



**SAIGON - HANOI COMMERCIAL JOINT STOCK BANK**



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**Head office of SHB**  
No 77 Tran Hung Dao Street, Hoan Kiem District, Ha Noi.



## I. MESSAGE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Ladies and Gentlemen!

*On behalf of the Board of Directors, the Supervisory Board and the Board of Management, I would like to thank valuable shareholders, customers and partners for your trust in Saigon Hanoi Commercial Joint Stock Bank (SHB).*

*Saigon Hanoi Commercial Joint Stock Bank (SHB) was established under License No. 0041 NH/GP dated 13 November 1993 signed by the Governor of the State Bank of Vietnam. After 17 years of operation, SHB has gradually confirmed its reputation and position in the system of commercial banks in the country. Taking advantages from strategic shareholders being big Vietnamese groups such as Vietnam Coal and Mineral Group (Vinacomin), Vietnam Rubber Group (VRG), T&T Group... and big partners and customers such as Lilama Corporation, companies under EVN Group, corporations under PetroVietnam (PVN) Group, Truong Hai Joint Stock Company, VinaCapital Group, No. 1 Construction Corporation, Vietnam Coffee Corporation, Gentraco Joint Stock Company, Small and Medium Enterprise Association, Ho Chi Minh Youth Union, ... SHB has always benefited from the advantages of financing, foreign currencies, markets and a large customer base in all economic sectors. With the network of more than 100 transaction points nation-wide, diversified, attractive and competitive banking products and services, SHB has always been renovating itself and developing sustainably overtime.*

Ladies and Gentlemen!

*In its operations, SHB has always set out clear and long-term strategies, being active in forecasting and making suitable adjustments in each stage of development, ensuring competitiveness and making difference. The modern technology platform, young, enthusiastic and professional human resource, together with the harmony in management and governance have created comprehensive strength for SHB. Thanks to this, SHB has grown tremendously over years, developed in a safe and sustainable way. In 2009, although the world economy and the Vietnamese economy were still in difficulty, SHB reached a very promising business performance. Especially, there was one important event in SHB's development process: On 20 April 2009, SHB's share was officially listed in Hanoi Stock Exchange and for the year-end 2009, SHB was awarded as one of the most three liquid stocks in 2009. This meaningful event has confirmed the transparency and professionalism in SHB's activities, increasing its image and position in the country and in the world.*

*To reach the targets of becoming a modern multi-functional retail bank by 2012 and a strong financial holding group by 2015, since 2007, SHB, together with Vinacomin, VRG and T&T, has become founding shareholder to establish such companies as Saigon Hanoi Securities Company (SHS) (SHS's share was officially listed in Hanoi Stock Exchange on 25 June 2009), Saigon Hanoi Fund Management Company (SHF), SHB-VINACOMIN Insurance Company (SVIC). The strong development of those companies has contributed to the sustainable and long-term development of SHB.*

Ladies and Gentlemen!

*To continue its success, entering the year of 2010, right in Quarter I/2010, SHB issued successfully 1,500 billion dongs of convertible bonds (to be converted into shares in Quarter I/2011). At the same time, SHB has been very active to realize the Resolution of the 2009 General Shareholder Meeting approving the capital raising plan from 2,000 billion dongs to 3,500 billion dongs in Quarter II/2010. Some international financial and banking institutions have expressed their interests in becoming strategic shareholders to join in the management and governance in line with SHB's development strategy.*

*Continuing the advantages and outcomes reached in the past years, SHB has formulated the 2010 business plan to be submitted to the 2010 General Shareholder Meeting, in which all business targets are higher than 2009 and feasible to be reached, in line with the new development stage of SHB, meeting with expectations and trust of shareholders, customers and investors.*

*Once again, on behalf of the Board of Directors, the Supervisory Board and the Board of Management, I would like to extend to all of you my deepest sincere thanks. I would like to wish shareholders, customers, investors and the rest of you a new year 2010 of good health, happiness and success. Especially let me extend my sincere thanks and best wishes to all of SHB staffs, those who have been devoting themselves to the development of SHB. Let us continue to hold hands tightly together in harmony and determination for a Thriving SHB.*

*Thank you!*

Hanoi, 2 April 2010

Chairman of the Board of Directors

**Do Quang Hien**

## 1 KEY MILESTONES

- 1 On 13/11/1993:** Nhon Ai Rural Commercial Joint Stock Bank (The forerunner of Saigon – Hanoi Commercial Joint stock Bank (SHB)) was established according to banking license No. 0041/NH/GP issued by the Governor of the State Bank of Vietnam and was in official operation on 12/12/1993.
- 2 On 20/01/2006:** the Governor of the State Bank of Vietnam signed Decision No. 93/QĐ-NHNN approving for SHB to change its business model from a Rural Joint Stock Commercial Bank into an Urban Commercial Joint Stock Bank. Since then, SHB has achieved full functions of banking business, improving its financial capacity, developing different banking services and products, expanding network, increasing its competitiveness, highlighting a new development stage of SHB.
- 3 On 11/9/2006:** The State Bank of Vietnam signed Decision No. 1764/QĐ- NHNN approving the change of name from Nhon Ai Rural Commercial Joint Stock Bank into Sai Gon – Ha Noi Commercial Joint Stock Bank (SHB).
- 4 On 10/02/2007:** SHB signed Comprehensive Strategic Partnership Agreements with Vinacomin and VRG .
- 5 On 28/02 and 23/6/2007:** SHB decided to establish Saigon – Hanoi Joint Stock Securities Company (SHS) and Saigon – Hanoi Fund Management Joint Stock Company (SHF).
- 6 On 23/4/2008:** SHB decided to contribute capital to establish SHB-Vinacomin Insurance Joint Stock Company (SVIC) as a Founding Shareholder.
- 7 On 22/7/2008:** The State Bank of Vietnam signed a Decision approving the move of SHB’s Head Office Location from Can Tho to Ha Noi.
- 8 On 09/9/2008:** SHB officially organized the opening ceremony of its new Head Office at No. 77 Tran Hung Dao, Hoan Kiem District, Ha Noi. Locating head office in Hanoi will facilitate best conditions for SHB to access to the chances of developing and enhancing SHB’s position, because Ha Noi is the economic, financial, and political centre of the whole country and is the location of many leading domestic and international economic and financial institutions. Simultaneously, this is a key milestone to mark a turning point of SHB after changing business model, creating the first step to become a multi-functional financial holding group by 2015.
- 9 On 20/4/2009:** 50 million of SHB’s public shares was officially listed on Hanoi Stock Exchange with the stock code of “SHB”.
- 10 On 09/5/2009:** SHB officially signed the contract to implement the core-banking solution of Intellect Universal Banking with Polaris Software Lab. Ltd. – a Top company of core-banking solution in the world, marking an important step in the innovation and modernization progress of SHB’s banking technology.
- 11 On 06/8/2009:** Additional 150 million of SHB’s public shares was listed on Hanoi Stock Exchange.
- 12 On 31/12/2009:** The State Securities Commission issued the Certificate of Official Registration for Public Offering of Convertible Bond for Sai Gon – Ha Noi Commercial Joint Stock (SHB). Following the Certificate, SHB successfully offered total 15,000,000 convertible bonds (fifteen million convertible bonds) at maturity of 12 months convertible into common shares at par value of VND 100.000/bond. This fund mobilization supported SHB to increase its loan portfolio, improve infrastructure, modernize banking technology, facilitate the management and governance, increase competitiveness, develop business scale, affirm the prestige and position of SHB in the banking and financial markets, meet the expectations of shareholders and investors, and contribute partly to the national development.



**Standing Deputy Prime Minister Nguyễn Sinh Hùng handed Third-Class Labor Medal to Mr. Do Quang Hien – Chairman of SHB’s Board of Directors cum CEO of T&T Group.**



**SHB’s CEO – Mr. Nguyễn Văn Lê received from the Prime Minister the Merit Certificate for SHB’s staffs.**

## 1 VISION, CORE VALUE



SHB to become a leading modern multi-functional retail bank in Vietnam by 2012 with modern technology, professional human resource, nation-wide network to bring to partners and customers packaged, convenient, cost-saving and high quality banking services and products. By 2015 SHB to become a strong financial holding group under international standards.



# CORE VALUE



## Shareholder's benefits

SHB to ensure continuous growth, making profits, increasing the bank's value in a safe and sustainable way, bringing the maximum benefits to shareholders.

SHB to constantly increase the bank's value, for the sake of a Thriving SHB, bringing benefits and trust to shareholders and investors.

## Core is customers

SHB always focuses on customers in a professional and modern serving manner.

SHB commits to provide to customers diversified, convenient, friendly, quick and efficient banking services and products.

## Attaching importance to human resource development

SHB people are young, active, working in a professional and reliable environment.

Developing and taking pride in SHB's culture of creativeness, solidarity, creating development opportunities for all people, praising individuals of good achievements.

## Integrity and Transparency

SHB pays attention to regular risk management and internal control.

Increasing transparency and integrity in all operations in the whole system.

## Continuous renovation

SHB always set out competition strategy, making difference, listening, learning, renovating, reforming and developing.

## Brand values

SHB a modern multi-functional retail bank with reputation and position inside and outside the country.

SHB is: ***Solid partner***  
***Flexible solution***



1. HIGHLIGHTS IN BUSINESS PERFORMANCE IN 2009



Board of SHB

After the year of 2008 full of difficulties, the Vietnamese economy recovered and regained development in 2009. With the application of the Government's support package including borrowing interest rate subsidy, tax exemption and relief, export promotion, investment and demand stimulus, from GDP of 3.1% in Quarter I, economic growth increased to 4.5% in Quarter II, to 5.76% in Quarter III and to 6.8% in Quarter IV. GDP in 2009 was estimated to grow at 5.32% compared with 2008, which is an encouraging achievement in the context of declining world economy due to the impact from the world economic crisis and which has surpassed all forecasts at the beginning of the year.

**Some economic indicators of Vietnam in 2009**

| Indicator               | 2008   | 2009          |
|-------------------------|--------|---------------|
| GDP (%)                 | 6.5    | 5.32          |
| Inflation (%)           | 19.89  | 6.88          |
| Exchange rate (USD/VND) | 17,500 | 18,500-19,000 |
| Trade Deficit (Bn USD)  | (17.0) | (12.0)        |
| FDI (Bn USD)            | 64     | 20            |
| Disbursed FDI (Bn USD)  | 11     | 10            |
| FX Reserve (Bn USD)     | 23     | 16.5          |
| Credit Growth (%)       | 28     | 37.73         |
| Budget Deficit /GDP (%) | 4.9    | 6.9           |
| ICOR (times)            | 6.6    | 8.04          |

However, in 2009 there were many complications in the banking system with many changes in the State's policies, which directly affects the operations and profits of banks. Among the issues are changes in Government's credit policy, foreign currency crunch, as well as regulations to terminate gold trading on overseas accounts and closing gold exchanges.

In that context of the overall economy and the banking sector, SHB still gained remarkable achievements. Pre-tax profit reached 415.19 billion dong, surpassing 79.19 billion dong compared with the plan approved by the General Shareholder Meeting, surpassing 10.19 billion dong compared with the adjusted plan and increasing by 54% compared with 2008. Thanks to service quality and product diversification, the Bank's fund mobilization reached significant success. Funds

mobilized from market I (customer deposit) increase year on year. By the end of 2009, funds mobilized from market I (customer deposit) reached 14,672 billion dong (an increase of 05 times compared with end 2007). In 2009, SHB increased both quantity and quality of credit, in line with the growth in financing. Total loan outstanding of the Bank as of 31/12/2009 reached 12,829 billion dong, an increase of 105% compared with 2008. Non-Performing Loans (NPL), however, has always been below 3%.

Besides the promising business performance, in 2009, SHB also reached other targets. SHB's share was successfully listed on Hanoi Stock Exchange, bringing SHB to become one of the first three joint stock commercial banks listed on the stock market. Network has also expanded in terms of both quantity and quality. Currently SHB is present in almost 20 provinces and cities nation-wide with nearly 100 transaction points... In 2009, SHB gained many prestigious domestic and international awards, notably the title of "Best Trade Finance Bank in Vietnam in 2009" awarded by Global Finance – the most well-known magazine in finance and banking. Winning the award, SHB has proved its capacity in trade finance business, being recognized by the world's banking community.

## 2. ACTUAL BUSINESS PERFORMANCE VERSUS PLAN

In the context of changing domestic and international economy, the Board of Directors of SHB closely monitored economic and financial situations to set out directions and necessary adjustments to balance between growth, returns and risks.

**Table 2: Key financial indicators of SHB versus the plan**

| Indicator              | Unit    | Actual | Plan   | % of realization |
|------------------------|---------|--------|--------|------------------|
| Pre-tax profit         | Bn dong | 415    | 405    | 102%             |
| Total assets           | Bn dong | 27,469 | 22,000 | 125%             |
| Total loan outstanding | Bn dong | 12,828 | 11,055 | 116%             |
| Capital Adequacy Ratio | %       | 17.06  | 15%    | 114%             |

*(Audited Financial Reports 2009)*

2009 can be considered as a successful year of SHB with many plans and targets accomplished. The Bank not only reached the plan approved by the General Shareholder Meeting at the beginning of the year but also surpassed the adjusted plan approved by the Extraordinary Shareholder Meeting. Especially, as of 31/12/2009, total assets of SHB reached 27,469 billion dong (surpassing 34% compared with early-year plan and 25% compared with the adjusted plan).

## 3. OUTLOOKS AND PLAN FOR THE FUTURE

In 2010 there will continue to be many challenges to the Vietnamese economy in general and banking sector in particular. Besides contracting traditional banking businesses and the limitation of network expansion set out by the Government and the State Bank of Vietnam, 2010 is also an important transitional year before Vietnam officially opens its financial and banking markets (in 2011) under WTO commitments. These are both challenges and opportunities for commercial banks at the decisive moment when all domestic banks should increase their quality of service, maintain and develop their strengths to be competitive with foreign financial institutions.

Facing those challenges, SHB has set out its target markets of small and medium enterprises and individual customers. SHB will also focus on customers in fast-growing business sectors such as: coal industry, rubber industry, sea-product processing and export-importation, transportation, harbor logistics, hydro and thermal power, real estate construction and investment, etc. Besides, SHB will also target customers in rural areas, business households, consumer households and individuals.

Following the success reached in the past years, in 2010, SHB will continue to expand its network and business in a sound, safe and efficient way. As planned, the Bank will open new branches in some big cities such as Quang Ngai, Binh Phuoc, Hanoi, Ho Chi Minh City, Lang Son, Lao Cai... By the end of 2010, SHB plans to reach 650 billion dong of pre-tax profits, 40,000 billion dong of total assets, 23,500 billion dong of deposit from customers, and 20,000 billion dong of customer loans. Besides, SHB will continue to re-structure its organization structure under a modern retail bank, increase international relations to enhance its image and reputation in the international market, create a professional and efficient working environment, and confirm a typical corporate culture of SHB.



REPORT FOR 2009, PLAN FOR 2010 OF THE SUPERVISORY BOARD.

**I. 2009 ACTIVITY REPORT OF SHB SUPERVISORY BOARD.**

1. Electing 2 more Supervisory Board members.

The 17th General Shareholder Meeting on 20 March 2009 in Hanoi elected 2 more fulltime Supervisory Board members to ensure that half of the Supervisory Board members are fulltime under the State Bank of Vietnam (SBV)'s regulations. The election has been approved by the Governor of the SBV.

2. Appraising quarterly and annual financial reports of SHB.

The Supervisory Board has appraised the 2009 quarterly and annual consolidated financial reports of SHB.

Based on the appraisal of the quarterly and annual financial reports of SHB, the Supervisory Board is of the following opinions:

- Quarterly and annual financial reports of SHB are formulated in accordance with the SBV regulations and applicable accounting laws and regulations.
- SHB has organized the systems of finance, accounting and information reporting under Vietnamese Accounting Standards and other relevant laws and regulations. Quarterly reports are made timely, truly and accurately.

3. Participating in and managing Examination Teams in Branches:

The following branches were examined: Hanoi Branch in Jan 2009, Can Tho Branch in July 2009, Da Nang Branch in August 2009, Lam Dong Branch in October 2009.

4. Managing the Internal Audit Department under the Supervisory Board in 2009:

- a) The Supervisory Board has managed the Internal Audit Department under the Supervisory Board to formulate annual internal audit plan, formulating quarterly and annual internal audit reports submitted to the Board of Directors, the Chief Executive Officer and the SBV under regulations.
- b) The Supervisory Board has assigned 1 dedicated member to be Head of Internal Audit to directly lead the Internal Audit Department.
  - In 2009, the Internal Audit Department organized the following internal audit teams (with participation from other Departments) to internally audit the following branches: Quảng Ninh, Đà Nẵng, Đồng Nai, Cần Thơ, Nghệ An, Lâm Đồng, Hải Phòng, Khánh Hòa, Gia Lai.
  - Examining the following transaction offices of branches: 17 transaction offices (TOs) of Hanoi Branch (in coordination with the Internal Control Department of SHB); 09 TO's of Cần Thơ Branch; 02 TO's of Đồng Nai Branch (in coordination with the Internal Control Department of SHB); 05 TO's of Đà Nẵng Branch, 02 TO's of Nghệ An Branch; 02 TO's of Hải Phòng Branch; 01 TO of Khánh Hòa Branch; 01 TO of Gia Lai Branch. Examination scope: examining comprehensively all activities of the transaction offices.
  - Conducting 01 examination team on interest rate subsidized loans, compliance with foreign exchange management and banking prudential regulations at the Head Office.
  - Reviewing internal audit outcomes conducted by the Internal Audit Department: the content and outcomes of internal audits conducted by the Internal Audit Department are timely reported to the Board of Directors, Supervisory Board and Board of Management of SHB under regulations. Audited units have complied with laws and regulations of the Government, the State Bank of Vietnam and SHB's internal regulations, processes and procedures. However, there are some cases of small violations of SHB's internal regulations, the Internal Audit Department have recommended those units to make adjustments to ensure SHB's safe, efficient and compliant operations, and minimizing risks.
- c) Managing the off-site monitoring by the Internal Audit Department with regards to adjustment efforts made by SHB units post examination teams, audit teams and SBV supervision teams.

5. The Supervisory Board meets quarterly to review activities of the current quarter and set out plans for the following quarter.

6. Other work and activities requested by the Board of Directors and the Chief Executive Officer.





*Supervisory Board SHB*

## **II. 2010 ACTIVITY PLAN OF THE SUPERVISORY BOARD.**

The Supervisory Board has set out the following activity plan for 2010:

1. To amend the Regulation on Operations of the Supervisory Board in accordance with Decree No. 59/2009/NĐ-CP dated 16/07/2009 of the Government on the organization and operations of commercial banks and with the amended Charter of SHB in line with this Decree.
2. To appraise quarterly, biannual and annual financial reports of SHB in 2010 in accordance with regulations.
3. To manage the Internal Audit Department to conduct internal audits of SHB units in accordance with the 2010 annual audit plan approved by the Head of Supervisory Board.
4. To manage the Internal Audit Department to monitor adjustments to be made under recommendations of supervision teams, examination teams, internal audit teams by SHB's units to ensure that those units fully follow all recommendations made by supervision teams, examination teams and internal audit teams.
5. To manage the Internal Audit Department to cooperate with the Organization and Personnel Department to recruit new internal audit staffs for the Regional Internal Audit sub-departments.
6. To manage the standing unit of SHB's Anti-Crime and Corruption Steering Committee, the contact point unit of the Anti-Money Laundering Steering Committee (an unit under the Internal Audit Department under the Supervisory Board) to do their good jobs.
7. The Supervisory Board shall meet quarterly to review work done for the current quarter and set out activity plan for the following quarter.
8. To do other work under the terms of references when requested by the Board of Directors and the Chief Executive Officer.

## I. BUSINESS ENVIRONMENT



CEO Nguyen Van Le in meeting with Heads of SHB Departments

### 1. BUSINESS ENVIRONMENT

In 2009, especially in early part of the year, in the general context of the world economic crisis, there were quite a few difficulties in the domestic economy demonstrated by the declining export, investment, production, business and consumption. However, the Government of Vietnam timely issued macro-economic policies to stop the declining trend, gradually ensuring macro-economic stability and creating favorable conditions for socio-economic development through demand stimulus programs, especially the borrowing interest rate subsidy program applied to corporations via commercial banks, which helped local companies to cut down on costs of goods and expand their business. There were some difficulties in the financial and monetary markets in later months of the year due to the big volatilities in the domestic and international gold prices and the unexpected shooting-up of VND/USD exchange rate. However, the SBV has issued timely and flexible monetary policies such as: decreasing required reserves and decreasing key interest rates (prime interest rate in VND was down to 7%/year, refinancing rate down to 7%/year and discounting rate down to 5%/year; required reserves of VND demand deposits and time deposits of less than 12 month tenure were down to 3%, required reserves of VND time deposits of more than 12 month tenure down to 1%); allowing negotiable interest rates applied to consumer loans; widening the fluctuation band of VND/USD exchange rate from  $\pm 3\%$  to  $\pm 5\%$ ,... Those factors helped to stabilize the monetary market, facilitating commercial banks to expand their customer base and business in a safe way, facilitating exporters to do good business, limiting trade deficit and stimulating consumption of domestic goods as well. The achievements are demonstrated by the 2009 GDP growth rate of 5.3%, one of positive GDP growth rate countries in the world and one of the highest GDP growth rate countries in South East Asia.

### 2. BUSINESS PERFORMANCE

Facing the changes in the world economy and domestic economy, the financial and monetary markets saw a lot of volatilities in the gold price and the VND/USD exchange rate. SHB's business in 2009 also encountered a lot of difficulties. However, thanks to the timely and active forecasting, appropriate measures taken for each period of time, the harmony and efforts made by the Board of Directors, the Board of Management and all of SHB staffs, the support from local Governments at different levels, from the State Bank of Vietnam and especially the trust from valuable customers, investors and shareholders, the 2009 business performance of SHB was very impressive, all business targets surpassed the plan approved by the General Shareholder Meeting.



| Indicator  | 2008   | 2009    |
|--|--------|---------|
| Capital Adequacy Ratio   | 25.8%  | 17.06%  |
| Liquidity ratio of VND in the following 7 days                 | 114.8% | 112.18% |
| Liquidity ratio of VND in the following 1 month                | 75.8%  | 48.1%   |
| Ratio of using short term deposits for mid and long term loans | 6.7%   | 18.4%   |

#### Liquidity ratios

| Indicator                      | 2007  | 2008  | 2009  |
|--------------------------------|-------|-------|-------|
| Pre-tax Returns/average Equity | 27.1% | 12.7% | 17.7% |
| Pre-tax Returns/average Assets | 2.6%  | 2.1%  | 2.35% |

#### Profitability ratios

### 2.1. Liquidity

SHB's business grew safely and soundly over years. Capital Adequacy Ratio (CAR) of SHB has always been very high. By the end of 2009, CAR reached 17.06%, twice as much as the SBV's regulations.

The bank has been always good in liquidity management, liquidity ratios have always been 20% - 25% higher than the SBV's regulations.

Although the general trend of financing is short-term and many banks have been affected by the SBV's new regulations of decreasing the ratio of using short term deposits for mid and long term loans from 40% to 30%, SHB has always maintained this short term financing utilization ratio at low level.

### 2.2. Profitability

- Book value as of 31 December of 2009: 12,115đ/share
- Net earnings/share (EPS): 1,596đ/share

### 2.3. Business report

In 2009, SHB's business grew strongly compared with 2008. Total assets over-reached 24.8% of the plan; total funds mobilized over-reached 33% of the plan, total loan outstanding over-reached 16%, pre-tax profit over-reached 2.52%. Details of some key financials are in the following table:

(Unit: bn dong)

| No. | Indicator              | Actual<br>2007 | Actual<br>2008 | Growth<br>2008 vs 2007 |          | Actual<br>2009 | Growth<br>2009 vs 2008 |        |
|-----|------------------------|----------------|----------------|------------------------|----------|----------------|------------------------|--------|
|     |                        |                |                | (+)/(-)                | %(+)/(-) |                | %                      |        |
| 1   | Total assets           | 12,367.4       | 14,381.3       | 2,013.9                | 16.3%    | 27,469.2       | 13,087.9               | 91%    |
| 2   | Chartered capital      | 2,000.0        | 2,000.0        | -                      | 0.0%     | 2,000.0        | -                      |        |
| 3   | Total financing        | 9,896.6        | 11,743.2       | 1,846.5                | 18.7%    | 24,615.5       | 12,872.3               | 109.6% |
| 4   | Total loan outstanding | 4,183.5        | 6,252.7        | 2,069.2                | 49.5%    | 12,828.8       | 6,576.0                | 105.2% |
| 5   | Total operating income | 570.9          | 1,640.1        | 1,069.2                | 187.2%   | 2,017.2        | 948.0                  | 88.7%  |
| 6   | Pre-tax profit         | 176.2          | 269.4          | 93.2                   | 52.8%    | 415.19         | 145.79                 | 54.1%  |
| 7   | Post-tax profit        | 126.9          | 194.8          | 67.9                   | 53.5%    | 318.4          | 123.6                  | 63.4%  |



## 2. BUSINESS PERFORMANCE

### 2.4. Change in shareholder's capital in 2009

SHB did not have any change in shareholder's capital in 2009.

### 2.5. Share information

As of 31/12/2009, SHB has 200,000,000 ordinary shares and no bonds in circulation.

The number of shares in circulation is 200,000,000 shares, of which: 122,831,258 shares with transfer limitations and 77,168,742 shares of free transfer. After less than 1 year of listing, as of 28/10/2009, SHB has nearly 19,000 shareholders. As of 31/12/2009, SHB has total 200,000,000 listed shares (100% are ordinary shares). Number of treasury stocks held by the Bank is 467,596 shares.

### 2.6. Dividend

In 2009, based on the positive business performance in the first 6 months of 2009, SHB advanced dividend in the first tranche in cash for shareholders at the dividend ratio per chartered capital of 8%. Dividend was paid in cash on 09/09/2009.

With pre-tax profit in 2009 reaching 415.19 bn dong, SHB's Board of Directors approved the 2009 dividend ratio per chartered capital at 12.5% (an increase of 05% compared with the adjusted plan approved by the General Shareholder Meeting).

## 3. ACHIEVEMENTS

### 3.1. Management and Mobilization of funds

Fund management is centralized in SHB Head Office. Fund management is to ensure the structure of financing and fund utilization in compliance with capital adequacy ratios and liquidity ratios in banking under SBV and SHB internal regulations such as: Liquidity ratio of each currency in the following 7 days and 1 month are all higher than regulations, CAR over 8%, assets and liabilities management regulations, regulations on efficient fund utilization.

Forecasting difficulties in financing in the later months of the year, SHB focused on funds mobilization from Market 1 (Customer Deposit) right from the beginning months of 2009, especially time deposit of corporations and savings of individuals, by many flexible and attractive fund mobilization programs. The outcomes of those programs were very promising and created abundant financing to serve the bank's credit activities.

### 3.2. Credit activity and credit risk management

In the later half of 2009, especially in Q4/2009, almost all State-owned banks and big private banks limited themselves from credit disbursement due to hitting the credit growth cap set by the State Bank of Vietnam or due to VND crunch in the market to keep liquidity in year-end months. Meanwhile, SHB had already forecast the year-end market situation; therefore, SHB was very active in ensuring its financing, liquidity and credit growth in this period, which created and confirmed trust from big corporations and at the same time facilitating SHB to set up a strong and sound customer base of big customers, forming basis to further develop banking services in the coming years. In 2009, SHB always maintained credit growth in line with financing growth. Utilization of short term financing for mid and long term loans was always <30% under the SBV regulations.

The Bank has sufficiently and closely conducted appraisal, examination, pre, on and post control of loans to increase credit quality and closely monitoring overdue and non-performing loans. The Bank has also recovered to the utmost all overdue loans.

The Bank has made general and specific provisions in compliance with the SBV's regulations. 104,669 bn dong of provisions were made as of 31/12/2009 (17,890 bn dong were made in 2008).

The Bank has promoted loans to business sectors of stability, high exportation and high potentials such as: coal, rubber, sea products, rice, agricultural products and limited itself from providing loans to real estate sector and to securities trading in accordance with the SBV's regulations.



The Bank has increased the customer base of small and medium enterprises with stable business and in export sectors to develop import – export loan products to increase foreign currency income and the international payment and foreign exchange activities of the Bank. The Bank has formulated credit lines and loan regulations per products and per sectors in line with market developments in each period of time.

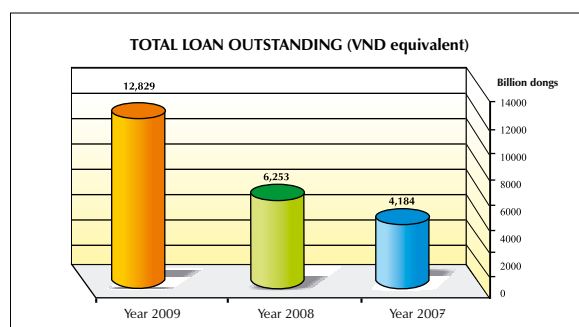
### 3.3. International payment

After 1 year of the international payment business, SHB has set up correspondent banking relationship with 154 banks in the world. The network of SHB's correspondent banks is quite large, covering Asia, Europe, America and Latin America...

Besides the development of customers of international payment services, SHB's international payment activities have always gained trust from its correspondent banks; SWIFT standard messages reach 98% of accuracy. SHB was awarded as “Best International Payment Bank 2009” by Wachovia/Wells Fargo Bank, the most reputational correspondent bank in the world and as “Best Trade Finance Bank in Vietnam in 2009” by Global Finance, the most well-known finance and banking magazine in the world.

In 2009, besides the USD and EUR accounts, SHB has opened many other accounts in other foreign currencies to serve customer's needs such as in SGD, JPY, AUD, GBP, HKD and 02 other multi-currency accounts. Besides, SHB has also completed the process of negotiations of cross-border trade finance in CNY with a big Chinese bank.

SHB has provided some special products such as: “No deduct transfer” (the receiver receives in full the money transferred) from Citibank, Wachovia, OCBC, Commerzbank, Bank of New York, Sumitomo Mitsui banking; “multi-currency transfer” (transfer in USD, EUR, SGD paid by different foreign currencies); guaranteed document checking by Wachovia, export documentary collection with unique price and packaged ...



### 3.4. Product development:

With the strategy of soon becoming a multi-functional retail bank, SHB has formulated product policies which are diversified, modern, and meeting with the needs and tastes of customers as well as the development plans of the bank in each period of time. In 2009, SHB issued many funds mobilization programs and products, loan programs and products, which were very convenient and attractive to customers and suitable to the areas where SHB branches are located. Consequently, the bank keeps old customers; the number of new customers and new balance of deposit form Market 1 (Customer Deposit) has increased; the bank has selected good borrowing customers, especially individual borrowing customers. This has created and confirmed the reputation and brand name of SHB to all customers nation-wide and at the same time helped SHB to take full advantages of the locations where SHB is present. Some programs are as follows:

- + Saving mobilization programs applied to all of SHB's network: “Supper Attractive Savings 3 +”, “SHB gives lucks, attaches trusts”; “SHB-happy children's day”; “Unique tenure, highest interest rates”, “Deposit cash, receive cash, take happiness”, “Spring comes, grateful to customers”, “Grateful to the Teachers”, “Supper attractive flexible savings”, “Year-end happiness”...
- + Specific programs applied to each location: “Double the happiness with SHB Đà Nẵng”, “Welcome the spring”, “Branch opening” programs applied to Khánh Hòa, Gia Lai, Lâm Đồng provinces, “Branch opening month, full of gifts” program applied to Hung Yen Province. Participating in those programs, corporate and individual customers enjoy many benefits when using SHB services such as discounting of domestic and international payment fees...
- + Applying some convenient services for saving customers: allowing customers to withdraw 1 day before maturity if the maturity date is holiday, swapping saving books with saving books of over 06 month tenure ...
- + Programs to present gifts to express gratitude to close and traditional customers of SHB.
- + Loan products and programs: Loans to buy Truong Hai cars, dynamic cars, businessman cars, overdraft, consumer loans, loans to support SMEs, newly established enterprises...

The Bank has set up many distribution channels through the Association of SMES, retail channels through showrooms, insurances companies (Pjico, Prevoir, SVIC,...), securities company (SHS).

### 3. ACHIEVEMENTS

#### 3.5. Network development:

Network development strategy of SHB is to expand network in locations of potential economic development to provide packaged banking services to customers, taking full advantages to develop market shares, and to be competitive in the future.

In 2009, SHB opened 07 new branches; those are SHB Lâm Đồng, SHB Khánh Hòa, SHB Gia Lai, SHB Kiên Giang, SHB An Giang, SHB Hưng Yên and SHB Quảng Nam and 28 new transaction offices.

#### 3.6. Human Resource Development:

SHB has restructured its organizational structure under a modern, neat and optimum model in line with development strategy of the bank.

SHB has issued terms of references of business, policy and support units at the Head Office and at the branches to ensure each unit promotes its competence to the maximum and closely coordinates among each other in harmony.

SHB has trained the staffs with code of conducts, expertise and knowledge to best serve customers.

SHB corporate culture has been created and trained to each staff.

SHB has provided old and new staffs with all necessary knowledge, expertise and skills by internal and outsourced training courses.

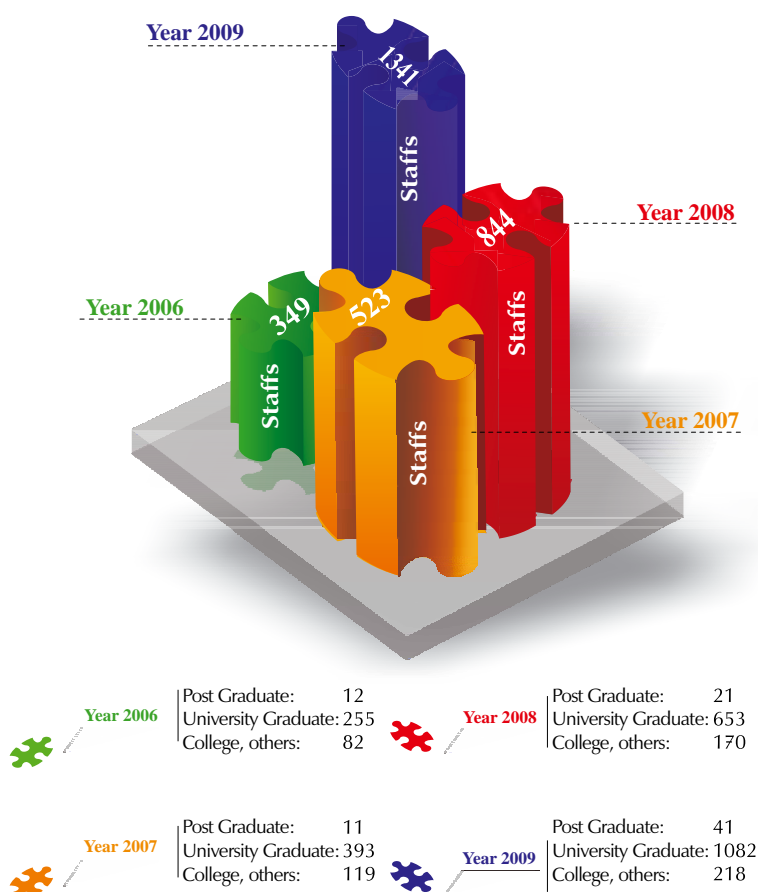
SHB has ensured the benefits of staffs in terms of salary, bonus, social insurance, medical insurance and other benefits. Total number of staffs as of 31.12.2009 was 1,341 people, an increase of 497 people compared with same period in 2008, 84% of which have bachelor and higher degrees.

#### 3.7. Banking modernization:

The information technology system of SHB has always been well managed and in good operation to ensure safety, security and convenience for business activities. SHB has developed and put into use many e-banking products, which have gained high trusts and good remarks from customers, such as:

- + SMS Banking, Internet Banking, Phone Banking: allowing customers to query account information such as account balance, interest rates, foreign exchange rates; to make bank transfer via phone or internet without having to go to the bank.
- + Internet banking connected to SH Securities Company to allow customers to open accounts online, query, print statements, list transactions, frozen, release, transfer, accounting by lots,.. securities trading services; express e-transfer software, Ezpay online payment software (for prepaid cards),
- + Software to provide phone charge payment services to VNPT in Ho Chi Minh City and Danang; Software to collect electricity bills for EVN in Hồ Chí Minh City; Software to connect with website Nganluong.vn to provide the product "Purchasing goods with SHB Ngân lượng"...

BREAKDOWN OF SHB STAFFS





Especially in 2009 SHB invested in technology modernization and applied two new systems, the core banking and core card systems, together with the equipment of the infra structure and technical facilities to help those two systems generate the best efficiency.

## 4. 2010 PLAN

### 4.1. Business objectives for 2010:

In 2010, the Business Plan of SHB targets the following key objectives:

To develop and expand business in a sound, safe and transparent way, focusing on and increasing the roles of back-office in each business operation.

To formulate and revise the personnel organization, rules, regulations and procedures based on the core-banking system, following the modern multi-functional retail bank model, increasing efficiency and corporate governance in the whole system.

To increase SHB's total assets from 27,000 bn dong to 40,000 bn dong, expanding the network to nearly 150 transaction points in the whole country, targeting SHB to become a Top 4 Vietnamese private bank head quartered in Hanoi and Top 10 Vietnamese private bank.

Funds mobilization from Market 1 (Customer Deposit), especially mobilizing individual savings, is key focus in 2010 besides credit growth. All business indicators will continue to meet with SBV's prudential regulations and SHB will continue to be rated as "A" by the SBV.

To increase international relations to increase the image and reputation of SHB in the overseas market.

To increase corporate governance by increasing internal control, to successfully implement the new IT systems. To maintain and develop "SHB culture", to train the human resource to create a professional, harmony and efficient working environment; and to confirm the reputation, brand name, and corporate culture of SHB.

### 4.2. Some key business targets for 2010:

- Total assets: 40,000 bn dong, an increase of 45.76% compared with 2009.
- Chartered capital: 3,500 bn dong, an increase of 75% compared with 2009
- Convertible bonds: 1,500 bn dong (the convertible bonds will be converted into common shares in early 2011 to bring SHB's chartered capital to 5,000 bn dong).
- Funds mobilized from Market I (Customer Deposit): 23,500 bn dong, an increase of 62.1% compared with 2009.
- Customer loans: 20,000 bn dong, an increase of 56% compared with 2009.
- Fixed assets: 1,500 bn dong, an increase of 76% compared with 2009.
- \* Profits and dividend:
  - Pre-tax profit: 650 bn dong.
  - Expected dividend ratio per chartered capital: 13.5%.
- \* Prudential ratios for 2010:
  - Capital adequacy ratio: 18% - 20%.
  - Ratio of utilizing short term financing for mid and long term loans < 30%.
  - Pre-tax Returns/average Equity: 23% - 25%
  - Pre-tax Returns/average Assets: 2.2% - 2.4%
  - NPL (loans group 3 - group 5)/total loan portfolio : 2%
  - Overdue loans (loans group 2 - group 5)/ total loan portfolio: 3%

**SAI GON – HA NOI COMMERCIAL JOINT STOCK BANK**

Audited Consolidated Financial Statements in compliance with Vietnamese Accounting Standards  
and Accounting System of Vietnamese Credit Institutions  
for financial year ending on 31<sup>st</sup> December, 2009



# AUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Report of the Board of Management
2. Independent Auditor's Report
3. Consolidated Balance Sheet
4. Consolidated Income Statement
5. Consolidated Statement of Cash Flow
6. Consolidated Retained Earnings Statement
7. Notes to Consolidated Financial Statements



## FINANCIAL STATEMENTS

### I. REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Saigon – Hanoi Commercial Joint Stock Bank is pleased to present its report and consolidated financial statements of the Bank and its subsidiary for the year ended 31 December 2009.

#### THE BANK

Saigon – Hanoi Commercial Joint Stock Bank (herein referred to as “the Bank”) is a joint stock commercial bank registered in the Socialist Republic of Vietnam.

The Bank was initially established on 13 November 1993 under Business License 0041-NH/GP issued by the State Bank of Vietnam (“the SBV”). The Bank was renamed as Saigon – Hanoi Commercial Joint Stock Bank under Decision 1764/QĐ-NHNN dated 11 September 2006 of the State Bank of Vietnam.

The Bank’s principal activities are to provide banking services including mobilizing and receiving short-term, medium-term and long-term deposits from organizations as well as individuals; making short-term, medium-term and long-term loans and advances to both organizations and individuals based on the nature and capability of the Bank’s sources of capital; foreign exchange transactions, international trade finance services; discount of commercial papers, bonds and other valuable papers; and other banking services as approved by the State Bank of Vietnam.

The Bank’s Head Office is located at 77 Tran Hung Dao Street, Hoan Kiem District, Hanoi. As at 31 December 2009, the Bank has one (1) Head Office, one (1) subsidiary and sixteen (16) branches nationwide.

#### RESULTS AND DIVIDENDS

The Bank’s summary of results and dividends is as follows:

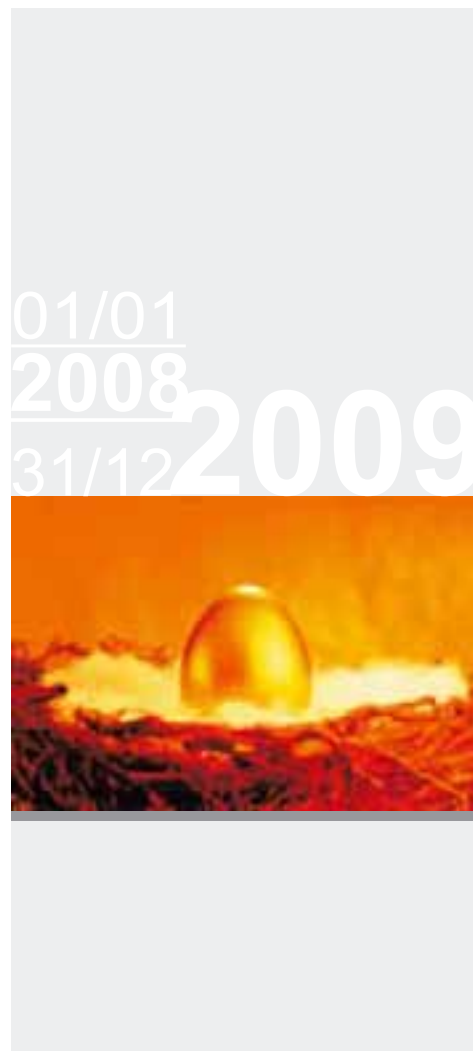
|  | 2009<br>VNDm | 2008<br>VNDm |
|--|--------------|--------------|
| Net profit for the year                  | 318,405      | 194,770      |
| Dividends announced for the year         | 159,606      | 159,836      |
| Retained earnings at the end of the year | 111,516      | 7,676        |

#### EVENTS SINCE THE BALANCE SHEET DATE

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements.

