

Saigon – Hanoi Commercial Joint Stock Bank

Report of the Board of Management and

Audited consolidated financial statements in accordance with
Vietnamese Accounting Standards and System for Credit Institutions

as at and for the year ended 31 December 2010

Saigon – Hanoi Commercial Joint Stock Bank

CONTENT

	<i>Pages</i>
AUDITED CONSOLIDATED FINANCIAL STATEMENTS	1 - 3
Report of the Board of Management	
Independent auditors' report	4
Consolidated balance sheet	5 - 7
Consolidated income statement	8
Consolidated statement of retained earnings	9
Consolidated statement of cash flows	10 - 11
Notes to the consolidated financial statements	12 - 62

Saigon – Hanoi Commercial Joint Stock Bank

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Saigon – Hanoi Commercial Joint Stock Bank is pleased to present this report and the consolidated financial statements of the Bank and its subsidiary as at 31 December 2010 and for the year then ended.

THE BANK

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.

The Bank was initially established on 13 November 1993 under Business License No. 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 by 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 financing 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 2010, the Bank has one (01) Head Office, one (01) subsidiary, eighteen (18) branches nationwide and ninety-seven (97) transaction offices nationwide.

RESULTS

The Bank and its subsidiary’s summary of consolidated results are as follows:

	<i>2010</i> <i>VNDm</i>	<i>2009</i> <i>VNDm</i>
Net profit for the year	494,329	318,405
Retained earnings at the end of the year	423,664	271,122

BOARD OF DIRECTORS

Members of the Board of Directors during the year from 1 January 2010 to 31 December 2010 and as at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
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
Mr. Le Kien Thanh	Independent Member	Appointed on 10 August 2010

Saigon – Hanoi Commercial Joint Stock Bank

REPORT OF THE BOARD OF MANAGEMENT (continued)

BOARD OF SUPERVISORY

Members of the Board of Supervisory during the year from 1 January 2010 to 31 December 2010 and as at the date of this report are as follows:

Name	Position	Date of appointment
Ms. Dam Ngoc Bich	Head of the Board of Supervisory	Appointed on 16 June 2008
Mr. Nguyen Huu Duc	Vice Head of the Board of Supervisory	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

BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT

Members of the Board of Management and Chief Accountant during the year from 1 January 2010 to 31 December 2010 and as at the date of this report are as follows:

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
Mr. Pham Van Thang	Deputy General Director	Appointed on 1 August 2010
Ms. Ninh Thi Lan Phuong	Chief Accountant	Appointed on 27 July 2008

EVENTS SINCE THE BALANCE SHEET DATE

There have been no significant events occurring after the consolidated 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.

Saigon – Hanoi Commercial Joint Stock Bank

REPORT OF THE BOARD OF MANAGEMENT (continued)

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 consolidated results and consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments 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 and its subsidiary will continue their business.

The Bank's management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Bank and its subsidiary 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 its subsidiary 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.

On behalf of the Board of Management,

Mr. Nguyen Van Le
General Director

Hanoi, Vietnam

15 February 2010

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheet of Saigon – Hanoi Commercial Joint Stock Bank (“the Bank”) and its subsidiary as at 31 December 2010, and the related consolidated income statement, 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 62. The 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.

Basis of Opinion

We conducted our audit in accordance with Vietnamese and International Standards on Auditing applicable in Vietnam. These 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 the Bank’s management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements, in all material aspects, give a true and fair view of the consolidated financial position of the Bank and its subsidiary as at 31 December 2010 and of the consolidated results of its operations and the consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System for Credit Institutions and comply with other relevant financial and accounting regulations stipulated by the State Bank of Vietnam.

Ernst & Young Vietnam Limited Company

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

Hanoi, Vietnam

15 February 2010

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

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET as at 31 December 2010

	Notes	12/31/2010 VNDm	12/31/2009 VNDm
ASSETS			
Cash and cash equivalents	4	201,671	139,081
Balances with the State Bank of Vietnam (“the SBV”)	5	505,232	920,132
Placements with and loans to other banks	6	11,636,741	6,357,324
Placements with other banks	6.1	11,636,741	6,357,324
Loans and advances to other banks		-	-
Provision for credit losses of loans to other banks		-	-
Trading securities	7	98,829	16,500
Trading securities		99,512	16,500
Provision for impairment of trading securities		(683)	-
Derivatives and other financial assets	8	-	3,663
Loans and advances to customers		24,103,032	12,701,664
Loans and advances to customers	9	24,375,588	12,828,748
Provision for credit losses	10	(272,556)	(127,084)
Investment securities	11	8,767,942	4,865,643
Available-for-sale securities	11.1	7,481,361	3,335,951
Held-to-maturity securities	11.2	1,300,000	1,540,500
Provision for impairment of investment securities		(13,419)	(10,808)
Long-term investments	12	333,389	269,799
Investments in subsidiary		-	-
Investments in joint ventures		-	-
Investments in associates		-	-
Other long-term investments		333,389	269,799
Provision for impairment of long-term investments		-	-
Fixed assets	13	1,526,154	853,627
<i>Tangible fixed assets</i>	<i>13.1</i>	<i>126,554</i>	<i>126,040</i>
Cost		176,765	159,197
Accumulated depreciation		(50,211)	(33,157)
<i>Financial leases</i>		-	-
Cost		-	-
Accumulated depreciation		-	-
<i>Intangible assets</i>	<i>13.2</i>	<i>1,399,600</i>	<i>727,587</i>
Cost		1,406,366	729,942
Accumulated amortisation		(6,766)	(2,355)
Investment properties		-	-
Cost		-	-
Accumulated depreciation		-	-
Other assets	14	3,859,871	1,341,764
Receivables		2,030,462	419,678
Interest and fee receivables		957,083	307,391
Deferred income tax assets		-	-
Other assets	14.3	872,326	615,415
<i>In which: Goodwill</i>		-	-
Provision for other assets		-	(720)
TOTAL ASSETS		51,032,861	27,469,197

The accompanying notes from 1 to 45 form part of these consolidated financial statements.

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2010

	<i>Notes</i>	<i>12/31/2010 VNDm</i>	<i>12/31/2009 VNDm</i>
LIABILITIES			
Borrowings from the Government and the SBV	15	903,716	-
Deposits and borrowings from other banks	16	13,271,539	9,943,404
Deposits from other banks	16.1	13,271,539	9,943,404
Borrowings from other banks		-	-
Deposits and other amounts due to customers	17	25,633,644	14,672,147
Derivatives and other financial liabilities	8	2,900	-
Other borrowed funds	18	380,398	31,884
Valuable papers issued by the Bank	19	5,745,356	-
Other liabilities		912,094	404,717
Interest and fee payables		685,020	171,248
Deferred income tax liabilities		-	-
Other payables	20	219,144	229,910
Provision for off-balance sheet commitments	10	7,930	3,559
TOTAL LIABILITIES		46,849,647	25,052,152
OWNERS' EQUITY			
Owners' equity and Reserves	22	4,183,214	2,417,045
<i>Capital</i>		<i>3,590,259</i>	<i>2,043,043</i>
Contributed capital by shareholders		3,497,519	2,000,000
Capital for purchase of fixed assets		-	-
Capital surplus		98,000	48,000
Treasury shares		(5,260)	(4,957)
Preference shares		-	-
Others		-	-
<i>Reserves</i>		<i>169,291</i>	<i>102,880</i>
Foreign currency translation reserve		-	-
Asset revaluation reserve		-	-
Retained earnings		423,664	271,122
TOTAL OWNERS' EQUITY		4,183,214	2,417,045
TOTAL LIABILITIES AND OWNERS' EQUITY		51,032,861	27,469,197

The accompanying notes from 1 to 45 form part of these consolidated financial statements.

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2010

OFF-BALANCE SHEET ITEMS

	<i>Notes</i>	<i>12/31/2010 VNDm</i>	<i>12/31/2009 VNDm</i>
Contingencies			
Credit guarantees		-	8,981
Letters of credit		587,664	682,890
Other guarantees		681,901	520,478
	37	<u>1,269,565</u>	<u>1,212,349</u>

Prepared by

Approved by

Approved by

Mr. Dao Van Quy
Accountant

Ms. Ninh Thi Lan Phuong
Chief Accountant

Mr. Nguyen Van Le
General Director

Hanoi, Vietnam

15 February 2010

The accompanying notes from 1 to 45 form part of these consolidated financial statements.

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED INCOME STATEMENT for the year ended 31 December 2010

	Notes	2010 VNDm	2009 VNDm
Interest and similar income	25	3,736,848	1,662,188
Interest and similar expenses	26	(2,520,683)	(1,018,747)
Net interest and similar income		1,216,165	643,441
Fee and commission income		126,645	78,031
Fee and commission expenses		(20,181)	(17,949)
Net fee and commission income	27	106,464	60,082
Net gain/(loss) from foreign currency trading	28	53,138	52,487
Net gain/(loss) from trading securities	29	9,527	31,939
Net gain/(loss) from investment securities	30	56,692	43,361
Other operating income		52,029	14,180
Other operating expenses		(14,945)	(2,434)
Net gain/(loss) from other operating activities	31	37,084	11,746
Dividend income	32	7,090	16,936
TOTAL OPERATING INCOME		1,486,160	859,992
Payroll		(279,833)	(143,449)
Depreciation and amortization charges	13	(21,465)	(17,996)
Other operating expenses		(378,286)	(178,688)
TOTAL OPERATING EXPENSES	33	(679,584)	(340,133)
Profit from operating activities before provision for credit losses		806,576	519,859
Provision for credit losses	10	(221,475)	(108,501)
Provision reversal	10	71,632	3,832
PROFIT BEFORE TAX		656,733	415,190
Current enterprise income tax		(162,404)	(96,785)
Deferred enterprise income tax	21.1	-	-
Enterprise income tax ("EIT")		(162,404)	(96,785)
NET PROFIT FOR THE YEAR		494,329	318,405
Earnings per share (VND/share)	23	2,178	1,592

Prepared by

Approved by

Approved by

Mr. Dao Van Quy
Accountant

Ms. Ninh Thi Lan Phuong
Chief Accountant

Mr. Nguyen Van Le
General Director

Hanoi, Vietnam

15 February 2010

The accompanying notes from 1 to 45 form part of these consolidated financial statements.

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED STATEMENT OF RETAIN EARNINGS as at and for the year ended 31 December 2010

	<i>Notes</i>	<i>2010 VNDm</i>	<i>2009 VNDm</i>
RETAINED EARNINGS AT THE BEGINNING OF THE YEAR		271,122	167,512
Net profit for the year		494,329	318,405
RETAINED EARNINGS BEFORE APPROPRIATIONS		765,451	485,917
<i>Less:</i>			
Appropriation to reserves created for previous year	22	(22,082)	(5,024)
Temporarily appropriation to reserves for current year	22	(70,257)	(49,876)
Dividend payment for previous year	22	(249,403)	(159,836)
Others	22	(45)	(59)
RETAINED EARNINGS AT THE END OF THE YEAR		423,664	271,122
<i>In which:</i>			
Advance for current year dividend		159,603	159,606
Retained profit for fund allocation and further distribution to shareholders		264,061	111,516

Prepared by

Approved by

Approved by

Mr. Dao Van Quy
Accountant

Ms. Ninh Thi Lan Phuong
Chief Accountant

Mr. Nguyen Van Le
General Director

Hanoi, Vietnam

15 February 2010

The accompanying notes from 1 to 45 form part of these consolidated financial statements.

