





What's inside this report

MESSAGE FROM THE CHAIRWOMAN OF THE BOARD OF DIRECTORS

ABOUT HDBANK

06 Vision- mission-core value
07 Corporate culture
07 Development orientation
08 Services and products
11 Prominent awards
12 10 outstanding events in 2011

04

BANKING MANAGEMENT

16 Organizational structure
22 Report of the Board of Directors
23 Shareholder and investor relations
24 Report of Board of Supervisory

14

2011 OPERATIONAL REPORT

28 Monetary and financial market overview
29 HDBank's action plan
30 Business performance report
34 Other performance report

26

2012 ORIENTATION AND OPERATIONAL OBJECTIVES

46

FINANCIAL REPORT

52 GENERAL INFORMATION
54 REPORT OF THE BOARD OF MANAGEMENT
55 AUDITED FINANCIAL STATEMENTS
55 Independent auditors' report
56 Balance sheet
59 Income statement
60 Cash flow statement
62 Notes to the financial statements

50

Message from the chairwoman of the Board of Directors



“Overcoming the severe effects of world economic recession and common difficulties of the business environment, HDBank has basically fulfilled the business targets, ensuring its sustainable development as well as safe and efficient operation.”

*Dear Customers, Shareholders
and all the staff of HDBank,*

2011 was a year in which the global and Vietnamese economies have seen numerous challenges and changes. Vietnam itself experienced high inflation; stagnate real estate market; tightened monetary policy by SBV over credit; interest rate control and uncertain gold market. Despite these challenges, 2011 was still considered a modestly successful year for the Vietnamese economy with GDP growth of 5.89%, lower than that of 2010 (6.78%) but higher than that of 2009 (5.32%), and is still among one of the most vibrant economies in Asia. Our medium to long-term economic growth outlook on Vietnam is quite positive and we hope to continue to capitalize on this growth.

At HDBank, we have basically achieved our business targets for 2011, which were set out at the General Shareholders Meeting, despite the challenging business environment. We executed operations effectively and at the same time ensured the sustainable and safe development of the bank. We also formally developed a 5-year strategic business plan (2011-2016) with the aim of becoming a strong financial institution and a trusted brand. 2011 was the first year of implementation and marked an important milestone for HDBank as we are well on our way in executing our strategic business plan.

The introduction and commercialization of our new brand “HDBank” in Vietnam, implemented at the beginning of 2011, was a major highlight for this year. Each employee was

entrusted as a brand ambassador for the bank and collectively accountable for contributing to the newly developed brand. Hence, HDBank had a quality makeover both externally and internally to further strengthened our customers' trust by establishing higher standards and affirming our position in the market.

Moreover, HDBank strategically introduced universal retail banking products in accordance with international standards. We implemented e-banking and smart card services to meet the increasing demands of our customers. In addition, we effectively managed our market and credit risk and successfully upgraded our IT and centralized data management system.

Building on our solid foundation and commitment to becoming one of the top commercial banks in Vietnam, HDBank has consistently exhibited strong financial growth year-over-year and 2011 was no exception. In 2011, we earned a profit before tax of VND 566 billion, a sharp increase of 61.3% over 2010 results. On a comparable basis of 2011 to 2010 financial performance, our total assets increased by 31.2%, total deposits increased by 30.1% and total loans increased by 18.1% with a minimal NPL ratio of 1.63%. Our branches and transaction offices have reached 120 by the end of 2011, an increase of 25% over 2010. This is a testament of HDBank's continuous quality growth.

Our success up-to-date is attributable to the sound vision of our Board of Directors, the leadership of our Board of Management and the unyielding commitment and effort of more than 2,000 employees. The trust and loyalty of our valued customers and the continued support from our business partners, shareholders and government agencies have also created a favorable business environment for our development.

In conjunction with the bank's operations, our Board of Management was able to maintained quality human resource and developed an active and creative corporate culture. HDBank has also made significant contributions to the community through numerous charitable events and activities.

We anticipate that the international and Vietnamese economic environment will remain challenging in 2012 especially Vietnam's banking sector is expected to experience major changes. This is an opportunity for HDBank to not only grow but also exhibit our competitive strengths in the market.

HDBank will continue to make further efforts in executing mandates from our 5-year strategic business plan and will commit to fulfilling our goals for 2012, in particular: maintaining our growth rate; doubling our operations; increasing our capital and assets; mobilizing capital in accordance to applicable regulations; implementing our comprehensive restructuring plan; capitalizing on opportunities; completing our operational system improvements; implementing our financial management effectively; increasing our asset management capacity; expanding our network; increasing our market share and brand awareness; developing joint ventures and strategic alliances; improving our internal risk management; improving operational transparency and building HDBank into an international standard bank.

On behalf of our Board of Directors, Board of Management and HDBank staff, I would like to thank all of you, our customers, partners, shareholders and State regulatory bodies for your support in 2011. We hope that with your continuing business and collaboration will propel us in overcoming the challenging economic environment and to achieving our goals.

I wish all of you good health, happiness and success.

Sincerely,

LE THI BANG TAM
Chairwoman of the Board of Directors



HDBank always commits best returns to customers, partners, shareholders and society under the spirit of concern, respect and understanding.

About HDBank

Vision- mission-core value
Corporate culture
Development orientation
Services and products
10 outstanding events in 2011
Prominent awards

About HDBank

Vision

Mission

Core value

Vision

Becoming a top financial group in Vietnam with an international network and becoming a brand trusted by Vietnamese customers.

Mission

Providing full range of excellent financial products and services in compliance with international standard to satisfy the diversified demands of customers.

Core value

Our employees: excellent and best efforts

Our organization: Customer-oriented, safe, transparent and effective

Our partners: Mutual coordination with local and international partners.

Our community: Willing to share our social and community responsibilities.



Corporate Culture Development Orientation

Corporate Culture

HD Bank is proud of its effort to build a transparent, humanistic and professional working environment.

A dynamic and friendly working environment where the relationship between leaders and staff is closely connected by person-centered element. Mobility of talent, fair treatment policy and development opportunities in favour of all the employees.

Developing a dynamic, effective staff to thoroughly understand the products and services of the Bank, ensuring professional ethics and considering benefits of the customers and the Bank top priority.

Always craving for further knowledge and development.

High responsibility for creating cordiality and community-orientation.

Development Orientation

The development strategy of HDBank is to become a top financial group in Vietnam with an international network and a trusted brand by Vietnamese customers, and with the promise of "Commitment to the best benefits of customers based on consideration, respect and understanding of all financial needs"

The success of this strategy depends on the satisfaction, loyalty and trust of all the customers, partners and the community. Therefore, HDBank's leaders and staffs are determined to exert themselves to the utmost for the target: Building a friendly, thoughtful and effective service: HDBank's staffs are friendly, professional, who understand thoroughly the products and are willing to serve the customers.

Creating the best products and services, meeting all diverse needs of the customers.

Determined and firm management with long-term business goals. Being dynamic and flexible in all activities in order to bring the best benefits to the customers, partners, shareholders and social community.

