



ANNUAL REPORT 2010

# Building a sustainable foundation



3-18 **Chapter I – Overview**

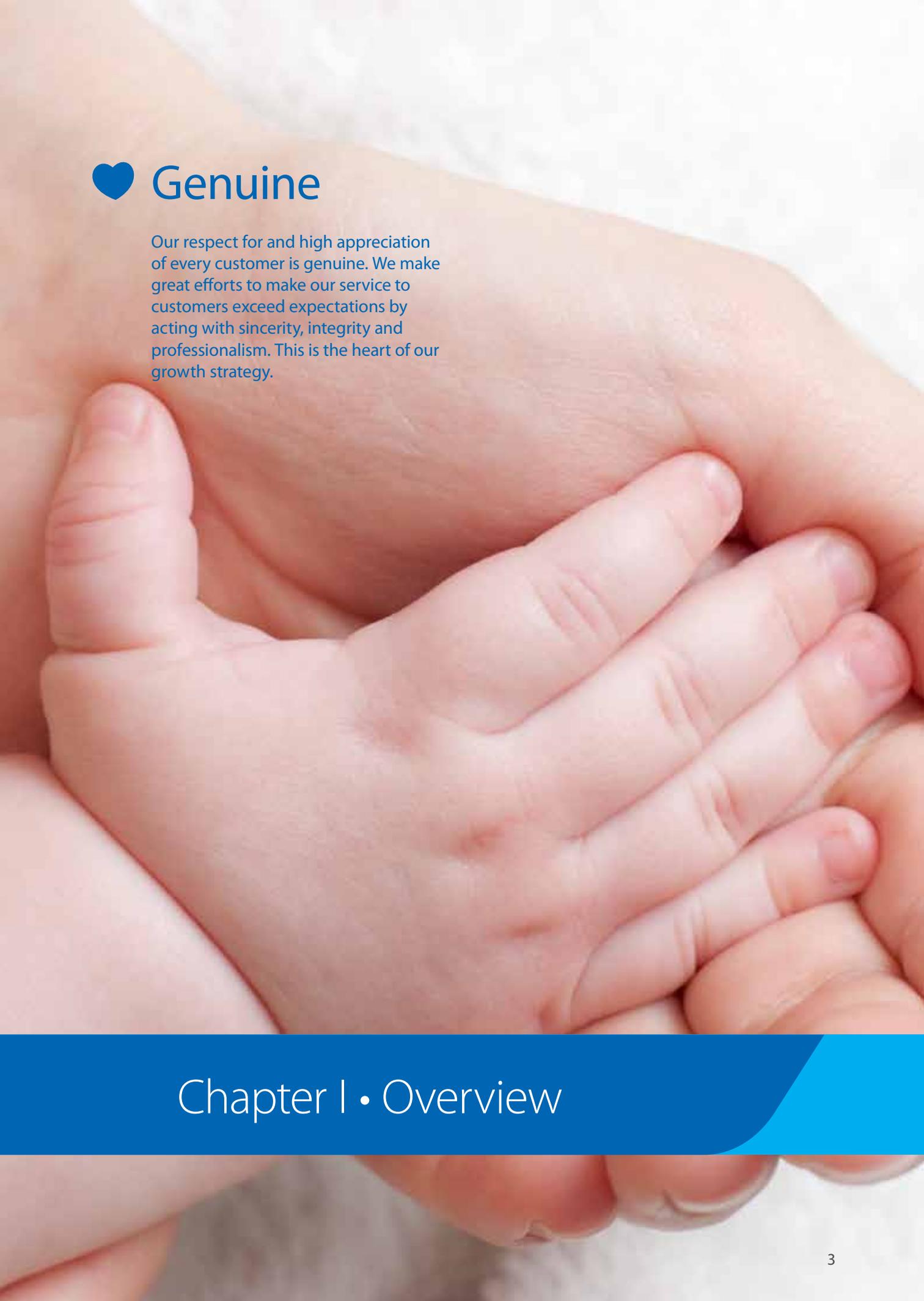
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## ♥ Genuine

Our respect for and high appreciation of every customer is genuine. We make great efforts to make our service to customers exceed expectations by acting with sincerity, integrity and professionalism. This is the heart of our growth strategy.

## Chapter I • Overview



## Objective

To be one of the three leading commercial joint stock banks in Vietnam in 2013



## Vision

To be the most innovative and customer-centric bank in Vietnam



## Mission

To excel in providing innovative, customer-centric solutions to satisfy the needs of our customers

To cultivate a high performance culture, entrepreneurship and openness in our work environment

To provide sustainable and attractive returns to our shareholders

To support community development



## Core values

- Customer focus
- Excellence
- Proactive mindset
- Teamwork
- Disciplined



Message from the  
**Chairman of the Board of Directors**

Chairman of the Board of Directors - **HAN NGOC VU**



## Transforming and soaring high to reach new goals

“With timely decisions related to far-reaching changes in corporate governance and management, we have delivered consistent and sustainable growth and achieved key performance indicators set by the General Shareholders’ Meeting (GSM) and the Board of Directors (BOD). While executing our business strategies for 2009-2013, VIB continued to perform strongly and develop a broad network covering key areas nationwide. The people in our group have been consistently screened, trained and nurtured to correspond to our distinctive culture and be effective in a competitive market. We have gathered the resources needed to take VIB to a new phase – reinforcing and sustaining our systemic strengths as VIB turns 15”.

Dear valued shareholders,

Against the background of an uncertain global recovery from a major crisis and a disruption of the economy in general and the banking sector in particular in 2010, Vietnam recorded a 6.7% GDP growth rate and maintained a relatively stable macro-economy. However, the challenges remain – of unstable economic growth, low investment efficiency, negative growth in the capital market, a large trade deficit, high budget deficit and potentially high inflation. There has been more intense competition from increasingly capable local banks and international banks joining the fray. However, I am delighted to report that 2010 was another year of impressive results for VIB. A number of programs, projects and solutions were activated at the very beginning of the year for implementing our business strategies and ensuring steady business performance of the entire system.

At the outset of 2010 and at the annual GSM in March, challenging targets were set for the bank, including:

- A 66% increase in the charter capital
- A 36% increase in total assets value
- A 47.6% growth in profits before tax
- A maximum increase of 30% in the number of business units

All the set targets of 2010 were achieved and exceeded due to concerted efforts by the whole system and sound management by the Board of Directors (BOD) as well as the Board of Management (BOM).

2010 also marked an important milestone for VIB. On 01/09/2010, the Commonwealth Bank of Australia (CBA) officially became VIB's foreign strategic shareholder with an initial stake of 15%. This strategic shareholding partnership will enable VIB to further enhance its capital, technology and risk management capabilities.

Vietnam's economy is expected to face considerable changes and roadblocks in 2011. The deeper international integration of the financial services sector in general and banking sector in particular will generate more vigorous competition in the market. However, we strongly believe that VIB will deliver sustained growth, driven by effective execution of sound business strategies. Executing the business strategies and plans of 2011 is a goal of special significance for our shareholders, partners and customers as they welcome and mark a landmark event in September - the bank's 15th year anniversary.

In the short term, with motivation and encouragement from our shareholders, the BOD will work closely with the BOM to take flexible decisions and map out strategies to firmly tackle changes in the monetary and financial markets while ensuring full and firm preparations in the face of increasing risks in the banking sector as it undergoes international integration and experiences increased competition.

We are confident that VIB will enter 2011 in excellent shape and achieve great success towards the target of becoming one of the top three joint stock banks in

Vietnam. We count on cooperation and engagement from our customers; consensus from our shareholders; unity, consistency and accountability from the BOD; and the diligence and creativity of the BOM and all VIB members.

On behalf of the BOD and the BOM, we would like to express our sincere thanks to all the staff for every effort they made during the past year. Our special thanks go to our esteemed customers whose cooperation and patronage is of utmost importance. Finally, we are truly grateful to our shareholders for their consistent and precious support in good times and bad.

Best regards,

**HAN NGOC VU**



**Chairman of the Board of Directors**





## CEO Review

CHIEF EXECUTIVE OFFICER/MEMBER OF THE  
BOARD OF DIRECTORS - **AN THANH SON**



Dear shareholders, customers, partners and staff,

Our performance in 2010 demonstrates positive and impressive results with basic performance indicators achieved or exceeded against targets set by the BOD and the GSM. Our total assets stand at approximately VND94,000 billion, an increase of 65.9% compared to 2009; outstanding loans stood at above VND43,000 billion, up 57.6% against 2009; mobilized funds topped VND 61,000 billion, a 78.3% increase in comparison to 2009. Pretax profit for the year was VND1,051 billion, up 72% over 2009 and 11.2% higher than the target set by the GSM and the BOD.

2010 also marked substantial progress in implementing Business Strategies that lay the foundation for VIB's accelerated growth phase in 2011-2013. This is evidenced by the positive achievements of projects including: Structural transformation; branch transformation roll-out (BTR); and performance management.

Notably, the BTR project has been successfully implemented in three areas – North Hanoi, South Hanoi and East Ho Chi Minh City. Such rave factors as new sales and service models, refurbished offices, better products and services, well-outlined procedures, improved interaction with customers, performance-oriented and customer-centric culture have generated substantial changes in VIB's services and business activities. With rapid acceptance by the public and customers, and strong, positive feedback, VIB's image and reputation in the market has been markedly elevated. All these elements contribute to setting up VIB as an innovative and customer-centric brand heading towards international standards, and as a bank of public choice.

2010 also witnessed a momentous event for VIB. On 01/09/2010, Commonwealth Bank of Australia (CBA) officially became VIB's foreign strategic shareholder with an initial stake of 15%. This strategic shareholding partnership enhances VIB's ability to raise capital, acquire and apply technology, manage risk, implement long-term projects under the bank's Business Strategies and especially, effect improvements in customer service quality towards reaching international standards.

### Key operational directions in 2011

In 2011, the Vietnamese economy is expected to confront different challenges and difficulties. While further engagement with the global economy by the banking sector in particular and the financial service sector in general generates increasingly fierce competition, a bank with consistent strategies, best services and a customer-centric approach will outperform the competition.

VIB has set a challenging goal in 2011 of earning pre-tax profits of VND 2,024 billion (up 91.5% against 2010). We are certain this can be attained with sound leadership from the BOD and the BOM, efforts from all VIB members and consensus among customers, partners and shareholders. Key orientations for 2011 towards achieving the targeted goals and affirming VIB's status in the current competitive market have been identified as follows:

#### 1. Continued focus on enhancing customer service quality

High customer service quality makes customers content and VIB more competitive in the market, thereby ensuring a consistent and sustainable growth rate. Therefore, this is considered a fundamental and strategic direction for VIB not only in 2011 but also in the coming years. To achieve sustainable growth, VIB will: (1) build a customer-centric culture; (2) combine efforts of each and every individual and business unit to bring better service and satisfaction to customers in their interactions with VIB, based on the new sales and service model; and (3) set up standards to measure customers' satisfaction levels.

Simultaneously, an internal service system will be established to generate the most effective cooperation and optimize internal strengths to deliver the best customer service possible.

#### 2. Enhanced safety in the bank's operations

Safety is always placed first in VIB's operations to ensure sustainability. Accordingly, 2011 will see the bank embark on building a risk management system based on international standards to guarantee comprehensive management of operational risks, market risks and credit risks.

Among these, credit risk management has been identified as being of crucial importance in 2011. VIB has been improving credit policies, customer policies, credit regulations and procedures, credit approval systems, credit quality supervision and management, and debt recovery. In addition, the bank's leaders have required every staff member to refresh and update their awareness and knowledge of credit issues, as also develop a thorough understanding of the quality of customers, projects, loans and guaranteed assets, as well as credit policies by sector, product, customer groups and business units. More importantly, it involves strict adherence to credit policies, regulations, processes and approvals of competent levels and maintenance of close ties between different business management units, credit management and guaranteed asset management.

### **3. Reinforced business performance**

Looking forward, VIB will emphasize enhanced business performance both in customer service and business efficiency. With the shareholders' equity of over VND 7,000 billion expected to expand to VND 11,000 billion in 2011, we are convinced that our customer service capacity will be strengthened. In addition, sustained investment in sharpening customer service and products will enable VIB to respond better to evolving needs of customers. From the beginning of the year, priority will be given to improving the bank's business performance by applying several measures including: increasing the size of business divisions and subsidiaries and revenues derived thereof; driving cost efficiencies in operation and investment; redesigning, automating and simplifying business formalities and operational procedures to improve productivity of each VIB member. VIB will also lift the expansion of non-physical networks and channels to make products and services more available to its target customers.

### **4. Becoming an "employer of choice"**

A key engine of sustainable growth is human resources - of sound quality and in sufficient quantity. VIB will deploy action programs with the aim of making the bank become the preferred employer in the market. After commissioning the Haygroup to work on HR administration and development strategies, VIB has been implementing recruitment and training programs to increase the quality of our sales team in particular and employees at all levels in general. A modern, open, transparent and cooperative working environment is a focal point while building a performance-oriented culture to honor and reward excellent employees.

### **5. Integration and capacity transfer between VIB and CBA**

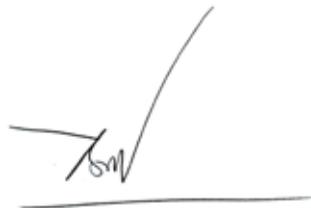
2011 is likely to be a year of integration and cooperation between VIB and CBA that will boost our overall strength for VIB with outstanding customer service quality based on international standards. Upon becoming the

strategic shareholder, experts from CBA were sent to join VIB's BOD and Supervisory Board. In January 2011, the experts were appointed to management positions in the business and supporting divisions. The capacity transfer program, which started in January 2011 and will continue for five years, plays an essential role in the VIB-CBA long term cooperation agreement. This will facilitate VIB's successful implementation of set business strategies and work gradually to create an immense breakthrough in the market, particularly in retail banking. With five key directions and action plans, I am confident that VIB will gain greater success in 2011 and achieve the challenging targets and take important steps on the route-map for our five-year (2009-2013) Business Development Plan. The initial and future accomplishments will be strongly supported with sound leadership from the BOD and the BOM, creative and hard work by the entire staff, and most specially, the valuable assistance, confidence and cooperation of our customers, shareholders, partners and the State Bank of Vietnam.