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED STATEMENT OF CASH FLOW for the year ended 31 December 2010

	<i>Notes</i>	<i>2010 VNDm</i>	<i>2009 VNDm</i>
OPERATING ACTIVITIES			
Interest and similar income proceeds		2,565,728	1,608,021
Interest and similar expense disbursements		(1,996,899)	(980,452)
Fees and commission income proceeds		106,464	60,082
Net gain/(loss) from foreign currency, gold and securities trading		634,645	(35,538)
Other operating income proceeds		7,039	10,551
Proceeds from bad debts written-off		1,128	1,197
Employee and other administrative expense disbursements		(658,796)	(327,964)
Enterprise income tax paid during the year	21	(116,853)	(74,071)
Net cash flows from operating profit before changes in operating assets and liabilities		542,456	261,826
Changes in operating assets			
(Increase)/decrease in due from banks		(1,846,575)	(539,946)
(Increase)/decrease in trading and investment securities		(3,983,578)	(2,423,694)
(Increase)/decrease in derivatives and other financial assets		3,663	(3,294)
(Increase)/decrease in loans and advances to customers		(11,546,840)	(6,576,049)
Decrease in provision for loan losses and provision for impairment of investment securities & long-term investments		(37)	-
(Increase)/decrease in other assets		(1,764,274)	(102,515)
Changes in operating liabilities			
Increase/(decrease) in borrowings from the Government and the SBV	15	903,716	-
Increase/(decrease) in due to banks		3,328,135	7,708,320
Increase/(decrease) in due to customers (including State Treasury)		10,961,498	5,164,004
Increase/(decrease) in valuable papers issued (except for long-term valuable papers issued disclosed in financing activities)	19	5,745,356	-
Increase/(decrease) in other borrowed funds		348,514	6,412
Increase/(decrease) in derivatives and other financial liabilities		2,900	-
Increase/(decrease) in other liabilities		96,880	255
Reserve utilization	22	-	(5,514)
Net cash flows from operating activities		2,791,814	3,489,805
INVESTING ACTIVITIES			
Purchase of fixed assets		(792,752)	(109,189)
Disposal of fixed assets disposal		-	-
Disbursements for disposal 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		(63,590)	(16,000)
Proceeds from sales of investment in joint ventures, associates and others		-	501,000
Dividend receipts from long-term investments in the year		6,851	7,475
Net cash flows from investing activities		(849,491)	383,286

The accompanying notes from 1 to 45 form part of these consolidated financial statements.

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED STATEMENT OF CASH FLOW (continued)
for the year ended 31 December 2010

	<i>Notes</i>	<i>2010 VNDm</i>	<i>2009 VNDm</i>
FINANCING ACTIVITIES			
Increase in chartered capital		1,547,519	-
Proceeds from subordinated debts to increase tier 2 capital		-	-
Repayment of subordinated debts to reduce tier 2 capital		-	-
Dividends payment to shareholders		(409,006)	(223,465)
Purchase of treasury shares	22	(303)	(2,606)
Proceeds from sale of treasury shares		-	-
Net cash flows from financing activities		1,138,210	(226,071)
Net increase/(decrease) in cash and cash equivalents		3,080,533	3,647,020
Cash and cash equivalents at the beginning of the year		6,421,537	2,774,517
Foreign exchange difference		-	-
Cash and cash equivalents at the end of the year	34	9,502,070	6,421,537

Prepared by

Approved by

Approved by

Mr. Dao Van Quy
Accountant

Ms. Ninh Thi Lan Phuong
Chief Accountant

Mr. Nguyen Van Le
General Director

Hanoi, Vietnam

15 February 2010

The accompanying notes from 1 to 45 form part of these consolidated financial statements.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS as at and for the year ended 31 December 2010

1. CORPORATION 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 No. 0041-NH/GP issued by the State Bank of Vietnam. The Bank was renamed as Saigon – Hanoi Commercial Joint Stock Bank under Decision No. 1764/QĐ-NHNN dated 11 September 2006 by the Governor 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 financing 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 2010 was VNDm 3,497,519 (at 31 December 2009: VNDm 2,000,000).

Board of Directors

Members of the Board of Directors during the year from 1 January to 31 December 2010 and as at the date of these consolidated financial statements are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
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
Mr. Le Kien Thanh	Independent Member	Appointed on 10 August 2010

Board of Supervisory

Members of the Board of Supervisory during the year from 1 January to 31 December 2010 and as at the date of these consolidated financial statements are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Ms. Dam Ngoc Bich	Head of the Board of Supervisory	Appointed on 16 June 2008
	Vice Head of the Board of	
Mr. Nguyen Huu Duc	Supervisory	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

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

1. CORPORATION INFORMATION (continued)

Board of Management and Chief Accountant

Members of the Board of Management and Chief Accountant during the year from 1 January to 31 December 2010 and as at the date of these consolidated financial statements are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
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
Mr. Pham Van Thang	Deputy General Director	Appointed on 1 November 2010
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 2010, the Bank has one (01) Head Office, one (01) subsidiary, eighteen (18) branches and ninety-seven (97) transaction offices nationwide.

Subsidiary

As at 31 December 2010, 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 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

Total number of employees of the Bank and its subsidiary as at 31 December 2010 was 2,022 persons (as at 31 December 2009: 1,348 persons).

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 *Statement of compliance with Vietnamese Accounting Standards and System for Credit Institutions*

The Board of Management confirms that the accompanying consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards and 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 Vietnam’s accounting principles, procedures and practices and furthermore are not intended to present the Bank and its subsidiary’s financial position, financial performance and their cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Accounting Standards have been issued but not yet effective

Circular 210/2009/TT-BTC guides to apply the International Financial Reporting Standards about presenting the financial statements and disclosing information on financial instruments in Vietnam

On 6 November 2009, the Ministry of Finance issued Circular 210/2009/TT-BTC which provided the implementation guidance to the International Financial Reporting Standards about presenting the financial statements and disclosing information on financial instruments. This Circular regulates to disclose extra information; therefore it effects the presentation of financial instruments in financial statement. This guidance will come to since 1 January 2011.

2.3 *Fiscal year*

The Bank and its subsidiary’s fiscal year start on 1 January and ends on 31 December.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Bank and its subsidiary as at 31 December 2010. For the purpose of consolidating, the subsidiary's financial statements are prepared for the same reporting year and under consistent accounting policies with the parent's.

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

The financial statements of subsidiary, as presented in Note 1, are fully consolidated starting from the date the Bank had the control over the subsidiary. The control exists as the Bank has power to either directly or indirectly governs the subsidiary's operations or financial policies so as to obtain benefits from subsidiary's activities. The operating results of subsidiary acquired or disposed of 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 *New accounting policies*

In the year 2010, the Bank has adopted Circular 244/2009/TT-BTC dated 31 December 2009 of the Ministry of Finance providing guidance on amending and supplementing the enterprise accounting regime. According to this Circular, the following changes have been made in the accounting policies from 1 January 2010:

- ▶ Regarding stock dividends and bonus shares, the Bank did not recognize the income at stocks' face value but only update the quantity of the stocks received.
- ▶ Bonus and Welfare Fund was reclassified from "Owners' Equity" to "Liabilities".

Furthermore, in 2010, the Bank has also adopted Circular 203/2009/TT-BTC dated 20 October 2009 providing guidance on the management, usage, and depreciation of fixed assets which was effective from 1 January 2010.

Due to the fact that Circular 244/2009/TT-BTC and Circular 203/2009/TT-BTC do not require retroactive adjustment, comparative figures as at and for the year ended 31 December 2009 did not include above-mentioned adjustments.

2.6 *Loans and advances to customers*

Loans and advances to customers are disclosed at the principal amounts outstanding at the end of the fiscal 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, the 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.

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.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 *Provision for credit losses* (continued)

Specific provision is made on the net loan and advance exposure of each borrower using 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 as 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, financial institutions are required to fully make and maintain a general provision at 0.75% of total loans and advances to customers, which are classified from group 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 of loan classification, provision for credit loss and credit loss expenses as at and for the year ended 31 December 2010 are presented in Note 9.

2.8 *Trading securities*

Trading securities are debt securities, equity securities and other securities that the Bank and its subsidiary 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 and continuously recorded at cost in the following accounting periods.

Income from trading securities is recognized on the cash basis

At the balance sheet date, trading securities are subject to review for impairment. Allowance for impairment is made when their carrying value is greater than their market value. Impairment losses are recognized into the separate income statement as "*Net gain/(loss) from trading securities*".

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 *Investment securities*

2.9.1 *Available-for-sale securities*

Available-for-sale investment securities include debt and equity securities which the Bank and its subsidiary hold for the purpose of investment. These securities are not frequently traded but could be sold at any time for profit; and the Bank and its subsidiary are not the founding shareholder; or the strategic shareholder, or have 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 recognized at cost.

Available-for-sale debt securities are recorded at par value at transaction date. Accrued interest of the securities before buying (for debt securities with interest payment in arrears) or interest received in advance (for debt securities with interest payment in advance) is reflected in a separate account. Discount/premium, which is the negative/positive difference between the original cost and the amount including the par value plus (+) interest accrues before buying (if any) or minus (-) interest received in advance for distribution (if any), is also recorded in a separate account.

In next accounting periods, available-for-sale debt securities are continuously recognised at par value. The discount/premium (if any) is amortized on a straight-line basis till the maturity date to the consolidated income statement.

Accrued interest income is recognized on straight-line basis over the estimated remaining holding period of securities.

Available-for-sale securities are reviewed for impairment at the date of the balance sheet. Guidance on provision for impairment of available-for-sale debt securities has not been specified in current regulations by the State Bank of Vietnam and the Ministry of Finance. Provision for impairment of available-for-sale equity securities is made when their book values are greater than their market values.

The market prices of listed equity securities are determined based on the price on stock markets (which are the average prices on Ha Noi's Stock Exchange and the closing prices on Ho Chi Minh City's Stock Exchange) as at 31 December 2010.

The market values of unlisted equity securities, which have been registered in the Unlisted Public Companies market (UPCom), are the average price of the trading market at the day of provision.

The market values of unlisted equity securities which have not been registered in the Unlisted Public Companies market (UPCom) are the average of public price quotations of at least three (03) reputed and large securities companies in the market. Others are recorded at cost.

Any impairment loss is recognized in the consolidated income statement as "*Net gain/(loss) from investment securities*"

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 *Investment securities* (continued)

2.9.2 *Held-to-maturity securities*

Held-to-maturity securities are debt securities that the Bank and its subsidiary have the intention and ability to hold to maturity. These investment securities carry fixed or determinable payments and have fixed maturities. If these securities are sold before maturity date, they will be considered as trading securities or available-for-sale securities.

Held-to-maturity investment securities are recognized at par value as at transaction date. Accrued interest of the securities before buying (for debt securities with interest payment in arrears) or interest received in advance (for debt securities with interest payment in advance) is reflected in a separate account. Discount/premium, which is the negative/positive difference between the original cost and the amount including the par value plus (+) interest accrues before buying (if any) or minus (-) interest received in advance for distribution (if any), is also recorded in a separate account.

