follows:

Continuing to embed the goal of becoming the leading bank in customer experience in Vietnam in 2013: VIB will strive to put in place various activities to **reinforce the quality of customer service** such as establishing and maintaining sales and service culture at VIB, completing the transformation of the new sales and service model in the whole system, deploying customer service quality measurement tools via mystery shopping programs, customer surveys and internal customer service measurement.

Staying focused on **People development:** via the application of Key Performance Indicators (KPIs) and Management Information System (MIS), establishment of talent development programs, execution of training programs and increase employee productivity.

Deposit and revenue growth: the bank will accelerate revenue growth to absorb its shareholders' capital and focus on non-credit products and standardize products based on the customer segments selected.

Optimizing operational costs: by reducing Cost-Income Ratio (CIR) in a way that cost growth is slower than income growth and by standardizing procurement processes, asset management processes and realizing the code of business conduct.

Risk remediation and improvement: via implementing the credit management transformation project, strengthening internal control and supervision functions, establishing a system of management tools for market risks and operational risks and maintaining Moody's credit rating.

Network expansion and optimization: continuing to expand the network of branches with more emphasis on big cities, building the foundation to lead the market in terms of non-physical distribution channels.

Brand positioning improvement: for more widespread recognition by customers, creating premises for business growth with a better brand awareness level of 20% compared to 2011.

System development: through the continued implementation of transformation programs consulted by BCG and projects building the development platform for the bank.

2012 is likely to present roadblocks and challenges triggered by global turbulent markets while the local economy has not yet fully recovered. Industries and businesses will face many hardships, severely affecting the banking sector. However, against this backdrop, VIB can still see opportunities to make breakthroughs to overcome the tough periods.

VIB has sustained and deepened relationship with customers and clients through its intent on sustainable growth, long-term business strategies, and unequivocal focus on risk management and enhancing customer service quality. As the bank has emphasized investment in banking services in recent years, the Board of Directors and the Board of Management are confident that VIB will conquer all market challenges and yield more achievements in 2012 and in the years to come.

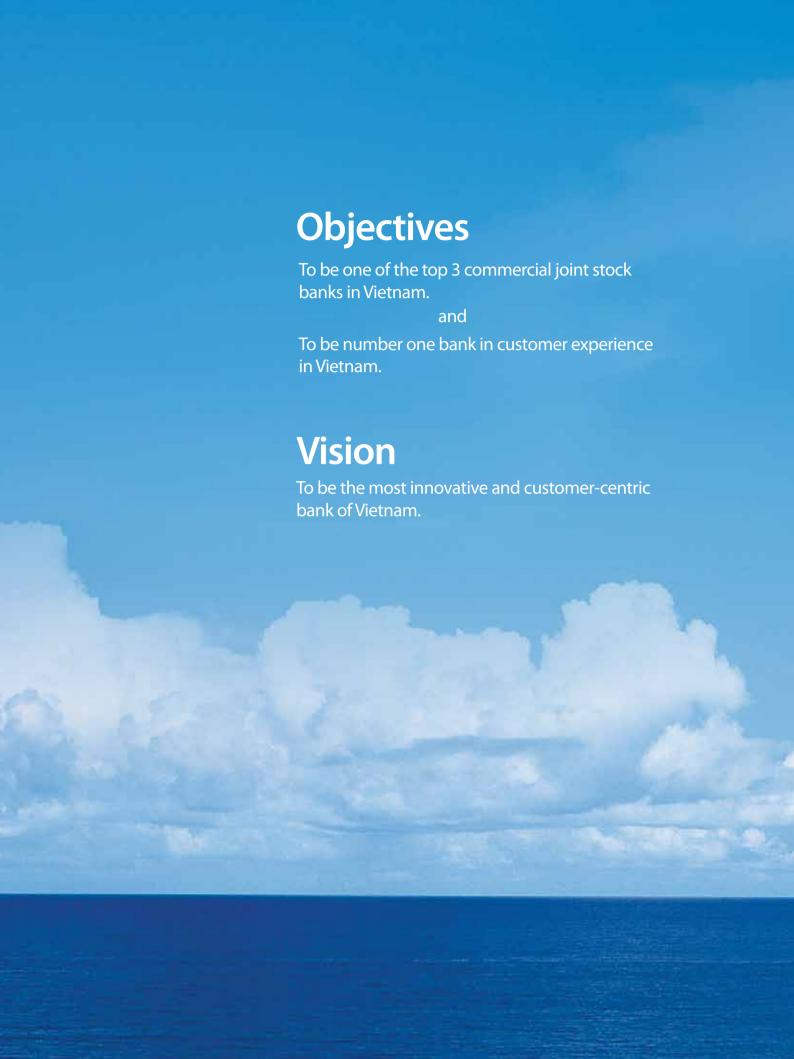
On behalf of the Board of Management, we would like to take this opportunity to thank our shareholders, customers and partners for your valuable cooperation and confidence and look forward to receiving your consistent support and coordination in 2012 and the years beyond. With our warmest regards,

Chief Executive Officer

Duong Thi Mai Hoa

OVERVIEW VIB

- Vision Mission Core Values
- Corporate Gorvernance
- VIB's highlights in 2011
- Important figures over the last 15 years



Core values

- Customer focus
- Excellence
- Honesty
- Teamwork
- Disciplined

Mission

- For customers: To excel in providing innovative, customer-centric solutions to satisfy the needs of our customers.
- For employees: To cultivate a high performance culture, entrepreneurship and openness in our work environment.
- For shareholders: To provide sustainable and attractive returns to our shareholders.
- For the community: To support community development ...

Corporate Governance

Board of Directors



Mr. Han Ngoc Vu
Chairman of the
Board of Directors

At the 12th General Shareholders Meeting in 2008, Mr. Han Ngoc Vu was elected as Chairman of the Board of Directors, Term V (2008-2013). Previously, Mr. Vu was appointed by the Board as Chief Executive Officer from late 2006.

Mr. Vu has nearly 25 years of working experience in business operations, including over 20 years in the banking and financial sector, with vast experience in banking with leading international banks in the world. Mr. Vu obtained a Master of Business Administration from Solvay Business School - Belgium, and Bachelor Degrees from Metropolitan Business College - Australia and the Institute of International Relations -Vietnam. He also completed professional training courses in Leadership from Harvard Business School and Citigroup, in Risk Management, Commercial Banking Profession, Financial Analysis, Project Finance, Trade Finance etc from Citigroup and Credit Lyonnais.

Mr. Vu has held many key roles in Vietnamese and international banks, including Chief Executive Officer of Vietnam International Bank (VIB), Country Head of Corporate Banking of Citigroup Vietnam cum Hanoi Branch Manager of Citigroup, Country Sales Manager cum HCMC Branch Manager of Credit Lyonnais Vietnam, and Hanoi Branch Manager of Credit Lyonnais.



Mr. Dang Khac Vy Member of the Board of Directors

At the 12th General Shareholders' Meeting in 2008, Mr. Dang Khac Vy was again elected as Member of the Board of Directors, Term V (2008-2013). Previously, Mr. Vy had been appointed as a member of the Board of Directors, Terms I, II, III, and IV.

Mr. Dang Khac Vy is one of the founding members of VIB. As a Doctor of Economics, he has worked in many countries around the world such as the F.R. Russia, Singapore etc for many years. He is currently the chairman of Future Generation Group - one of the largest overseas Vietnamese Groups, operating in Eastern Europe, Western Europe and some Asian countries. The Group's products have been present in over 20 countries worldwide. Currently, Mr. Vy is one of the most successful businessmen in Vietnam and abroad.



Mr. Dang Van Son Member of the Board of Directors

At the 12th General Shareholders' Meeting in 2008, Mr. Dang Van Son was again elected as Member of the Board of Directors, Term V (2008-2013). Previously, Mr. Son had been elected to the Board in early 2007.

Mr. Son obtained a Bachelor of Economics from the F.R. Russia and completed the Senior Management Program of American Association of Information Technology and Management. Prior to joining the Board of VIB, Mr. Son had worked in F.R. Russia and other organizations in Vietnam for many years with the roles of the Chairman of ValMa-M Company, CEO of Huong Dien Hydropower JSC, and Chairman of International System Trading and Investment JSC.



Mr. Do Xuan Hoang Member of the Board of Directors

At the 12th General Shareholders' Meeting in 2008, Mr. Do Xuan Hoang was again elected as Member of the Board of Directors, Term V (2008-2013). Previously, Mr. Hoang joined the Board of VIB in early 2005 and was elected as Vice Chairman of the Board by the 11th Annual General Shareholders' Meeting in 2007.

Mr. Hoang has completed professional training courses and held different roles in the Republic of Ukraine and the F.R Russia. As a Doctor of Economics, he is currently the CEO of Future Generation Group one of the largest overseas Vietnamese Groups; He was a member of the Central Committee of Vietnam Fatherland Front, Term VI; a member of the Sponsorship Council of the Community Support Fund (the Committee for Overseas Vietnamese under the Ministry of Foreign Affairs), and Vice Chairman of the Overseas Vietnamese Association in Russia.



Mr. Tran Nhat Minh Member of the **Board of Directors**

Mr. Tran Nhat Minh was elected by the General Shareholders' Meeting, 2nd session in 2010 to the Board, Term V (2008-2013).

Mr. Minh graduated from Moscow University of Energy, and obtained a Doctor of Science and Technology from Moscow University Telecommunications and Informatics and a Master of Business Administration from the International Institute of LINK Business Administration, Russia. He has held many roles such as General Director and Deputy General Director for different companies in Russia, like Proflnvest Co.,Ltd, FG Group Co.,Ltd, and ZAO "DHV-S" JSC. Currently, he is the CEO of Mareven Food Central Co.,Ltd.

Corporate Governance

Board of Directors

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Mr. An Thanh Son
Member of the Board
of Directors cum CEO

Mr. An Thanh Son has over 18 years of experience in the banking and finance sector in Vietnam.

Son obtained a Master Mr International Business Administration, a Bachelor of Economic Law from Hanoi Law University, and Engineer of Marine Transportation Economics from Maritime University. He has held many roles such as the Permanent Standing Deputy General Director, Head of the Branch and Service Division, Chief Office Administrator, Assistant to the CEO at VIB: Chief Office Administrator, Head of the Organization and Personnel, and marketing officer at the Maritime Joint Stock Commercial Bank of Vietnam.

Mr. Son was appointed as the CEO of VIB from June 2008 and has been appointed as Member of the Board cum CEO since October 2010.



Mr. Garry Lynton Mackrell
Member of the
Board of Directors

Mr. Garry Mackrell Lynton was elected by the General Shareholders Meeting in 2010, second session as Member of the Board of Directors, Term V (2008-2013).

Mr. Mackrell has over 39 years experience in banking finance sector in Australia. He holds a BA in Science (University of Melbourne), Bachelor of Economics (James Cook University) and Master of Commerce (University of New South Wales). He has held many important positions in Bank of Australia (CBA), such as Director, CEO Group - Division of International Finance, Manager of General Director Office, Deputy Head of Capital Resources. Currently, Mr Mackrell is Director of BankWest in Perth, Bank of Hangzhou in China, and Director of ASB Group LTD (Life) ASB LTD in Auckland, New Zealand



Mr. Ronald Wayne Hoy
Member of the
Board of Directors

Mr. Wayne Hoy was elected by the General Shareholders Meeting in 2010, second session as Member of the Board of Directors, Term V (2008-2013).

Mr. Hoy holds a Masters Degree in Applied Finance from Macquarie University (Australia). He has over 40 years experience in banking and finance, including strategic planning and investment roles across Asia. He was Director of CommFinance Ltd. China (wholly owned subsidiary of CBA) and Director CommBank Management Consulting China Ltd. (also a wholly owned subsidiary of CBA), and Director of Strategy & Business Development,, CBA Hong Kong. Prior to working in Asia Mr Hoy was Global Head of Capital Markets for CBA in Sydney. He has extensive international experience, having served terms with CBA in UK and USA. Mr. Hoy is currently Director of Strategy & Business Development in CBA's International Financial Services Division in Sydney.

Supervisory Board



Mr. Trinh Thanh Binh Head of the Supervisory Board

At the 12th General Shareholders' Meeting in 2008, Mr. Trinh Thanh Binh was elected as Head of the Supervisory Board, Term V (2008-2013). Previously, at VIB, he held different roles such as Deputy General Director – Head of Retail Banking and Deputy General Director - Head of Cards Business.