On behalf of the BOM, I would like to take this opportunity to thank all of you for your valuable support and look forward to receiving the same in 2011 and beyond as we take our next steps in development.

Best regards,

**An Thanh Son,**



**Chief Executive Officer/ Member of the Board of Directors**

## Board of Directors (BOD)



**1. 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... 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.



**2. 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 ... 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.



**3. 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...



#### 4. 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.



#### 5. Mr. Ha Hoang Dung

Member of the Board of Directors

At the 12th General Shareholders' Meeting in 2008, Mr. Ha Hoang Dung was appointed to the Board of Directors, Term V (2008 - 2013).

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 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.



#### 6. 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 of 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 Proflinvest Co.,Ltd, FG Group Co.,Ltd, and ZAO "DHV-S" JSC. Currently, he is the CEO of Mareven Food Central Co.,Ltd.

## Board of Directors (BOD)



### 7. 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.

Mr. Son obtained a Master of 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.



### 8. 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.



### 9. 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



**1. 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.



**2. 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.



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

At the General Shareholders' 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).

## Board of Management



### 1. Mr. An Thanh Son

Member of the Board of Directors,  
Chief Executive Officer

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

Mr. Son obtained a Master of 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 Permanent Standing Deputy General Director, Director of the Branch and Service Division, Chief Office Administrator, Assistant to the General Director at VIB; Chief Office Administrator, Head of the Organization and Personnel, and professional marketing officer at the Maritime Joint Stock Commercial Bank of Vietnam.

Mr. An Thanh Son was appointed as the Chief Executive Officer of VIB from June 2008 and a Member of the Board of Directors cum CEO from October 2010.



### 2. Ms. Duong Thi Mai Hoa

Deputy CEO,  
Head of Retail Banking

Ms. Duong Thi Mai Hoa has over 18 years of work experience in the field of accounting and financial management for 100% foreign owned companies, branches of Multinational Groups and branches of big international banks in Vietnam.

She obtained a Master of Business Administration, under the joint 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 for Certified Chartered Accountants (ACCA), UK since September 2010.

Since March 2009, Ms. Duong Thi Mai Hoa has been appointed as the Deputy CEO cum Head of Retail Banking of VIB. Previously, Ms. Hoa had 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).



### 3. Mr. Tran Hoai Nam

Deputy CEO,  
Head of Wholesale Banking

Mr. Tran Hoai Nam has over 20 years of experience working in Vietnamese governmental organizations and the world's leading banks operating in Vietnam.

He obtained an MBA from Asian Institute of Technology (AIT) in Thailand. He has had over 11 years of work experience at Citibank Vietnam with different roles like Director of the Corporate Customer Relation Department, Citibank's Ho Chi Minh City branch; Director of the Financial Institution Relation Department, Citibank's Hanoi branch; Head of the Credit Transaction Division, and other positions such as Senior Officer of the Marketing Department and the Department of Global Transaction Services at Citibank.

From September 2007 up to present, Mr. Tran Hoai Nam has acted as Deputy CEO and Head of the Wholesale Banking of VIB.



#### 4. Mr. Le Quang Trung

Deputy CEO,  
Head of Treasury

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

Mr. Le Quang Trung obtained an MBA. 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.



#### 5. 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.



#### 6. 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 started to set up a 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 service business development division.

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

## Board of Management



**7. Mr. Vu Nhat Lam**  
Head of Credit Management

Mr. Vu Nhat Lam graduated from the University of Finance and Accounting and University of Foreign Language Studies, and obtained a Master of Economics from the National Economics University. Mr. Lam has had over 16 years of work experience in the banking sector.

Prior to joining VIB, Mr. Vu Nhat Lam had experienced various management roles in Accounting, Credit, International Payment, Credit Appraisal, Credit Management,... at the Bank for Investment and Development of Vietnam (BIDV), Thai Nguyen branch. In 2007 he officially joined VIB as Head of the Business Development, VIB Thai Nguyen branch. For nearly 4 years working at VIB, Mr. Lam has held many roles such as Head of the Business Development at VIB Thai Nguyen branch, Director of VIB Thai Nguyen branch cum Deputy Director of the Business Center, Director of the Debt Management and Assets Exploitation Center, and Deputy Head of the Credit Management.



**8. 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.



**9. Mr. Ho Van Long**  
Chief Financial Officer

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 Economics. 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.



### 10. Tuyet Tran

Head of the Branch Transformation Rollout (BTR)

Ms. Tuyet Tran started her career in the banking sector in 1993 after obtaining a university degree in finance and banking from Kangaroo Point & Mount Gravatt College, Brisbane. In 1996, Ms. Tuyet Tran moved to Sydney and joined Colonial bank. She was one among five members in the Colonial project implementing the bank's franchise program. In 2001 she joined CBA after Colonial bank was merged into the bank.

Ms. Tuyet Tran has vast professional experience in various sectors, including the network of branches, customer service and post-sales center, credit risk management, and product and project management. She thoroughly grasps customers' needs and related important issues to ensure that internal procedures, materials, product development, and legal and compliance requirements always support customers and satisfy them.

She has been officially appointed as Head of the Branch Transformation Rollout (Head of BTR) since February 2011.



### 11. Tony Waller

Head of the Change Management Office

Mr. Tony Waller has over 30 years of work experience with different management roles in retail banking, credit transaction handling centers, strategies, products, brand marketing, business development and customer service quality.

Prior to joining VIB, Tony Waller had held such roles as Senior Manager of the Retail banking services at Commonwealth Bank Group in Sydney, Head of the Loan division at the National Bank of New South Wales in Queensland, and Head of the Mortgage loan management division at the National Mutual Royal Bank (currently ANZ) in Melbourne.

He has joined VIB and appointed as Head of the Change Management Office (CMO) since February 2011 in the framework of the Capacity Transfer Program between VIB and Commonwealth Bank of Australia (CBA).



### 12. Hoang Thi Lan Phuong

Head of Human Resources

Ms. Hoang Thi Lan Phuong graduated from the University of Natural Sciences under Vietnam National University, Hanoi and obtained a Master of Human Resources.

She has acted as Head of Human Resources of VIB since 2003, in charge of personnel management in the whole system of VIB. Ms. Phuong is a member of the VIB Structuring project and directly responsible for building HR strategies and implementing key HR projects in order to set up an efficient and professional HR management system in VIB. Simultaneously, she is Secretary to the HR Committee of VIB.

Prior to joining VIB, Ms. Phuong had been Vice Manager of HR department at Metro Cash & Carry Company in Hanoi.

## Board of Management



### 13. Cao Thi Van Anh

Head of Personnel Services

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 the HR Services since April 2011.



### 14. Nguyen Thi Huong Giang

Head of Marketing and Communications

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 Non-governmental 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.



### 15. Rana Peries

Head of Business Technology Services

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).

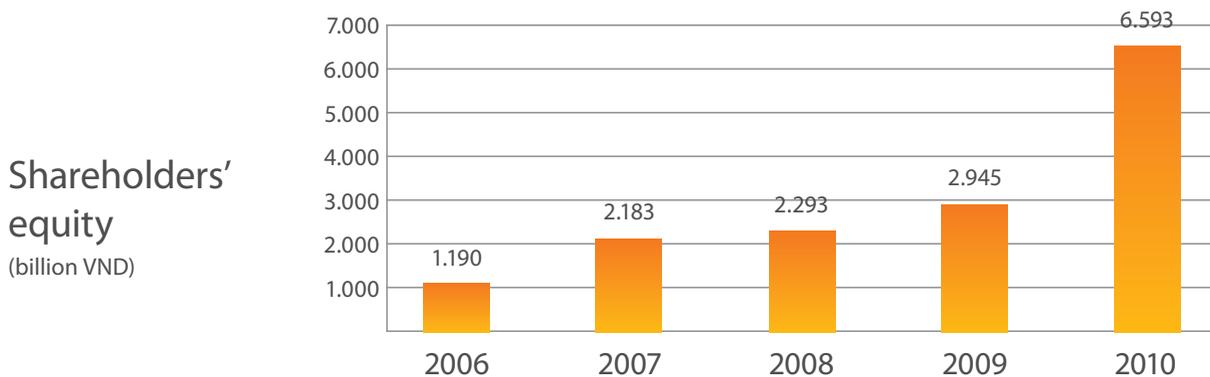
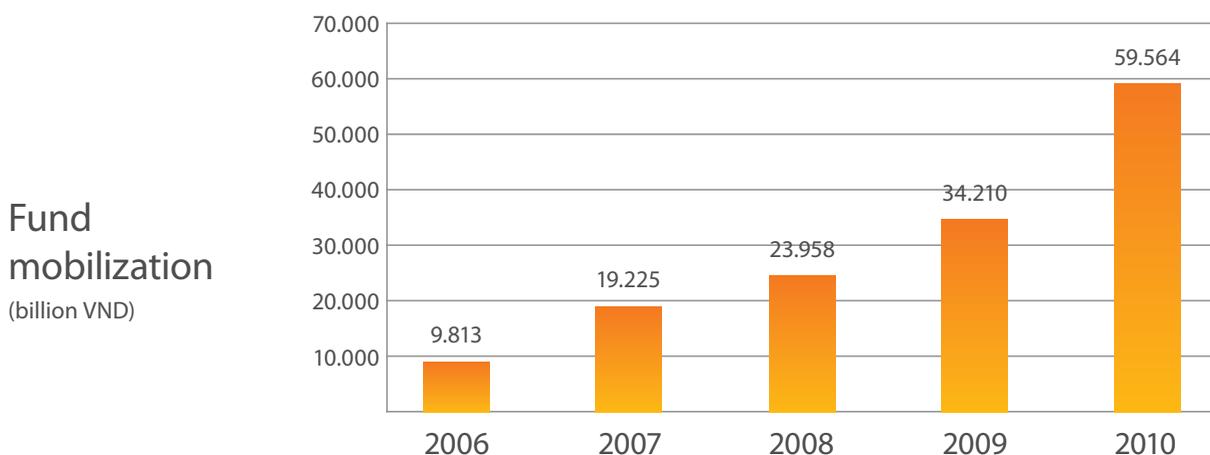
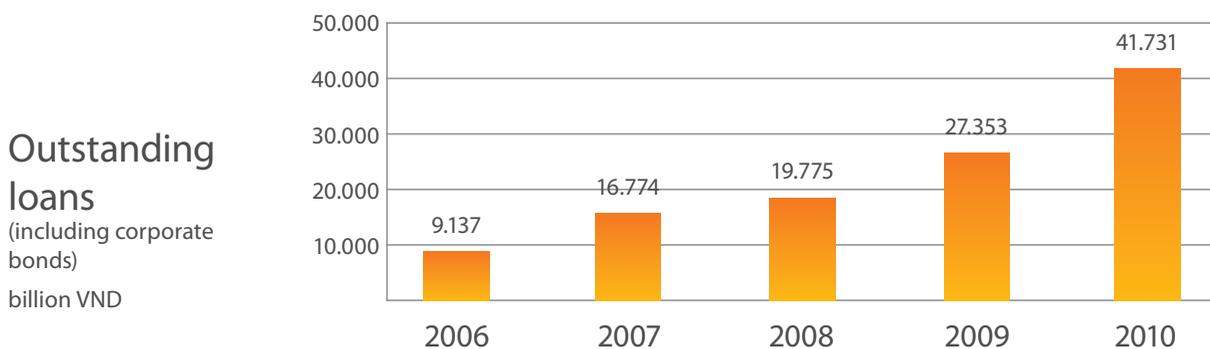
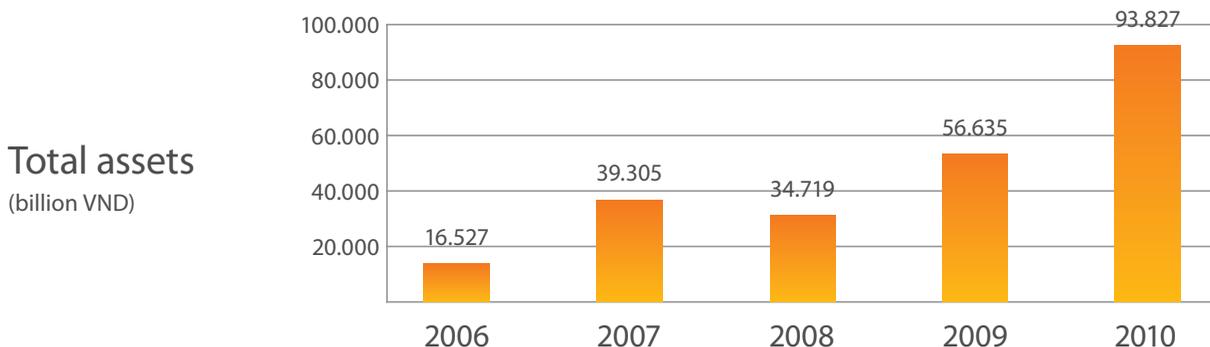
# Nurturing

We take a long term view and look to help our customers grow and succeed in life, building trust and developing a long-lasting relationship with our customers.