In next accounting periods, held-to-maturity securities are continuously recognised at par value. The discount/premium (if any) 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*”.

2.10 *Repurchase and reverse repurchase agreements*

Securities sold under agreements to repurchase at a specific date in the future are not derecognized from the consolidated balance sheet. The corresponding cash receipt under these agreements is recognized as a liability item in the consolidated balance sheet, reflecting its economic substance as a loan to the Bank and its subsidiary. The difference between sale price and repurchase price is amortized over the life of the agreement using straight-line method to the consolidated income statement.

Conversely, securities purchased under agreements to resell at a specific date in the future are not recognized in the consolidated balance sheet. The corresponding cash paid under these agreements is recognized in the consolidated balance sheet as “*Loans to customers*”. The difference between the purchase price and resale price is amortized over the life of the agreement using straight-line method to the consolidated income statement.

2.11 *Other long-term investments*

Equity securities are classified as other long term investments only when the Bank and its subsidiary hold less than 20% of voting rights and the Bank or its subsidiary is 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.

Long-term investments are always recognized at cost.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Other long-term investments (continued)

Other long-term investments are subject to review for impairment at the consolidated financial statement date. Provision is made when the business entities invested are operating at loss (unless losses were 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 the Bank and its subsidiary to the business entities and the existing chartered capital of the business entities times (x) the proportion of capital contributed by the Bank and its subsidiary to total capital contribution of parties in the business entities.

2.12 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

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 amortisation 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 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.

2.14 Leasing

2.14.1 Bank and its subsidiary as lessees

For operating leases, lease payments (excluding costs for services such as insurance and maintenance) are recognized as an expense on a straight-line.

2.14.2 Bank and its subsidiary as lessors

Operating lease assets are capitalized in lessors' consolidated balance sheet. Rental incomes are recorded in the consolidated income statement on a straight-line basis over the lease term without distinction to methods of rental payment. Expenses under operating leases, including depreciation of property, are reported as expense of the relevant fiscal year.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 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
Office equipment	3 - 5 years
Other tangible assets	5 years
Land use right (*)	based on lease term
Computer software	5 years
Other intangible assets	20 years

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

2.16 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 either 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 recognized in the consolidated income statement upon actual receipt.

Fees and commissions are recognized when incurred.

Dividend income by cash on equity investment is recognized in the consolidated income statement when the Bank and its subsidiary's right to receive the payment is established. Stock dividends and bonus shares received are not recognized as income of the Bank and its subsidiary, but only updated the quantity of shares.

2.17 Foreign currency transactions

The Bank maintains its accounting system, 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 date of consolidated financial statements are translated into VND using exchange rates of interbank foreign exchange market at the business date (see list of exchange rates of applicable foreign currencies against VND as at 31 December in Note 45). 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 during the fiscal year are recorded in the consolidated balance sheet as "*Foreign currency translation reserve*" and transferred to the consolidated income statement at year end.

2.18 Enterprise income taxes

Current tax

Current tax assets and liabilities for the current and prior years 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 consolidated 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, in which case current tax is also charged or credited directly to equity.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Enterprise income taxes (continued)

Current tax (continued)

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 and its subsidiary intend to settle their current tax assets and liabilities on a net basis.

The Bank and its subsidiary'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 on temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purpose at the consolidated 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; and
- ▶ Where taxable temporary differences are associated with investments in subsidiaries, associates and joint ventures and the Bank and its subsidiary 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 enterprise income tax assets are levied on deductible temporary differences. Deductible amounts carried over to subsequent years of taxable losses, and unutilized tax advantages when it is likely that the enterprise makes earnings in foreseeable future to use deductible temporary differences, taxable losses and tax advantages, 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 taxable temporary differences are associated with investments in subsidiaries, associates and joint ventures and it is likely that these temporary differences will be reverted in foreseeable future and the Bank will make taxable earnings to use these temporary differences.

The carrying amount of deferred income tax assets is reviewed at each consolidated 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 consolidated 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 consolidated balance sheet date.

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 in the equity account.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 *Enterprise income taxes* (continued)

Deferred tax (continued)

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 and its subsidiary intend to settle their current tax assets and liabilities on a net basis.

2.19 *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 the 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.

2.20 *Statutory reserves*

According to Decree 146/2005/ND-CP dated 23 November 2005 issued by the Government on financial management regime for credit institutions, the Bank and its subsidiary should appropriate profit after tax of the fiscal year to create Supplementary Capital Reserve and Financial Reserve.

2.21 *Fiduciary assets*

Assets held in trust or in a fiduciary capacity are not reported in the consolidated financial statements since they are not assets of the Bank and its subsidiary.

2.22 *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 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 and make provision for them.

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 as “*Other liabilities*” in the consolidated balance sheet.

2.23 *Other receivables*

Apart from receivables from credit activities, other receivables are initially recognized at cost and always reflected at cost in the following accounting periods.

Provision for impairment loss is based on the overdue status of the receivable or estimated possible loss in case the receivable is not yet overdue but the debtors are bankrupted or liquidated (for corporate) or are deceased, missing or under legal claim (for individual). Provision expense is reflected in “*Operating expense*” on the income statement.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Other receivables (continued)

The provision is made in accordance with Circular No. 228/2009/TT-BTC issued by Ministry of Finance and dated 7 December 2009 as follows:

<u>Overdue status</u>	<u>Allowance rate</u>
From over six (06) months up to one (01) year	30%
From one (01) to two (02) years	50%
From two (02) to three (03) years	70%
Over three (03) years	100%

2.24 Currency derivatives contracts

2.24.1 Foreign currency Forwards and Swaps

For foreign currency forwards and swaps, 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 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 an liability when it is negative. The difference is subsequently amortized in the consolidated income statement as “*Net gain/(loss) from foreign currency trading activities*” using straight-line method over the term of the contracts. As at the balance sheet date, , commitments of foreign currency forward, swap and future contracts are re-measured using the official inter-bank exchange rate announced by the State Bank of Vietnam.

Gain or loss from revaluation is recorded in “*Net gain/(loss) from trading of foreign currencies*”.

2.24.2 Currency option contracts

Commitment amount for the currency option contracts is not recognized in the consolidated balance sheet. The fee paid or received is recorded as receivable or payable from/to derivative transactions, and is amortized to income or expense in the year using straight-line method over the maturity of the contracts. As at the consolidated balance sheet date, unrealized gain or loss arising from selling/buying option contracts are determined based on market value, cost of the contract, sales volume and maturity of the contract, and recorded in the consolidated income statements in “*Net gain/(loss) from trading of foreign currencies*”.

2.25 Offsetting

Financial assets and financial liabilities are offset and the net amount is 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.

2.26 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 incomes, expenses and the resultant provisions.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 *Employee benefits*

2.27.1 *Post employment benefits*

Post employment benefits are paid to retired employees of the Bank and its subsidiary by the Social Insurance Agency which belongs to the Ministry of Labor, Invalids and Social Affairs. The Bank and its subsidiary are required to contribute to these post employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 16.00% of an employee's basic salary on a monthly basis. The Bank and its subsidiary have no further obligation to fund the post employment benefits of their employees, other than the liability to pay Social Insurance Agency on a monthly basis.

The Bank and its subsidiary'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 and its subsidiary also pay three (03) months of salary to these employees from their salary expense.

2.27.2 *Voluntary resignation and retrenchment benefits*

Voluntary resignation benefits: the Bank and its subsidiary have the obligation, under Article 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). From 1 January 2009, the average monthly salary used to calculate the voluntary resignation benefits would be adjusted at the end of the reporting date based on the average of the salaries of the previous six consecutive months.

Retrenchment benefits: the Bank and its subsidiary have the obligation, under Article 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 and its subsidiary 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 "Operating expenses" for current year.

While the obligations under Section 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, the Bank and its subsidiary are required to calculate retrenchment allowance between 1.00% and 3.00% per annum on the basic salary of the employees. The outstanding balance of employee termination reserve which was previously created at 5.00% 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.

In 2010, the Bank and its subsidiary have accrued for retrenchment allowance equal to 1.00% of the basic salary of the employees.

2.27.3 *Unemployment Insurance*

The Bank and its subsidiary have the 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

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

Circular 04/2009/TT-BLDTBXH providing guidance on implementation of the Decree 127/2008/ND-CP.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

3, SEGMENT REPORTING

3.1 Segment reporting in terms of business fields

	<i>Credit</i>	<i>Investment</i>	<i>Services</i>	<i>Treasury</i>	<i>Others</i>	<i>VNDm Total</i>
<i>For the year from 1 January to 31 December 2010</i>						
1. Income from credit activities	2,354,937	-	663	-	-	2,355,600
2. Income from investment activities	-	1,112,312	-	-	-	1,112,312
3. Income from treasury activities	-	-	-	438,991	-	438,991
4. Income from services	1,650	-	124,315	103	-	126,068
5. Income from foreign exchange activities	-	-	-	72,559	-	72,559
6. Income from derivatives	-	-	-	21,051	-	21,051
7. Income to allocate	6,978	113	1,633	5,418	18,360	32,502
8. Direct expenses	(237,415)	(5,901)	(20,986)	(2,705,240)	-	(2,969,542)
9. Capital income/expense to allocate	(1,884,824)	(919,949)	-	2,804,773	-	-
10. Expenses to allocate	(114,384)	(1,845)	(26,777)	(88,819)	(300,983)	(532,808)
Profit before tax	126,942	184,730	78,848	548,836	(282,623)	656,733
<i>As at 31 December 2010</i>						
1. Departmental assets	25,060,116	10,028,015	201,671	12,141,973	-	47,431,775
2. Assets to allocate	767,016	12,371	179,559	595,586	2,046,554	3,601,086
Total assets	25,827,132	10,040,386	381,230	12,737,559	2,046,554	51,032,861
1. Departmental liabilities	(7,930)	-	(118,753)	(46,503,820)	-	(46,630,503)
2. Liabilities to allocate	(46,677)	(753)	(10,927)	(36,244)	(124,543)	(219,144)
Total liabilities	(54,607)	(753)	(129,680)	(46,540,064)	(124,543)	(46,849,647)

3.2 Segment reporting in terms of geographic areas

All of the Bank and its subsidiary's major activities are carried out in Vietnam.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

4. CASH AND CASH EQUIVALENTS

	12/31/2010 VNDm	12/31/2009 VNDm
Cash on hand in VND	129,659	85,175
Cash on hand in foreign currencies	72,012	53,906
	201,671	139,081

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

	12/31/2010 VNDm	12/31/2009 VNDm
Current account at the SBV	505,232	920,132
Other current account	-	-
	505,232	920,132

Balances with the SBV include settlement and compulsory deposits. As at 31 December 2010, compulsory deposits in VND and settlement deposits in foreign currencies earn annual interest at rates of 1.20% p.a. and 0.10% p.a., respectively (as at 31 December 2009: 1.20% p.a. and 0.5% 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 4.00% for demand deposits and deposits with terms of less than 12 months in VND and foreign currencies, respectively, and at 1.00% and 2.00% 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 2010 were remained at VNDm 578,643 and USD 3,906,000 (or VNDm 73,952).