Mr. Trinh Thanh Binh obtained a Bachelor of Banking and Finance from the National Economics University, Hanoi, and a Master of Business Administration (MBA) from the Asian Institute of Management (AIM), Philippines, Prior to joining VIB, he had held many roles such as Head of the Foreign Exchange, Bank for Agriculture and Rural Development of Vietnam (VBARD), Head of the International Payment of VBARD, North Hanoi Branch



Mr. Pham Quang Vinh Member of the Supervisory Board

At the 12th General Shareholders' Meeting in 2008, Mr. Pham Quang Vinh was elected as Member of the Supervisory Board, Term V (2008-2013). Previously, he had acted as Head of the Supervisory Board from 2002 to the end of Term IV.

Mr. Pham Quang Vinh has completed professional academic training courses in finance-banking and auditing in the Federal Republic of Germany and Vietnam. He has more than 15 years of work experience in the banking and finance sector. Prior to joining VIB, Mr. Vinh was an officer of a consultancy program under the German Technical Cooperation Organization in Vietnam.



Mr. Daniel Andrew Bilski Member of the Supervisory **Board**

the General Shareholders' Αt Meeting, 2nd session in 2010, Mr. Daniel Andrew Bilski was elected as Member of the Supervisory Board, Term V (2008-2013).

Mr. Daniel Andrew Bilski obtained a Bachelor of Commerce from Australia National University. With over 19 years of work experience in the banking and financial sector, he has held various roles such as a business controller with Deutsche Bank (UK), a financial analysis expert with Sydney Future Exchange (SFS, Australia) and a financial controller with Commonwealth Bank of Australia. Daniel is currently Director of the Asian Finance, Director of CTB Australia Limited (Hong Kong), Director of CBA Asia Limited (Singapore), Director of Quay Funding PLC (UK), and Director of Pontoon Funding PLC (UK).

Corporate Governance

Board of Management



Ms. Duong Thi Mai Hoa



Mr. Le Quang Trung
Deputy General DirectorHead
of Treasury



Mr. Richard Harris Head of Retail Banking

Ms. Duong Thi Mai Hoa has more than 18 years of experience working in finance and accounting management in 100% foreign owned companies, branches of Multinational Banking Groups and branches of big international banks in Vietnam.

She holds a Master of Business Administration, under the joint business training program for Master of Management between the Faculty of Post-graduate, Hanoi National Economics University and Brussels University of Liberty, Belgium. She has been a member of the Association of Chartered Certified Accountants (ACCA), UK since September 2010.

Previously, Ms. Duong Thi Mai Hoa has been the Deputy CEO cum Head of Retail Banking of VIB since March 2009. Ms. Hoa had also held many roles in the accounting and finance sector such as Chief Financial Officer of VIB, Chief Accountant of Credit Lyonnais bank - Vietnam Branch, and Chief Accountant and CFO of Oracle Vietnam (under American Oracle Group).

Mr. Le Quang Trung has more than 16 years of experience in the banking and finance sector at major international banks operating in Vietnam.

Mr. Le Quang Trung holds an MBA degree. He has held senior management roles in big national and international corporations such as Assistant to CEO cum Senior Advisor for the Head of Treasury in VIB; Head of the Monetary and Fund Business of BNP Paribas bank: Head of the Monetary Business, Citibank Vietnam; Independent Consultant on Cash and Fund Business; Member of the ALCO Committee of Deutsche Bank AG; Lecturer of Training Center for Banking (MPDF) & BTC; and Specialist on the Monetary Business and Export-Import Finance of Eximbank.

Mr. Le Quang Trung has joined VIB since December 2009 and is currently acting as Deputy CEO and Head of the Treasury.

Richard Harris has had more than 10 years of banking experience, primarily focused in Retail Banking. He has held a number of key roles at CBA such as General Manager of Performance and Productivity, CFO of Retail Branch Banking and Services, Project Director of Expatriate Banking in Asia, Country Head in Japan, and recently General Manager of Business Development in the International Financial Services.

He holds a Bachelor of Economics from University of Newcastle with double major: International Trade and Finance and Money & Banking. He received the Neil J Dickinson Memorial Medal for Dux of the first year of the course and maintained a distinction average.

Richard Harris has been recognized as the youngest Country Head/General Director from any bank working in Japan. In his capacity as General Manager he was successful in identifying, designing and deploying transformation initiatives in Retail Banking. Richard was also the CFO in charge of cost management of up to 1 billion Australia dollars covering 1,007 branches, 800 collaborators and 6 customer service centers.



Ms. Vu Thuy Quynh Head of Foreign Direct Investment (FDI)

Ms. Vu Thuy Quynh graduated from Hanoi University of Foreign Languages. Prior to joining VIB, she has had 18 years of experience working continuously at ANZ in different roles such as Head of the Credit, ANZ Hanoi: Head of the Trade Finance and International Payment, ANZ Vietnam cum Representative at Can Tho Rep. Office: Head of ANZ Hanoi cum General Director of ANZ Vtrac Finance Leasing Company; Head of the Vietnam Wholesale Banking for ANZ Vietnam cum CEO of ANZ Vtrac Finance Leasing Company: Head of the Vietnam Strategic Clients for ANZ cum General Director of ANZ Vtrac Finance Leasing Company...

Ms. Vu Thuy Quynh joined VIB and has been appointed as Head of FDI since February 2011.



Mr. John Rumpit **Chief Operating Officer**

John Rumpit graduated from Victory University – Wellington in 1980. In 1986, he attended a senior training course in international banking management in Paris.

He has joined Commonwealth Bank of Australia (CBA) since 1989 after working for some banks such as the Bank of New Zealand, Banque Indosuez, and the State Bank of Victoria from 1981 - 1988 with different roles, namely Senior Director of the Payment Division, Director of IDSA, etc

Since 2007, his role has been closely linked to CBA's operations in Vietnam with such tasks as: from June 2007 to August 2008, he established the retail banking branch, CBA in Ho Chi Minh City (Vietnam); from August 2008 to July 2009: the Chief Operating Officer at CBA - HCMC; from July 2009: Senior Director of the International financial business development service division.

John Rumpit has joined VIB and appointed as the Chief Operating Officer since March 2011.



Mr. Ha Hoang Dung Head of Risk Management

Mr. Ha Hoang Dung has been elected as Head of Risk Management since April 2011.

Mr. Ha Hoang Dung graduated from the National Economics University, with the major in Banking and Finance. He has attended various practical training courses in foreign exchange and risk management in Singapore, London and Hongkong. Joining VIB since 2008, Mr. Ha Hoang Dung has held such roles as Member of the Board of Directors, Deputy CEO – Head of Treasury, and Deputy CEO in charge of investment and special projects.

Prior to joining VIB, Mr. Ha Hoang Dung was Deputy CEO and Head of Treasury, Mizuho branch in Vietnam and held different senior management roles in Fuji bank.

Corporate Governance

Board of Management

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Mr. Ho Van Long
Chief Financial Officer



Ms. Cao Thi Van Anh Head of HR Services



Ms. Nguyen Thi Huong Giang
Head of Marketing and
Communications

Mr. Ho Van Long has over 14 years of experience working in multinational groups and the banking and financial sector in Vietnam.

Mr. Long obtained a Bachelor of Fconomics. He has been a member of the Association of Certified Chartered Auditors (ACCA), UK since 2003 and a State Auditor since 2004. Before being officially appointed as the Chief Financial Officer of VIB, Mr. Long had experienced several management roles at some companies / banks such as Acting CFO of VIB, Deputy CFO of VIB, CFO for the Preparatory Committee for setting up Vietstar Bank of Vietnam, Assistant to CEO cum Head of the MIS & ABC management project unit in Techcombank, Senior Auditor at Ernst & Young Vietnam, and Head of the Finance and Accounting of Ha Tay Brewery Co.,Ltd.

Mr. Ho Van Long has been appointed as the CFO since January 2010.

Ms. Cao Thi Van Anh graduated from the University of Finance and Accounting and Hanoi University of Foreign Languages.

Prior to joining VIB, Ms. Van Anh had experienced various HR management roles such as HR and Admin Manager at Chien Thang Investment Fund Management Company, Head of HR at Hong Leong Bank Vietnam, and HR Manager at Lien Viet joint stock commercial bank, etc...

She has joined VIB and acted as Deputy Head of the HR Committee since February 2011 and Head of HR Services since April 2011.

Ms. Nguyen Thi Huong Giang obtained a bachelor degree from the Institute of International Relations and certificates in Marketing and PR for enterprises from CFVG, professional project management from Navigos, and professional personnel management from AIM.

Prior to joining VIB, Nguyen Thi Huong Giang had 12 years of work experience for various foreign companies and organizations in Vietnam with such roles as Head of Communications -Brand and Mass Market Marketing/ Channel Marketing at Techcombank (Vietnam), Head of Retail Sales Network of HT Mobile, Head of Marketing of Metro Cash & Carry, Head of Business and Marketing of Nettra Company, Head of Marketing and Communications of Asia Injury Prevention Foundation - a Nongovernmental Organization, and Head of Marketing of Tropical Wave Corporation.

Ms. Nguyen Thi Huong Giang has been officially appointed as Head of Marketing and Communications of VIB since January 2011.



Mr. Nguyen Xuan Dung The Acting Head of Wholesale Banking





Mr. Le Van Minh Head of Credit Management

Mr. Le Van Minh has two Bachelor Degrees, one in Law and another in Corporate Finance. Mr. Minh has held different positions in VIB such as the Director of VIB Thanh Xuan (from February 2006 to January 2007), Director of VIB Ha Dong (from February 2007 to July 2008), Director of Transaction office (from August 2008 to April 2009) and Vice Director of Retail Banking cum Director of VIB North Hanoi – Retail Banking (from May 2009). He was appointed the Head of Credit Management from March 2012.



Mr. Benedict Gamble Head of Change Management

Mr. Benedict Gamble graduated from Teesside University majoring in Biological Science. He has more than 10 years experience in banking and finance. Before joining VIB, he was with the Commonwealth Bank of Australia as the Head of Corporate Banking Project Management. Mr. Benedict was officially appointed as the Head of Change Management in VIB from December 2011.

Corporate Governance

Board of Management

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Mr. Rana Peries
Head of Business Technology
Services



Ms. Pham Phuong Nhi
Head of Branch Transformation
Roll-out Project

Mr. Rana Peries obtained a Master of Information Technology, Faculty of Computer Sciences, West Australia University. He has attended the leadership skills development training program of Commonwealth Bank of Australia (CBA) organized by MIT Sloan School of Management.

He has over 25 years of work experience in the IT sector, including more than 15 years in the financial services in Australia and many other countries. Prior to joining VIB, Rana Peries acted as Director of the corporate infrastructure of CBA. Before that, he had held leadership roles in the Infrastructure and Technology at Australia National Bank and Colonial Financial Services (currently merged into CBA) in Australia. Also, he has experienced some management consultancy roles in the IT sector at some big financial service organizations in Asia and Europe.

Mr. Rana Peries has joined VIB since January 2011 in the framework of the Capacity Transfer Program (CTP) between VIB and Commonwealth Bank of Australia (CBA). Ms. Pham Phuong Nhi has an MBA majoring in Finance from the North Central University, USA. Before joining VIB, she had years working in the banking sector including Preparatory Committee establishing Thuong Tin Indochina Commercial Joint Stock Bank, Mizuho Corporate Bank, Banque National de Paris Bank - Representative Office in Hanoi. She joined VIB in November 2008 as the Head of Customer Care and Service Management, later as the Deputy Head of VIB's General Operation Division and as the Deputy Head of Branch Transformation Rollout project and now has become the Head of Branch Transformation Rollout project since March 2012.



VIB's highlights in 2011



VIB celebrated its 15th anniversary with a series of business competition activities, promotion programs and communication activities in gratitude of its customers with the message of "15 years - the heart of banking "15"





Ms. Duong Thi Mai Hoa appointed as the new CEO



CBA increased it



Introduction of FDI Banking





VIB

HSBC (X)

1 March 2011: VIB was awarded "Excellent Provider of International Payment Service" by HSBC.

This fourth Award by HSBC demonstrates VIB's expertise and professionalism in international payment and transfer.