About HDBank

Individual Customer Services



In 2011, Retail Banking Division has gained significant achievements: total loan balance reached VND6,131 billion, equivalent to 44.27% that of HDBank; the balance of individual savings accounts reached VND 14,748 billion, equivalent to 54.77% of total balance from market deposit accounts of HDBank.

Based on the orientation of “Commitment to the best benefits”, our staffs will continue to improve and develop distinctive, convenient and diversified financial products and services in order to maximize benefits for the customers.

Individual Mobilization: Diversified products

HDBank proudly provides products and services from non-term savings account to fixed savings account with flexible interests payment methods and additional benefits.

HDBank's saving products accommodate customers plenty options which may satisfy their financial requirements. If there arises an emergency need of fund, the customers can withdraw fund before the due date and still get paid with interests accrual based on actual deposit time.

In 2011, HDBank successfully launched various promotion programs, e.g. “Billionaire Savings”, “Summer Savings, summer fun”, “Happy Tet reunion - filled with fortune”, etc. which attracted the attention of many customers.

With the purpose of providing more added values, HDBank frequently held customer care programs on seasonal holidays, Tet holiday, and customers' birthday in order to keep our customers updated on the best products.

Furthermore, HDBank has successfully developed and launched internal emulation programs encouraging our staffs open their own savings accounts, e.g. “Growing HDBank together” and “United HDBank”

Loans: Preferential interest rates and associated services

Individual loans have been improved and designed to tailor to meet the demand of customers and to reduce risks for HDBank.

In particular, we provide wide range of services to satisfy the least simple or the most diversified needs of fund. E.g. the Installment loan for business purposes, Loan for capital contribution, Guarantee of financial capacity for overseas study and travel abroad, Inbound and outbound remittance, foreign exchange service, credit card issuance, funding services for financial status guarantee, etc., will meet all the customers' basic and diversified financial needs.

EBanking: easy, safe and convenient

After nearly 3 years of development, Ebanking service of HDBank has developed with outstanding advantages. Besides some basic advantages, such as account inquiry, bank statement, wire transfer..., the customers can access Top-up service, bill settlement, air ticket payment and wire transfer.

In the near future, HDBank will develop more functions of eBanking, such as online time deposits, expansion of interbank wire transfer channels and other online payment services, etc.

HDBank is proud to be a reliable option which satisfies the need of high-tech, prompt, secured and safe services.

Collection: Bring the bank to your home

The year of 2011 is the milestone of collection service, remarkably with the outgrown turnover of collection of electricity bills and air ticket fares.

Being engaged in the service of collection, customers can effortlessly settle payments for their bills.

Overseas remittance services: Fast, Safe, and Convenient

HDBank provides customers with overseas outward remittance and inward remittance from overseas in a fast, safe, and



“In 2011, Retail Banking Division has gained significant achievements: total loan balance reached VND6,131 billion, equivalent to 44.27% that of HDBank; the balance of individual savings accounts reached VND 14,748 billion, equivalent to 54.77% of total balance from market deposit accounts of HDBank.”



convenient manner via Society for Worldwide Interbank Financial Telecommunication (SWIFT) and the world-class express money transfer system of Western Union.

It can be affirmed that the implementation and promotion of our services, especially the overseas remittance services, have contributed significantly to the business results of HDBank. In 2012, HDBank will continue to expand its networks and provide more overseas remittance services to promptly satisfy all customers' needs.

Card products: Keep increasing the utilities

HDBank increasingly focuses on service development, especially on the utilities accompanied with bank cards.

Bankcards are not only cash-withdrawal tools but also multi-utility tools helping the cardholders approach plenty transaction services.

By the end of 2011, HDBank has implemented 6 bankcard products, including: HDCard (smart card), GiftCard, MasterCard, student connection card, SecuritiesCard, special cards for VIP customers (Platinum card, Diamond Card, Gold card). In 11/2011, HDBank also developed its own POS system and built connections with all the banks within Smartlink, VNBC and Banknetvn alliances. Thanks to this, HDBank cardholders can make transactions at more than 30,000 POS nationwide.

Particularly, in 2011, HDBank commenced issuing MasterCard and joined the Visa International Association. This premise helps HDBank prepare for the launching of further international cards' utilities and products in 2012.

About HDBank Corporate Banking



“Services and products for Corporate Customers are flexibly and properly designed based on modern technology, high level safety and security.”

With the motto of bringing maximum benefits to customers, Corporate Banking Division has constantly researched to develop new services and products successfully which focus on the product diversification and target customers. New services and products are developed to meet the demands of small and medium enterprises, import-export enterprises, especially those enterprises operating in agriculture, forestry and fishery export. Services and products for Corporate Customers are flexibly and properly designed based on modern technology, high level safety and security.

Credit products: Flexible, professional

Credit products in 2011 are aimed at the flexibility of collaterals, repayment methods and exclusively designed for specific industries.

HDBank has flexible requirement on collaterals. Collaterals for the working capital loans, medium – long-term loans (project investment, automobile or equipment loans) can be real estate, receivables, debt claims, goods generated from loans, properties generated in the future (project investment...).

Import-export enterprises will be satisfied with Letter of credit, pre and post export/import financing loan, and discount (on bills of exchange) with the rate up to 98%.

Business installment loan is a financial solution for the frequent needs of working capital of the enterprises. Loan for production of and trading in cashew nuts, coffee, cassava and rice is the spotlight for those operating in these industries. The specific characteristics of each industry are satisfied upon the approach of the customers to the Bank's loan products.

Mobilization and Services: Committed to the best returns

Capital mobilization products are developed comprehensively with

demand deposits: flexible and progressive deposit accounts that improve the customer's benefits. Flexible time deposits with many tenors (1 week, 2 weeks, 3 weeks, 1 month, 3 months, 6 months, 9 months...). Besides, HDBank also offers other utilities which meet the customers' requirements, including deposit accounts - interest paid immediately, time deposits – flexible capital withdrawal, automatically accumulated deposit accounts and other short-time deposit certificates.

Centralized deposit account management is one of the effective solutions helping the enterprises operating in multi-industries or having many branches and subsidiaries to effectively manage their cash flow. The enterprises can rely on HDBank's staffs and network in collecting and paying cash, salary or commission. Such services not only help the enterprises to save their expenses and labor but it is safer for cash transaction as well.

Cash Management is an outstanding service of HDBank which helps the enterprises to effectively manage their cash inflows and outflows the those for payment and investment with lowest expenses and fastest transaction. The enterprises can have HDBank's staffs proceed collection or payment on their behalves within HDBank's transaction networks. Besides, with modern banking technology, the enterprises can easily track and manage their accounts. During the period of cash flow deficit, the Bank will offers the enterprises with the best solutions thanks to its understanding of the business capacity.

PACKAGE FINANCIAL SOLUTION

HDBank has entered into comprehensive cooperation and investment sponsorship with big and prestigious enterprises in order to provide full packages of banking products, including financial consultancy, credit, international payment, collection and payment, centralized account management...

The products of credit, mobilization and services are the effective supports to the enterprises in 2011. HDBank has positively accompanied with Vietnamese enterprises, reflecting its commitment to the best benefits of customers and contributing to the economic development.