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

	12/31/2010 VNDm	12/31/2009 VNDm
Current accounts and deposits with other banks	11,636,741	6,357,324
Loans to other banks	-	-
	11,636,741	6,357,324

6.1 Placements with other banks

	12/31/2010 VNDm	12/31/2009 VNDm
Current accounts with other banks	5,972,772	121,308
In VND	5,841,606	10,022
In foreign currencies and gold	131,166	111,286
Term deposits with other banks	5,663,969	6,236,016
In VND	5,569,309	5,635,448
In foreign currencies and gold	94,660	600,568
	11,636,741	6,357,324

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

7. TRADING SECURITIES

Investments in trading securities as at 31 December 2010 include:

	12/31/2010 VNDm	12/31/2009 VNDm
Debt securities	-	-
Securities issued by the Government of Vietnam	-	-
Securities issued by other local credit institutions	-	-
Securities issued by local business entities	-	-
Securities issued by foreign entities	-	-
Equity securities	99,512	16,500
Securities issued by other local credit institutions	-	-
Securities issued by local business entities	99,512	16,500
Securities issued by foreign entities	-	-
Other trading securities	-	-
Provision for impairment of trading securities	(683)	-
	98,829	16,500

The listing status of trading securities is as follows:

	12/31/2010 VNDm	12/31/2009 VNDm
Debt securities	-	-
Listed	-	-
Unlisted	-	-
Equity securities	99,512	16,500
Listed	9,512	-
Unlisted	90,000	16,500
Other trading securities	-	-
Listed	-	-
Unlisted	-	-
	99,512	16,500

8. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

	Total contract value (at exchange rate at the contract effective date) VNDm	Total book value (at exchange rate at balance sheet date)		
		Assets VNDm	Liabilities VNDm	Net value VNDm
<i>As at 31 December 2010</i>				
Currency derivatives	188,067	192,020	(194,920)	(2,900)
Forward contracts	138,164	142,117	(139,903)	2,214
Swap contracts	49,903	49,903	(55,017)	(5,114)
<i>As at 31 December 2009</i>				
Currency derivatives	721,327	416,958	(413,295)	3,663
Forward contracts	721,327	416,958	(413,295)	3,663

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

9. LOANS AND ADVANCES TO CUSTOMERS

	12/31/2010 VNDm	12/31/2009 VNDm
Loans to local business entities and individuals	24,270,103	12,813,853
Discounted valuable papers	450	12,093
Trusted loans	20,914	2,802
Other loans to local business entities and individuals	84,121	-
	24,375,588	12,828,748
	2010 average interest % p.a.	2009 average interest % p.a.
Commercial loans denominated in VND	14.22	11.99
Commercial loans denominated in foreign currencies	3.45	6.04

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

9.1 Analysis of loans by quality

	12/31/2010 VNDm	12/31/2009 VNDm
Current	23,438,102	12,414,107
Special mention	596,555	56,445
Substandard	36,159	50,895
Doubtful	39,376	148,830
Loss	265,396	158,471
	24,375,588	12,828,748

9.2 Analysis of loans by original terms

	12/31/2010 VNDm	12/31/2009 VNDm
Short-term loans	15,670,135	7,555,672
Medium-term loans	5,390,058	3,924,482
Long-term loans	3,315,395	1,348,594
	24,375,588	12,828,748

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

9. LOANS AND ADVANCES TO CUSTOMERS (continued)

9.3 Analysis of loans by ownership

Details of the Bank's loan portfolio by types of business entities as at year end are as follows:

	12/31/2010 VNDm	%	12/31/2009 VNDm	%
Corporate loans	13,720,512	56.29	9,657,554	75.28
Central state-owned enterprises	468,831	1.92	406,792	3.17
Provincial state-owned enterprises	33,129	0.14	56,005	0.44
State limited liability companies	800,505	3.28	609,842	4.76
Private limited liability companies	4,572,949	18.76	2,910,404	22.69
State joint-stock companies	1,603,340	6.58	851,654	6.64
Other joint-stock companies	5,531,298	22.69	2,793,064	21.77
Partnerships	600	0.002	122,351	0.95
Private enterprises	235,048	0.96	186,205	1.45
Foreign invested enterprises	418,702	1.72	328,918	2.56
Co-operatives	56,110	0.24	1,392,319	10.85
Individual loans	10,487,185	43.02	3,071,612	23.94
Other loans	167,891	0.69	99,582	0.78
	24,375,588	100.00	12,828,748	100.00

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

9. LOANS AND ADVANCES TO CUSTOMERS (continued)

9.4 Analysis of loans by sectors

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

	12/31/2010 VNDm	%	12/31/2009 VNDm	%
Agricultural and forestry	1,165,427	4.78	2,656,136	20.70
Aquaculture	213,165	0.87	156,645	1.22
Mining	1,755,000	7.20	1,374,825	10.72
Processing	3,426,000	14.06	690,746	5.39
Electricity, petroleum & water	794,000	3.26	31,430	0.24
Construction	2,696,000	11.06	1,170,496	9.12
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal goods	3,796,000	15.57	784,085	6.11
Hospitality	585,000	2.40	59,620	0.46
Transportation and communications	2,254,000	9.25	314,494	2.45
Financial services	593,753	2.44	184,490	1.44
Scientific research	84,500	0.35	39,663	0.31
Real estate development & property investment	206,200	0.85	86,194	0.67
Government agents	15,600	0.06	1,621	0.01
Education and training	175,000	0.72	5,600	0.05
Healthcare and community development	45,700	0.19	25,272	0.20
Recreational, cultural, sporting activities	42,500	0.17	1,445	0.01
Community, social and personal service activities	5,855,000	24.02	330,543	2.58
Households services	120,400	0.49	877	0.01
International activities	9,393	0.04	30,634	0.24
Others	542,950	2.22	4,883,932	38.07
	24,375,588	100.00	12,828,748	100.00

10. PROVISION FOR CREDIT LOSSES

Details of provision for credit losses in the consolidated balance sheet as at 31 December 2010 are as follows:

	VNDm
Provision for credit losses	272,556
Provision for contingent liabilities and off-balance sheet commitments	7,930
	280,486

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

	Specific provision VNDm	General provision (*) VNDm	Total VNDm
Opening balance	74,414	56,229	130,643
Provision expense in the year	74,877	146,598	221,475
Reversal of provision during the year	(41,559)	(30,073)	(71,632)
Bad debts written off during the year	-	-	-

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

Closing balance	107,732	172,754	280,486
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10. PROVISION FOR CREDIT LOSSES (continued)

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

	<i>Specific provision VNDm</i>	<i>General provision (*) VNDm</i>	<i>Total VNDm</i>
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	-	-	-
Closing balance	74,414	56,229	130,643

(*): General provision includes general provision for loans to customers and for off-balance sheet commitments.

The breakdown of loan classification and provision for the year ended 31 December 2010 as required by Decision 493/2005/QĐ-NHNN, Decision 18/2007/QĐ-NHNN and the Bank's own policy is as follows:

<i>Classification</i>	<i>Loan balance(**) VNDm</i>	<i>Required specific provision VNDm</i>	<i>Required general provision VNDm</i>	<i>Total required provision VNDm</i>
Current	21,180,589	-	158,854	158,854
Special mention	693,413	12,059	5,201	17,260
Substandard	25,291	1,163	190	1,353
Doubtful	77,177	6,245	579	6,824
Loss	266,705	88,265	-	88,265
Reverse repurchase agreement of the subsidiary	74,435	-	-	-
Reverse repurchase agreement due in December	198,654	-	-	-
	22,516,264	107,732	164,824	272,556

Provision for contingent liabilities and off-balance sheet commitments as at 31 December 2010:

<i>Classification</i>	<i>Balance(**) VNDm</i>	<i>Required specific provision VNDm</i>	<i>Required general provision VNDm</i>	<i>Total required provision VNDm</i>
Current	1,057,289	-	7,930	7,930
Special mention	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Off-balance sheet commitment expired in December	147	-	-	-
	1,057,436	-	7,930	7,930

(**): Balance as at 30 November 2010

As at 31 December 2010, the Bank has fully created provision for outstanding balances of loans and advances to customers as at 30 November 2010 including both specific provision

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

and general provision in accordance with Decision 493/2005/QD-NHNN and Decision 18/2007/QD-NHNN issued by the SBV.

11. INVESTMENT SECURITIES

	12/31/2010 VNDm	12/31/2009 VNDm
Available-for-sale securities	7,481,361	3,335,951
<i>Debt securities</i>	7,461,235	3,316,013
Securities issued by the Government of Vietnam	350,000	-
Securities issued by other local credit institutions	3,001,686	602,095
Securities issued by local business entities	4,109,549	2,713,918
Securities issued by foreign entities	-	-
<i>Equity securities</i>	20,126	19,938
Securities issued by other local credit institutions	11,328	11,200
Securities issued by local business entities	8,798	8,738
Securities issued by foreign entities	-	-
Provision for available-for-sale securities	(13,419)	(10,808)
Held-to-maturity securities	1,300,000	1,540,500
Securities issued by the Government of Vietnam	1,000,000	1,040,500
Securities issued by other local credit institutions	300,000	500,000
Securities issued by local business entities	-	-
Securities issued by foreign entities	-	-
Provision for held-to-maturity securities	-	-
	8,767,942	4,865,643

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

11. INVESTMENT SECURITIES (continued)

11.1 Available-for-sale securities

11.1.1 Debt securities

Details of available-for-sale debt securities held by the Bank and its subsidiary as at year end are as follows:

	12/31/2010		12/31/2009	
	Face value VNDm	Carrying value VNDm	Face value VNDm	Carrying value VNDm
Bonds issued by the Government	350,000	350,000	-	-
Bonds issued by the Government in VND	350,000	350,000	-	-
Securities issued by other local credit institutions	3,007,370	3,001,686	600,000	602,095
Bonds issued by Bank for Investment and Development of Vietnam	300,000	301,093	300,000	302,095
Bonds issued by Hanoi Building Commercial J.S. Bank	230,000	230,000	100,000	100,000
Bonds issued by Saigon Thuong tin Commercial J.S. Bank	100,000	100,000	100,000	100,000
Bonds issued by Maritime Commercial J.S. Bank	100,000	100,000	100,000	100,000
Bonds issued by Vietnam International J.S. Bank	2,189,320	2,189,320	-	-
Bonds issued by Vietnam Bank for Agriculture and Rural Development.	88,050	81,273	-	-
Securities issued by economic entities	4,136,000	4,109,549	2,716,000	2,713,918
Bonds issued by Lilama Corporation	36,000	36,000	36,000	36,000
Bonds issued by No.1 Construction Corporation	300,000	300,000	300,000	300,000
Bonds issued by Phu Hoang Anh JSC.	100,000	100,000	100,000	100,000
Bonds issued by Gentraco JSC.	50,000	50,000	-	-
Bonds issued by Song Da Investment and Construction JSC.	300,000	300,000	-	-
Bonds issued by other business entities	3,350,000	3,323,549	2,280,000	2,277,918
	7,493,370	7,461,235	3,316,000	3,316,013

Bonds issued by the Government in VND have term of five (05) years with the interest rates of 11.40% p.a; interest is paid annually.