#### AUDITORS

The auditors, Ernst & Young Vietnam Limited, have expressed their willingness to accept reappointment.





*Signing Ceremony of Comprehensive Partnership between SHB and Vietnam Rubber Group, Vietnam Coal and Mineral Group.*

## I. REPORT OF THE BOARD OF MANAGEMENT

### STATEMENT OF THE MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Bank's management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated state of affairs of the Bank and its subsidiary and of their results and their cash flows for the year. In preparing those financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue its business.

The Bank's management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Bank and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Bank's Management has confirmed to the Board of Directors that the Bank has complied with the above requirements in preparing the accompanying consolidated financial statements.

### APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements which give a true and fair view of the financial position of the Bank and its subsidiary as at 31 December 2009, the results of their operations and their cash flows for the year then ended in accordance with Vietnamese Accounting Standards and System for Credit Institutions and comply with other relevant statutory requirements of the State Bank of Vietnam and the Ministry of Finance.

On behalf of the Board of Management,



Mr. Nguyen Van Le

General Director

Hanoi, Vietnam

30 March 2010



## INDEPENDENT AUDITORS' REPORT

**To: The Board of Directors and Board of Management of  
Saigon – Hanoi Commercial Joint Stock Bank**

We have audited the accompanying consolidated balance sheet of the Saigon – Hanoi Commercial Joint Stock Bank (“the Bank”) and its subsidiary as at 31 December 2009, the consolidated income statement, the consolidated statement of retained earnings, the consolidated statement of cash flows for the year then ended and the notes thereto (“the consolidated financial statements”) as set out on pages 5 to 58. These consolidated financial statements are of the responsibility of the Bank’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The Bank’s financial statements for the year ended 31 December 2009 were audited by other auditors whose report dated 3 March 2009 gave an unqualified opinion on those financial statements.

### Basis of Opinion

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

### Opinion

In our opinion, the accompanying consolidated financial statements, in all material respects, give a true and fair view of the financial position of the Bank and its subsidiary as at 31 December 2009, and of the results of their operations and their cash flows for the year then ended in accordance with Vietnamese Accounting Standards and System for Credit Institutions and with other relevant financial and accounting regulations stipulated by the Ministry of Finance and the State Bank of Vietnam.



*Ernst & Young Vietnam Ltd.*

Ernst & Young Vietnam Limited

*Vo Tan Hoang Van*

Vo Tan Hoang Van

Deputy General Director

Registered Auditor

Certificate No. 0264/KTV

Hanoi, Vietnam

30 March 2010

*Nguyen Chi Cuong*

Nguyen Chi Cuong

Auditor-in-charge

Registered Auditor

Certificate No.1103/KTV

### 3. CONSOLIDATED BALANCE SHEET

| ASSETS  | Notes | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|---|-------|--------------------|--------------------|
| Cash and cash equivalents                           | 4     | 139,081            | 67,479             |
| Balances with the State Bank of Vietnam ("the SBV") | 5     | 920,132            | 216,117            |
| Placements with and loans to other banks            | 6     | 6,357,324          | 2,945,975          |
| Placements with other banks                         | 6.1   | 6,357,324          | 2,945,975          |
| Loans and advances to other banks                   |       | -                  | -                  |
| Provision for credit losses of loans to other banks |       | -                  | -                  |
| Trading securities                                  | 7     | 16,500             | 480,531            |
| Trading securities                                  |       | 16,500             | 494,699            |
| Provision for impairment of trading securities      |       | -                  | (14,168)           |
| Derivatives and other financial assets              | 8     | 3,663              | 369                |
| Loans and advances to customers                     |       | 12,701,664         | 6,227,158          |
| Loans and advances to customers                     | 9     | 12,828,748         | 6,252,699          |
| Provision for credit losses                         | 10    | (127,084)          | (25,541)           |
| Investment securities                               | 11    | 4,865,643          | 1,955,500          |
| Available-for-sale securities                       | 11.1  | 3,335,951          | 955,000            |
| Held-to-maturity securities                         | 11.2  | 1,540,500          | 1,000,500          |
| Provision for impairment of investment securities   |       | (10,808)           | -                  |
| Long-term investments                               | 12    | 269,799            | 748,159            |
| Investments in subsidiaries                         | 12.1  | -                  | -                  |
| Investments in joint ventures                       |       | -                  | -                  |
| Investments in associates                           |       | -                  | -                  |
| Other long-term investments                         | 12.2  | 269,799            | 748,159            |
| Provision for impairment of long-term investments   |       | -                  | -                  |
| Fixed assets  | 13    | 853,627            | 823,991            |
| Tangible fixed assets                               | 13.1  | 126,040            | 97,167             |
| Cost  |       | 159,197            | 112,814            |
| Accumulated depreciation                            |       | (33,157)           | (15,647)           |
| Financial leases                                    |       | -                  | -                  |
| Cost  |       | -                  | -                  |
| Accumulated depreciation                            |       | -                  | -                  |
| Intangible assets                                   | 13.2  | 727,587            | 726,824            |
| Cost  |       | 729,942            | 728,521            |
| Accumulated depreciation                            |       | (2,355)            | (1,697)            |
| Investment properties                               |       | -                  | -                  |
| Cost  |       | -                  | -                  |
| Accumulated depreciation                            |       | -                  | -                  |
| Other assets  | 14    | 1,341,764          | 916,031            |
| Receivables   |       | 419,678            | 150,638            |
| Interest and fee receivables                        |       | 307,391            | 124,200            |
| Deferred income tax assets                          |       | -                  | -                  |
| Other assets  |       | 615,415            | 641,193            |
| In which: Goodwill                                  |       | -                  | -                  |
| Provision for other assets                          |       | (720)              | -                  |
| <b>TOTAL ASSETS</b>                                 |       | <b>27,469,197</b>  | <b>14,381,310</b>  |

| LIABILITIES   | Notes     | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|---|-----------|--------------------|--------------------|
| <b>Borrowings from the Government and the SBV</b>           |           | -                  | -                  |
| <b>Deposits and borrowings from other banks</b>             | <b>15</b> | <b>9,943,404</b>   | <b>2,235,084</b>   |
| Deposits from other banks                                   | 15.1      | 9,943,404          | 2,235,084          |
| Borrowings from other banks                                 |           | -                  | -                  |
| <b>Customer deposits and other amounts due to customers</b> | <b>16</b> | <b>14,672,147</b>  | <b>9,508,142</b>   |
| Derivatives and other financial liabilities                 |           | -                  | -                  |
| Other borrowed funds  | <b>17</b> | <b>31,884</b>      | <b>25,473</b>      |
| Valuable papers issued                                      |           | -                  | -                  |
| Other liabilities   |           | <b>404,717</b>     | <b>345,956</b>     |
| Interest and fee payables                                   |           | 171,248            | 132,952            |
| Deferred tax liabilities                                    |           | -                  | -                  |
| Other payables  | 18        | 229,910            | 212,571            |
| Provision for off-balance sheet commitments                 | 10        | 3,559              | 433                |
| <b>TOTAL LIABILITIES</b>                                    |           | <b>25,052,152</b>  | <b>12,114,655</b>  |
| <b>OWNERS' EQUITY</b>                                       |           |                    |                    |
| <b>Capital and Reserves</b>                                 | <b>20</b> | <b>2,417,045</b>   | <b>2,266,655</b>   |
| Capital   |           | 2,043,043          | 2,045,649          |
| Chartered capital   |           | 2,000,000          | 2,000,000          |
| Capital to purchase fixed assets                            |           | -                  | -                  |
| Share premium   |           | 48,000             | 48,000             |
| Treasury shares   |           | (4,957)            | (2,351)            |
| Preference shares   |           | -                  | -                  |
| Others  |           | -                  | -                  |
| Reserves  | 20        | 102,880            | 53,494             |
| Foreign currency translation reserve                        |           | -                  | -                  |
| Asset revaluation reserve                                   |           | -                  | -                  |
| Retained earnings   |           | 271,122            | 167,512            |
| <b>Minority interest</b>                                    |           | -                  | -                  |
| <b>TOTAL OWNERS' EQUITY</b>                                 |           | <b>2,417,045</b>   | <b>2,266,655</b>   |
|   |           | <b>27,469,197</b>  | <b>14,381,310</b>  |
| <b>OFF-BALANCE SHEET ITEMS</b>                              |           |                    |                    |
| <b>Contingencies</b>  |           |                    |                    |
| Credit guarantees   |           | 8,981              | -                  |
| Letters of credit   |           | 682,890            | -                  |
| Other guarantees  |           | 520,478            | 37,274             |
|   | <b>35</b> | <b>1,212,349</b>   | <b>37,274</b>      |

Prepared by



Ms. Ngo Thi Van  
Accountant

Approved by



Ms. Ninh Thi Lan Phuong  
Chief Accountant

Approved by



Mr. Nguyen Van Le  
General Director

Hanoi, Vietnam, 30 March 2010

The attached notes from 1 to 43 form part of these consolidated financial statements.



## FINANCIAL STATEMENTS

### 4. CONSOLIDATED INCOME STATEMENT

|  | Notes     | 2009<br>VNDm     | 2008<br>VNDm     |
|--|-----------|------------------|------------------|
| Interest and similar income  | 23        | 1,662,188        | 1,293,370        |
| Interest and similar expenses  | 24        | (1,018,747)      | (1,132,570)      |
| Net interest and similar income  |           | <b>643,441</b>   | <b>160,800</b>   |
| Fee and commission income  |           | 78,031           | 14,398           |
| Fee and commission expenses  |           | (17,949)         | (6,986)          |
| Net fee and commission income  | 25        | 60,082           | 7,412            |
| Net gain/loss from foreign currency trading                                | 26        | 52,487           | 26,023           |
| Net gain/loss from trading securities                                      | 27        | 31,939           | (14,168)         |
| Net gain/loss from investment securities                                   | 28        | 43,361           | -                |
| Other operating income   |           | 14,180           | 297,055          |
| Other operating expenses   |           | (2,434)          | (2,300)          |
| Net gain/loss from other operating activities                              | 29        | 11,746           | 294,755          |
| Dividend income  | 30        | 16,936           | 2,965            |
| <b>TOTAL OPERATING INCOME</b>  |           | <b>859,992</b>   | <b>477,787</b>   |
| Employee expenses  |           | (143,449)        | (85,398)         |
| Depreciation and amortization charges                                      |           | (17,996)         | (10,526)         |
| Other operating expenses   |           | (178,688)        | (94,611)         |
| <b>TOTAL OPERATING EXPENSES</b>  | <b>31</b> | <b>(340,133)</b> | <b>(190,535)</b> |
| Profit from operating activities before provision for credit losses        |           | 519,859          | 287,252          |
| Provision for credit losses  | 10        | (108,501)        | (17,891)         |
| Reversal of provision for credit losses                                    | 10        | 3,832            | -                |
| <b>PROFIT BEFORE TAX</b>   |           | <b>415,190</b>   | <b>269,361</b>   |
| Current enterprise income tax  | 19        | (96,785)         | (74,591)         |
| Deferred enterprise income tax   |           | -                | -                |
| Enterprise income tax ("EIT")  |           | (96,785)         | (74,591)         |
| <b>NET PROFIT FOR THE YEAR</b>   |           | <b>318,405</b>   | <b>194,770</b>   |
| Basic earnings per share   | 21        | 1,592            | 974              |
| <b>RETAINED EARNINGS AT THE BEGINNING OF THE YEAR</b>                      |           | <b>167,512</b>   | <b>127,873</b>   |
| Net profit for the year  |           | 318,405          | 194,770          |
| <b>RETAINED EARNINGS BEFORE APPROPRIATIONS</b>                             |           | <b>485,917</b>   | <b>322,643</b>   |
| Less:  |           |                  |                  |
| Reserves created for previous year   | 20        | (5,024)          | -                |
| Temporarily created reserves for current year                              | 20        | (49,876)         | (28,241)         |
| Final dividend payment for previous year                                   | 20        | (159,836)        | (100,000)        |
| Others   |           | (59)             | (26,890)         |
| <b>RETAINED EARNINGS AT THE END OF THE YEAR</b>                            |           | <b>271,122</b>   | <b>167,512</b>   |
| In which:  |           |                  |                  |
| Interim dividend paid for the year   | 14, 22    | 159,606          | 159,836          |
| Undistributed earnings for appropriation of reserves and further dividends |           | 111,516          | 7,676            |



## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

| OPERATING ACTIVITIES  | Notes | 2009<br>VNDm     | 2008<br>VNDm     |
|---|-------|------------------|------------------|
| Interest and similar income proceeds  |       | 1,608,021        | 1,330,247        |
| Interest and similar expense disbursements  |       | (980,452)        | (1,130,753)      |
| Fees and commission income proceeds   |       | 60,082           | 7,412            |
| Net gain/(loss) from foreign currency, gold and securities trading  |       | (35,538)         | 20,823           |
| Other operating income proceeds   |       | 10,551           | 293,707          |
| Proceeds from bad debts written-off   |       | 1,197            | 1,048            |
| Employee and other administrative expenses disbursements  |       | (327,964)        | (175,045)        |
| Enterprise income tax paid in the year  | 19    | (74,071)         | (54,639)         |
| <b>Net cash flows from operating profit before changes in operating assets and liabilities</b>                                |       | <b>261,826</b>   | <b>292,800</b>   |
| <b>Changes in operating assets</b>  |       |                  |                  |
| (Increase)/decrease in due from banks   |       | (539,946)        | 3,192,644        |
| (Increase)/decrease in trading and investment securities  |       | (2,423,694)      | (2,058,492)      |
| (Increase)/decrease in derivatives and other financial assets   |       | (3,294)          | (369)            |
| (Increase)/decrease in loans and advances to customers  |       | (6,576,049)      | (2,069,197)      |
| Decrease in provision for loan losses and provision for impairment of investment securities & long-term investments           |       | -                | -                |
| (Increase)/decrease in other assets   |       | (102,515)        | 486,613          |
| <b>Changes in operating liabilities</b>   |       |                  |                  |
| Increase/(decrease) in borrowings from the Government and the SBV   |       | -                | -                |
| Increase/(decrease) in due to banks   |       | 7,708,320        | (4,856,701)      |
| Increase/(decrease) in due to customers (including State Treasury)  |       | 5,164,004        | 6,703,273        |
| Increase/(decrease) in valuable papers issued (except for long-term valuable papers issued disclosed in financing activities) |       | -                | -                |
| Increase/(decrease) in other borrowed funds   |       | 6,412            | (26,426)         |
| Increase/(decrease) in derivatives and other financial liabilities  |       | -                | -                |
| Increase/(decrease) in other liabilities  |       | 255              | 74,289           |
| Reserve utilization   | 20    | (5,514)          | (4,172)          |
| <b>Net cash flows from operating activities</b>   |       | <b>3,489,805</b> | <b>1,734,262</b> |
| <b>INVESTING ACTIVITIES</b>   |       |                  |                  |
| Purchase of fixed assets  |       | (109,189)        | (490,704)        |
| Proceeds from sale of fixed assets  |       | -                | -                |
| Disbursements for sale of fixed assets  |       | -                | -                |
| Purchase of investment property   |       | -                | -                |
| Proceeds from sale of investment property   |       | -                | -                |
| Disbursements for sale of investment property   |       | -                | -                |
| Investments in joint ventures, associates and others  |       | (16,000)         | (365,559)        |
| Proceeds from sales of investment in joint ventures, associates and others  |       | 501,000          | -                |
| Dividend receipts from long-term investments in the year  |       | 7,475            | 2,964            |
| <b>Net cash flows from investing activities</b>   |       | <b>383,286</b>   | <b>(853,299)</b> |
| <b>FINANCING ACTIVITIES</b>   |       |                  |                  |
| Increase in chartered capital   |       | -                | -                |
| Proceeds from subordinated debts to increase tier 2 capital   |       | -                | -                |
| Repayment of subordinated debts to reduce tier 2 capital  |       | -                | -                |
| Dividends payment to shareholders   |       | (223,465)        | (95,976)         |

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

| <b>FINANCING ACTIVITIES (Continued)</b>                       | Notes | 2009<br>VNDm     | 2008<br>VNDm     |
|---|-------|------------------|------------------|
| Purchase of treasury shares                                   | 20    | (2,606)          | (2,351)          |
| Proceeds from sale of treasury shares                         |       | -                | -                |
| <b>Net cash flows from financing activities</b>               |       | <b>(226,071)</b> | <b>(98,327)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   |       | <b>3,647,020</b> | <b>782,636</b>   |
| <b>Cash and cash equivalents at the beginning of the year</b> |       | <b>2,774,517</b> | <b>1,991,881</b> |
| Foreign exchange difference                                   |       | -                | -                |
| Cash and cash equivalents at the end of the year              | 32    | 6,421,537        | 2,774,517        |

Prepared by



Ms. Ngo Thi Van  
Accountant

Approved by



Ms. Ninh Thi Lan Phuong  
Chief Accountant

Approved by



Mr. Nguyen Van Le  
General Director

Hanoi, Vietnam, 30 March 2010

## 6. REPORT ON CONSOLIDATED RETAINED EARNINGS

| <b>OPERATING ACTIVITIES</b>  | Notes  | 2009<br>VNDm   | 2008<br>VNDm   |
|--|--------|----------------|----------------|
| <b>RETAINED EARNINGS AT THE BEGINNING OF THE YEAR</b>                      |        | <b>167,512</b> | <b>127,873</b> |
| Net profit for the year  |        | 318,405        | 194,770        |
| <b>RETAINED EARNINGS BEFORE APPROPRIATIONS</b>                             |        | <b>485,917</b> | <b>322,643</b> |
| Less:  |        |                |                |
| Reserves created for previous year   | 20     | (5,024)        | -              |
| Temporarily created reserves for current year                              | 20     | (49,876)       | (28,241)       |
| Final dividend payment for previous year                                   | 20     | (159,836)      | (100,000)      |
| Others   |        | (59)           | (26,890)       |
| <b>RETAINED EARNINGS AT THE END OF THE YEAR</b>                            |        | <b>271,122</b> | <b>167,512</b> |
| In which:  |        |                |                |
| Interim dividend paid for the year   | 14, 22 | 159,606        | 159,836        |
| Undistributed earnings for appropriation of reserves and further dividends |        | 111,516        | 7,676          |

Prepared by



Ms. Ngo Thi Van  
Accountant

Approved by



Ms. Ninh Thi Lan Phuong  
Chief Accountant

Approved by



Mr. Nguyen Van Le  
General Director

Hanoi, Vietnam, 30 March 2010

The attached notes from 1 to 43 form part of these consolidated financial statements.







## 7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Saigon – Hanoi Commercial Joint Stock Bank (herein referred to as “the Bank”) is a joint stock commercial bank registered in the Socialist Republic of Vietnam.

#### Establishment and Operations

The Bank was initially established on 13 November 1993 under Business License 0041-NH/GP issued by the State Bank of Vietnam. The Bank was renamed as Saigon – Hanoi Commercial Joint Stock Bank under Decision 1764/QĐ-NHNN dated 11 September 2006 of the State Bank of Vietnam.

The Bank’s principal activities are to provide banking services including mobilizing and receiving short-term, medium-term and long-term deposits from organizations as well as individuals; making short-term, medium-term and long-term loans and advances to both organizations and individuals based on the nature and capability of the Bank’s sources of capital, foreign exchange transactions; international trade finance services; discount of commercial papers, bonds and other valuable papers; and other banking services as approved by the State Bank of Vietnam.

#### Chartered Capital

The initial chartered capital of the Bank was VNDm 400 and subsequently supplemented based on the business operating plan of the Bank over the time. The actual chartered capital as at 31 December 2009 was VNDm 2,000,000 (at 31 December 2008: VNDm 2,000,000).

#### Board of Directors

Members of the Board of Directors during the year 2009 and as at the date of this report are:

| Name               | Position | Date of appointment       |
|--------------------|----------|---------------------------|
| Mr. Do Quang Hien  | Chairman | Appointed on 16 June 2008 |
| Mr. Nguyen Van Le  | Member   | Appointed on 16 June 2008 |
| Mr. Nguyen Van Hai | Member   | Appointed on 16 June 2008 |
| Mr. Tran Ngoc Linh | Member   | Appointed on 16 June 2008 |
| Mr. Phan Huy Chi   | Member   | Appointed on 16 June 2008 |
| Mr. Tran Thoai     | Member   | Appointed on 16 June 2008 |

#### Board of Controllers

Members of the Board of Controllers during the year 2009 and as at the date of this report are:

| Name                     | Position                              | Date of appointment       |
|--------------------------|---------------------------------------|---------------------------|
| Ms. Dam Ngoc Bich        | Head of the Board of Controllers      | Appointed on 16 June 2008 |
| Mr. Nguyen Huu Duc       | Vice Head of the Board of Controllers | Appointed on 20 May 2009  |
| Ms. Nguyen Thi Hong Uyen | Member                                | Appointed on 16 June 2008 |
| Mr. Luong Duc Chinh      | Member                                | Appointed on 16 June 2008 |
| Mr. Bui Thanh Tam        | Member                                | Appointed on 16 June 2008 |
| Mr. Pham Hoa Binh        | Member                                | Appointed on 20 May 2009  |

## 1. CORPORATE INFORMATION (continued)

### Board of Management and Chief Accountant

Members of the Board of Management and Chief Accountant during the year 2009 and as at the date of this report are:

| Name                    | Position                | Date of appointment           |
|-------------------------|-------------------------|-------------------------------|
| Mr. Nguyen Van Le       | General Director        | Reappointed on 8 May 2007     |
| Mr. Dang Trung Dung     | Deputy General Director | Appointed on 1 September 2006 |
| Mr. Bui Tin Nghi        | Deputy General Director | Appointed on 5 June 2007      |
| Mr. Le Dang Khoa        | Deputy General Director | Appointed on 10 April 2009    |
| Ms. Ninh Thi Lan Phuong | Chief Accountant        | Appointed on 27 July 2008     |

### Location and branches

The Bank's Head Office is located at 77 Tran Hung Dao Street, Hoan Kiem District, Hanoi. As at 31 December 2009, the Bank has one (1) Head Office, one (1) subsidiary and sixteen (16) branches nationwide.

### Subsidiary

As at 31 December 2009, the Bank has one subsidiary wholly owned by the Bank, which is SHB Debt Management and Asset Management one sole member Company Limited specializing in asset management. The company was established under Decision No. 52A/QD – HDQT of the Board of Directors of SHB dated 16 March 2009 and Decision No. 508/2009/QD-NHNN issued by the Governor of the State Bank of Vietnam on 11 March 2009.

### Employees

The total number of employees of the Bank and its subsidiary as at 31 December 2009 was 1,348 people (at 31 December 2008: 844 people).



Missing Captions?????





## 7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1. Compliance with Vietnamese Accounting Standards and Accounting System for Credit Institutions

The Board of Management affirms that the consolidated financial statements of the Bank have been prepared in accordance with Vietnamese Accounting Standards and Accounting System for Credit Institutions.

#### 2.2. Basis of presentation

The consolidated financial statements of the Bank, which are expressed in millions of Vietnamese Dong (“VNDm”), are prepared in accordance with Accounting System for Credit Institutions required under Decision 479/2004/QD-NHNN issued on 29 April 2004 by the Governor of the State Bank of Vietnam which was enacted from 1 January 2005 and decisions on amendment and supplementation of Decision 479/2004/QD-NHNN; Decision 16/2007/QD-NHNN issued on 18 April 2007 by the Governor of the State Bank of Vietnam; Vietnamese Accounting Standards and related regulations issued by the Ministry of Finance as per:

- Decision 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- Decision 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- Decision 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- Decision 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- Decision 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

The accompanying consolidated financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying consolidated balance sheet, consolidated income statement, consolidated statement of retained earnings, consolidated statement of cash flows and notes to the consolidated financial statements and their utilization are not designed for those who are not informed about the Vietnam’s accounting principles, procedures and practices and furthermore are not intended to present its financial position, financial performance and its cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

#### 2.3. Fiscal year

The Bank’s fiscal year starts on 1 January and ends on 31 December.

#### 2.4. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiary as at and for the year ended 31 December each year. The financial statements of the subsidiary are prepared for the same reporting year as the Bank’s, using consistent accounting policies.



All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated in full.

The financial statements of the subsidiary which is listed in Note 1 are fully consolidated from the date when control is transferred to the Bank. The control is achieved where the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The operating results of the subsidiary acquired or disposed during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, as appropriate.

## **2.5. Changes of accounting policies**

### **Recognition of investments in securities**

In accordance with the Circular 7459/NHNN-KTTC dated 30 August 2006 of the State Bank of Vietnam, equity investments in companies in which the Bank holds less than 20% voting right are recorded as Other long-term investments.

In 2009, the Bank has adopted Circular 2601/NHNN-TCKT dated on 14 April 2009 of the State Bank of Vietnam providing guidance on classification and provisioning for impairment of financial investments. According to this circular and the Circular 7459/NHNN-KTTC mentioned above, other long-term investments only include equity investments in companies in which the Bank holds less than 20% of voting right and the Bank is either a founding shareholder or a strategic shareholder, or has certain power to participate in the financial and operating policy – making process evidenced by a written agreement on delegating personnel for representation on the Board of Directors/Board of Management. Accordingly, as at 31 December 2009, the Bank reclassified certain items from Other long-term investments to Available-for-sale securities and making provision for these available-for-sale securities (if any) in accordance with current relevant regulations.

The opening balances in the accompanying consolidated financial statements are not restated to reflect the adjustments (if any) in compliance with the above Circular 2601 due to the followings: i) the Circular 2601/NHNN-TCKT does not require retrospective application; and ii) in accordance with the Circular 20/2006/TT-BTC dated 20 March 2006 of the Ministry of Finance providing guidance for the application of the Vietnamese Accounting Standard No. 29 – “Changes in accounting policies, estimates and errors”, retrospective adjustments are not required for changes in accounting policies due to the first time adoption of new accounting standards or regulations.

## **2.6. Loans and advances to customers**

Loans and advances to customers are disclosed at the principal amounts outstanding at the end of the financial year.

## **2.7. Provision for credit losses**

Loans and advances to customers should be classified and provided for in accordance with the Law on Credit Institutions effective from 1 October 1998, Law on Amendment and Supplementation to a number of articles of the Law on Credit Institutions effective from 1 October 2004, Decision 1627/2001/QĐ-NHNN dated 31 December 2001 by the Governor of the State Bank of Vietnam on lending statutory, Decision 127/2005/QĐ-NHNN dated 3 February 2005 amending and supplementing Decision 1627/2001/QĐ-NHNN, Decision 493/2005/QĐ-NHNN dated 22 April 2005; and Decision 18/2007/QĐ-NHNN dated 25 April 2007 by the State Bank of Vietnam on loan classification and provision. Accordingly, loans are classified into Current, Special Mention, Substandard, Doubtful and Loss on the basis of payment arrears status and other qualitative factors.

## 7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Net loan and advance exposure for each borrower is calculated by subtracting from the loan balance the discounted value of collateral. Decision 493/2005/QD-NHNN and Decision 18/2007/QD-NHNN stipulated specific discount rates for certain accepted collaterals.

Specific provision is made on the net loan and advance exposure of each borrower using a fixed provision rates as follows:

| Group | Name            | Specific provision rate |
|-------|-----------------|-------------------------|
| 1     | Current         | 0%                      |
| 2     | Special Mention | 5%                      |
| 3     | Substandard     | 20%                     |
| 4     | Doubtful        | 50%                     |
| 5     | Loss            | 100%                    |

Loans which are classified as Substandard, Doubtful or Loss are considered bad debts.

In accordance with Decision 493/2005/QD-NHNN, a general provision is made for credit losses which are yet to be identified during the loan classification and provision process and for the Bank's potential financial difficulties due to the deterioration in loan quality. As such, the Bank is required to fully make and maintain a general provision at 0.75% of total loans and advances to customers, which are classified from groups 1 to 4 within 5 years commencing from May 2005.

The provisions are recorded in the consolidated income statement as an expense and will be used to write off any credit losses incurred. According to Decision 493/2005/QD-NHNN, at the discretion of the Bank's Bad Debt Resolution Committee, the Bank can write off the loans that are classified in Group 5 and of which the borrowers are bankrupted or liquidated (for corporate) or are deceased or missing (for individuals).

Details on the loan classification and related provision and the provision amount that are actually booked by the Bank as at 31 December 2009 are presented in Note 10.

### 2.8. Trading securities

Trading securities are debt securities, equity securities and other securities that the Bank bought and held principally for the purpose of selling them in the near future in order to benefit from price differences.


Trading securities are recognized at cost at transaction date.

They are reviewed for impairment at the date of consolidated financial statements. Provision for impairment of trading securities is made when their book values are greater than their market values. Impairment losses are recognized in the consolidated income statement in "Net gain/loss from trading securities".

### 2.9. Investment securities

#### 2.9.1. Held-to-maturity securities

Held-to-maturity securities are debt securities that the Bank has the intention and ability to hold to maturity. These investment securities carry fixed or determinable payments and have fixed maturities.



Held-to-maturity investment securities are recognized at face value as at transaction date. Any discount/premium which is the difference between original cost and the amount which is par value plus accrued interest income (for debt securities with interest payment in arrears) or minus accrued interest income (for debt securities with interest payment in advance), is amortized on a straight-line basis till the maturity date to the consolidated income statement. Accrued interest income is recognized on a straight-line basis over the estimated remaining holding period of securities.

Held-to-maturity investments are subject to review for impairment. Allowance for impairment is recorded when the decline in value of the investment is other than temporary. Impairment losses are recognized in the consolidated income statement as “Net gain/ loss from investment securities”.

### **2.9.2. Available-for-sale securities**

Available-for-sale securities include debt and equity securities which do not qualify to be classified as trading and held-to-maturity and which the Bank holds for only an indefinite period till an opportunity for profit is given. The Bank is not a founding shareholder; or a strategic shareholder, or has no certain power to participate in the financial and operating policy – making process evidenced by a written agreement on delegating personnel for representation on the Board of Directors/Board of Management.

Available-for-sale equity securities are always recognised at cost. Available-for-sale debt securities are recognized in accordance with the accounting policy applied to held-to-maturity securities.

Available-for-sale securities are subject to review for impairment. Allowance for impairment is recorded when carrying value of the securities is higher than its market value. Any impairment losses are recognized in the consolidated income statement as “Net gain/ loss from investment securities”.

### **2.10. Other long-term investments**

Equity securities are classified in the form of other long term investments only when the Bank holds less than 20% of voting right and the Bank is a founding shareholder or a strategic shareholder, or has certain power to participate in the financial and operating policy – making process evidenced in the way of representation on the Board of Directors/Board of Management. Long-term investments are recognized at cost.

For capital contribution in other companies, provision is made when the business entities invested are operating at loss (unless losses was previously stipulated in the business plan) in accordance with Circular 228/2009/TT-BTC dated 7 December 2009 by the Ministry of Finance. Provision for each financial investment is calculated as the difference between the actual contributed capital of parties in the business entities and the existing chartered capital of the business entities times (x) the proportion of capital contributed by the Bank and total capital contribution of parties in the business entities.

### **2.11. Intangible fixed assets**

Intangible fixed assets are stated at cost less accumulated depreciation.

The cost of a fixed asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the consolidated income statement.

When assets are sold or liquidated, their cost and accumulated depreciation are removed from the consolidated balance sheet and any gains or losses resulting from their disposal are recorded to the consolidated income statement.

## 7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.12. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a fixed asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the consolidated income statement.

When assets are sold or liquidated, their cost and accumulated depreciation are removed from the consolidated balance sheet and any gains or losses resulting from their disposal are recorded to the consolidated income statement.

### 2.13. Depreciation and amortization

Depreciation and amortization of tangible fixed assets and intangible assets is calculated on a straight-line basis over the estimated useful life of the assets, which are as follows:

|                                     |                     |
|-------------------------------------|---------------------|
| Buildings and building improvements | 25 years            |
| Machines and equipment              | 5 years             |
| Motor vehicles                      | 8 - 10 years        |
| Other tangible assets               | 3 - 5 years         |
| Office equipment                    | 5 years             |
| Land use rights (*)                 | based on lease term |
| Computer software                   | 5 years             |
| Other intangible assets             | 20 years            |

(\*): The cost of the land use rights is not amortized if it is granted by the Government of Vietnam and has indefinite term.  
The cost of land use rights with definite term is amortized over the lease term.

### 2.14. Recognition of income and expense

Interest income and expense are recognized in the consolidated income statement on accrual basis using nominal interest rate. The recognition of accrued interest income is suspended when a loan is classified from group 2 to 5 according to Decision 493/2005/QD-NHNN and Decision 18/2007/QD-NHNN. Suspended interest income is reverted to off-balance sheet and only recognized in the consolidated income statement upon actual receipt.

Fees and commissions are recognized when incurred.

Dividend income on equity investment is recognized in the consolidated income statement when the Bank's right to receive the payment is established.

### 2.15. Foreign currency transactions

The Bank maintains its accounting system and records all transactions in original currencies and translates into VND at the end of each business day. Monetary assets and liabilities denominated in foreign currencies at the year-end are translated into VND using exchange rates at the consolidated balance sheet date (see list of exchange rates of applicable



foreign currencies against VND as at 31 December in Note 43). Income and expenses arising from foreign currencies during the year are converted into VND at rates ruling at the transaction dates. Unrealized foreign exchange differences arising from the translation of monetary assets and liabilities at the balance sheet date are recognized in the consolidated income statement.

## **2.16. Enterprise income taxes**

### **Current tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to (or recovered from) the taxation authorities. The tax rates and tax laws are applied and enacted at the balance sheet date.

Current tax should be charged or credited directly to the consolidated income statement except items related to the tax that are credited or charged, in the same or a different period, directly to equity, current tax is also charged or credited directly to equity.

Current tax assets and liabilities are only offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the Bank intends to settle its current tax assets and liabilities on a net basis.

The Bank's tax returns are subject to examination by the tax authorities. Due to the ambiguity associated with the applicability of tax laws and regulations in Vietnam, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

### **Deferred tax**

Deferred tax is provided using the balance sheet liability method on temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purpose at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- Where taxable temporary differences are associated with investments in subsidiaries, associates and joint ventures and the Bank has the ability to control the time of reverting these temporary differences and it is likely that these temporary differences will not be reverted in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carrying forward of unused tax losses and the carrying forward of unused tax credits when the amounts of income taxed recoverable in future periods, except:

- Where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- Where deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures when it is probable that the temporary difference will be reversed in a foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realized or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

## 7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxable entity and the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

### 2.17. Cash and cash equivalents

Cash and cash equivalents as referred to in the consolidated statement of cash flows comprises cash, gold, jewellery, gemstones, current accounts with SBV, treasury bills and other short term valuable papers that are qualified to be discounted, amounts due from banks with an original maturity of three months or less and securities items with a maturity of three months or less from the purchased date.

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

According to Decision 493/2005/QĐ-NHNN and Decision 18/2007/QĐ-NHNN by the SBV, credit institutions must classify and make provision for guarantees, payment acceptances, and irrevocable loan commitments with specific effective date (generally called off-balance-sheet commitments) into groups as regulated in Article 6 of Decision 493/2005/QĐ-NHNN, namely Current, Special Mention, Substandard, Doubtful and Loss based on the overdue status and other qualitative factors.

Specific and general provision for off-balance-sheet commitments is calculated similarly to the provision for loans and advances to customers as described in Note 2.7. Provision expense is recorded as “Provision for credit losses” in the consolidated income statement and provision balance is recorded in other liabilities in the consolidated balance sheet.

### 2.19. Currency derivatives contracts

#### Foreign currency Forwards

For foreign currency forwards, the difference between equivalent VND amounts of foreign currency commitments to buy/sell using forward exchange rate and spot exchange rate as at effective date of the contract, is recognized immediately as at the effective date of the contract in line “Derivatives and other financial assets” as an asset when it is positive, and line “Derivatives and other financial liabilities” as liabilities when it is negative. The difference is subsequently amortized on consolidated income statements as “Gain/ Loss from foreign exchange activities” using straight-line method over the term of the contracts. As at the balance sheet date, commitment amounts for the foreign currency forwards, swaps and futures are revalued based on inter-bank exchange rate announced by State Bank of Vietnam. Gain or loss from revaluation is recognized as “Gain/ Loss from foreign exchange activities”.

### 2.20. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset financial assets against financial liabilities or vice-versa, and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.



## **2.21. Use of estimates**

The preparation of the consolidated financial statements requires the Board of Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income and expenses and the resultant provisions.

## **2.22. Employee benefits**

### **2.22.1. Post employment benefits**

Post employment benefits are paid to retired employees of the Bank by the Social Insurance Agency which belongs to the Ministry of Labor and Social Affairs. The Bank is required to contribute to these post employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 15.00% of an employee's basic salary on a monthly basis. The Bank has no further obligation to fund the post employment benefits of its employees, other than the liability to pay Social Insurance Agency on a monthly basis.

The Bank's employees who are subject to early retirement due to restructuring are entitled to one month of basic salary for every 12 months of employment and half month of basic salary for each month of early retirement (maximum 30 months). Early retirement allowance is debited to termination allowance. Additionally, the Bank also pays 3 months of salary to these employees from its salary expense.

### **2.22.2. Voluntary resignation and retrenchment benefits**

Voluntary resignation benefits: the Bank has the obligation, under Section 42 of the Vietnam Labor Code amended on 2 April 2002, to pay allowance arising from voluntarily resignation of employees, equal to one-half month's salary for each year of employment plus salary allowances (if any).

Retrenchment benefits: the Bank has the obligation, under Section 17 of the Vietnam Labor Code, to pay allowance to employees who are retrenched as a result of organizational restructuring or technological changes. In such case, the Bank shall pay to employees an allowance for loss of work equivalent to the aggregate amount of one month salary for each year of employment, but no less than two months' salary. Changes in balance of allowance to employees are recorded in personnel expense for current year.

While the obligations under Sections 17 and 42 are compulsory, the implementation of these Sections is subject to detailed guidance issued by the Ministry of Finance in implementing circulars. In accordance with Circular 64/1999/TT-BTC dated 7 June 1999 and Circular 82/2003/TT-BTC dated 14 August 2003 by the Ministry of Finance which superseded Circular 64/1999/TT-BTC, banks are required to calculate retrenchment allowance equal 3.00% per annum on the basic salary of the employees. The outstanding balance of employee termination reserve which was previously created at 10% from the profit after tax and after appropriation of supplementary capital reserve in accordance with the guidance of Circular 64/1999/TT-BTC should be transferred to retrenchment allowance as provided under Circular 82.

### **2.22.3. Unemployment Insurance**

The Bank has obligation to contribute to the unemployment insurance fund at the amount equal to 1% of their insured employees' salaries and remunerations and withhold the same amount from the insured employees' salaries and remunerations to contribute to the Unemployment Insurance Fund in accordance with Circular 04/2009/TT-BLDTBXH providing guidance on implementation of the Decree 127/2008/ND-CP.

### 3. SEGMENT REPORTING

#### 3.1. Segment reporting in terms of business fields

VNDm

|  | Credit            | Investment       | Services         | Treasury          | Others           | Total             |
|--|-------------------|------------------|------------------|-------------------|------------------|-------------------|
| <i>For the period from 1 January to 31 December 2009</i> |                   |                  |                  |                   |                  |                   |
| 1. Income from credit activities                         | 1,078,970         | -                | -                | -                 | -                | 1,078,970         |
| 2. Income from investment activities                     | -                 | 376,274          | -                | -                 | -                | 376,274           |
| 3. Income from treasury activities                       | -                 | -                | -                | 307,905           | -                | 307,905           |
| 4. Income from services                                  | -                 | -                | 74,712           | -                 | -                | 74,712            |
| 5. Income from foreign exchange activities               | -                 | -                | -                | 150,981           | -                | 150,981           |
| 6. Income from derivatives                               | -                 | -                | -                | 17,288            | -                | 17,288            |
| 7. Income to allocate                                    | 2,727             | 77               | 7,125            | 111               | 4,850            | 14,890            |
| 8. Direct expenses                                       | 2,623             | (4,215)          | (17,686)         | (1,131,907)       | -                | (1,156,431)       |
| 9. Expenses to allocate                                  | (82,345)          | 2,334            | (215,031)        | (3,334)           | 146,355          | 449,399           |
| <b>Profit before tax</b>                                 | <b>96,729</b>     | <b>69,802</b>    | <b>(150,880)</b> | <b>(58,956)</b>   | <b>(141,505)</b> | <b>415,190</b>    |
| <i>As at 31 December 2009</i>                            |                   |                  |                  |                   |                  |                   |
| 1. Departmental assets                                   | 12,701,664        | 5,151,942        | -                | 6,360,987         | -                | 4,214,593         |
| 2. Assets to allocate                                    | 596,356           | 16,900           | 1,557,285        | 24,144            | 1,059,919        | 3,254,604         |
| <b>Total assets</b>                                      | <b>13,298,020</b> | <b>5,168,842</b> | <b>1,557,285</b> | <b>6,385,131</b>  | <b>1,059,919</b> | <b>27,469,197</b> |
| 1. Departmental liabilities                              | 31,884            | -                | -                | 9,943,404         | -                | 9,975,288         |
| 2. Liabilities to allocate                               | 2,762,600         | 78,292           | 7,214,078        | 111,846           | 4,910,048        | 15,076,864        |
| <b>Total liabilities</b>                                 | <b>2,794,484</b>  | <b>78,292</b>    | <b>7,214,078</b> | <b>10,055,250</b> | <b>4,910,048</b> | <b>5,052,152</b>  |

#### 3.2. Segment reporting in terms of geographic areas

All of the Bank's activities are carried out in Vietnam.

### 4. CASH AND CASH EQUIVALENTS

|                                    | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|------------------------------------|--------------------|--------------------|
| Cash on hand in VND                | 85,175             | 47,357             |
| Cash on hand in foreign currencies | 53,906             | 20,122             |
|                                    | <b>139,081</b>     | <b>67,479</b>      |

## 5. BALANCES WITH THE STATE BANK OF VIETNAM ("THE SBV")

|                        | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|------------------------|--------------------|--------------------|
| Current account at SBV | 920,132            | 216,117            |
|                        | <b>920,132</b>     | <b>216,117</b>     |

Balances with the SBV include settlement and compulsory deposits. During 2009, the SBV made numerous changes in rates for compulsory deposits in both VND and foreign currencies. As at 31 December 2009, compulsory deposits in VND and settlement deposits in foreign currencies earn annual interest at rates of 1.20% p.a. and 0.5% p.a. respectively (2008: 3.60% p.a. and 1.00% p.a. respectively).

In accordance with the regulations of the SBV, the Bank is required to maintain certain cash reserves with the SBV in the form of compulsory deposits, which are computed at 3.00% and 7.00% for demand deposits and deposits with terms of less than 12 months in VND and foreign currencies, respectively, and at 1.00% and 3.00% for deposits with terms of over 12 months in VND and foreign currencies, respectively. The Bank's average compulsory deposits in VND and foreign currencies in December 2009 were remained at VNDm 317,053 and USD 4,463,661 (or VNDm 82,564).