2 April 2011: VIB was honored with the Flag of Excellence awarded by the State Bank of Vietnam.

The Flag of Excellence is a deserving award and timely encouragement from the State Bank of Vietnam to the continued efforts and contribution by VIB's staff to the country's monetary and financial sector.

April 2011: VIB was awarded the "Bank with best service" for 2011

This is the third successive award VIB has received. The bank was chosen by Sai Gon Marketing Magazine readers as the Best Bank in Savings and ATM Services.

4 August 2011: VIB was honored with the Flag of Excellence by the Government and the State Bank of Vietnam.

This Award was presented to VIB in recognition of VIB's outstanding business achievements in driving economic growth in general and the banking system development in particular in recent years

5 September 2011: VIB's new Chief **Executive Officer was appointed**

Ms. Duong Thi Mai Hoa appointment to the position of VIB's Chief Executive Officer was approved by the State

Bank of Vietnam. As the new CEO, Ms. Duong Thi Mai Hoa will continue to carry on VIB's customer-focused orientations and its vision of being "The most innovative and customercentric bank of Vietnam"

6 September 2011: VIB celebrated its 15th anniversary

VIB celebrated its 15th anniversary with a series of business competition activities, promotion programs and communication activities in gratitude of its customers with the message of "15 years - the heart of banking".

7 October 2011: VIB's strategic shareholder Commonwealth Bank of Australia (CBA) increased its holdings to 20%

CBA has completed the additional investment of 1.15 trillion VND in VIB to strengthen the capital base, capital adequacy ratio, expansion of business opportunities and operational scale of VIB. Accordingly, CBA's ownership share increased from 15% to 20% in VIB's charter capital.

8 November 2011: VIB launched the Foreign Direct Investment Banking (FDI)

VIB officially introduced and launched its Foreign Director Investment Banking (FDI) building on the strength of its experts with deep understanding of different cultures and good knowledge of foreign languages, of its international specialist teams and global extensive network thanks to its strategic shareholder CBA, of product structures which can address the increasingly diversified needs of customers and of the nationwide branch network.

November 2011: VIB received the 8th consecutive Award of "Outstanding Bank of Trade Processing" given by Citigroup.

The award honors banks with excellent performance with precision and professionalism in handling telegraphic international payment via Citigroup system and with high rates of Straight Through Processing. VIB has applied the centralized transaction settlement model to its international payment processes since 2006. This advanced banking settlement model is now being used by major international banks for international settlement activities.

10 December 2011: IFC raised the trade finance line for VIB in its global trade finance program

The IFC - International Finance Corporation, a member of the World Bank Group, increased the trade finance line to 30 million USD for VIB in its global Trade Finance Program amid tight global liquidity. In February 2012, IFC continued to increase trade financial limits for VIB from 30 million USD to 50 million USD. The increase was based on the review of VIB's positive financial status, customers' financial capital needs and VIB's ability to effectively disburse funds.

Important figures over the last 15 years

96.950	trillion VND	VIB's total assets, Average increase of 54% from 2001 to 2011
43.497	trillion VND	VIB's outstanding loans, Average increase of 58% from 2001 to 2011
57.489	trillion VND	VIB's mobilized capital, Average increase of 57% from 2001 to 2011
8.160	trillion VND	VIB shareholders' equity, Average increase of 57% from 2001 to 2011
4.250	trillion VND	VIB's charter capital, Average increase of 50% from 2001 to 2011
849	trillion VND	VIB's pre-tax profits, Average increase of 56% from 2001 to 2011
160	B,TSO	Number of branches in VIB, Average increase of 41% from 2001 to 2011
4.259	Employees	Number of VIB employees, Average increase of 49% from 2001 to 2011
191	ATM	Number of VIB's ATMs
2.600	POS	Number of VIB's POS





PERFORMANCE REPORT

- Retail banking
- Wholesale banking
- Foreign Direct Investment Banking
- Treasury
- Risk Management
- Human Resource Development and Training
- The status of VIB's strategic transformation projects
- Stepping up the pace of information technology
- Brand development

Performance Report

Retail Banking

2011 was a challenging year for retail banking as a result of the economic situation, the government's regulations and policies, customers' psychology change and the fierce competition among banks. Despite these unfavorable conditions, VIB strived to develop a series of business initiatives, structural reform activities, product diversification, service quality improvement and branch network expansion to drive retail banking towards international standards.

Reinforcing competitiveness through strategic transformation

In 2011, the surplus capital contributions and Capability Transfer Program (CTP) from the CBA allowed VIB to be on track to make investments in technology development, network systems, retail banking products and service quality to expand the bank's retail market share.

In August 2011, VIB officially appointed Mr. Richard Harris as the Head of Retail Banking. Mr. Richard Harris is an expert under the Capability Transfer Program (CTP) from the CBA. With more than 10 years of experience in the banking sector, he has obtained numerous achievements in establishing, mapping and executing initiatives for changes for retail banking in many markets spanning Australia, Japan, Hong Kong and Indonesia. Simultaneously, significant changes were made in Retail banking as a result to ensure the performance of different departments and business units. VIB prides itself on successfully transforming the new sales and service model and heavily investing in the expansion of service network to deepen the long-lasting relationship with customers and to sharpen its capacity to best serve customers.

The deployed system on managing and evaluating performance allows staff to accurately evaluate their performance towards embedding the performance-centered culture with customer satisfaction as the measure of success.

Diversifying retail banking products and promotion programs for customers

In 2011, VIB consistently improved its product and service system to best address customers' diversified needs.

One of the key lending products introduced to the retail market last year was the capital product to cater to residents' needs. This product facilitates enterprises, cooperatives, households and individuals in access to financial sources for production via the launch of the rural development fund project (RDF).

At the year end, the total outstanding loans of the RDF project reached 249 billion VND, a rise of nearly 100% over the same period in 2010. VIB is well-positioned in the top 5 financial institutions with outstanding disbursement of RDF project and is the only institution with a subproject selected to be visited by World Bank delegates (the subproject disbursed in Thuy Nguyen, Hai Phong city).

In addition, a variety of products were also launched to support individual business and microenterprises in accessing banking resources. In 2011, VIB offered personal business loans amounting to 1 trillion VND at preferential interest rate of 1% lower/year than the normal interest rates.

Furthermore, to better facilitate customers to more rapid and preferential access to funds, VIB adjusted its product of "personal business loans" for individuals and owners of household businesses who are in need of funds. Accordingly, this product was divided into two groups: additional loans for production and business and loans for investment in fixed assets. As the bank fully committed itself to standing by customers and abiding by the regulations of the State Bank of Vietnam, it managed to keep the non-production lending ratio at 15.3% in late 2011.



The capital market continued to witness fierce competition among banks in terms of fund mobilization. VIB responded by striking a balance between maintaining existing customers and expanding a new customer base through excellent customer service, ensuring long-term benefits for customers and adherence to Directive 01 of the State Bank on interest rates ceiling. VIB promoted various programs with attractive gifts during 2011 to draw customers in, some of which are "Shared joy in a wealthy year", " Summer cooled with our love", "VIB's birthday celebration with millions of customers" and "Three fantastic opportunities to win Tet gifts" to welcome the lunar New Year.

As one of the first ever commercial joint-stock banks to have deployed non-physical distribution channels with intentions of becoming a leading retail bank which provides unlimited space and time service to customers, VIB stepped up every efforts last year to expand the scope of customer services through online trading channels and ATM networks. 50 new ATMs were installed increasing the total number of VIB's ATMs to 191 in late 2011. As of 15/12/2011, VIB was the first two banks in Vietnam offering the anti-skimming service for ATM cards. The considerable support from senior CBA experts has enabled VIB to set a roadmap and development plan for internet banking and mobile banking in 2012 to steer VIB on the right track to outperform the competition in terms of online banking service features.

To encourage non-cash transactions, VIB constantly launched programs to promote card payment and online transactions such as " Promotion in the Fall " in cooperation with Vietnam Airlines, "Friday promotion with Jetstar Pacific", "10% off invoice value" for customers

paying postpaid Mobifone mobile bills through VIB4U online banking service, "Buying Kindle Fire from eBay Vietnam" with special price through VIB4U online banking service and promotions for VIB Chip MasterCard holders at Parkson and Nguyen Kim electronic supermarket. These programs have lured great attendance and attention from customers.

These programs were coupled with the bank's success in the partnership model of customer - bank - supplier of products and services in the Vietnamese market. This achievement powered VIB to further offer special promotion programs for customers purchasing cars from the bank's strategic dealers such as Toyota Hai Phong, Toyota Can Tho, Euro Auto in Hanoi and Ho Chi Minh City. Additionally, VIB maintained close cooperation with important real estate partners such as CapitaLand Hoang Thanh to support customers in gaining opportunities to own apartments in such projects as Kenton Residences, Mulberry Lane.



Enhancing customer service quality

Along with the diversification of products, service quality has a fundamental role in attracting customers to conduct transactions at a bank. 2011 was notable for a tough business environment when the State Bank of Vietnam put in place strong measures to tighten credit growth and rein in the capital mobilization race between banks in a bid to tackle inflation in the economy as a whole. VIB quickly responded by grasping the development trend and promptly refocused resources to improve the quality of services with the aim of enhancing the competitiveness of the VIB brand on the domestic retail banking market.

The highlight of VIB's retail banking service quality improvement was the program called "mystery shopping". The purpose of the program is to monthly evaluate the service quality of different customer service channels such as the retail business units and the 24/7 customer service center. The reports and analysis from the program considerably supported VIB in clearly identifying the strengths and weaknesses in its quality of services and in

searching for solutions. By the end of the last quarter of 2011, the program was expanded to 145 branches across the country with very encouraging results: the total average score of the branches rated by "mystery shopping" recorded 86%, while 47 branches were rated with a score of 90% or over. This is proof of the outstanding efforts of every business unit in the group.

The program was not only focused on business units, but also expanded to the 24/7 Customer Service Centre. The results of the first mystery survey of the centre in November 2011 greatly facilitated VIB staff in improving customer service quality and efficiency.

Continuing network expansion

The expansion of branch network continued to be the focal point in increasing VIB brand awareness in the market, strengthening the bank's competitiveness and expanding market shares against rivals.

By the end of 2011, VIB's transaction network constituted 160 branches and transaction offices, an increase of 30 branches year-on-year. 130 branches applied the



new sales and service model with modern design and convenient transaction space, creating comfort for customers.

In the second half of 2011, the number of newly established, newly built and relocated branches increased by approximately 500% compared to the first 6 months. The selection of locations for new openings or relocation of branches was always carefully reviewed and the chosen venues were often identified as conducive to business opportunities for the bank.

2012 is considered to be a year of volatility and uncertainty for the banking and finance sector. Taken as a whole, VIB will continue to strengthen its business foundations, gain further success in its business strategies and strive to become the market leader in service quality and branch image and as the number 1 bank in Vietnam in terms of Internet banking service and mobile banking features.



Performance Report

Wholesale Banking

Building on the good foundations of 2009 and 2010, VIB made a breakthrough in 2011 and maintained its position on the market with more than 20,000 corporate customers including 5,000 SMEs (small and medium sized enterprises). VIB has constantly strengthened the bank's ability in selecting and serving big corporate customers. As service quality has been given top priority, VIB has developed and tailored products and services to the sophisticated needs of businesses.

Consistent focus on the SME segment

2011 was an initiative year for VIB on identifying and segmenting target customers as consulted by Boston Consulting Group (BCG) – the world's leading advisor on business strategy and on proactively putting these into reality in the corporate banking sector. Accordingly, the business intent played to the bank's strengths and focused on targeted customer segment.

In key regions, the most apparent change can be seen in the emphasis on the targeted customer segment of small and medium-sized export-import industry. This enabled people in Wholesale Banking to fully understand targeted customers' needs and strived to best address them.

The economic difficulties hit businesses hard and SMEs are no exception. While it was tough for SMEs to gain access to bank's resources, VIB launched a number of packages of special interest rates for these enterprises. Typical package included Spring capital package of 3 trillion VND, Incentive package of 5 trillion VND, Preferential interest rate packages of 100 million USD and 60 million USD for importers and exporters. Similar packages were also offered to key and specific industries such as Incentive packages of 1.5 trillion VND for timber enterprises, 2 trillion VND for rice and fishery companies, 2 trillion VND for entrepreneurs in the food industry, etc.