Bonds issued by Bank for Investment and Development of Vietnam mature after five (05) years since issued date, and have interest rates of 8.15% p.a. and 9.50% p.a., interest is paid annually.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

11. INVESTMENT SECURITIES (continued)

11.1 Available-for-sale securities (continued)

11.1.1 Debt securities (continued)

There are two series of *bonds issued by Hanoi Building Commercial Joint Stock Bank*. The first series have term of two (02) years; interest is to be paid annually. Interest rate for the first year is 10.50% p.a. and 13.80% p.a. for the second year. The second series have term of two (02) years; interest of 13.35% p.a. for the first year was paid in advance. Interest rate for the second year is determined by 1.80% p.a. plus (+) average interest rate of 12 – month VND denominated saving deposits whose interest is paid at maturity (in case there is not such rate for 12 – month term, the one with similar term is accepted) of four big banks in Vietnam, including Bank for Investment and Development of Vietnam (Main Transaction Office 1), The Bank for Foreign Trade of Vietnam (Main Transaction Office), Vietnam Industrial Commercial Bank (Hanoi Branch), and Vietnam Bank of Agriculture and Rural Development (Main Transaction Office) at transaction date.

Bonds issued by Saigon Thuong Tin Commercial Joint Stock Bank have term of three (03) years with interest rate of 10.50% p.a. for the first year, 12.00% p.a. for the second year, and floating rate for the third year (determined by 2.75% p.a. plus (+) average interest rate of four big commercial banks in Vietnam for 12 – month VND denominated saving deposits whose interest is paid at maturity; or 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 of the Governor of the SBV. The method which leads to lower rate is applied). Interest is paid annually.

Bonds issued by Maritime Commercial Joint Stock Bank have term of two (02) years, interest, which is paid annually, is at the rate of 10.50% p.a. for the first year and 12.00% p.a. for the second year.

Bonds issued by Vietnam International Joint Stock Bank in VND have term of one (01) years, interest is paid as lump sum at maturity at interest rates of 12.00% p.a

Bonds issued by Vietnam International Joint Stock Bank in USD have term of one (01) years, interest is paid as lump sum at maturity at interest rates of 4.00% p.a

Bonds issued by Vietnam Bank for Agriculture and Rural Development have term of ten (10) years with the interest rate of 9.80% p.a. for the first five (05) years and 10.40% p.a. for the next five (05) years; interest is paid annually. Vietnam Bank for Agriculture and Rural Development can repurchase with maximum of 100% of the bond within the last five (05) years (at the issue date) when the SBV approved in writing.

Bonds issued by Lilama Corporation have term of five (05) years at interest rate of 8.80% p.a. Interest is paid annually.

Bonds issued by No.1 Construction Corporation have term of three (03) years and interest of 12.00% p.a. for the first year, 15.00% p.a. for the next six-month period. Interest rate is to be determined every 6 months since then (at 3.00% p.a. plus (+) average interest of Vietnam International Joint Stock Commercial Bank and SHB for 12-month saving deposits whose interest is paid at the maturity.) Interest is paid every 6 months from the second year.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

11. INVESTMENT SECURITIES (continued)

11.1 Available-for-sale securities (continued)

11.1.1 Debt securities (continued)

Bonds issued by Phu Hoang Anh JSC. have term of three (03) years, interest paid every 6 months at rates of 11.00% p.a., 14.90% p.a., and 17.00% p.a., respectively for the first three interest payments. Interest rate floats since then and is calculated at 3.50% p.a. plus (+) Ho Chi Minh Housing Development Bank's interest rate for 12-month deposits whose interest is paid at maturity, yet interest rate is not lower than 11.00% p.a.

Bonds issued by Gentraco JSC. have term of three (03) years, interest rate for the first year is 15.00% p.a. Interest rate floats once a year since the second year, and is calculated at 3.00% p.a. plus (+) average interest rate for 12-month deposit, whose interest paid at maturity, of four large banks (The Bank for Foreign Trade of Vietnam, Vietnam Industrial Commercial Bank, Bank for Investment and Development of Vietnam and Vietnam Bank of Agriculture and Rural Development).

Bonds issued by Song Da Investment and Construction JSC. have term of five (05) years, interest rate of 13.00% p.a. for the first year. Interest rate floats once a year since the second year, and is calculated at 2.50% p.a. plus (+) average interest rate for 12-month deposit, whose interest paid at maturity of Head office of four large banks (The Bank for Foreign Trade of Vietnam, Vietnam Industrial Commercial Bank, Bank for Investment and Development of Vietnam and Vietnam Bank of Agriculture and Rural Development).

Bonds issued by other economic entities have terms from two (02) to ten (10) years, interest is paid annually or at maturity upon each bond at rates ranging from 9.40% p.a. to 18.00% p.a.

11.1.2 Equity securities

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

	12/31/2010		12/31/2009	
	Cost VNDm	% owner- ship of the Bank	Cost VNDm	% owner- ship of the Bank
Investments in other local credit institutions	11,328		11,200	
Bank for Foreign Trade of Vietnam	10,533	0.09	10,440	0.09
Saigon Thuong tin Commercial Joint Stock Bank	795	0.002	760	0.01
Investment in economic entities	8,798		8,738	
Cuu Long – An Giang Fish Corporation	90	0.01	86	0.10
Refrigeration Electrical Engineering Corporation	1,540	0.02	1,540	0.27
Hanoi Maritime Holding Company	295	0.04	294	0.22
Thu Duc Housing Development Corporation	1,948	0.06	1,948	0.51
PV Drilling and Well Services Corporation	800	0.004	800	0.04
Ho Chi Minh City Infrastructure Investment JSC.	660	0.02	660	0.09
SMC Trading Investment JSC.	782	0.07	727	0.66
HAI Agrochem JSC.	913	0.07	913	0.63
Petroleum Technical Services Corporation	1,770	0.01	1,770	0.10
	20,126		19,938	

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

11. INVESTMENT SECURITIES (continued)

11.2 Held-to-maturity securities

	12/31/2010		12/31/2009	
	Face value VNDm	Carrying value VNDm	Face value VNDm	Carrying value VNDm
Government bonds	1,000,000	1,000,000	1,040,500	1,040,500
Bonds issued by the State Treasury	-	-	500	500
Bonds issued by the Government	1,000,000	1,000,000	1,040,000	1,040,000
Bonds issued by other credit institutions	300,000	300,000	500,000	500,000
Bills issued by Vietnam Bank for Agriculture and Rural Development	-	-	500,000	500,000
Bills issued by Vietnam Tin Nghia Commercial Joint Stock Bank	300,000	300,000	-	-
	1,300,000	1,300,000	1,540,500	1,540,500

Bonds issued by the Government have term from three (03) to five (05) years, and interest is paid annually at the rate of ranging from 8.70% p.a. to 11.90% p.a. The Bank has the intention and ability to hold these bonds to maturity.

Bills issued by Vietnam Tin Nghia Commercial Joint Stock Bank have term of eleven (11) months and interest is paid at maturity at the rate of 10.49% p.a. The Bank has the intention and ability to hold these bonds to maturity.

12. LONG-TERM INVESTMENTS

	Other long-term investments VNDm
Balance as at 1 January 2010	269,799
Increase during the year	63,590
Decrease during the year	-
Provision for impairment	-
Balance as at 31 December 2010	333,389

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

12. LONG-TERM INVESTMENTS (continued)

Details of other long-term investments as at 31 December 2010 are as follows:

	12/31/2010			12/31/2009		
	Cost VNDm	Carrying value VNDm	% owner- ship of the Bank	Cost VNDm	Carrying value VNDm	% owner- ship of the Bank
Nghe An Rubber Investment and Development JSC	600	600	0.40	600	600	0.40
Saigon – Hanoi Fund Management JSC.	5,200	5,200	10.40	5,200	5,200	10.40
Saigon – Hanoi Securities JSC.	98,180	98,180	9.22	41,090	41,090	10.01
Phuoc Hoa Rubber JSC.	27,859	27,859	0.62	27,859	27,859	0.62
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	1.25
Son Lam Company Limited	135,000	135,000	10.69	135,000	135,000	10.69
SHB – Da Nang Sport JSC.	550	550	11.00	550	550	11.00
Gentraco Feed JSC.	8,000	8,000	10.00	8,000	8,000	10.00
An Thinh Real Estate JSC.	8,000	8,000	10.00	8,000	8,000	10.00
Gentraco Property Investment JSC.	2,500	2,500	5.00	-	-	-
Other entities	4,000	4,000	2.00	-	-	-
	333,389	333,389		269,799	269,799	

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

13. FIXED ASSETS

13.1 Tangible fixed assets

Movements of tangible fixed assets during the year ended 31 December 2010 are as follows:

	<i>Buildings & building improvements VNDm</i>	<i>Machines & equipment VNDm</i>	<i>Motor vehicles VNDm</i>	<i>Office equipment VNDm</i>	<i>Others VNDm</i>	<i>Total VNDm</i>
Cost						
Opening balance	45,809	19,460	54,873	35,501	3,554	159,197
Additions in the year	1,480	956	7,515	6,791	827	17,569
Finished construction	-	-	-	-	-	-
Other increases	357	1,243	2,752	1,386	202	5,940
Transfer to investment properties	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Other decreases	-	(819)	(496)	(4,441)	(185)	(5,941)
Closing balance	47,646	20,840	64,644	39,237	4,398	176,765
Accumulated depreciation						
Opening balance	5,940	4,350	10,971	11,340	556	33,157
Charged for the year	2,386	3,633	5,169	6,499	1,081	18,768
Other increases	76	268	289	114	254	1,001
Transfer to investment properties	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Other decreases	(885)	(277)	(273)	(1,067)	(213)	(2,715)
Closing balance	7,517	7,974	16,156	16,886	1,678	50,211
Net book value						
As at 31 December 2009	39,869	15,110	43,902	24,161	2,998	126,040
As at 31 December 2010	40,129	12,866	48,488	22,351	2,720	126,554

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

13. FIXED ASSETS (continued)

13.1 Tangible fixed assets (continued)

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

	<i>Buildings & building improvements VNDm</i>	<i>Machines & equipment VNDm</i>	<i>Motor vehicles VNDm</i>	<i>Office equipment VNDm</i>	<i>Others VNDm</i>	<i>Total VNDm</i>
Cost						
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
Accumulated depreciation						
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
Net book value						
As at 31 December 2009	38,954	9,932	30,526	16,814	941	97,167
As at 31 December 2010	39,869	15,110	43,902	24,161	2,998	126,040

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

13. FIXED ASSETS (continued)

13.2 Intangible fixed assets

Movements of intangible assets during the year ended 31 December 2010 are as follows:

	<i>Land use rights VNDm</i>	<i>Computer software VNDm</i>	<i>Other intangible assets VNDm</i>	<i>Total VNDm</i>
Cost				
Opening balance	705,386	4,556	20,000	729,942
Additions in the year	674,992	1,432	-	676,424
Addition for the particular business	-	-	-	-
Other additions	-	-	-	-
Disposals	-	-	-	-
Other decreases	-	-	-	-
Closing balance	1,380,378	5,988	20,000	1,406,366
Accumulated depreciation				
Opening balance	322	700	1,333	2,355
Charged for the year	151	1,542	1,004	2,697
Other increases	-	1,050	664	1,714
Disposals	-	-	-	-
Other decreases	-	-	-	-
Closing balance	473	3,292	3,001	6,766
Net book value				
As at 31 December 2009	705,064	3,856	18,667	727,587
As at 31 December 2010	1,379,905	2,696	16,999	1,399,600