BOX: Services and products for Corporate Customers are flexibly and properly designed based on modern technology, high level safety and security

Prominent Awards



Ranked A by the State Bank of Vietnam

Emulation flag given by the State Bank of Vietnam

“Best Cash Management” conferred by Asia Money

“Excellent Annual Report” – Vision Awards 2012 conferred by League of American Communications Professionals (LACP)

“Outstanding International Payment” by Citi Group

“High Straight-Through Rate for Payment Processing” by Wells Fargo

Top 500 Vietnamese fastest growing enterprises

Top 500 Vietnamese largest enterprises

The Best Savings Bank conferred by VN Economy



About HDBank

10 Outstanding Events in 2011



1. Visit of Former President Nguyen Minh Triet to HDBank

In early 2011, Former President Nguyen Minh Triet spent his visit and sent his best wishes to HDBank Executive Board and all its staff on Tet Holiday. The efforts and the achievements that the Bank had been made were highly evaluated by the Former President. Madam Nguyen Thi Hong – Vice Chairwoman of HCMC People's Committee and Mr. Nguyen Hoang Minh – Deputy Director of the State Bank of Vietnam, Ho Chi Minh Branch were also engaged in the visit.



2. International awards gained

HDBank was honored to receive many prestigious and major international awards, namely "Best cash management in Vietnam" conferred by Asia Money, "Excellent annual report" conferred by League of American Communications Professionals (LACP), "Outstanding International Payment" by Citi Group, "High Straight-Through Rate for Payment Processing" by Wells Fargo and other awards on service and product quality.



3. Best results to date

HDBank has achieved many positive outcomes: Pre-tax profit reached VND 566 billion, 61.3 % higher than the previous year. Total assets reached VND 45,114 billion, 29.7% higher than the previous year. Capital mobilization reached VND 39,684 billion, 28,5% higher than the previous year. Total balance was VND 13,848 billion, 18.1 % higher than the previous year. Bad debt ratio was 1.63 %.



4. Charter capital increasing up to VND 5,000 billion

In 2011, HDBank was allowed to increase its charter capital up to VND 5,000 billion by the State Bank of Vietnam and the State Securities Commission. HDBank will work to finish all relevant procedures in 2012.



5. New spacious Head Office

In June 2011, the head office of HDBank was moved to HDBuilding, locating in the dynamic financial center of Ho Chi Minh City, at 25bis Nguyen Thi Minh Khai Street, Ben Nghe Ward, District 1, HCMC. The building was equipped with modern infrastructure and elegant interior and exterior decorations, providing a comfortable and convenient transaction place for the customers, and creating a modern but friendly working environment for the staff.

6. The General Meeting of Shareholders ratifying the change of its name to "HCMC Development Joint-Stock Commercial Bank"

From 16 March 2012, "HCMC Housing Development Joint-Stock Commercial Bank" has been officially changed to "HCMC Development Joint-Stock Commercial Bank" and released a nationwide new trademark recognition system. The abbreviation of "HDBank" remained unchanged. That changing name is suitable for the position and business lines of HDBank at the present time as well as new transforming development strategy in the future.

7. Developing the most effective products and services

Products for Individuals, especially savings and promotion programs, are always creative and innovative in order to bring the best benefits to the customers. Products for Corporate Customers are always flexibly improved in order to provide suitable and exclusive products to all industries, financial support to small and medium enterprises, and participate actively in key projects launched by the Government.

8. Organizing singing contest, sport games, and quiz contest in the system

The first-organized nationwide sport games attracted more than 250 participants who were working within the system of HDBank. The singing contest also had a great number of participants with more than 56 performances of 34 units. Quiz contest has increasingly improved its professional quality. These traditional events are held every year to create a mutual playground to connect all HDBank's staff.

9. Implementing trademark synchronization in the whole system

With support of the International Consulting Company, HDBank has developed a new trademark strategy in the whole system. Each employee is a "brand ambassador" introducing the new image of HDBank: Dynamic – Friendly - Effective. HDBank has also successfully developed and implemented the interior and exterior design based on international standards.

10. Accompanied with "The international chess tournament"

"HDBank International Chess Tournament 2012" has been the biggest international open tournament in Vietnam up to now. The tournament attracted 93 players from 14 countries, including more than 48 local players and 45 international players. It saw new breakthroughs in professional quality, the number of participants, improved organizing work, and prize structure with international standard. The 2012 Tournament recognized outstanding achievements of top players, especially in the race for leading positions of the top players from Vietnam, the Philippines and China. Some players, after the tournament, have earned 10-15 for their Elo rating points.