While understanding and satisfying the working capital needs of SMEs, VIB provided customers in this sector with active support in medium and long-term capital with incentives in interest rates, flexible and suitable grace period and lending duration in line with enterprises' demands.

To address SME's temporary financial shortage, VIB provided them with Overdraft account service supported by such excellent advantages as broad overdraft limits, easy and convenient loan procedures, maximum reduction

of interests to be paid through VIB's automatic debt collection system.

In order to offer more business opportunities to enterprises and facilitate their capital capabilities, VIB was one of the first banks to engage in domestic factoring service in the local market. After over 6 years of providing factoring service in the domestic market for enterprises, the number of customers has steadily increased and outstanding loans has sharply risen under this product. At present, VIB is providing this service to more than 350 businesses (100% are SMEs) and meeting the capital demands with over 2.2 trillion VND without requiring security assets.

Modern international payment service

With a centralized payment model, VIB has constantly improved its international payment quality to best meet importers and exporters' demands. In 2011, VIB's international standard centre for international payment and trade finance obtained greater investment in technology, equipment and a team of excellent and experienced experts, and a renowned network of agent banks worldwide. Plentiful resources of foreign exchange empowered VIB in providing high quality services in international payment and trade finance for importers and exporters such as: international remmitance, import L/C issuing, payment and funding, notice and payment for export L/C, export-import collection and issuing foreign counterguarantee. Corporate customers experienced rapid and effective international transactions securely and confidentially through VIB's online banking service called VIB4U. VIB received excellent acclaim and awards for its outstanding international payment performance from its partners being foreign financial institutions and renowned banks such as Citibank Group, JPMorgan Chase and Wells Fargo, HSBC.

Wholesale banking

With continuous efforts, VIB desire to bring success and prosperity for enterprises

We are always ready to help you.....

- Manage your cash flow effectively
- Provide all your needs of foreign currencies
- Provide financial solutions to meet all your working capital needs
- Banking anytime, anywhere
- A-Z services for exporters and importers
- Be the pioneer bank in supplying Domestic Factoring service



Empowered by its strategic shareholder CBA, VIB has continued to do well in international payment operations and created more opportunities to link import-export companies in Vietnam with local and international partners.

Besides, optimal solutions in FX for importers and exporters are an integral part in VIB's package solutions in import-export finance and payment ranging from providing reports and analysis on the exchange rate fluctuation, to consultation on exchange rate risk prevention and 100% quarantee of addressing demands with the most competitive prices on the market. These solutions enable enterprises to actively grasp business opportunities against market complications.

Consistent delivery of cash flow management for businesses

The cash flow management solution packages refer to the management of receivables, payables and centralised accounts which were customized in line with each business's specific features. This embeds the motto "All and every liquidity management requirements can be met through transacting with one bank only".

With regards to receivables management, VIB started a product of electricity bill collection for EVN with fast service and attractive incentives which struck the balance between generating a new collection channel for EVN and creating more convenience for customers. VIB also constantly strengthened its periodical cash collection service quality for Parkson group, Sabeco group and PVOIL group and facilitated these corporations with easy and flexible cash flow management.

As for payables management service, 2011 saw VIB diversify such services as payroll via accounts, payment of dividends to shareholders and paying local taxes and customs

duties. More importantly, initial successes in linking VIB's electronic portal and the General Department of Tax and the General Department of Customs have allowed customers to enjoy rapid, safe and accurate operations when paying domestic taxes and custom duties at VIB's transaction points.

In Centralised account management, embracing cutting edge technology, VIB has consistently reinforced its professionalism in automatic money collecting and separating for the best financial controls. Typical customers include Petro Vietnam Oil Corporation PVOIL group, Binh Son Refining And Petrochemical Company Limited, AAA Assurance Corporation...

In the coming year, VIB will cooperate with the General Department of Tax, the General Department of Customs and the State Treasury on the project to collect state budget. This new service will enable enterprises to have access to simpler and more convenient tax paying methods, more accurate and faster services in fulfilling tax obligations and getting speedy customs clearance. In addition, businesses will enjoy consultation about tax policies, and about the processes of filling tax forms and inventories. Thus, businesses can optimize their tax payment flow through VIB and have more time for expanding their businesses rather than spend time, energy and costs for those procedures.

Apart from the endeavor to better serve businesses, VIB also developed different incentives and policies to offer comprehensive services for businesses' employees through a Multi-Utility Payroll Package. Over 600 new businesses started using this service at the year end, bringing the total number of businesses using the Payroll to 2,000.



In 2012, VIB aims to constantly provide the collection service for partners-suppliers of electricity, water, telecommunications, insurance, etc

VIB4U Online Banking - transactions anytime, anywhere

There was a steady increase in the number of businesses using the online banking service of VIB4U. Last year saw 1,000 new corporate users which brought the number of enterprises using this service at VIB to 5,000. Besides its continued efforts to improve quality and technology to serve SME customers, 2011 also marked a breakthrough for this online service with the success of providing services to big corporations such as AAA Insurance Corporation, HPT Informatics Corporation, and Parkson Vietnam. At the same time, VIB also provided synchronized solutions which integrated cash flow management and liquidity in the form of product packages, addressing the models of parent-subsidiary, corporation – member company. In 2012, VIB will continue to focus comprehensive investment in VIB4U online banking and turn this service into a transaction channel of great convenience and efficiency for customers.

Robust marketing activities for corporate customers

VIB fully and thoroughly applied the marketing strategies consulted by BCG during the past year. By identifying target customers and their needs, the bank's marketing strategies focused on bringing the overall value for customers based on every single marketing message and marketing tool. Accordingly, a series of programs were professionally implemented with emphasis on tailored product and service packages for targeted customer segments and key regions and zones such as "VIB and businesses welcome new spring 2011", "Spring capital of 3 trillion VND" and campaigns for key industries such as "VIB supports food enterprises to leverage Vietnamese brand" and for other industries such as rice, timber, etc.

To celebrate 15 years of establishment, VIB launched the program called "Big promotions on the 15th birthday- a happy birthday with millions of customers" as gratitude to valued and close customers for their continued cooperation, confidence and support. This program offered millions of incentives, gifts, and cards to customers. More importantly, millions of transactions enjoying attractive promotional content were made during these programs.

In addition, to heighten staff's morale and motivation, VIB has used BCG initiative of implementing such programs of direct incentives as 'The best hunter and fee collector' to expand target customer base, 'The best mobilizer of term/non-term VND/USD'. The highlight was the program of direct incentive named "WB's champion" on the 15th anniversary which started a competition on the whole system and helped deliver good business results.



Constant status leverage with domestic and foreign partners

In 2011, VIB accelerated searching for and expanding relations with potential partners, not only with Vietnamese banks but also with international banks. governmental and non-governmental organizations worldwide. In 2011, VIB was remarkably successful in expanding cooperation with a number of big international financial organizations best evidenced by signing the GTFP agreement (Global Trade Finance Program). Following the agreement, the International Finance Corporation IFC increased the financing limit to 50 million USD and ADB raised its limit to 35 million USD for VIB

2011 marked one of VIB's milestones - its 15th anniversary, which is an opportunity for customers to experience a bank with top quality service illustrated by professional and impressive transaction space in the branches, the professional service style in line with international standards, and the remarkably improved quality service at the customer service center. All these elements create a "distinctive and impressive" VIB and maintain corporate customers' confidence and satisfaction.

2011 saw VIB make greater efforts to continue building a solid foundation and creating breakthroughs in the development of the key customer segment of SMEs, generating growth momentum for 2012 and reaching the goal of steering VIB to become "The most trusted, chosen and recommended bank by SMEs, particularly in the export and import sector."

This solid foundation will power VIB to thrive to gain more confidence and support from businesses. These will be evidenced by outstanding service quality, dedicated services and excellent financial solutions for businesses, especially export and import SMEs.

Performance Report

Foreign Direct Investment Banking



During 2009 and 2010, in the wake of obstacles and challenges caused by the world economic turmoil, Vietnam's FDI disbursement sources remained stable and greatly contributed to the total social investment capital.

In 2010, FDI enterprises contributed 18.7% to GDP and 53.7% to Vietnam's export and export volume. (Source: General Statistics Department and Foreign Investment Department). Understanding that this customer segment has good performance, high growth and business potentials, VIB chose last year to launch its strategy to re-set and refresh a new business direction towards FDI customer segment.

Six months after the pilot implementation, on 11/11/2011, FDI Banking was officially launched in the event named "Introduction of FDI Banking". At the event, VIB signed two comprehensive cooperation contracts with Fubon Vietnam- a non-life insurance company and Lotte Corallis Vietnam Company Limited.

In 2011, VIB focused on developing high quality human resources and set the standardized business and service models to address the international standard needs of FDI enterprises in Vietnam. The teams developed from VIB and from foreign banks with deep-rooted local knowledge, great experience, excellent foreign language skills and deep understanding of banking products can provide real benefits to the bank's customers and clients. With the resilience of the strategy of maintaining superior customer service, VIB has always focused on the capability to meet the product needs and to provide tailored solutions for customers. As the bank identified a large proportion of

FDI (about 12% and 6%) came into Vietnam every year from Taiwan and the USA, VIB initially set up two separate teams for both Taiwanese customers and European-American customers served by local experts, and will move ahead to establish the particular teams for potential customer groups from other countries in the near future.

2 months after the official launch, the FDI banking was positively welcomed and accepted by customers and by the end of 2011, 50 new FDI customers had registered for the service and opened accounts, with the total deposited capital of 344 billion VND, and total foreign exchange trade of 27 million USD.

With this initial success, VIB is confident in growing its presence in the FDI customer segment.

While 2011 was the starting and foundation year for the FDI banking, 2012 will target expanding the market share with FDI customer groups through the following tasks:

- Leveraging brand awareness in the FDI community;
- Maintaining and constantly working towards outstanding customer services;
- Developing a team of relation managers;
- Focusing on development of current accounts for domestic payment, taking full advantage of the extensive branch network and convenient online banking system;

- Optimizing the distribution channels, continuing to install ATMs at strategic locations in industrial parks, export processing zones and locating customer service counters for FDI customers in some major branches;
- Investing in particular products for FDI customers' business activities including customs duties collection. local tax collection, import and export financing, salary payroll packages, working capital/medium and long-term capital financing.

Taken as a whole, via launching and investing in the FDI banking, VIB took the lead in combining international standard services with in-depth local understanding to offer competitive and flexible products to FDI customers and accompany customers in their business development in Vietnam.



Performance Report

Treasury

In 2011, capital and forex activities remained at the core of activities, ensuring liquidity for VIB and constituting 387 billion VND in pre-tax profits and managing the balance sheet with nearly 100 trillion VND.



Outstanding efforts in Forex activities

As one of the top 10 banks in inter-bank forex activities which create liquidity for the market, VIB's transaction sales recorded 24.6 billion US dollars, out of which, the inter-bank section income sharply accelerated and reached 14.7 billion US dollars (equivalent to 234% as planned in 2011). Profits from foreign exchange activities exceeded the 2011 target and achieved 109%.

In 2011, VIB also established the Foreign Currency Business Unit G7 and derivative products to diversify its products and business activities. In addition, trading in foreign currency in cash also grew quickly in Ho Chi Minh City and Hanoi evidenced by an increasing number of customers.

New foreign exchange service model for corporate customers

In 2011, VIB introduced its forex cross-selling project to deliver a better service and greater convenience to corporate customers. Some key features are:

- Customers are consulted on market issues and regularly updated on changes in prices by VIB's Forex experts
- Customer transactions are structured in accordance with their needs and exchange rate hedging to avoid losses posed by unusual fluctuations of exchange rates.
- A comprehensive product package is offered to customers to best meet their diversified needs of banking services.

The project was piloted in the Mekong River delta and Daklak province with the establishment of 2 forex

business divisions in Can Tho and Daklak to serve local customers. The project achieved positive results with the good adaptation of the model and sales/profits rose by 190% against the same period in the previous year.

The project will be expanded in the first quarter of 2012 and is expected to offer outstanding Forex services and products for VIB's corporate customers.

Great management of asset balance sheet and flexibility in interest policies

VIB continued to refine and adjust the Fund Transfer Pricing (FTP) model, support the balancing of capital sources and interest management, and actively and efficiently manage liquidity to best respond to the complicated volatility of the market and monetary policies.