During the year, the Bank has complied with the SBV's requirements regarding the maintenance of the compulsory deposits with the SBV.

## 6. PLACEMENTS WITH AND LOANS TO OTHER BANKS

|   | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|---|--------------------|--------------------|
| Current accounts with other banks           | 6,357,324          | 2,945,975          |
| Term deposits with and loans to other banks | -                  | -                  |
|   | <b>6,357,324</b>   | <b>2,945,975</b>   |
| <b>Placements with other banks</b>          |                    |                    |
| Current accounts with other banks           | 121,308            | 34,698             |
| In VND                                      | 10,022             | 6,120              |
| In foreign currencies and gold              | 111,286            | 28,578             |
| Term deposits with and loans to other banks | 6,236,016          | 2,911,277          |
| In VND                                      | 5,635,448          | 1,902,800          |
| In foreign currencies and gold              | 600,568            | 1,008,477          |
|   | <b>6,357,324</b>   | <b>2,945,975</b>   |

## 7. TRADING SECURITIES

Investments in trading securities as at 31 December include:

|  | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|--|--------------------|--------------------|
| Debt securities                                      | -                  | 474,840            |
| Securities issued by the Government of Vietnam       | -                  | 170,351            |
| Securities issued by other local credit institutions | -                  | 304,489            |
| Securities issued by local business entities         | -                  | -                  |
| Securities issued by foreign entities                | -                  | -                  |
| Equity securities                                    | 16,500             | 19,859             |
| Securities issued by other local credit institutions | -                  | 10,440             |





|   | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|---|--------------------|--------------------|
| Securities issued by local business entities          | 16,500             | 9,419              |
| Securities issued by foreign entities                 | -                  | -                  |
| <b>Other trading securities</b>                       | -                  | -                  |
| <b>Provision for impairment of trading securities</b> | -                  | (14,168)           |
|   | <b>16,500</b>      | <b>480,531</b>     |

The listing status of trading securities is as follows:

|                                 | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|---------------------------------|--------------------|--------------------|
| <b>Debt securities</b>          | -                  | <b>474,840</b>     |
| Listed                          | -                  | -                  |
| Unlisted                        | -                  | 474,840            |
| <b>Equity securities</b>        | <b>16,500</b>      | <b>19,859</b>      |
| Listed                          | -                  | 9,419              |
| Unlisted                        | 16,500             | 10,440             |
| <b>Other trading securities</b> | -                  | -                  |
| Listed                          | -                  | -                  |
| Unlisted                        | -                  | -                  |
|                                 | <b>16,500</b>      | <b>494,699</b>     |

In 2009, equity securities held for trading purpose in 2008 were reclassified to available-for-sale portfolio under the guidance of Circular 2601/NHNN-TCKT on classification and provision for financial investments, according to which trading securities are those bought by the Bank for trading purpose and kept by the Bank for less than 1 year to earn gains from trading.

## 8. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

|                        | Total contract value<br>(at exchange rate<br>at the contract<br>effective date)<br><br>VNDm | Total book value<br>(at exchange rate at balance sheet date) |             |                              |
|------------------------|---|--|-------------|------------------------------|
|                        |   | Assets   | Liabilities | Net assets/<br>(liabilities) |
|                        |   | VNDm   | VNDm        | VNDm                         |
| As at 31 December 2009 |   |  |             |                              |
| Currency derivatives   | 721,327   | 416,958  | 413,295     | 3,663                        |
| Forward contracts      | 721,327   | 416,958  | 413,295     | 3,663                        |
| As at 31 December 2008 |   |  |             |                              |
| Currency derivatives   | 34,980  | 41,341   | 40,972      | 369                          |
| Forward contracts      | 34,980  | 41,341   | 40,972      | 369                          |

## 9. LOANS AND ADVANCES TO CUSTOMERS

|  | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|--|--------------------|--------------------|
| Loans to local business entities and individuals   | 12,813,853         | 6,231,779          |
| Discounted valuable papers                         | 12,093             | -                  |
| Trusted loans                                      | 2,802              | 20,920             |
|  | <b>12,828,748</b>  | <b>6,252,699</b>   |
|  | 2009               | 2008               |
|  | interest % p.a.    | interest % p.a.    |
| Commercial loans denominated in VND                | 11.99              | 15.87              |
| Commercial loans denominated in foreign currencies | 6.04               | 8.83               |

Commercial loans comprise short-term, medium-term and long-term loans including syndicated loans led by the Bank denominated in both VND and USD.

### 9.1. Analysis of loans by quality

|                 | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|-----------------|--------------------|--------------------|
| Current         | 12,414,107         | 5,968,921          |
| Special mention | 56,445             | 165,824            |
| Substandard     | 50,895             | 49,696             |
| Doubtful        | 148,830            | 56,612             |
| Loss            | 158,471            | 11,646             |
|                 | <b>12,828,748</b>  | <b>6,252,699</b>   |

### 9.2. Analysis of loans by original terms

|                   | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|-------------------|--------------------|--------------------|
| Short-term loans  | 7,555,672          | 3,892,067          |
| Medium-term loans | 3,924,482          | 1,551,913          |
| Long-term loans   | 1,348,594          | 808,719            |
|                   | <b>12,828,748</b>  | <b>6,252,699</b>   |

### 9.3. Analysis of loans by ownership

The details of the Bank's loan portfolio by type of business entity as at year end are as follows:

|                                     | 31/12/2009<br>VNDm | %            | 31/12/2008<br>VNDm | %            |
|-------------------------------------|--------------------|--------------|--------------------|--------------|
| <b>Corporate loans</b>              | <b>9,657,554</b>   | <b>75.28</b> | <b>4,621,173</b>   | <b>73.91</b> |
| Central state-owned enterprises     | 406,792            | 3.17         | 113,564            | 1.82         |
| Provincial state-owned enterprises  | 56,005             | 0.44         | 16,929             | 0.27         |
| State limited liability companies   | 609,842            | 4.76         | 114,628            | 1.83         |
| Private limited liability companies | 2,910,404          | 22.69        | 1,687,605          | 26.99        |
| State joint-stock companies         | 851,654            | 6.64         | 320,454            | 5.13         |



|                              | 31/12/2009<br>VNDm | %             | 31/12/2008<br>VNDm | %             |
|------------------------------|--------------------|---------------|--------------------|---------------|
| Other joint-stock companies  | 2,793,064          | 21.77         | 1,666,128          | 26.65         |
| Partnerships                 | 122,351            | 0.95          | 30,000             | 0.48          |
| Private enterprises          | 186,205            | 1.45          | 43,329             | 0.69          |
| Foreign invested enterprises | 328,918            | 2.56          | 183,943            | 2.94          |
| Co-operatives                | 1,392,319          | 10.85         | 444,593            | 7.11          |
| <b>Individual loans</b>      | <b>3,071,612</b>   | <b>23.94</b>  | <b>1,599,191</b>   | <b>25.58</b>  |
| <b>Other loans</b>           | <b>99,582</b>      | <b>0.78</b>   | <b>32,335</b>      | <b>0.51</b>   |
|                              | <b>12,828,748</b>  | <b>100.00</b> | <b>6,252,699</b>   | <b>100.00</b> |

#### 9.4. Analysis of loans by sectors

The Bank's loan portfolio at year end comprises loans to entities in the following industrial sectors:

|   | 31/12/2009<br>VNDm | %             | 31/12/2008<br>VNDm | %             |
|---|--------------------|---------------|--------------------|---------------|
| Agricultural and forestry   | 2,656,136          | 20.70         | 948,027            | 15.16         |
| Aquaculture   | 156,645            | 1.22          | 76,508             | 1.23          |
| Mining  | 1,374,825          | 10.72         | 528,541            | 8.45          |
| Processing  | 690,746            | 5.39          | 447,147            | 7.15          |
| Electricity, petroleum & water  | 31,430             | 0.24          | 10,325             | 0.17          |
| Construction  | 1,170,496          | 9.12          | 1,037,618          | 16.59         |
| Wholesale and retail trade;<br>repair of motor vehicles, motor cycles<br>and personal goods | 784,085            | 6.11          | 509,802            | 8.15          |
| Hospitality   | 59,620             | 0.46          | 21,826             | 0.35          |
| Transportation and communications   | 314,494            | 2.45          | 66,964             | 1.07          |
| Financial services  | 184,490            | 1.44          | 87,517             | 1.40          |
| Scientific research   | 39,663             | 0.31          | 3,834              | 0.06          |
| Real estate development &<br>property investment  | 86,194             | 0.67          | 94,473             | 1.51          |
| Government agents   | 1,621              | 0.01          | 2,935              | 0.05          |
| Education and training  | 5,600              | 0.05          | 2,985              | 0.05          |
| Healthcare and community development  | 25,272             | 0.20          | 7,644              | 0.12          |
| Recreational, cultural, sporting activities   | 1,445              | 0.01          | 610                | 0.01          |
| Community, social and<br>personal service activities  | 330,543            | 2.58          | 287,813            | 4.60          |
| Households services   | 877                | 0.01          | 495                | 0.01          |
| International activities  | 30,634             | 0.24          | 30,246             | 0.49          |
| <b>Others</b>   | <b>4,883,932</b>   | <b>38.07</b>  | <b>2,087,389</b>   | <b>33.38</b>  |
|   | <b>12,828,748</b>  | <b>100.00</b> | <b>6,252,699</b>   | <b>100.00</b> |

## 10. CHANGES IN THE PROVISION FOR CREDIT LOSSES

The breakdown of provision for loan losses as at 31 December 2009 that is disclosed in the consolidated balance sheet is as follow:

|  | VNDm           |
|--|----------------|
| Provision for credit losses  | 127,084        |
| Provision for contingent liabilities and off-balance sheet commitments | 3,559          |
|  | <b>130,643</b> |

Changes in the provision for credit losses in the current year are summarised below:

|                                       | Specific provision<br>VNDm | General provision<br>VNDm | Total<br>VNDm  |
|---------------------------------------|----------------------------|---------------------------|----------------|
| Opening balance                       | 11,849                     | 14,125                    | 25,974         |
| Provision expense in the year         | 66,254                     | 42,247 (*)                | 108,501        |
| Reversal of provision during the year | (3,689)                    | (143)                     | (3,832)        |
| Bad debts written off during the year | -                          | -                         | -              |
| <b>Closing balance</b>                | <b>74,414</b>              | <b>56,229</b>             | <b>130,643</b> |

Changes in the provision for credit losses in the previous year are summarised below:

|                                       | Specific provision<br>VNDm | General provision<br>VNDm | Total<br>VNDm |
|---------------------------------------|----------------------------|---------------------------|---------------|
| Opening balance                       | 2,747                      | 5,336                     | 8,083         |
| Provision expense in the year         | 9,102                      | 8,789 (*)                 | 17,891        |
| Reversal of provision during the year | -                          | -                         | -             |
| Bad debts written off during the year | -                          | -                         | -             |
| <b>Closing balance</b>                | <b>11,849</b>              | <b>14,125</b>             | <b>25,974</b> |

(\*): General provision includes general provision for loans to customers from Group 1 to 4 and for off-balance sheet commitments.

The breakdown of loan classification and provision as required by Decision 493/2005/QD-NHNN and Decision 18/2007/QD-NHNN and the Bank's own policy as at 31 December 2009 is as follows:

| Classification  | Loan<br>balance<br>VNDm | Required<br>specific<br>provision<br>VNDm | Required<br>general<br>provision<br>VNDm | Total<br>required<br>provision<br>VNDm | Total<br>provision<br>made by<br>the Bank<br>VNDm |
|-----------------|-------------------------|---|--|--|---|
| Current         | 12,414,107              | -   | 93,106                                   | 93,106                                 | 51,353  |
| Special mention | 56,445                  | 691                                       | 423                                      | 1,114                                  | 1,011   |
| Substandard     | 50,895                  | 1,427                                     | 382                                      | 1,809                                  | 1,678   |
| Doubtful        | 148,830                 | 26,938                                    | 1,116                                    | 28,054                                 | 27,684  |
| Loss            | 158,471                 | 45,358                                    | -  | 45,358                                 | 45,358  |
|                 | <b>12,828,748</b>       | <b>74,414</b>                             | <b>95,027</b>                            | <b>169,441</b>                         | <b>127,084</b>                                    |



Provision for contingent liabilities and off-balance sheet commitments as at 31 December 2009:

| Classification  | Loan<br>balance  | Required<br>specific<br>provision | Required<br>general<br>provision | Total<br>required<br>provision | Total<br>provision<br>made by<br>the Bank |
|-----------------|------------------|-----------------------------------|----------------------------------|--------------------------------|---|
|                 | VNDm             | VNDm                              | VNDm                             | VNDm                           | VNDm                                      |
| Current         | 1,212,349        | -                                 | 9,093                            | 9,093                          | 3,559                                     |
| Special mention | -                | -                                 | -                                | -                              | -   |
| Substandard     | -                | -                                 | -                                | -                              | -   |
| Doubtful        | -                | -                                 | -                                | -                              | -   |
| Loss            | -                | -                                 | -                                | -                              | -   |
|                 | <b>1,212,349</b> | <b>-</b>                          | <b>9,093</b>                     | <b>9,093</b>                   | <b>3,559</b>                              |

As at 31 December 2009, the Bank made full specific provision for its whole loan balance under Decision 493/2005/QĐ-NHNN and Decision 18/2007/QĐ-NHNN issued by the SBV. Decision 493/2005/QĐ-NHNN allows banks to make full general provision at 0.75% of total loan balance of groups 1 to 4 and balance of off-balance-sheet commitments within 5 years from the effective date of this decision, which is May 2010. The Bank will make full general provision at the rate of 0.75% before May 2010.

## 11. INVESTMENT SECURITIES

|  | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|--|--------------------|--------------------|
| <b>Available-for-sale securities</b>                 | <b>3,335,951</b>   | <b>955,000</b>     |
| Debt securities                                      | 3,316,013          | 955,000            |
| Securities issued by the Government of Vietnam       | -                  | -                  |
| Securities issued by other local credit institutions | 602,095            | -                  |
| Securities issued by local business entities         | 2,713,918          | 955,000            |
| Securities issued by foreign entities                | -                  | -                  |
| Equity securities                                    | 19,938             | -                  |
| Securities issued by other local credit institutions | 11,200             | -                  |
| Securities issued by local business entities         | 8,738              | -                  |
| Securities issued by foreign entities                | -                  | -                  |
| <b>Provision for available-for-sale securities</b>   | <b>(10,808)</b>    | <b>-</b>           |
| <b>Held-to-maturity securities</b>                   | <b>1,540,500</b>   | <b>1,000,500</b>   |
| Securities issued by the Government of Vietnam       | 1,040,500          | 500                |
| Securities issued by other local credit institutions | 500,000            | 1,000,000          |
| Securities issued by local business entities         | -                  | -                  |
| Securities issued by foreign entities                | -                  | -                  |
| <b>Provision for held-to-maturity securities</b>     | <b>-</b>           | <b>-</b>           |
|  | <b>4,865,643</b>   | <b>1,955,500</b>   |



## 11.1. Available-for-sale securities

### 11.1.1. Debt securities

Details of available-for-sale debt securities held by the Bank as at 31 December are as follows:

|  | 31/12/2009         |                        | 31/12/2008             |                    |
|--|--------------------|------------------------|------------------------|--------------------|
|  | Face value<br>VNDm | Carrying value<br>VNDm | Carrying value<br>VNDm | Face value<br>VNDm |
| <b>Securities issued by other local credit institutions</b>    | <b>600,000</b>     | <b>602,095</b>         | -                      | -                  |
| Bonds issued by Bank for Investment and Development of Vietnam | 300,000            | 302,095                | -                      | -                  |
| Bonds issued by Hanoi Building Commercial J.S. Bank            | 100,000            | 100,000                | -                      | -                  |
| Bonds issued by Sai Gon Thuong Tin Commercial J.S. Bank        | 100,000            | 100,000                | -                      | -                  |
| Bonds issued by Maritime Commercial J.S. Bank                  | 100,000            | 100,000                | -                      | -                  |
| <b>Securities issued by economic entities</b>                  | <b>2,716,000</b>   | <b>2,713,918</b>       | <b>955,000</b>         | <b>955,000</b>     |
| Bonds issued by Lilama Corporation                             | 36,000             | 36,000                 | 5,000                  | 5,000              |
| Bonds issued by No.1 Construction Corporation                  | 300,000            | 300,000                | -                      | -                  |
| Bonds issued by Phu Hoang Anh JSC.                             | 100,000            | 100,000                | -                      | -                  |
| Debt securities issued by other economic entities              | 2,280,000          | 2,277,918              | 545,000                | 545,000            |
|  | <b>3,316,000</b>   | <b>3,316,013</b>       | <b>955,000</b>         | <b>955,000</b>     |

Bonds issued by Bank for Investment and Development of Vietnam mature after 5 years since issued date, and have interest rates of 8.15% p.a. and 9.50% p.a., interest is paid annually.

Bonds issued by Hanoi Building Commercial Joint Stock Bank have terms of 2 years, interest is to be paid annually. Interest rate for the first year is 10.50% p.a. and will float for the second year. Interest will be the lower of 2.80% p.a. plus (+) average interest of 4 big banks in Vietnam for 12-month VND denominated saving deposits whose interest is paid at maturity and the ceiling interest rates regulated by the SBV for mobilization by bonds applied to commercial banks.

Bonds issued by Saigon Thuong tin Commercial Joint Stock Bank have terms of 3 years and interest rate of 10.50% p.a. for the first year. Interest rate floats in the following years. Interest rate will be the lowest among 2.75% p.a. plus (+) average interest of 4 big banks in Vietnam for 12-month VND denominated saving deposits whose interest is paid at maturity, 150% of basic interest rates announced by the SBV at the date of interest determination and the highest rates permitted by Decision No. 16/2008/QĐ-NHNN dated 16 May 2008 of the Governor of the SBV. Interest is paid annually.

Bonds issued by Maritime Commercial Joint Stock Bank have terms of 2 years, interest which is paid annually is at the rate of 10.50% p.a. for the first year and floats for the second year. The rate for the second year is determined at 2.60% p.a. plus (+) average interest of 4 big banks in Vietnam for 12-month VND denominated saving deposits whose interest is paid at maturity.

Bonds issued by Lilama Corporation have terms of 5 years and interest rate of 8.80% p.a.. Interest is paid annually.

Bonds issued by No.1 Construction Corporation have terms of 3 years and interest of 12.00% p.a. for the first year. Interest rate is to be determined every 6 months from the second year (at 3% p.a. plus (+) average interest of Bank for Investment and Development of Vietnam and SHB for 12-month saving deposits whose interest is paid at the end of the term. Interest is paid every 6 months from the second year.

Bonds issued by Phu Hoang Anh JSC. have terms of 3 years, interest paid every 6 months and rates of 11.00% p.a. for the first interest payment. Interest will float since the second interest payment and will be calculated at 3.50% p.a. plus (+) Ho Chi Minh Housing Development Bank's interest rates for 12 month deposits whose interest is paid at maturity yet interest rate is not lower than 11.00% p.a.

Debt securities issued by other economic entities have terms ranging from 2 to 10 years, interest rates from 9.40% p.a. to 15.00% p.a. and interest being paid annually.

### 11.1.2 Equity securities

Details of available-for-sale equity securities held by the Bank as at 31 December are as follows:

|   | 31/12/2009    |                          | 31/12/2008 |                          |
|---|---------------|--------------------------|------------|--------------------------|
|   | Cost VNDm     | % owner-ship of the Bank | Cost VNDm  | % owner-ship of the Bank |
| <b>Investments in other local credit institutions</b> | <b>11,200</b> |                          | -          |                          |
| Bank for Foreign Trade of Vietnam                     | 10,440        | 0.09                     | -          | -                        |
| Saigon Thuong tin Commercial J.S. Bank                | 760           | 0.01                     | -          | -                        |
| Investment in economic entities                       | 8,738         |                          | -          |                          |
| Cuu Long Fish Corporation                             | 86            | 0.10                     | -          | -                        |
| Refrigeration Electrical Engineering Corp.            | 1,540         | 0.27                     | -          | -                        |
| Hanoi Maritime Holding Company                        | 294           | 0.22                     | -          | -                        |
| Thu Duc Housing Development Corp.                     | 1,948         | 0.51                     | -          | -                        |
| PV Drilling and Well Services Corp.                   | 800           | 0.04                     | -          | -                        |
| Ho Chi Minh City Infrastructure Investment JSC.       | 660           | 0.09                     | -          | -                        |
| SMC Trading Investment JSC.                           | 727           | 0.66                     | -          | -                        |
| HAI Agrochem JSC.                                     | 913           | 0.63                     | -          | -                        |
| Petroleum Technical Services Corp.                    | 1,770         | 0.10                     | -          | -                        |
|   | <b>19,938</b> |                          | -          |                          |

These bonds were reclassified from trading securities (see also Note 7).

### 11.2 Held-to-maturity securities

|  | 31/12/2009       |                     | 31/12/2008          |                  |
|--|------------------|---------------------|---------------------|------------------|
|  | Face value VNDm  | Carrying value VNDm | Carrying value VNDm | Face value VNDm  |
| <b>Government bonds</b>  | <b>1,040,500</b> | <b>1,040,500</b>    | <b>500</b>          | <b>500</b>       |
| Bonds issued by the State Treasury                                 | 500              | 500                 | 500                 | 500              |
| Bonds issued by the Government                                     | 1,040,000        | 1,040,000           | -                   | -                |
| <b>Bonds issued by other credit institutions</b>                   | <b>500,000</b>   | <b>500,000</b>      | <b>1,000,000</b>    | <b>1,000,000</b> |
| Bills issued by Vietnam Bank for Agriculture and Rural Development | 500,000          | 500,000             | 1,000,000           | 1,000,000        |
|  | <b>1,540,500</b> | <b>1,540,500</b>    | <b>1,000,500</b>    | <b>1,000,500</b> |

Bonds issued by the State Treasury have terms of 5 years and interest rate of 8.60% p.a., interest is to be paid at maturity. The Bank has the intention and ability to hold these bonds to maturity.

Bonds issued by the Government include two sets of bonds. One set is VNDm 40,000 bonds with terms of 5 years, interest rate of 8.70% p.a. and interest being paid annually. The other set is VNDm 1,000,000 bonds with terms of 3 years, interest rate of 11.00% p.a. and interest being paid annually. The Bank has the intention and ability to hold these bonds to maturity.

Bills issued by Vietnam Bank for Agriculture and Rural Development have terms of 9 months and interest rate of 9.72% p.a., interest was prepaid at the time of purchase. The Bank has the intention and ability to hold these bonds to maturity.

## 12. LONG-TERM INVESTMENTS

|                                       | Other long-term<br>investments<br>VNDm |
|---------------------------------------|--|
| <b>Balance as at 1 January 2009</b>   | <b>748,159</b>                         |
| Increase during the year              | 22,640                                 |
| Decrease during the year              | (501,000)                              |
| Provision for impairment              | -                                      |
| <b>Balance as at 31 December 2009</b> | <b>269,799</b>                         |

Details of other long-term investments as at 31 December are as follow:

|  | 31/12/2009     |                           |                                | 31/12/2008     |                           |                                |
|--|----------------|---------------------------|--------------------------------|----------------|---------------------------|--------------------------------|
|  | Cost<br>VNDm   | Carrying<br>value<br>VNDm | %<br>owner-ship<br>of the Bank | Cost<br>VNDm   | Carrying<br>value<br>VNDm | %<br>owner-ship<br>of the Bank |
| Nghe An Rubber Investment<br>and Development JSC | 600            | 600                       | 0.40                           | 600            | 600                       | 0.80                           |
| Saigon – Hanoi Fund Management JSC.              | 5,200          | 5,200                     | 10.40                          | 5,200          | 5,200                     | 10.40                          |
| Saigon – Hanoi Securities JSC.                   | 41,090         | 41,090                    | 10.01                          | 35,000         | 35,000                    | 10.00                          |
| Phuoc Hoa Rubber JSC.                            | 27,859         | 27,859                    | 0.62                           | 27,859         | 27,859                    | 0.82                           |
| An Viet Development JSC.                         | 1,000          | 1,000                     | 2.00                           | 1,000          | 1,000                     | 2.00                           |
| SHB – Vinacomin Insurance JSC.                   | 30,000         | 30,000                    | 10.00                          | 30,000         | 30,000                    | 10.00                          |
| Lilama SHB Investment<br>and Construction JSC.   | 11,000         | 11,000                    | 11.00                          | 11,000         | 11,000                    | 11.00                          |
| Nam Viet Investment and Finance JSC.             | 1,500          | 1,500                     | 1.25                           | 1,500          | 1,500                     | 2.14                           |
| Son Lam Company Limited                          | 135,000        | 135,000                   | 10.69                          | 135,000        | 135,000                   | 10.70                          |
| Thanh Viet Fund Management JSC.                  | -              | -                         | -                              | 501,000        | 501,000                   | 0.10                           |
| SHB – Da Nang Sport JSC.                         | 550            | 550                       | 11.00                          | -              | -                         | -                              |
| Gentraco Feed JSC.                               | 8,000          | 8,000                     | 10.00                          | -              | -                         | -                              |
| An Thinh Real Estate JSC.                        | 8,000          | 8,000                     | 10.00                          | -              | -                         | -                              |
|  | <b>269,799</b> | <b>269,799</b>            |                                | <b>748,159</b> | <b>748,159</b>            |                                |

### 13. FIXED ASSETS

#### 13.1. Tangible fixed assets

Movements of tangible fixed assets during the year ended 31 December 2009 are as follows:

|                                   | Buildings & building improvements<br>VNDm | Machines & equipment<br>VNDm | Motor vehicles<br>VNDm | Office equipment<br>VNDm | Others<br>VNDm | Total<br>VNDm |
|-----------------------------------|---|------------------------------|------------------------|--------------------------|----------------|---------------|
| <b>Cost</b>                       |   |                              |                        |                          |                |               |
| Opening balance                   | 42,592                                    | 12,199                       | 35,102                 | 21,821                   | 1,100          | 112,814       |
| Additions in the year             | 1,965                                     | 6,917                        | 15,109                 | 13,680                   | 2,312          | 39,983        |
| Finished construction             | 1,223                                     | -                            | 4,662                  | -                        | -              | 5,885         |
| Other increases                   | 29  | 894                          | -                      | -                        | 142            | 1,065         |
| Transfer to investment properties | -   | -                            | -                      | -                        | -              | -             |
| Disposals                         | -   | -                            | -                      | -                        | -              | -             |
| Other decreases                   | -   | (550)                        | -                      | -                        | -              | (550)         |
| Closing balance                   | 45,809                                    | 19,460                       | 54,873                 | 35,501                   | 3,554          | 159,197       |
| <b>Accumulated depreciation</b>   |   |                              |                        |                          |                |               |
| Opening balance                   | 3,638                                     | 2,267                        | 4,576                  | 5,007                    | 159            | 15,647        |
| Charged for the year              | 2,302                                     | 1,934                        | 6,395                  | 6,333                    | 374            | 17,338        |
| Other increases                   | -   | 149                          | -                      | -                        | 23             | 172           |
| Transfer to investment properties | -   | -                            | -                      | -                        | -              | -             |
| Disposals                         | -   | -                            | -                      | -                        | -              | -             |
| Other decreases                   | -   | -                            | -                      | -                        | -              | -             |
| Closing balance                   | 5,940                                     | 4,350                        | 10,971                 | 11,340                   | 556            | 33,157        |
| <b>Net book value</b>             |   |                              |                        |                          |                |               |
| At the beginning of period        | 38,954                                    | 9,932                        | 30,526                 | 16,814                   | 941            | 97,167        |
| At the end of period              | 39,869                                    | 15,110                       | 43,902                 | 24,161                   | 2,998          | 126,040       |

Movements in tangible fixed assets during the year ended 31 December 2008 are as follows:

|                                   | Buildings & building improvements<br>VNDm | Machines & equipment<br>VNDm | Motor vehicles<br>VNDm | Office equipment<br>VNDm | Others<br>VNDm | Total<br>VNDm |
|-----------------------------------|---|------------------------------|------------------------|--------------------------|----------------|---------------|
| <b>Cost</b>                       |   |                              |                        |                          |                |               |
| Opening balance                   | 15,985                                    | 7,857                        | 19,776                 | 12,616                   | 284            | 56,518        |
| Additions in the year             | 26,607                                    | 4,342                        | 15,326                 | 9,194                    | 816            | 56,285        |
| Finished construction             | -   | -                            | -                      | -                        | -              | -             |
| Other increases                   | -   | -                            | -                      | 11                       | -              | 11            |
| Transfer to investment properties | -   | -                            | -                      | -                        | -              | -             |
| Disposals                         | -   | -                            | -                      | -                        | -              | -             |
| Other decreases                   | -   | -                            | -                      | -                        | -              | -             |
| Closing balance                   | 42,592                                    | 12,199                       | 35,102                 | 21,821                   | 1,100          | 112,814       |
| <b>Accumulated depreciation</b>   |   |                              |                        |                          |                |               |
| Opening balance                   | 1,849                                     | 817                          | 1,917                  | 1,834                    | 50             | 6,467         |
| Charged for the year              | 1,789                                     | 1,450                        | 2,659                  | 3,173                    | 109            | 9,180         |
| Other increases                   | -   | -                            | -                      | -                        | -              | -             |

|                                   |        |       |        |        |     |        |
|-----------------------------------|--------|-------|--------|--------|-----|--------|
| Transfer to investment properties | -      | -     | -      | -      | -   | -      |
| Disposals                         | -      | -     | -      | -      | -   | -      |
| Other decreases                   | -      | -     | -      | -      | -   | -      |
| Closing balance                   | 3,638  | 2,267 | 4,576  | 5,007  | 159 | 15,647 |
| <b>Net book value</b>             |        |       |        |        |     |        |
| At the beginning of period        | 14,136 | 7,040 | 17,859 | 10,782 | 234 | 50,051 |
| At the end of period              | 38,954 | 9,932 | 30,526 | 16,814 | 941 | 97,167 |

### 13.2 Intangible fixed assets

Movements in intangible assets during the year ended 31 December 2009 are as follows:

|                                 | Land<br>use rights<br>VNDm | Computer<br>software<br>VNDm | Other<br>intangible<br>assets<br>VNDm | Total<br>VNDm |
|---------------------------------|----------------------------|------------------------------|---------------------------------------|---------------|
| <b>Cost</b>                     |                            |                              |                                       |               |
| Opening balance                 | 705,386                    | 3,135                        | 20,000                                | 728,521       |
| Additions in the year           | -                          | 1,230                        | -                                     | 1,230         |
| Other additions                 | -                          | 191                          | -                                     | 191           |
| Disposals                       | -                          | -                            | -                                     | -             |
| Other decreases                 | -                          | -                            | -                                     | -             |
| Closing balance                 | 705,386                    | 4,556                        | 20,000                                | 729,942       |
| <b>Accumulated depreciation</b> |                            |                              |                                       |               |
| Opening balance                 | 164                        | 533                          | 1,000                                 | 1,697         |
| Charged for the year            | 158                        | 167                          | 333                                   | 658           |
| Other increases                 | -                          | -                            | -                                     | -             |
| Disposals                       | -                          | -                            | -                                     | -             |
| Other decreases                 | -                          | -                            | -                                     | -             |
| Closing balance                 | 322                        | 700                          | 1,333                                 | 2,355         |
| <b>Net book value</b>           |                            |                              |                                       |               |
| At the beginning of period      | 705,222                    | 2,602                        | 19,000                                | 726,824       |
| At the end of period            | 705,064                    | 3,856                        | 18,667                                | 727,587       |

Changes in intangible fixed assets for the year ended 31 December 2008 are as follows:

|                                 | Land<br>use rights<br>VNDm | Computer<br>software<br>VNDm | Other<br>intangible<br>assets<br>VNDm | Total<br>VNDm |
|---------------------------------|----------------------------|------------------------------|---------------------------------------|---------------|
| <b>Cost</b>                     |                            |                              |                                       |               |
| Opening balance                 | 291,842                    | 2,405                        | -                                     | 294,247       |
| Additions in the year           | 413,544                    | 730                          | 20,000                                | 434,274       |
| Other additions                 | -                          | -                            | -                                     | -             |
| Disposals                       | -                          | -                            | -                                     | -             |
| Other decreases                 | -                          | -                            | -                                     | -             |
| Closing balance                 | 705,386                    | 3,135                        | 20,000                                | 728,521       |
| <b>Accumulated depreciation</b> |                            |                              |                                       |               |
| Opening balance                 | 6                          | 345                          | -                                     | 351           |
| Charged for the year            | 158                        | 188                          | 1,000                                 | 1,346         |
| Other increases                 | -                          | -                            | -                                     | -             |

|                            |         |       |        |         |
|----------------------------|---------|-------|--------|---------|
| Disposals                  | -       | -     | -      | -       |
| Other decreases            | -       | -     | -      | -       |
| Closing balance            | 164     | 533   | 1,000  | 1,697   |
| <b>Net book value</b>      |         |       |        |         |
| At the beginning of period | 291,836 | 2,060 | -      | 293,896 |
| At the end of period       | 705,222 | 2,602 | 19,000 | 726,824 |

#### 14. OTHER ASSETS

|   | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|---|--------------------|--------------------|
| Interest and fee receivables              | 307,391            | 124,200            |
| Construction in progress                  | 69,007             | 7,999              |
| Receivables                               | 350,671            | 142,639            |
| Provisions for impairment of other assets | (720)              | -                  |
| Other assets                              | 615,415            | 641,193            |
|   | <b>1,341,764</b>   | <b>916,031</b>     |

##### 14.1. Construction in progress

###### Purchase of fixed assets

|                             |               |              |
|-----------------------------|---------------|--------------|
| Purchase of land use rights | 53,949        | 1,335        |
| Core banking                | 15,008        | 618          |
| Vehicles for money transfer | -             | 3,914        |
| ATM management software     | -             | 80           |
| SWIFT system                | -             | 747          |
| Others                      | 50            | 1,305        |
|                             | <b>69,007</b> | <b>7,999</b> |

##### 14.2. Receivables

|  |                |                |
|--|----------------|----------------|
| Internal receivables                   | 48             | 51             |
| Receivables from employees             | 48             | 51             |
| External receivables                   | 350,623        | 142,588        |
| Receivables from customers             | 106,156        | 105,528        |
| Deposits                               | 16,414         | 32,010         |
| Interest subsidies receivable from SBV | 20,994         | -              |
| Dividend advances                      | 159,606        | -              |
| Other receivables                      | 47,453         | 5,050          |
|  | <b>350,671</b> | <b>142,639</b> |

##### 14.3. Other assets

|                   |                |                |
|-------------------|----------------|----------------|
| Trust assets      | 574,902        | 615,000        |
| Prepaid expenses  | 38,274         | 25,048         |
| Foreclosed assets | 1,135          | -              |
| Others            | 1,104          | 1,145          |
|                   | <b>615,415</b> | <b>641,193</b> |



## 15. DEPOSITS AND BORROWINGS FROM OTHER BANKS

|  | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|--|--------------------|--------------------|
| Deposits from other banks              | 9,943,404          | 2,235,084          |
| Borrowings from other banks            | -                  | -                  |
|  | <b>9,943,404</b>   | <b>2,235,084</b>   |
| <b>15.1. Deposits from other banks</b> |                    |                    |
| Demand deposits                        | 33,868             | 1,473              |
| In VND                                 | 33,836             | 1,376              |
| In gold and foreign currencies         | 32                 | 97                 |
| Term deposits                          | 9,909,536          | 2,233,611          |
| In VND                                 | 8,961,446          | 2,127,844          |
| In gold and foreign currencies         | 948,090            | 105,767            |
|  | <b>9,943,404</b>   | <b>2,235,084</b>   |

## 16. CUSTOMER DEPOSITS AND OTHER AMOUNTS DUE TO CUSTOMERS

### 16.1. Analysis by products

|   |                   |                  |
|---|-------------------|------------------|
| Demand deposits                                       | 4,082,545         | 2,990,148        |
| Demand deposit in VND                                 | 3,879,991         | 2,812,575        |
| Demand saving deposits in VND                         | 2,385             | 5,411            |
| Demand deposits in gold and foreign currencies        | 199,673           | 172,162          |
| Demand saving deposits in gold and foreign currencies | 496               | -                |
| Term deposits   | 10,402,050        | 6,506,161        |
| Term deposit in VND                                   | 3,609,243         | 1,533,264        |
| Term saving deposits in VND                           | 5,573,781         | 3,910,071        |
| Term deposits in gold and foreign currencies          | 311,253           | 542,066          |
| Term saving deposits in gold and foreign currencies   | 907,773           | 520,760          |
| Deposits for specific purpose                         | 4,397             | -                |
| Margin deposits                                       | 183,155           | 11,833           |
| Margin deposits in VND                                | 147,513           | 2,830            |
| Margin deposits in gold and foreign currencies        | 35,642            | 9,003            |
| Money transfer payables                               | -                 | -                |
| Money transfer in VND                                 | -                 | -                |
| Money transfer in gold and foreign currencies         | -                 | -                |
| Other amounts due to customers                        | -                 | -                |
|   | <b>14,672,147</b> | <b>9,508,142</b> |

|  | 31/12/2009<br>interest rate<br>% p.a. | 31/12/2008<br>interest rate<br>% p.a. |
|--|---------------------------------------|---------------------------------------|
| Demand deposit in VND                          | 2.44                                  | 2.50                                  |
| Demand saving deposits in VND                  | 2.44                                  | 2.50                                  |
| Demand deposits in gold and foreign currencies | 0.51                                  | 0.87                                  |
| Term deposits in VND                           | 8.71                                  | 10.25                                 |
| Saving deposits in VND                         | 9.06                                  | 13.97                                 |
| Term saving deposits in USD                    | 2.94                                  | 6.05                                  |
| Demand saving deposits in USD                  | 0.51                                  | 0.87                                  |

For term saving deposits, if customers withdraw before maturity, the applicable interest rate will be that for demand saving deposits.

## 16.2. Analysis by customers

|                                 | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|---------------------------------|--------------------|--------------------|
| Deposits from State Treasury    | -                  | -                  |
| Deposits from business entities | 7,628,704          | 4,750,283          |
| State-owned enterprises         | 3,195,582          | 2,893,835          |
| Private enterprises and others  | 2,702,492          | 1,855,470          |
| Foreign invested enterprises    | 1,730,630          | 978                |
| Deposits from individuals       | 7,003,178          | 4,757,859          |
| Deposits from others            | 40,265             | -                  |
|                                 | <b>14,672,147</b>  | <b>9,508,142</b>   |

## 17. OTHER BORROWED FUNDS

|                                      | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|--------------------------------------|--------------------|--------------------|
| Funds borrowed in VND                | 31,014             | 24,650             |
| Funds borrowed in foreign currencies | 870                | 823                |
|                                      | <b>31,884</b>      | <b>25,473</b>      |

### 17.1. Funds borrowed in VND

Details of funds borrowed in VND as at 31 December are as follows:

|  | 31/12/2009     |               |                         | 31/12/2008   |               |                         |
|--|----------------|---------------|-------------------------|--------------|---------------|-------------------------|
|  | Term           | VNDm          | Interest rate<br>% p.a. | Term         | VNDm          | Interest rate<br>% p.a. |
| Lending organisations  |                |               |                         |              |               |                         |
| Medium-term borrowings in VND from Rural Finance Project II (RDF II)         | Over 18 months | 31,014        | 9.12                    | over 2 years | 23,930        | 10.32<br>14.64          |
| Medium-term and Long-term borrowings in VND from Micro Lending Finance (MLF) |                | -             |                         | over 2 years | 720           | 10.32<br>14.64          |
|  |                | <b>31,014</b> |                         |              | <b>24,650</b> |                         |

Borrowings from Rural Finance Project II are borrowings from International Development Association (World Bank) through the Ministry of Finance to provide loans to households with the aim of rural development and poverty reduction in Vietnam. The interest rate applicable for these borrowings is 9.12% p.a. (2008: 10.32-14.64% p.a.); loans to households bear interest rates as declared by the Bank in different periods.

## 17.2. Funds borrowed in foreign currencies

Details of funds borrowed as at 31 December are:

| Lending organisations                              | 31/12/2009 |                   |                      | 31/12/2008 |                   |                      |
|--|------------|-------------------|----------------------|------------|-------------------|----------------------|
|  | Term       | VNDm              | Interest rate % p.a. | Term       | VNDm              | Interest rate % p.a. |
| International Development Association (World Bank) | 20 years   | 870<br><b>870</b> | 0.75                 | 20 years   | 823<br><b>823</b> | 0.75                 |

## 18. OTHER PAYABLES

|   | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|---|--------------------|--------------------|
| <b>Internal payables</b>                              | <b>2,180</b>       | <b>8,068</b>       |
| Payables to employees                                 | 814                | 7,359              |
| Termination allowance reserve                         | 1,366              | 709                |
| <b>External payables</b>                              | <b>227,730</b>     | <b>204,503</b>     |
| Payables to securities investors                      | -                  | -                  |
| Payables for construction and fixed asset acquisition | 6,463              | 6,463              |
| Value Added Tax payable                               | 3,666              | 886                |
| Enterprise Income Tax payable                         | 75,690             | 52,917             |
| Amounts pending for settlement                        | 45,748             | 6,505              |
| Deferred income                                       | 29,560             | 35,337             |
| Prepaid interest                                      | 23,170             | 76,933             |
| Other payables  | 43,433             | 25,462             |
|   | <b>229,910</b>     | <b>212,571</b>     |

## 19. OBLIGATIONS TO THE STATE

|   | Movements during the year |                |               |                 |
|---|---------------------------|----------------|---------------|-----------------|
|   | Opening balance           | Payable        | Paid          | Closing balance |
| Value Added Tax                                   | 886                       | 12,214         | 9,434         | 3,666           |
| Value Added Tax on providing services             | 54                        | 7,995          | 4,424         | 3,625           |
| Value Added Tax on FX trading                     | 832                       | 4,219          | 5,010         | 41              |
| Enterprise Income Tax                             | 52,917                    | 96,785         | 74,012        | 75,690          |
| Enterprise Income Tax additions for previous year | -                         | 59             | 59            | -               |
| License Tax                                       | -                         | 68             | 68            | -               |
| Foreign Contractor Withholding Tax                | -                         | 530            | 530           | -               |
| Other taxes                                       | 4,887                     | 7,415          | 9,682         | 2,620           |
| Other fees and payables                           | -                         | 53             | 53            | -               |
|   | <b>58,690</b>             | <b>117,124</b> | <b>93,838</b> | <b>81,976</b>   |

VNDm

The Bank has the obligation to pay Enterprise Income Tax ("EIT") at the rate of 25% of taxable profits (2008: 28%).