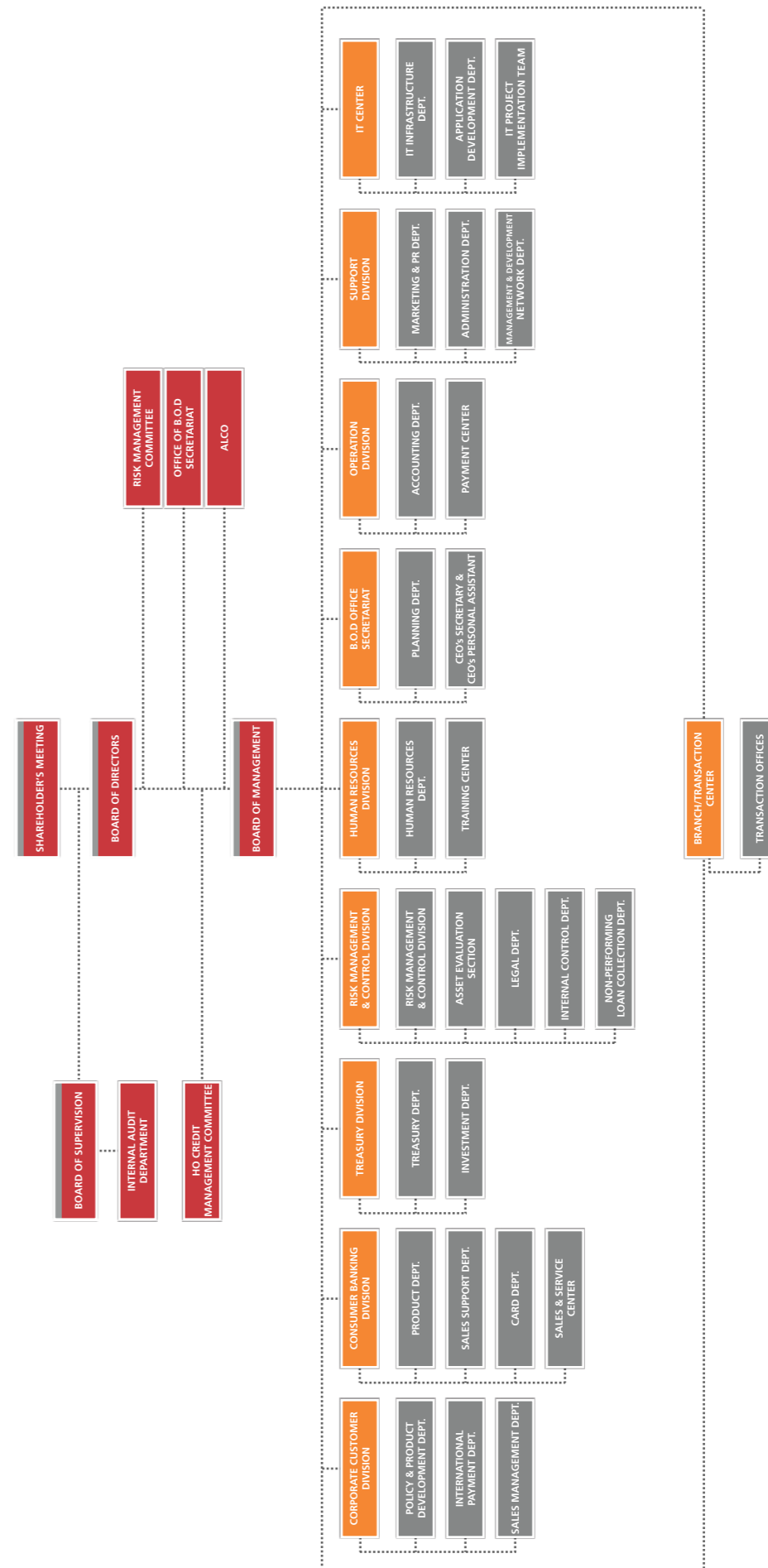
Organizational Structure

Organizational structure
Shareholder and investor relations
Report of the Board of Directors
Report of Supervisory Board

HDBank builds trust and tightens up relationship with customers, partners based on long-term vision and family-like concerns



Banking Management Organizational Structure



Banking Management

Board of Directors



Ms. Le Thi Bang Tam – Chairwoman

She is excellent in financial and national budget management, especially in external financial affairs. As the leader of HDBank, she has made significant contributions to achievements and development strategies of the Bank so far.

She used to be the Department Director and General Director of the Central State Treasury – Ministry of Finance, Deputy Minister and member of the Party Cadre Board of the Ministry of Finance and Chairwoman of the State Capital Investment Corporation (SCIC).

She graduated from an Advanced Economic Management course in the Soviet Union and holds a PHD's degree in Credit Finance, and International Finance Certificate from North University London.

Ms. Nguyen Thi Phuong Thao – Standing Vice – Chairwoman

She has many years of working experience in business sector in Vietnam and foreign countries, especially in Banking and Finance. She not only participated in the Management Board of some overseas banks, but also founded and managed a number of banks in Vietnam.

As the Standing Vice-Chairwoman of HDBank, she has carried out many reforms, contributing to the Bank's growth and sustainable development. Besides effectively running the business, she has actively participated in educational, social and charitable organizations with a purpose of connecting communities.

She holds a PHD's degree in Economic Cybernetics from the Mendeleev Institute, a BA's degree in Credit-Finance from the Moscow Commerce Institute, a BA's degree in Labor Economic Management from the Moscow National Economics

College. She is also a founding member of the System Research Academy of the Russian Federation.

Mr. Nguyen Huu Thanh – Vice-Chairman

He has many years of experience in the administration and management of State corporations. He previously served as the Chairman of the Board of Directors of HDBank in several years. Currently, he served as a Vice Chairman of BOD. With a strategic vision, he has joined other members of the Board and the Executive Board in seeking new opportunities, planning an effective business strategies and turning challenges into development opportunities.

He holds a Bachelor's degree in Law, Construction Engineering and Advanced Politics.

Mr. Luu Duc Khanh – Vice Chairman

He is an expert in Banking and Finance sector. Being a Member of HDBank's BOD, he has carried out many strategic orientations for the business activities, risk management and technology in order to develop HDBank to become a modern bank with international standards.

He held many important positions at HSBC, Techcombank, ABBank... and contributed to their sustainable success in Vietnam market.

He holds a Bachelor's degree from the Lvov Poli-technical College (the Soviet Union), a Bachelor's degree in Economics from HCMC University of Economics and a MBA's degree from New England University (Australia).



Mr. Nguyen Huu Dang – Board Member and General Director

He has been working in HDBank for 10 years. With many years of experience in banking sector, he often has new strategies, which bring practical results to the development of HDBank.

He used to serve as an official managing non-State credit institutions and credit and worked at the State Bank of Vietnam (Dong Thap Province), as well as Vietnam Bank for Industry and Trade (VietinBank).

He holds a BA's degree in Banking

Mr. Luu Van Son – Board Member

He has vast experience in trade, import-export, and foreign relations inside and outside Vietnam. With the ability to seek for and seize new business opportunities, he is expected to bring new achievements to HDBank, which are recognized as an outstanding progress in the system of Commercial Banks in Vietnam.

He has many years of management experience for HCMC SOVICO ZAO, Viet Nam Electronics Export-Import Joint-stock Company, SGS Rubber Investment Joint-stock Company and Saigon-Phu Quoc Sovico Joint-stock Company

He holds a Bachelor's degree in Business Administration.

Mr. Nguyen Huu Dang – Board Member and General Director
He has been working in HDBank for 10 years. With many years of experience in banking sector, he often has new strategies, which bring practical results to the development of HDBank.

He used to serve as an official managing non-State credit institutions and credit and worked at the State Bank of Vietnam (Dong Thap Province), as well as Vietnam Bank for Industry and Trade (VietinBank).

He holds a BA's degree in Banking

Ms. Do Thi Hong Dung – Board Member

She has many years working in Finance-Banking sector. She has served many positions at HDBank, including Manager of Credit Department, Deputy General Director, and General Director of HDBank. She has made significant contributions to the development of HDBank. She currently serves as a Board Member in charge of human resource training and development.

She also worked as an official at the State Bank of Vietnam; a fellow at National Finance Institute of Russian Federation

She holds a BA's degree in Law and a PHD's degree in Credit and Finance.

Mr. Diep Dung – Board Member

He has vast experience in construction, industry, banking and finance. As a Board Member, he has brought new opportunities to HDBank and supported HDBank's business. He also joins with the Board to map out specific steps in order to achieve the best results.

He held many management positions in Tan Thuan EP Zone Construction and Business Joint- Venture Company, Tan Thuan Industrial Development Company and Ho Chi Minh City State Finance Investment Company.

He holds a MA's degree in Corporate Finance and Advanced Politics.

Banking Management

Board of Supervisory



1. Mr Dao Duy Tuong – Chief of Supervisory Board

He has 15 years of working experience in Account-Finance sector. Being dynamic and professional, he plays an important role in supervising all business operation, ensuring safe and effective operation in accordance with the requirements of HDBank and the SBV.

He has worked in the Supervisory Board since 2010. He used to work as a Chief Accountant of Song Hong Company – Ministry of Defence, Phu An Infrastructure Development and Construction Company, Song Viet Investment Joint Stock Company.

He holds a Bachelor's degree in Accounting.



2. Ms. Nguyen Thi Phung – Member of the Supervisory Board

She has 17 years of experience in Banking-Finance sector. She has made positive contributions to the development of HDBank so far.

She has joined HDBank since 2003 as the Controller and Internal Auditor. Since 2008, she has served as a Member of the Supervisory Board at HDBank.

She holds a Bachelor's degree in Credit and Monetary.