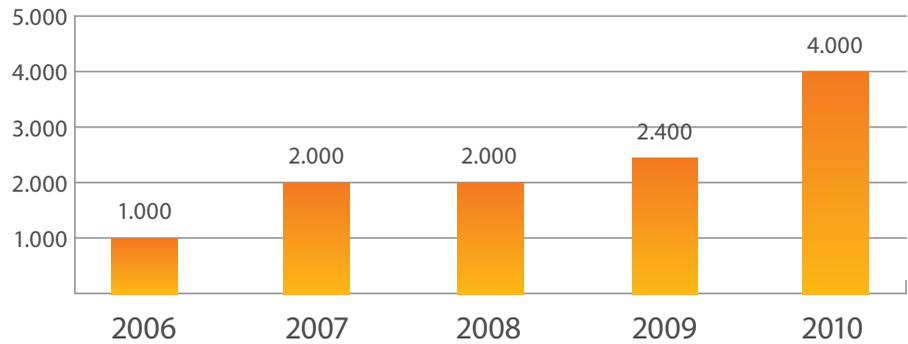


Chapter II • Building a sustainable foundation

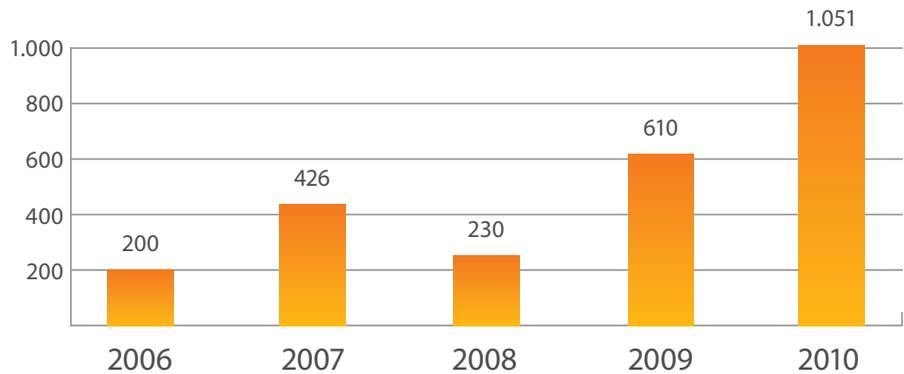
## VIB's development figures from 2006 to 2010



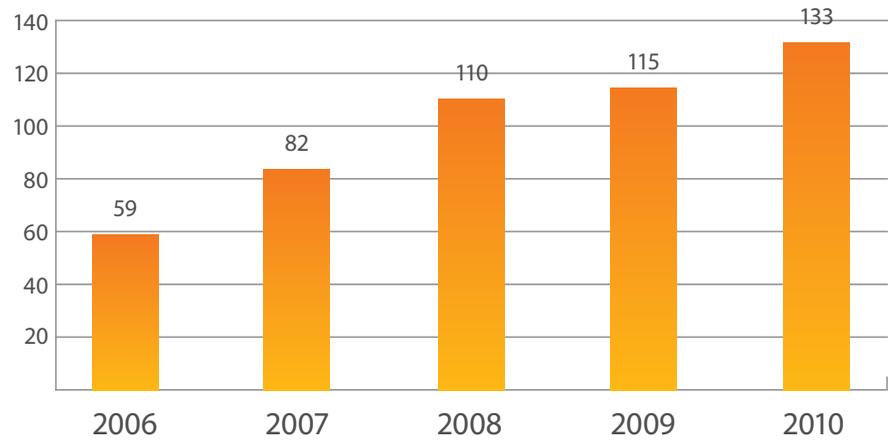
**Charter capital**  
(billion VND)



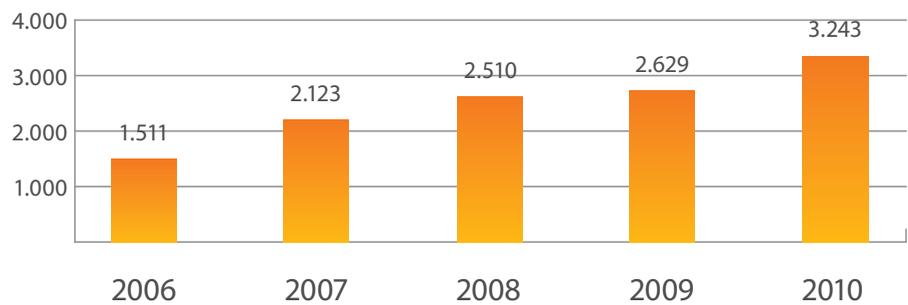
**Profit before tax**  
(billion VND)



**Number of business units**  
(unit)



**Number of employees**  
(person)



## Outstanding events in 2010

### February: Emulation Flag

The Emulation Flag was awarded to VIB by the Governor of the State Bank of Vietnam (SBV) for its excellent achievements contributing to accomplishment of the bank's tasks.

### Official Application of Branch Transformation Rollout (BTR)

VIB will build a system of business units based on a new sales and service model as well as a new image in accordance with international standards, placing customers in the focal position.



### March: Official commencement of VIB's Head Office building project

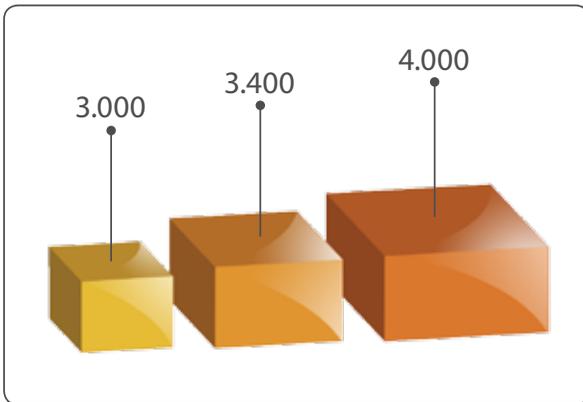
VIB's Head Office building has a construction area of nearly 5,000 square meters located in the heart of Hanoi. It will be completed within three years after the date of commencement.



### April: VIB – CBA announce strategic cooperation agreement

In April 2010, VIB and Commonwealth Bank of Australia (CBA) – one of the world's leading banks and the No.1 bank in Australia – officially announced a strategic cooperation agreement. Accordingly, CBA purchased a 15% stake in VIB and simultaneously carried out capacity transfer projects in order to improve VIB's business and operational capabilities.





**September:**  
**VIB's charter capital increases to VND 4,000 billion**

With CBA's participation as a strategic shareholder, VIB's charter capital was increased from VND 3,400 billion to VND 4,000 billion.



**October:**  
**First General Shareholders' Meeting (GSM) attended by strategic shareholder**

For the first time, VIB's GSM was attended by CBA, a foreign financial institution and strategic shareholder. The GSM appointed four more members to the Board of Directors, including two members from CBA.



**December:**  
**VIB gets top Trade Service Award**

VIB was selected among the top 10 enterprises with the best quality of service in 2010 and obtained the Top Trade Service Award given by the Ministry of Industry and Trade. The award recognized VIB's efforts and achievements in applying the new sales model and improving its service quality. This is the 2nd time VIB has been honoured with the award.

**Total assets top VND90,000 billion**

At the end of 2010, VIB's total assets reached VND93,287 billion, up 66% against 2009 and equivalent to 122% of the plan.



## Project Management – Foundation for international integration

With all key elements of the Bank's 2009-2013 strategies in place, VIB is progressing towards its goal of becoming one of the three biggest commercial joint stock banks in Vietnam by 2013. A chain of strategic projects have been activated and expanded based on an international standard project management approach in order to achieve the goal.

### Building a distinctive Service and Business Culture – the key to success

At the end of 2010, VIB and Commonwealth Bank of Australia (CBA) worked together to build the foundation for developing a capacity transfer program to support and improve VIB's capacity in the following areas:

- Change Management Office
- Retail banking
- IT strategy planning center
- Treasury
- Credit fund
- HR

This foundation will enable VIB to rapidly realize the vision of "becoming the most innovative and customer-centric bank in Vietnam" by building a distinctive Service and Business culture via a comprehensive training program.



### Professional management – Effective execution

VIB is determined to make a difference with the quality of its customer service. The efficiency of its strategic projects will allow VIB to build its internal strengths and create a foundation for sustainable development.

In 2010, the Project Management Department was set up under the Committee for Planning and Strategy. By the year end, three training sessions for more than 100 staff on a project management approach based on international standards were jointly organized by the Project Management Department (now known as Project Support and Management Department under the Change Management Office) and the Training Center. Successfully applied by renowned organizations in the world, this approach will help the bank make significant improvements in establishing, planning and accomplishing projects.

### International integration

One more essential step taken by VIB in 2010 to further engage with and adopt international standards was the cooperation established with our strategic partner, Commonwealth Bank of Australia (CBA). Within the Cooperation Agreement, a series of project activities were initiated including Anti Money Laundering (AML), Countering Terrorist Financing (CTF), Economic and Trade Sanctions (ETS) and Branch Transformation Roll-out (BTR). These strategically important projects will have an intensive and extensive impact on the bank's business performance. The first phase of the AML project and IT infrastructure were both completed in line with requirements set by the State Bank of Vietnam.



## Wholesale banking

Wholesale banking is always crucial to VIB's sustainable business model, which significantly contributes to its business activities. To meet the increasing demands of local and foreign businesses (FDI) triggered by the country's strong economic growth, VIB has continued its customer-centric business activities, aiming to provide better service and expertise to corporate customers and being a leading bank in offering customized and diversified services.

### Identifying and creating target customer segments

2010 saw profound changes in customer segmentation strategies. VIB has identified and generated target customer segments to best respond to enterprises' core demands. While small and medium-sized enterprises (SMEs) are positioned as a key customer segment, big enterprises and FDI enterprises have an important role to play as well. VIB has conducted various market studies to define essential and relevant needs for each segment. Accordingly, overall benefits are provided to customers, including product and service packages at flexible prices, customized marketing programs and specialized sales teams to meet every special demand.

VIB has continued to expand its sales teams while developing an extensive network of customers. This reflects appropriate choices in identifying target markets

and leveraging of the VIB brand in customers' minds, thus gaining their strong confidence and active support.

Moreover, relationships have been strengthened with sector-based associations like the Vietnam Timber and Forest Product Association, Viet Nam Association of Seafood Exporters and Producers (VASEP), Vietnam Association of Small and Medium Enterprises and the Vietnam Steel Association to discuss and exchange business experiences, update market information on domestic products and exports and further develop business performance.

• **Diversifying products and services and offering customized product packages for each and every customer segment**

***Making a breakthrough in providing broader sets of solutions for cash flow management and payment transactions***

A strong, ongoing performance was recorded in 2010 in cash flow management, particularly the mobilization of funds, as illustrated by impressive growth, diversified products and services and flexible policies.

A range of account services with great diversity and versatility for corporate customers have been offered by VIB including: deposit payment account, EA50 Economic Account and the Overnight 100 deposit account. VIB paid particular attention to added conveniences for customers opening accounts, offering, inter alia: on-site account opening services, selecting lucky account numbers, progressive interest rates, and incentives on transaction fees. In 2010, VIB made great strides in recording an increase of 148% in deposits compared to 2009 and doubling the number of new accounts. These remarkable outcomes were can be attributed to VIB's proper policies on attracting and attending to customers, good quality of service and increased reputation among different customer segments, especially large-sized enterprises like corporations and groups.

Besides the achievements in fund mobilization, 2010 also witnessed a new step forward made by VIB. We launched the Cash Flow Management service for big corporate customers in the country's key sectors. The Cash Flow Management service allows corporate customers with a wide network of branches and distributors to flexibly control and manage their cash flows, thus maximizing profits, improving the quality of their products and services, and reinforcing their market status.

Whilst focusing on fund mobilization and cash flow management, the bank has continuously boosted its payroll services with perfect financial solutions for employers and employees that help save time, cost and

effort while ensuring confidentiality of information. Corporate customers also received timely support from VIB to deal with temporary financial deficits, while employees were able to benefit from different preferential programs covering card issues, electronic savings, overdrafts and mobile banking services.

**International settlement and Trade Finance**

In 2010, with a concentrated payment model, VIB's international standard centre for international payment and trade finance made greater investments in technology, equipment, a team of excellent experts, and a network of renowned agent banks worldwide. Plentiful foreign currency resources empower VIB in providing high quality services in international payments and trade finance for exporters, including: making international remittances; issuing, paying and funding import L/Cs; issuing notices and making payments for export L/Cs; export-import collection and issuing foreign counter-guarantees. Corporate customers can execute international transactions rapidly and effectively with high degree of safety and confidentiality in line with the international standards through VIB's online banking service called VIB4U. VIB has received high acclaim from foreign financial institutions and renowned banks such as Citibank Group, JPMorgan Chase, Wells Fargo and HSBC for its outstanding international payment services. Appreciation has also come from exporters and importers for VIB's expertise in facilitating international payment and trade finance.

Besides normal guarantee services like payment guarantees, contract performance bonds and bidding bonds, VIB is among very few banks in Vietnam offering counter-guarantee to foreign banks. Counter-guarantee elevates the image of Vietnamese businesses in terms of payment security when making deals in foreign countries even as it ensures the payment capacity of foreign partners to Vietnamese businesses when doing business and investing in Vietnam.

Last year, VIB expanded different support programs with preferential interests with total funding of USD200 million. Non-credit programs were also deployed, including deposits and FX with fee incentives supported by quick transactions and simple procedures for businesses in key export sectors. Some typical programs were: "VIB - Honoring Vietnam's golden rice"; "VIB - Standing by fisheries businesses;" and "VIB - Joining efforts to export Vietnamese coffee;" "VIB - Empowering timber enterprises to reach a new status" carried out in key economic areas like Mekong Delta, South Central and Ho Chi Minh City.

An integral part of providing package solutions on payment and import-export funding is optimal FX solutions for exporters and importers. In 2010, VIB introduced its model

with FX experts advising customers on how to trade in foreign currencies most effectively. We will continue this activity in 2011 in key import and export sectors.

In addition to preferential programs for exporters and importers, VIB also offered free value added services including the supply of information on sectors and products, import-export markets, seminars and lectures.

VIB was acclaimed as an “excellent provider of international payment services” in 2010 by Citibank and HSBC.

### Timely capital financing for businesses



With its thorough understanding and ability to meet working capital needs, VIB provided significant support for SMEs with medium-term and long-term capital via funding programs and cheap loans from JBIC, the Japan Bank for International Cooperation. VIB’s 48-hour car loan program offering outstanding on-time approval also widened access to bank finance for businesses.