The Bank's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

### 19.1. Current Enterprise Income Tax

Current enterprise income tax payables are determined based on taxable income of the current year. Taxable income is different from the one reported in the consolidated income statement since taxable income excludes incomes which are eligible for tax or expense which is subtracted in prior years due to the differences between the Bank's accounting policies and the current tax policies, and also excludes tax exempted income and non-deductible expenses. The current enterprise income tax payables of the Bank are calculated based on the statutory tax rates applicable at the end of the fiscal year.

|  | 2009<br>VNDm   | 2008<br>VNDm   |
|--|----------------|----------------|
| <b>Operating profit before tax</b>   | <b>415,190</b> | <b>269,361</b> |
| <i>In which:</i>   |                |                |
| Profit before tax of the Bank  | 378,139        | 269,361        |
| Profit before tax of the subsidiary  | 37,051         | -              |
| <i>Less</i>  |                |                |
| Dividend income exempt from EIT  | (16,936)       | (2,965)        |
| Dividend received from State Treasury bonds                                    | -              | -              |
| Profit of the subsidiary which is separately taxed                             | (37,051)       | -              |
| Share of profits from equity investments in joint ventures using equity method | -              | -              |
| <i>Add</i>   |                |                |
| Previous years' surplus/ shortage provision creation                           | -              | -              |
| Taxable income of the Bank itself  | 361,203        | 266,396        |
| EIT expense of the Bank itself at the rate of 25% (2008: 28%)                  | 90,301         | 74,591         |
| Additional EIT due to adjustment to profit of the Bank                         | -              | -              |
| EIT expense of the subsidiary, at the rate of 25% (**)                         | 6,484          | -              |
| <b>Total EIT in fiscal year</b>  | <b>96,785</b>  | <b>74,591</b>  |
| <b>EIT payable at beginning of the year</b>                                    | <b>52,917</b>  | <b>-</b>       |
| EIT paid during the year   | (74,071)       | (54,639)       |
| Adjustments by tax authorities   | 59             | 32,965         |
| <b>EIT payable at the end of year</b>  | <b>75,690</b>  | <b>52,917</b>  |

(\*\*): As per guidance of Circular 03/2009/TT-BTC issued by the Ministry of Finance on 13 January 2009 on the enterprise income tax deduction and payment extension, the Bank's subsidiary is allowed for the 30% deduction of enterprise income tax expense for the year 2009 as its average number of employees did not exceed 300 persons, which satisfied the criteria of a small and medium company as stated in the circular.

## 20. OWNER'S EQUITY AND RESERVES

### 20.1. Statement of changes in owner's equity

Changes in owner's equity of the Bank in 2009 are described in the following table:

|  | VNDm              |                 |                 |                                 |                   |                              |                |                                     |                  |
|--|-------------------|-----------------|-----------------|---------------------------------|-------------------|------------------------------|----------------|-------------------------------------|------------------|
|  | Chartered capital | Capital surplus | Treasury shares | Investment and development fund | Financial reserve | Supplemental capital reserve | Other reserves | Retained earnings/ Accumulated loss | Total            |
| <b>Opening balance</b>                               | <b>2,000,000</b>  | <b>48,000</b>   | <b>(2,351)</b>  | <b>13</b>                       | <b>32,362</b>     | <b>16,701</b>                | <b>4,418</b>   | <b>167,512</b>                      | <b>2,266,655</b> |
| <b>Increase in the year</b>                          |                   |                 |                 |                                 |                   |                              |                |                                     |                  |
| Capital increase in the year                         | -                 | -               | -               | -                               | -                 | -                            | -              | -                                   | -                |
| Net profit for the year                              | -                 | -               | -               | -                               | -                 | -                            | -              | 318,405                             | 318,405          |
| Appropriation of reserves for previous year          | -                 | -               | -               | -                               | -                 | -                            | 5,024          | (5,024)                             | -                |
| Temporary appropriation of reserves for current year | -                 | -               | -               | -                               | 32,677            | 17,199                       | -              | (49,876)                            | -                |
| Transfer from reserves to capital                    | -                 | -               | -               | -                               | -                 | -                            | -              | -                                   | -                |
| Treasury shares sold during the year                 | -                 | -               | -               | -                               | -                 | -                            | -              | -                                   | -                |
| Other increases                                      | -                 | -               | -               | -                               | -                 | -                            | -              | -                                   | -                |
| <b>Decrease in the year</b>                          |                   |                 |                 |                                 |                   |                              |                |                                     |                  |
| Utilization in the year                              | -                 | -               | -               | -                               | -                 | -                            | (5,514)        | -                                   | (5,514)          |
| Treasury shares bought during the year               | -                 | -               | (2,606)         | -                               | -                 | -                            | -              | -                                   | (2,606)          |
| Final dividend payment for previous year             | -                 | -               | -               | -                               | -                 | -                            | -              | (159,836)                           | (159,836)        |
| Dividend advance for the year                        | -                 | -               | -               | -                               | -                 | -                            | -              | -                                   | -                |
| Other decreases                                      | -                 | -               | -               | -                               | -                 | -                            | -              | (59)                                | (59)             |
| <b>Closing balance</b>                               | <b>2,000,000</b>  | <b>48,000</b>   | <b>(4,957)</b>  | <b>13</b>                       | <b>65,039</b>     | <b>33,900</b>                | <b>3,928</b>   | <b>271,122</b>                      | <b>2,417,045</b> |

Detailed increases of the Bank's chartered capital in 2009 are as follows:

|                                     | 31/12/2009       |                  |                   | 31/12/2008       |                  |                   |
|-------------------------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|
|                                     | Total            | Ordinary shares  | Preference shares | Total            | Ordinary shares  | Preference shares |
| Contributed capital by shareholders | 2,000,000        | 2,000,000        | -                 | 2,000,000        | 2,000,000        | -                 |
| Capital surplus                     | 48,000           | 48,000           | -                 | 48,000           | 48,000           | -                 |
| Treasury shares                     | (4,957)          | (4,957)          | -                 | (2,351)          | (2,351)          | -                 |
|                                     | <b>2,043,043</b> | <b>2,043,043</b> | <b>-</b>          | <b>2,045,649</b> | <b>2,045,649</b> | <b>-</b>          |

Details of shares issued by the Bank are as follows:

|  | 2009        | 2008        |
|--|-------------|-------------|
| Shares registered for issuance               | 200,000,000 | 200,000,000 |
| Shares sold to the public                    | 200,000,000 | 200,000,000 |
| Ordinary shares                              | 200,000,000 | 200,000,000 |
| Preference shares                            | -           | -           |
| Treasury shares                              | 467,596     | 221,830     |
| Ordinary shares                              | 467,596     | 221,830     |
| Preference shares                            | -           | -           |
| Outstanding shares                           | 199,532,404 | 199,778,170 |
| Ordinary shares                              | 199,532,404 | 199,778,170 |
| Preference shares                            | -           | -           |
| Face value of outstanding shares (VND/share) | 10,000      | 10,000      |

## 20.2. Statutory reserves of the Bank

On 23 November 2005, the Government issued Decree No. 146/2005/ND-CP regarding the financial management regime of credit institutions which was effective from 16 December 2005. Accordingly, commercial banks are required to make the following allocations of profit after tax to create statutory reserves:

|                               | Percentage of profit after tax | Maximum rate  |
|-------------------------------|--------------------------------|---------------|
| Supplementary capital reserve | Not regulated                  | Not regulated |

The following reserves are calculated based on the profit after tax, and after deducting the allocation to the supplementary capital reserve (remaining profit after tax):

|                                 | Percentage of profit after tax    | Maximum rate             |
|---------------------------------|-----------------------------------|--------------------------|
| Financial reserve               | 10% of remaining profit after tax | 25% of chartered capital |
| Investment and development fund | Not regulated                     | Not regulated            |
| Bonus and welfare funds         | Not regulated                     | Not regulated            |

The utilization of these statutory reserves is in accordance with guidelines as discussed in Decree No. 146/2005/ND-CP.

## 21. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by net profit distributed to shareholders of the Bank divided by weighted average number of outstanding ordinary shares in the year. Details of earning per share of the Bank are as follows:

|   | 2009    | 2008    |
|---|---------|---------|
| Net profit for appropriation (VNDm)                                     | 318,405 | 194,770 |
| Less: bonus and welfare fund (VNDm)                                     | -       | -       |
| Net profit distributable to shareholders (VNDm)                         | 318,405 | 194,770 |
| Weighted average number of outstanding ordinary shares (million shares) | 200     | 200     |
| Basis earnings per share (VND/share)                                    | 1,592   | 974     |

## 22. DIVIDENDS

The Bank has the intention to pay dividend in cash at the rate of 10.50%. During the year 2009, the Bank advanced dividends at the rate of 8.00% for the first half of the year, which is equivalent to VNDm 159,606.

## 23. INTEREST AND SIMILAR INCOME

|  | 2009<br>VNDm | 2008<br>VNDm |
|--|--------------|--------------|
| Interest income from deposits with other banks | 307,905      | 329,813      |
| Interest income from loans to customers        | 836,896      | 845,935      |
| Interest income from debt securities           | 275,313      | 112,460      |
| Other interest income from credit activities   | 242,074      | 5,162        |
|  | 1,662,188    | 1,293,370    |



## 24. INTEREST AND SIMILAR EXPENSES

|   | 2009<br>VNDm     | 2008<br>VNDm     |
|---|------------------|------------------|
| Interest and similar expenses for customer deposits | 1,016,123        | 1,128,156        |
| Interest and similar expenses for borrowings        | 2,418            | 4,196            |
| Other expenses for credit activities                | 206              | 218              |
|   | <b>1,018,747</b> | <b>1,132,570</b> |

## 25. NET FEE AND COMMISSION INCOME

|   | 2009<br>VNDm    | 2008<br>VNDm   |
|---|-----------------|----------------|
| <b>Fee and commission income from</b>   | <b>78,031</b>   | <b>14,398</b>  |
| Settlement services                     | 18,071          | 3,422          |
| Guarantee services                      | 13,617          | 1,758          |
| Treasury operations                     | 756             | 394            |
| Agency services                         | 175             | 106            |
| Other services                          | 45,412          | 8,718          |
| <b>Fees and commission expenses for</b> | <b>(17,949)</b> | <b>(6,986)</b> |
| Settlement services                     | (4,180)         | (2,891)        |
| Guarantee services                      | (1,716)         | (547)          |
| Post and telecommunication fees         | (5,426)         | (3,263)        |
| Other services                          | (6,627)         | (285)          |
| <b>Net fee and commission income</b>    | <b>60,082</b>   | <b>7,412</b>   |

## 26. NET GAIN/ LOSS FROM FOREIGN CURRENCY TRADING

|   | 2009<br>VNDm     | 2008<br>VNDm   |
|---|------------------|----------------|
| <b>Income from foreign currency trading</b>         | <b>168,270</b>   | <b>32,378</b>  |
| Income from foreign exchange spot contracts         | 150,982          | 31,371         |
| Income from gold trading                            | -                | -              |
| Income from currency derivatives                    | 17,288           | 1,007          |
| <b>Expenses for foreign currency trading</b>        | <b>(115,783)</b> | <b>(6,355)</b> |
| Expenses for foreign exchange spot contracts        | (91,056)         | (5,067)        |
| Expenses for gold trading                           | -                | -              |
| Expenses for currency derivatives                   | (24,727)         | (1,288)        |
| <b>Net gain/ loss from foreign exchange trading</b> | <b>52,487</b>    | <b>26,023</b>  |

## 27. NET GAIN/ LOSS FROM TRADING SECURITIES

|   | 2009<br>VNDm  | 2008<br>VNDm    |
|---|---------------|-----------------|
| Income from trading securities  | 32,361        | -               |
| Expenses for trading securities   | (422)         | -               |
| Reversal of provision/ (provision for impairment) of trading securities | -             | (14,168)        |
| <b>Net gain/ loss from trading securities</b>                           | <b>31,939</b> | <b>(14,168)</b> |

**28. NET GAIN/ LOSS FROM INVESTMENT SECURITIES**

|   | 2009<br>VNDm  | 2008<br>VNDm |
|---|---------------|--------------|
| Income from investment securities                 | 40,001        | -            |
| Expenses for investment securities                | -             | -            |
| Reversal of provision for investment securities   | 5,220         | -            |
| Provision for impairment of investment securities | (1,860)       | -            |
| <b>Net gain/ loss from investment securities</b>  | <b>43,361</b> | <b>-</b>     |

**29. NET GAIN/ LOSS FROM OTHER OPERATING ACTIVITIES**

|   | 2009<br>VNDm  | 2008<br>VNDm   |
|---|---------------|----------------|
| Income from loan trading                | -             | -              |
| Income from other derivatives           | -             | -              |
| Income from other operating activities  | 14,180        | 297,055        |
| Expenses for other operating activities | (2,434)       | (2,300)        |
| <b></b>                                 | <b>11,746</b> | <b>294,755</b> |

**30. DIVIDEND INCOME**

|   | 2009<br>VNDm  | 2008<br>VNDm |
|---|---------------|--------------|
| Dividend received   | 16,936        | 2,965        |
| - from trading equity securities                            | 7,052         | 2,965        |
| - from investment equity securities                         | 219           | -            |
| - from capital contribution and other long-term investments | 9,665         | -            |
| <b></b>   | <b>16,936</b> | <b>2,965</b> |

**31. OPERATING EXPENSES**

|  | 2009<br>VNDm   | 2008<br>VNDm   |
|--|----------------|----------------|
| <b>Tax expenses and fees</b>               | <b>15,094</b>  | <b>9,269</b>   |
| <b>Employee expenses</b>                   | <b>143,449</b> | <b>85,398</b>  |
| Salary and allowances                      | 132,765        | 78,991         |
| Salary related contribution                | 8,253          | 4,036          |
| Other allowances                           | 2,428          | 2,371          |
| Expenses for social activities             | 3              | -              |
| <b>Expenses on fixed assets</b>            | <b>58,321</b>  | <b>28,520</b>  |
| <i>In which:</i>                           |                |                |
| Depreciation expenses                      | 17,996         | 10,526         |
| <b>General and administration expenses</b> | <b>5,317</b>   | <b>2,958</b>   |
| Business trip expenses                     | 5,084          | 2,710          |
| Expenses for trade union activities        | 233            | 248            |
| <b>Insurance for customer deposits</b>     | <b>7,011</b>   | <b>3,988</b>   |
| <b>Other operating expenses</b>            | <b>110,941</b> | <b>60,402</b>  |
| <b></b>                                    | <b>340,133</b> | <b>190,535</b> |

### 32. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise of the following balances of the consolidated balance sheet:

|  | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|--|--------------------|--------------------|
| Cash and cash equivalents                                      | 139,081            | 67,479             |
| Demand deposits at the SBV                                     | 920,132            | 216,117            |
| Demand deposits with other banks                               | 121,308            | 34,698             |
| Term deposits with and loans to other banks due within 90 days | 5,241,016          | 2,456,223          |
|  | <b>6,421,537</b>   | <b>2,774,517</b>   |

### 33. EMPLOYEES' REMUNERATION

|  | Actual<br>amount<br>2009 | Actual<br>amount<br>2008 |
|--|--------------------------|--------------------------|
| I. Total number of employees (persons) | 1,348                    | 844                      |
| II. Employees' income (VNDm)           |                          |                          |
| 1. Total salary                        | 127,956                  | 83,316                   |
| 2. Bonus                               | -                        | -                        |
| 3. Other income                        | -                        | 188                      |
| 4. Total income (1+2+3)                | 127,956                  | 83,504                   |
| 5. Salary per capita per month         | 7.91                     | 8.24                     |
| 6. Income per capita per month         | 7.91                     | 8.24                     |

### 34. COLLATERALS

|                        | Initial carrying value<br>(VNDm) | Carrying value at the reporting date<br>(VNDm) |                   |                  |
|------------------------|----------------------------------|--|-------------------|------------------|
|                        | 31/12/2009                       | 31/12/2008                                     | 31/12/2009        | 31/12/2008       |
| Real estate properties | 11,038,628                       | 5,073,587                                      | 11,038,628        | 5,073,587        |
| Movable assets         | 7,249,665                        | 2,948,841                                      | 7,249,665         | 2,948,841        |
| Valuable papers        | 2,639,090                        | 596,188  | 2,639,090         | 596,188          |
| Other assets           | 2,397,062                        | 43,738   | 2,397,062         | 43,738           |
|                        | <b>23,324,445</b>                | <b>8,662,354</b>                               | <b>23,324,445</b> | <b>8,662,354</b> |

### 35. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank is a party to financial instruments which are recorded as off-balance sheet items. These financial instruments mainly comprise financial guarantees and commercial letters of credit. These instruments involve elements of credit risk in excess of the amounts recognized in the balance sheet.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss in case any other party to a financial instrument fails to perform in accordance with the terms of the contract.

Financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party including guarantee for borrowings, settlement, performing contracts and bidding. The credit risk involved in issuing guarantees is essentially the same as that involved in extending facilities to other customers.

Commercial at sight letters of credit represent a financing transaction by the Bank to its customer where the customer is usually the buyer/importer of goods and the beneficiary is typically the seller/ exporter. Credit risk is limited as the merchandise shipped serves as collateral for the transaction.

Deferred payment letters of credits represent the amounts at risk should the contract be fully drawn upon and the client defaults in repayment to the beneficiary. Deferred payment letters of credit that defaulted by clients are recognized by the Bank as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank to pay the beneficiaries and to fulfill the guarantor obligation.

The Bank usually requires customers to place margin deposits for credit related financial instruments. The value of deposits may vary from 0% to 100% the value of the commitments issued depending on the customers' trustworthiness.

The outstanding commitments and contingent liabilities as at 31 December are as follows:

|                                    | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|------------------------------------|--------------------|--------------------|
| Financial letter of guarantees     | 190,214            | -                  |
| At sight letters of credit         | 118,511            | -                  |
| Deferred payment letters of credit | 564,379            | -                  |
| Other commitments                  | 339,245            | 37,274             |
|                                    | 1,212,349          | 37,274             |

### 36. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other entities to which the Bank is related. Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. A party is deemed a related party to the Bank if:

- (a) directly, or indirectly through one or more intermediaries, the party:
  - + controls, is controlled by, or is under common control with, the Bank (this includes parents and subsidiaries);
  - + has interest in the Bank that gives it significant influence over the Bank;
  - + has joint control over the Bank;
- (b) the party is a joint-venture, associate in which the Bank is the venturer, investor;
- (c) the party is a member of the key management personnel of the Bank or its parent;
- (d) the party is a close member of the family of any individual referred to in (a) or (c); and
- (e) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such Bank resides with, directly or indirectly, any individual referred to in (c) or (d).

Summary of significant transactions with related parties during the year is as follows:

| Transactions                       | VNDm    |
|------------------------------------|---------|
| Payment for advertisement services | 50,092  |
| Income from trust contracts        | 182,038 |
| Dividends received                 | 6,090   |

Summary of receivables from and payables to related parties as at 31 December 2009 is as follows:

| Transactions                         | Receivables<br>VNDm | Payables<br>VNDm |
|--------------------------------------|---------------------|------------------|
| Advances for advertisement contracts | 19,865              | -                |
| Loans                                | 135,713             | -                |
| Deposit for securities trading       | 16,414              | -                |
| Trust funds                          | 2,290,430           | -                |
| Demand deposits                      | -                   | 2,269,914        |
| Term deposits                        | -                   | 920,700          |

### 37. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY GEOGRAPHICAL REGIONS

|          | VNDm                  |                   |                       |   |  |
|----------|-----------------------|-------------------|-----------------------|---|--|
|          | Total loan<br>balance | Total<br>deposits | Credit<br>commitments | Derivatives<br>(Total<br>contract<br>value) | Trading<br>and<br>investment<br>securities |
| Domestic | 12,828,748            | 24,629,787        | -                     | 721,327                                     | 4,892,951                                  |
| Overseas | -                     | -                 | -                     | -   | -  |

### 38. RISK MANAGEMENT POLICIES CONCERNING FINANCIAL INSTRUMENTS

The Bank's objective is to optimize the shareholders' wealth and to maintain a sustainable profit growth and healthy financial position. Hence, the use of financial instruments, including customer deposits and high quality financial assets, is the core method for the Bank to gain required interest margin. From the risk management perspective, the Bank is required to maintain balance between off-balance sheet items (such as guarantees and letter of credit) and credits (loans in VND and foreign currencies) to individuals and organizations of different creditworthiness levels. Besides, the Bank also invested part of its mobilized funds in securities or loans to other banks. The foreign currency risk and interest rate risk have been managed simultaneously by applying position limits in order to reduce risk concentration and participating in activities having opposite impact to minimize risks. By holding high quality financial instruments, the Bank is able to manage significant risks in its operating activities and to maintain an adequate liquidity position.

For credit risk management purpose, the Bank has effectively utilized their credit management manual providing regulations and requirements for lending and guidance to standardize the lending activities at the Bank. Liquidity risk is limited by keeping a large amount of cash and cash equivalents in the form of Nostro account, term deposits at SBV and other credit institutions and valuable papers. Risk – adjusted prudential ratios are also used in liquidity risk management. The Bank revalues the interest rate gap and compares to benchmarks of domestic and foreign markets on a regular basis in order to be able to timely adapt with unforeseen movements. Moreover, internal risk management procedures have become more effective thanks to the application of the Centralised Fund Management and Settlement System, accordingly, all fund transfers and settlement transactions are centralised at Head office. These systems allow the Bank to effectively supervise any changes in capital and reduce unnecessary procedures and possible errors.





### 39. CREDIT RISK

Credit risk is the risk that the Bank will suffer a loss because its customers or counterparties fail to discharge their contractual obligations.

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

### 40. MARKET RISK

#### 40.1. Interest rate risk

The real interest rate re-pricing term of the assets and liabilities is the remaining period from the date of financial statements to the latest interest rate re-pricing term.

The following assumptions and conditions are applied in the analysis of real interest rate re-pricing term of the Bank's assets and liabilities:

- Cash and cash equivalents on hand, long-term investments and other assets (fixed assets, real estate investments and other assets) are classified as non-interest items;
- Deposits at SBV are considered settlement deposits, thus the real interest repricing term is assumed to be one month;
- The real interest repricing term of security investments and trading securities which are debt securities is based on actual maturity date at the balance sheet date of each securities; equity securities are classified as non-interest items;
- The real interest repricing term of deposits due from other banks and loans to other banks, loans to customers, borrowings from Government and SBV, customer deposits are identified as follows:
- Items with fixed interest rate during the contractual term: the real interest adjustment term is based on the contractual maturity date subsequent to the balance sheet date;
- Items with floating interest rate: the real interest rate is based on the latest interest rate term subsequent to the balance sheet date;
- The real interest repricing term of valuable papers is based on the actual maturity date for each valuable paper;
- The real interest repricing term of other borrowed from funds that the Bank bears risks is based on the actual remaining period subsequent to the balance sheet; and
- The real interest repricing term for other liabilities is categorised from one to three months. In reality, these items can have different interest rate repricing terms.

#### 40. MARKET RISK (continued)

##### 40.1. Interest risk (continued)

|   | VNDm           |                      |                     |                    |                  |                    |                  |               |                     |
|---|----------------|----------------------|---------------------|--------------------|------------------|--------------------|------------------|---------------|---------------------|
|   | Overdue        | Non-interest bearing | Up to 1 month       | 1-3 months         | 3-6 months       | 6-12 months        | 1-5 years        | Above 5 years | Total               |
| <b>ASSETS</b>   |                |                      |                     |                    |                  |                    |                  |               |                     |
| Cash and cash equivalents on hand   | -              | 139,081              | -                   | -                  | -                | -                  | -                | -             | 139,081             |
| Balances with the State Bank of Vietnam   | -              | -                    | 920,132             | -                  | -                | -                  | -                | -             | 920,132             |
| Placements with and loans to other banks (*)  | -              | -                    | 3,329,342           | 2,597,982          | 100,000          | 330,000            | -                | -             | 6,357,324           |
| Trading securities (*)  | -              | 16,500               | -                   | -                  | -                | -                  | -                | -             | 16,500              |
| Derivative financial instruments and other financial assets   | -              | 3,663                | -                   | -                  | -                | -                  | -                | -             | 3,663               |
| Loans and advances to customers (*)   | 414,641        | -                    | 1,592,958           | 1,591,649          | 9,229,500        | -                  | -                | -             | 12,828,748          |
| Investment securities (*)   | -              | 19,938               | -                   | -                  | 500,000          | 1,218,418          | 3,088,095        | 50,000        | 4,876,451           |
| Long-term investments (*)   | -              | 269,799              | -                   | -                  | -                | -                  | -                | -             | 269,799             |
| Fixed assets and investment properties  | -              | 853,627              | -                   | -                  | -                | -                  | -                | -             | 853,627             |
| Other assets (*)  | 14,400         | 753,194              | 400,000             | 91,110             | 3,780            | 80,000             | -                | -             | 1,342,484           |
| <b>Total assets</b>   | <b>429,041</b> | <b>2,055,802</b>     | <b>6,242,432</b>    | <b>4,280,741</b>   | <b>9,833,280</b> | <b>1,628,418</b>   | <b>3,088,095</b> | <b>50,000</b> | <b>27,607,809</b>   |
| <b>LIABILITIES</b>  |                |                      |                     |                    |                  |                    |                  |               |                     |
| Deposits of and loans from the SBV and other banks  | -              | -                    | (6,613,807)         | (2,959,597)        | (250,000)        | (120,000)          | -                | -             | (9,943,404)         |
| Customers deposits  | -              | -                    | (9,362,473)         | (3,188,273)        | (679,940)        | (1,063,314)        | (378,147)        | -             | (14,672,147)        |
| Derivative financial instruments and other financial liabilities  | -              | -                    | -                   | -                  | -                | -                  | -                | -             | -                   |
| Other borrowed funds  | -              | -                    | -                   | (2,973)            | (172)            | (2,977)            | (25,762)         | -             | (31,884)            |
| Valuable papers   | -              | -                    | -                   | -                  | -                | -                  | -                | -             | -                   |
| Other liabilities   | -              | (372,023)            | (32,694)            | -                  | -                | -                  | -                | -             | (404,717)           |
| <b>Total liabilities</b>  | <b>-</b>       | <b>(372,023)</b>     | <b>(16,008,974)</b> | <b>(6,150,843)</b> | <b>(930,112)</b> | <b>(1,186,291)</b> | <b>(403,909)</b> | <b>-</b>      | <b>(25,052,152)</b> |
| <b>Sensitive difference with on-balance sheet interest rate</b>   | <b>429,041</b> | <b>1,683,779</b>     | <b>(9,766,542)</b>  | <b>(1,870,102)</b> | <b>8,903,168</b> | <b>442,127</b>     | <b>2,684,186</b> | <b>50,000</b> | <b>2,555,657</b>    |
| Off-balance sheet commitments affecting sensitive difference with interest rate of assets and liabilities (net) | -              | -                    | -                   | -                  | -                | -                  | -                | -             | -                   |
| <b>Sensitive difference with on and off-balance sheet interest rate</b>   | <b>429,041</b> | <b>1,683,779</b>     | <b>(9,766,542)</b>  | <b>(1,870,102)</b> | <b>8,903,168</b> | <b>442,127</b>     | <b>2,684,186</b> | <b>50,000</b> | <b>2,555,657</b>    |

(\*): The amounts exclude provisions

## 40.2. Currency risk

Currency risk is the risk that the value of a financial instrument fluctuates due to changes in foreign exchange rates.

As the Bank was incorporated and operates in Vietnam, VND is the reporting currency. The major currency in which the Bank transacts is also VND. The Bank's loans and advances were mainly denominated in VND with the remainder mainly in USD. However, some of the Bank's other assets are in currencies other than VND and USD. The Bank's management has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

Classification of assets and liabilities of which currencies are translated into VND at 31 December 2009 as follow:

|  | VNDm              |                   |  |                  |
|--|-------------------|-------------------|--|------------------|
|  | EUR as translated | USD as translated | Other foreign currencies as translated | Total            |
| <b>ASSETS</b>  |                   |                   |  |                  |
| Cash and cash equivalents on hand                                | 12,664            | 41,239            | 3                                      | 53,906           |
| Balances with the State Bank of Vietnam                          | -                 | 316,095           | -                                      | 316,095          |
| Placements with and loans to other banks (*)                     | 14,970            | 691,030           | 5,854                                  | 711,854          |
| Trading securities (*)   | -                 | -                 | -                                      | -                |
| Derivative financial instruments and other financial assets (*)  | -                 | -                 | -                                      | -                |
| Loans and advances to customers (*)                              | 193,250           | 1,391,618         | -                                      | 1,584,868        |
| Investment securities (*)  | -                 | -                 | -                                      | -                |
| Long-term investments (*)  | -                 | -                 | -                                      | -                |
| Fixed assets and investment properties                           | -                 | -                 | -                                      | -                |
| Other assets (*)   | 169               | 5,974             | -                                      | 6,143            |
| <b>Total assets</b>  | <b>221,053</b>    | <b>2,445,956</b>  | <b>5,857</b>                           | <b>2,672,866</b> |
| <b>LIABILITIES</b>   |                   |                   |  |                  |
| Deposits of and loans from the SBV and other banks               | (162,732)         | (785,390)         | -                                      | (948,122)        |
| Customers' deposits  | (56,029)          | (1,398,807)       | (1)                                    | (1,454,837)      |
| Derivative financial instruments and other financial liabilities | -                 | -                 | -                                      | -                |
| Other borrowings   | -                 | (870)             | -                                      | (870)            |
| Valuable papers  | -                 | -                 | -                                      | -                |
| Other liabilities  | (202)             | (84,667)          | -                                      | (84,869)         |
| Capital and reserves   | -                 | -                 | -                                      | -                |
| Total liabilities and owner's equity                             | (218,963)         | (2,269,734)       | (1)                                    | (2,488,698)      |
| FX position on-balance sheet                                     | 2,090             | 176,222           | 5,856                                  | 184,168          |
| FX position off-balance sheet                                    | -                 | (314,089)         | (1,698)                                | (315,787)        |
| FX position on and off-balance sheet                             | 2,090             | (137,867)         | 4,158                                  | (131,619)        |

(\*): The amounts exclude provisions

## 40.3. Liquidity risk

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit this risk, the management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and of monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The maturity term of assets and liabilities represents the remaining period of assets and liabilities as calculated from the balance sheet date to the point of settlements as stipulated in contracts or in issuance terms and conditions.

The following assumptions and conditions are applied in the analysis of overdue status of the Bank's assets and liabilities:

- Deposits at the SBV are classified as demand deposits which include compulsory deposits. The balance of compulsory deposits depends on the proportion and terms of the Bank's customer deposits;
- The maturity term of investment securities is calculated based on the maturity date of each kind of securities;
- The maturity term of placements with and loans to other banks; and loans to customers is determined on the maturity date as stipulated in contracts. The actual maturity term may be altered because loan contracts may be extended. Besides, loans to customers are reported at the carrying value after deducting provision for bad debts;
- The maturity term of equity investments is considered as more than one year because these investments do not have specific maturity date;
- The maturity term of deposits and borrowings from other banks; and customer's deposits is determined based on features of these items or the maturity date as stipulated in contracts. Vostro account and demand deposits is transacted as required by customers, and therefore, being classified as current accounts. The maturity term of borrowings and term deposits is determined based on the maturity date in contracts. In fact, these amounts may be rotated, and therefore, they last beyond the original maturity date; and
- The maturity term of fixed assets is determined on the remaining useful life of assets.

VNDm

|  | Overdue        |                | Before due date  |                    |                  |                  |                  | Total             |
|--|----------------|----------------|------------------|--------------------|------------------|------------------|------------------|-------------------|
|  | Over 3 months  | Up to 3 months | Up to 1 month    | From 1 to 3 months | From 3-12 months | From 1-5 years   | Over 5 years     |                   |
| <b>ASSETS</b>  |                |                |                  |                    |                  |                  |                  |                   |
| Cash and cash equivalents on hand                                | -              | -              | 139,081          | -                  | -                | -                | -                | 139,081           |
| Balances with the State Bank of Vietnam                          | -              | -              | 920,132          | -                  | -                | -                | -                | 920,132           |
| Placements with and loans to other banks(*)                      | -              | -              | 3,329,342        | 2,597,982          | 430,000          | -                | -                | 6,357,324         |
| Trading securities (*)   | -              | -              | 16,500           | -                  | -                | -                | -                | 16,500            |
| Derivative financial instruments and other financial assets      | -              | -              | 3,663            | -                  | -                | -                | -                | 3,663             |
| Loans and advances to customers(*)                               | 344,156        | 56,445         | 1,606,998        | 1,591,649          | 4,527,479        | 3,782,719        | 919,302          | 12,828,748        |
| Investment securities (*)  | -              | -              | -                | -                  | 1,718,418        | 3,108,033        | 50,000           | 4,876,451         |
| Long-term investments (*)  | -              | -              | -                | -                  | -                | -                | 269,799          | 269,799           |
| Fixed assets and investment properties                           | -              | -              | 17               | 5                  | 182              | 42,428           | 810,995          | 853,627           |
| Other assets (*)   | 14,400         | -              | 1,045,298        | 91,110             | 83,780           | 38,889           | 69,007           | 1,342,484         |
| <b>Total assets</b>  | <b>358,556</b> | <b>56,445</b>  | <b>7,061,031</b> | <b>4,280,746</b>   | <b>6,759,859</b> | <b>6,972,069</b> | <b>2,119,103</b> | <b>27,607,809</b> |
| <b>LIABILITIES</b>   |                |                |                  |                    |                  |                  |                  |                   |
| Deposits of and loans from the SBV and other banks               | -              | -              | (6,613,807)      | (2,959,597)        | (370,000)        | -                | -                | (9,943,404)       |
| Customers' deposits  | -              | -              | (9,362,473)      | (3,188,273)        | (1,743,254)      | (378,147)        | -                | (14,672,147)      |
| Derivative financial instruments and other financial liabilities | -              | -              | -                | -                  | -                | -                | -                | -                 |

VNDm

|                                     | Overdue        |                | Before due date |                |                |                |                | Total        |
|-------------------------------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|--------------|
|                                     | Up to 3 months | Up to 3 months | Up to 3 months  | Up to 3 months | Up to 3 months | Up to 3 months | Up to 3 months |              |
| Other borrowings                    | -              | -              | -               | (2,973)        | (3,149)        | (25,762)       | -              | (31,884)     |
| Valuable papers                     | -              | -              | -               | -              | -              | -              | -              | -            |
| Other liabilities                   | -              | -              | (267,620)       | (75,643)       | (56,529)       | (4,925)        | -              | (404,717)    |
| Total liabilities                   | -              | -              | (16,243,900)    | (6,226,486)    | (2,172,932)    | (408,834)      | -              | (25,052,152) |
| Net liquidity difference            | 358,556        | 56,445         | (9,182,869)     | (1,945,740)    | 4,586,927      | 6,563,235      | 2,119,103      | 2,555,657    |
| (*): The amounts exclude provisions |                |                |                 |                |                |                |                |              |

#### 41. CAPITAL AND OPERATING LEASE COMMITMENTS

|  | 31/12/2009<br>VNDm | 31/12/2008<br>VNDm |
|--|--------------------|--------------------|
| Non-cancelable operating lease commitments | 228,356            | 20,758             |
| In which:                                  |                    |                    |
| - due within one year                      | 7,648              | 1,242              |
| - due from two to five years               | 219,807            | 18,500             |
| - due after five years                     | 901                | 1,016              |

#### 42. EVENTS AFTER BALANCE SHEET DATE

There are no significant events occurring since the balance sheet date which require adjustments, notes and disclosures in financial statements.

#### 43. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAMESE DONG AT YEAR END

|     | 31/12/2009<br>VND | 31/12/2008<br>VND |
|-----|-------------------|-------------------|
| USD | 18,479            | 17,486            |
| EUR | 27,122            | 25,066            |
| GBP | 30,288            | 25,552            |
| CHF | 18,184            | (*)               |
| JPY | 204               | 197               |
| SGD | 13,382            | (*)               |
| AUD | 16,981            | 12,621            |

(\*): The Bank did not have outstanding balances denominated in these currencies as at 31 December 2008.

Prepared by




Ms. Ngo Thi Van  
Accountant

Approved by



Ms. Ninh Thi Lan Phuong  
Chief Accountant

Approved by



Mr. Nguyen Van Le  
General Director

Hanoi, Vietnam, 30 March 2010





**SAI GON – HA NOI COMMERCIAL JOINT STOCK BANK**

Audited Consolidated Financial Statements in compliance with Vietnamese Accounting Standards  
and Accounting System of Vietnamese Credit Institutions  
for financial year ending on 31<sup>st</sup> December, 2009

# AUDITED SEPARATE FINANCIAL STATEMENTS

1. Report of the Board of Management
2. Independent Auditors' Report
3. Separate Balance Sheet
4. Separate Income Statement
5. Separate Statement of Retained Earnings
6. Separate Statement of Cash Flows
7. Notes to the Separate Financial Statements



## SEPARATE FINANCIAL STATEMENTS

### REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Saigon – Hanoi Commercial Joint Stock Bank is pleased to present its report and the separate financial statements of the Bank for the year ended 31 December 2009.

#### THE BANK

Saigon – Hanoi Commercial Joint Stock Bank (hereafter referred to as “the Bank”) is a joint stock commercial bank registered in the Socialist Republic of Vietnam.

The Bank was initially established on 13 November 1993 under Business License 0041-NH/GP issued by the State Bank of Vietnam (“the SBV”). The Bank was renamed as Saigon – Hanoi Commercial Joint Stock Bank under Decision 1764/QD-NHNN dated 11 September 2006 by the State Bank of Vietnam.

The Bank’s principal activities are to provide banking services including mobilising and receiving short-term, medium-term and long-term deposits from organisations as well as individuals; making short-term, medium-term and long-term loans and advances to both organisations and individuals based on the nature and capability of the Bank’s sources of capital; foreign exchange transactions; international trade finance services; discount of commercial papers, bonds and other valuable papers; and other banking services as approved by the State Bank of Vietnam.

The Bank’s Head Office is located at 77 Tran Hung Dao Street, Hoan Kiem District, Hanoi. As at 31 December 2009, the Bank has one (1) Head Office and sixteen (16) branches nationwide.

#### RESULTS AND DIVIDENDS

The Bank’s summary of results and dividends is as follows:

|  | 2009<br>VNDm | 2008<br>VNDm |
|--|--------------|--------------|
| Net profit for the year  | 317,839      | 194,770      |
| Dividends announced for the year   | 159,606      | 159,836      |
| Undistributed earnings for appropriation to reserves and further dividends | 114,739      | 7,676        |

#### EVENTS SINCE THE BALANCE SHEET DATE

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the separate financial statements.

#### AUDITORS

The auditors, Ernst & Young Vietnam Limited, have expressed their willingness to accept reappointment.

#### STATEMENT OF THE MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The Board of Management of the Bank is responsible for the separate financial statements of each financial year which give a true and fair view of the state of affairs of the Bank and of its results and its cash flows for the year. In preparing those separate financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the separate financial statements; and
- prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue its business.

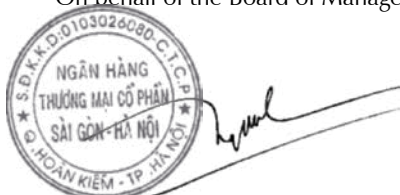
The Board of Management of the Bank is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Bank and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management of the Bank has confirmed to the Board of Directors that the Bank has complied with the above requirements in preparing the accompanying separate financial statements.

#### APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying separate financial statements which give a true and fair view of the financial position of the Bank as at 31 December 2009, the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards and System for Credit Institutions and comply with other relevant statutory requirements of the State Bank of Vietnam and the Ministry of Finance.

On behalf of the Board of Management:



Mr. Nguyen Van Le

General Director

Hanoi, Vietnam

30 March 2010



## SEPARATE FINANCIAL STATEMENTS

### INDEPENDENT AUDITORS' REPORT

**To: The Board of Directors and Board of Management of  
Saigon – Hanoi Commercial Joint Stock Bank**

We have audited the accompanying separate balance sheet of the Saigon – Hanoi Commercial Joint Stock Bank (“the Bank”) as at 31 December 2009, the separate income statement, the separate statement of retained earnings, the separate statement of cash flows for the year then ended and the notes thereto (“the separate financial statements”) as set out on pages 5 to 57. These separate financial statements are of the responsibility of the Bank’s management. Our responsibility is to express an opinion on these separate financial statements based on our audit. The Bank’s financial statements for the year ended 31 December 2009 were audited by other auditors whose report dated 3 March 2009 gave an unqualified opinion on those financial statements.

#### Basis of Opinion

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

#### Opinion

In our opinion, the accompanying separate financial statements, in all material respects, give a true and fair view of the financial position of the Bank as at 31 December 2009, and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards and System for Credit Institutions and with other relevant financial and accounting regulations stipulated by the State Bank of Vietnam and the Ministry of Finance.