3. Mr To Xuan Thanh – Member of the Supervisory Board

He has held many important management positions and has vast experience in Banking-Finance sector. With his outstanding achievements, he has been conferred with "Emulation Fighter" title of the branch level and has received the Certificate of Merit awarded by the Prime Minister. He has been a Member of the Supervisory Board since 2010, being responsible for managing the operation of all HDBank's branches in the North of Vietnam. He previously held many management positions at Vietnam Development Bank, Au Viet Securities Company and NOBLECAPITAL Investment Joint-stock Company.

He holds a PHD's degree in Economics/ Master's degree in Banking and Finance from MEBF (France).

Board of Directors



Mr. Nguyen Huu Dang – Board Member of BOD and General Director (See in Board of Directors) and 6 Deputy General Directors, Chief Financial Officer and Human Resource Director.



Banking Management

Report of the Board of Directors

I. Overview of 2011 operation

In 2011, the global economic recovery still has to face with many difficulties and challenges. This is due to a number of reasons, including high inflation, especially in developing and emerging countries; public debt crisis in some developed countries, political crisis in some countries in the Middle East and North Africa; earthquake and tsunami in Japan. On the other hand, the increase in the global trade is partly resulted from the increase in prices of goods. In this situation, since the end of 2010, many central banks around the world have implemented tightening policies by raising the interest rates and required reserve ratios.

The economic situation in Vietnam is unavoidably affected by the global economy. In 2011, Vietnam has to face with many challenges and difficulties: (i) High inflation and trade deficit; (ii) stock market decline and complicated real estate market; (iii) decline in FDI; (iv) high interest rates (resulted from high inflation) affecting business operation and productions. The Government, on 24th Feb, 2011, issued Resolution No. 11/NQ-CP on 6 key solutions for controlling the inflation, stabilizing the macro-economy and securing social welfare.

In order to cope up with this inflation, the State Bank of Vietnam has applied tight monetary policy, including increasing the refinancing interest rate from 9% to 12%, exercising strict control over the gold trading and foreign exchange market, controlling the credit growth at less than 20%... However, because of some long-term and implicit shortcomings in , economic policy and weak financial and banking system and structure, the economic situation in the end of 2011 is still uncertain. In particular, increasing bad debt and weak liquidity have given a warning for the banking system.

In that situation, although the business's conditions still have many problems, the business result of HDBank is relatively satisfactory with almost 100% of the tasked assigned by the General Meeting of Shareholders being completed thanks to the unanimous determination of HDBank's staffs, strong direction of the BOD and the Executive Board.

II. Assessment of the BOD on the implementation of the Resolutions issued by 2010 General Meeting of Shareholders

On the basis of performance targets in 2010 Shareholder resolutions, HDBank's BOD has joined together to work out main orientations for the construction of the Bank's comprehensive strategy. Accordingly, the BOD has clarified basic contents of the development strategy, including:

- i. Developing a business strategic plan
- ii. Comprehensively restructuring the operational and organizational model
- iii. Developing effective financial administration model
- iv. Developing risk management infrastructure
- v. Developing brand strategy
- vi. Developing joint-venture and alliance strategy
- vii. Developing strategy to expand distribution channels
- viii. Managing and developing human resources
- ix. Developing banking technology strategy

HDBank has achieved positive results in the context of macroeconomic challenges

- Basic business targets:

- + Profit before tax (exclusive of the amount attributable to any allowance/provision) reached VND 566 billion, accomplishing 94.3 % of the tasks assigned by the General Meeting of Shareholders, increasing to 61.3 % (equivalent to VND 215 billion) as compared to that of 2010.
- + Total assets reached VND 45,114 billion, accomplishing 93% of the tasks assigned by the General Meeting of Shareholders, increasing to 29.7 % (equivalent to VND 10,725 billion) as compared to that of 2010.
- + Total mobilized capital reached VND 39,684 billion, accomplishing 94.5% of the tasks assigned by the General Meeting of Shareholders, increasing to 28.5% (equivalent to VND 9,190 billion) as compared to that of 2010.
- + Total outstanding balance reached VND 13,848 billion, accomplishing 98.8% of the tasks assigned by the General Meeting of Shareholders, increasing to 18.1% (equivalent to VND 2,120billion) as compared to that of 2010.

Shareholder and Investor Relations

Understanding the importance and contributions of the investors in the bank's development, HDBank in 2011 determined that relationship with the investors is among the key missions.

Completing the 2011 charter capital raising plan of which the value is up to VND 5,000 billion in 2012.

Changing its current name to "HCMC Development Joint Stock Commercial Bank"

Implementing the five-year action plan of HDBank, including the implementation of 2011-2016 business strategic project and 2011-2016 IT strategic project.

- Implementing the bank restructuring project
- Developing and finalizing HDBank brand strategy.
- Implementing risk management and building internal administration system.
- Strengthening the modernization of banking technology, connecting the development of - IT system with the creation of superior products and improving the application of
- Information Technology to the system management and operation to the highest level.
- Intensifying brand development and expanding operational network nationwide.
- Improving HR management, shareholders management and information disclosure.

Shareholder relations unit has positively implemented the most beneficial activities in favour of the investors, including:

Fulfilling the obligations committed with the shareholders, and assisting the shareholders in implementing their related rights.

- Coordinating with other functional departments in order to promptly collect and provide full and accurate information to the shareholders and the BOD to serve as a foundation for HDBank's sustainable development strategies.
- Keeping in touch with the shareholders not only through the General Meeting of Shareholders but also through other

information network such as website, announcements and direct reports.

- Establishing relationship with potential investors through the events, meetings and other senior match-making sessions.
- Fully and promptly providing the shareholders and the BOD with financial and non-financial information in accordance with the Vietnamese law and updating legal changes which may have impact to the bank's operation.

These abovementioned activities of HDBank have gained the attention, trust and long-term loyalty of the investors towards the Bank's leading board. Valuable support of the shareholders has made significant contributions to the Bank's positive business results in 2011 and has become an indefensible factor of the stable development of HDBank.

Banking Management Report of the Board of Supervisory

In 2011, the internal audit of the Bank was strictly monitored by the Supervisory Board. Accordingly, the Supervisory Board instructed the implementation of “risk-based orientation” audit method, giving priority to save the resources for auditing such departments, units and procedures which were rated highly-risky. Internal audit plan was based on risk evaluation result and was updated, modified and adjusted in order to be consistent with the happenings and changes to the operation of HDBank and to the attached risks as well.

Internal audit team, under the Supervisory Board's direction, have audited all the operation, professional procedures, and most of the departments and units of HDBank. Specifically:

- Auditing 80% of the departments of HDBank, inspecting more than 70% of the documents and financial certificates of almost all operational sectors.
- Most of key risks were found out; mistakes and remedies were timely and fully reported.

In 2011, the Supervisory Board participated in all the meetings held by the Board of Directors. Thereby:

- The Supervisory Board have proposed many recommendations and solutions relating to the completion of regulations, professional process, organizational structure, management information system and risk measuring and controlling tools such as limits, norms, devolvement and decentralization.
- The Supervisory Board also gave advices to the BOD toward the issuance of Decisions and Resolutions that instructed the Management Board to implement proper policies and business decisions timely.