VIB also managed to quickly respond to capital demands of businesses by offering deposit collateral loans with fast procedures and attractive interest rates for both SMEs and large enterprises. Big corporations were highly supported by corporate bond issuing guarantees from VIB to have easier access to capital for starting investment projects.

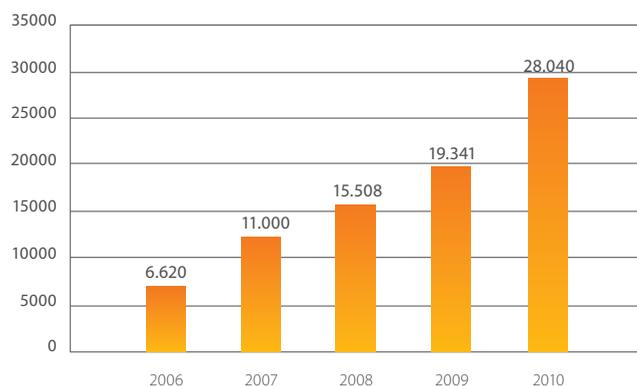
### Factoring

While providing preferential funds and effective financial solutions in international payment and trade finance, VIB also accelerated factoring to facilitate companies in terms of deferred payments.

A striking feature of domestic factoring is that no collateral asset is required once the purchaser satisfies VIB’s regulated conditions. The problem of having to have guaranteed assets is therefore removed for businesses, particularly SMEs. Simple formalities and dedicated staff also help businesses drive efficiencies in cost and time. After over 5 years offering this service, VIB has provided more than 300

businesses with factoring and over two thousand billion dong have been disbursed to address the capital demands.

### OUTSTANDING LOANS FOR CORPORATE CUSTOMERS (billion dong)



While credit activities have been stepped up, control of credit before and after disbursement has been closely and tightly executed, enabling VIB to supervise loans better and keep bad debts at a safe and relatively low level.

**• Providing relevant marketing programs for customer segments**

Marketing programs with full product packages for target customer segments and areas nationwide were also put in place during 2010. These included: “Welcome 2010 spring with VIB” marketing programs for enterprises in Forestry, Fisheries, Rice and Coffee sectors that offered customized packages. A tailored seminar for businesses in



rice and fisheries sectors named “increasing competitive competence for enterprises in Mekong delta region” was also held.

The bank also frequently hosted different tribute and customer care programs including: “Honoring typical corporate customers” ceremonies; surveys on corporate customers’ satisfaction; “give ideas - take spring gifts” initiative. It also celebrated International Women’s Day 8/3, Vietnamese Women’s Day 20/10, Vietnam Businessperson’s Day 13/10 and similar events with special programs.

**Participating in big projects with leading international and domestic financial institutions**

As VIB always maintains good relations with domestic and international financial institutions, it reaped positive results in cooperating with them last year, further enhancing its reputation in the local financial institution market and expanding relations with agent banks worldwide. Achievements in this sector include: successful implementation of the first phase of project SMEFP 3 – Small and Medium-Sized Enterprises Finance Project funded by JBIC, House Finance Program (HFP), and Trade Finance

Facilitation Program (TFFP) in which VIB was selected by Asia Development Bank as one of 10 participating banks. This engagement entitles VIB to enjoy L/C confirmation from over 400 reputed banks in the world.

**Strengthening human resources**

To remain relevant to wholesale banking sector’s needs, VIB appointed people to senior positions including Regional Manager, Product Control Manager and Business Center Manager from various famous credit and financial institutions within and outside the nation. One HR priority in 2010 was recruitment and training of an experienced business team to better serve customers and manage risks.

2011 is predicted to be an upturn for the world economy as well as the Vietnamese economy. It promises new growth opportunities for all businesses. VIB maintains its unwavering commitment to continuously provide diversified products and services, highly effective

financial solutions and advanced service quality to partner businesses for a prosperous and successful 2011.





## Retail banking

As VIB continued to pursue its goal to become “the most innovative and customer-centric bank in Vietnam” and reinforce retail banking, it released additional investment in 2010 to strengthen activities in retail banking – a young sector established in 2009.

As the year progressed, an outburst was seen in retail banking with the full participation of and heavy investment from internal and international banks. Retail banking stepped up its transition to a personal customer-focused business model for both domestic and foreign banks with expertise and experience. This provoked intense rivalry in retail banking.

In this context, VIB responded by making a host of improvements in structure, mechanism, recruitment and solutions to sharpen its customer services and strengthen retail banking. The individual customer segment was the premise for a series of specialized products and services ranging from mobilizing to financing and marketing. Retail banking also delivered strong results based on the expansion of technology, products and services, distribution networks and staff capacity.

### Extensive deployment of Branch Transformation Roll-out (BTR)

The BTR project was launched in 2009 highlighting a new sales and service model, office refurbishment, international standards and customer focus. During 2010, 61 branches in 3 out of 9 areas nationwide were successfully transformed. Employees in the transformed branches demonstrate high performance and enhanced individual capacity while customers enjoy full and detailed services and products of best quality and accuracy with simpler procedures. The refurbishment of transaction offices has created modern and professional transaction spaces offering pleasurable convenience and special experiences for customers.

**Preferential programs for customers with savings accounts**

VIB finished the year with excellent results in mobilizing funds, in terms of both number of customers and deposits, despite uncertainties in the capital market due to interest changes and fierce competition among banks.

Activities in 2010 included huge campaigns to retain current customers and attract new ones and seasonal promotion programs offering interesting gifts for customers. VIB also offered added value to customers when opening savings accounts with the bank. Some typical programs included: Lunar New Year promotion – “a gift for a new Spring brings a nice Tet home”; summer promotion – “Sweet Moment”; 1000 year anniversary of Hanoi promotion – “special souvenir for 1000 year celebration”; and VIB birthday promotion – “thank you for trusting us”; Christmas and New year promotion – “warm faith”.



Through the above promotion programs, flexible savings products and attractive interest rates, VIB positioned itself as a trusted and reputed bank for people who wish to save for their families and build a sustainable future. As at the end of 2010, mobilized deposits stood at 27,120 billion dong, up 44% compared to 2009.

**Proactive funding of diverse capital demands**

VIB also expended large amount of funds in 2010 as it responded customers’ diversified needs, ranging from residential home loans to car loans, consumption loans, individual business loans and overseas study loans. Outstanding loans at the year-end amounted to VND 15,115 billion. Customers not only enjoyed preferential interest rates but also flexible lending conditions and diversified products. Against uncertainties in interest rates, the bank managed to maintain stable lending interest rates which made customers feel secure when asking for loans, increasing their trust in the bank.

The Rural Development Funding project was also re-executed in phases 2 and 3 to help individuals, households, cooperatives and businesses increase their access to finance sources for production, boosting development

of the agriculture sector in particular and fostering rural socio-economic development in general. As at December 2010, outstanding loans under the project were VND128 billion, or 166% of the plan.

**International pre-paid VIB MasterCard**

In October 2010, VIB launched the first ever international pre-paid VIB MasterCard in Vietnam. VIB MasterCard allows customers to make online purchases and purchases at any place in the world where MasterCard is accepted, or withdraw cash from an ATM. The striking feature is that there is no bank account required and it can be easily reloaded with cash at participating locations or via internet banking or VIB’s mini ATMs. As a safe, flexible and reliable alternative to cash, customers can enjoy the convenience of prepaid VIB MasterCard to budget their money or make payments for business/pleasure or study trips all over the world. In just 2 months after the launch, more than 3000 international prepaid VIB MasterCard were issued.

2010 saw high growth in the issuance of cards by VIB, an increase of 125% against the set plan. A wide range of cards are now being issued to meet particular needs: the domestic debit card, VIB Values; domestic prepaid card, VIB gift-card; international credit card, VIB Chip MasterCard; and international prepaid card, VIB MasterCard.

**Expanding nation-wide network**

In 2010, VIB’s presence spread across all key areas nationwide with an extensive network of branches and transaction offices. Over 133 branches and transaction offices in 27 cities and provinces now offer convenience to customers in transacting with VIB. Numerous branches have been relocated and refurbished with modern retail spaces, modern equipment and advanced infrastructure to best serve customers.

**Optimizing transaction channels**

To meet the increasing transaction demands and payment with cards, VIB actively expanded the network of ATMs and POS and strengthened its connection with card alliances

to bring more convenience to customers. In April 2010, VIB established successful connections with the ATM of VNBC under which VIB card holders can execute transactions at all ATMs of the Card Alliances of Smartlink, Banknetvn and VNBC. VIB also connected to the POS system of the member banks with the Smartlink and Banknetvn alliances, which links millions of POS to VIB cardholders nationwide.

Following the Government's guidelines on promoting non-cash payment, VIB enhanced investment in internet banking, electronic wallet and SMS banking, to bring faster and more advanced transaction channels to customers. VIB issued e-wallets to different businesses, organizations and projects. One typical example was the project on school fees payment through the e-wallet for students of the Hanoi Foreign Trade University.

Payment services via internet banking and e-wallet also surged. Customers were encouraged to do transactions online such as buying online air tickets, paying phone bills via internet for prepaid subscribers, paying for online purchases. A series of preferential and promotional programs for consumers were also launched by VIB and its partners including buying cheap air tickets with Jetstar Pacific, giving gifts for first 100 customers buying air tickets via internet banking, discount when topping up with mobile phone subscribers.

The partnership model of Customer – Bank - Supplier was established in 2009 with a range of cooperation programs with strategic auto partners such as Toyota, BMW, Ford... Different preferential programs for customers were implemented, including the preferential programs for customers of Toyota in Mekong delta area, Northeast, the Central, South Central..., preferential programs

for customers buying BMW cars - coordinated by Euro Auto Joint Stock Company (Euro Auto). In real estate, a number of contracts with big partners were signed by VIB bringing opportunities of owning apartments and land for customers in acclaimed projects including Mulberry Lane in Ha Dong district, Spring Life, Villa Park...

Cross-selling programs of products and services to increase the number of typical customers also initiated this year. One significant instance was the cross-selling program of products and services for customers with payroll. After only 3 months of implementation, the bank managed to sign over 13,000 payroll accounts. Other products such as card, internet banking, and overdraft...with advantages were also offered to employees of businesses having their salaries transferred through VIB.

VIB will enter 2011 with a great momentum from the previous year. It will continue to accelerate retail banking and reinforce its position in this potential market in Vietnam by additional investment in technology, product development and strengthening customer service to meet the evolving needs of customers.



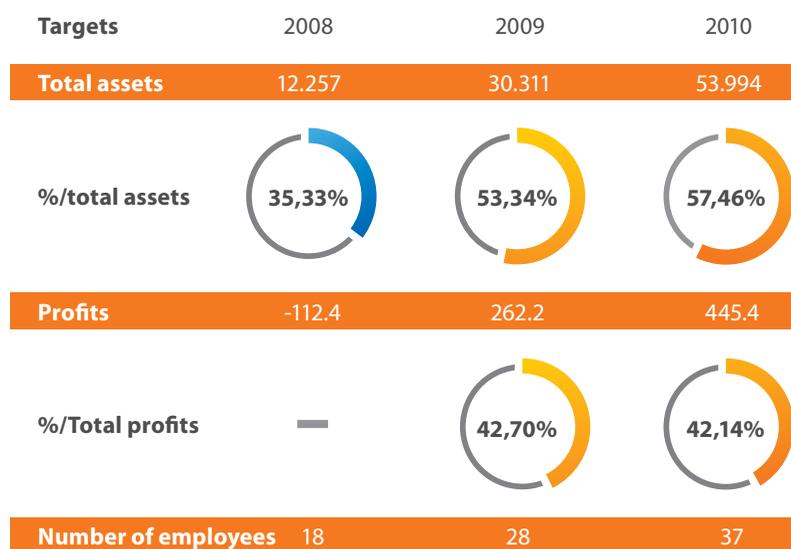


## Treasury activities

Monetary and banking markets in 2010 had an interesting year with dramatic and complicated changes on interest rate, forex rate, gold price and year-end liquidity. Credit growth surged above 27% and mobilization growth expanded more than 24% in the banking sector mirroring a prosperous year for banks. VIB made significant progresses and created solid foundations for successful implementation of the strategies for 2008-2013. With the joint efforts of VIB as a whole, the Treasury Division managed to ensure the following targets on its way of development:

- Setting up solid foundations and momentum for successive years.
- Improving immediate and short term solutions to achieve set targets.

Some accomplishments in VIB's treasury sector in the last three years were listed as follows,



Unit: billion dong

After VIB's one year of restructuring and creating momentum against 2008 global financial crisis, the Treasury Division reaped good results in finance, liquidity management of the system and supporting business divisions. The commitment, dedication and creativity of the whole division were highly appreciated by the BOD and the BOM.

### Restructuring the organization and human resources

The Treasury Division set up product-based departments with the current 6 units based on a modern and professional model and orientation:

- Forex and Gold Trading
- Currency Trading
- Capital Market
- Sales
- Asset - liability management
- Stock investment and trading

These departments have gradually become proactive and flexible in their activities with the risk limit approved by ALCO. The division leaders control its activities through giving directions at the beginning of the day or when unusual things happen on the market. Self-reliance and self-responsibilities of the Heads of Departments and experts are maximized to empower decision-making and flexibly deal with partners as well as rapid market changes.

Leaders and sales team lifted to 37 people at the end of the year. The growth in total assets and the rising number of managers and sales team ensure the increase in market share and the diversification of products and services with best quality.

### Establishing Fund Transfer Pricing (FTP)

One of the key tasks of the division is moderating capital in the entire system through FTP shown in the following perspectives:

- Centralizing all the capital sources at the Head Office to fix the capital price to supply and support activities such as credit loan, investment, trading, etc... at the business units or the Head Office. The centralization of capital also refers to the centralization of liquidity and interest risks at the Head Office for control and management.
- Being the basis to measure financial efficiency at the business units.
- Through the capital mechanism, encouraging or limiting mobilization or loans in a certain term or for a certain product based on market changes to limit risks in liquidity and interests.