*Ernst & Young Vietnam (s)*  
Ernst & Young Vietnam Limited

*Vo Tan Hoang Van*

Vo Tan Hoang Van  
Deputy General Director  
Registered Auditor  
Certificate No. 0264/KTV

Hanoi, Vietnam  
30 March 2010

*Nguyen Chi Cuong*

Nguyen Chi Cuong  
Auditor-in-charge  
Registered Auditor  
Certificate No.1103/KTV



## SEPARATE BALANCE SHEET

|  | Notes     | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|--|-----------|---------------------|---------------------|
| <b>ASSETS</b>  |           |                     |                     |
| <b>Cash and cash equivalents on hand</b>                   | <b>4</b>  | <b>138,996</b>      | <b>67,479</b>       |
| <b>Balances with the State Bank of Vietnam ("the SBV")</b> | <b>5</b>  | <b>920,132</b>      | <b>216,117</b>      |
| <b>Placements with and loans to other banks</b>            | <b>6</b>  | <b>6,357,319</b>    | <b>2,945,975</b>    |
| Placements with other banks                                | 6.1       | 6,357,319           | 2,945,975           |
| Loans and advances to other banks                          |           | -                   | -                   |
| Provision for credit losses of loans to other banks        |           | -                   | -                   |
| <b>Trading securities</b>                                  | <b>7</b>  | <b>16,500</b>       | <b>480,531</b>      |
| Trading securities   |           | 16,500              | 494,699             |
| Provision for impairment of trading securities             |           | -                   | (14,168)            |
| <b>Derivatives and other financial assets</b>              | <b>8</b>  | <b>3,663</b>        | <b>369</b>          |
| <b>Loans and advances to customers</b>                     |           | <b>12,701,664</b>   | <b>6,227,158</b>    |
| Loans and advances to customers                            | 9         | 12,828,748          | 6,252,699           |
| Provision for loans and advances to customers              | 10        | (127,084)           | (25,541)            |
| <b>Investment securities</b>                               | <b>11</b> | <b>4,865,643</b>    | <b>1,955,500</b>    |
| Available-for-sale securities                              | 11.1      | 3,335,951           | 955,000             |
| Held-to-maturity securities                                | 11.2      | 1,540,500           | 1,000,500           |
| Provision for impairment of investment securities          |           | (10,808)            | -                   |
| <b>Long-term investments</b>                               | <b>12</b> | <b>289,799</b>      | <b>748,159</b>      |
| Investments in subsidiary                                  | 12.1      | 20,000              | -                   |
| Investments in joint venture                               |           | -                   | -                   |
| Investments in associate                                   |           | -                   | -                   |
| Other long-term investments                                | 12.2      | 269,799             | 748,159             |
| Provision for impairment of long-term investments          |           | -                   | -                   |
| <b>Fixed assets</b>  | <b>13</b> | <b>852,497</b>      | <b>823,991</b>      |
| Tangible fixed assets                                      | 13.1      | 124,910             | 97,167              |
| Cost   |           | 157,869             | 112,814             |
| Accumulated depreciation                                   |           | (32,959)            | (15,647)            |
| Financial leases   |           | -                   | -                   |
| Cost   |           | -                   | -                   |
| Accumulated depreciation                                   |           | -                   | -                   |
| Intangible assets  | 13.2      | 727,587             | 726,824             |
| Cost   |           | 729,942             | 728,521             |
| Accumulated amortisation                                   |           | (2,355)             | (1,697)             |
| <b>Investment properties</b>                               |           | -                   | -                   |
| Cost   |           | -                   | -                   |
| Accumulated depreciation                                   |           | -                   | -                   |
| <b>Other assets</b>  | <b>14</b> | <b>1,326,900</b>    | <b>916,031</b>      |
| Receivables  |           | 405,085             | 150,638             |
| Interest and fee receivables                               |           | 307,391             | 124,200             |
| Deferred income tax assets                                 |           | -                   | -                   |
| Other assets   |           | 614,424             | 641,193             |
| In which: Goodwill   |           | -                   | -                   |
| Provision for other assets                                 |           | -                   | -                   |
| <b>TOTAL ASSETS</b>  |           | <b>27,473,113</b>   | <b>14,381,310</b>   |



## SEPARATE FINANCIAL STATEMENTS

### SEPARATE BALANCE SHEET (Continued)

|   | Notes     | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|---|-----------|---------------------|---------------------|
| <b>LIABILITIES</b>  |           |                     |                     |
| <b>Borrowings from the Government and the SBV</b>           |           | -                   | -                   |
| <b>Deposits and borrowings from other banks</b>             | <b>15</b> | <b>9,943,404</b>    | <b>2,235,084</b>    |
| Deposits from other banks                                   | 15.1      | 9,943,404           | 2,235,084           |
| Borrowings from other banks                                 |           | -                   | -                   |
| <b>Customer deposits and other amounts due to customers</b> | <b>16</b> | <b>14,686,384</b>   | <b>9,508,142</b>    |
| <b>Derivatives and other financial liabilities</b>          |           | -                   | -                   |
| <b>Other borrowed funds</b>                                 | <b>17</b> | <b>31,884</b>       | <b>25,473</b>       |
| <b>Valuable papers issued</b>                               |           | -                   | -                   |
| <b>Other liabilities</b>                                    |           | <b>394,962</b>      | <b>345,956</b>      |
| Interest and fee payables                                   |           | 171,248             | 132,952             |
| Deferred tax liabilities                                    |           | -                   | -                   |
| Other payables  | 18        | 220,155             | 212,571             |
| Provision for off-balance sheet commitments                 | 10        | 3,559               | 433                 |
| <b>TOTAL LIABILITIES</b>                                    |           | <b>25,056,634</b>   | <b>12,114,655</b>   |
| <b>OWNERS' EQUITY</b>                                       |           |                     |                     |
| <b>Capital and Reserves</b>                                 | <b>20</b> | <b>2,416,479</b>    | <b>2,266,655</b>    |
| <b>Capital</b>  |           | <b>2,043,043</b>    | <b>2,045,649</b>    |
| Chartered capital   |           | 2,000,000           | 2,000,000           |
| Capital to purchase fixed assets                            |           | -                   | -                   |
| Share premium   |           | 48,000              | 48,000              |
| Treasury shares   |           | (4,957)             | (2,351)             |
| Preference shares   |           | -                   | -                   |
| Others  |           | -                   | -                   |
| <b>Reserves</b>   | <b>20</b> | <b>99,091</b>       | <b>53,494</b>       |
| <b>Foreign currency translation reserve</b>                 |           | -                   | -                   |
| <b>Asset revaluation reserve</b>                            |           | -                   | -                   |
| <b>Retained earnings</b>                                    |           | <b>274,345</b>      | <b>167,512</b>      |
| <b>TOTAL OWNERS' EQUITY</b>                                 |           | <b>2,416,479</b>    | <b>2,266,655</b>    |
| <b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>                 |           | <b>27,473,113</b>   | <b>14,381,310</b>   |

### OFF-BALANCE SHEET ITEMS

|                   | Notes     | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|-------------------|-----------|---------------------|---------------------|
| Contingencies     |           |                     |                     |
| Credit guarantees |           | 8,981               | -                   |
| Letters of credit |           | 682,890             | -                   |
| Other guarantees  |           | 520,478             | 37,274              |
|                   | <b>34</b> | <b>1,212,349</b>    | <b>37,274</b>       |

Prepared by

Ms. Ngo Thi Van  
Accountant

Approved by

Ms. Ninh Thi Lan Phuong  
Chief Accountant

Approved by

Mr. Nguyen Van Le  
General Director

Hanoi, Vietnam, 30 March 2010

## SEPARATE INCOME STATEMENT

|   | Notes     | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|---|-----------|---------------------|---------------------|
| Interest and similar income   | 22        | 1,662,188           | 1,293,370           |
| Interest and similar expenses                                       | 23        | (1,019,302)         | (1,132,570)         |
| <b>Net interest and similar income</b>                              |           | <b>642,886</b>      | <b>160,800</b>      |
| Fee and commission income   |           | 39,244              | 14,398              |
| Fee and commission expenses   |           | (17,949)            | (6,986)             |
| <b>Net fee and commission income</b>                                | <b>24</b> | <b>21,295</b>       | <b>7,412</b>        |
| <b>Net gain/(loss) from foreign currency trading</b>                | <b>25</b> | <b>52,487</b>       | <b>26,023</b>       |
| <b>Net gain/(loss) from trading securities</b>                      | <b>26</b> | <b>31,939</b>       | <b>(14,168)</b>     |
| <b>Net gain/(loss) from investment securities</b>                   | <b>27</b> | <b>43,361</b>       | <b>-</b>            |
| Other operating income  |           | 14,180              | 297,055             |
| Other operating expenses  |           | (2,434)             | (2,300)             |
| <b>Net gain/(loss) from other operating activities</b>              | <b>28</b> | <b>11,746</b>       | <b>294,755</b>      |
| <b>Dividend income</b>  | <b>29</b> | <b>46,936</b>       | <b>2,965</b>        |
| <b>TOTAL OPERATING INCOME</b>                                       |           | <b>850,650</b>      | <b>477,787</b>      |
| Employee expenses   |           | (142,436)           | (85,398)            |
| Depreciation and amortisation charges                               |           | (17,986)            | (10,526)            |
| Other operating expenses  |           | (177,419)           | (94,611)            |
| <b>TOTAL OPERATING EXPENSES</b>                                     | <b>30</b> | <b>(337,841)</b>    | <b>(190,535)</b>    |
| Profit from operating activities before provision for credit losses |           | 512,809             | 287,252             |
| Provision for credit losses   | 10        | (108,501)           | (17,891)            |
| Reversal of provision for credit losses                             | 10        | 3,832               | -                   |
| <b>PROFIT BEFORE TAX</b>  |           | <b>408,140</b>      | <b>269,361</b>      |
| Current enterprise income tax                                       | 19        | (90,301)            | (74,591)            |
| Deferred enterprise income tax                                      |           | -                   | -                   |
| <b>Enterprise income tax ("EIT")</b>                                |           | <b>(90,301)</b>     | <b>(74,591)</b>     |
| <b>NET PROFIT FOR THE YEAR</b>                                      |           | <b>317,839</b>      | <b>194,770</b>      |

Prepared by




Ms. Ngo Thi Van  
Accountant

Approved by



Ms. Ninh Thi Lan Phuong  
Chief Accountant

Approved by



Mr. Nguyen Van Le  
General Director

Hanoi, Vietnam, 30 March 2010



## SEPARATE FINANCIAL STATEMENTS

### SEPARATE STATEMENT OF RETAINED EARNINGS

|  | Notes  | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|--|--------|---------------------|---------------------|
| RETAINED EARNINGS AT THE BEGINNING OF THE YEAR                             |        | 167,512             | 127,873             |
| Net profit for the year  |        | 317,839             | 194,770             |
| RETAINED EARNINGS BEFORE APPROPRIATIONS                                    |        | 485,351             | 322,643             |
| Less:  |        |                     |                     |
| Appropriation to reserves for previous year                                | 20     | (5,024)             | -                   |
| Temporary appropriation to reserves for current year                       | 20     | (46,087)            | (28,241)            |
| Final dividend payment for previous year                                   | 20     | (159,836)           | (100,000)           |
| Others   |        | (59)                | (26,890)            |
| RETAINED EARNINGS AT THE END OF THE YEAR                                   |        | 274,345             | 167,512             |
| In which:  |        |                     |                     |
| Interim dividend paid for the year   | 14, 21 | 159,606             | 159,836             |
| Undistributed earnings for appropriation to reserves and further dividends |        | 114,739             | 7,676               |

The accompanying notes from 1 to 42 form part of these separate financial statements.

### SEPARATE STATEMENT OF CASH FLOWS

for the year ended 31 December 2009

|  | Notes | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|--|-------|---------------------|---------------------|
| OPERATING ACTIVITIES   |       |                     |                     |
| Interest and similar income proceeds   |       | 1,608,021           | 1,330,247           |
| Interest and similar expense disbursements   |       | (981,006)           | (1,130,753)         |
| Fees and commission income proceeds  |       | 21,290              | 7,412               |
| Net gain/(loss) from foreign currency, gold and securities trading   |       | (35,538)            | 20,823              |
| Other operating income proceeds  |       | 10,551              | 293,707             |
| Proceeds from bad debts written-off  |       | 1,197               | 1,048               |
| Employee and other administrative expenses disbursements   |       | (326,402)           | (175,045)           |
| Enterprise income tax paid in the year   | 19    | (74,071)            | (54,639)            |
| Net cash flows from operating profit before changes in operating assets and liabilities  |       | 224,042             | 292,800             |
| Changes in operating assets  |       |                     |                     |
| (Increase)/ decrease in due from banks   |       | (539,946)           | 3,192,644           |
| (Increase)/ decrease in trading and investment securities  |       | (2,423,694)         | (2,058,492)         |
| (Increase)/ decrease in derivatives and other financial assets   |       | (3,294)             | (369)               |
| (Increase)/ decrease in loans and advances to customers  |       | (6,576,049)         | (2,069,197)         |
| Decrease in provision for loan losses and provision for impairment of investment securities & long-term investments            |       | -                   | -                   |
| (Increase)/ decrease in other assets   |       | (86,930)            | 486,613             |
| Changes in operating liabilities   |       |                     |                     |
| Increase/ (decrease) in borrowings from the Government and the SBV   |       | -                   | -                   |
| Increase/ (decrease) in due to banks   |       | 7,708,320           | (4,856,701)         |
| Increase/ (decrease) in due to customers (including State Treasury)  |       | 5,178,241           | 6,703,273           |
| Increase/ (decrease) in valuable papers issued (except for long-term valuable papers issued disclosed in financing activities) |       | -                   | -                   |

## SEPARATE STATEMENT OF CASH FLOWS (Continued)

|  | Notes | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|--|-------|---------------------|---------------------|
| Increase/ (decrease) in other borrowed funds                               |       | 6,412               | (26,426)            |
| Increase/ (decrease) in derivatives and other financial liabilities        |       | -                   | -                   |
| Increase/ (decrease) in other liabilities                                  |       | (3,017)             | 74,289              |
| Reserve utilisation  | 20    | (5,514)             | (4,172)             |
| Net cash flows from operating activities                                   |       | 3,478,571           | 1,734,262           |
| INVESTING ACTIVITIES   |       |                     |                     |
| Purchase of fixed assets   |       | (108,442)           | (490,704)           |
| Proceeds from sale of fixed assets   |       | 397                 | -                   |
| Disbursements for sale of fixed assets                                     |       | -                   | -                   |
| Purchase of investment properties  |       | -                   | -                   |
| Proceeds from sale of investment properties                                |       | -                   | -                   |
| Disbursements for sale of investment properties                            |       | -                   | -                   |
| Investments in joint ventures, associates and others                       |       | (36,000)            | (365,559)           |
| Proceeds from sales of investment in joint ventures, associates and others |       | 501,000             | -                   |
| Dividend receipts from long-term investments in the year                   |       | 37,475              | 2,964               |
| Net cash flows from/(used in) investing activities                         |       | 394,430             | (853,299)           |

|   | Notes | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|---|-------|---------------------|---------------------|
| FINANCING ACTIVITIES  |       |                     |                     |
| Increase in chartered capital                               |       | -                   | -                   |
| Proceeds from subordinated debts to increase tier 2 capital |       | -                   | -                   |
| Repayment of subordinated debts to reduce tier 2 capital    |       | -                   | -                   |
| Dividend payment to shareholders                            |       | (223,465)           | (95,976)            |
| Purchase of treasury shares                                 |       | (2,606)             | (2,351)             |
| Proceeds from sale of treasury shares                       |       | -                   | -                   |
| Net cash flows from financing activities                    |       | (226,071)           | (98,327)            |
| Net increase/ (decrease) in cash and cash equivalents       |       | 3,646,930           | 782,636             |
| Cash and cash equivalents at the beginning of the year      |       | 2,774,517           | 1,991,881           |
| Foreign exchange difference                                 |       | -                   | -                   |
| Cash and cash equivalents at the end of the year            | 31    | 6,421,447           | 2,774,517           |

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Ms. Ngo Thi Van  
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Approved by



Ms. Ninh Thi Lan Phuong  
Chief Accountant

Approved by



Mr. Nguyen Van Le  
General Director

Hanoi, Vietnam, 30 March 2010



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Saigon – Hanoi Commercial Joint Stock Bank (herein referred to as “the Bank” or “SHB”) is a joint stock commercial bank registered in the Socialist Republic of Vietnam.

#### *Establishment and Operations*

The Bank was initially established on 13 November 1993 under Business License 0041-NH/GP issued by the State Bank of Vietnam. The Bank was renamed as Saigon – Hanoi Commercial Joint Stock Bank under Decision 1764/QD-NHNN dated 11 September 2006 by the State Bank of Vietnam.

The Bank’s principal activities are to provide banking services including mobilising and receiving short-term, medium-term and long-term deposits from organisations as well as individuals; making short-term, medium-term and long-term loans and advances to both organisations and individuals based on the nature and capability of the Bank’s sources of capital; foreign exchange transactions; international trade finance services; discount of commercial papers, bonds and other valuable papers; and other banking services as approved by the State Bank of Vietnam.

#### *Chartered Capital*

The initial chartered capital of the Bank was VNDm 400 and subsequently supplemented based on the business operating plan of the Bank during the operating period. The actual chartered capital as at 31 December 2009 is VNDm 2,000,000 (2008: VNDm 2,000,000).

#### *Location and operation network*

The Bank’s Head Office is located at 77 Tran Hung Dao Street, Hoan Kiem District, Hanoi. As at 31 December 2009, the Bank has one (1) Head Office and sixteen (16) branches nationwide.

#### *Subsidiary*

As at 31 December 2009, the Bank has one subsidiary wholly owned by the Bank, which is SHB Debt Management and Asset Development one sole member Company Limited, specialising in asset management. The Company was established under Decision 52A/QD – HDQT of the Board of Directors of SHB dated 16 March 2009 and Decision 508/2009/QD-NHNN issued by the Governor of the State Bank of Vietnam on 11 March 2009.

#### *Employees*

As at 31 December 2009, the total number of employees of the Bank is 1,332 persons (2008: 844 persons).

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### **2.1. Compliance with Vietnamese Accounting Standards and Accounting System for Credit Institutions**

The Board of Management affirms that the separate financial statements of the Bank have been prepared in accordance with Vietnamese Accounting Standards and Accounting System for Credit Institutions.

#### **2.2. Basis of presentation**

The separate financial statements of the Bank, which are expressed in millions of Vietnamese Dong (“VNDm”), are prepared in accordance with Accounting System for Credit Institutions required under Decision 479/2004/QD-NHNN issued on 29 April 2004 by the Governor of the State Bank of Vietnam which was enacted from 1 January 2005 and decisions on amendment and supplementation of Decision 479/2004/QD-NHNN, Decision 16/2007/QD-NHNN issued on 18 April 2007 by the Governor of the State Bank of Vietnam, Vietnamese Accounting Standards and related regulations issued by the Ministry of Finance as per:



- Decision 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- Decision 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- Decision 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- Decision 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- Decision 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

The accompanying separate financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying separate balance sheet, separate income statement, separate statement of retained earnings, separate statement of cash flows and notes to the separate financial statements and their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present its financial position, financial performance and its cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

The separate financial statements are prepared to present the financial position, results of operations and cash flows of the Bank, as a single entity including the Head Office and its branches. The consolidated financial statements of the Bank and its subsidiary are presented and issued independently from these separate financial statements.

### 2.3. Fiscal year

The Bank's fiscal year starts on 1 January and ends on 31 December.

### 2.4. Changes of accounting policies

Recognition of investments in securities

In accordance with the Circular 7459/NHNN-KTTC dated 30 August 2006 of the State Bank of Vietnam, investments in companies in which the Bank holds less than 20% voting right are recorded as other long-term investments.

Since 2009, the Bank has adopted Circular 2601/NHNN-TCKT dated on 14 April 2009 of the State Bank of Vietnam providing guidance on classification and provisioning for impairment of financial investments. According to this Circular and the Circular 7459/NHNN-KTTC mentioned above, other long-term investments only include equity investments in companies in which the Bank holds less than 20% of voting right and the Bank is either a founding shareholder or a strategic shareholder, or has certain power to participate in the financial and operating policy – making process evidenced by a written agreement on delegating personnel for representation on the Board of Directors/Board of Management. Accordingly, as at 31 December 2009, the Bank reclassified certain items from other long-term investments to available-for-sale securities and making provision for these available-for-sale securities (if any) in accordance with current relevant regulations.

The opening balances in the accompanying separate financial statements are not restated to reflect the adjustments (if any) in accordance with the above Circular 2601/NHNN-TCKT due to the followings: i) the Circular 2601/NHNN-TCKT does not require retrospective application; and ii) in accordance with the Circular 20/2006/TT-BTC dated 20 March 2006 of the Ministry of Finance providing guidance for the application of the Vietnamese Accounting Standard No. 29 – “Changes in accounting policies, estimates and errors”, retrospective adjustments are not required for changes in accounting policies due to the first time adoption of new accounting standards or regulations.

## NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)

### 2.5. Loans and advances to customers

Loans and advances to customers are disclosed at the principal amounts outstanding at the end of the financial year.

### 2.6. Provision for credit losses

Loans and advances to customers should be classified and provided for in accordance with the Law on Credit Institutions effective from 1 October 1998, Law on Amendment and Supplementation to a number of articles of the Law on Credit Institutions effective from 1 October 2004, Decision 1627/2001/QĐ-NHNN dated 31 December 2001 by the Governor of the State Bank of Vietnam on lending statutory, Decision 127/2005/QĐ-NHNN dated 3 February 2005 amending and supplementing Decision 1627/2001/QĐ-NHNN, Decision 493/2005/QĐ-NHNN dated 22 April 2005, and Decision 18/2007/QĐ-NHNN dated 25 April 2007 by the State Bank of Vietnam on loan classification and provision. Accordingly, loans are classified into Current, Special Mention, Substandard, Doubtful and Loss on the basis of payment arrear status and other qualitative factors.

Net loan and advance exposure for each borrower is calculated by subtracting from the loan balance the discounted value of collateral. Decision 493/2005/QĐ-NHNN and Decision 18/2007/QĐ-NHNN stipulated specific discount rates for certain accepted collaterals.

Specific provision is made on the net loan and advance exposure of each borrower using a fixed provision rates as follows:

| Group | Name            | Specific provision rate |
|-------|-----------------|-------------------------|
| 1     | Current         | 0%                      |
| 2     | Special Mention | 5%                      |
| 3     | Substandard     | 20%                     |
| 4     | Doubtful        | 50%                     |
| 5     | Loss            | 100%                    |

Loans which are classified as Substandard, Doubtful or Loss are considered bad debts.

In accordance with Decision 493/2005/QĐ-NHNN, a general provision is made for credit losses which are yet to be identified during the loan classification and provision process and for the Bank's potential financial difficulties due to the deterioration in loan quality. As such, the Bank is required to fully make and maintain a general provision at 0.75% of total loans and advances to customers, which are classified from groups 1 to 4 within 5 years commencing from May 2005.

The provisions are recorded in the separate income statement as an expense and will be used to write off any credit losses incurred. According to Decision 493/2005/QĐ-NHNN, at the discretion of the Bank's Bad Debt Resolution Committee, the Bank can write off the loans that are classified in Group 5 and of which the borrowers are bankrupted or liquidated (for corporate) or are deceased or missing (for individuals).

Details on the loan classification and related provision and the provision amount that are actually booked by the Bank as at 31 December 2009 are presented in Note 10.

### 2.7. Trading securities

Trading securities are debt securities, equity securities and other securities that the Bank bought and held principally for the purpose of selling them in the near future in order to benefit from price differences.

Trading securities are recognised at cost at transaction date.



Trading securities are subject to review for impairment at the date of the financial statements. Provision for impairment of trading securities is made when their book values are higher than their market values. Impairment losses are recognised in the separate income statement in “Net gain/(loss) from trading securities”.

## **2.8. Investment securities**

### **2.8.1. Held-to-maturity securities**

Held-to-maturity securities are debt securities that the Bank has the intention and ability to hold to maturity. These investment securities carry fixed or determinable payments and have fixed maturities.

Held-to-maturity investment securities are recognised at face value as at transaction date. Any discount/ premium, which is the difference between original cost and the amount which is par value plus accrued interest income (for debt securities with interest payment in arrears) or minus accrued interest income (for debt securities with interest payment in advance), is amortised on a straight-line basis till the maturity date to the separate income statement. Accrued interest income is recognised on a straight-line basis over the estimated remaining holding period of securities.

Held-to-maturity investments are subject to review for impairment. Allowance for impairment is recorded when the decline in value of the investment is other than temporary. Impairment losses are recognised in the separate income statement as “Net gain/(loss) from investment securities”.

### **2.8.2. Available-for-sale securities**

Available-for-sale securities include debt and equity securities which do not qualify to be classified as trading and held-to-maturity and which the Bank holds for only an indefinite period till an opportunity for profit is given. The Bank is not a founding shareholder; or a strategic shareholder, or has no certain power to participate in the financial and operating policy – making process evidenced by a written agreement on delegating personnel for representation on the Board of Directors/Board of Management.

Available-for-sale equity securities are always recognised at cost. Available-for-sale debt securities are recognised in accordance with the accounting policy applied to held-to-maturity securities.

Available-for-sale securities are subject to review for impairment. Allowance for impairment is recorded when carrying value of the securities is higher than its market value. Any impairment losses are recognised in the separate income statement as “Net gain/(loss) from investment securities”.

## **2.9. Investment in subsidiary**

Investment in subsidiary is investment in entity on which the Bank has rights of control. Investment in subsidiary is carried at cost. Distributions from accumulated net profits of the subsidiary arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered as recovery of investment and are deducted to the cost of the investment.

Details of the Bank’s investments in subsidiaries are presented in Note 12.1.

## **2.10. Other long-term investments**

Equity securities are classified in the form of other long term investments only when the Bank holds less than 20% of voting rights and the Bank is a founding shareholder or a strategic shareholder, or has certain power to participate in the financial and operating policy - making process evidenced in the way of representation on the Board of Directors/ Board of Management. Long-term investments are recognised at cost.

For capital contribution in other companies, provision is made when the investee entity is operating at loss (unless losses were previously stipulated in the business plan) in accordance with Circular 228/2009/TT-BTC dated 7 December 2009

## NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)

by the Ministry of Finance. Provision for each financial investment is calculated as the difference between the actual contributed capital of parties in the business entities and the existing chartered capital of the business entities times (x) the proportion of capital contributed by the Bank and total capital contribution of parties in the business entities.

### 2.11. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalised while expenditures for maintenance and repairs are charged to the separate income statement.

When assets are sold or liquidated, their cost and accumulated depreciation are removed from the separate balance sheet and any gains or losses resulting from their disposal are recorded to the separate income statement.

### 2.12. Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalised while expenditures for maintenance and repairs are charged to the separate income statement.

When assets are sold or liquidated, their cost and accumulated depreciation are removed from the separate balance sheet and any gains or losses resulting from their disposal are recorded to the separate income statement.

### 2.13. Depreciation and amortisation

Depreciation and amortisation of tangible fixed assets and intangible assets is calculated on a straight-line basis over the estimated useful life of the assets, which are as follows:

|                                     |                     |
|-------------------------------------|---------------------|
| Buildings and building improvements | 25 years            |
| Machines and equipment              | 5 years             |
| Motor vehicles                      | 8 - 10 years        |
| Office tangible assets              | 5 years             |
| Other equipment                     | 3 - 5 years         |
| Land use rights (*)                 | based on lease term |
| Computer software                   | 5 years             |
| Other intangible assets             | 20 years            |

(\*): The cost of the land use rights is not amortised if it is granted by the Government of Vietnam and has indefinite term. The cost of land use rights with definite term is amortised over the lease term.

### 2.14. Recognition of income and expense

Interest income and expense are recognised in the separate income statement on an accrual basis using a nominal interest rate. The recognition of accrued interest income is suspended when a loan is classified from group 2 to 5 according to Decision 493/2005/QĐ-NHNN and Decision 18/2007/QĐ-NHNN. Suspended interest income is reverted to off-balance sheet and only recognised in the separate income statement upon actual receipt.

Fees and commissions are recognised when incurred.

Dividend income on equity investment is recognised in the separate income statement when the Bank's right to receive the payment is established.

## **2.15. Foreign currency transactions**

The Bank maintains its accounting system and records all transactions in original currencies and translates into VND at the end of each business day. Monetary assets and liabilities denominated in foreign currencies at the year-end are translated into VND using exchange rates at the balance sheet date (see list of exchange rates of applicable foreign currencies against VND as at 31 December in Note 42). Income and expenses arising from foreign currencies during the year are converted into VND at rates ruling at the transaction dates. Unrealised foreign exchange differences arising from the translation of monetary assets and liabilities at the balance sheet date are recognised in the separate income statement.

## **2.16. Enterprise income taxes**

### *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to (or recovered from) the taxation authorities. The tax rates and tax laws are applied and enacted at the balance sheet date.

Current tax should be charged or credited directly to the separate income statement except items related to the tax if are credited or charged, in the same or a different period, directly to equity, the current tax is also charged or credited directly to equity.

Current tax assets and liabilities are only offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the Bank intends to settle its current tax assets and liabilities on a net basis.

The Bank's tax returns are subject to examination by the tax authorities. Due to the ambiguity associated with the applicability of tax laws and regulations in Vietnam, amounts reported in the separate financial statements could be changed at a later date upon final determination by the tax authorities.

### *Deferred tax*

Deferred tax is provided using the balance sheet liability method on temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purpose at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- Where taxable temporary differences are associated with investments in subsidiaries, associates and joint ventures and the Bank has the ability to control the time of reverting these temporary differences and it is likely that these temporary differences will not be reverted in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carrying forward of unused tax losses and the carrying forward of unused tax credits when the amounts of income taxed recoverable in future periods, except:

- Where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- Where deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures when it is probable that the temporary difference will be reversed in a foreseeable future.

## NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the separate income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxable entity and the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

### 2.17. Cash and cash equivalents

Cash and cash equivalents as referred to in the separate statement of cash flows comprises cash, gold, jewellery, gemstones, current accounts with SBV, treasury bills and other short term valuable papers that are qualified to be discounted, amounts due from banks with an original maturity of three months or less.

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

According to Decision 493/2005/QD-NHNN and Decision 18/2007/QD-NHNN by the SBV, credit institutions must classify and make provision for guarantees, payment acceptances, and irrevocable loan commitments with specific effective date (generally called off-balance sheet commitments) into groups as regulated in Article 6 of Decision 493/2005/QD-NHNN, namely Current, Special Mention, Substandard, Doubtful and Loss based on the overdue status and other qualitative factors.

Specific and general provision for off-balance sheet commitments is calculated similarly to the provision for loans and advances to customers as described in Note 2.6. Provision expense is recorded as "Provision for credit losses" in the separate income statement and provision balance is recorded in other liabilities in the separate balance sheet.

### 2.19. Currency derivative contracts

#### *Foreign Currency Forwards*

For foreign currency forwards, the difference between equivalent VND amounts of foreign currency commitments to buy/ sell using forward exchange rate and spot exchange rate at effective date of the contract, is recognised immediately at the effective date of the contract in line "Derivatives and other financial assets" as an asset when it is positive, and line "Derivatives and other financial liabilities" as an liability when it is negative. The difference is subsequently amortised on separate income statements as "Net gain/(loss) from foreign currency trading" using straight-line method over the term of the contracts. As at the balance sheet date, commitment amounts for the foreign currency forwards are revalued based on exchange rates at the balance sheet date (see list of exchange rates of applicable foreign currencies against VND as at 31 December in Note 42). Gain or loss from revaluation is recognised as "Net gain/(loss) from foreign currency trading".

### 2.20. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the separate balance sheet if, and only if, there is a currently enforceable legal right to offset financial assets against financial liabilities or vice-versa, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.





## **2.21. Use of estimates**

The preparation of the separate financial statements requires the Board of Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income and expenses and the resultant provisions.

## **2.22. Employee benefits**

### *2.22.1. Post employment benefits*

Post employment benefits are paid to retired employees of the Bank by the Social Insurance Agency which belongs to the Ministry of Labor and Social Affairs. The Bank is required to contribute to these post employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 15.00% of an employee's basic salary on a monthly basis. The Bank has no further obligation to fund the post employment benefits of its employees, other than the liability to pay Social Insurance Agency on a monthly basis.

The Bank's employees who are subject to early retirement due to restructuring are entitled to one month of basic salary for every 12 months of employment and half month of basic salary for each month of early retirement (maximum 30 months). Early retirement allowance is debited to termination allowance. Additionally, the Bank also pays 3 months of salary to these employees from its salary expense.

### *2.22.2. Voluntary resignation and retrenchment benefits*

Voluntary resignation benefits: the Bank has the obligation, under Section 42 of the Vietnam Labor Code amended on 2 April 2002, to pay allowance arising from voluntarily resignation of employees, equal to one-half month's salary for each year of employment plus salary allowances (if any).

Retrenchment benefits: the Bank has the obligation, under Section 17 of the Vietnam Labor Code, to pay allowance to employees who are retrenched as a result of organisational restructuring or technological changes. In such case, the Bank shall pay to employees an allowance for loss of work equivalent to the aggregate amount of one month salary for each year of employment, but no less than two months' salary. Changes in balance of allowance to employees are recorded in employee expenses for current year.

While the obligations under Sections 17 and 42 are compulsory, the implementation of these sections is subject to detailed guidance issued by the Ministry of Finance in implementing circulars. In accordance with Circular 64/1999/TT-BTC dated 7 June 1999 and Circular 82/2003/TT-BTC dated 14 August 2003 by the Ministry of Finance which superseded Circular 64/1999/TT-BTC, banks are required to calculate retrenchment allowance equal to 3.00% per annum on the basic salary of the employees. The outstanding balance of employee termination reserve which was previously created at 10% from the profit after tax and after appropriation of supplementary capital reserve in accordance with the guidance of Circular 64/1999/TT-BTC should be transferred to retrenchment allowance as provided under Circular 82/2003/TT-BTC.

### *2.22.3. Severance insurance*

The Bank has obligation to contribute to the unemployment insurance fund at the amount equal to 1.00% of their insured employees' salaries and remunerations and withhold the same amount from the insured employees' salaries and remunerations to contribute to the Unemployment Insurance Fund in accordance with Circular 04/2009/TT-BLDTBXH providing guidance on implementation of the Decree 127/2008/ND-CP.

## NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)

### 3. SEGMENT REPORTING

#### 3.1. Segment reporting in terms of business fields

|  | VNDm              |                  |                  |                   |                  |                   |
|--|-------------------|------------------|------------------|-------------------|------------------|-------------------|
|  | Credit            | Investment       | Services         | Treasury          | Others           | Total             |
| <b>For the period from<br/>1 January to 31 December 2009</b> |                   |                  |                  |                   |                  |                   |
| 1. Income from credit activities                             | 1,078,970         | -                | -                | -                 | -                | 1,078,970         |
| 2. Income from investment activities                         | -                 | 406,274          | -                | -                 | -                | 406,274           |
| 3. Income from treasury activities                           | -                 | -                | -                | 307,905           | -                | 307,905           |
| 4. Income from services                                      | -                 | -                | 35,925           | -                 | -                | 35,925            |
| 5. Income from foreign exchange activities                   | -                 | -                | -                | 150,981           | -                | 150,981           |
| 6. Income from derivatives                                   | -                 | -                | -                | 17,288            | -                | 17,288            |
| 7. Other income to allocate                                  | 2,761             | 77               | 7,156            | 111               | 4,785            | 14,890            |
| 8. Direct expenses   | (111,124)         | (4,215)          | (17,686)         | (1,132,461)       | -                | (1,265,486)       |
| 9. Other expenses to allocate                                | (62,790)          | (1,779)          | (162,695)        | (2,541)           | (108,802)        | (338,607)         |
| <b>Profit before tax</b>                                     | <b>907,817</b>    | <b>400,357</b>   | <b>(137,300)</b> | <b>(658,717)</b>  | <b>(104,017)</b> | <b>408,140</b>    |
| <b>As at 31 December 2009</b>                                |                   |                  |                  |                   |                  |                   |
| 1. Departmental assets                                       | 12,701,664        | 5,171,942        | -                | 6,360,982         | -                | 24,234,588        |
| 2. Assets to allocate  | 600,537           | 17,019           | 1,556,048        | 24,313            | 1,040,608        | 3,238,525         |
| <b>Total assets</b>  | <b>13,302,201</b> | <b>5,188,961</b> | <b>1,556,048</b> | <b>6,385,295</b>  | <b>1,040,608</b> | <b>27,473,113</b> |
| 1. Departmental liabilities                                  | 31,884            | -                | -                | 9,943,404         | -                | 9,975,288         |
| 2. Liabilities to allocate                                   | 2,796,616         | 79,256           | 7,246,292        | 113,223           | 4,845,959        | 15,081,346        |
| <b>Total liabilities</b>                                     | <b>2,828,500</b>  | <b>79,256</b>    | <b>7,246,292</b> | <b>10,056,627</b> | <b>4,845,959</b> | <b>25,056,634</b> |

#### 3.2. Segment reporting in terms of geographic areas

All of the Bank's activities are carried out in Vietnam.

### 4. CASH AND CASH EQUIVALENTS ON HAND

|                                    | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|------------------------------------|---------------------|---------------------|
| Cash on hand in VND                | 85,090              | 47,357              |
| Cash on hand in foreign currencies | 53,906              | 20,122              |
|                                    | 138,996             | 67,479              |

### 5. BALANCES WITH THE STATE BANK OF VIETNAM ("THE SBV")

|                             | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|-----------------------------|---------------------|---------------------|
| Current accounts at the SBV | 920,132             | 216,117             |
|                             | 920,132             | 216,117             |

Balances with the SBV include settlement and compulsory deposits. During 2009, the SBV made numerous changes in rates for compulsory deposits in both VND and foreign currencies. As at 31 December 2009, compulsory deposits in VND and settlement deposits in foreign currencies earn annual interest at rates of 1.20% p.a. and 0.50% p.a. respectively (2008: 3.60% p.a. and 1.00% p.a. respectively).

In accordance with the regulations of the SBV, the Bank is required to maintain certain cash reserves with the SBV in the form of compulsory deposits, which are computed at 3.00% and 7.00% for demand deposits and deposits with terms of less than 12 months in VND and foreign currencies, respectively; and at 1.00% and 3.00% for deposits with terms of over 12 months in VND and foreign currencies, respectively. The Bank's average compulsory deposits in VND and foreign currencies in December 2009 were remained at VNDm 317,053 and USD 4,463,661 (or VNDm 82,564).

During the year, the Bank has complied with the SBV's requirements regarding the maintenance of the compulsory deposits with the SBV.

## 6. PLACEMENTS WITH AND LOANS TO OTHER BANKS

|   | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|---|---------------------|---------------------|
| Current accounts with other banks           | 6,357,319           | 2,945,975           |
| Term deposits with and loans to other banks | -                   | -                   |
|   | <b>6,357,319</b>    | <b>2,945,975</b>    |

### 6.1. Placements with other banks

|                                   | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|-----------------------------------|---------------------|---------------------|
| Current accounts with other banks | 121,303             | 34,698              |
| In VND                            | 10,017              | 6,120               |
| In foreign currencies and gold    | 111,286             | 28,578              |
| Term deposits with other banks    | 6,236,016           | 2,911,277           |
| In VND                            | 5,635,448           | 1,902,800           |
| In foreign currencies and gold    | 600,568             | 1,008,477           |
|                                   | <b>6,357,319</b>    | <b>2,945,975</b>    |

## 7. TRADING SECURITIES

Investments in trading securities as at 31 December are as follows:

|  | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|--|---------------------|---------------------|
| Debt securities                                      | -                   | 474,840             |
| Securities issued by the Government of Vietnam       | -                   | 170,351             |
| Securities issued by other local credit institutions | -                   | 304,489             |
| Securities issued by local business entities         | -                   | -                   |
| Securities issued by foreign entities                | -                   | -                   |
| Equity securities                                    | 16,500              | 19,859              |
| Securities issued by other local credit institutions | -                   | 10,440              |
| Securities issued by local business entities         | 16,500              | 9,419               |
| Securities issued by foreign entities                | -                   | -                   |
| Other trading securities                             | -                   | -                   |
| Provision for impairment of trading securities       | -                   | (14,168)            |
|  | <b>16,500</b>       | <b>480,531</b>      |

## NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)

The listing status of trading securities is as follows:

|                          | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|--------------------------|---------------------|---------------------|
| Debt securities          | -                   | 474,840             |
| Listed                   | -                   | -                   |
| Unlisted                 | -                   | 474,840             |
| Equity securities        | 16,500              | 19,859              |
| Listed                   | -                   | 9,419               |
| Unlisted                 | 16,500              | 10,440              |
| Other trading securities | -                   | -                   |
| Listed                   | -                   | -                   |
| Unlisted                 | -                   | -                   |
|                          | <b>16,500</b>       | <b>494,699</b>      |

In 2009, equity securities held for trading for the year ended 31 December 2008 were reclassified to available-for-sale portfolio under the guidance of Circular 2601/NHNN-TCKT on classification and provision for financial investments, according to which trading securities are those bought by the Bank for trading purpose and kept by the Bank for less than 1 year to earn gains from trading.

### 8. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

|                               | Total contract<br>value (at exchange<br>rate at the<br>contract<br>effective date)<br>VNDm | Total book value (at exchange<br>rate at the balance sheet date) |                     |                    |
|-------------------------------|--|--|---------------------|--------------------|
|                               |  | Assets<br>VNDm   | Liabilities<br>VNDm | Net assets<br>VNDm |
| <i>As at 31 December 2009</i> |  |  |                     |                    |
| <b>Currency derivatives</b>   | <b>721,327</b>   | <b>416,958</b>   | <b>413,295</b>      | <b>3,663</b>       |
| Forward contracts             | 721,327  | 416,958  | 413,295             | 3,663              |
| <i>As at 31 December 2008</i> |  |  |                     |                    |
| <b>Currency derivatives</b>   | <b>34,980</b>  | <b>41,341</b>  | <b>40,972</b>       | <b>369</b>         |
| Forward contracts             | 34,980   | 41,341   | 40,972              | 369                |

### 9. LOANS AND ADVANCES TO CUSTOMERS

|  | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|--|---------------------|---------------------|
| Loans to local business entities and individuals   | 12,813,853          | 6,231,779           |
| Discounted valuable papers                         | 12,093              | -                   |
| Trust loans  | 2,802               | 20,920              |
|  | 12,828,748          | 6,252,699           |
|  | 2009                | 2008                |
|  | interest % p.a.     | interest % p.a.     |
| Commercial loans denominated in VND                | 11.99               | 15.87               |
| Commercial loans denominated in foreign currencies | 6.04                | 8.83                |

Commercial loans comprise short-term, medium-term and long-term loans including syndicated loans led by the Bank denominated in both VND and USD.