The Supervisory Board also gave instructions to upgrade the operation quality of the internal audit system, to enrich the audit team with experienced, well-trained, qualified and righteous auditors. Specifically, the number of auditors in 2011 was increased to 30% compared to that of 2010. Internal audit team was carefully recruited, well trained and continuously updated in order to ensure its independence, objectivity and professionalism.

The Supervisory Board also instructed the internal audit section to conduct independent and objective inspection, check and evaluation of the internal control and inspection system, risk identification and management system, capital evaluation measure, management information and financial statement information system, internal regulations and procedures of the Bank. The BOD and General Director are periodically informed by the Supervisory Board about the internal supervision and inspection system, and proposals and recommendations are also submitted by such Board to adjust and complete the system.

Based on the above mentioned factors, in 2011, HDBank strengthened its internal supervision section by intensifying the role of internal supervisors, ensuring all the transactions to be processed by at least 2 persons: operator and supervisor. The checking processes were carried out in every step of the operation, i.e. before, during and after conducting any transaction.



Keeping creative mind in developing diversified products/services as well as a wide range of utilities based on modern technology standard as to best meet customers' demands.



2011 Operational Report

- Monetary and financial market overview
- HDBank's action plan
- Business performance report
- Other performance report

2011 Operational Report

The Situation of Financial Market in 2011



The economy of Vietnam has spent through a year of difficulties. Even though the measures of inflation control and macro stability have been strictly implemented by the Government, the year of 2011 has witnessed the facts, namely: inflation remained the high rate of 18.58%; high interest rate caused great difficulty to most of the enterprises; stock market declined; gold price varied in high range; real estate market was almost frozen; critical situation of banking interest rate resulted in unfavourable liquidity situations of commercial banks, leading to their loans from interbank market with high interest rate during the last months of the year ... The strict monetary tightening policy of the State Bank had major impact to the operation of banking system.

HDBank, more or less, has been influenced by the above mentioned situation of the banking system.

1. Advantages

The task of risk management has been continuously improved which helps to ensure the liquidity of HDBank.

The network and trademark of HDBank are well-known to many people.

The development orientation in respect of HDBank's divisions has gradually complied with the system regulations and order.

The successful establishment of the Northern Training Center has partly contributed to the effective training activities to answer the regional demand of human resources in due time.

Thanks to the deep consideration and timely instructions of the Board of Directors, HDBank has achieved fairly good results under the difficult condition of the economy.

2. Disadvantages

The fluctuation of macro-economy and credit crunch in 2011 have brought many difficulties to the enterprises. Under such situation, many trade units were sunk in the pressure of achieving targets which lead to the incompliance with the regulations and direct impact to the business result of HDBank during the last 3 months of the year.

The development of regional units within the system was unequal, such of some units was not parallel with their operational markets.

The shortage of USD in the market during the last months of the year indirectly limited the increase of turnover in international payment and service fee collection.

The stock market continuously faced difficulties, preventing HDBank from increasing the chartered capital this year, which influenced the annual profits.

2011 Action Plan



In 2011, HD Bank implemented several main programs and reached initial positive results.

1. Upgrading the operation quality of the whole system.

Gradually completing the Key Performance Indicators (KPIs) for Customer Relation Executives.

Setting up the concentrated sales management instrument including Sale Diary, Call Report Online to strictly track the sales and customers' information within the system.

Setting up tariff of bank charges, interest rates according to the market flexibility to support the sales within the system.

Establishing customer policy to orient the customer segments of which HD Bank focuses on development.

Adjusting the transaction processes at counters for the processes to be done faster by the tellers, the transaction time to be shorten in favour of the customers and the transaction documents to be simplified.

2. Improving the quality of customer services

Completing some product regulations to replace former inappropriate ones and issuing standardized process.

Issuing the policy of customer care to strengthen the service quality of HD Bank.

Issuing the policy of VIP customer care and preferential treatment granted to VIP customers to maintain good relationship with these peoples.

Continuously implementing Service of Message Sending (SMC) to facilitate the customers conducting transactions at HD Bank, and to satisfy the customers with HD Bank services.

3. Increasing operational efficiency of the units

Adjusting the interest rate in a rational manner according to the market flexibility.

Completing the organizational structure of the units under

different divisions such as Corporates, Individuals and Support to increase the professionalism of each division to support the sales.

Since early of the year, sales units have been promoted to go further the target of annual profit plan such as the program of "Lucky Star".

4. Controlling the observance of and strengthening the credit quality

Frequently supervising, giving warning of risks, ensuring the observance of limits set by the State Bank and loan limits of HDBank.

Developing of and instructing the entire system to comply with the regulations on customer information management, credit ranking, and debt classification.

Completing and supplementing several regulations on, models of, and limitations on risk management in order to standardize and improve the quality of credit and non-credit activities.

Frequently conducting the re-appraisal of limit determination documents relating to deposits and loans..., and controlling relevant transactions.

5. Strengthening the human resources of the entire system

Continuously completing the organizational model of the Head Office by re-structuring the departments and boards.

Combining the Board of Basic Construction and the Board of Network Development into the Department of Network Management and Development, dividing the Sales Management and Support Section under the Internal Supervision and Inspection Department into the sole Credit Management and Support Department, upgrading the Valuation Board of the Valuation Department.

Push – up and raise-up training quality in order to hold back personnel create dynamic working environment.

2011 Operational Report

2011 Business Results

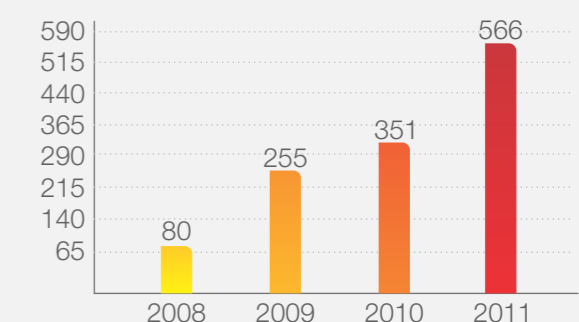
The business result of HDBank in the past year is satisfactory despite all difficulties and challenges, specifically:

TARGETS	PLAN OF 2011	ARCHIVED		COMPARED TO 2010		% COMPARED TO THE PLAN
		2010	2011	RATE (+,-)	RATIO (+,-)	
TOTAL ASSETS	48.500	34.389	45.025	10.636	30,9%	92,8%
MOBILIZED BALANCE	42.000	30.494	39.684	9.190	30,1%	94,5%
- MOBILIZED CURRENCY 1	32.000	21.057	26.929	5.872	27,9%	84,2%
- MOBILIZED CURRENCY 2	10.000	9.437	12.755	3.318	35,2%	127,5%
OUTSTANDING BALANCE	14.015	11.728	13.848	2.120	18,1%	98,8%
BAD DEBTS	1,5%	0,83%	1,63%			
PRE – TAX PROFITS	600	351	566	215	61,3%	94,3%
ROE	14,03%	16,98%	14,27%			
ROA	1,08%	1,13%	1,06%			
NETWORK DEVELOPMENT	130	96	120	24	25%	92,3%
CREDIT FEE RATIO	30%	54.59%	55,72%			
CAR	25%	12.71%	15%			