Movements of intangible fixed assets for the year ended 31 December 2009 are as follows:

	<i>Land use rights VNDm</i>	<i>Computer software VNDm</i>	<i>Other intangible assets VNDm</i>	<i>Total VNDm</i>
Cost				
Opening balance	705,386	3,135	20,000	728,521
Additions in the year	-	1,230	-	1,230
Other additions	-	-	-	-
Disposals	-	191	-	191
Other decreases	-	-	-	-
Closing balance	-	-	-	-
	705,386	4,556	20,000	729,942
Accumulated depreciation				
Opening balance				
Charged for the year	164	533	1,000	1,697
Other increases	158	167	333	658
Disposals	-	-	-	-
Other decreases	-	-	-	-
Closing balance	-	-	-	-
	322	700	1,333	2,355
Net book value				
As at 31 December 2008	705,222	2,602	19,000	726,824
As at 31 December 2009	705,064	3,856	18,667	727,587

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

14. OTHER ASSETS

	12/31/2010 VNDm	12/31/2009 VNDm
Interest and fee receivables	957,083	307,391
Construction in progress	167,766	69,007
Receivables	1,862,696	350,671
Provisions for impairment of other assets	-	(720)
Other assets	872,326	615,415
	3,859,871	1,341,764

14.1 Construction in progress

	12/31/2010 VNDm	12/31/2009 VNDm
Purchase of fixed assets		
Purchase of land use rights	101,188	53,949
Core banking	63,382	15,008
Others	3,196	50
	167,766	69,007

14.2 Receivables

	12/31/2010 VNDm	12/31/2009 VNDm
Internal receivables	17,652	48
Receivables from employees	5,704	48
Other internal receivables	11,948	-
External receivables	1,845,044	350,623
Receivables from customers	-	106,156
Deposits	115	16,414
Interest subsidies receivable from the SBV	18,550	20,994
Prepaid expense	78,803	15,312
Dividend advances	159,603	159,606
Advance for AMC's long term investment	198,782	-
Receivables of AMC	23,016	14,400
Advance for suppliers	1,296,520	-
Other receivables	69,655	17,741
	1,862,696	350,671

14.3 Other assets

	31/12/2010 VNDm	31/12/2009 VNDm
Trust assets	827,856	574,902
Prepaid expenses	40,887	38,274
Foreclosed assets	1,135	1,135
Others	2,448	1,104
	872,326	615,415

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

15. BORROWINGS FROM THE GOVERNMENT AND THE SBV

	12/31/2010 VNDm	12/31/2009 VNDm
<i>Borrowings from the SBV</i>	903,716	-
Credit loans	-	-
Loans on discount and re-discount of valuable papers	903,716	-
Other borrowings	-	-
<i>Borrowings from Ministry of Finance</i>	-	-
<i>Other borrowings</i>	-	-
	903,716	-

16. DEPOSITS AND BORROWINGS FROM OTHER BANKS

	12/31/2010 VNDm	12/31/2009 VNDm
Deposits from other banks	13,271,539	9,943,404
Borrowings from other banks	-	-
	13,271,539	9,943,404

16.1 Deposits from other banks

	12/31/2010 VNDm	12/31/2009 VNDm
<i>Demand deposits</i>	4,960,134	33,868
In VND	4,960,019	33,836
In gold and foreign currencies	115	32
<i>Term deposits</i>	8,311,405	9,909,536
In VND	8,089,399	8,961,446
In gold and foreign currencies	222,006	948,090
	13,271,539	9,943,404

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

17. CUSTOMER DEPOSITS AND OTHER AMOUNTS DUE TO CUSTOMERS

17.1 Analysis by products

	12/31/2010 VNDm	12/31/2009 VNDm
Demand deposits	4,160,698	4,082,545
Demand deposit in VND	3,744,717	3,879,991
Demand saving deposits in VND	6,026	2,385
Demand deposits in gold and foreign currencies	409,802	199,673
Demand saving deposits in gold and foreign currencies	153	496
Term deposits	21,354,186	10,402,050
Term deposit in VND	9,356,508	3,609,243
Term saving deposits in VND	10,252,097	5,573,781
Term deposits in gold and foreign currencies	364,486	311,253
Term saving deposits in gold and foreign currencies	1,381,095	907,773
Deposits for specific purpose	4	4,397
Margin deposits	118,756	183,155
Margin deposits in VND	64,324	147,513
Margin deposits in gold and foreign currencies	54,432	35,642
	25,633,644	14,672,147
	2010 average interest rate % p.a.	2009 average interest rate % p.a.
Demand deposits in VND	2.40	2.44
Demand saving deposits in VND	2.40	2.44
Demand deposits in USD	0.15	0.51
Demand saving deposits in USD	2.50	0.51
Term deposits in VND	11.10	8.71
Saving deposits in VND	10.50	9.06
Term saving deposits in USD	2.83	2.94

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

17.2 Analysis by customers

	12/31/2010 VNDm	12/31/2009 VNDm
Deposits from business entities	11,161,634	7,628,704
State-owned enterprises	4,401,412	3,195,582
Private enterprises and others	6,638,536	2,702,492
Foreign invested enterprises	121,686	1,730,630
Deposits from individuals	14,225,481	7,003,178
Deposits from others	246,529	40,265
	25,633,644	14,672,147

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

18. OTHER BORROWED FUNDS

	12/31/2010 VNDm	12/31/2009 VNDm
Funds borrowed in VND	379,507	31,014
Funds borrowed in foreign currencies	891	870
	380,398	31,884

18.1 Funds borrowed in VND

Details of funds borrowed in VND as at 31 December 2010 are as follows:

<i>Lending organizations</i>	31/12/2010			31/12/2009		
	<i>Term</i>	<i>VNDm</i>	<i>Interest rate % p.a.</i>	<i>Term</i>	<i>VNDm</i>	<i>Interest rate % p.a.</i>
Medium-term borrowings in VND from Rural Finance Project II (RDF II)	Over 18 months	59,507	11.64	Over 18 months	31,014	9.12
Borrowing from SDFC	12 months	320,000	16.80	-	-	-
		379,507			31,014	

Borrowings from Rural Finance Project II are borrowings from International Development Association (World Bank) through the Ministry of Finance to provide loans to households for rural development and poverty reduction purpose in Vietnam. The interest rate applicable for these borrowings is 11.64% p.a. (2009: 9.12% p.a.); loans to households bear interest rates as declared by the Bank in different periods.

Borrowings from Song Da Financial Joint Stock Company (SDFC) worth VNDb 320 on contract. The borrowings has term of 12 months, interest rate of 14.50% p.a. for the first payment. Interest rate floats once each three-month period. Interest is paid monthly.

18.2 Funds borrowed in foreign currencies

Details of funds borrowed as at year end are:

<i>Lending organizations</i>	12/31/2010			12/31/2009		
	<i>Term</i>	<i>VNDm</i>	<i>Interest rate % p.a.</i>	<i>Term</i>	<i>VNDm</i>	<i>Interest rate % p.a.</i>
International Development Association (World Bank)	20 years	891	0.75	20 years	870	0.75
		891			870	

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

19. VALUABLE PAPERS ISSUED BY THE BANK

	12/31/2010 VNDm	12/31/2009 VNDm
Promissory notes	4,213,790	-
Under 12 months	4,213,790	-
From 12 months up to 5 years	-	-
Convertible bonds	1,531,566	-
Under 12 months	-	-
From 12 months up to 5 years	1,531,566	-
Other valuable papers	-	-
	5,745,356	-

Promissory notes have terms from five (05) months to one (01) year and have interest rate ranging from 10.45% to 11.99% p.a.

Convertible bonds issued by the Bank on 10 April 2010 have term of one (01) year with par value of VND 100,000. Interest is at the rate of 10.48% p.a. and paid at maturity. Convertible rate is 1:10.

20. OTHER PAYABLES

	12/31/2010 VNDm	12/31/2009 VNDm
Internal payables	34,124	2,180
Payables to employees	138	814
Termination allowance reserve	1,323	1,366
Bonus and welfare fund	13,646	-
Other internal payables	19,017	-
External payables	185,020	227,730
Payables for construction and acquisition of fixed asset	6,468	6,463
Value Added Tax payable	2,854	3,666
Enterprise Income Tax payable	121,241	75,690
Other payables to the SBV	5,942	-
Outstanding lodgment	33,367	45,748
Transfers payable	2,808	-
Deferred income (*)	-	29,560
Prepaid interest	10,430	23,170
Other payables	1,910	43,433
	219,144	229,910

(*): According to Article 21 – Circular 244/2009/TT-BTC dated 31 December 2009 by the Ministry of Finance, when the parent company contribute fixed assets to a subsidiary, it shall recognized the difference between the residual value and the revaluated value of contributed assets as other income or other expenses. Hence, the “Deferred income” incurred when the Bank contributed to a business entity which was amortized on a straight-line basis in previous years, is recognized as “Other operating income” in the consolidated income statement for the year ended 31 December 2010.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

21. OBLIGATIONS TO THE STATE

		Movements during the year		VNDm
	Opening balance	Payable	Paid	Closing balance
Value Added Tax	3,666	98,595	(99,407)	2,854
Value Added Tax on providing services	3,625	91,460	(93,780)	1,305
Value Added Tax on FX trading	41	7,135	(5,627)	1,549
Enterprise Income Tax	75,690	162,404	(116,853)	121,241
License Tax	-	117	(117)	-
Foreign Contractor Tax	-	781	(781)	-
Land used rights	-	125	(125)	-
Other taxes	2,620	21,241	(19,691)	4,170
Other fees and payables	-	1,443	(1,443)	-
	81,976	284,706	(238,417)	128,265

The Bank has the obligation to pay Enterprise Income Tax ("EIT") at the rate of 25% of taxable profits (2009: 25%).

The Bank and its subsidiary'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 consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

21.1 Current Enterprise Income Tax

Current Enterprise Income Tax payables are determined based on taxable income of the current period. 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 year 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 and its subsidiary are calculated based on the statutory tax rates applicable until the year end.