### 9. 1. Analysis of loans by quality

|                 | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|-----------------|---------------------|---------------------|
| Current         | 12,414,107          | 5,968,921           |
| Special mention | 56,445              | 165,824             |
| Substandard     | 50,895              | 49,696              |
| Doubtful        | 148,830             | 56,612              |
| Loss            | 158,471             | 11,646              |
|                 | <b>12,828,748</b>   | <b>6,252,699</b>    |

### 9. 2. Analysis of loans by original terms

|                   | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|-------------------|---------------------|---------------------|
| Short-term loans  | 7,555,672           | 3,892,067           |
| Medium-term loans | 3,924,482           | 1,551,913           |
| Long-term loans   | 1,348,594           | 808,719             |
|                   | <b>12,828,748</b>   | <b>6,252,699</b>    |

### 9. 3. Analysis of loans by ownership

The details of the Bank's loan portfolio by ownership of business entity at the end of the year are as follows:

|                                    | 31 Dec 2009<br>VNDm | %             | 31 Dec 2008<br>VNDm | %             |
|------------------------------------|---------------------|---------------|---------------------|---------------|
| Corporate loans                    | 9,657,554           | 75.28         | 4,621,173           | 73.91         |
| Central state-owned enterprises    | 406,792             | 3.17          | 113,564             | 1.82          |
| Provincial state-owned enterprises | 56,005              | 0.44          | 16,929              | 0.27          |
| State limited companies            | 609,842             | 4.76          | 114,628             | 1.83          |
| Private limited companies          | 2,910,404           | 22.69         | 1,687,605           | 26.99         |
| State joint stock companies        | 851,654             | 6.64          | 320,454             | 5.13          |
| Other joint stock companies        | 2,793,064           | 21.77         | 1,666,128           | 26.65         |
| Partnerships                       | 122,351             | 0.95          | 30,000              | 0.48          |
| Private enterprises                | 186,205             | 1.45          | 43,329              | 0.69          |
| Foreign invested enterprises       | 328,918             | 2.56          | 183,943             | 2.94          |
| Co-operatives                      | 1,392,319           | 10.85         | 444,593             | 7.11          |
| Individual loans                   | 3,071,612           | 23.94         | 1,599,191           | 25.58         |
| Other loans                        | 99,582              | 0.78          | 32,335              | 0.51          |
|                                    | <b>12,828,748</b>   | <b>100.00</b> | <b>6,252,699</b>    | <b>100.00</b> |

### 9.4. Analysis of loans by sectors

The Bank's loan portfolio at year end comprises loans to entities in the following industrial sectors:

|                           | 31 Dec 2009<br>VNDm | %     | 31 Dec 2008<br>VNDm | %     |
|---------------------------|---------------------|-------|---------------------|-------|
| Agricultural and forestry | 2,656,136           | 20.70 | 948,027             | 15.16 |
| Aquaculture               | 156,645             | 1.22  | 76,508              | 1.23  |
| Mining                    | 1,374,825           | 10.72 | 528,541             | 8.45  |

## NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)

|   | 31 Dec 2009<br>VNDm | %             | 31 Dec 2008<br>VNDm | %             |
|---|---------------------|---------------|---------------------|---------------|
| Processing  | 690,746             | 5.39          | 447,147             | 7.15          |
| Electricity, petroleum & water  | 31,430              | 0.24          | 10,325              | 0.17          |
| Construction  | 1,170,496           | 9.12          | 1,037,618           | 16.59         |
| Wholesale and retail trade, repair of motor vehicles, motor cycles and personal goods | 784,085             | 6.11          | 509,802             | 8.15          |
| Hospitality   | 59,620              | 0.46          | 21,826              | 0.35          |
| Transportation and communications   | 314,494             | 2.45          | 66,964              | 1.07          |
| Financial services  | 184,490             | 1.44          | 87,517              | 1.40          |
| Scientific research   | 39,663              | 0.31          | 3,834               | 0.06          |
| Real estate development & property investment   | 86,194              | 0.67          | 94,473              | 1.51          |
| Government agents   | 1,621               | 0.01          | 2,935               | 0.05          |
| Education and training  | 5,600               | 0.05          | 2,985               | 0.05          |
| Healthcare and community development  | 25,272              | 0.20          | 7,644               | 0.12          |
| Recreational, cultural, sporting activities   | 1,445               | 0.01          | 610                 | 0.01          |
| Community, social and personal service activities                                     | 330,543             | 2.58          | 287,813             | 4.60          |
| Households services   | 877                 | 0.01          | 495                 | 0.01          |
| International activities  | 30,634              | 0.24          | 30,246              | 0.49          |
| Others  | 4,883,932           | 38.07         | 2,087,389           | 33.38         |
|   | <b>12,828,748</b>   | <b>100.00</b> | <b>6,252,699</b>    | <b>100.00</b> |

### 10. CHANGES IN THE PROVISION FOR CREDIT LOSSES

The breakdown of provision for loan losses as at 31 December 2009 that is disclosed in the separate balance sheet is as follows:

|  | 31 Dec 2009<br>VNDm |
|--|---------------------|
| Provision for loans and advances to customers                          | 127,084             |
| Provision for contingent liabilities and off-balance sheet commitments | 3,559               |
|  | <b>130,643</b>      |

Changes in the provision for credit losses during 2009 are summarised below:

|                                       | Specific provision<br>VNDm | General provision<br>VNDm | Total<br>VNDm  |
|---------------------------------------|----------------------------|---------------------------|----------------|
| Opening balance                       | 11,849                     | 14,125                    | 25,974         |
| Provision expense in the year         | 66,254                     | 42,247 (*)                | 108,501        |
| Reversal of provision during the year | (3,689)                    | (143)                     | (3,832)        |
| Bad debts written off during the year | -                          | -                         | -              |
| <b>Closing balance</b>                | <b>74,414</b>              | <b>56,229</b>             | <b>130,643</b> |



Changes in the provision for credit losses during 2008 are summarised below:

|                                       | Specific provision | General provision | Total         |
|---------------------------------------|--------------------|-------------------|---------------|
|                                       | VNDm               | VNDm              | VNDm          |
| Opening balance                       | 2,747              | 5,336             | 8,083         |
| Provision expense in the year         | 9,102              | 8,789 (*)         | 17,891        |
| Reversal of provision during the year | -                  | -                 | -             |
| Bad debts written off during the year | -                  | -                 | -             |
| <b>Closing balance</b>                | <b>11,849</b>      | <b>14,125</b>     | <b>25,974</b> |

(\*): General provision includes general provision for loans to customers from Group 1 to 4 and for off-balance sheet commitments.

The breakdown of loan classification and provision as required by Decision 493/2005/QĐ-NHNN and Decision 18/2007/QĐ-NHNN and the Bank's own policy as at 31 December 2009 is as follows:

| Classification  | Loan balance<br>VNDm | Required specific provision<br>VNDm | Required general provision<br>VNDm | Total required provision<br>VNDm | Total provision made by the Bank<br>VNDm |
|-----------------|----------------------|-------------------------------------|------------------------------------|----------------------------------|--|
| Current         | 12,414,107           | -                                   | 93,106                             | 93,106                           | 51,353                                   |
| Special mention | 56,445               | 691                                 | 423                                | 1,114                            | 1,011                                    |
| Substandard     | 50,895               | 1,427                               | 382                                | 1,809                            | 1,678                                    |
| Doubtful        | 148,830              | 26,938                              | 1,116                              | 28,054                           | 27,684                                   |
| Loss            | 158,471              | 45,358                              | -                                  | 45,358                           | 45,358                                   |
|                 | <b>12,828,748</b>    | <b>74,414</b>                       | <b>95,027</b>                      | <b>169,441</b>                   | <b>127,084</b>                           |

Provision for contingent liabilities and off-balance sheet commitments as at 31 December 2009 is as follows:

| Classification  | Loan balance<br>VNDm | Required specific provision<br>VNDm | Required general provision<br>VNDm | Total required provision<br>VNDm | Total provision made by the Bank<br>VNDm |
|-----------------|----------------------|-------------------------------------|------------------------------------|----------------------------------|--|
| Current         | 1,212,349            | -                                   | 9,093                              | 9,093                            | 3,55                                     |
| Special mention | -                    | -                                   | -                                  | -                                | -  |
| Substandard     | -                    | -                                   | -                                  | -                                | -  |
| Doubtful        | -                    | -                                   | -                                  | -                                | -  |
| Loss            | -                    | -                                   | -                                  | -                                | -  |
|                 | <b>1,212,349</b>     | <b>-</b>                            | <b>9,093</b>                       | <b>9,093</b>                     | <b>3,559</b>                             |

As at 31 December 2009, the Bank has made full specific provision for its whole loan balance under Decision 493/2005/QĐ-NHNN and Decision 18/2007/QĐ-NHNN issued by the SBV. Decision 493/2005/QĐ-NHNN allows banks to make full general provision at 0.75% of total loan balance of groups 1 to 4 and balance of off-balance sheet commitments within 5 years from the effective date of this decision, which is May 2010. The Bank will make full general provision at the rate of 0.75% before May 2010.

## NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)

### 11. INVESTMENT SECURITIES

|   | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|---|---------------------|---------------------|
| Available-for-sale securities                           | 3,335,951           | 955,000             |
| Debt securities   | 3,316,013           | 955,000             |
| Securities issued by the Government of Vietnam          | -                   | -                   |
| Securities issued by other local credit institutions    | 602,095             | -                   |
| Securities issued by local business entities            | 2,713,918           | 955,000             |
| Securities issued by foreign entities                   | -                   | -                   |
| Equity securities                                       | 19,938              | -                   |
| Securities issued by other local credit institutions    | 11,200              | -                   |
| Securities issued by local business entities            | 8,738               | -                   |
| Securities issued by foreign entities                   | -                   | -                   |
| <b>Provision for available-for-sale securities</b>      | <b>(10,808)</b>     | <b>-</b>            |
| <b>Held-to-maturity securities</b>                      | <b>1,540,500</b>    | <b>1,000,500</b>    |
| Securities issued by the Government of Vietnam          | 1,040,500           | 500                 |
| Securities issued by other local credit institutions    | 500,000             | 1,000,000           |
| Securities issued by local business entities            | -                   | -                   |
| Securities issued by foreign entities                   | -                   | -                   |
| Provision for impairment of held-to-maturity securities | -                   | -                   |
|   | <b>4,865,643</b>    | <b>1,955,500</b>    |

#### 11.1 Available-for-sale securities

##### 11.1.1 Debt securities

Details of available-for-sale debt securities held by the Bank as at 31 December are as follows:

|  | 31 Dec 2009        |                        | 31 Dec 2008        |                        |
|--|--------------------|------------------------|--------------------|------------------------|
|  | Face value<br>VNDm | Carrying value<br>VNDm | Face value<br>VNDm | Carrying value<br>VNDm |
| <b>Securities issued by other local credit institutions</b>    | <b>600,000</b>     | <b>602,095</b>         | <b>-</b>           | <b>-</b>               |
| Bonds issued by Bank for Investment and Development of Vietnam | 300,000            | 302,095                | -                  | -                      |
| Bonds issued by Hanoi Building Commercial J.S. Bank            | 100,000            | 100,000                | -                  | -                      |
| Bonds issued by Sai Gon Thuong Tin Commercial J.S. Bank        | 100,000            | 100,000                | -                  | -                      |
| Bonds issued by Maritime Commercial J.S. Bank                  | 100,000            | 100,000                | -                  | -                      |
| <b>Securities issued by local business entities</b>            | <b>2,716,000</b>   | <b>2,713,918</b>       | <b>955,000</b>     | <b>955,000</b>         |
| Bonds issued by Lilama Corporation                             | 36,000             | 36,000                 | 5,000              | 5,000                  |
| Bonds issued by No.1 Construction Corporation                  | 300,000            | 300,000                | -                  | -                      |
| Bonds issued by Phu Hoang Anh JSC                              | 100,000            | 100,000                | -                  | -                      |
| Debt securities issued by other local business entities        | 2,280,000          | 2,277,918              | 545,000            | 545,000                |
|  | <b>3,316,000</b>   | <b>3,316,013</b>       | <b>955,000</b>     | <b>955,000</b>         |

Bonds issued by Bank for Investment and Development of Vietnam mature after 5 years since issued date, and have interest at rates of 8.15% p.a. and 9.50% p.a., interest is payable annually.

Bonds issued by Hanoi Building Commercial Joint Stock Bank have terms of 2 years, interest is to be payable annually. Interest rate for the first year is 10.50% p.a. and will float for the second year. Interest will be the lower of 2.80% p.a. plus (+) the average interest rate of 4 big banks in Vietnam for 12-month VND denominated saving deposits whose interest is payable at maturity and the ceiling interest rates regulated by the SBV for mobilisation by bonds applied to commercial banks.

Bonds issued by Saigon Thuong tin Commercial Joint Stock Bank have terms of 3 years and interest at rate of 10.50% p.a. for the first year. Interest rate floats in the following years. Interest rate will be the lowest among 2.75% p.a. plus (+) the average interest rate of 4 big banks in Vietnam for 12-month VND denominated saving deposits whose interest is payable at maturity, 150% of basic interest rates announced by the SBV at the date of interest determination, and the highest rates permitted by Decision 16/2008/QD-NHNN dated 16 May 2008 by the Governor of the SBV. Interest is payable annually.

Bonds issued by Maritime Commercial Joint Stock Bank have terms of 2 years, interest which is payable annually is at the rate of 10.50% p.a. for the first year and floats for the second year. The rate for the second year is determined at 2.60% p.a. plus (+) the average interest rate of 4 big banks in Vietnam for 12-month VND denominated saving deposits whose interest is payable at maturity.

Bonds issued by Lilama Corporation have terms of 5 years and interest at rate of 8.80% p.a. Interest is payable annually.

Bonds issued by No.1 Construction Corporation have terms of 3 years and interest at rate of 12.00% p.a. for the first year. Interest rate is to be determined every 6 months from the second year (at 3.00% p.a. plus (+) the average interest of Bank for Investment and Development of Vietnam and SHB for 12-month saving deposits whose interest is payable at the end of the term. Interest is payable every 6 months from the second year.

Bonds issued by Phu Hoang Anh JSC. have terms of 3 years, interest is payable every 6 months and at the rate of 11.00% p.a. for the first interest payment. Interest will float since the second interest payment and will be calculated at 3.50% p.a. plus (+) Ho Chi Minh Housing Development Bank's interest rates for 12-month deposits whose interest is payable at maturity yet interest rate is not lower than 11.00% p.a.

Debt securities issued by other local business entities have terms ranging from 2 to 10 years, interest at rates ranging from 9.40% p.a. to 15.00% p.a. and interest is payable annually.

#### 11.1.2 Equity securities

Details of available-for-sale equity securities held by the Bank as at 31 December are as follows:

|   | 31 Dec 2009   |                          | 31 Dec 2008 |                          |
|---|---------------|--------------------------|-------------|--------------------------|
|   | Cost VNDm     | % owner-ship of the Bank | Costm VND   | % owner-ship of the Bank |
| <b>Investments in other local credit institutions</b> | <b>11,200</b> |                          | -           |                          |
| Bank for Foreign Trade of Vietnam                     | 10,440        | 0.09                     | -           | -                        |
| Saigon Thuong tin Commercial Joint Stock Bank         | 760           | 0.01                     | -           | -                        |
| Investment in local business entities                 | 8,738         |                          | -           |                          |
| Cuu Long Fish Corporation                             | 86            | 0.10                     | -           | -                        |
| Refrigeration Electrical Engineering Corporation      | 1,540         | 0.27                     | -           | -                        |
| Hanoi Maritime Holding Company                        | 294           | 0.22                     | -           | -                        |
| Thu Duc Housing Development Corporation               | 1,948         | 0.51                     | -           | -                        |
| PV Drilling and Well Services Corporation             | 800           | 0.04                     | -           | -                        |
| Ho Chi Minh City Infrastructure Investment JSC.       | 660           | 0.09                     | -           | -                        |
| SMC Trading Investment JSC.                           | 727           | 0.66                     | -           | -                        |
| HAI Agrochem JSC.                                     | 913           | 0.63                     | -           | -                        |
| Petroleum Technical Services Corporation              | 1,770         | 0.10                     | -           | -                        |
|   | <b>19,938</b> |                          | -           |                          |

*These securities were reclassified from trading securities (see also Note 7).*

## NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)

### 11.2 Held-to-maturity securities

|  | 31 Dec 2009      |                  | 31 Dec 2008      |                  |
|--|------------------|------------------|------------------|------------------|
|  | Face value       | Carrying value   | Face value       | Carrying value   |
|  | VNDm             | VNDm             | VNDm             | VNDm             |
| <b>Government bonds</b>  | <b>1,040,500</b> | <b>1,040,500</b> | <b>500</b>       | <b>500</b>       |
| Bonds issued by the State Treasury                                 | 500              | 500              | 500              | 500              |
| Bonds issued by the Government                                     | 1,040,000        | 1,040,000        | -                | -                |
| <b>Bonds issued by other local credit institutions</b>             | <b>500,000</b>   | <b>500,000</b>   | <b>1,000,000</b> | <b>1,000,000</b> |
| Bills issued by Vietnam Bank for Agriculture and Rural Development | 500,000          | 500,000          | 1,000,000        | 1,000,000        |
|  | <b>1,540,500</b> | <b>1,540,500</b> | <b>1,000,500</b> | <b>1,000,500</b> |

Bonds issued by the State Treasury have terms of 5 years and interest at rate of 8.60% p.a., interest is payable at maturity. The Bank has the intention and ability to hold these bonds to maturity.

Bonds issued by the Government include two sets of bonds. One set is VNDm 40,000 bonds with terms of 5 years, interest at rate of 8.70% p.a. and interest is payable annually. The other set is VNDm 1,000,000 bonds with terms of 3 years, interest at rate of 11.00% p.a. and interest is payable annually. The Bank has the intention and ability to hold these bonds to maturity.

Bills issued by Vietnam Bank for Agriculture and Rural Development have terms of 9 months and interest at rate of 9.72% p.a., interest was prepaid at the time of purchase. The Bank has the intention and ability to hold these bonds to maturity.

## 12. LONG-TERM INVESTMENTS

Details of long-term investments as at 31 December are as follows:

|   | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|---|---------------------|---------------------|
| Investment in subsidiary at cost                        | 20,000              | -                   |
| Other long-term investments                             | 269,799             | 748,159             |
| Provision for impairment of investment in subsidiary    | -                   | -                   |
| Provision for impairment of other long-term investments | -                   | -                   |
|   | <b>289,799</b>      | <b>748,159</b>      |

### 12.1. Investment in subsidiary

Details of the Bank's investment in subsidiary as at 31 December are as follows:

|   | Business sector | 2009<br>Cost<br>VNDm | 2008<br>% ownership<br>of the Bank | Cost<br>VNDm | % ownership<br>of the Bank |
|---|-----------------|----------------------|------------------------------------|--------------|----------------------------|
| SHB Debt Management and Asset Development one sole member Company Limited | Debt Factoring  | 20,000               | 100.00                             | -            | -                          |
| Less: Provision for impairment of investment in subsidiary                |                 | -                    |                                    | -            |                            |
|   |                 | <b>20,000</b>        |                                    | -            |                            |

The subsidiary's financial performance based on its financial statements in accordance with Vietnamese Accounting Standards for the year ended 31 December 2009 is as follows:

|  | Total asset<br>VNDm | Total<br>liabilities<br>VNDm | Total<br>income<br>VNDm | Total<br>expenses (*)<br>VNDm | Profit<br>after tax<br>VNDm |
|--|---------------------|------------------------------|-------------------------|-------------------------------|-----------------------------|
| SHB Debt Management and Asset Development<br>one sole member Company Limited | 30,321              | 9,755                        | 39,341                  | 8,774                         | 30,567                      |

(\*): Including Enterprise Income Tax

SHB Debt Management and Asset Development one sole member Company Limited was established in Vietnam, in accordance with Business Registration Certificate No. 0104006217 dated 4 May 2009 and first amended on 10 December 2009 by Hanoi's Department of Planning and Investment. The principal activities of the Company are to receive, manage and transfer off-balance sheet loans (secured and unsecured loans) and collaterals which are handed over by the Bank and other credit institutions.

## 12.2. Other long-term investments

Details of other long-term investments as at 31 December are as follows:

|   | 31 Dec 2009    |                           |   | 31 Dec 2008    |                           |   |
|---|----------------|---------------------------|---|----------------|---------------------------|---|
|   | Cost<br>VNDm   | Carrying<br>value<br>VNDm | % owner-<br>ship of<br>the Bank<br>VNDm | Cost<br>VNDm   | Carrying<br>value<br>VNDm | % owner-<br>ship of<br>the Bank<br>VNDm |
| Nghe An Rubber Investment and Development JSC | 600            | 600                       | 0.40                                    | 600            | 600                       | 0.80                                    |
| Saigon – Hanoi Fund Management JSC            | 5,200          | 5,200                     | 10.40                                   | 5,200          | 5,200                     | 10.40                                   |
| Saigon – Hanoi Securities JSC                 | 41,090         | 41,090                    | 10.01                                   | 35,000         | 35,000                    | 10.00                                   |
| Phuoc Hoa Rubber JSC                          | 27,859         | 27,859                    | 0.62                                    | 27,859         | 27,859                    | 0.82                                    |
| An Viet Development JSC                       | 1,000          | 1,000                     | 2.00                                    | 1,000          | 1,000                     | 2.00                                    |
| SHB – Vinacomin Insurance JSC                 | 30,000         | 30,000                    | 10.00                                   | 30,000         | 30,000                    | 10.00                                   |
| Lilama SHB Investment and Construction JSC    | 11,000         | 11,000                    | 11.00                                   | 11,000         | 11,000                    | 11.00                                   |
| Nam Viet Investment and Finance JSC           | 1,500          | 1,500                     | 1.25                                    | 1,500          | 1,500                     | 2.14                                    |
| Son Lam Company Limited                       | 135,000        | 135,000                   | 10.69                                   | 135,000        | 135,000                   | 10.70                                   |
| Thanh Viet Fund Management JSC                | -              | -                         | -                                       | 501,000        | 501,000                   | 0.10                                    |
| SHB – Da Nang Sport JSC                       | 550            | 550                       | 11.00                                   | -              | -                         | -                                       |
| Gentraco Fish JSC                             | 8,000          | 8,000                     | 10.00                                   | -              | -                         | -                                       |
| An Thinh Real Estate JSC                      | 8,000          | 8,000                     | 10.00                                   | -              | -                         | -                                       |
|   | <b>269,799</b> | <b>269,799</b>            |   | <b>748,159</b> | <b>748,159</b>            |   |

## 13. FIXED ASSETS

### 13.1. Tangible fixed assets

Movements of tangible fixed assets during the year ended 31 December 2009 are as follows:

**NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)**

|                                 | Buildings & building improvements VNDm | Machines & equipment VNDm | Motor vehicles VNDm | Office equipment VNDm | Other tangible assets VNDm | Total VNDm |
|---------------------------------|--|---------------------------|---------------------|-----------------------|----------------------------|------------|
| <b>Cost</b>                     |  |                           |                     |                       |                            |            |
| As at 1 January 2009            | 42,592                                 | 12,199                    | 35,102              | 21,821                | 1,100                      | 112,814    |
| Additions in the year           | 1,965                                  | 6,917                     | 14,465              | 13,579                | 2,312                      | 39,238     |
| Finished construction           | 1,223                                  | -                         | 4,662               | -                     | -                          | 5,885      |
| Other increases                 | 29                                     | 894                       | -                   | -                     | 142                        | 1,065      |
| Disposals                       | -                                      | -                         | (491)               | (92)                  | -                          | (583)      |
| Other decreases                 | -                                      | (550)                     | -                   | -                     | -                          | (550)      |
| As at 31 December 2009          | 45,809                                 | 19,460                    | 53,738              | 35,308                | 3,554                      | 157,869    |
| <b>Accumulated depreciation</b> |  |                           |                     |                       |                            |            |
| As at 1 January 2009            | 3,638                                  | 2,267                     | 4,576               | 5,007                 | 159                        | 15,647     |
| Charged for the year            | 2,302                                  | 1,934                     | 6,387               | 6,331                 | 374                        | 17,328     |
| Other increases                 | -                                      | 149                       | -                   | -                     | 23                         | 172        |
| Disposals                       | -                                      | -                         | (142)               | (46)                  | -                          | (188)      |
| As at 31 December 2009          | 5,940                                  | 4,350                     | 10,821              | 11,292                | 556                        | 32,959     |
| <b>Net book value</b>           |  |                           |                     |                       |                            |            |
| As at 1 January 2009            | 38,954                                 | 9,932                     | 30,526              | 16,814                | 941                        | 97,167     |
| As at 31 December 2009          | 39,869                                 | 15,110                    | 42,917              | 24,016                | 2,998                      | 124,910    |

Movements in tangible fixed assets during the year ended 31 December 2008 were as follows:

|                                 | Buildings & building improvements VNDm | Machines & equipment VNDm | Motor vehicles VNDm | Office equipment VNDm | Other tangible assets VNDm | Total VNDm |
|---------------------------------|--|---------------------------|---------------------|-----------------------|----------------------------|------------|
| <b>Cost</b>                     |  |                           |                     |                       |                            |            |
| As at 1 January 2008            | 15,985                                 | 7,857                     | 19,776              | 12,616                | 284                        | 56,518     |
| Additions in the year           | 26,607                                 | 4,342                     | 15,326              | 9,194                 | 816                        | 56,285     |
| Other increases                 | -                                      | -                         | -                   | 11                    | -                          | 11         |
| As at 31 December 2008          | 42,592                                 | 12,199                    | 35,102              | 21,821                | 1,100                      | 112,814    |
| <b>Accumulated depreciation</b> |  |                           |                     |                       |                            |            |
| As at 1 January 2008            | 1,849                                  | 817                       | 1,917               | 1,834                 | 50                         | 6,467      |
| Charged for the year            | 1,789                                  | 1,450                     | 2,659               | 3,173                 | 109                        | 9,180      |
| As at 31 December 2008          | 3,638                                  | 2,267                     | 4,576               | 5,007                 | 159                        | 15,647     |
| <b>Net book value</b>           |  |                           |                     |                       |                            |            |
| As at 1 January 2008            | 14,136                                 | 7,040                     | 17,859              | 10,782                | 234                        | 50,051     |
| As at 31 December 2008          | 38,954                                 | 9,932                     | 30,526              | 16,814                | 941                        | 97,167     |

### 13.2. Intangible assets

Movements in intangible assets during the year ended 31 December 2009 are as follows:

|                                 | Land<br>use rights<br>VNDm | Computer<br>software<br>VNDm | Other<br>intangible<br>assets<br>VNDm | Total<br>VNDm |
|---------------------------------|----------------------------|------------------------------|---------------------------------------|---------------|
| <b>Cost</b>                     |                            |                              |                                       |               |
| As at 1 January 2009            | 705,386                    | 3,135                        | 20,000                                | 728,521       |
| Additions in the year           | -                          | 1,230                        | -                                     | 1,230         |
| Other additions                 | -                          | 191                          | -                                     | 191           |
| As at 31 December 2009          | 705,386                    | 4,556                        | 20,000                                | 729,942       |
| <b>Accumulated amortisation</b> |                            |                              |                                       |               |
| As at 1 January 2009            | 164                        | 533                          | 1,000                                 | 1,697         |
| Charged for the year            | 158                        | 167                          | 333                                   | 658           |
| As at 31 December 2009          | 322                        | 700                          | 1,333                                 | 2,355         |
| <b>Net book value</b>           |                            |                              |                                       |               |
| As at 1 January 2009            | 705,222                    | 2,602                        | 19,000                                | 726,824       |
| As at 31 December 2009          | 705,064                    | 3,856                        | 18,667                                | 727,587       |

Movements in intangible assets for the year ended 31 December 2008 were as follows:

| Land                            | Computer<br>use rights<br>VNDm | intangible<br>software<br>VNDm | assets<br>VNDm | Total<br>VNDm |
|---------------------------------|--------------------------------|--------------------------------|----------------|---------------|
| <b>Cost</b>                     |                                |                                |                |               |
| As at 1 January 2008            | 291,842                        | 2,405                          | -              | 294,247       |
| Additions in the year           | 413,544                        | 730                            | 20,000         | 434,274       |
| As at 31 December 2008          | 705,386                        | 3,135                          | 20,000         | 728,521       |
| <b>Accumulated amortisation</b> |                                |                                |                |               |
| As at 1 January 2008            | 6                              | 345                            | -              | 351           |
| Charged for the year            | 158                            | 188                            | 1,000          | 1,346         |
| As at 31 December 2008          | 164                            | 533                            | 1,000          | 1,697         |
| <b>Net book value</b>           |                                |                                |                |               |
| As at 1 January 2008            | 291,836                        | 2,060                          | -              | 293,896       |
| As at 31 December 2008          | 705,222                        | 2,602                          | 19,000         | 726,824       |





**NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)**

**14. OTHER ASSETS**

|                              | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|------------------------------|---------------------|---------------------|
| Interest and fee receivables | 307,391             | 124,200             |
| Construction in progress     | 69,007              | 7,999               |
| Receivables                  | 336,078             | 142,639             |
| Other assets                 | 614,424             | 641,193             |
|                              | 1,326,900           | 916,031             |

**14.1. Construction in progress**

|                             | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|-----------------------------|---------------------|---------------------|
| Purchase of fixed assets    |                     |                     |
| Purchase of land use rights | 53,949              | 1,335               |
| Core banking system         | 15,008              | 618                 |
| Vehicles for money transfer | -                   | 3,914               |
| ATM management software     | -                   | 80                  |
| SWIFT system                | -                   | 747                 |
| Others                      | 50                  | 1,305               |
|                             | 69,007              | 7,999               |

**14.2. Receivables**

|  | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|--|---------------------|---------------------|
| Internal receivables                   | 48                  | 51                  |
| Receivables from employees             | 48                  | 51                  |
| External receivables                   | 336,030             | 142,588             |
| Receivables from customers             | 106,156             | 105,528             |
| Deposits for securities trading at SHS | 16,414              | 32,010              |
| Interest subsidies receivable from SBV | 20,994              | -                   |
| Dividend advances                      | 159,606             | -                   |
| Other receivables                      | 32,860              | 5,050               |
|  | 336,078             | 142,639             |

**14.3. Other assets**

|                   | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|-------------------|---------------------|---------------------|
| Trust assets      | 574,902             | 615,000             |
| Prepaid expenses  | 37,283              | 25,048              |
| Foreclosed assets | 1,135               | -                   |
| Others            | 1,104               | 1,145               |
|                   | 614,424             | 641,193             |

**15. DEPOSITS AND BORROWINGS FROM OTHER BANKS**

|                             | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|-----------------------------|---------------------|---------------------|
| Deposits from other banks   | 9,943,404           | 2,235,084           |
| Borrowings from other banks | -                   | -                   |
|                             | 9,943,404           | 2,235,084           |

### 15.1. Deposits from other banks

|                                | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|--------------------------------|---------------------|---------------------|
| Demand deposits                | 33,868              | 1,473               |
| In VND                         | 33,836              | 1,376               |
| In gold and foreign currencies | 32                  | 97                  |
| Term deposits                  | 9,909,536           | 2,233,611           |
| In VND                         | 8,961,446           | 2,127,844           |
| In gold and foreign currencies | 948,090             | 105,767             |
|                                | 9,943,404           | 2,235,084           |

## 16. DEPOSITS AND OTHER AMOUNTS DUE TO CUSTOMERS

### 16.1. Analysis by products

|   | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|---|---------------------|---------------------|
| Demand deposits                                       | 4,086,282           | 2,990,148           |
| Demand deposit in VND                                 | 3,883,728           | 2,812,575           |
| Demand saving deposits in VND                         | 2,385               | 5,411               |
| Demand deposits in gold and foreign currencies        | 199,673             | 172,162             |
| Demand saving deposits in gold and foreign currencies | 496                 | -                   |
| Term deposits   | 10,412,550          | 6,506,161           |
| Term deposit in VND                                   | 3,619,743           | 1,533,264           |
| Term saving deposits in VND                           | 5,573,781           | 3,910,071           |
| Term deposits in gold and foreign currencies          | 311,253             | 542,066             |
| Term saving deposits in gold and foreign currencies   | 907,773             | 520,760             |
| Deposits for specific purpose                         | 4,397               | -                   |
| Margin deposits                                       | 183,155             | 11,833              |
| Margin deposits in VND                                | 147,513             | 2,830               |
| Margin deposits in gold and foreign currencies        | 35,642              | 9,003               |
| Money transfer payables                               | -                   | -                   |
| Money transfer in VND                                 | -                   | -                   |
| Money transfer in gold and foreign currencies         | -                   | -                   |
| Other amounts due to customers                        | -                   | -                   |
|   | <b>14,686,384</b>   | <b>9,508,142</b>    |
|   | 2009                | 2008                |
|   | interest rate       | interest rate       |
|   | % p.a.              | % p.a.              |
| Demand deposit in VND                                 | 2.44                | 2.50                |
| Demand saving deposits in VND                         | 2.44                | 2.50                |
| Demand deposits in USD                                | 0.51                | 0.87                |
| Term deposits in VND                                  | 8.71                | 10.25               |
| Saving deposits in VND                                | 9.06                | 13.97               |
| Term saving deposits in USD                           | 2.94                | 6.05                |
| Demand saving deposits in USD                         | 0.51                | 0.87                |

For term saving deposits, if customers withdraw before maturity, the applicable interest rate will be that for demand saving deposits.

## NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)

### 16.2. Analysis by customers

|                                 | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|---------------------------------|---------------------|---------------------|
| Deposits from State Treasury    | -                   | -                   |
| Deposits from business entities | 7,642,941           | 4,750,283           |
| State-owned enterprises         | 3,195,582           | 2,893,835           |
| Private enterprises and others  | 2,716,729           | 1,855,470           |
| Foreign invested enterprises    | 1,730,630           | 978                 |
| Deposits from individuals       | 7,003,178           | 4,757,859           |
| Deposits from others            | 40,265              | -                   |
|                                 | 14,686,384          | 9,508,142           |

### 17. OTHER BORROWED FUNDS

|                                      | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|--------------------------------------|---------------------|---------------------|
| Funds borrowed in VND                | 31,014              | 24,650              |
| Funds borrowed in foreign currencies | 870                 | 823                 |
|                                      | 31,884              | 25,473              |

#### 17.1. Funds borrowed in VND

Details of funds borrowed in VND as at 31 December are as follows:

| Lending organisations  | 31 Dec 2009    |               |                         | 31 Dec 2008  |               |                         |
|--|----------------|---------------|-------------------------|--------------|---------------|-------------------------|
|  | Term           | VNDm          | Interest rate<br>% p.a. | Term         | VNDm          | Interest rate<br>% p.a. |
| Medium-term borrowings in VND from Rural Finance Project II (RDF II)         | Over 18 months | 31,014        | 9.12                    | over 2 years | 23,930        | 10.32 – 14.64           |
| Medium-term and long-term borrowings in VND from Micro Lending Finance (MLF) |                | -             |                         | over 2 years | 720           | 10.32 – 14.64           |
|  |                | <b>31,014</b> |                         |              | <b>24,650</b> |                         |

Borrowings from Rural Finance Project II are borrowings from International Development Association (World Bank) through the Ministry of Finance to provide loans to households with the aim of rural development and poverty reduction in Vietnam. The interest rate applicable for these borrowings is 9.12% p.a. (2008: 10.32-14.64% p.a.); loans to households bear interest rates as declared by the Bank in different periods.

#### 17.2. Funds borrowed in foreign currencies

Details of funds borrowed as at 31 December are as follows:

| Lending organisations                              | 31 Dec 2009 |      |                         | 31 Dec 2008 |      |                         |
|--|-------------|------|-------------------------|-------------|------|-------------------------|
|  | Term        | VNDm | Interest rate<br>% p.a. | Term        | VNDm | Interest rate<br>% p.a. |
| International Development Association (World Bank) | 20 years    | 870  | 0.75                    | 20 years    | 823  | 0.75                    |
|  | <b>870</b>  |      |                         | <b>823</b>  |      |                         |

## 18. OTHER PAYABLES

|   | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|---|---------------------|---------------------|
| Internal payables                                     | 2,180               | 8,068               |
| Payables to employees                                 | 814                 | 7,359               |
| Termination allowance reserve                         | 1,366               | 709                 |
| External payables                                     | 217,975             | 204,503             |
| Payables to securities investors                      | -                   | -                   |
| Payables for construction and fixed asset acquisition | 6,463               | 6,463               |
| Value Added Tax payable                               | 644                 | 886                 |
| Enterprise Income Tax payable                         | 69,206              | 52,917              |
| Amounts pending for settlement                        | 45,499              | 6,505               |
| Deferred income                                       | 29,560              | 35,337              |
| Prepaid interest                                      | 23,170              | 76,933              |
| Other payables  | 43,433              | 25,462              |
|   | <b>220,155</b>      | <b>212,571</b>      |

## 19. OBLIGATIONS TO THE STATE

|   | VNDm               |                           |               |                    |
|---|--------------------|---------------------------|---------------|--------------------|
|   | Opening<br>balance | Movements during the year |               | Closing<br>balance |
|   |                    | Payable                   | Paid          |                    |
| Value Added Tax                                   | 886                | 8,428                     | 8,670         | 644                |
| Value Added Tax on providing services             | 54                 | 4,209                     | 3,660         | 603                |
| Value Added Tax on FX trading                     | 832                | 4,219                     | 5,010         | 41                 |
| Enterprise Income Tax                             | 52,917             | 90,301                    | 74,012        | 69,206             |
| Enterprise Income Tax additions for previous year | -                  | 59                        | 59            | -                  |
| License Tax                                       | -                  | 68                        | 68            | -                  |
| Foreign Contractor Withholding Tax                | -                  | 530                       | 530           | -                  |
| Other taxes                                       | 4,887              | 7,415                     | 9,682         | 2,620              |
| Other fees and payables                           | -                  | 53                        | 53            | -                  |
|   | <b>58,690</b>      | <b>106,854</b>            | <b>93,074</b> | <b>72,470</b>      |

The Bank has the obligation to pay Enterprise Income Tax ("EIT") at the rate of 25% of taxable profits (2008: 28%).

The Bank's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations of many types of transactions is susceptible to varying interpretations, amounts reported in the separate financial statements could be changed at a later date upon final determination by the tax authorities.

## NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)

### 19.1. Current Enterprise Income Tax

Current Enterprise Income Tax payables are determined based on taxable income of the current year. Taxable income is different from the one reported in the separate income statement since taxable income excludes incomes which are eligible for tax or expense which is subtracted in prior years due to the differences between the Bank's accounting policies and the current tax policies, and also excludes tax exempted income and non-deductible expenses. The Current Enterprise Income Tax payables of the Bank are calculated based on the statutory tax rates applicable at the end of the fiscal year.

|  | 2009<br>VNDm   | 2008<br>VNDm   |
|--|----------------|----------------|
| <b>Operating profit before tax</b>   | <b>408,140</b> | <b>269,361</b> |
| <i>Less</i>  |                |                |
| Dividend income exempted from EIT  | (46,936)       | (2,965)        |
| Dividend received from State Treasury bonds                                    | -              | -              |
| Share of profits from equity investments in joint ventures using equity method | -              | -              |
| <i>Add</i>   |                |                |
| Previous years' surplus/ shortage of provision creation                        | -              | -              |
| <b>Taxable income of the Bank</b>  | <b>361,204</b> | <b>266,396</b> |
| EIT expense of the Bank at the rate of 25% (2008: 28%)                         | 90,301         | 74,591         |
| Additional EIT due to adjustments to profit of the Bank                        | -              | -              |
| <b>Total EIT in the fiscal year</b>  | <b>90,301</b>  | <b>74,591</b>  |
| <b>EIT payable at the beginning of the year</b>                                | <b>52,917</b>  | <b>-</b>       |
| EIT paid during the year   | (74,071)       | (54,639)       |
| Adjustments by tax authorities   | 59             | 32,965         |
| <b>EIT payable at the end of the year</b>                                      | <b>69,206</b>  | <b>52,917</b>  |

## 20. OWNERS' EQUITY AND RESERVES

### 20.1. Statement of changes in owners' equity

Changes in owners' equity of the Bank in 2009 are described in the following table:

|  | VNDm              |                 |                 |                                 |                   |                              |                |   |                  |
|--|-------------------|-----------------|-----------------|---------------------------------|-------------------|------------------------------|----------------|---|------------------|
|  | Chartered capital | Capital surplus | Treasury shares | Investment and development fund | Financial reserve | Supplemental capital reserve | Other reserves | Retained earnings/ (Accumulated losses) | Total            |
| <b>Opening balance</b>                               | <b>2,000,000</b>  | <b>48,000</b>   | <b>(2,351)</b>  | <b>13</b>                       | <b>32,362</b>     | <b>16,701</b>                | <b>4,418</b>   | <b>167,512</b>                          | <b>2,266,655</b> |
| Increase in the year                                 |                   |                 |                 |                                 |                   |                              |                |   |                  |
| Capital increase in the year                         | -                 | -               | -               | -                               | -                 | -                            | -              | -                                       | -                |
| Net profit for the year                              | -                 | -               | -               | -                               | -                 | -                            | -              | 317,839                                 | 317,839          |
| Appropriation to reserves for previous year          | -                 | -               | -               | -                               | -                 | -                            | 5,024          | (5,024)                                 | -                |
| Temporary appropriation to reserves for current year | -                 | -               | -               | -                               | 30,195            | 15,892                       | -              | (46,087)                                | -                |
| Transfer from reserves to capital                    | -                 | -               | -               | -                               | -                 | -                            | -              | -                                       | -                |

VNDm

|   | Chartered capital | Capital surplus | Treasury shares | Investment and development fund | Financial reserve | Supplemental capital reserve | Other reserves | Retained earnings/ (Accumulated losses) | Total            |
|---|-------------------|-----------------|-----------------|---------------------------------|-------------------|------------------------------|----------------|---|------------------|
| Treasury shares sold during the year        | -                 | -               | -               | -                               | -                 | -                            | -              | -                                       | -                |
| Other increases                             | -                 | -               | -               | -                               | -                 | -                            | -              | -                                       | -                |
| <b>Decrease in the year</b>                 |                   |                 |                 |                                 |                   |                              |                |   |                  |
| Utilisation in the year                     | -                 | -               | -               | -                               | -                 | -                            | (5,514)        | -                                       | (5,514)          |
| Treasury shares bought back during the year | -                 | -               | (2,606)         | -                               | -                 | -                            | -              | -                                       | (2,606)          |
| Final dividend payment for previous year    | -                 | -               | -               | -                               | -                 | -                            | -              | (159,836)                               | (159,836)        |
| Dividend paid in advance for the year       | -                 | -               | -               | -                               | -                 | -                            | -              | -                                       | -                |
| Other decreases                             | -                 | -               | -               | -                               | -                 | -                            | -              | (59)                                    | (59)             |
| <b>Closing balance</b>                      | <b>2,000,000</b>  | <b>48,000</b>   | <b>(4,957)</b>  | <b>13</b>                       | <b>62,557</b>     | <b>32,593</b>                | <b>3,928</b>   | <b>274,345</b>                          | <b>2,416,479</b> |

Details of the Bank's chartered capital in 2009 are as follows:

VNDm

|                                     | 31 Dec 2009      |                  |                   | 31 Dec 2008      |                  |                   |
|-------------------------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|
|                                     | Total            | Ordinary shares  | Preference shares | Total            | Ordinary shares  | Preference shares |
| Contributed capital by shareholders | 2,000,000        | 2,000,000        | -                 | 2,000,000        | 2,000,000        | -                 |
| Capital surplus                     | 48,000           | 48,000           | -                 | 48,000           | 48,000           | -                 |
| Treasury shares                     | (4,957)          | (4,957)          | -                 | (2,351)          | (2,351)          | -                 |
|                                     | <b>2,043,043</b> | <b>2,043,043</b> | <b>-</b>          | <b>2,045,649</b> | <b>2,045,649</b> | <b>-</b>          |

Details of shares issued by the Bank are as follows:

|  | 2009        | 2008        |
|--|-------------|-------------|
| Shares registered for issuance               | 200,000,000 | 200,000,000 |
| Shares sold to the public                    | 200,000,000 | 200,000,000 |
| Ordinary shares                              | 200,000,000 | 200,000,000 |
| Preference shares                            | -           | -           |
| Treasury shares                              | 467,596     | 221,830     |
| Ordinary shares                              | 467,596     | 221,830     |
| Preference shares                            | -           | -           |
| Outstanding shares                           | 199,532,404 | 199,778,170 |
| Ordinary shares                              | 199,532,404 | 199,778,170 |
| Preference shares                            | -           | -           |
| Face value of outstanding shares (VND/share) | 10,000      | 10,000      |

## 20.2. Statutory reserves of the Bank

On 23 November 2005, the Government issued Decree 146/2005/ND-CP regarding the financial management regime of credit institutions which was effective from 16 December 2005. Accordingly, commercial banks are required to make the following allocations of profit after tax to create statutory reserves:



## NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)

Supplementary capital reserve      Percentage of profit after tax      Maximum rate  
Not regulated      Not regulated

The following reserves are calculated based on the profit after tax, after deducting the allocation to the supplementary capital reserve (remaining profit after tax):

|                                 | Percentage of profit after tax    | Maximum rate             |
|---------------------------------|-----------------------------------|--------------------------|
| Financial reserve               | 10% of remaining profit after tax | 25% of chartered capital |
| Investment and development fund | Not regulated                     | Not regulated            |
| Bonus and welfare funds         | Not regulated                     | Not regulated            |

The utilisation of these statutory reserves is in accordance with guidelines as discussed in Decree 146/2005/ND-CP.