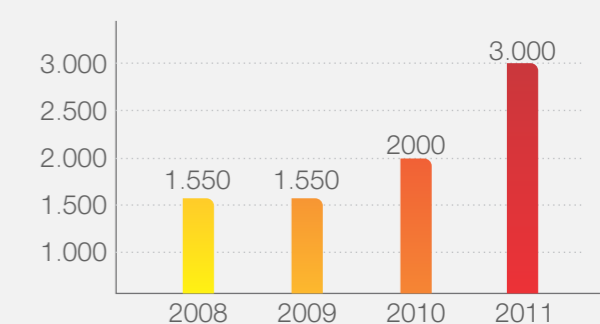


Despite difficulties in the macro-economy, high inflation, credit crunch..., pre-tax profit of HDBank reached VND 566 billion, increasing to 61% compared to such of the end of 2010, and accomplishing 94.3% compared to the plan passed by the General Meeting of Shareholders. Net profit reached VND427 billion.

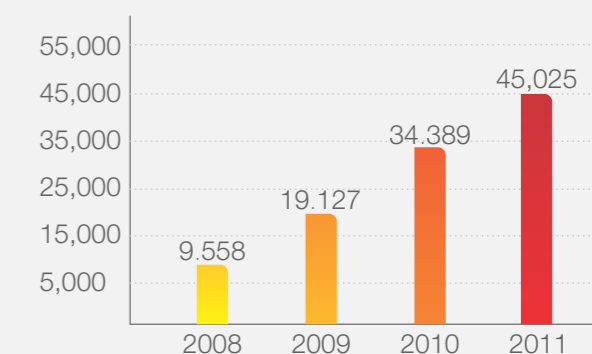
Charter capital of HDBank was VND3,000 billion. Total assets reached VND45,107 billion, accomplishing 93% of the 2011 plan passed by the General Meeting of Shareholders, increasing to 29.7% (equivalent to VND10,636 billion) compared to that of 2010.



PROFIT BEFORE TAX (UNIT: BILLION VND)



CHARTER CAPITAL (UNIT: BILLION VND)



TOTAL ASSET ((UNIT: BILLION VND)

2011 Operational Report

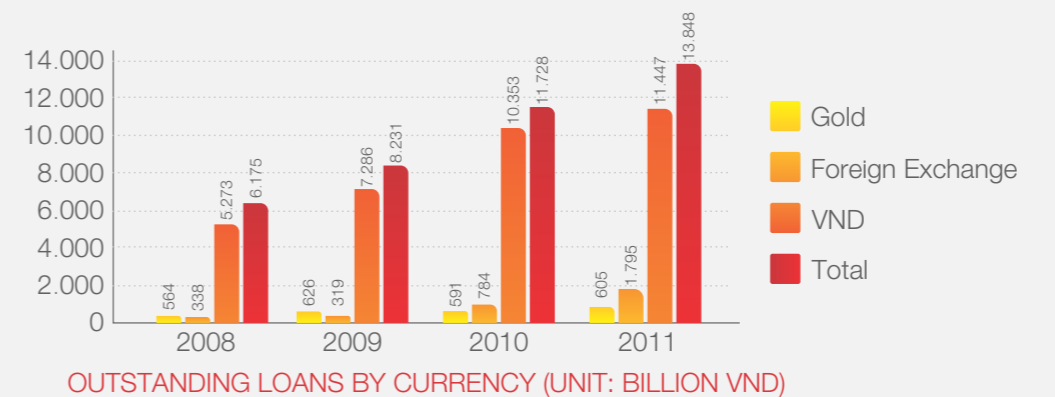
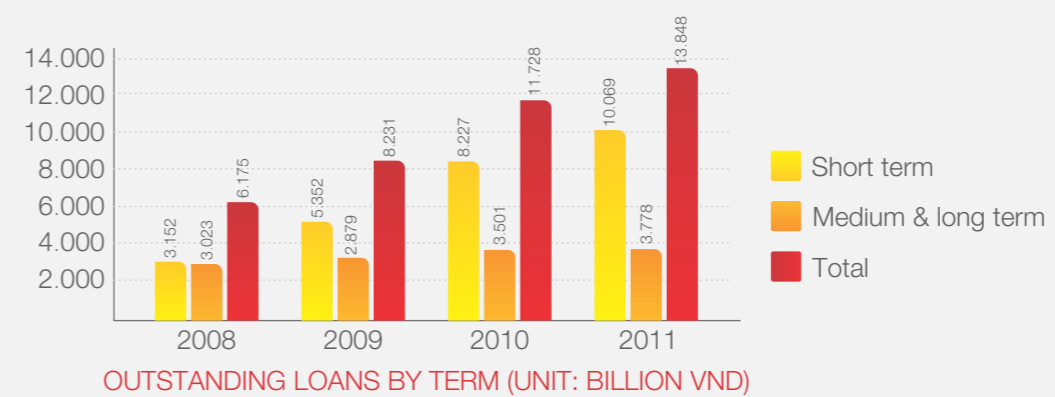
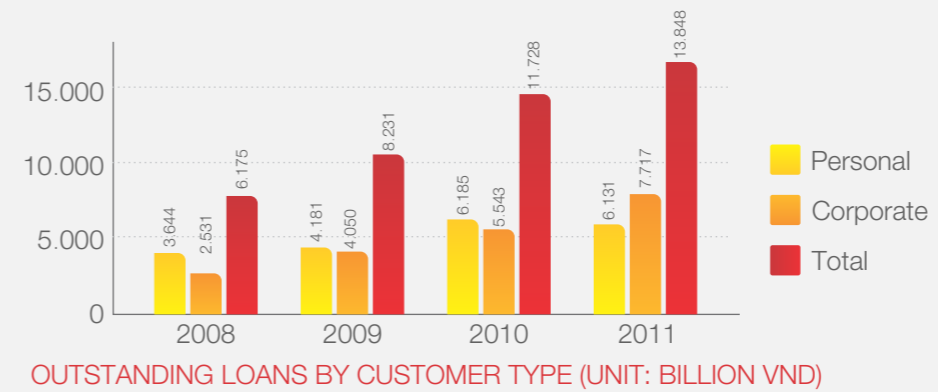
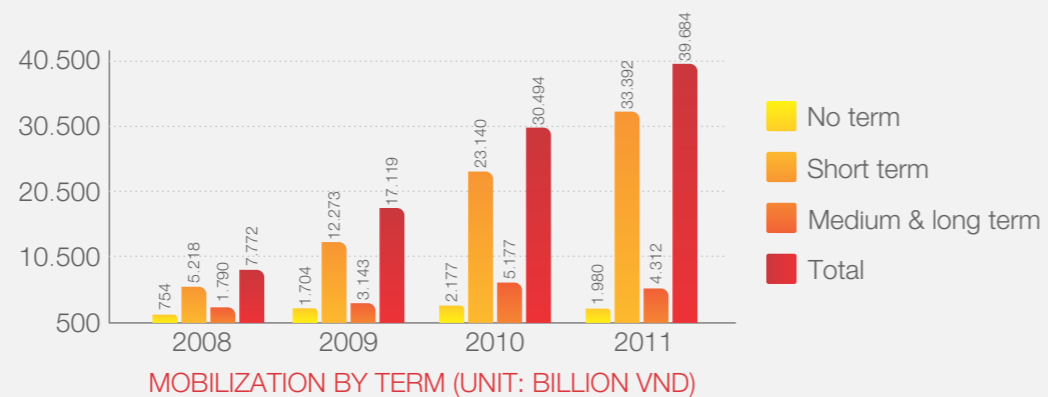
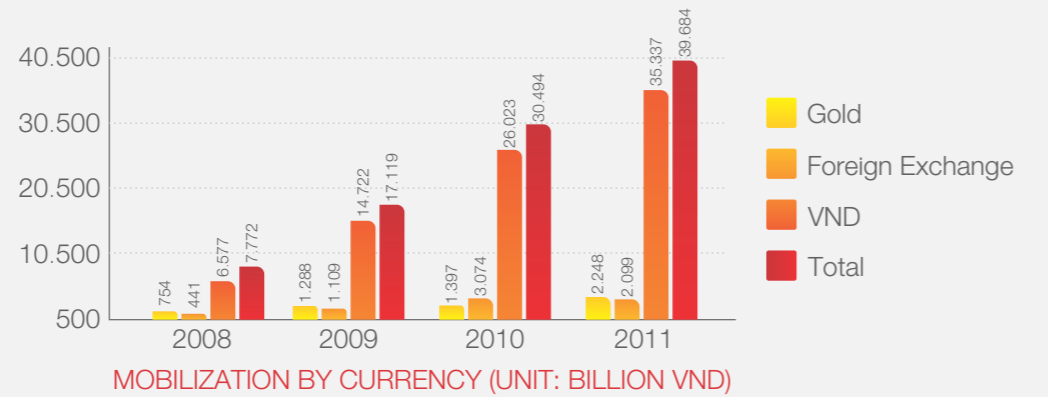
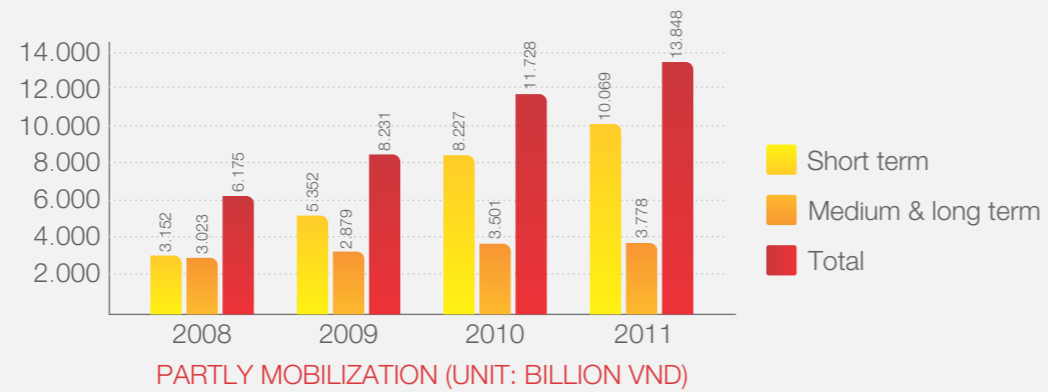
2011 Business Results