Therefore in 2010, VIB decided to adjust the capital trading price mechanism among its business units for a more



accurate and equal efficiency assessment. This mechanism will enable the units with mobilized funds to sell capital to the Treasury Division and the units needing sources to buy capital from the Division. All the mobilized and disbursed funds of every business unit will follow the one price mechanism for each term. The changes in trading price are also flexibly applied depending on the real movements of market interests and competition among banks. Although the mechanism needs to be perfected, the adjustment responds well and motivates the units. In the coming time, FTP will be continually improved based on the capital price identification for each product and automation with technology support to bring about optimal capital business and management efficiency.

### Strictly following the operational safety ratios regulated in Circulars 13 & 19

The issuance of Circular No.13 which stipulates the safety ratios in operations of credit institutions in replacement of Decision No.457 and Circular No.19 amending and supplementing several articles of Circular No.13 requires commercial banks to further consolidate and drive business strategies towards safety and quality. The circulars directly affected the entire activities of the bank. The schedule required for implementation of and responding to the Circulars was also urgent. In light of this, VIB quickly set up the project teams and worked out the route map to follow guidance regulated in the circulars and ensure strict obedience. The Treasury Division was responsible for implementing the safety assurance ratio of liquidity and capital adequacy ratio (CAR) on daily basis.

From the first day of implementation of Circular No.13 (01/10/2010), VIB conducted liquidity administration as regulated in this Circular in the system as a whole and centralized control in the Treasury Division and the Risk Management Division. VIB's success in ensuring the liquidity management ratios as required by the State Bank of Vietnam was underpinned by management route map, proper implementation and the close coordination of divisions and departments.

2011 is likely to present opportunities and challenges in system administration. A liquidity management plan was set up by VIB to suit its business plan. Also, further improvement plans have been put for management quality of the ratios regulated in Circulars No.13 and No.19 and standards of IFC, ADB ...to ensure system safety and quick response to different market contexts.

#### **Growing customer base FI & Non-bank FI**

After nearly 15 years of operation, VIB has had business partnerships with most credit institutions in terms of currency, forex, valuable paper transactions... VIB has become a reliable and permanent partner of big credit institutions including state banks, foreign banks and top commercial joint stock banks in Vietnam. In some fields, VIB is very much at the forefront, contributing actively to liquidity of sectors such as forex and bond trading.

To further grow customer base, the Treasury Division further interacted with non-banking financial institutions including financial, securities, fund management and investment companies. These are potential customers not fully exploited in deposits, foreign currencies, repo/reversed repo and investment products. In 2010, the Treasury Division set up the Sales department emphasizing exploitation and development of this customer group. Initial results have been recorded. The amount of deposits surged and contributed largely to diversifying mobilized funds and improving liquidity in shortage of fund. Cross-selling transactions of foreign currency, bond, repo/reversed repo were also boosted up among departments and units in the division to meet the customers' needs.

#### **Supporting the development system for forex trading with exporters**

Facing unusual changes and scarcity of foreign currencies, supporting customers as exporters in trading and lending foreign currencies was put on top priority by the Treasury Division in 2010. VIB provides full support to customers in many perspectives:

**Updating market information:** the Treasury department updates daily market changes and sudden fluctuations for customers to be aware of and make timely decisions. In customer meetings, VIB has discussions on suitable product packages to give customers best choices to minimize risks of exchange rates while doing business.

**Advising on selling, purchasing, lending and depositing:** VIB's consulting team gives advice on the best time for selling or buying foreign currencies, risk insurance, lending/depositing foreign currencies in replacement of VND to maximize benefits and minimize financial expenses in doing business.

**Fixed price trading:** VIB fully supported to minimize expenses in foreign currency trading with fixed price, i.e., VIB will resell foreign currencies to customers at the same price sold by customers to VIB previously.



**Offering loans of super-low interest rates:** exporters with huge and stable volume of foreign currencies enjoy low interest loans in VND from VIB.

**Organizing economic seminars and business training sessions:** employees in Wholesale banking and exporters were the focus of these seminars and sessions for enhancing business proficiency.

The above supporting policies have contributed to the volume of foreign currency sale and purchase of nearly 1.5 billion USD from 1,000 importers and 500 exporters in different fields like oil, agricultural products: rice, coffee, etc... Subsequent services including export-import payment, LC, remittance, credit loan, etc... were also highly appreciated by customers doing transactions at VIB.

**Boosting trading activities**

Trading activities in different departments are the key sources of income for the Treasury division. Based on market changes and reasonable estimations, different assets are held to make profits on the price differences between selling and buying.

2010 was a year of robust growth for the Treasury Division with the increase in total assets of 178% and development in trading dimension of products. The volume of traded foreign currencies stood at 11.6 billion USD while bond revenue was around 10,000 billion dong and the peak for monetary investment balance reached 20,000 billion dong. Trading activities also focus on expanding new products. Trading of strong foreign currencies beside USD such as EUR, JPY, GBP...were set up through a team called G7 doing the trading in daytime and perhaps overnight in the not-too-distant future. Trading of gold and other products were still under study.

**Enhancing expertise of investment banking**

As the financial market expands resulting in diversified and complicated demands for capital and investment, VIB has developed products and services of investment banking to meet the needs of customers.

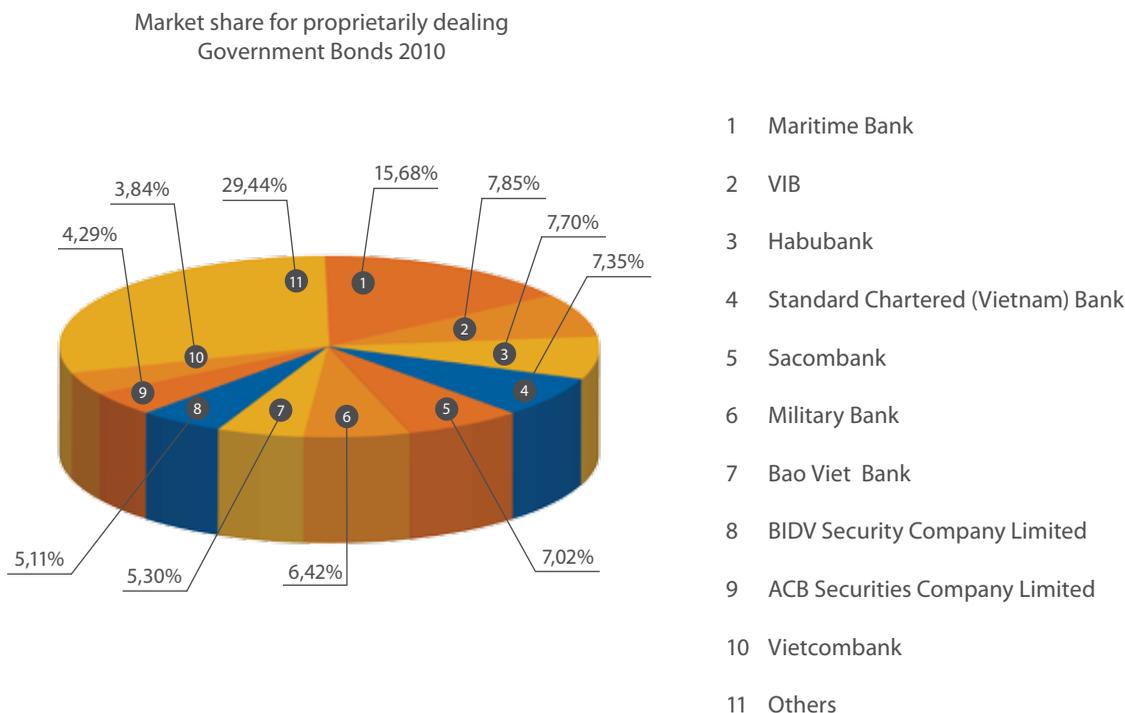
**Consulting, arranging, and underwriting corporate bonds**

These services facilitate enterprises to approach a channel of effective medium and long-term fund mobilization while helping them enhance their images. Thus, VIB's present customers and other state enterprises and corporations were strongly attracted by these services. Dozens of bond issuing transactions with volume of trillion dong were arranged and guaranteed by VIB to support various customers in different sectors such as construction, real estate, fishery, ship building, etc.

**Investing, capital contributing and joint-venturing**

These are considered a long-term business segment for VIB by contributing capital, obtaining long-term strategic shares in various sectors such as insurance, education, health, energy, etc... Besides short term loans, this also acts as a customer support channel aided by VIB's enterprise companion strategy.

**Structure products** were paid attention to for diversifying investment products and providing products and services to customers to secure risks. Initially, products such as Credit linked Note, IRS, Cross currency swap...promised to open up effective channels of investment and risk insurance.



Source: Annual Report 2010 – Hanoi Stock Exchange



## Growing and developing human resources

Human power is a core part to socio-economic development in general and business growth in particular. In light of this, VIB's Leadership has always put heavy investment in recruiting, training and developing human power at all levels.

### Rapid growth in number

2010 marked a substantial growth in the number of human resources with the total of 3,243 people employed as at 31/12/2010. As banks continuously expanded their networks, VIB strongly invested in developing the system of business units to obtain a larger market share and attract more customers in various provinces and cities nationwide. VIB has employed a large number of human resources from different places in the country for business activities in new branches and transaction offices. More than 1,000 people were newly recruited in only one year. One advantage of VIB is having a young HR structure with over 70% employed people under the age of 30. This source of young people who are willing to learn and possess good qualifications is put at the heart of the execution of VIB business strategies.

### Emphasized investment in recruitment quality

Pursuing the goal of becoming one of top three biggest commercial joint stock banks in Vietnam by 2013, VIB has immensely invested in searching, attracting and recruiting

human resources of good capacity, expertise and experience from different banks, insurance companies and international financial institutions. This source of human power owns expertise, morality and business mindset to learn new knowledge and face new challenges to gain success.

Notably, VIB has strong attraction to new graduates who wish to prove their capacity and dedication in working. VIB always offers opportunities for senior students in their final year to have internship in relevant divisions and departments. Excellent graduates with outstanding internship results will be preferred to be considered for vacancies. As a result, senior students always make their best efforts to study and have clear profession orientation before graduation. The attraction and nurture of talents play a key role in creating young, dedicated and creative human resources for VIB.

### Focus on training

Under the cooperation agreement with Commonwealth Bank of Australia (CBA), VIB received transfer of capability and management experience from this retail bank which has more than 100 years of experience in Australia and other countries. One of the commitments first implemented is training and developing the present human resources of VIB. Experts from Australia have accelerated the training

programs, profession route map, expertise and skills for staff at different levels.

Two training centers fully equipped in line with the international standards were built in HCMC and Hanoi to address the demand for uniform and comprehensive training in the entire system. Each center has a multipurpose training room with monitors, projectors, camera, sound, light, telephones; an E-learning training room with internet-connected computers for online training sessions and improving self-learning skills of staff and a bank model room designed similarly to a real branch with transaction counters, internet banking and ATMs. Here, the trainees of VIB are trained and practise in a close-to-real environment in order to achieve the highest efficiency in training.

The training programs are constantly improved and updated to match the actual business situations. Experts from Australia work closely with VIB trainers to jointly develop, finalize and implement training programs from basic to advanced levels. After each training session, meetings are held to draw lessons and discuss the changes on the content and timetable for better successive sessions. The surveys on training quality are also studied carefully for appropriate changes. The curriculum and training materials of VIB integrate international footprint with local ideas from VIB trainers to standardize VIB training needs. VIB always provides necessary training sessions to enhance staff's knowledge and skills to help them perform better in their work, whether it is a new comer or a senior management position... These sessions, which are considered non-material benefits for employees, covering initial integration training, professional training, computer training and English classes ....This striking strength in HR development has emerged as a key differentiator between VIB and other banks.

In addition to the training programs with VIB's trainers, cooperation contracts with external educational organizations were also signed by the bank to broaden the knowledge and skills required for the employees. These contracts were with large, reputable and experienced organizations which can drive VIB to meet the training needs of international standards which VIB embraces to. Thus, besides investment in development of the system and corporate governance, VIB has also concentrated on generating, training and developing human resources with high qualifications based on international standards to be able to serve customers in the most professional way. VIB also aims to establish the working environment where every staff is best developed in capacity and dedication to further contribute to the overall success of VIB in Vietnam's banking market.





## Communications and brand reinforcement

In 2010, VIB continued to launch various media communication campaigns and develop its brand to promote VIB's image to the public. Brand promoting was publicized by different media channels including television (VTV1, VTV3, HTV7, HTV9...), newspapers and online newspapers, and by internal communication network with newsletters, emails, and get-together activities.

Numerous reports analyzing and reflecting VIB's activities in 2010 were broadcasted by the media. The recognition of the mass media shown on different channels helped reinforce VIB's brand and bring it closer to customers, authorities and the public. In 2010, there were 1,638 news articles about VIB on the mass media, up 30% compared to 2009. Those included above 1,400 news articles on newspapers and online newspapers, 150 reports on television and the rest on the radio.

Communication and brand development achievements last year were reflected by the number of retained customers and the prestigious awards given by competent authorities, some of which were the Emulation Flag from the State Bank of Vietnam, "Excellent service and trading enterprise in 2010" from the Ministry of Industry and Commerce, "Best Bank in Savings and ATM Services" by Sai Gon Marketing Magazine...Those awards illustrate the

acknowledgment and acclamation on VIB's outstanding efforts from the competent authorities, organizations and the community. They also show VIB's unwavering commitments to strive harder to become a stronger, safer



and more effective bank and a great contributor to the prosperity of the country.