Fully aware of the paramount significance of system management, VIB set out a liquidity management plan in conformity with its business plans; simultaneously, the bank implemented the policy of diversifying investment and business plans, focused on holding properties with low risks and high liquidity and remained flexible in mobilizing funds. VIB not only mobilized capital from domestic sources but also approached sources from international financial institutions such as IFC, ADB etc. On this basis, asset and liability quality was significantly reinforced and stabilized against liquidity pressures of the market. Thus, VIB was able to gain clients' trust and confidence and strongly boosted its status.

The capital adequacy ratio under Circular 13 and Circular 19 by the State Bank of Vietnam was well maintained by VIB in 2011 and at much higher levels than the required,

for example, the Capital Adequacy Ratio (CAR) reached 14.48%, or 5.48% higher than the regulated ratio, the solvency ratio for the subsequent day recorded 26.39% against the regulated ratio of 15%; the solvency ratios due in 7 subsequent days in VND and in exchanged USD (including USD and other currencies except for EUR and GPB exchanged to USD) were at 168.52% and 256.04%, respectively compared to the minimum ratio of 100% as regulated by the State Bank of Vietnam.

With positive reviews, VIB was categorized into Group 1 on credit growth ratio in 2012 and is among the 12 best banks (G12) in Vietnam.

Optimization of VIB's present assets and expansion of term trading of valuable papers

VIB always maintains a high liquidity structure as part of the bank's total assets to ensure liquidity as well as profitability and to adhere to operational safety regulations by the State Bank of Vietnam. These assets not only serve as secondary liquidity buffer but are also used optimally for business purposes on the bond market, foreign exchange market and monetary market. VIB also promoted term trading of valuable papers to use properties as well as expand partner quotas in the context of tightening of unsecured loans.

Robust risk management along with business development on the currency market

In 2011, a series of banks faced insolvency and was unable to pay off maturing deposits. The lending – depositing relationship on the currency markets shifted from unsecured relationship to lending-depositing relationship with guaranteed assets.

Thanks to a robust risk management system, early warnings on liquidity risks and counterparty risks, plus the strategic partner CBA's great experience in overcoming crisis in the history of the world economy, VIB managed to early identify counterparty risks and have put in place timely responses including: narrowing deposits at financial companies, reducing the amount of funds deposited in small banks and banks with poor financial health or having imbalance in the market mobilization and disbursement, especially banks having disbursed portfolio in sectors with low capital turnover ratio such as real estate, to minimize arising risks.

In addition to strict risk management, VIB also actively captured opportunities emerging from the market in line

with its internal administration policies to generate profits for the bank. Currency trading remains a traditional and highly profitable business channel for VIB.

In the coming year, VIB will continually implement prudent business policies on the currency market and strike a balance between partner risks and business objectives and supporting liquidity for the system.

2012 Business directions

2012 is likely to be another challenging year for Vietnam's economy in general and the banking industry in particular. However, understanding that challenges always come with opportunities, VIB has set a growth target of 42% compared to that of 2011 in treasury with the following focal points:

- · Continue to expand the foreign exchange sales team, implement the cross-selling model of foreign exchange products on the whole system to offer the best products and professional services for customers
- Promote term trading of bonds with banks and financial institutions
- Steer forex activities to reach top 5 market makers in USD / VND
- Invest and trade in Government bonds & other valuable
- Research and develop derivative activities to facilitate the bank in mobilizing/hedging medium and long term funds.
- Reshape securities investment portfolios.

Performance Report

Risk Management

"

As the rapid increase of bad debts in Vietnamese banks undermined the safe operation of the system, risk management was at the top of priorities for VIB leaders in 2011. VIB was able to maintain good credit quality, control non-performing loans (NPL) and prevent operational risks posed by fraud, violations of business ethics etc and will strive towards improved security to ensure sustainable development in the coming years. Along with transfer of capability support from the bank's strategic partner CBA - one of the world's safest banks - VIB is ever improving the structure, framework and risk management policies.

Achievements in Risk Management in 2011

Credit risk management

The Board of Directors and the Board of Management identified market risks and challenges which could directly and indirectly influence credit quota approval and lead to losses for the bank and therefore focused on strengthening credit risk management throughout the system. VIB's Project on reviewing credit list was done by Ernst and Young under the supervision of CBA consultants. The project aims at reviewing the whole credit list and rechecking the bank's credit granting procedures to offer independent assessment of the bank's credit list and identify the weaknesses which lower credit quality and increase NPLs and need to be improved in the near future.

Based on the project's assessment report, a series of activities to sharpen credit risk management were executed such as: building appropriate credit appetite; reviewing the internal credit ratings system, process of evaluation and approval, process of evaluation and management of security properties to enhance source credit control in parallel with reviewing and improving the process of credit monitoring; and establishing compliance regulations, process of debt management and debt collection to improve the management of target credit quality. Thanks to the efforts made by credit managers, particularly the debt collection team, the total NPLs recovery recorded 600 billion VND exceeding the set target.

In the past year, VIB decided to develop the project on Credit Management Transformation Program (CMTP) with the active support from CBA experts. This project played a core part in credit risk management in 2011 and will still do so in the years after that.

Operational risk management

VIB's operational risk management has 3 layers of protection:

- First protection layer: at the frontline units and operational support divisions
- Second protection layer: in the management units in which the Operational Risk Management Department plays a major role and acts as the coordinator, manager and supervisor of the frontline units.
- Third protection layer: by the internal audit departments performing the independent risk control and not involving in the professional operation and administrative management.

VIB continued its story of excellent results in operational risk management in 2011 including reviewing and modifying the internal regulation process to prevent possible gaps causing operational risks; revising the set of regulations on anti-money laundering, counter terrorist financing and economic and trade sanctions (AML/CTF/ETS) to comply with current regulations of the State Bank of Vietnam; successfully implementing the project plan on maintaining business continuity when problems occur. In addition, VIB also successfully built the Real-time automatic warning system to enhance card risk control.

Market Risk Management

Market risk in the operation of credit institutions refers to the potential and adverse risk to the capital and income of such institutions resulting from unfavorable movements in market prices, changes in interest rates, foreign exchange rates, and equity and commodity prices.

As for VIB in this respect, staying focused on identifying risks and offering optimum solutions to minimize risks are always of significant importance, especially in recent years. There have been strong movements in VIB's market risk management, for example, changing from risk management attached to compliance purposes to value purposes, which greatly contributes to more effective business strategies. Thanks to effective risk management tools, strict limit control and timely warning of potential risks, VIB performed well in market risk management and rose beyond the challenges of the economy.

Regarding foreign exchange activities, the state limit for each currency and stop loss limit were also set and changed to adapt to each stage. The risk management of foreign exchange went specifically into certain activities (such as inter-bank foreign exchange, branch foreign exchange, foreign currency cash transactions ...) rather than merely controlled state limit at the headquarters and branch level.

Moreover, the assessment of market risks and their impact on the safety ratio for business proposals, new products, amended products and counseling on measures to limit identified risks was also done regularly and thus, provided leaders and the business units with a better overview before making a decision.

Plans for risk management in 2012

Credit Risk Management

As planned for 2012 with the goal of reaching safe credit growth, controlling overdue debts and NPLs under the permitted rates, VIB will broadly focus on the following important points: building the risk management framework/credit risk appetite for each type of credit risk which may be encountered, going into details for each customer segment / industry in line with market conditions and the bank's typical activities; controlling category 1 (high risk) and category 2 debts by setting up a centralized debt management model to provide warning tools and concentrate on debt prevention and collection; improving

the quality of customer selection and evaluation through the training and deployment of the new forms of credit, increasing the inspection and monitoring of postdisbursement, editing and executing the internal credit rating, reviewing and constructing credit report system

With consultation from CBA's team of experienced experts and the efforts of the entire employees in credit management, the Credit Management Transformation Project (CMTP) is expected to bring new and advanced credit management models and greatly improve credit risk management and credit growth of high quality at VIB in 2012.

Operational risk management

In 2012, VIB will continue to implement its internal control systems in the model of three layers of protection, strengthen risk management in ensuring safe and efficient operation to the bank, specifically: launching the pilot process of self-assessment on risk and control for retail banking, reviewing and evaluating the gap and proposing solutions to tighten operational risks in evaluation and to enhance credit card risk management; establishing the project on reviewing and consolidating internal control system in compliance with Circular 44/2011 of the SBV and continuing to implement the project plan on maintaining business continuity.

Market Risk Management

VIB will continue to sharpen its market risk management through the planning and implementation of technology solutions to market risk management transferred from CBA – the bank's strategic shareholder. Simultaneously, the projects for reinforcing market risk management capacity will be executed linked with the issuance of regulations towards Basel standards.

Performance Report

Human Resource Development and Training

Human resources development and training requires long-term investment as the results are evident in the future only. During the past few years, human resource growth has been heavily focused on in the bank to address business demands and transformation strategies.



Human Resource Development and Training

Human resources development and training requires long-term investment as the results are evident in the future only. During the past few years, human resource growth has been heavily focused on in the bank to address business demands and transformation strategies.

The strategic acquisition and nurture of talent play a vital role in creating young, dedicated and creative human resources for VIB. 2011 was notable for a variety of human resource development activities such as the overall and comprehensive cooperation programs with Vietnam's top universities and training centers such as Foreign Trade University, Banking Academy, French-Vietnamese Management and Training Centre etc with VIB as the main sponsor for different activities in these university and centers; the job fair sponsorship; profession exchanging forum; workforce seminars. These activities have enabled VIB to create the image of a place willing to welcome talent and as the employer of choice for the bank's potential candidates.

Rapid growth in number

2011 marked a substantial growth in human resources with the total of over 4,000 employees as of 31/12/2011. Whereas the bank invested in expanding the network of business units to win a larger market share and attract more customers in various provinces and cities nationwide, it employed a large number of workforce nationally for business activities in new branches and transaction offices. 88% of VIB's staff have university or college degrees and 6% possess -Masters degrees. This source of young people who are willing to learn and possess good qualifications is put at the heart of the execution of VIB's business strategies.

VIB will continue to strengthen the quality of its human resources and focus on reinforcing the system structure, functions and tasks in line with the development strategies of the bank.

Transformation in bank structuring

In 2011, CBA experts facilitated VIB's staff in training and increasing their knowledge to integrate themselves and to meet the demands of the team of foreign experts. The Human Resource Project, among many others, was initiated to improve the regulations, personnel policies and welfare systems in line with international standards to ensure equality and transparency with talent acquisition.

VIB has created an image of a dynamic and energetic bank which works towards changes for improvement on the employment market.

Training development

2011 was a milestone for VIB's training supported by the cooperation and capability transfer from CBA experts, which generated the most fundamental and sustainable foundation for training activities of the bank. Training programs, career paths, and skill sets for employees at various levels were quickly carried out.

Two fully equipped training centers meeting international standards in HCMC and Hanoi after being put into use have partly addressed the demand for training of VIB's employees as shown through the number of 5,000 attendees in 2011.

Besides up-to-date and modern equipments and classrooms, the training programs are constantly improved and updated to meet the actual business situations.

New courses are constantly introduced and taught not only by internal teachers but also by the experienced and dedicated trainers-employees who put their hearts in the training and development of human resources.

In addition, the training programs targeted at leaders as well as specialized and intensive training programs are also piloted and evaluated as the premise for the key programs expected in 2012. What is new about these programs is that after each training session, there are reviews and lessons learned based on the trainees' evaluation questionnaire results for appropriate and timely changes.

The curriculum and training materials combine international footprint with local ideas from VIB trainers to standardize VIB's training needs. VIB always provides necessary training sessions to enhance staff's knowledge and skills to help them deliver and sustain good performance ranging from induction, professional training, soft skills training, computer training and English classes for specific purposes. This is not only a great indication of the bank's provision of the non-material benefits for its employees, but also emerges as a key differentiator between VIB and other banks.

In addition to the training programs with VIB's trainers, cooperation contracts with external educational and training organizations were also signed by the bank to broaden the knowledge and skills required for employees. These contracts with large, reputable and

experienced organizations can drive VIB to address the training needs of international standards which VIB embraces

In 2012, VIB aims at providing training to more than 12,000 attendees in the bank as a whole. It is expected that 60 trainees who completed the Future Branch Manager Training Program will facilitate and ensure the development of the network of branches in the coming years. VIB will also launch the Training Management System, E-learning and Talent Management Program. The Training Management System targets at optimizing the management of training, reducing HR costs and time, facilitating the standardization of the data systems for training in VIB, and most particularly diversifying training methods such as online training, integrated training, on-site training and coaching. Talent Management Program, which is expected to develop individuals with special capability and positive contributions to VIB, aims to create a solid human resource for business development plans of the bank in 2012 and the subsequent years.