### 21. DIVIDENDS

The Bank has the intention to pay dividend in cash at the rate of 10.50%. During the year 2009, the Bank advanced dividend at the rate of 8.00% for the first half of the year, which is equivalent to VNDm 159,606.

### 22. INTEREST AND SIMILAR INCOME

|  | 2009<br>VNDm | 2008<br>VNDm |
|--|--------------|--------------|
| Interest income from deposits with other banks | 307,905      | 329,813      |
| Interest income from loans to customers        | 836,896      | 845,935      |
| Interest income from debt securities           | 275,313      | 112,460      |
| Other interest income from credit activities   | 242,074      | 5,162        |
|  | 1,662,188    | 1,293,370    |

### 23. INTEREST AND SIMILAR EXPENSES

|   | 2009<br>VNDm | 2008<br>VNDm |
|---|--------------|--------------|
| Interest and similar expenses for customer deposits | 1,016,678    | 1,128,156    |
| Interest and similar expenses for borrowings        | 2,418        | 4,196        |
| Other expenses for credit activities                | 206          | 218          |
|   | 1,019,302    | 1,132,570    |

### 24. NET FEE AND COMMISSION INCOME

|                                  | 2009<br>VNDm | 2008<br>VNDm |
|----------------------------------|--------------|--------------|
| Fee and commission income from   | 39,244       | 14,398       |
| Settlement services              | 18,071       | 3,422        |
| Guarantee services               | 13,617       | 1,758        |
| Treasury operations              | 756          | 394          |
| Agency services                  | 175          | 106          |
| Other services                   | 6,625        | 8,718        |
| Fees and commission expenses for | (17,949)     | (6,986)      |
| Settlement services              | (4,180)      | (2,891)      |
| Guarantee services               | (1,716)      | (547)        |
| Post and telecommunication fees  | (5,426)      | (3,263)      |
| Other services                   | (6,627)      | (285)        |
| Net fee and commission income    | 21,295       | 7,412        |



**25. NET GAIN/(LOSS) FROM FOREIGN CURRENCY TRADING**

|   | 2009<br>VNDm | 2008<br>VNDm |
|---|--------------|--------------|
| Income from foreign currency trading          | 168,270      | 32,378       |
| Income from foreign exchange spot contracts   | 150,982      | 31,371       |
| Income from gold trading                      | -            | -            |
| Income from currency derivatives              | 17,288       | 1,007        |
| Expenses for foreign currency trading         | (115,783)    | (6,355)      |
| Expenses for foreign exchange spot contracts  | (91,056)     | (5,067)      |
| Expenses for gold trading                     | -            | -            |
| Expenses for currency derivatives             | (24,727)     | (1,288)      |
| Net gain/(loss) from foreign exchange trading | 52,487       | 26,023       |

**26. NET GAIN/(LOSS) FROM TRADING SECURITIES**

|  | 2009<br>VNDm | 2008<br>VNDm |
|--|--------------|--------------|
| Income from trading securities                 | 32,361       | -            |
| Expenses for trading securities                | (422)        | -            |
| Provision for impairment of trading securities | -            | (14,168)     |
| Net gain/(loss) from trading securities        | 31,939       | (14,168)     |

**27. NET GAIN/(LOSS) FROM INVESTMENT SECURITIES**

|   | 2009<br>VNDm | 2008<br>VNDm |
|---|--------------|--------------|
| Income from investment securities                 | 40,001       | -            |
| Expenses for investment securities                | -            | -            |
| Reversal of provision for investment securities   | 5,220        | -            |
| Provision for impairment of investment securities | (1,860)      | -            |
| Net gain/(loss) from investment securities        | 43,361       | -            |

**28. NET GAIN/(LOSS) FROM OTHER OPERATING ACTIVITIES**

|   | 2009<br>VNDm | 2008<br>VNDm |
|---|--------------|--------------|
| Income from loan trading                | -            | -            |
| Income from other derivatives           | -            | -            |
| Income from other operating activities  | 14,180       | 297,055      |
| Expenses for other operating activities | (2,434)      | (2,300)      |
|   | 11,746       | 294,755      |

**29. DIVIDEND INCOME**

|   | 2009<br>VNDm  | 2008<br>VNDm |
|---|---------------|--------------|
| Dividend received   | 16,936        | 2,965        |
| - from trading equity securities                            | 7,052         | 2,965        |
| - from investment equity securities                         | 219           | -            |
| - from capital contribution and other long-term investments | 9,665         | -            |
| Other dividend income                                       | 30,000        | -            |
|   | <b>46,936</b> | <b>2,965</b> |

## NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)

Other dividend income is the income received from the capital contribution to establish a subsidiary in the year 2009. The income was transferred to the Bank in accordance with Decision 07/QD-GD dated 30 December 2009 by Director of the SHB Debt Management and Asset Development one sole member Company Limited.

### 30. OPERATING EXPENSES

|                                     | 2009<br>VNDm   | 2008<br>VNDm   |
|-------------------------------------|----------------|----------------|
| Tax expenses and fees               | 15,091         | 9,269          |
| Employee expenses                   | 142,436        | 85,398         |
| Salary and allowances               | 131,752        | 78,991         |
| Salary related contribution         | 8,253          | 4,036          |
| Other allowances                    | 2,428          | 2,371          |
| Expenses for social activities      | 3              | -              |
| Expenses on fixed assets            | 58,312         | 28,520         |
| In which:                           |                |                |
| Depreciation expenses               | 17,986         | 10,526         |
| General and administration expenses | 5,317          | 2,958          |
| Business trip expenses              | 5,084          | 2,710          |
| Expenses for trade union activities | 233            | 248            |
| Insurance for customer deposits     | 7,011          | 3,988          |
| Other operating expenses            | 109,674        | 60,402         |
|                                     | <b>337,841</b> | <b>190,535</b> |

### 31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the separate statement of cash flows comprise of the following balances of the separate balance sheet:

|  | 2009<br>VNDm     | 2008<br>VNDm     |
|--|------------------|------------------|
| Cash and cash equivalents on hand                              | 138,996          | 67,479           |
| Demand deposits at the SBV                                     | 920,132          | 216,117          |
| Demand deposits with other banks                               | 121,303          | 34,698           |
| Term deposits with and loans to other banks due within 90 days | 5,241,016        | 2,456,223        |
|  | <b>6,421,447</b> | <b>2,774,517</b> |

### 32. EMPLOYEES' REMUNERATION

|   | Actual<br>amount<br>2009 | Actual<br>amount<br>2008 |
|---|--------------------------|--------------------------|
| <b>I. Total number of employees (persons)</b> | <b>1,332</b>             | <b>844</b>               |
| <b>II. Employees' income (VNDm)</b>           |                          |                          |
| 1. Total salary                               | 126,943                  | 83,316                   |
| 2. Bonus                                      | -                        | -                        |
| 3. Other income                               | -                        | 188                      |
| 4. Total income (1 + 2 + 3)                   | 126,943                  | 83,504                   |
| 5. Salary per capita per month                | 7.94                     | 8.24                     |
| 6. Income per capita per month                | 7.94                     | 8.24                     |

### 33. COLLATERALS

|                        | Initial carrying value (VNDm) | Carrying value at the reporting date (VNDm) |                   |                  |
|------------------------|-------------------------------|---|-------------------|------------------|
|                        | 31 Dec 2009                   | 31 Dec 2008                                 | 31 Dec 2009       | 31 Dec 2008      |
| Real estate properties | 11,038,628                    | 5,073,587                                   | 11,038,628        | 5,073,587        |
| Movable assets         | 7,249,665                     | 2,948,841                                   | 7,249,665         | 2,948,841        |
| Valuable papers        | 2,639,090                     | 596,188                                     | 2,639,090         | 596,188          |
| Other assets           | 2,397,062                     | 43,738                                      | 2,397,062         | 43,738           |
|                        | <b>23,324,445</b>             | <b>8,662,354</b>                            | <b>23,324,445</b> | <b>8,662,354</b> |

### 34. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank is a party to financial instruments which are recorded as off-balance sheet items. These financial instruments mainly comprise financial guarantees and commercial letters of credit. These instruments involve elements of credit risk in excess of the amounts recognised in the separate balance sheet.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss in case any other parties to a financial instrument fail to perform in accordance with the terms of the contract.

Financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party including guarantee for borrowings, settlement, performing contracts and bidding. The credit risk involved in issuing guarantees is essentially the same as that involved in extending facilities to other customers.

Commercial at sight letters of credit represent a financing transaction by the Bank to its customer where the customer is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk is limited as the merchandise shipped serves as collateral for the transaction.

Deferred payment letters of credits represent the amounts at risk should the contract be fully drawn upon and the client defaults in repayment to the beneficiary. Deferred payment letters of credit that defaulted by clients are recognised by the Bank as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank to pay the beneficiaries and to fulfill the guarantor obligation.

### 34. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

The Bank usually requires customers to place margin deposits for credit related financial instruments. The value of deposits may vary from 0% to 100% of the value of the commitments issued depending on the customers' trustworthiness.

The outstanding commitments and contingent liabilities as at 31 December are as follows:

|                                    | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|------------------------------------|---------------------|---------------------|
| Financial letter of guarantees     | 190,214             | -                   |
| At sight letters of credit         | 118,511             | -                   |
| Deferred payment letters of credit | 564,379             | -                   |
| Other commitments                  | 339,245             | 37,274              |
|                                    | <b>1,212,349</b>    | <b>37,274</b>       |

### 35. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other entities to which the Bank is related. Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. A party is deemed a related party to the Bank if:

## NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)

- (a) directly, or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with the Bank (this includes parents and subsidiaries);
  - has interest in the Bank that gives it significant influence over the Bank;
  - has joint control over the Bank;
- (b) the party is a joint-venture, associate in which the Bank is the venturer, investor;
- (c) the party is a member of the key management personnel of the Bank or its parent;
- (d) the party is a close member of the family of any individual referred to in (a) or (c); and
- (e) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such Bank resides with, directly or indirectly, any individual referred to in (c) or (d).

Summary of significant transactions with related parties during the year is as follows:

| Transactions                       | VNDm    |
|------------------------------------|---------|
| Payment for advertisement services | 50,092  |
| Income from trust contracts        | 182,038 |
| Dividends received                 | 6,090   |

Summary of receivables from and payables to related parties as at 31 December 2009 is as follows:

| Transactions                         | Receivables<br>VNDm | Payables<br>VNDm |
|--------------------------------------|---------------------|------------------|
| Advances for advertisement contracts | 19,865              | -                |
| Loans                                | 135,713             | -                |
| Deposits for securities trading      | 16,414              | -                |
| Trust funds                          | 2,290,430           | -                |
| Demand deposits                      | -                   | 2,269,914        |
| Term deposits                        | -                   | 920,700          |

### 36. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY GEOGRAPHY

|          | VNDm                  |                   |                       |  |   |
|----------|-----------------------|-------------------|-----------------------|--|---|
|          | Total loan<br>balance | Total<br>deposits | Credit<br>commitments | Derivatives<br>(Total contract<br>value) | Trading and<br>investment<br>securities |
| Domestic | 12,828,748            | 24,629,787        | -                     | 721,327                                  | 4,892,951                               |
| Overseas | -                     | -                 | -                     | -  | -                                       |

### 37. RISK MANAGEMENT POLICIES CONCERNING FINANCIAL INSTRUMENTS

The Bank's objective is to optimize the shareholders' wealth and to maintain a sustainable profit growth and healthy financial position. Hence, the use of financial instruments, including customer deposits and high quality financial assets, is the core method for the Bank to gain required interest margin. From the risk management perspective, the Bank is required to maintain the balance between off-balance sheet items (such as guarantees and letters of credit) and credits (loans in VND and foreign currencies) to individuals and organisations of different creditworthiness levels. Besides, the Bank also invested part of its mobilised funds in securities or loans to other banks. The foreign currency risk and interest rate risk have been managed simultaneously by applying position limits in order to reduce risk concentration and participating in activities having opposite impact to minimize risks. By holding high quality financial instruments, the Bank is able to manage significant risks in its operating activities and to maintain an adequate liquidity position.

For credit risk management purpose, the Bank has effectively utilised their credit management manual providing regulations and requirements for lending and guidance to standardize the lending activities at the Bank. Liquidity risk is limited by keeping a large amount of cash and cash equivalents in the form of Nostro account, term deposits at the SBV and other credit institutions and valuable papers. Risk – adjusted prudential ratios are also used in liquidity risk management. The Bank revalues the interest rate gap and compares to benchmarks of domestic and foreign markets on a regular basis in order to be able to timely adapt with unforeseen movements. Moreover, internal risk management procedures have become more effective thanks to the application of the Centralised Fund Management and Settlement System, accordingly, all fund transfers and settlement transactions are centralised at Head office. These systems allow the Bank to effectively supervise any changes in capital and reduce unnecessary procedures and possible errors.

### 38. CREDIT RISK

Credit risk is the risk that the Bank will suffer from losses because its customers or counterparties fail to discharge their contractual obligations.

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

### 39. MARKET RISK

#### 39.1. Interest rate risk

The real interest rate re-pricing term of the assets and liabilities is the remaining period from the date of financial statements to the latest interest rate re-pricing term.

The following assumptions and conditions are applied in the analysis of real interest rate re-pricing term of the Bank's assets and liabilities:

- Cash and cash equivalents on hand, long-term investments and other assets (fixed assets, real estate investments and other assets) are classified as non-interest bearing items;
- Deposits at the SBV are considered settlement deposits, thus the real interest repricing term is assumed to be one month;
- The real interest repricing term of security investments and trading securities which are debt securities is based on actual maturity date at the balance sheet date of each securities; equity securities are classified as non-interest bearing items;
- The real interest repricing term of deposits due from other banks and loans to other banks, loans to customers, borrowings from the Government and the SBV, customer deposits are identified as follows:
- Items with fixed interest rate during the contractual term: the real interest adjustment term is based on the contractual maturity date subsequent to the balance sheet date;
- Items with floating interest rate: the real interest rate is based on the latest interest rate term subsequent to the balance sheet date;
- The real interest repricing term of valuable papers is based on the actual maturity date for each valuable paper;
- The real interest repricing term of other borrowed funds that the Bank bears risks is based on the actual remaining period subsequent to the balance sheet date; and
- The real interest repricing term for other liabilities is categorised from one to three months. In reality, these items can have different interest rate repricing terms.



NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)

VNDm

|   | Overdue        | Non-interest bearing | Up to 1 month       | 1-3 months         | 3-6 months       | 6-12 months        | 1-5 years        | Above 5 years | Total               |
|---|----------------|----------------------|---------------------|--------------------|------------------|--------------------|------------------|---------------|---------------------|
| <b>ASSETS</b>   |                |                      |                     |                    |                  |                    |                  |               |                     |
| Cash and cash equivalents on hand   | -              | 138,996              | -                   | -                  | -                | -                  | -                | -             | 138,996             |
| Balances with the State Bank of Vietnam   | -              | -                    | 920,132             | -                  | -                | -                  | -                | -             | 920,132             |
| Placements with and loans to other banks (*)  | -              | -                    | 3,329,337           | 2,597,982          | 100,000          | 330,000            | -                | -             | 6,357,319           |
| Trading securities (*)  | -              | 16,500               | -                   | -                  | -                | -                  | -                | -             | 16,500              |
| Derivative financial instruments and other financial assets   | -              | 3,663                | -                   | -                  | -                | -                  | -                | -             | 3,663               |
| Loans and advances to customers (*)   | 414,641        | -                    | 1,592,958           | 1,591,649          | 9,229,500        | -                  | -                | -             | 12,828,748          |
| Investment securities (*)   | -              | 19,938               | -                   | -                  | 500,000          | 1,218,418          | 3,088,095        | 50,000        | 4,876,451           |
| Long-term investments (*)   | -              | 289,799              | -                   | -                  | -                | -                  | -                | -             | 289,799             |
| Fixed assets and investment properties  | -              | 852,497              | -                   | -                  | -                | -                  | -                | -             | 852,497             |
| Other assets  | -              | 752,010              | 400,000             | 91,110             | 3,780            | 80,000             | -                | -             | 1,326,900           |
| <b>Total assets</b>   | <b>414,641</b> | <b>2,073,403</b>     | <b>6,242,427</b>    | <b>4,280,741</b>   | <b>9,833,280</b> | <b>1,628,418</b>   | <b>3,088,095</b> | <b>50,000</b> | <b>27,611,005</b>   |
| <b>LIABILITIES</b>  |                |                      |                     |                    |                  |                    |                  |               |                     |
| Deposits of and loans from the SBV and other banks  | -              | -                    | (6,613,807)         | (2,959,597)        | (250,000)        | (120,000)          | -                | -             | (9,943,404)         |
| Customers deposits  | -              | -                    | (9,376,710)         | (3,188,273)        | (679,940)        | (1,063,314)        | (378,147)        | -             | (14,686,384)        |
| Derivative financial instruments and other financial liabilities  | -              | -                    | -                   | -                  | -                | -                  | -                | -             | -                   |
| Other borrowed funds  | -              | -                    | -                   | (2,973)            | (172)            | (2,977)            | (25,762)         | -             | (31,884)            |
| Valuable papers   | -              | -                    | -                   | -                  | -                | -                  | -                | -             | -                   |
| Other liabilities   | -              | (362,268)            | (32,694)            | -                  | -                | -                  | -                | -             | (394,962)           |
| <b>Total liabilities</b>  | <b>-</b>       | <b>(362,268)</b>     | <b>(16,023,211)</b> | <b>(6,150,843)</b> | <b>(930,112)</b> | <b>(1,186,291)</b> | <b>(403,909)</b> | <b>-</b>      | <b>(25,056,634)</b> |
| <b>Sensitive difference with on-balance sheet interest rate</b>   | <b>414,641</b> | <b>1,711,135</b>     | <b>(9,780,784)</b>  | <b>(1,870,102)</b> | <b>8,903,168</b> | <b>442,127</b>     | <b>2,684,186</b> | <b>50,000</b> | <b>2,554,371</b>    |
| Off-balance sheet commitments affecting sensitive difference with interest rate of assets and liabilities (net) | -              | -                    | -                   | -                  | -                | -                  | -                | -             | -                   |
| <b>Sensitive difference with on and off-balance sheet interest rate</b>   | <b>414,641</b> | <b>1,711,135</b>     | <b>(9,780,784)</b>  | <b>(1,870,102)</b> | <b>8,903,168</b> | <b>442,127</b>     | <b>2,684,186</b> | <b>50,000</b> | <b>2,554,371</b>    |

### 39.2. Currency risk

Currency risk is the risk that the value of a financial instrument fluctuates due to changes in foreign exchange rates.

As the Bank was incorporated and operates in Vietnam, VND is the reporting currency. The major currency in which the Bank transacts is also VND. The Bank's loans and advances were mainly denominated in VND with the remainder mainly in USD. However, some of the Bank's other assets are in currencies other than VND and USD. The Bank's management has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure that the positions are maintained within established limits.

Classification of assets, liabilities and owners' equity of which currencies are translated into VND at 31 December 2009 is as follows:

|  | VNDm              |                   |  |                  |
|--|-------------------|-------------------|--|------------------|
|  | EUR as translated | USD as translated | Other foreign currencies as translated | Total            |
| <b>ASSETS</b>  |                   |                   |  |                  |
| Cash and cash equivalents on hand                                | 12,664            | 41,239            | 3                                      | 53,906           |
| Balances with the State Bank of Vietnam                          | -                 | 316,095           | -                                      | 316,095          |
| Placements with and loans to other banks (*)                     | 14,970            | 691,030           | 5,854                                  | 711,854          |
| Trading securities (*)   | -                 | -                 | -                                      | -                |
| Derivative financial instruments and other financial assets (*)  | -                 | -                 | -                                      | -                |
| Loans and advances to customers (*)                              | 193,250           | 1,391,618         | -                                      | 1,584,868        |
| Investment securities (*)  | -                 | -                 | -                                      | -                |
| Long-term investments (*)  | -                 | -                 | -                                      | -                |
| Fixed assets and investment properties                           | -                 | -                 | -                                      | -                |
| Other assets   | 169               | 5,974             | -                                      | 6,143            |
| <b>Total assets</b>  | <b>221,053</b>    | <b>2,445,956</b>  | <b>5,857</b>                           | <b>2,672,866</b> |
| <b>LIABILITIES</b>   |                   |                   |  |                  |
| Deposits of and loans from the SBV and other banks               | (162,732)         | (785,390)         | -                                      | (948,122)        |
| Customers' deposits  | (56,029)          | (1,398,807)       | (1)                                    | (1,454,837)      |
| Derivative financial instruments and other financial liabilities | -                 | -                 | -                                      | -                |
| Other borrowings   | -                 | (870)             | -                                      | (870)            |
| Valuable papers  | -                 | -                 | -                                      | -                |
| Other liabilities  | (202)             | (84,667)          | -                                      | (84,869)         |
| Capital and reserves   | -                 | -                 | -                                      | -                |
| Total liabilities and owner's equity                             | (218,963)         | (2,269,734)       | (1)                                    | (2,488,698)      |
| FX position on-balance sheet                                     | 2,090             | 176,222           | 5,856                                  | 184,168          |
| FX position off-balance sheet                                    | -                 | (314,089)         | (1,698)                                | (315,787)        |
| FX position on and off-balance sheet                             | 2,090             | (137,867)         | 4,158                                  | (131,619)        |

(\*): These balances do not include provisions.

### 39.3. Liquidity risk

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stressed circumstances. To limit this risk, the management has arranged



## NOTES TO SEPARATE FINANCIAL STATEMENTS (Continued)

diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and of monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The maturity term of assets and liabilities represents the remaining period of assets and liabilities as calculated from the balance sheet date to the point of settlements as stipulated in contracts or in issuance terms and conditions.

The following assumptions and conditions are applied in the analysis of overdue status of the Bank's assets and liabilities:

- Deposits at the SBV are classified as demand deposits which include compulsory deposits. The balance of compulsory deposits depends on the proportion and terms of the Bank's customer deposits;
- The maturity term of investment securities is calculated based on the maturity date of each kind of securities;
- The maturity term of placements with and loans to other banks; and loans to customers is determined on the maturity date as stipulated in contracts. The actual maturity term may be altered because loan contracts may be extended. Besides, loans to customers are reported at the carrying value after deducting provision for bad debts;
- The maturity term of equity investments is considered as more than one year because these investments do not have specific maturity date;
- The maturity term of deposits and borrowings from other banks; and customer's deposits is determined based on features of these items or the maturity date as stipulated in contracts. Vostro account and demand deposits is transacted as required by customers, and therefore, being classified as current accounts. The maturity term of borrowings and term deposits is determined based on the maturity date in contracts. In fact, these amounts may be rotated, and therefore, they last beyond the original maturity date; and
- The maturity term of fixed assets is determined on the remaining useful life of assets.

|  | Overdue        |                | Before due date     |                    |                    |                  |                  |                     |
|--|----------------|----------------|---------------------|--------------------|--------------------|------------------|------------------|---------------------|
|  | Over 3 months  | Up to 3 months | Up to 1 month       | From 1 to 3 months | From 3-12 months   | From 1-5 years   | Over 5 years     | Total               |
| <b>ASSETS</b>  |                |                |                     |                    |                    |                  |                  |                     |
| Cash and cash equivalents on hand                                | -              | -              | 138,996             | -                  | -                  | -                | -                | 138,996             |
| Balances with the State Bank of Vietnam                          | -              | -              | 920,132             | -                  | -                  | -                | -                | 920,132             |
| Placements with and loans to other banks(*)                      | -              | -              | 3,329,337           | 2,597,982          | 430,000            | -                | -                | 6,357,319           |
| Trading securities (*)   | -              | -              | 16,500              | -                  | -                  | -                | -                | 16,500              |
| Derivative financial instruments and other financial assets      | -              | -              | 3,663               | -                  | -                  | -                | -                | 3,663               |
| Loans and advances to customers(*)                               | 344,156        | 56,445         | 1,606,998           | 1,591,649          | 4,527,479          | 3,782,719        | 919,302          | 12,828,748          |
| Investment securities (*)  | -              | -              | -                   | -                  | 1,718,418          | 3,108,033        | 50,000           | 4,876,451           |
| Long-term investments (*)  | -              | -              | -                   | -                  | -                  | -                | 289,799          | 289,799             |
| Fixed assets and investment properties                           | -              | -              | 17                  | 5                  | 182                | 41,936           | 810,357          | 852,497             |
| Other assets   | -              | -              | 1,045,106           | 91,110             | 83,780             | 37,897           | 69,007           | 1,326,900           |
| <b>Total assets</b>  | <b>344,156</b> | <b>56,445</b>  | <b>7,060,749</b>    | <b>4,280,746</b>   | <b>6,759,859</b>   | <b>6,970,585</b> | <b>2,138,465</b> | <b>27,611,005</b>   |
| <b>LIABILITIES</b>   |                |                |                     |                    |                    |                  |                  |                     |
| Deposits of and loans from the SBV and other banks               | -              | -              | (6,613,807)         | (2,959,597)        | (370,000)          | -                | -                | (9,943,404)         |
| Customers' deposits  | -              | -              | (9,376,710)         | (3,188,273)        | (1,743,254)        | (378,147)        | -                | (14,686,384)        |
| Derivative financial instruments and other financial liabilities | -              | -              | -                   | -                  | -                  | -                | -                | -                   |
| Other borrowings   | -              | -              | -                   | (2,973)            | (3,149)            | (25,762)         | -                | (31,884)            |
| Valuable papers  | -              | -              | -                   | -                  | -                  | -                | -                | -                   |
| Other liabilities  | -              | -              | (264,349)           | (69,159)           | (56,529)           | (4,925)          | -                | (394,962)           |
| <b>Total liabilities</b>   | <b>-</b>       | <b>-</b>       | <b>(16,254,866)</b> | <b>(6,220,002)</b> | <b>(2,172,932)</b> | <b>(408,834)</b> | <b>-</b>         | <b>(25,056,634)</b> |
| <b>Net liquidity difference</b>                                  | <b>344,156</b> | <b>56,445</b>  | <b>(9,194,117)</b>  | <b>(1,939,256)</b> | <b>4,586,927</b>   | <b>6,561,751</b> | <b>2,138,465</b> | <b>2,554,371</b>    |

(\*): These balances do not include provisions.

#### 40. CAPITAL AND OPERATING LEASE COMMITMENTS

|  | 31 Dec 2009<br>VNDm | 31 Dec 2008<br>VNDm |
|--|---------------------|---------------------|
| Non-cancelable operating lease commitments | 225,723             | 20,758              |
| In which:                                  |                     |                     |
| - due within one year                      | 7,094               | 1,242               |
| - due from two to five years               | 217,728             | 18,500              |
| - due after five years                     | 901                 | 1,016               |

#### 41. EVENTS SINCE THE BALANCE SHEET DATE

There are no significant events occurring after the balance sheet date which require adjustments, notes and disclosures in the separate financial statements.

#### 42. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAMESE DONG AT THE YEAR END

|     | 31 Dec 2009<br>VND | 31 Dec 2008<br>VND |
|-----|--------------------|--------------------|
| USD | 18,479             | 17,486             |
| EUR | 27,122             | 25,066             |
| GBP | 30,288             | 25,552             |
| CHF | 18,184             | (*)                |
| JPY | 204                | 197                |
| SGD | 13,382             | (*)                |
| AUD | 16,981             | 12,621             |

(\*): The Bank did not have outstanding balances denominated in these currencies as at 31 December 2008.

Prepared by



Ms. Ngo Thi Van  
Accountant

Approved by



Ms. Ninh Thi Lan Phuong  
Chief Accountant

Approved by



Mr. Nguyen Van Le  
General Director

Hanoi, Vietnam, 30 March 2010



## REPORT OF INTERNAL AUDIT

### **1. Internal Audit**

In the economy, banking is the most risk sensitive sector. The risks of one bank not only affect the bank itself but also affect the whole monetary, banking and financial system and the overall economy and society. Therefore, risk management in banks and in the banking system is very important to ensure safe, efficient and growing banking business. In the risk management system of SHB, internal audit plays a very important role to assess subjectively and independently the internal control system of the bank, to assess the compliance with SHB's internal rules and regulations, to make recommendations and advices to help increase the effectiveness and efficiency of the internal control system of SHB, ensuring safe, efficient and compliant banking business.

### **2. Working methodology of SHB's internal audit**

SHB's internal audit applies risk-based methodology, constantly monitoring and assessing risk levels in each business, each branch and subsidiary. There are 3 risk levels: HIGH-MEDIUM-LOW. Risk assessment is the basis to formulate the annual audit plan and resources are prioritized to audit businesses, branches and subsidiaries of HIGH risk level.

### **3. SHB's internal audit in 2009**

In 2009, SHB's internal audit developed both in width and in depth. The team of auditors are professional and having high expertise; new auditors were recruited; the organizational structure for internal audit has been re-structured and developed. Currently the internal audit organization includes 01 Internal Audit Department at the Head Office and 02 Regional Internal Audit sub-departments in the Central Highland and in the South. In 2009, internal auditors have cooperated with the Internal Control Department to conduct 15 audit teams under the audit plan or under the specific subject requested by the Board of Directors, the Supervisory Board, and the Chief Executive Officer. Internal audit has timely detected weaknesses and made recommendations to revise rules and regulations, or recommendations to make adjustments in business... Therefore, the control and prevention system has gradually been better off; experiences and lessons are drawn from adjustment of weaknesses.

In 2009, Internal Audit function has issued new internal audit regulations replacing the old ones to bring internal audit regulations and practices of SHB closer to international standards, such as: Internal Audit Regulation of SHB, Internal Audit Procedure, Regulation on the organization and operations of the internal audit function, Monitoring Procedures, and especially the Internal Audit Manual.

### **4. Opinions of internal auditors on SHB's business performance.**

Based on the appraisal of the 2009 financial reports, Internal Audit Reports in 2009 are of the opinion that financial reports for the year ended on 31/12/2009 formulated by the Board of Management are in line with the actual business of SHB in 2009, which was safe and efficient and in accordance with accounting standards regulated by the SBV. Internal Audit Reports in 2009 also reflect that weaknesses detected in business, branches and subsidiaries were timely adjusted under recommendations.



# I.

## 1. Companies with more than 50% of shares/contributed funds held by SHB

| Company  | Business License   | Activity           | Chartered Capital | Contributed Capital | Contribution rate |
|--|--|--------------------|-------------------|---------------------|-------------------|
| SHB Loan Management and Assets Development One Sole Member Limited Liability Company | 508/QĐ-NHNN and Business Registration Certificate No. 0104006217 | Assets Development | 20                | 20                  | 100%              |

Summary of the business performance of SHB Loan Management and Assets Development One Sole Member Limited Liability Company (SHAMC):

SHAMC was licensed under Decision No. 508/QĐ-NHNN dated March 11th, 2009 of the State Bank of Vietnam. On December 5th, 2009 SHAMC was officially launched and put into operations. Based on being well prepared before the official activities, the business performance of the company as of 31/12/2009 has been very positive, net revenue reached VND 38.7 billion and profit after tax of over VND 30 billion.

## 2. Investments in related companies.

| Company   | Business License                        | Activity  | Chartered Capital | Contributed Capital | Contribution rate |
|---|---|---|-------------------|---------------------|-------------------|
| Sai Gon - Ha Noi Securities Joint Stock Company               | 66/UBCK-CP & 116/UBCK-GPĐC              | Securities Business                               | 410.63            | 41.09               | 10.01%            |
| Sai Gon - Ha Noi Fund Management Joint Stock Company          | No. 32/UBCK-CP & 24/UBCK-CPĐC           | Fund Management                                   | 50                | 5.2                 | 10.4%             |
| SHB - Vinacomin Insurance Joint Stock Company                 | No. 56 GP/KDBH issued by the MOF        | Non-life insurance                                | 300               | 30                  | 10%               |
| Nghe An Rubber Investment and Development Joint Stock Company | No. 2703001551 issued by Nghe An PPC    | Rubber Business and development                   | 150               | 0.6                 | 0.40%             |
| Phuoc Hoa Rubber Joint Stock Company                          | No 4603000509 issued by Binh Duong PPC  | Rubber Business and development                   | 813               | 5                   | 0.62%             |
| An Viet Development J.S. Company                              | No. 0103020463 by Hanoi DPI             | Consulting, Investing, constructing               | 50                | 1                   | 2%                |
| Lilama-SHB Investment and Construction Joint Stock Company    | No. 3203000929 issued by Danang DPI     | Investment and construction, Real estate Business | 100               | 11                  | 1%                |
| Nam Việt Finance Investment Joint stock Company               | No. 5703000262 issued by PPC of Can Tho | Finance Investment                                | 120               | 1.5                 | 25%               |
| SHB Da Nang Sports JSC  | No. 0400670263 issued by Danang DPI     | Sports and Football                               | 5                 | 0.55                | 11%               |
| Gentraco Seafood JSC  | No. 1800688429 issued by DPI of Cantho  | Agricultural products, marine products            | 80.8              | 8                   | 9.9%              |
| An Thinh Real Estate JSC                                      | No. 0103019024 issued by DPI of Hanoi   | Finance - Real Estate                             | 80                | 8                   | 10%               |

### A. Summary of the business operations of Saigon Hanoi Securities JSC (SHS).

Saigon - Hanoi Securities JSC (SHS) was established under Decision No. 66/UBCK-CP dated 14th September 2007 and amended license No. 116/UBCK-GPDC dated 14th April, 2008 of the State Securities Commission. 2009 was a year with many important changes for SHS. In this year, SHS successfully increased its capital from VND 350 billion to VND 410 billion, then completed dossiers to increase chartered capital to VND 1,000 billion submitted to the SSC for issuing certificate.



The capital increase, expected to be completed in the first four months of 2010, will make SHS to become one of the largest capital sized securities companies in the capital market. Business performance in 2009 of SHS was quite impressive with a total revenue close to 197 billion VND, up 210% compared to 2008, from all business activities such as securities brokerage, underwriting, securities issue agency, corporate finance advisory, securities investment and securities investment cooperation ... Post-tax profit reached VND 84.7 billion, 4 times higher than 2008; EPS reached VND 2,209/share. The company advanced cash dividends to shareholders in the 1st tranche at ratio (per chartered capital) of 6.8% in May 2010 and SHS will also pay dividends in the second tranche to shareholders at the ratio of 11.2% in cash, increasing the dividend ratio (per chartered capital) to 18% for 2009.

2010 business plan of SHS has been approved, in which total revenue is expected to reach VND 488 billion, profit before tax is expected to reach VND 238 billion and earnings per share (EPS) is estimated at VND 2,145/share. In 2010, SHS aims to bring the company into Top 10 securities firm with the largest brokerage market share, striving to reach 2% of market share of the whole market; Top 10 securities firm with the largest advisory business market share; applying to the maximum the IT platform in operations to improve performance, increase security, safety and reduce risks for investors. By the end of 31/12/2009, the total number of accounts opened in SHS was 6,452 accounts (including institutional accounts and individual accounts). Financial advisory business of the company has also developed rapidly with many underwriting contracts, listing advisories ... for big enterprises. Research and analysis activities of SHS have been more and more welcome and highly appreciated by investors with periodic presentations to investors, investment-consulting workshops with the participation of domestic and international speakers, news bulletins and corporate analysis reports, market outlooks, etc. which have contributed to enhance the prestige and position of SHS in Vietnam Stock market.

#### *B. Summary of the operations of the Saigon - Hanoi Fund Management JSC. (SHF).*

Saigon - Hanoi Fund Management JSC was established under Decision No. 32/UBCK-CP dated 24th April 2008 and amended license number 24/UBCK-GPDC dated 3rd October 2008 of the State Securities Commission. SHF's businesses are fund management and investment portfolio management. Despite being a new-born company and falling in the general economic crisis, in 2009 SHF successfully overcame difficulties and achieved positive results in business.

For year ended on 31/ 12/ 20009, some financial indicators that SHF achieved are as follows:

|                  |   |
|------------------|---|
| Capital:         | VND 50 billion                                |
| Total assets:    | VND 85.7 billion (up 68% from last year 2008) |
| Pre-tax profit:  | VND 36.7 billion                              |
| Post-tax profit: | VND 28 billion                                |
| ROA:             | 32.8%   |
| ROE:             | 39.5%   |
| EPS:             | VND 5,614                                     |

Due to general difficulties of the economy in 2009, SHF could not proceed with fund raising and investment fund setting up. Expecting the recovery of the economy and the stock market, this work will be done in 2010. For the investment portfolio management activity, in 2009 SHF has signed 33 contracts and earned more than 4 billion VND of fees and charges.

In 2009, SHF advanced dividends to shareholders at the ratio of 15% (per chartered capital).

#### *C. Summary of the business operations of SHB - Vinacomin Insurance JSC (SVIC).*

SHB - Vinacomin Insurance JSC operates under license of establishment and operation No. 56 GP / KDBH dated 10th December 2008 of the Ministry of Finance. Time for operating under license is 99 years with chartered capital of VND 300 billion.

2009 was the first year the company began doing business but the company has grown to expand operations, establishing branches in 10 provinces in the whole country. Overcoming the difficulties of the first year of operation is particularly difficult in the general crisis of the economy. However, the company has achieved the following positive results:

|  |                   |
|--|-------------------|
| Total assets:                                  | VND 391.7 billion |
| Net income from insurance business activities: | VND 73.4 billion  |
| Pre-tax profit:                                | VND 10.9 billion  |
| Post-tax profit:                               | VND 8.2 billion   |
| ROA:   | 2.1%              |
| ROE:   | 2.68%             |
| EPS:   | VND 275           |

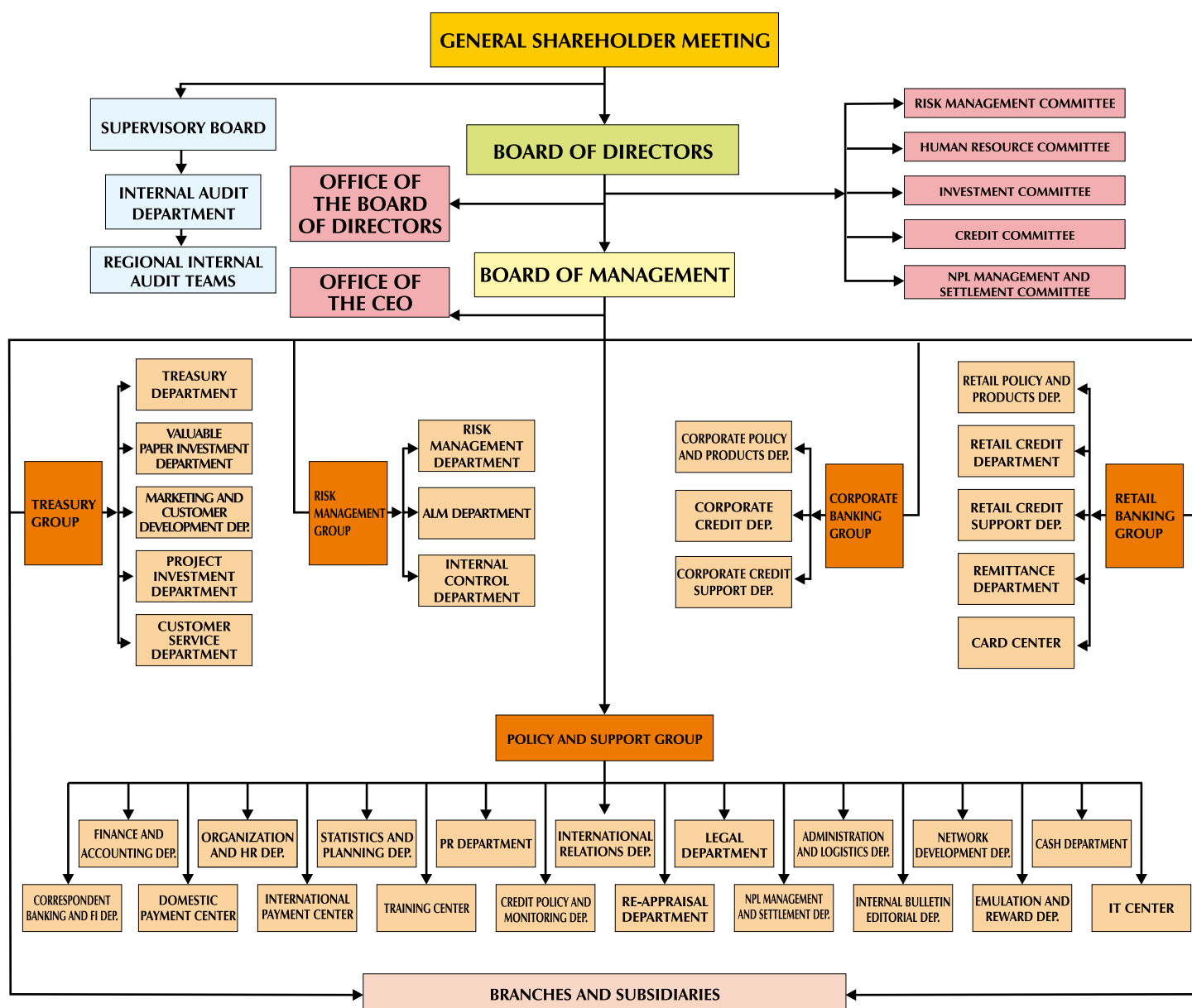
In 2010, with the support from Vinacomin, the Company will continue to focus on the coal industry and related partners with Vinacomin, in the spirit of sustainable development-oriented, fair competition, not following sales targets to reduce fees.



#### IV. ORGANIZATION AND PERSONNEL

##### 1. SHB's organizational chart

SHB - Professionalism - Renovation - Creativity









**Mr. Do Quang Hien**  
**Chairman of the Board**

Mr. Do Quang Hien is now Chairman of SHB. At the same time, he is also Chairman of: T & T Group, Saigon - Hanoi Fund Management JSC, Saigon - Hanoi Securities JSC.

Mr. Do Quang Hien is a successful businessman and has contributed greatly to the economic and social development of the country. Not only focusing on business activities, he also consciously participates in social activities and charity... and is highly recognized by the society. With these achievements and contributions to the society, he was awarded the 3rd Class Labor Medal and Commendation by the Prime Minister; Bạch Thái Bưởi award, Excellent manager and a lot of other awards and noble titles ...

BOARD OF DIRECTORS



**1 Mr. Nguyen Van Le  
Board Member**

Mr. Nguyen Van Le is a board member and CEO of SHB. Holding a Master of Economics - Banking and Finance Degree, he has over 16 years of executive management experience in the financial and banking sector. He is Vice Chairman of SHS, Vice Chairman of SHB-Vinacomin Insurance Company (SVIC), Board member of SHF and Chairman of SHAMC.

**2 Mr. Nguyen Van Hai  
Board Member**

Dr. Nguyen Van Hai is the Deputy General Director of Vietnam Coal and Minerals Group (Vinacomin). He represents the capital contribution of Vinacomin and is Board Member of SHB.