	12/31/2010 VNDm	2009 VNDm
Operating profit before tax	656,733	415,190
<i>In which:</i>		
Profit before tax of the Bank	601,470	378,139
Profit before tax of the subsidiary	55,263	37,051
<i>Less</i>		
Dividend income exempted from EIT	(7,090)	(16,936)
Profit of the subsidiary which is separately taxed	(55,263)	(37,051)
Taxable income of the Bank	594,380	361,203
EIT expense of the Bank itself at the rate of 25% (2009: 25%)	148,595	90,301
EIT decrease due to adjustment to profit of the subsidiary	(8)	-
EIT expense of the subsidiary at the rate of 25%	13,817	6,484
Total EIT in the year	162,404	96,785
EIT payable at the beginning of the year	75,690	52,917
EIT paid during the year	(116,853)	(74,071)
Adjustments by tax authorities	-	59
EIT payable at the end of the year	121,241	75,690

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

22. OWNERS' EQUITY AND RESERVES

22.1 Statement of changes in owners' equity

Changes in owners' equity of the Bank in the year ended 31 December 2010 are described in the following table:

Unit: VND million

	Chartered capital	Capital surplus	Treasury shares	Investmen t and developm ent fund	Financial reserve	Suppleme ntal capital reserve	Bonus & welfare	Foreign currency translation reserve	Retained earnings/ (Accumulat ed loss)	Total
Opening balance	2,000,000	48,000	(4,957)	13	65,039	33,900	3,928	-	271,122	2,417,045
Increase in the year	1,497,519	50,000	-	-	45,594	24,745	22,000	-	401,990	2,041,848
Capital increase in the year	1,497,519	50,000	-	-	-	-	-	-	-	1,547,519
Net profit for the year	-	-	-	-	-	-	-	-	494,329	494,329
Appropriation to reserves for previous year	-	-	-	-	54	28	22,000	-	(22,082)	-
Temporary appropriation to reserves for the current year	-	-	-	-	45,540	24,717	-	-	(70,257)	-
Transfer from reserves to capital	-	-	-	-	-	-	-	-	-	-
Treasury shares sold during the year	-	-	-	-	-	-	-	-	-	-
Other increases	-	-	-	-	-	-	-	-	-	-
Decrease in the year	-	-	(303)	-	-	-	(25,928)	-	(249,448)	(275,679)
Utilization in the year	-	-	-	-	-	-	(12,282)	-	-	(12,282)
Treasury shares bought during the year	-	-	(303)	-	-	-	-	-	-	(303)
Final dividend payment for previous year	-	-	-	-	-	-	-	-	(249,403)	(249,403)
Other decreases	-	-	-	-	-	-	(13,646)(*)	-	(45)	(13,691)
Closing balance	3,497,519	98,000	(5,260)	13	110,633	58,645	-	-	423,664(**)	4,183,214

(*): In accordance to Circular 244/2009/TT-BTC dated 31 December 2009 by the Ministry of Finance, Bonus and Welfare Funds are reclassified from "Other reserves" to "Other liabilities". This Circular does not require retrospective application, thus, the opening balance is not represented.

(**): In which, advance for current period dividend is VNDm 159,603 and remained profit for fund allocation and further distribution to shareholder is VNDm 264,061.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

22. OWNER'S EQUITY AND RESERVES (continued)

22.1 Statement of changes in owner's equity (continued)

Detailed increases of the Bank's chartered capital in the year ended 31 December 2010 are as follows:

	12/31/2010			12/31/2009		
	<i>Total</i>	<i>Ordinary shares</i>	<i>Preference shares</i>	<i>Total</i>	<i>Ordinary shares</i>	<i>Preference shares</i>
Contributed capital by shareholders	3,497,519	3,497,519	-	2,000,000	2,000,000	-
Capital surplus	98,000	98,000	-	48,000	48,000	-
Treasury shares	(5,260)	(5,260)	-	(4,957)	(4,957)	-
	3,590,259	3,590,259	-	2,043,043	2,043,043	-

Details of shares issued by the Bank at the year ended are as follows:

	31/12/2010	31/12/2009
<i>Shares registered for issuance</i>	350,000,000	200,000,000
<i>Shares sold to the public</i>	349,751,907	200,000,000
Ordinary shares	349,751,907	200,000,000
Preference shares	-	-
<i>Treasury shares</i>	496,186	467,596
Ordinary shares	496,186	467,596
Preference shares	-	-
<i>Outstanding shares</i>	349,255,721	199,532,404
Ordinary shares	349,255,721	199,532,404
Preference shares	-	-
<i>Face value of outstanding shares (VND)</i>	10,000	10,000

22.2 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:

	<i>Percentage of profit after tax</i>	<i>Maximum rate</i>
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):

	<i>Percentage of profit after tax</i>	<i>Maximum rate</i>
Financial reserve	10% of remaining profit after tax	25% of the chartered capital
Investment and development fund	Not regulated	Not regulated
Bonus and welfare funds	Not regulated	Not regulated

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

22. OWNER'S EQUITY AND RESERVES (continued)

22.2 Statutory reserves of the Bank (continued)

In fact, in 2010 the Bank and its subsidiary have appropriated following reserves based on the percentage of 2009 profit after tax as follows

	<i>Percentage of profit after tax</i>
Supplementary capital reserve	5.00% of profit after tax
Financial reserve	10.00% of remaining profit after tax
Bonus and welfare funds	1.10% of remaining profit after tax

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

22.3 Reserves of the subsidiary

SHB Debt Management and Asset Management one sole member Company Limited deducted from after-tax profits to establish reserve funds by applying the Bank's current rate. Besides, according to the regulation, the subsidiary appropriates the investment and development fund of 5.00% of the after- tax profit.

23. 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:

	<i>2010 VNDm</i>	<i>2009 VNDm</i>
Net profit for appropriation	494,329	318,405
Less: bonus and welfare fund	-	-
Net profit distributable to shareholders	494,329	318,405
Weighted average number of outstanding ordinary shares (million shares)	227	200
Basic earnings per share (VND/share)	2,178	1,592

24. DIVIDENDS

The Bank has the intention to pay dividend in cash at the rate of 14.50% of the par value. During the year 2010, the Bank had paid interim dividend at the rate of 8.00%, which is equivalent to VNDm 159,606.

25. INTEREST AND SIMILAR INCOME

	<i>2010 VNDm</i>	<i>2009 VNDm</i>
Interest income from deposits with other banks	438,775	307,905
Interest income from loans to customers	2,210,494	836,896
Interest income from debt securities	833,266	275,313
Other interest income from credit activities	254,313	242,074
	3,736,848	1,662,188

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

26. INTEREST AND SIMILAR EXPENSES

	2010 VNDm	2009 VNDm
Interest and similar expenses for customer deposits	2,204,206	1,016,123
Interest and similar expenses for borrowings	63,326	2,418
Interest expense for issuance of valuable papers	251,983	-
Other expenses for credit activities	1,168	206
	2,520,683	1,018,747

27. NET FEE AND COMMISSION INCOME

	2010 VNDm	2009 VNDm
<i>Fee and commission income from</i>	126,645	78,031
Settlement services	31,543	18,071
Guarantee services	18,074	13,617
Treasury operations	4,122	756
Agency services	84	175
Consultancy services	1,217	-
Other services	71,605	45,412
<i>Fees and commission expenses for</i>	(20,181)	(17,949)
Settlement services	(7,287)	(4,180)
Guarantee services	-	(1,716)
Post and telecommunication fees	(7,843)	(5,426)
Treasury activities	(3,092)	-
Consultancy service	(311)	-
Other services	(1,648)	(6,627)
Net fee and commission income/(expense)	106,464	60,082

28. NET GAIN/(LOSS) FROM FOREIGN CURRENCY TRADING

	2010 VNDm	2009 VNDm
<i>Income from foreign currency trading</i>	93,766	168,270
Income from foreign exchange spot contracts	72,715	150,982
Income from currency derivatives	21,051	17,288
<i>Expenses for foreign currency trading</i>	(40,628)	(115,783)
Expenses for foreign exchange spot contracts	(17,847)	(91,056)
Expenses for currency derivatives	(22,781)	(24,727)
Net gain/(loss) from foreign currency trading	53,138	52,487

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

29. NET GAIN/(LOSS) FROM TRADING SECURITIES

	2010 VNDm	2009 VNDm
Income from trading securities	10,210	32,361
Expenses for trading securities	-	(422)
Provision for impairment of trading securities	(683)	-
Net gain/(loss) from trading securities	9,527	31,939

30. NET GAIN/(LOSS) FROM INVESTMENT SECURITIES

	2010 VNDm	2009 VNDm
Income from investment securities	60,864	40,001
Reversal of provision for investment securities	140	5,220
Expenses from investment securities	(1,562)	-
Provision for impairment of investment securities	(2,750)	(1,860)
Net gain/(loss) from investment securities	56,692	43,361

31. NET GAIN/(LOSS) FROM OTHER OPERATING ACTIVITIES

	2010 VNDm	2009 VNDm
Income from debt trading services	19,130	-
Income from other operating activities	32,899	14,180
Expenses for debt trading services	(14,400)	(2,434)
Expenses for other operating activities	(545)	-
	37,084	11,746

32. DIVIDEND INCOME

	2010 VNDm	2009 VNDm
Dividend received	7,090	16,936
- from trading equity securities	-	7,052
- from investment equity securities	239	219
- from capital contribution and other long-term investments	6,851	9,665
	7,090	16,936

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

33. OPERATING EXPENSES

	2010 VNDm	2009 VNDm
Tax expenses and fees	23,198	15,094
Employee expenses	279,833	143,449
Salary and allowances	250,267	127,018
Expenses on shift meals for employees	11,270	5,747
Salary related contribution	15,977	8,253
Other allowances	2,317	2,428
Expenses for social activities	2	3
Expenses on fixed assets	82,053	58,321
<i>In which:</i>		
- Depreciation expenses	21,465	17,996
General and administration expenses	282,135	116,258
<i>In which:</i>		
- Business trip expenses	11,017	5,084
- Expenses for trade union activities	569	233
Insurance for customer deposits	12,365	7,011
	679,584	340,133

34. 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:

	12/31/ 2010 VNDm	12/31/2009 VNDm
Cash and cash equivalents	201,671	139,081
Demand deposits at the SBV	505,232	920,132
Demand deposits with other banks	5,972,772	121,308
Term deposits with and loans to other banks due within 3 months	2,822,395	5,241,016
	9,502,070	6,421,537

35. EMPLOYEES' REMUNERATION

	Actual amount 2010	Actual amount 2009
I. Total number of employees (persons)	2,022	1,348
II. Employees' income (VNDm)		
1. Total salary	247,996	127,956
2. Bonus	1,038	-
3. Other income	-	-
4. Total income (1+2+3)	249,034	127,956
5. Salary per capita per month	10.22	7.91

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

6.	Income per capita per month	10.26	7.91
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36. COLLATERALS

	<i>Initial carrying value (VNDm)</i>		<i>Carrying value at the reporting date (VNDm)</i>	
	<i>12/31/2010</i>	<i>12/31/2009</i>	<i>12/31/2010</i>	<i>12/31/2009</i>
Real estate properties	19,207,882	11,038,628	19,207,882	11,038,628
Movable assets	7,496,385	7,249,665	7,496,385	7,249,665
Valuable papers	6,436,506	2,639,090	6,436,506	2,639,090
Other assets	9,832,944	2,397,062	9,832,944	2,397,062
	42,973,717	23,324,445	42,973,717	23,324,445

37. 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 amounts at risk should the contract be fully drawn upon and the client defaults in repayment to the beneficiaries. 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% of the value of commitments issued depending on the customers' trustworthiness.