Thus, besides heavy investment in generating, training and developing human resources with high qualifications embracing international standards to serve customers in the most professional way, VIB also targets to establish a working environment where every staff is best developed in their capacity and dedication to further contribute to the overall success of the bank in Vietnam's banking market.

Performance Report

The status of VIB's strategic transformation projects



... VIB has implemented the Transformation Program to reach the set objectives by the execution of a series of strategic initiatives. The statuses of some deployed projects to reinforce the bank's foundation were ...

The status of VIB's strategic transformation projects

With the consultation of Boston Consultant Group (BCG), a new Business Strategy was developed by VIB in 2009 to expand and fully exploit market opportunities. VIB has implemented the Transformation Program to reach the set objectives by the execution of a series of strategic initiatives. The statuses of some deployed projects to reinforce the bank's foundation were as follows by the end of 2011:

The Branch Transformation Roll-out Project, which focuses on the new sales and service model and office refurbishment in over 140 branches and transaction offices nationwide, has improved VIB's image and offered special experiences to customers.

The project on Identifying and Creating individual customer segments has completed defining individual customer segments by product line, age group and one

finished version of zoned individual customer seament. which enabled the Retail Banking to promote the products and services best meeting customers' sophisticated needs.

The Project on Setting up Product Development **Program** has finished the overall process of establishing the new product programs for VIB's Retail Banking and Wholesale Banking, which facilitates faster and more professional product development in these two divisions.

The Business Continuity Project phase 1 (BCP) has succeeded in the establishment of the continuity management policy in business to be in line with international standards – Basel II related to operational risk management.

The Project on Internet Security and Backup (phase 1): The renovation of infrastructure of the network and network security in the data center and the branches has been undertaken to strengthen the network backup and network security management of the bank.

The Project on building the Performance Management **System** has successfully deployed the Job Description system (JDs) and Key Performance Indicators (KPIs) for the positions in VIB as a whole and applied the effective

incentive mechanism for frontline staff. The application of the project results into reality has strengthened the accountability and the engagement and loyalty of employees to the bank and at the same time reinforced VIB's customer service quality.

The project on building Management Information System (MIS) has developed weekly and monthly management reports for the frontline staff to support and evaluate the performance at individual, branch and regional levels.

VIB Intranet Pilot Project (Intranet) has completed version 1 of VIB's intranet and will continue to finish the content and functions with the aims of enhancing users' experience.



Performance Report

Stepping up the pace of information technology



VIB always understands that information technology is central to the development of the bank. As it works towards becoming a modern bank offering products and services of the best convenience to the customers, VIB has focused on investing in facilities and HR to develop its information technology system for better facilitation of business activities and customers.

In 2011, VIB focused on executing some important projects on information technology, which allows faster and better services to customers in its branches and transaction offices. Those include:

- Launching a new VIB website at www.vib.com.vn, which is not merely an information site. It integrates a variety of computational tools and provides information on products and the product selection tools, which are easy for customers to search for information and make their best financial investment decisions.
- With the valuable support of the CBA experts, VIB has developed an internal network called VIBnet with a range of modern tools and features. VIBnet is an internal communication tool to help provide information for the branch staff to better serve customers.
- Completing the technology infrastructure including system design, application development, and connection development to inspect product quality in order to successfully implement the bill payment service allowing customers of EVN, Vietnam Customs Department and the

State Treasury to pay bills through the bank's branches. In 2012, VIB will continue to make more connections with multiple partners, which enable customers to be more flexible in their account transaction and payment management.

- Investing in upgrading the security and stability of the online banking system and the branch network to ensure safe and stable service to customers.
- Executing the Management Information System (MIS) which allows the staff at branches to measure and manage sales targets and business results.
- Establishing the centralized customer support department to better serve customers in the branches.

In 2012, VIB will continue to further invest in its information technology system, especially product technology such as online banking system to offer the modern features for customers when using VIB's products and services.

Brand development

In 2011, VIB managed to make notable enhancements in public communication as the bank continued to grow. Important events were well communicated and created a remarkable impression in the image and brand of VIB to the public. The communication campaign named "The heart of banking" launched on the occasion of the bank's 15th anniversary with a series of advertisements on important TV channels have obtained significant results in spanning and promoting VIB's image to the public. 75% customers interviewed said they like or really like this message. This figure illustrates a reinforced VIB's brand.

As at the end of 2011, VIB was ranked in top 10 most recognized banks in Vietnam with the brand awareness rate of 75% in the most recent report by Nielsen Vietnam.

In 2011, there were more than 2,100 news articles about VIB on the mass media, a rise of 28% compared to 2010. Those included above 1,600 news articles on print newspapers and online newspapers, more than 500 reports and news on television and on the radio.

Brand development and communication achievements last year were reflected by a number of prestigious

awards given by authorities, some of which were the Flag of Excellence from the Government of Vietnam and the State Bank of Vietnam, the sixth consecutive year "Vietnam's strongest brands 2011" Award given by Vietnam Economics Times and Trade Promotion Agency under the Ministry of Industry and Trade, "Best Bank in Savings and ATM Services" by Sai Gon Marketing Magazine readers...





FINANCIAL STATEMENTS

- Consolidated financial statements
- Notes to the consolidated financial statements for the year

Financial statements

Consolidated financial statements

VIETNAM INTERNATIONAL COMMERCIAL JOINT STOCK BANK

Corporate Information

BANKING LICENCE NO.	Số: 0060/NH-GP	25 January 1996

The banking licence was issued by the State Bank of Vietnam and was valid for 99 years from the date of the banking licence.

BUSINESS REGISTRATION CERTIFICATE NO.

Số: **0100233488** 14 February 1996

The Company's business registration has been amended several times, the most recent of which is by business registration No. 0100233488 dated 20 October 2011. The investment licence was issued by the Hanoi Department of Planning and Investment.

BOARD OF DIRECTORS Mr. Han Ngoc Vu Chairman

Mr. Dang Khac Vy Member

Mr. Dang Van Son Member

Mr. Ha Hoang Dung Member (resigned on 28/6/2011)

Mr. Do Xuan Hoang Member

Mr. Tran Nhat Minh Member

Mr. Ronald Wayne Hoy Member

Mr. Garry Lynton Mackrell Member

Mr. An Thanh Son Member (assigned on 28/6/2011)

BOARD OF MANAGEMENT Ms. Duong Thi Mai Hoa Chief Executive Officer

(assigned on 16/8/2011)

Mr. An Thanh Son Chief Executive Officer (resigned on 16/8/2011)

Mr. Le Quang Trung Deputy General Director, Head of Treasury

Mr. Richard Harris Head of Retail Banking

Mr. Nguyen Xuan Dung

Acting Head of Whole Sales Banking

Mr. John Rumpit Chief Operating Officer

BOARD OF MANAGEMENT (Continued)	Mr. Le Van Minh	Head of Credit Management (assigned on 1/3/2012)
	Ms. Nguyen Huong Giang	Head of Marketing and Communications
	Mr. Rana Peries	Head of Business Technology Services
	Mr. Ho Van Long	Chief Financial Officer
	Mr. Ha Hoang Dung	Head of Risk Management
	Ms. Cao Thi Van Anh	Head of Personnel Services
	Ms. Vu Thuy Quynh	Head of Foreign Direct Investment Banking
	Mr. Benedict Gamble	Head of Change Management Office
	Ms. Pham Phuong Nhi	Acting Head of Branch Transformation Project
LEGAL REPRESENTATIVE	Mr. Han Ngoc Vu	Chairman
REGISTERED OFFICE	8th, 9th, 10th floor, Viettower Bu Dong Da District,Hanoi, Vietnan	uilding, 198 B Tay SonTrung Liet Ward, n
AUDITORS	KPMG Limited VietNam	



INDEPENDENT AUDITORS' REPORT VIETNAM INTERNTIONAL COMMERICAL JOINT STOCK BANK

To the Shareholders

VIETNAM INTERNTIONAL COMMERICAL JOINT STOCK BANK

Scope

We have audited the accompanying consolidated balance sheet of Vietnam International Commercial Joint Stock Bank ("the Bank") and its subsidiaries (collectively, "VIB") as of 31 December 2011 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 24 March 2012. These consolidated financial statements are the responsibility of the Bank's Board of Management. Our responsibility is to express an opinion on these 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 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 the Bank's Board of Management, as well as evaluating the overall consolidated financial statement 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 Vietnam International Commercial Joint Stock Bank and its subsidiaries as of 31 December 2011 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 Certificate No: 011043000345 Audit Report No: 11-02-189



Tran Anh QuanCPA No. 0306/KTV
Deputy General Director
Hanoi, 29 March 2012

Nguyen Thuy Duong CPA No. 0893/KTV

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

Unit: VND million

			OTTIC. VIND ITTIIIIOTT
		31 DEC 2011	31 DEC 2010
Α	ASSETS		
I	Cash and gold on hand	1.182.590	1.425.940
П	Balances with the State Bank of Vietnam	858.275	1.257.600
Ш	Balances with and loans to other credit institutions	28.665.399	25.304.089
1	Deposits with other credit institutions	27.307.399	24.794.519
2	Loans to other credit institutions	1.358.000	512.275
3	Allowance for loans to other credit institutions	-	(2.705)
VI	Loans and advances to customers	42.809.646	41.257.639
1	Loans and advances to customers	43.497.212	41.730.941
3	Allowance for loans and advances to customers	(687.566)	(473.302)
VII	Investment securities	20.435.754	18.949.671
1	Available for sale securities	20.452.551	18.958.331
3	Allowance for diminution in the value of investmentsecurities	(16.797)	(8.660)
VIII	Long-term investments	222.729	241.315
4	Other long-term investments	282.497	259.997
5	Allowance for the diminution in the value of long-term investments	(59.768)	(18.682)
IX	Fixed assets	293.434	223.037
1	Tangible fixed assets	192.508	149.195
а	Cost	448.923	352.023
Ь	Accumulated depreciation	(256.415)	(202.828)
3	Intangible fixed assets	100.926	73.842
а	Cost	180.758	124.852
Ь	Accumulated depreciation	(79.832)	(51.010)
Χ	Investment properties	37.919	-
а	Cost	37.919	-
XI	Other assets	2.443.795	5.167.638
1	Receivables	978.722	4.046.319
2	Accrued interest and fee receivable	1.341.818	979.243
3	Deferred tax assets	594	1.516
4	Other assets	224.859	140.560
5	Provision for other assets on balance sheet	(102.198)	-
	TOTAL ASSETS	96.949.541	93.826.929

CONSOLIDATED BALANCE SHEET

(Continued)

			Unit: VND million
		31 DEC 2011	31 DEC 2010
В	LIABILITIES AND SHAREHOLDERS' EQUITY		
	LIABILITIES		
1	Amounts due to the Government and the State Bank of Vietnam	898.152	3.601.857
II	Deposits and borrowings from other credit institutions	28.697.353	22.653.495
1	Deposits from other credit institutions	26.717.899	21.605.730
2	Borrowings from other credit institutions	1.979.454	1.047.765
Ш	Deposits from customers	44.149.126	44.990.328
IV	Derivatives and other financial liabilities	8.011	30.471
V	Other borrowed and entrusted funds	361.696	209.875
VI	Valuable papers issued	13.339.532	14.573.375
VII	Other liabilities	1.335.605	1.174.367
1	Accrued interest and fee payables	924.377	752.142
3	Other liabilities	387.032	395.471
4	Provision for off-balance sheet commitments	24.196	26.754
	TOTAL LIABILITIES	88.789.475	87.233.768
	SHAREHOLDERS'EQUITY		
VIII	Capital and reserves	8.160.066	6.593.161
1	Capital	6.802.951	5.652.951
а	Share capital	4.250.000	4.000.000
С	Share premium	2.552.958	1.652.958
9	Treasury shares	(7)	(7)
2	Reserves	692.687	151.966
5	Retained earnings	664.428	788.244
	TOTAL SHAREHOLDERS' EQUITY	8.160.066	6.593.161
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	96.949.541	93.826.929