**3 Mr. Tran Ngoc Linh  
Board Member**

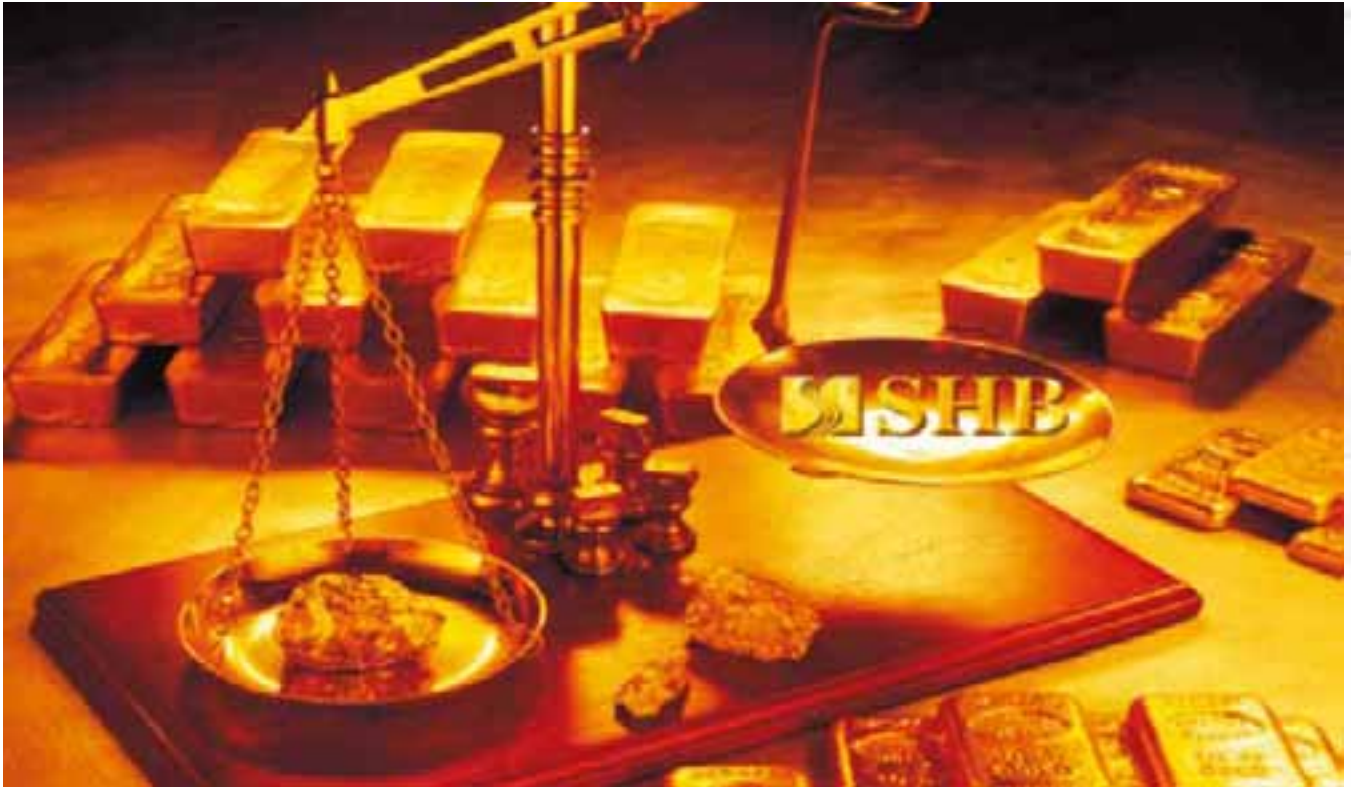
Being a SHB board member, Mr Tran Ngoc Linh has been very active in the financial and banking sector for over 40 years. He used to serve as Chairman of SHB and is currently Vice Chairman of Hong Phat Company.

**4 Mr. Phan Huy Chi  
Board Member**

Mr. Phan Huy Chi - SHB Board member is concurrently Chairman of the SME Securities Company.

**5 Mr Tran Thoai  
Board Member**

Being a SHB Board member and at the same time Deputy General Director of Vietnam Rubber Group (VRG), Mr. Tran Thoai represents the capital of VRG.





## SUPERVISORY BOARD



**1 Mrs. Dam Bich Ngoc**  
**Head of Supervisory Board**

Mrs. Dam Ngoc Bich is a Board member of T & T Group, Board member of Baoercheng-T & T JV Company; Supervisory Board member of Saigon - Hanoi Securities JSC. In SHB, she holds the position of Head of Supervisory Board.

**2 Mr. Nguyen Huu Duc**  
**Deputy Head of Supervisory Board**

Doctor of Economics – Mr. Nguyen Huu Duc was former Deputy Director of Exchange Office of Bank for Foreign Trade of Vietnam (Vietcombank), Director of Hanoi Branch of First Vinabank, Board member cum Head of Supervisory Board of Vietcombank. Currently he is Deputy Head of SHB Supervisory Board

**3 Ms. Nguyen Thi Hong Uyen**  
**Member of Supervisory Board**

Master Nguyen Thi Hong Uyen is a member of SHB Supervisory Board. Also, She was Head of the Supervisory Board of Vietnam Football JSC (VFD) and Member of Supervisory Board of Petrolimex Telecommunications JSC (PIACOM)

**4 Mr. Bui Thanh Tam**  
**Member of Supervisory Board**

Mr. Bui Thanh Tam is a Member of SHB Supervisory Board. Currently, he is working at Export and Industrial Rubber JSC.

**5 Mr. Pham Hoa Binh**  
**Member of Supervisory Board**

He used to serve as Chief Supervisor of the State Bank Branch in Can Tho, Deputy Director of Sai Gon-Cong Thuong Commercial Joint Stock Bank Can Tho Branch. Currently he is a member of SHB Supervisory Board.

**6 Mr. Luong Duc Chinh**  
**Member of Supervisory Board**

Master Luong Duc Chinh is the Deputy Head of Finance Department of Vinacomin. At SHB, he is a member of Supervisory Board



**Mr. Nguyen Van Le**  
**Chief Executive Officer**

Mr. Nguyen Van Le is a Board member and CEO of SHB. Holding a Master of Economics – Finance and Banking Degree, Mr. Le has over 16 years of executive management experience in finance and banking.

He is a successful businessman and recognized by the society for many years. He has been awarded with Leadership Excellence; Merit presented by Governor of the State Bank of Vietnam and many other awards and other noble titles...



**1 Mr. Dang Trung Dung**  
**Deputy General Director**

M.A. in Finance - Banking. He has 15 years experience in banking activities in many different positions of VIB and NASB Bank. He used to serve as Deputy Director of NaSBank-Hanoi and now is SHB Standing Deputy General Director.

**2 Mr. Bui Tin Nghi**  
**Deputy General Director**

Doctors of Economic - Finance and Banking, Mr. Bui Tin Nghi was Head of Training Department of Organization and Personnel Department of the State Bank of Vietnam; Deputy Director of the Transaction Office of the State Bank of Vietnam. He is now Deputy Director of SHB.

**3 Mr. Le Dang Khoa**  
**Deputy General Director**

Master of Business Administration, Mr. Khoa has over 16 years of experience in banking and treasury and has held many different positions. He used to serve as Director of Treasury and Foreign Exchange in VIB and now is Deputy General Director of SHB.





### **1. Activities of the Board of Directors (BOD)**

The BoD regular held quarterly meetings in accordance with the rules defined in Charter of the Bank. At periodic meetings, the Board focused on evaluating the business performance of the Bank during the quarter and evaluating the management and governance of the Board of Management to set out targets and plans for the following quarter to complete the annual business plan and to achieve strategic objectives in both short and long terms.

Besides regular meetings, when issues arising under the decision of the Board, Chairman of the Board also sought opinions of Board members in writings to timely address the arisen issues.

### **2. Activities of sub-Committees of the Board of Directors**

Pursuant to Decree No. 59/2009/NĐ-CP of the Government dated 16-7-2009 regarding the organization and operations of commercial banks, SHB has set up the Risk Management Committee and the Human Resource Committee.

Those two committees are under the Board of Directors (BOD), advising the BOD on risk assessment and risk management in banking, setting up an organizational structure model in line with the strategy and scope of the bank...

With the advices from those two Committees, SHB has gone through the restructuring process and the new organizational structure model is expected to be in application since early 2010.

### **3. Activities of the Supervisory Board**

In 2009, the Supervisory Board appraised the quarterly and annual financial reports of SHB as well as participated in examination teams and managed the Internal Audit Department to conduct internal audit teams and work. Besides, the Supervisory Board assessed the internal control system of SHB and participated in the formulation of internal legal documents.

In 2009, the Supervisory Board met quarterly to review their work. Besides, the Supervisory Board attended Board of Directors meetings. The Supervisory Board has assigned one member to be Head of Internal Audit to manage the Internal Audit Department to conduct 14 internal audit teams auditing SHB units. After those internal audit teams, the Internal Audit Department made recommendations to the audited units to make adjustments to detected weaknesses and made recommendations to the authoritative bodies (Board of Directors, Chief Executive Officer) to revise or issue new regulations, processes and procedures, etc. which has helped to increase the effectiveness and efficiency of the internal control system, ensuring SHB's safe, efficient and compliant business and minimizing risks and losses incurred to SHB.

### **4. Plan to increase corporate governance efficiency.**

In 2010, in order to increase corporate governance efficiency, SHB will continue to apply corporate governance regulations applied to listed corporations in Stock Exchanges under Decision No. 12/2007/QĐ-BTC of the Ministry of Finance.

### **5. Remunerations, other benefits and expenses for the Board of Directors /Chairman and other members**

Remuneration Fund for the Board of Directors and the Supervisory Board of SHB for 2009 was approved by the General Shareholder Meeting at VND 8 billion. Actual expenses for the Board of Directors and Supervisory Board members were VND 3.5 billion, equivalent to 43.75% of the plan from the beginning of the year.

### **6. Number of members of Board of Directors, Supervisory Board, Board of Management having training certificate in corporate governance.**

To meet with the requirements of corporate governance clearly stated in Decision No. 12 dated 13/03/2007 of the Ministry of Finance, most members of the Board of Directors, the Supervisory Board, the Board of Management have participated in bank management courses. Up to now, 14/16 members have certificate of governance.

## 7. Holding percentage of shares /capital contribution and changes in holding percentage of shares/capital contribution of members of the Board of Directors

### Percentage of shares held by the Board of Director members.

| No. | Name of shareholder                     | Number of shares | Holding percentage | Change rate (%) |
|-----|---|------------------|--------------------|-----------------|
| 1   | Do Quang Hien                           | 14,004,962       | 7.00%              | 0               |
| 2   | Nguyen Van Le                           | 897,499          | 0.45%              | 0               |
| 3   | Nguyen Van Hai (representing Vinacomin) | 30,000,000       | 15%                | 0               |
| 4   | Tran Ngoc Linh                          | 1,431,508        | 0.72%              | 0               |
| 5   | Phan Huy Chi                            | 1,635,980        | 0.82%              | 0               |
| 6   | Tran Thoai (representing VRG)           | 30,000,000       | 15%                | 0               |

Under the provisions of law, members of the Board of Directors and Supervisory Board during their term cannot transfer their shares and must hold at least 50% of the shares in minimum one year since ending their term. Thus, in 2009, the percentage of shares held by members of the Board did not have any changes.

## 8. Information on share trading/transfer of the company's capital contributed by members of the Board of Directors, Board of Management, Supervisory Board and those related to the people mentioned above.

In 2009, members of the Board of Directors, Board of Management, Supervisory Board and those relating to the above-mentioned people had no SHB share transactions.

## 9. Information about contracts or transactions signed with the companies of members of the Board of Directors, Board of Management, Supervisory Board and those relating to the people mentioned above

In 2009, Saigon Hanoi Commercial Joint Stock Bank had no contracts nor transactions signed with the companies of members of the Board of Directors, Board of Management, Supervisory Board and those relating to the people mentioned above.

## 2. The statistical data on shareholders /capital contributors

### 2.1. State shareholder/capital contributor

#### Vietnam Coal and Minerals Group (Vinacomin)

Address: 226 Le Duan, Trung Phung Ward, Dong Da Dist, Hanoi

Business activities: Minerals (including industrial bauxite - alumina - aluminum and other minerals): surveying, exploration, construction, mining, ore enrichment, processing, transport, purchase, sale, import and export of aluminum products, aluminum, copper, lead, zinc, chromium, tin, precious stones, gold, ferrous metals, non-ferrous metals and other minerals. Besides, the Group also operates in other sectors such as: power industry, engineering, industrial explosives, harbor logistics, construction materials, etc..

The number and percentage of shares held: 30,000,000 shares, equivalent to 15% of chartered capital of the bank.

#### Vietnam Rubber Group (VRG)

Address: 236 Nam Ky Khoi Nghia, P6, Q3, Ho Chi Minh City.

Business activities: VRG has multi-sector business, of which rubber plantation and processing industry is the main business; tightly linking the cultivation and processing business with science and technology, power industry, agriculture, engineering - building, training and other services, etc.



The number and percentage of shares held: 30,000,000 shares, equivalent to 15% of chartered capital of the bank.

## 2.2. Details of each major shareholder/capital contributor

Halong Business, Investment and Manufacturing (BIM) Company Ltd.

Address: Bai Chay, Halong City, Quang Ninh Province

Lines of business: real estate investment, infrastructure development, tourism, transport, aquaculture, salt production, etc .

The number and percentage of shares held : 16,000,000 shares, accounting for 8% chartered capital of the bank.

T & T Group JSC

Address: 18 Hang Chuoi, Hanoi

Business activities: business in the fields of industry, finance, real estate, sports, wide range of products and services, etc...

The number and percentage of shares held: 25,094,160 shares, accounting for 12.55% stake in the Bank.

Mr. Do Quang Hien - Chairman of the Board of Directors

Address: 61 Hai Ba Trung, Hoan Kiem District, Hanoi

The number and percentage of shares held: 14,004,962 shares, accounting for 7.00 % stake in the Bank.

## 2.3. Shareholder Structure

### SUMMARY OF SHAREHOLDER STRUCTURE

|  |                       |
|--|-----------------------|
| - Charter capital of the Bank at the time of reporting | VND 2,000,000,000,000 |
| - Total number of shares:                              | 200,000,000           |
| - Par value of shares:                                 | 10,000                |
| - Total number of shareholders:                        | 18,994                |

### A DOMESTIC SHAREHOLDERS

#### I SHAREHOLDERS ARE STATE-OWNED ENTERPRISES

##### 1 Vietnam Rubber Group

|                  |            |
|------------------|------------|
| Number of shares | 30,000,000 |
| Percentage       | 15%        |

##### 2 VN Coal – Minerals Group

|                  |            |
|------------------|------------|
| Number of shares | 30,000,000 |
| Percentage       | 15%        |

#### II SHAREHOLDERS ARE OTHER ECONOMIC INSTITUTIONS

|                        |            |
|------------------------|------------|
| Number of Shareholders | 31         |
| Number of shares       | 43,554,614 |
| Percentage %           | 21.78      |

### III TREASURY STOCK

#### 1 Saigon-Ha Noi Commercial Joint Stock Bank

|                  |         |
|------------------|---------|
| Number of shares | 467,596 |
| Percentage%      | 0.234   |

#### IV DOMESTIC INDIVIDUAL SHAREHOLDERS

|                        |            |
|------------------------|------------|
| Number of shareholders | 18,911     |
| Number of shares       | 89,678,490 |
| Percentage%            | 44.839     |

#### B FOREIGN SHAREHOLDERS

##### 1 Foreign individual shareholders

|                        |           |
|------------------------|-----------|
| Number of Shareholders | 40        |
| Number of shares       | 3,931,100 |
| Percentage%            | 1.97 %    |

##### 2 Foreign institutional shareholders

|                        |           |
|------------------------|-----------|
| Number of Shareholders | 9         |
| Number of shares       | 2.368.200 |
| Ratio%                 | 1.18 %    |

*(Data provided by Vietnam Custody Center: as of 28-10-2009)*

### SHB Achievements and social recognition in 2009

After more than 17 years of establishment, development and growth, SHB is proud not only to build up the trust from customers and partners but also to gain social recognition. Authorities, organizations, professionals and customers have presented SHB individual leaders and collective staffs with many notable awards and titles in many areas...



SHB - Winner of "Prestige securities brand 2009"



SHB was awarded Top 20 biggest banks in Vietnam



SHB - Winner of "Strong Brand name in Vietnam"



SHB-Winner of award "Typical Vietnamese company and market participant 2009"



**"Vietnam Gold Star 2008" Award**

**"Typical Enterprise Vietnam 2009" Award**

**" The best liquid share on Ha Noi Stock Exchange 2009" Award**

**Leading Flags in the rivalry movements in 2008 awarded by the State Bank of Vietnam**

**"Best Trade Finance Vietnam in 2009" awarded by Global Finance**

**Merit of the Hanoi People's Committee for SHB CEO and SHB Bank in 2009**

*... And many other noble titles and awards*





**Governor of the State Bank of Vietnam  
Nguyen Van Giau visited SHB.**



**Extraordinary General Shareholder Meeting of 2009 approved the plan to increase SHB capital and issue SHB convertible bonds.**



**Signing Ceremony** the core-banking software projects, a milestone to confirm the investment strategy to develop modern technology platform of SHB



**Ceremony to honor SHB Da Nang football club having won V-League championship and National Cup in 2009.**





**SHB CEO Nguyen Van Le and other staffs during SHB's relief for victims of flood in Quang Nam Province in 2009**



**SHB donated to the Vietnam Disabled and Orphan Organization Supporting Fund.**

During the process of establishment and development, not only focusing on business activities to contribute to the national economic development, SHB has also always focused on social work and contributed to the community development and considered this as a factor impossible to ignore in sustainable business. Following the success achieved in the past years, besides continuing to do business in a sound, safe, efficient and transparent manner, in 2009 SHB continued its interests and actively participated in charitable and social activities to share responsibility with the community and the society.

Typical social activities of SHB:

- Support to build the International cancer hospital in Da Nang;
- Coordinate with Hanoi Youth Union to establish the "Fund to support young business establishment";
- Donate to the Vietnam Disabled and Orphan Organization Supporting Fund;
- Sponsor the program to educate general Vietnamese laws to people living in hinterlands and remote areas;
- Donate to the Poor's Supporting Fund in Hanoi, Can Tho, Da Nang, Binh Duong, Quang Ninh;
- Donate to the Anti - Disaster Supporting Fund in Hanoi;
- Donate to the Arts Festival of disadvantaged children in Hanoi;
- Donate to victim families in Can Tho bridge collapse;
- Donate to victims of orange agents;
- Donate to the Social Fund of the Youth Magazine;
- Donate to families of war invalids and martyrs in Hanoi;
- Donate to poor students in the Mekong sub-region;
- Donate to victims of flood in Quang Nam province;
- Donate to the Talent Encouragement Fund of An Giang province;

*And other various meaningful social and charity activities...*

| No.                        | NAME OF SHB's UNITS   | Tel            | FAX            |
|----------------------------|---|----------------|----------------|
| <b>A Head office</b>       |   |                |                |
|                            | No 77 Tran Hung Dao street, Hoan Kiem dist, Ha Noi city     | (04) 3942 3388 | (04) 3941 0944 |
| <b>B Branches</b>          |   |                |                |
| <b>1 SHB – Ho Chi Minh</b> |   |                |                |
|                            | No 41-43-45 Pasteur, Nguyen Thai Binh, Dist 1, HCM city     | (08) 3821 1112 | (08) 3823 0204 |
| 1.1                        | Chợ Lớn Transaction Office                                  |                |                |
|                            | No. 18 Chau Van Liem, Ward 10, Dist 5, HCM city             | (08) 3853 7081 | (08) 3859 0379 |
| 1.2                        | Binh Thanh Transaction Office                               |                |                |
|                            | No 179-181 Xo Viet Nghe Tinh, Ward 17, Binh Thanh, HCM City | (08) 3514 4233 | (08) 3514 4235 |
| 1.3                        | Go Vap Transaction Office                                   |                |                |
|                            | No. 273 Quang Trung, Ward 10, Go Vap DIST, HCM CITY         | (08) 3989 1326 | (08) 3989 7327 |
| 1.4                        | Hoa Hung Transaction Office                                 |                |                |
|                            | No. 50, To Hien Thành, Ward 15, DIST 10, HCM CITY           | (08) 3868 0708 | (08) 3868 0709 |
| 1.5                        | Nguyen Thi Dinh Transaction Office                          |                |                |
|                            | No. 240B-204C Nguyen Thi Dinh, An Phu, DIST 2, HCM          | (08) 3747 1213 | (08) 3747 1214 |
| 1.6                        | Cach mang thang 8 Transaction Office                        |                |                |
|                            | No. 60-62 Cach mang thang 8, Ward 6, DIST 3, HCM City       | (08) 3930 8520 | (08) 3930 8522 |
| 1.7                        | Tân Phú Transaction Office                                  |                |                |
|                            | No. 871 Luy Ban Bich, Tan Thanh, Tan Phu, HCM City          | (08) 3813 0631 | (08) 3813 0632 |
| 1.8                        | Huynh Tan Phat Transaction Office                           |                |                |
|                            | No. 1240C Huynh Tan Phat, District 7, HCM City              | (08) 37852954  | (08)37852955   |
| 1.9                        | Đang Van Bi Transaction Office                              |                |                |
|                            | No. 136 Đang Van Bi, Binh Tho, Thu Duc DIST, HCM CITY       | (08) 37225881  | (08) 37225882  |
| 1.10                       | Le Van Luong Transaction Office                             |                |                |
|                            | No. 04 Le Van Luong, Tan Hung Ward, District 7, HCM CITY    | (08) 37752997  | (08) 37752997  |
| 1.11                       | Hoang Van Thu Transaction Office                            |                |                |
|                            | No. 77B Hoang Van Thu, Phu Nhuan District, HCM CITY         | (08) 38443140  | (08) 38443180  |
| 1.12                       | Nguyen Thien Thuat Transaction Office                       |                |                |
|                            | No. 123-125 Nguyen Thien Thuat, District 3, HCM CITY        | (08) 38333988  | (08) 38333959  |
| 1.13                       | Cong Hoa Transaction Office                                 |                |                |
|                            | No. 502-504 Cong Hoa, Ward 13, Tan Binh DIST, HCM           | (08) 38495779  | (08) 38495277  |
| 1.14                       | Hồng Bàng Transaction Office                                |                |                |
|                            | No. 867-869 Hong Bang street, Ward 9, DIST 6, HCM CITY      | (08) 39698878  | (08) 39698879  |
| <b>2 SHB - Ha Noi</b>      |   |                |                |
|                            | No. 86 Ba Trieu, Hoàn Kiếm DIST, Ha Noi CITY                | (04) 3944 5440 | (04) 3944 5441 |
| 2.1                        | Thái Hà Transaction Office                                  |                |                |
|                            | No. 17 Thai Ha, Dong Da District, Ha Noi CITY.              | (04) 3275 4332 | (04) 3275 4331 |
| 2.2                        | Ba Dinh Transaction Office                                  |                |                |
|                            | No. 34 – Giang Văn Minh, Ba Dinh District, Ha Noi CITY.     | (04) 3734 6439 | (04) 3734 6440 |
| 2.3                        | Dong Da Transaction Office                                  |                |                |
|                            | No. 154 Kim Lien Street – (O Chợ dừa), Dong Da DIST, HN     | (04) 3273 2841 | (04) 3273 2840 |

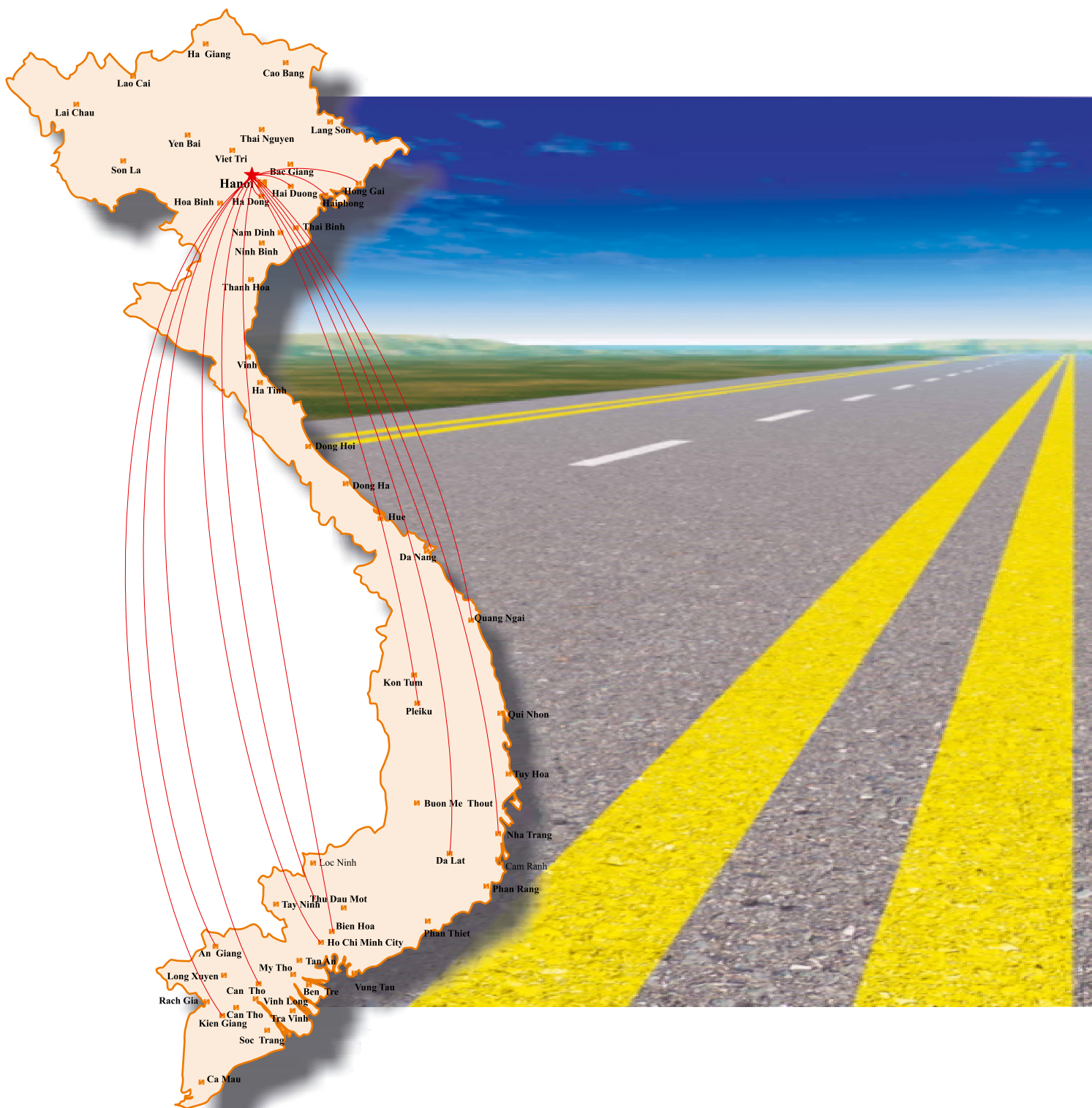
| No.      | NAME OF SHB's UNITS  | Tel             | FAX             |
|----------|--|-----------------|-----------------|
| 2.4      | Hoang Quoc Viet Transaction Office<br>No. 335, Hoang Quoc Viet Street, Nghia Tan, Cau Giay DIST, HN      | (04) 3269 0117  | (04) 3269 0191  |
| 2.5      | Hoan Kiem Transaction Office<br>No. 61 Hang Cot, Hang Ma Ward, Hoan Kiem District, Ha Noi.               | (04) 3927 5052  | (04) 3927 5049  |
| 2.6      | Tran Duy Hung Transaction Office<br>No. 21B, Tran Duy Hung street, Trung Hoa ward, Cau Giay DIST, HN     | (04) 3556 1008  | (04) 3556 1007  |
| 2.7      | Bach Mai Transaction Office<br>No. 181 Bach Mai street, Cau Den Ward, Hai Ba Trung DIST, HN.             | (04) 3622 8102  | (04) 3622 8104  |
| 2.8      | Cau Giay Transaction Office<br>No. 203 Xuan Thuy street, Cau Giay District, Ha Noi CITY                  | (04) 3269 2286  | (04) 3269 2268  |
| 2.9      | Tu Liem Transaction Office<br>No. 18 Cau Dien, Tu Liem , Ha Noi CITY                                     | (04) 3287 7839  | (04) 3287 7893  |
| 2.10     | Nguyen Van Cu Transaction Office<br>No. 184, Nguyen Van Cu street, Bo De ward, Long Bien DIST, HN        | (04) 3261 3688  | (04) 3261 3686  |
| 2.11     | Dien Bien Phu Transaction Office<br>No. 12, Dien Bien Phu street, Dien Bien Ward, Ha Noi CITY.           | (04) 3273 0158  | (04) 3273 0146  |
| 2.12     | Dinh Cong Transaction Office<br>No. A15 lô 9, Dinh Cong urban zone, Dinh Cong ward, Hoang Mai DIST, HN.  | (04) 3640 1096  | (04) 3640 1097  |
| 2.13     | Minh Khai Transaction Office<br>No. 64B Minh Khai, Truong Dinh Ward, Hai Ba Trung District, HN           | (04) 6278 1773  | (04) 6278 1775  |
| 2.14     | Kim Ma Transaction Office<br>No. 226 Kim Ma, Kim Ma Ward, Ba Dinh District, Ha Noi.                      | (04) 62736515   | (04) 62736500   |
| 2.15     | Tây Sơn Transaction Office<br>No. 350 Tay Son Street, Nga Tu So Ward, Dong Da DIST, Ha Noi.              | (04) 62755302   | (04) 62755304   |
| 2.16     | Kham Thien Transaction Office<br>No. 326 Kham Thien Street, Tho Quan Ward, Dong Da DIST, Ha Noi.         | (04) 62754840   | (04) 62754850   |
| 2.17     | Hoang Mai Transaction Office<br>No. 1331 Giai Phong Street Cau Tien, Hoang Liet Ward, Hoang Mai DIST.    | (04) 62884579   | (04) 6288 4619  |
| 2.18     | Le Thanh Nghi Transaction Office<br>No. 121 Le Thanh Nghi Street, Bach Khoa ward, Hai Ba Trung DIST, HN. | (04) 6278 4566  | (04) 6278 4557  |
| 2.19     | Ha Dong Transaction Office<br>No. 185 Quang Trung, P. Quang Trung, Ha Dong District, Ha Noi.             | (04) 6325 0150  | (04) 6325 0152  |
| 2.20     | Ma May Transaction Office<br>No. 4 Ma May street Hoan Kiem District, Ha Noi                              | (04) 62702070   | (04) 62702071   |
| <b>3</b> | <b>SHB - Da Nang.</b>  |                 |                 |
|          | No. 89 Nguyen Van Linh, Nam Duong Ward, Hai Chau DIST, DN  | (0511) 3854 397 | (0511) 3655 399 |
| 3.1      | Son Tra Transaction Office.<br>No. 369 Ngo Quyen, Son Tra District, Da Nang.                             | (0511) 3936 963 | (0511) 3936 965 |
| 3.2      | Hoa Khanh Transaction Office<br>Lô No. 06-07 Nguyen Dinh Trong street, Hoa Khanh, Lien Chieu.            | (0511) 3737 666 | (0511) 3737 955 |

| No.      | NAME OF SHB's UNITS   | Tel              | FAX             |
|----------|---|------------------|-----------------|
| 3.3      | Thanh Khe Transaction Office<br>Block 173, Dien Bien Phu, Thanh Khê District, Da Nang CITY          | (0511) 3.773.773 | (0511)3.773.774 |
| 3.4      | Hai Chau Transaction Office<br>No. 240 Ong Ich Khiem, Thanh Khe District, Da Nang CITY              | (0511) 3.575.859 | (0511)3.575.858 |
| <b>4</b> | <b>SHB - Quang Ninh.</b>  |                  |                 |
|          | No. 488 Tran Phu-Cam Pha-Quang Ninh.  | (033) 3723 855   | (033) 3723 866  |
| 4.1      | Cua ong Transaction Office<br>No. 277, New street, Cua Ong Ward, Cam Pha, Quang Ninh.               | (033) 3734 991   | (033) 3734 992  |
| 4.2      | Ha Long Transaction Office<br>No. 66, Tran Hung Dao street, Ha Long CITY, Quang Ninh                | (033) 3518 299   | (033) 3518 399  |
| 4.3      | Uong Bi Transaction Office<br>Sinh River Building, group 43A zone 12, Quang Trung ward, Uong Bi, QN | (033) 3566 111   | (033) 3566 222  |
| 4.4      | Hong Hai Transaction Office<br>No. 168, Group 2 zone 4 Hong Hai Ward, Ha Long CITY, Quang Ninh      | (033) 3556 833   | (033) 3556 933  |
| 4.5      | Cam Tay Transaction Office<br>No. 25, Group 74 Tran Phu street, Cam Tay Ward, Cam Pha, QN           | (033) 3964 466   | (033) 3964 488  |
| 4.6      | Van Don Transaction Office<br>Zone 5, Cai Rong town, Van Don Dist, Quang Ninh                       | (033) 3993 929   | (033) 3993 939  |
| 4.7      | Bai Chay Transaction Office<br>No. 19 Ha Long street, Bai Chay, Ha Long CITY, Quang Ninh            | (033) 3845 833   | (033) 3846 833  |
| 4.8      | Mao Khe Transaction Office<br>No. 193 Hoang Hoa Tham street, Dong Trieu, Quang Ninh                 | (033) 3585 555   | (033) 3586 666  |
| 4.9      | Mong Cai Transaction Office<br>No. 4 Hùng Vương street, Hoà Lạc Ward, Móng Cái CITY                 | (033) 3779 266   | (033) 3779 366  |
| <b>5</b> | <b>SHB - Bình Dương.</b>  |                  |                 |
|          | No. 302, zone 01, Phú Hòa , Town Thủ Dầu Một, Bình Dương.   | (0650) 3834 101  | (0650) 3834 100 |
| 5.1      | Thủ Dầu Một Transaction Office<br>No. 339 CM tháng 8 street, P. Phú Cường, TX.Thủ Dầu Một, BD       | (0650) 3834 284  | (0650) 3834 283 |
| 5.2      | Sóng Thần Transaction Office<br>No. 6/31, Độc Lập street, Nhị Đồng, Dĩ An District, BD              | (0650) 3793 344  | (0650) 3793 346 |
| 5.3      | Bến Cát Transaction Office<br>KP4, TT Mỹ Phước, Bến Cát, Bình Dương                                 | (0650) 3556348   | (0650) 3556346  |
| <b>6</b> | <b>SHB-Cần Thơ</b>  |                  |                 |
|          | No. 138 3/2 street, Hưng Lợi Ward, Ninh Kiều DIST, Cần Thơ CITY.                                    | (0710) 3838 389  | (0710) 3839 987 |
| 6.1      | Phong Điền Transaction Office<br>No. 341- 342 Phong Điền town, Phong Điền dist, Cần Thơ CITY        | (0710) 3850 214  | (0710) 3944 456 |
| 6.2      | Phan Đình Phùng Transaction Office<br>No. 42A Phan Đình Phùng, Tân An Ward, Ninh Kiều DIST, Cần Thơ | (0710) 3812 518  |                 |

| No.      | NAME OF SHB's UNITS  | Tel             | FAX             |
|----------|--|-----------------|-----------------|
| 6.3      | Trần Phú Transaction Office<br>No. 2 Bis Trần Phú street, P. Cái Khế, Ninh Kiều DIST, Cần Thơ CITY       | (0710) 3762 093 |                 |
| 6.4      | Xuân Khánh Transaction Office<br>B9 30/4 street, P. Xuân Khánh, Ninh Kiều DIST, Cần Thơ CITY             | (0710) 3751 194 |                 |
| 6.5      | Thạnh An Transaction Office<br>No. 71A -NR 80, Thạnh An town, Vĩnh Thạnh district, CT.                   | (0710) 3856 516 | (0710) 3652 841 |
| 6.6      | Bình Thủy Transaction Office<br>No. 17/9 Lê Hồng Phong street, P. Bình Thủy, Bình Thủy DIST, CT.         | (0710) 3887 570 |                 |
| 6.7      | Thốt Nốt Transaction Office<br>No. 491B Phụng Thạnh 1, Thốt Nốt town, Thốt Nốt district, CT.             | (0710) 3611 718 | (0710) 3611 718 |
| 6.8      | An Hoà Transaction Office<br>No. 179 Nguyễn Văn Cừ, P. An Hòa, Ninh kiều DIST, Cần Thơ CITY              | (0710) 3895688  | (0710) 3895677  |
| <b>7</b> | <b>SHB-Đồng Nai</b>  |                 |                 |
|          | No. 10-11, Nguyễn Ái Quốc street, KP 8, P. Tân Phong, Biên Hoà CITY.                                     | (061) 8871 666  | (061) 8871 670  |
| 7.1      | Long Thành Transaction Office<br>No. ½ National Road 51A, zone Phước Hải, TT. Long Thành, Đồng Nai       | (061)3501696    | (061)3501698    |
| 7.2      | Trảng Bom Transaction Office<br>No. 210-210B QL 1A, khu 3, Thanh Hóa village, Hố Nai commune, Trảng Bom. | (061)8889179    | (061)8889199    |
| <b>8</b> | <b>SHB-Hải Phòng</b>   |                 |                 |
|          | DG Tower Building - No. 15 Trần Phú, Ngô Quyền District, Hải Phòng                                       | (031) 3652668   | (031)3652669    |
| 8.1      | Kiến An Transaction Office<br>No. 99 Trần Thành Ngọ, Q, Kiến An, CITY Hải Phòng                          | (031)3541668    | (031)3541669    |
| 8.2      | Lạch Tray Transaction Office<br>No. 458 Lạch Tray street, Đằng Giang Ward, Ngô Quyền District, HP        | (031) 3733885   | (031)3733884    |
| 8.3      | Sông Cấm Transaction Office<br>No. 282 Đà Nẵng street, Vạn Mỹ Ward, Ngô Quyền District, HP.              | (031) 3796 958  | (031) 3796959   |
| 8.4      | Quán Toan Transaction Office<br>No. 09, Hải Triều street, Quán Toan Ward, Hồng Bàng District, HP         | (031) 3534 778  | (031) 3534 998  |
| <b>9</b> | <b>SHB-Nghệ An</b>   |                 |                 |
|          | No. 58 Lê Lợi, P. Hưng Bình, Vinh CITY, Nghệ An  | (038) 356 0388  | (038)356 0399   |
| 9.1      | Hồ Tùng Mậu Transaction Office<br>No. 9 Hồ Tùng Mậu - Vinh - Nghệ An                                     | 038.860 0146    |                 |
| 9.2      | Thái Phiên Transaction Office<br>No. 86 Thái Phiên - Vinh - Nghệ An                                      | 038.860 0148    | 038.860 0149    |
| 9.3      | Thái Hòa Transaction Office<br>Khối 250, P. Quang Tiến, Thị xã Thái Hòa, tỉnh Nghệ An                    | 038. 8740063    | 038. 8740065    |
| 9.4      | Diễn Châu Transaction Office<br>Zone 4, TT. Diễn Châu, H. Diễn Châu, Nghệ An                             | 038. 3623766    | 038. 3623768    |

| No.       | NAME OF SHB's UNITS  | Tel             | FAX             |
|-----------|--|-----------------|-----------------|
| 9.5       | Quán Bàu Transaction Office  |                 |                 |
|           | Tầng 1, TTMM CK Plaza - No. 3A, Nguyễn Trãi, Quán Bàu, Vinh.         | (038) 3515296   | (038) 3515298   |
| <b>10</b> | <b>SHB-Khánh Hoà.</b>  |                 |                 |
|           | No. 175-177 Thống Nhất Street, Phương Sài Ward, Nha Trang.           | (058) 3828777   | (058) 3828766   |
| 10.1      | Vĩnh Phước Transaction Office  |                 |                 |
|           | No. 78D 2 tháng 4 street, Vĩnh Phước Ward, Nha Trang CITY.           | (058) 3541179   | (058) 3541122   |
| 10.2      | Ninh Hoà Transaction Office  |                 |                 |
|           | Sô 44 Nguyễn Huệ street, Ninh Hoà town, Ninh Hòa district            | (058) 363 5000  | (058) 363 5006  |
| <b>11</b> | <b>SHB-Gia Lai.</b>  |                 |                 |
|           | No. 6 Hoàng Văn Thụ Street, Diên Hồng, Pleiku CITY, Tỉnh Gia Lai.    | (059) 3828333   | (059)3828499    |
| 11.1      | Biển Hồ Transaction Office   |                 |                 |
|           | No. 833, Phạm Văn Đồng, tổ 4, P. Yên Thế, Pleiku CITY, tỉnh Gia Lai  | 059.3866969     | 059.3867788     |
| 12        | SHB-Lâm Đồng   |                 |                 |
|           | No. 1 Nguyễn Văn Cừ Street, Đà Lạt, Tỉnh Lâm Đồng                    | (063) 3512251   | (063) 3512000   |
| 12.1      | Đức Trọng Transaction Office   |                 |                 |
|           | No. 289 Thống Nhất street, Liên Nghĩa town, Đức Trọng dist, Lâm Đồng | (063) 3651001   | (063) 3651000   |
| 12.2      | Bảo Lộc Transaction Office   |                 |                 |
|           | No. 110 Nguyễn Công Trứ street, Ward 2, Bảo Lộc, Lâm Đồng            | (063) 3723724   | (063) 3864864   |
| <b>13</b> | <b>SHB-Kiên Giang</b>  |                 |                 |
|           | No. 02 Trần Phú, Vĩnh Thạnh Ward, Rạch Giá CITY, Kiên Giang          | (077) 3.947303  | (077)3947313    |
| 13.1      | Tân Hiệp Transaction Office.   |                 |                 |
|           | 05 National road No 80, Zone B, Tân Hiệp Town, Tân Hiệp, Kiên Giang  | (077) 3727 161  | (077) 3727 678  |
| <b>14</b> | <b>SHB-An Giang</b>  |                 |                 |
|           | No. 6-8 Nguyễn Huệ A, Mỹ Long Ward, Long Xuyên CITY, An Giang        | (076) 3940 309  | (076) 3941 969  |
| <b>15</b> | <b>SHB-Quảng Nam</b>   |                 |                 |
|           | No 215 Phan Bội Châu street, P. Tân Thạnh, Tam Kỳ CITY, QN           | (0510) 3815 888 | (0510) 3815 777 |
| 15.1      | Hội An Transaction Office  |                 |                 |
|           | No. 6 Hoàng Diệu street, Minh An ward, Hội An city, QN               | (0510) 3911 837 | (0510) 3911 836 |
| 16        | SHB-Hưng Yên   |                 |                 |
|           | Bản Street - Yên Nhân, Mỹ Hào Dist, Hưng Yên Province                | (0321) 3742 688 | (0321) 3742 886 |
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**SAIGON - HANOI COMMERCIAL JOINT STOCK BANK**