**VIB làm nóng thị trường**  
 Ngân hàng Quốc Tế  
 VIB đang làm nóng thị trường tài chính ngân hàng có phân hàng đầu

**Đầu tư**  
 Vietnam Investment Review  
 Tài chính - Ngân hàng  
 Ngày 11 tháng 10 năm 2010

**VIB - b**  
 VIB vừa ký kết hợp tác chiến lược với Ngân hàng Quốc Tế (CBA) để cùng nhau phát triển thị trường tài chính ngân hàng Việt Nam. Đây là một bước đi quan trọng của VIB nhằm nâng cao năng lực cạnh tranh và phục vụ khách hàng tốt hơn.

**GOLD BUSINESS**  
 Tổ mới trong hạt triển của VIB

**Strengths Partnership**  
 (B) has recently forged a strategic partnership with Commonwealth Bank of Australia (CBA), a bank which has made such a move in an interview with Mr. Wayne Hoy, General Manager Investments of Commonwealth Bank of Australia. The bank has formed strategic partnership with Vietnam International Bank (VIB), a bank which has made such a move. The partnership will help to strengthen the financial, people, cultural and trade linkages between the two countries and having strong and reliable banking services. Our goal is therefore to facilitate the financial, people, cultural and trade linkages between the two countries and having strong and reliable banking services. Our goal is therefore to facilitate the financial, people, cultural and trade linkages between the two countries and having strong and reliable banking services.

**The Saigon Times Weekly**  
 • IMPORT-EXPORT: ROBUST EXPORT-IMPORT VITAL FOR 2011  
 • SAIGON TIMES TOP 40: GREEN BUILDINGS TO EASE URBANIZATION IMPACT  
 • ENVIRONMENT: PUTTING THE ENVIRONMENT ON THE DRAWING BOARD

**MUTUAL BENEFITS**  
 Strategic partnership benefits both Vietnamese and foreign banks  
 Vietnam International Bank (VIB) has recently forged a strategic partnership deal with Commonwealth Bank of Australia (CBA), a bank which has made such a move in an interview with Mr. Wayne Hoy, General Manager Investments of Commonwealth Bank of Australia. The bank has formed strategic partnership with Vietnam International Bank (VIB), a bank which has made such a move. The partnership will help to strengthen the financial, people, cultural and trade linkages between the two countries and having strong and reliable banking services. Our goal is therefore to facilitate the financial, people, cultural and trade linkages between the two countries and having strong and reliable banking services.

**Vietnam Investment Review**  
 B banks on enjoying common wealth  
 Bank of Australia (CBA) has officially become Vietnam International Bank (VIB)'s foreign partner with a 15 per cent shareholding. VIB's chairman Han Ngoc Vu tells VIB's Nguyen Trang

**EXECUTIVE TALK**  
 "We consider the partnership with CBA as one of the favourable drivers for our sustainable and reliable growth."  
 - Han Ngoc Vu

**LIÊN ĐỒNG** số 242/2010 • Thứ tư ngày 30 tháng 10 năm 2010  
**Hợp tác CBA - VIB, Khách hàng sẽ là người hưởng lợi**  
 Mới đây, Ngân hàng Commonwealth Bank of Australia (CBA) chính thức trở thành cổ đông chiến lược nước ngoài của Ngân hàng Quốc Tế (VIB) ghi nhận một dấu mốc quan trọng trong quá trình phát triển của VIB. Với sự tham gia của CBA trong việc quản trị, điều hành các hoạt động của VIB, VIB sẽ có thêm ngân hàng liên kết, tăng cường năng lực quản trị rủi ro, quản trị nguồn nhân lực, tài chính và nguồn vốn, hỗ trợ nâng cao hiệu quả kinh doanh hướng đến một tương lai bền vững.

**Tiến tể & Đầu tư**  
 Tháng qua chúng tôi của CBA, VIB đã đạt được nhiều thành tựu đáng kể. Đây là một dấu mốc quan trọng trong quá trình phát triển của VIB. Với sự tham gia của CBA trong việc quản trị, điều hành các hoạt động của VIB, VIB sẽ có thêm ngân hàng liên kết, tăng cường năng lực quản trị rủi ro, quản trị nguồn nhân lực, tài chính và nguồn vốn, hỗ trợ nâng cao hiệu quả kinh doanh hướng đến một tương lai bền vững.

**Số 242 - Thứ Bảy - 9/10/2010**  
**VIB: Chuyển mình để khẳng định vị thế mới**

## Risk management

VIB's strategic partnership with Commonwealth Bank of Australia (CBA), one of the world's leading banks in 2010 has enabled the bank to gradually establish and perfect its framework and policies for risk management.

### Highlights in 2010

#### *Credit risk*

Credit risk is defined as the risk related to providing credit to customers and for some reasons, customers fail to pay partly or wholly or unable to make timely payment.

In 2010, VIB's credit risk management delivered strong performance triggered by policies and regulations related to credit risks in a wide range of perspectives such as credit policies, lending conditions, credit approvals, guaranteed assets...

#### *Market risk*

Market risk refers to the potential and adverse risk to a credit institution's banking activities resulting from unfavorable movements in the market, namely interest rates, foreign exchange rates, and stock and commodity prices, etc.

VIB's market risk management in 2010 recorded a number of achievements listed below:  
Perfecting the framework for market risk management, establishing the internal liquidity limit, timely warning proximity and violation to ensure liquidity risk in the approved limit.

Formulating measurement models, maximum cash inflow and outflow assumptions, internal liquidity rates for two main currencies VND and USD.

Building a Liquidity Contingency Plan (LCP) to respond to sudden movements in liquidity at different levels.

Setting the status limit for each currency for foreign exchange transactions and foreign currency derivatives



for the Head Office and branch levels based on the internal risk assessment system and in compliance with the State Bank of Vietnam's regulations.

Formulating a management framework consisting of transaction limits and rules and the reporting system in trading of stocks and bonds.

#### *Operational risk*

According to Basel II, operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk also refers to the risk related to laws but not strategy risk and reputation risk. Operational risk is regarded as one of the risks causing great loss to the banking sector in particular and financial institutions in general when it happens. Basel II identifies 7 main components in the operational risk, including: Internal Fraud; External Fraud; Working Practices and Workplace Safety; Clients, Products & Business Practices; Damage to Physical Assets; Business Disruption & System Failures; and Execution, Delivery & Process Management.

VIB's risk management in 2010 experienced progresses reflected by forming management frameworks on operational risk, including supervising risks, planning business continuity management (BCM) and enhancing credit risk control activities.

### Plans for 2011

#### *Credit risk*

In 2011, VIB plans to set up and deploy a number of projects with the aim of improving its credit risk management on a range of perspectives such as credit rating system, credit approval, supervision and assessment of loan quality, early warning on credit risk...

#### *Market risk*

Competence on market risk management will be enhanced via making full use of technology solutions to market risk management by renowned international companies as well as methods and approaches towards Basel II standards.

#### *Operational risk*

VIB will highlight the following tasks with the emphasis on completing the effective management of operational risks in the entire bank based on international practices and standard models:

Completing policies, procedures and tools for managing operational risks to increase performance; and publicizing about the operational risk in the whole system.

Leading the implementation of Business Continuity Planning (BCP) in key divisions and departments including IT, transaction handling center, foreign currency trading. Formulating strategies on BCM (Business Continuity Management), BIA (Business Impact Assessment), Business Cases, Project plan for the whole BCP project.

Coordinating with different divisions and departments in the system such as internal audit, credit management, general expertise, wholesale banking, retail banking and technology center to review the activities and relevant processes/ regulations in order to minimize risks and violations in the bank's operation.

Handling the formulation of processes to investigate agent banks, supervising other procedures of the AML division, building up AML/CTF/ETS processes for the entire system, and assessing the AML/CTF/ETS processes of related divisions and departments.

Supervising, reviewing and tracking risks periodically, reporting to the leaders and related divisions to enhance their awareness on operational risk.





## Modern

For our customers, time is money. The faster we connect our customers to their financial issues, the more satisfied they will feel. Hence, we always update and apply the best banking practices; also, we are determined to invest in advanced technologies in order to provide our customers with excellent banking services.

## Chapter III • Objectives for 2011

## Some key targets for 2011

As proposed by the Board of Management



The targets were assigned according to the internal management criteria; therefore, the figures are different from those in the audit report.

Unit: billion Vietnam Dong

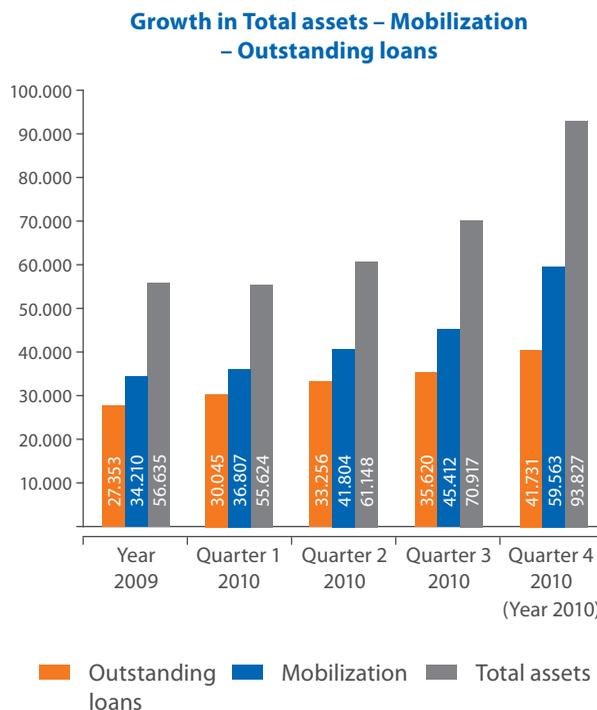
# ↑ Performance

We understand that customers always expect and deserve the best things. Hence, we always learn about customers' needs and meet the needs in a fast and accurate manner. We always make a great effort to improve performance.

## Chapter IV • Financial Statements

## VIB's outstanding figures in 2010

In 2010, the banking and financial market experienced various fluctuations; however, VIB worked out proper strategies and took specific actions to continue maintaining its growth in terms of both scale and operation quality. The entire bank's total assets increased by 66% against the previous year and reached 122% of the plan set.

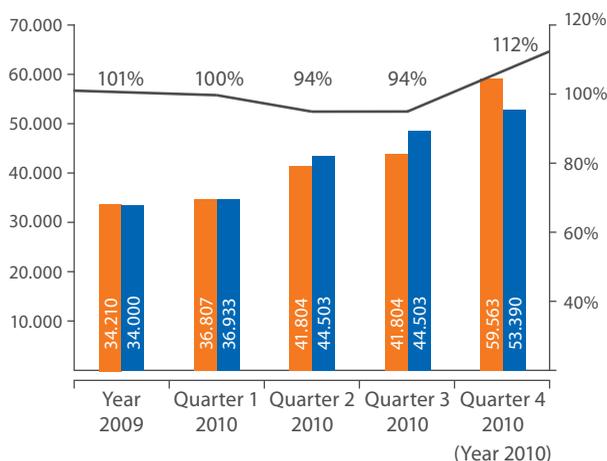


Source: Financial year-end figures from the consolidated audit report

Figures at the end of quarters extracted from the consolidated report, which was sent to the SBV.

In 2010, the capital market experienced various difficulties when the interest rates continuously increased. In late months of the year, all of the banks increased their interest rates and the SBV took different measures to stabilize the market. Facing this, VIB's Board of Management made decisions to adjust interest rates to suit the market and implemented many marketing and promotion programs. Along with the efficiency of implementing the new sales and service model, investments in the material facilities, building the brand and improving the banking service quality have helped VIB ensure liquidity and continue to grow in fund mobilization in order to serve the bank's capital plan. Until 31st December 2010, the total capital mobilized from the economy reached VND 59,564 billion, up over 74% against 2009 and 12% higher than the entire banking system's growth rate (27.2%). In which, the funds mobilized from individual customers and corporate customers increased by 44% and 37% respectively. Besides, in 2010 VIB issued VND 12,000 billion of bonds successfully. Together with the growth in capital, VIB maintained and developed a large volume of customers in the year.

### Growth in funds mobilized from individual customers and economic organizations against the plan



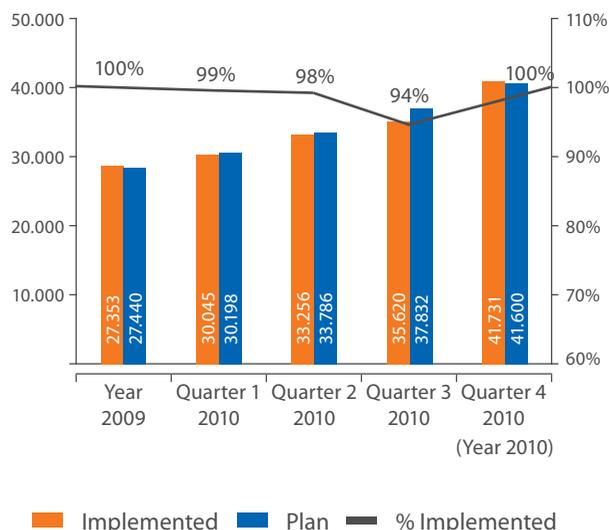
Source: Financial year-end figures from the consolidated audit report

Figures at the end of quarters extracted from the consolidated report, which was sent to the SBV.

In early months of 2010, the credit activities by industry grew at a slow pace due to the influence of the economic cycle and control measures of the SBV. To implement the tight credit policy and increase the security in the banking activities, the SBV issued Circular No.13, effective from 1st October 2010, limiting the growth in productive assets and credit. With the timely increase in its charter capital from CBA and flexible credit policies, VIB experienced high growth in outstanding loans in the last 4 months of the year. Until 31st December 2010, VIB's total outstanding loans reached VND 41,731 billion, up 52.6% against 2009. Along with the growth in credit, VIB also paid due attention to the credit quality and strengthened risk management in the lending activities. Thanks to this, its loans have been strictly controlled to ensure stability and sustainability. As a result, VIB's non-performing loans were at the rate of 1.59%.

Source: Financial year-end figures from the consolidated audit report  
 Figures at the end of quarters extracted from the consolidated report, which was sent to the SBV.