Unit: VND million

31 DEC 2011	31 DEC 2010
2.037.715	2.790.124
776.857	949.588
1.468.353	2.175.305
	776.857

Approved by:

Ho Van Long

Chief Financial Officer

Duong Thi Mai Hoa Chief Executive Officer

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR

Ended 31 December 2011

Unit: VND million

		01110	
		Year 2011	Year 2010
1	Interest and similar income	11.835.087	6.821.796
2	Interest and similar expenses	(8.100.793)	(4.727.048)
I	Net interest income	3.734.294	2.094.748
3	Fee and commission income	322.282	303.864
4	Fee and commission expenses	(131.285)	(72.514)
II	Net fee and commission income	190.997	231.350
Ш	Net gain from trading of foreign currencies and gold	53.948	97.562
V	Net (loss)/gain from investment securities	(62.540)	12.798
5	Other income	52.848	119.359
6	Other expenses	(458.468)	(40.649)
VI	Net other expenses	(405.620)	78.710
VII	Income from investments in other entities	7.942	19.196
VIII	Operating expenses	(1.696.284)	(1.190.830)
IX	Operating profit before allowance and provision expenses	1.822.737	1.343.534
Χ	Allowance and provision expenses	(973.837)	(292.301)
ΧI	Profit before tax	848.900	1.051.233
7	Income tax expense - current	(208.983)	(261.820)
8	Income tax expense - deferred	(922)	1.516
XII	Total income tax expense	(209.905)	(260.304)
XIII	Net profit after tax	638.995	790.929
XIV	Basic earnings per share (VND/share)	1.581	2.389

Apporoved by:

Ho Van Long Chief Financial Officer **Duong Thi Mai Hoa**Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR

Ended 31 December 2011

Unit: VND million

		OHIL. VIND HIIIII	
		Year 2011	Year 2010
	CASH FLOWS FROM OPERATING ACTIVITIES		
01	Interest and similar income received	11.472.512	6.562.330
02	Interest and similar expenses paid	(7.928.558)	(4.486.750)
03	Fee and commission income received	190.997	231.350
04	Net receipts from foreign currencies, gold and securities trading activities	40.631	119.020
05	Other income received	(405.620)	78.710
07	Operating and salary expenses payments	(1.587.996)	(1.097.575)
08	Income tax paid	(328.408)	(236.912)
	Net cash inflows from operating activities before changes in operating assets and liabilities	1.453.558	1.170.173
	Changes in operating assets		
09	Balance with and loans to credit institutions	80.958	(2.723.736)
10	Securities held for trading and investment securities	(1.494.220)	(10.132.907)
11	Derivatives and other financial assets	-	3.119
12	Loans and advances to customers	(1.766.271)	(14.378.259)
13	Write off on loan provision	(662.638)	(68.162)
14	Other assets	3.008.481	(3.667.008)
	Changes in operating liabilities		
15	Amounts due to the Government and SBV	(2.703.705)	(54.648)
16	Deposits and borrowings from other credit institutions	6.043.858	7.718.320
17	Deposits from customers	(841.202)	12.625.430
18	Valuable papers issued	(1.233.843)	12.728.145
19	Other borrowed and entrusted funds	151.821	186.180
20	Derivatives and other financial liabilities	(22.460)	30.471
21	Other liabilities	45.979	12.748
22	Utilisations of reserves	(5.640)	(4.720)
I	NET CASH INFLOWS FROM OPERATING ACTIVITIES	2.054.676	3.445.146

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR

(Continued)

Unit: VND million

		OTILL. VIND II	
		Year 2011	Year 2010
	CASH FLOWS FROM INVESTING ACTIVITIES		
01	Payments for purchases of fixed assets	(121.525)	(44.768)
02	Proceed from disposal of fixed assets	(33.786)	-
04	Payments for purchases of Investment property	(37.919)	-
07	Payments for investments in other entities	(22.500)	(40.218)
09	Dividends received from long-term investments	7.942	21.021
II	NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	(207.788)	(63.965)
01	Dividend paid	1.150.000 (200.000)	3.226.419 (389.684) 25.143
III	NET CASH INFLOWS FROM FINANCING ACTIVITIES	950.000	2.861.878
IV	NET INCREASE IN CASH FLOWS FOR THE YEAR	2.796.888	6.243.059
V	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	17.457.458	11.214.399
VI	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20.254.346	17.457.458

Apporoved by:

Ho Van Long Chief Financial Officer Duong Thi Mai Hoa Chief Executive Officer

Notes to the consolidated financial statements for the year

Ended 31 December 2011

1. REPORTING ENTITY

Vietnam International and Commercial Joint Stock Bank (herein referred to as "the Bank") is a joint stock bank incorporated and registered in the Socialist Republic of Vietnam

The Bank was established pursuant to Banking Licence No. 006/NH-GP dated 25 January 1996 issued by the State Bank of Vietnam ("the SBV") and Business Registration Certificate No.055772 dated 14 February 1996 issued by Hanoi Department of Planning and Investment.

The principal activities of the Bank are to mobilise and receive short, medium and long-term deposit funds from organisations and individuals; lending on a short, medium and long-term basis up to the nature and ability of the Bank's capital resources; conducting settlement and cash services and other banking services as approved by the SBV; conducting investments in associates, joint-ventures and

other companies; investment in bonds and deal in foreign exchange in accordance with applicable regulations.

As at 31 December 2011, the Bank's share capital is VND 4.250,000,000,000. Face value per share is VND10,000.

The Bank's Head Office is located at 8th, 9th, 10th floor, Viettower Building, 198B Tay Son, Dong Da, Hanoi. As at 31 December 2011, the Bank has 151 business units including one (1) Head Office, one (1) transaction centre, forty eight (48) branches, ninety seven (97) transaction offices, four (4) saving fund nationwide and two (2) subsidiaries.

The consolidated financial statements of the Bank as of and for the year ended 31 December 2011 consists of the financial statements of the Bank and its subsidiaries (herein referred to as "VIB").

As at 31 December 2011, THE BANK HAD TWO (2) SUBSIDIARIES AS FOLLOWS:

Subsidiaries	Operating licence	Nature of Business	% owned by the Bank
Vietnam International and Commercial Joint Stock Bank – Asset Management Company limited (VIBAMC).	0104009004 dated 29 December 2009 issued by Hanoi Department of Planning and Investment	Asset management	100%
VIB Ngo Gia Tu	0101751475 dated 26 January 2005 issued by Hanoi Department of Planning and Investment	Consumable construction	55%

As at 31 December 2011, VIB had 4,259 EMPLOYEES

(31 December 2010: 3,242 employees).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A) BASIS OF CONSOLIDATED FINANCIAL STATEMENT PREPARATION

(i) General basis of accounting

The consolidated financial statements, expressed in Vietnam Dong ("VND"), rounded to the nearest million, have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions and other relevant accounting regulations stipulated by the State Bank of Vietnam, and the relevant statutory requirements. These accounting policies may differ in some material respects from the generally accepted accounting principles and standards of other countries. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informe dabout Vietnam's accounting principles, procedures and practices.

The consolidated financial statements are prepared on the accruals basis using the historical cost concept. The consolidated statement of cash flows is prepared using the direct method.

(ii) Basis of consolidation

Subsidiarie

Subsidiaries are those companies over which the Bank has the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are de-consolidated from the date on which control ceases.

VIB uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equities instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of the minority interest.

Transactions eliminated on consolidation

Inter-company balances, transactions and unrealised gains on transactions between those companies and the. Unrealised losses also eliminated unless transactions provide evidence of an impairment of the asset transferred. The accounting policies of subsidiaries have been changed when necessary to ensure the consistency with the policies adopted by the Bank.

B) FISCAL YEAR

The fiscal year of the VIB is from 1 January to 31 December

C) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Circular No. 210/2009/TT-BTC of the Ministry of Finance on presentation and disclosures of financial instruments.

On 6 November 2009, the Ministry of Finance issued Circular No.210/2009/TT-BTC guiding the application of International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effect from the fiscal year which started on or after 1 January 2011.

VIB adopts Circular 210 and supplements disclosures which are in accordance with the requirements of Circular 210 in the separate financial statements for the year ended 31 December 2011.

D) FOREIGN CURRENCY TRANSACTIONS

VIB maintains its accounting system and records transactions in original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the rates of exchange ruling at the balance sheet

date. Non-monetary foreign currency assets and liabilities are reported using the exchange rates effective at the dates of the transactions. Income/expense transactions incurred in foreign currencies are recognised in the consolidated statement of

income in VND using the exchange rates ruling on the dates of the transactions.

Translation adjustments arising from dealing activities as at the balance sheet date are taken to the consolidated statement of income.

E) CASH AND CASH EQUIVALENTS

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

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

F) INVESTMENTS

(i) Trading securities

Trading securities include debt, equity and other securities that the Bank purchase and have intention to sell in short-term for earnings.

Securities held for trading are initially recognised at cost at date of the transaction. They are subsequently measured at the lower of cost and market value. Gains or losses from the disposal of securities held for trading are recognised in the consolidated statement of income.

(ii) Investment securities

Investment securities are classified into two categories: available for sale investment securities and held to maturity investment securities. VIB classified investment securities at the purchase date. In accordance with Official Letter 2601/NHNN-TCKT dated 14 April 2009 issued by the State Bank of Vietnam, VIB 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

Held-to-maturity investment securities

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

Held-to-maturity investment securities are stated at cost including trading fee and other directly contributed cost. Then they are recognized at amortised cost (affected by premium/discount amortisation). Premiums and discounts arising from purchases of held-to-maturity securities are amortised to the consolidated statement of

income using straight-line method over the period from the acquisition dates to maturity dates.

(iii) Capital contribution and long-term investments

Investments associates and joint-venture company

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

Investment in subsidiaries, associates and joint-venture are stated at cost less allowance for diminution in value of investments in the consolidated financial statements.

Other long-term investments

Other long term investments include equity securities, other long term capital contributions whose holding, withdrawing or paying term is for more than 1 year (in addition to capital contributions, investment in joint-venture and associates).

These investments are initially stated at cost of acquisition, then less amortisation and allowance for diminution in value of investments, if any. Cost is determined on a weighted average basis.

G) ALLOWANCE FOR DIMINUTION IN THE VALUE OF LONG-TERM INVESTMENTS

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

Allowances for diminution in the value of investments in economic entities (such as limited liability companies, joint stock companies, partnerships, joint ventures and other long-term investments), are required if the economic entities suffer losses (except when the loss was anticipated in their business plan before the date of investment).

H) LOANS AND ADVANCES TO CUSTOMERS AND OTHER CREDIT INSTITUTIONS

Loans and advances to customers and other credit institutions are stated at the amount of the principal outstanding less any allowance for loans and advances to customers.

Short-term loans are those with a repayment date within one year of the loan disbursement date. Medium-term loans are those with a repayment date between one to five years of the loan disbursement date. Long-term loans are those with a repayment date of more than five years from the date the loan disbursement date

Decision No. 493/2005/QD-NHNN dated 22 April 2005 issued by State Bank of Vietnam ("Decision No.493"), which was amended and supplemented by Decision No. 18/2007/QD-NHNN dated 25 April 2007 issued by State Bank of Vietnam ("Decision 18"), requires specific allowance to be made for loans and advances on a quarterly basis based on loan groups.

The specific allowance disclosed at the balance sheet date (31 December 2011) is determined utilising the following

allowance rates against principal outstanding as at 30 November 2011 less allowed value of collateral.

The basis to determine the value and discounted value for each type of collateral is specified in Decision 493 and Decision 18.

VIB is also required to make a general allowance of 0.75% of outstanding loans and advances to customers 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 2011, VIB provided a general allowance of 0.75% of the above balances as at 30 November 2011 (31 December 2010: 0.75% of the above balances as at 30 November 2010).

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

I) PROVISION FOR OFF-BALANCE SHEET COMMITMENTS

In accordance with Decision 18, VIB is also required to classify guarantees, acceptances, loan commitments which are irrevocable and unconditional into 5 groups (Note 2 (h)) and make specific allowances accordingly. The specific allowance rates for the above balances are the same as those for loans and advances to customers.