The outstanding commitments and contingent liabilities as at 31 December 2010 are as follows:

	<i>12/31/2010 VNDm</i>	<i>12/31/2009 VNDm</i>
Financial letter of guarantees	374,846	190,214
At sight letters of credit	521,013	118,511
Deferred payment letters of credit	66,651	564,379
Other commitments	307,055	339,245
	1,269,565	1,212,349

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

38. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other entities to which the Bank is 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 subsidiary);
- ▶ 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 Board of 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 the 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:

<i>Transactions</i>	<i>VNDm</i>
Income from trust contracts	167,581
Dividends received	5,739
Advertising expense	73,332

Summary of receivables from and payables to related parties as at 31 December 2010 is as follows:

<i>Transaction</i>	<i>Receivables VNDm</i>	<i>Payables VNDm</i>
Advances for advertisement contracts	78,803	-
Loan	668,389	-
Deposits for securities trading	115	-
Trust funds	447,856	-
Investment in bonds	250,000	-
Investment in related parties	305,530	-
Demand deposits	-	2,047,601
Term deposits	-	857,100
Investment from related parties	-	976,412

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

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

	<i>Total loan balance</i>	<i>Total deposits</i>	<i>Credit commitments</i>	<i>Derivatives (Total contract value)</i>	<i>VNDm Trading and investment securities</i>
Domestic	24,375,588	38,905,183	1,269,565	188,067	8,880,873
Overseas	-	-	-	-	-
	24,375,588	38,905,183	1,269,565	188,067	8,880,873

40. 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 letters 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 impacts 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 form of Nostro account, term deposits at the SBV and other credit institutions and valuable papers. Risk – adjusted by 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 able to timely adapt with unforeseen movements. Moreover, internal risk management procedures have become more effective thanks to the application of the Centralized Fund Management and Settlement System, accordingly, all fund transfers and settlement transactions are centralized at Head office. These systems allow the Bank to effectively supervise any changes in capital and reduce unnecessary procedures and possible errors.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

41. 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.

42. MARKET RISK

42.1 *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, except for trust assets) are classified as non-interest bearing items;
- ▶ Deposits at the SBV are considered as settlement deposits, thus the real interest re-pricing term is assumed to be one month;
- ▶ The real interest re-pricing term of investment and trading securities which are debt securities is based on actual maturity date at the balance sheet date of each securities;
- ▶ The real interest re-pricing term of deposits due from and loans to other banks, loans to customers, borrowings from the Government and the SBV and customer deposits are identified basing on the contractual maturity date subsequent to the balance sheet date. In reality, re-pricing term of these items may differ due to the terms of floating interest rate in each contract; re-pricing term of deposits is maximum once per six months;
- ▶ The real interest re-pricing term of valuable papers is based on the actual maturity date for each valuable paper;
- ▶ The real interest re-pricing 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 re-pricing term for other liabilities is categorized from one to three months or non-bearing risk items. In reality, these items can have different interest rate re-pricing terms.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

42. MARKET RISK (continued)

42.1 Interest risk (continued)

Classification of assets and liabilities of which currencies are translated into VND at 31 December 2010 is as follows:

	VNDm							
	Overdue	Non-interest bearing	Interest re-pricing within					Total
			Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	
ASSETS								
Cash and cash equivalents on hand	-	201,671	-	-	-	-	-	201,671
Balances with the State Bank of Vietnam	-	-	-	505,232	-	-	-	505,232
Placements with and loans to other banks (*)	-	42,843	9,095,323	1,262,000	-	438,575	728,000	11,636,741
Trading securities (*)	-	99,512	-	-	-	-	-	99,512
Derivative financial instruments and other financial assets	-	-	-	-	-	-	-	-
Loans and advances to customers (*)	389,261	-	2,180,632	5,427,386	4,253,314	3,608,927	5,787,435	24,375,588
Investment securities (*)	-	20,125	460,000	300,000	50,000	2,750,548	5,069,415	8,781,361
Long-term investments (*)	-	333,389	-	-	-	-	-	333,389
Fixed assets and investment properties	-	1,526,154	-	-	-	-	-	1,526,154
Other assets (*)	-	3,032,015	6,000	-	209,000	512,856	100,000	3,859,871
Total assets	389,261	5,255,709	11,741,955	7,494,618	4,512,314	7,310,906	11,684,850	51,319,519
LIABILITIES								
Deposits of and loans from the SBV and other banks	-	-	(11,451,468)	(2,426,363)	(150,000)	(147,424)	-	(14,175,255)
Customer deposits	-	-	(15,887,047)	(6,340,395)	(1,273,867)	(1,441,972)	(690,363)	(25,633,644)
Derivative financial instruments and other financial liabilities	-	(2,900)	-	-	-	-	-	(2,900)
Other borrowed funds	-	-	-	(837)	(7,330)	(328,576)	(43,655)	(380,398)
Valuable papers	-	-	(158,028)	(1,564,004)	(1,550,024)	(2,473,300)	-	(5,745,356)
Other liabilities	-	(912,094)	-	-	-	-	-	(912,094)
Total liabilities	-	(914,994)	(27,496,543)	(10,331,599)	(2,981,221)	(4,391,272)	(734,018)	(46,849,647)
Sensitive difference with on-balance sheet interest rate	389,261	4,340,715	(15,754,588)	(2,836,981)	1,531,093	2,919,634	10,950,832	2,929,906
Off-balance sheet commitments affecting sensitive difference with interest rate of assets and liabilities (net)	-	-	-	-	-	-	-	-
Sensitive difference with on and off-balance sheet interest rate	389,261	4,340,715	(15,754,588)	(2,836,981)	1,531,093	2,919,634	10,950,832	2,929,906

(*): The amounts excluded provisions

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

42. MARKET RISK (continued)

42.2 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 and its subsidiary transact is also VND. The assets of the Bank and its subsidiary were mainly denominated in VND with the remainder mainly in USD and EUR. However, some of the Bank's other assets are in currencies other than VND, USD and EUR. 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 positions are maintained within established limits.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

42. MARKET RISK (continued)

42.2 Currency risk (continued)

Classification of assets and liabilities of which currencies are translated into VND at 31 December 2010 is as follows:

				VNDm
	<i>EUR as translated</i>	<i>USD as translated</i>	<i>Other foreign currencies as translated</i>	<i>Total</i>
ASSETS				
Cash and cash equivalents on hand	19,080	52,899	33	72,012
Balances with the State Bank of Vietnam	-	324,271	-	324,271
Placements with and loans to other banks (*)	12,714	206,105	7,007	225,826
Trading securities (*)	-	-	-	-
Derivative financial instruments and other financial assets (*)	-	-	-	-
Loans and advances to customers (*)	196,000	2,047,671	-	2,243,671
Investment securities (*)	-	189,320	-	189,320
Long-term investments (*)	-	-	-	-
Fixed assets and investment properties	-	-	-	-
Other assets (*)	-	54,486	-	54,486
Total assets	227,794	2,874,752	7,040	3,109,586
LIABILITIES				
Deposits of and loans from the SBV and other banks	(13,754)	(208,367)	-	(222,121)
Customer deposits	(157,023)	(2,052,606)	(466)	(2,210,095)
Derivative financial instruments and other financial liabilities	(51,766)	(87,394)	-	(139,160)
Other borrowings	-	(891)	-	(891)
Valuable papers	-	(473,300)	-	(473,300)
Other liabilities	(607)	(23,908)	(96)	(24,611)
Capital and reserves	-	-	-	-
Total liabilities and owner's equity	(223,150)	(2,846,466)	(562)	(3,070,178)
FX position on-balance sheet	4,644	28,286	6,478	39,408
FX position off-balance sheet	21,227	578,591	4,570	604,388
FX position on and off-balance sheet	25,871	606,877	11,048	643,796

(*): The amounts excluded provisions

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

42. MARKET RISK (continued)

42.3 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 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;
- ▶ Trading securities is considered as up to one (01) month.
- ▶ 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 five (05) years because these investments do not have specific maturity date;
- ▶ The maturity term of deposits and borrowings from other banks and customer deposits is determined based on features of these items or the maturity date as stipulated in contracts. Vostro account and demand deposits are 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.

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

42. MARKET RISK (continued)

42.3 Liquidity risk (continued)

The classification of assets and liabilities as at 31 December 2010 is as follows

	<i>Overdue</i>		<i>Before due date</i>				<i>VNDm</i>	
	<i>Above 3 months</i>	<i>Up to 3 months</i>	<i>Up to 1 month</i>	<i>From 1 – 3 months</i>	<i>From 3 – 12 months</i>	<i>From 1 – 5 years</i>	<i>Above 5 years</i>	<i>Total</i>
ASSETS								
Cash and cash equivalents on hand	-	-	201,671	-	-	-	-	201,671
Balances with the State Bank of Vietnam	-	-	505,232	-	-	-	-	505,232
Placements with and loans to other banks(*)	-	-	5,972,682	-	175,160	2,262,324	3,226,575	11,636,741
Trading securities (*)	-	-	99,512	-	-	-	-	99,512
Derivative financial instruments and other financial assets	-	-	-	-	-	-	-	-
Loans and advances to customers(*)	263,171	126,090	2,180,632	5,427,386	7,862,241	5,787,435	2,728,633	24,375,588
Investment securities (*)	-	-	480,126	300,000	2,790,118	5,079,844	131,273	8,781,361
Long-term investments (*)	-	-	333,389	-	-	-	-	333,389
Fixed assets and investment properties	-	-	1,373,509	3	857	45,112	106,673	1,526,154
Other assets (*)	-	-	1,403,345	2,659	767,315	1,518,770	167,782	3,859,871
Total assets	263,171	126,090	12,550,098	5,730,048	11,595,691	14,693,485	6,360,936	51,319,519
LIABILITIES								
Deposits of and loans from the SBV and other banks	-	-	(11,451,468)	(2,426,363)	(297,424)	-	-	(14,175,255)
Customer deposits	-	-	(15,887,047)	(6,340,395)	(2,715,839)	(690,363)	-	(25,633,644)
Derivative financial instruments and other financial liabilities	-	-	(2,900)	-	-	-	-	(2,900)
Other borrowings	-	-	-	(837)	(335,906)	(43,655)	-	(380,398)
Valuable papers	-	-	-	-	(5,745,356)	-	-	(5,745,356)
Other liabilities	-	-	(777,208)	-	(121,240)	(13,646)	-	(912,094)
Total liabilities	-	-	(28,118,623)	(8,767,595)	(9,215,765)	(747,664)	-	(46,849,647)
Net liquidity difference	263,171	126,090	(15,568,525)	(3,037,547)	2,379,926	13,945,821	6,360,936	4,469,872

(*): The amounts exclude provisions

Saigon – Hanoi Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2010

43. CAPITAL AND OPERATING LEASE COMMITMENTS

	12/31/2010 VNDm	12/31/2009 VNDm
Non-cancelable operating lease commitments	110,979	228,356
<i>In which:</i>		
- due within one (01) year	11,128	7,648
- due from two (02) to five (05) years	88,960	219,807
- due after five (05) years	10,891	901

44. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

There is no significant event occurring since the balance sheet date which requires adjustments, notes and disclosures in the consolidated financial statements.

45. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAMESE DONG AT THE END OF ACCOUNTING PERIOD

	12/31/2010 VND	12/31/2009 VND
USD	18,932	18,479
EUR	27,508	27,122
GBP	31,994	30,288
CHF	22,051	18,184
JPY	253	204
SGD	16,089	13,382
AUD	21,027	16,981
HKD	2,637	(*)
CAD	20,682	(*)

(*) The Bank and the subsidiary did not have outstanding balances denominated in these currencies as at 31 December 2009.

Prepared by

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15 February 2011