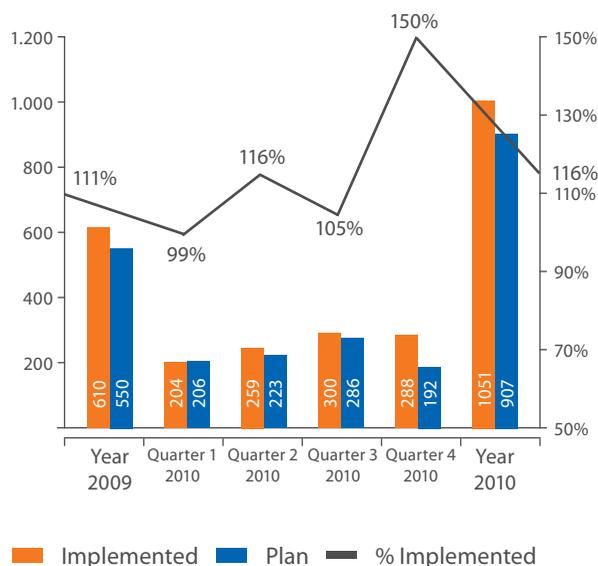
**Growth in outstanding loans for individual customers and economic organizations against the plan**



With an appropriate business strategy and its internal capacity improved, VIB achieved positive results in 2010. The bank's profit before tax reached VND 1,051 billion, up 72% against 2007 and 15% higher than the planned target.

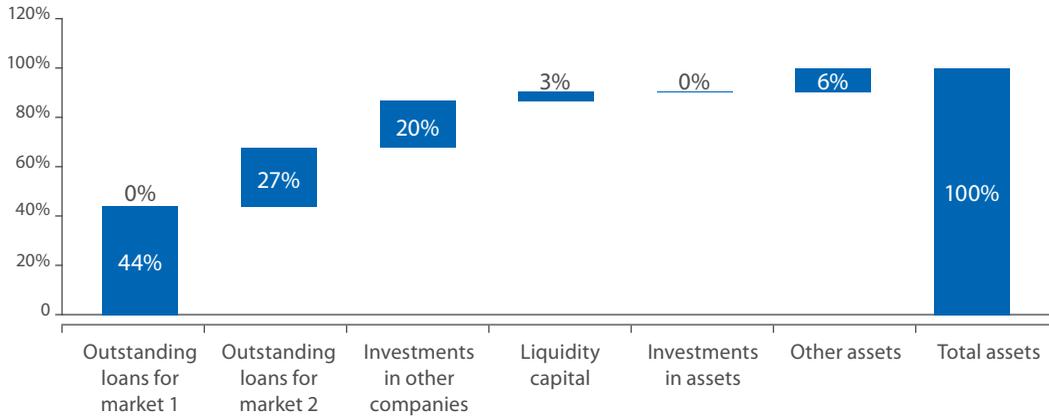
Source: Financial year-end figures from the consolidated audit report  
 Figures at the end of quarters extracted from the consolidated report, which was sent to the SBV.

**Growth in profit before tax against the plan**



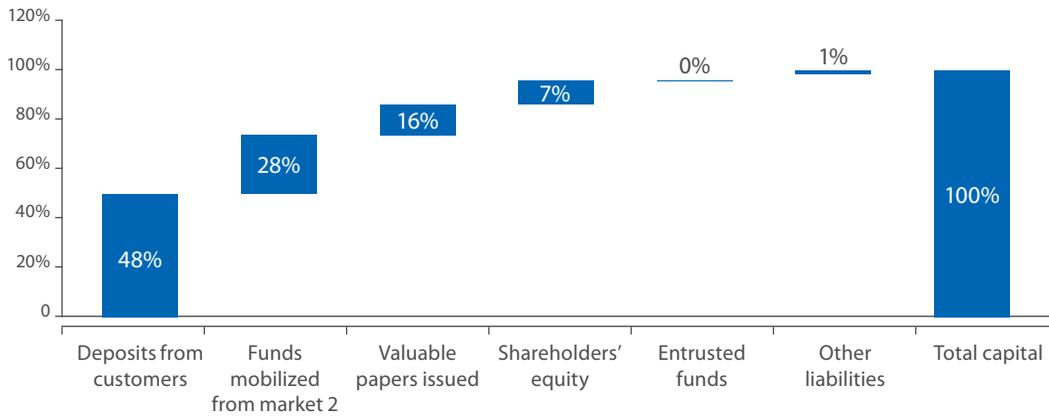
Targets	Value in 2010	Growth
<b><i>Incomes, expenses</i></b>		
• Net interest income	2.095	184%
• Net fee and commission income	231	152%
• Net gain from trading of foreign currencies	98	80%
• Net gain from trading of securities and investments in other entities.	32	42%
• Other net profit	79	79%
• Operating expenses	1.191	137%
• Profit before tax	1.051	172%
• Corporate income tax	260	172%
• Net profit after tax	791	172%
<b><i>Contributions of divisions</i></b>		
• Funds mobilized by Retail Banking against 2009	27.120	144%
• Funds mobilized by Wholesale Banking against 2009	19.244	137%
• Outstanding loans of Retail Banking against 2009	15.115	189%
• Outstanding loans of Wholesale Banking against 2009	28.005	145%
<b><i>Balance sheet</i></b>		
• Total assets	93.827	166%
• Loans to customers	41.731	153%
• Deposits from customers	59.564	174,1%
• Total liabilities	87.234	162%
• Shareholders' equity	6.593	224%
<b><i>Information on stocks</i></b>		
• Basic earnings per share	2.389	112%
<b><i>Operating figures</i></b>		
• ROE	23,70%	101%
• ROA	1,64%	109%
• CAR	10,06%	116%
• NIM	3,20%	110%
<b><i>Other information</i></b>		
• Number of employees	3.233	122%
• Number of business unit	136	118%
• Number of subsidiaries	2	200%

**Structure of the assets:**



Source: Financial year-end figures from the consolidated financial statements

**Structure of the liabilities:**



Source: Financial year-end figures from the consolidated financial statements

# Vietnam international commercial joint stock bank

## Corporate Information

<b>Banking Licence No.</b>	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.	
<b>Business Registration Certificate No.</b>	055772	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 13 September 2010. The investment licence was issued by the Hanoi Department of Planning and Investment	
<b>Board of Directors</b>	Mr. Han Ngoc Vu Mr. Dang Khac Vy Mr. Dang Van Son Mr. Trinh Van Tuan Mr. Ha Hoang Dung Mr. An Thanh Son Mr. Do Xuan Hoang Mr. Tran Nhat Minh Mr. Ronald Wayne Hoy Mr. Garry Lynton Mackrell	Chairman Member Member Member (resigned on 18/3/2010) Member (appointed on 18/3/2010) Member (appointed on 11/10/2010) Member Member (appointed on 11/10/2010) Member (appointed on 11/10/2010) Member (appointed on 11/10/2010)
<b>Board of Directors</b>	Mr. An Thanh Son Ms. Tran Hoai Nam  Ms. Duong Thi Mai Hoa  Mr. Le Quang Trung  Mr. Ho Van Long	Chief Executive Officer Deputy General Director, Head of Whole Sales Banking Deputy General Director, Head of Retail Banking Deputy General Director, Head of Treasury Chief Financial Officer
<b>Legal representative</b>	Mr. Han Ngoc Vu	Chairman
<b>Registered office</b>	8th, 9th, 10th floor, Viettower Building, 198 B Tay Son Trung Liet Ward, Dong Da District, Hanoi, Vietnam	
<b>Auditors</b>	KPMG Limited Vietnam	

## Independent auditor's report

**To the Shareholders**  
**VIETNAM INTERNATIONAL COMMERCIAL 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 2010 and the related consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorized for issue by the Bank's Board of Directors on 29 March 2011. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The financial statements of the Bank for the year ended 31 December 2009 were audited by another firm of auditors whose report dated 29 January 2010 expressed an unqualified opinion on those statements.

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 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 2010 and of their consolidated results of operations and their consolidated cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements.

### KPMG Limited

Vietnam

Investment Certificate No: 011043000345

Audit Report No: 10-02-164/1



Mark E. Jerome  
 Chứng chỉ kiểm toán viên số 0628/KTV  
 Phó Tổng Giám đốc

Hà Nội, 31-03-2011

Nguyễn Thùy Dương  
 Chứng chỉ kiểm toán viên số 0893/KTV

The consolidated financial statements:

**Balance sheet**

	Notes	31/12/2010 VND million	31/12/2009 VND million (Reclassified)
<b>A ASSETS</b>			
<b>I Cash and gold on hand</b>	<b>3</b>	<b>1.425.940</b>	<b>607.518</b>
<b>II Balances with the State Bank of Vietnam</b>	<b>4</b>	<b>1.257.600</b>	<b>937.968</b>
<b>III Balances with and loans to other credit institutions</b>	<b>5</b>	<b>25.304.089</b>	<b>17.416.619</b>
1 Deposits with other credit institutions		24.794.519	15.790.519
2 Loans to other credit institutions		512.275	1.639.490
3 Allowance for loans to other credit institutions		(2.705)	(13.390)
<b>V Derivatives and other financial assets</b>		<b>-</b>	<b>3.119</b>
<b>VI Loans and advances to customers</b>		<b>41.257.639</b>	<b>27.103.139</b>
1 Loans and advances to customers	6	41.730.941	27.352.682
3 Allowance for loans and advances to customers	7	(473.302)	(249.543)
<b>VII Investment securities</b>	<b>8</b>	<b>18.949.671</b>	<b>8.818.224</b>
1 Available for sale securities		18.958.331	8.818.224
3 Allowance for diminution in the value of investment securities		(8.660)	-
<b>VIII Long-term investments</b>	<b>9</b>	<b>241.315</b>	<b>290.684</b>
3 Investment in subsidiaries		-	87.762
4 Other long-term investments		259.997	219.779
5 Allowance for the diminution in the value of long-term investments		(18.682)	(16.857)
<b>IX Fixed assets</b>		<b>223.037</b>	<b>250.441</b>
1 Tangible fixed assets	10	149.195	181.108
a Cost		352.023	327.477
b Accumulated depreciation		(202.828)	(146.369)
3 Intangible fixed assets	11	73.842	69.333
a Nguyên giá		124.852	105.235
b Accumulated depreciation		(51.010)	(35.902)
<b>XI Other assets</b>	<b>12</b>	<b>5.167.638</b>	<b>1.207.406</b>
1 Receivables		4.046.319	351.310
2 Accrued interest and fee receivable		979.243	719.776
3 Deferred tax assets		1.516	-
4 Other assets		140.560	136.320
<b>TOTAL ASSETS</b>		<b>93.826.929</b>	<b>56.635.118</b>

The consolidated financial statements:

**Balance sheet**

	Notes	31/12/2010 VND million	31/12/2009 VND million (Reclassified)
<b>B</b>			
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>I</b>			
<b>Amounts due to the Government and the State Bank of Vietnam</b>	<b>13</b>	<b>3.601.857</b>	<b>3.656.505</b>
<b>II</b>			<b>14.935.175</b>
<b>Deposits and borrowings from other credit institutions</b>	<b>14</b>	<b>22.653.495</b>	14.935.175
1 Deposits from other credit institutions		21.605.730	-
2 Borrowings from other credit institutions		1.047.765	
<b>III</b>			<b>32.364.898</b>
<b>Deposits from customers</b>	<b>15</b>	<b>44.990.328</b>	
<b>IV</b>		<b>30.471</b>	-
<b>Derivatives and other financial liabilities</b>			
<b>V</b>		<b>209.875</b>	<b>23.695</b>
<b>Other borrowed and entrusted funds</b>	<b>16</b>		
<b>VI</b>		<b>14.573.375</b>	<b>1.845.230</b>
<b>Valuable papers issued</b>	<b>17</b>		
<b>VII</b>		<b>1.174.367</b>	<b>864.541</b>
<b>Other liabilities</b>	<b>18</b>		
1 Accrued interest and fee payables		752.142	511.844
3 Other liabilities		395.471	337.008
4 Provision for off-balance sheet commitments		26.754	15.689
<b>TOTAL LIABILITIES</b>		<b>87.233.768</b>	<b>53.690.044</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>VIII</b>		<b>6.593.161</b>	<b>2.945.074</b>
<b>Capital and reserves</b>	<b>19</b>		
1 Capital		5.652.951	2.401.389
a Share capital		4.000.000	2.400.000
c Share premium		1.652.958	26.539
g Treasury shares		(7)	(25.150)
2 Reserves		151.966	82.979
5 Retained earnings		788.244	460.706
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>6.593.161</b>	<b>2.945.074</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>93.826.929</b>	<b>56.635.118</b>

The consolidated financial statements:

## Balance sheet

	Notes	31/12/2010 VND million	31/12/2009 VND million (Reclassified)
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>I CONTINGENT LIABILITIES</b>			
2	Other guarantees	2.790.124	1.961.545
3	Letters of credit	949.588	835.544
<b>II OTHER COMMITMENTS</b>			
1	Undrawn loan commitments	2.175.305	2.530.940

Approved by:

  
 Ho Van Long  
 Chief Finance Officer

  
 An Thanh Son  
 Chief Executive Officer



29 MAR 2011

The consolidated financial statements:

**Statement of Income**

	Notes	2010 VND million	2009 VND million (Reclassified)	
1	Interest and similar income	20	6.821.796	3.723.608
2	Interest and similar expenses	20	(4.727.048)	(2.586.595)
<b>I</b>	<b>Net interest income</b>	<b>20</b>	<b>2.094.748</b>	<b>1.137.013</b>
3	Fee and commission income	21	303.864	199.314
4	Fee and commission expenses	21	(72.514)	(46.873)
<b>II</b>	<b>Net fee and commission income</b>	<b>21</b>	<b>231.350</b>	<b>152.441</b>
<b>III</b>	<b>Net gain from trading of foreign currencies and gold</b>		<b>97.562</b>	<b>122.213</b>
<b>V</b>	<b>Net gain from investment securities</b>	<b>22</b>	<b>12.798</b>	<b>67.443</b>
5	Other income		119.359	102.222
6	Other expenses		(40.649)	(1.823)
<b>VI</b>	<b>Net other income</b>		<b>78.710</b>	<b>100.399</b>
<b>VII</b>	<b>Income from investments in other entities</b>		<b>19.196</b>	<b>9.931</b>
<b>VIII</b>	<b>Operating expenses</b>	<b>23</b>	<b>(1.190.830)</b>	<b>(866.602)</b>
<b>IX</b>	<b>Operating profit before allowance and provision expenses</b>		<b>1.343.534</b>	<b>722.838</b>
<b>X</b>	<b>Allowance and provision expenses</b>	<b>24</b>	<b>(292.301)</b>	<b>(112.351)</b>
<b>XI</b>	<b>Profit before tax</b>		<b>1.051.233</b>	<b>610.487</b>
7	Income tax expense - current	25	(261.820)	(151.095)
8	Income tax expense - deferred	25	1.516	-
<b>XII</b>	<b>Total income tax expense</b>		<b>(260.304)</b>	<b>(151.095)</b>
<b>XIII</b>	<b>Net profit after tax</b>		<b>790.929</b>	<b>459.392</b>
<b>XV</b>	<b>Basic earnings per share (VND/share)</b>	<b>26</b>	<b>2.389</b>	<b>2.128</b>

Approved by:

  
Ho Van Long  
Chief Finance Officer

  
An Thanh Sơn  
Chief Executive Officer

The consolidated financial statements:

**Statement of cash flows**

	Notes	2010 VND million	2009 VND million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Interest and similar income received	6.562.330	3.402.196
02	Interest and similar expenses paid	(4.486.750)	(2.529.460)
03	Fee and commission income received	231.350	156.266
04	Net receipts from foreign currencies, gold and securities trading activities	119.020	136.941
05	Other income received	78.710	72.711
06	Proceeds from loans previously written off	-	1.485
07	Operating and salary expenses payments	(1.097.575)	(798.345)
08	Income tax paid	(236.912)	(53.287)
	<b>Net cash inflows from operating activities before changes in operating assets and liabilities</b>	<b>1.170.173</b>	<b>388.507</b>
<b>Changes in operating assets</b>			
09	Balance with and loans to credit institutions	(2.723.736)	(6.568.619)
10	Securities held for trading and investment securities	(10.132.907)	(3.946.576)
11	Derivatives and other financial assets	3.119	-
12	Loans and advances to customers	(14.378.259)	(7.578.173)
13	Write off on loan provision	(68.162)	(31.915)
14	Other assets	(3.667.008)	(153.282)
<b>Changes in operating liabilities</b>			
15	Amounts due to the Government and SBV	(54.648)	-
16	Deposits and borrowings from other credit institutions	7.718.320	10.701.315
17	Deposits from customers	12.625.430	8.459.604
18	Valuable papers issued	12.728.145	1.792.395
19	Other borrowed and entrusted funds	186.180	(3.801)
20	Derivatives and other financial liabilities	30.471	-
21	Other liabilities	12.748	183.959
22	Utilisations of reserves	(4.720)	(65.547)
<b>I</b>	<b>NET CASH INFLOWS FROM OPERATING ACTIVITIES</b>	<b>3.445.146</b>	<b>3.177.867</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
01	Payments for purchases of fixed assets	(44.768)	(60.708)
02	Proceed from disposal of fixed assets	-	48.003
07	Payments for investments in other entities	(40.218)	(74.259)
09	Dividends received from long-term investments	21.021	9.931
<b>II</b>	<b>NET CASH OUTFLOWS FROM INVESTING ACTIVITIES</b>	<b>(63.965)</b>	<b>(77.033)</b>

The consolidated financial statements:

**Statement of cash flows**

	Notes	2010 VND million	2009 VND million
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
01	Issuance of share capital	3.226.419	400.000
04	Dividend paid	(389.684)	(138.404)
05	Treasury shares	25.143	(1.816)
<b>III</b>	<b>NET CASH INFLOWS FROM FINANCING ACTIVITIES</b>	<b>2.861.878</b>	<b>259.780</b>
<b>IV</b>	<b>NET INCREASE IN CASH FLOWS FOR THE YEAR</b>	<b>6.243.059</b>	<b>3.360.614</b>
<b>V</b>	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>11.214.399</b>	<b>7.853.785</b>
<b>VI</b>	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>27</b>	<b>17.457.458</b>

Approved by:

  
 Ho Van Long  
 Chief Finance Officer

  
 An Thanh Son  
 Chief Executive Officer



29 MAR 2011

## Notes to the consolidated financial statements for the year ended

31 December 2010

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

### 1. Reporting entity

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 2010, the Bank's share capital is VND 4,000,000,000,000. Face value per share is VND10,000.

VIB's Head Office is located at 8th, 9th, 10th floor, Viettower Building, 198B Tay Son, Dong Da, Hanoi. As at 31 December 2010, the Bank has 132 business units including one (1) Head Office, one (1) transaction centre, twenty three (23) branches, nineteen (19) sub-branches, eighty four (84) transaction offices, one (1) transaction point, three (3) saving fund nationwide and two (2) subsidiaries.

As at 31 December 2010, 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 2010, VIB had 3,242 employees (31 December 2009: 2,709 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

## Notes to the consolidated financial statements for the year ended

31 December 2010 (continued)

accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about 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**

#### **Các công ty con**

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 Bank are eliminated on the consolidated financial statements. 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.

#### **Minority Interest**

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

### **(b) Fiscal year**

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

### **(c) 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.

### **(d) 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 revalued at the balance sheet date and the differences arising on revaluation are recorded in the consolidated statement of income.

### **(e) Investment securities**

Investment securities are classified into three categories: i) securities held for trading, ii) available for sale investment securities and iii) held to maturity investment securities. VIB classifies investment securities at the purchase date.

#### **(i) Securities held for trading**

Securities held for trading are debt or equity securities, which are acquired for selling in the short-term in order to realise profit gained from price differences. 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.

### Notes to the consolidated financial statements for the year ended

31 December 2010 (continued)

#### **(ii) Available-for-sale investment securities**

Available-for-sale investment securities are debt securities or equity securities, which are acquired for an indefinite period and may be sold at any time. Available-for-sale investment securities are stated at the cost of acquisition. They are subsequently measured at the lower of cost and market value. Premiums and discounts arising from purchases of debt securities are amortised to the consolidated statement of income using straight-line method over the period from the acquisition dates to maturity dates.

#### **(iii) 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 have the positive intention and ability to hold until maturity. Held-to-maturity investment securities are stated at cost. They are subsequently measured at the lower of cost and market value if there is indication of long-term diminution in value (In accordance with Official Letter 7459/NHNN-KTTC issued by the SBV on 30 August 2006). 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.

#### **(f) Long-term investments**

##### **(i) Other long-term investments**

Other long term investments are investments in the equity of companies of less than 11% of the voting rights. These investments are initially stated at cost of acquisition. Allowance for diminution in value is required for other long term investments when investee companies suffer losses, except when the loss was anticipated in their business plan before the date of investment (Note 2(g)).

##### **(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**

Loans and advances to customers 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 2010) is determined utilising the following allowance rates against principal outstanding as at 30 November 2010 less allowed value of collateral.

## Notes to the consolidated financial statements for the year ended

31 December 2010 (continued)

Group		Overdue status	Allowance rate
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%

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 2010, the Bank provided a general allowance of 0.75% of the above balances as at 30 November 2010 (31 December 2009: 0.65% of the above balances as at 30 November 2009).

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) Allowance for loans to other credit institutions

Allowance for loans to other credit institutions are calculated in accordance with Decision 493 and Decision 18.

### (j) 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 relevant groups and make specific allowances accordingly. The specific

## Notes to the consolidated financial statements for the year ended

31 December 2010 (continued)

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 2010, VIB provided a general provision of 0.75% of the above balances as at 30 November 2010 (31 December 2009: 0.66% of the above balances as at 30 November 2009).

### (k) 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 revalued 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.

### (l) Tangible fixed assets

#### (i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and the cost of dismantling and removing the asset and restoring the site on which they are located. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to 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
• Machineries	5 - 10 years
• Motor vehicles	6 years
• Others	2 - 7 years

### (m) 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 straight-line 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.

### (n) Provision

A provision other than those described in Notes 2(j) and 2(o) 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

## Notes to the consolidated financial statements for the year ended

31 December 2010 (continued)

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 2010, 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 2010. 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.

### (q) 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 share

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 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 2010, the Bank has allocated all reserves and equity funds from profit after tax for the year ended 31 December 2009 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.

## Notes to the consolidated financial statements for the year ended

31 December 2010 (continued)

### **(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(h) 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 Official Letter No. 4964/NHNN-KTTC dated 2 June 2008 issued by the State Bank of Vietnam, dividends received in the form of shares, bonus shares and rights to purchase shares of the existing shareholders, dividends received by VIB in form of shares distributed from retained earnings are recognised as an increase in the value of the investment and as income in the consolidated statement of income.

#### **(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**

The Bank presents its 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 the Bank by the weighted average number of ordinary shares outstanding during the year.

#### **(x) Related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control another party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subjected to common control or common significant influence.



# Intuitive

Human beings change over time and so do their demands. To make VIB a strong brand, we must always be closely attached to evolving needs of customers and the society we serve.



### 1. Information on shareholders

- Until the end of 2010, VIB had 1,392 shareholders holding 400,000,000 shares (equivalent to 4,000,000,000,000 VND).
- Structure of shareholders

Type of shareholders	Number of shareholders	Number of shares	%/Charter capital
State-owned legal person	1	2.262	0,0006%
Private legal person	14	74.233.028	18,5583%
Foreign strategic shareholder	1	60.000.000	15,0000%
Natural person	1.376	265.764.710	66,4411%
<b>Total</b>	<b>1.392</b>	<b>400.000.000</b>	<b>100%</b>

### 2. Charter capital

- Charter capital: VND 4,000 billion, including 701 treasury stocks
- In 2010, VIB increased its charter capital from VND 3,000 billion to VND 4,000 billion in two phases as follows:

	Phase 1	Phase 2
Charter capital	From VND 3,000 billion to VND 3,400 billion	From VND 3,400 billion to VND 4,000 billion
Amount of charter capital increased	VND 400 billion	VND 600 billion
Time of increase	June – July, 2010	September, 2010
Way and ratio of increase	Bonus shares distributed from the surplus fund with the ratio of 0.83%. Issue more shares to the current shareholders with the ratio of 12.5%	Offer separate shares to the foreign strategic shareholder (CBA) with the ratio of 15%.

### 3. Charter capital surplus fund

	2005	2006	2007	2008	2009	2010
Amount (million VND)	0	20.547	65.142	65.142	26.539	1.652.958

### 4. Earning Per Share (EPS)

	2005	2006	2007	2008	2009	2010
EPS (VND)	2.044	2.447	2.510	844	2.128	2.389

### 5. Dividend payment policy

- Dividend payment policy for 2010:

- › In May 2010: VIB paid dividends in cash for 2009 in two phases, with the ratio of 2.51%
- › In June 2010: In the 1st phase of increasing the charter capital in 2010 (from VND 3,000 billion to VND 3,400 billion), VIB distributed bonus shares from the surplus fund with the ratio of 0.83%.
- › At the Annual General Shareholders' Meeting (GSM) in 2011, estimated to take place before 30th June 2011, VIB will submit the profit distribution plan to the GSM for approval and set up funds in accordance with the laws.

- Dividend payment policy for the last 5 years:

Year	2005	2006	2007		2008	2009		2010
			Phase 1	Phase 2		Phase 1	Phase 2	
Dividend in cash	15%		15%	1,556%		13,2%	2,51%	
Dividend by share/ bonus share		13,6%			10,079%			0,83%

## Network of branches/ transaction offices



### Network of branches/ transaction offices

On 31st December 2010, VIB had:

- 1 Head Office (HO)
- 1 Main Transaction Office
- 133 branches, transaction offices and savings funds.
- In 27 provinces/ cities nationwide

#### In the North:

1. Hanoi: HO, Main Transaction Office, and 33 branches and transaction offices
2. Hai Phong: 2 branches and 4 transaction offices
3. Hai Duong: 1 branch, 1 transaction office, and 1 savings fund
4. Thai Binh: 1 transaction office
5. Quang Ninh: 2 branches and 6 transaction offices
6. Thai Nguyen: 1 branch and 1 transaction office
7. Vinh Phuc: 1 branch and 1 savings fund
8. Phu Tho: 1 transaction office
9. Thanh Hoa: 1 branch and 2 transaction offices

#### In the Central:

10. Nghe An: 1 branch, 2 transaction offices and 1 savings fund
11. Hue: 1 branch and 2 transaction offices
12. Da Nang: 2 branches
13. Quang Ngai: 1 branch and 1 transaction office
14. Binh Dinh: 1 branch
15. Daklak: 1 branch and 1 transaction office
16. Khanh Hoa: 1 branch and 1 transaction office
17. Lam Dong: 1 transaction office

#### In the South:

18. Dong Nai: 1 branch and 4 transaction offices
19. Ba Ria – Vung Tau: 1 branch and 2 transaction offices
20. Binh Duong: 1 branch and 1 transaction office
21. Tay Ninh: 1 transaction office
22. Ho Chi Minh City: 11 branches and 29 transaction offices
23. An Giang: 1 branch
24. Kien Giang: 1 branch
25. Can Tho: 1 branch and 1 transaction office
26. Dong Thap: 1 transaction office
27. Ca Mau: 1 transaction office



**Vietnam International Bank (VIB)**

Address: Floors 8, 9 and 10, Viet Tower Building  
198B Tay Son street, Dong Da, Hanoi, Vietnam

Điện thoại: (+84 4) 6 276 0068 - Fax: (+84 4) 6 276 0069

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