VIB is also required to make a general provision of 0.75% of total irrevocable outstanding letters of guarantee, letters of credit, and loan commitments which are

irrevocable and unconditional as at the balance sheet date. Such general provision is required to be made in full within 5 years from the effective date of Decision 493. As at 31 December 2011, VIB provided a general provision of 0.75% of the above balances as at 30 November 2011 (31 December 2010: 0.75% of the above balances as at 30 November 2010).

J) DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are recorded in a balance sheet account at contract value on the date which a derivative contract is entered into and revaluated subsequently at exchange rate of each period end. Gains or losses from realisation of derivatives are recognised in the consolidated statement

of income. Unrealised gains or losses are recognised in balance sheet foreign currency difference reserve and transferred to the consolidated statement of income at the balance sheet date.

Group		Overdue status	
1	Current	Current loans or overdue loans less than 10 days.	0%
2	Special mention	 Loans being overdue between 10 days to 90 days; or Loans having revised terms of repayments for the first time (if customers are assessed as being capable of repaying both principal and interest according to the first revised terms of repayments for the case of enterprises and organisational customers). 	5%
3	Sub Standard	 Loans being overdue between 91 days and 180 days; Loans having rescheduled terms of repayments for the first time except for the loans with revised terms of repayments classified into the above mentioned Group 2; or Loans having exempt or reduced interest because customers are not able to pay the interest according to contracts. 	20%
4	Doubtful	 Loans being overdue between 181 days and 360 days; Loans having rescheduled terms of repayments for the first time and being overdue less than 90 days according to the first rescheduled terms of repayments; or Loans having rescheduled terms of repayments for the second time. 	50%
5	Loss	 Loans being overdue more than 360 days; Loans having rescheduled terms of repayments for the first time and being overdue from 90 days or more according to the first rescheduled terms of repayments; Loans having rescheduled terms of repayments for the second time and being overdue according to the second reschedule terms of repayments; Loans having rescheduled terms of repayments for the third time; or Blocked loans, or loans awaiting for settlements. 	100%

K) 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 nonrefundable 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 the statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic

benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of items of tangible fixed assets. The estimated useful lives are as follows:

 Buildings 25 years • Office equipment 5 - 10 years Motor vehicles 6 years Others 2 - 7 years

L) INTANGIBLE FIXED ASSETS

(i) Software

The cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straightline basis over 5-7 years.

(ii) Land use rights

Leasehold land use rights

Leasehold land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use right. Amortisation

is computed on a straight-line basis over leasehold period.

Freehold land use rights

Freehold land use rights are stated at cost and are not amortised. 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.

(iii) Other intangible fixed assets

Other intangible fixed assets are stated at cost less accumulated amortisation. Amortisation is computed on a straight line basis.

M) OTHER RECEIVABLES

Receivables other than loans to customers are initially recorded at cost and subsequently always presented at cost in the following periods. Receivables are subject to review for impairment based on overdue periods of receivables or estimated loss arising from undue debts of which the indebted economic organisations fall bankrupt

or are undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have decreased. Increases or decreases to the provision balance are recorded in operating expenses in the separate income statement.

VIB has provided provision for doubtful receivables in accordance with Circular No 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Accordingly, the provision rates for overdue receivables are as follows:

Overdue period	Rate of provision
From six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
Over three (3) years	100%

N) PROVISION _

A provision other than those described in Notes 2(i), 2(j) and 2(n) is recognised if, as a result of a past event, VIB has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting

the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

O) PROVISION FOR SEVERANCE ALLOWANCE

Under the Vietnamese Labour Code, when employees who have worked 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 based on employees' years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009, VIB and its 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 and 20 times the general minimum salary level as specified by the Government from time to time. With

the implementation of the unemployment insurance scheme, VIB is 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.

P) OTHER PAYABLES _

Other payables are stated at their cost.

O) SHARE CAPITAL

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(ii) Share premium

On receipt of capital from shareholders, the difference between the issue price and the par value of the shares is credited to share premium account in equity.

(iii) Treasury shares

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

R) RESERVES AND FUNDS _

The Bank

According to Decree 146/2005/ND-CP dated 23 November 2005 issued by the Government of Vietnam, the Bank is required to make the following allocations before distribution of profits:

	Annual allocation	Maximum balance
Reserve to supplement share capital:	5% of profit after tax	Share capital
Financial reserve:	10% of remaining profit after tax	25% share capital

Bonus and welfare funds are allocated from profit after tax at decision by the shareholders in the Annual General Meeting and are used primarily to make payments to the Bank's employees. These funds are not required by law and are fully distributable.

Other equity funds are allocated from profit after tax. The allocation from profit after tax and the utilisation of the other equity funds are approved by the shareholders in the Annual General Meeting. These funds are not required by law and are fully distributable.

In 2011, the Bank has allocated all reserves and equity funds from profit after tax for the year ended 31 December 2010 in accordance with resolution from Annual General Meeting.

The subsidiaries

Vietnam International Commercial Joint Stock Bank - Asset Management Company Limited

According to Circular 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance, the allocations to reserves before distribution of profits are required to be made the same as that of the Bank

VIB - Ngo Gia Tu:

The allocations to reserves before distribution of profits are required to be made the same as that of the Bank. At 31 Dec 2010, the Company made loss therefore, the company did not allocate reserves in 2011.

S) REVENUE RECOGNITION

(i) Interest income

Interest income is recognised in the consolidated statement of income on an accruals basis, except for interest on loans classified in Group 2 to Group 5 as defined in Note 2(i) which is recognised upon receipt.

ii) Fee and commission income

Fees and commissions are recognised in the consolidated statement of income on an accruals basis.

iii) Dividend income

Dividends receivable in cash are recognised in the consolidated statement of income when VIB's right to receive payment is established.

In accordance with Circular No. 244/2009/TT-BTC dated 31 December 2009, effective from 1 January 2010, other payments from enterprises in form of shares distributed from sources other than retained earnings are not recorded in the financial statements.

T) INTEREST EXPENSES

Interest expenses are recognised in the statement of income on an accruals basis.

U) 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. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

V) TAXATION -

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous year.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The

amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

W) BASIC EARNINGS PER SHARE _

VIB presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of VIB by the

weighted average number of ordinary shares outstanding during the year.

X) 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.

Y) SEGMENT REPORTING

A segment is a distinguishable component of VIB that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from

those of other segments. VIB's basic format for segment reporting is based on geographical segments and business segments.

Z) OFF-BALANCE SHEET ITEMS .

(i) Foreign exchange contracts

Forward contracts are commitments to either purchase or sell a designated currency at a specific future date for a specific exchange rate and are settled in cash. Forward contracts are recorded at nominal value on the balance sheet at the transaction date and are subsequently revaluated at exchange rate at the year end. Realised or unrealised gain or loss is recognised in the statement of income.

Swap contracts are commitments to settle in cash at a future date based on differentials between specified exchange rates, as applied to a notional principal amount. Swap contracts are subsequently revaluated on the balance sheet date; the difference on revaluation is recognised in the statement of income

(ii) Commitments and contingent liabilities

VIB has outstanding credit commitments. These commitments are approved and unutilised loans and overdraft facilities. VIB 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.

AA) FINANCIAL INSTRUMENTS _

During its operations, VIB enters into contracts that give rise to financial assets and financial liabilities or equity instruments.

VIB's financial assets include:

- Cash;
- Balances with SBV and other credit institutions;
- · Loans and advances to customers;
- Trading securities;
- Investment securities;
- Capital contributions and other long term investments;

- Derivative assets:
- Other financial assets

VIB's financial liabilities include:

- Deposits and borrowings from other credit institutions;
- Deposits from customers;
- Valuable paper issued;
- · Derivative liabilities;
- Other financial liabilities

(i) Classification of financial assets and financial li-

In accordance with Circular 210, financial assets are classified into the following types for disclosure purpose in the consolidated financial statements:

- Financial assets recognised at fair value through profit and loss statements;
- Held-to-maturity investments;
- Loans and receivables:
- Available-for-sale financial assets:

In accordance with Circular 210, financial liabilities are classified into the following types for disclosure purpose in the financial statements:

- Financial liabilities recognised at fair value through profit and loss statements; and
- Financial liabilities recognised at amortised cost

(ii) Recognition

Financial assets and liabilities are initially recognised on the trade date at which VIB becomes a party to the contractual provisions of the instrument. VIB recognises financial assets and financial liabilities on the contractual date and on effective contractual terms (trade date accounting).

(iii) Derecognition

VIB derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. VIB derecognises a financial liability when its contractual obligations are settled (contractual obligations are discharged, cancelled or expire).

(iv) Measurement and disclosures of fair value

In accordance with Circular 210, VIB disclosures fair value of financial assets and financial liabilities to compare with the carrying value of those financial assets and financial liabilities as in Note 32(b).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, VIB measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, VIB establishes fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same and by discounted cash flow analyses. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to VIB, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

In the case that having not enough information for using valuation techniques, fair value of the financial instruments that do not have a quoted market price cannot be reliably measured and therefore not disclosed.



Shareholder information

As of 31/12/2011

1.INFORMATION ON SHAREHOLDERS

1.351 shareholders holding **425.000.000** shares (equivalent to 4,250,000,000,000 VND in value).

Type of shareholders	Quantity	Number of shares	Percentage (%)/ Charter capital
State-owned legal entity (domestic)	1	2.262	0,0005%
Private legal entities	13	71.961.116	16,9320%
Foreign strategic shareholder	1	85.000.000	20,0000%
Domestic individuals	1,336	268.036.622	63,0675%
Total	1,351	425.000.000	100%

2. CHARTER CAPITAL

- Charter capital: 4.250 trillion VND. Including 701 treasury stocks.
- In 2011, VIB increased its charter capital from **4 trillion VND** to **4.25 trillion VND** via offering shares to its strategic foreign partner, the Commonwealth Bank of Australia (CBA). Number of shares offered: 25,000,000 shares, equivalent to 250 billion VND in value.
- After the capital increase, the percentage of CBA stock holding in VIB rose from 15% to 20% of the charter capital.

3. CHARTER CAPITAL SURPLUS FUND

	2007	2008	2009	2010	2011
Amount (in million VND)	65.142	65.142	26.539	1.652.958	2.552.958

4. EARNING PER SHARE (EPS)

	2007	2008	2009	2010	2011
EPS (VND)	2.510	844	2.128	2.389	1.581



5. DIVIDEND PAYMENT POLICY IN 2011:

In July 2011, the Plan on 2010 Profit Distribution was submitted by the Board of Directors and then approved by the General Meeting of Shareholders, which included the following points:

- The total amount used to pay dividends of 200 billion VND with the dividend payment in cash was 5%.
- The deadline for the list was 12/08/2011; the start date for dividend payment was 12/09/2011. This plan met the requirements of shareholders on the dividends, while maintaining the capital adequacy ratio (CAR) at an appropriate level against volatile markets.

Dividend payment policy in the last 5 years:

Year	20	007	2008	20	009	2010	2011
	Phase 1	Phase 2		Phase 1	Phase 2		
Dividend in cash	15%	1,556%		13,2%	2,51%		5%
Dividend by stock/ bonus shares			10,79%			0,83%	

Network of branches/ transaction offices

On 31st December 2011, VIB had:

O1 Head Office

Transaction Center

158 branches, transaction offices and saving fu

VIB is now present in:

27 provinces/ cities nationwide



North	В	TSO	SF
1. Hanoi	9	28	2
2. Hai Phong	2	5	
3. Hai Duong	1	1	1
4. Thai Binh	1	1	
5. Quang Ninh	2	6	
6. Thai Nguyen	1	1	
7. Vinh Phuc	1	1	
8. PhuTho	1		
9. Thanh Hoa	1	2	

Central	В	TSO	SF
10. Nghe An	1	2	1
11. Hue	1	2	
12. Da Nang	2		
13. Quang Ngai	1	1	
14. Binh Đinh	1		
15. Dak Lak	1	2	
16. Khanh Haa	1	1	
17. Lam Dong	1		

South	В	TSO	SF	TTT
18. Dong Nai	1	4		
19. Ba Ria - Vung Tau	1	3		
20. Binh Duong	1	1		
21. Tay Ninh	1			
22. HCM City	11	41		1
23. An Giang	1			
24. Kien Giang	1			
25. Can Tho	1	2		
26. Dong Thap	1	1		
27. Ca Mau	1			

B: Branch

TSO: Transaction officeSF: Savings fundCC: Card center

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