CAPITAL MOBILIZATION

By the end of 2011, VND39,684 billion of capital was mobilized, reaching 94.5% of the plan passed by the General Meeting of Shareholders, increasing to 28.5% (equivalent to VND9,190 billion) compared to that of 2010. In which:

Capital mobilized from economic organizations was VND12,180 billion, from individuals was VND14,749 billion, and from Credit Institutions was VND 12,755 billion.



CREDIT ACTIVITIES

Credit activities of HDBank in the past year achieved satisfactory result despite the credit crunch. As of 31 December 2011, the total balance was VND13,848 billion, increasing to 18.08% compared to that of 2010 and reaching 99% of the 2011 plan.

2011 Operational Report

Monetary Activities



Trading in money market continued to be the key and profitable activities of HDBank in 2011. Activities such as interbank market trading, foreign exchange, gold trading continued growing and increasing sales.

Specific result of the monetary activities in 2011 is as follows: Profit from treasury division contributing about 40% of pre-tax profit of the Bank; Well balanced sources of finance and fund utilization, assurance of the liquidity and solvency; improved prestige and position of HDBank in the market. It can be said that 2011 is a successful year of HDBank in managing and ensuring the liquidity at any time despite complicated happenings in the currency markets.

HDBank has diversified trading strategy, maximized use of idle funds, developed and implemented currency trading products, gradually put into practice the derivatives.

The Bank during the year also promoted the relationship with partners in the money market, performed bi-directional transactions (deposit and withdrawal) with partners in the market, enhanced foreign currency and gold trading to facilitate the attraction of customers of the international payment service.

Adopting flexible methods in business capital conversion, effective utilization of mobilized fund; effectively developing and mobilizing funds and assets; boosting transactional activity in the currency market to regulate the liquidity and efficiently use

of assets.

Promptly updating market information, taking most advantages of currency trading opportunities.

Professional process of currency trading has been fully and consistently built in a modern manner and allowing efficient risk management while ensuring good conditions for business development.

Main target of currency trading in 2012 is as follows:

- Deposits at other banks: VND 9,090 billion, accounting for 20.2% of total assets.
- Investment in government bonds: VND 2,500 billion, accounting for 5.6% of total assets.
- Investments in bonds of other credit institutions: VND 400 billion, accounting for 1% of total assets.
- Investment in debentures / Certificate of Deposit (CD) of credit institutions: VND 3,400 billion.
- Deposits of other credit institutions: VND 11,685 billion, accounting for 26% of total liabilities and 30% of raising capital.
- Loans from the State Bank via open market: VND 750 billion.
- Foreign exchange turnovers: approximately USD 1 billion.

Financial Investment



Identifying that 2011 is an unfavorable year for Vietnam stock market, HDBank has decided not to focus on the securities investment but on investment to debt securities.

The total investment value of equity securities as of 31 December 2011 was VND 607 billion, less than VND 96.9 billion compared to that in early 2011, in which:

- The value of repo reducing VND140 billion
- The value of long-term investment and trading securities increasing approximately VND 43 billion, primarily by increase additional shares those companies that the bank has already invested.

Total investment value of government bonds as of 31 December 2011 was VND 2,570 billion, increasing approximately VND 360 billion and equivalent to 16% more than that in early 2011.

Total investment value of government bonds remained at the rate of approximately 5.6% of total assets.

In general, the financial investment activities of HDBank in 2011 did not obtain significant changes as the Bank only focused on the efficient management and development of the investment portfolio available since 2010.

2011 Operational Report

Risk Management

The risk management system of HDBank is being built and developed in accordance with the requirements of the State Bank of Vietnam and international standards, ensuring full and comprehensive control of risks relating to credit, market, liquidity and operation. In 2011, the risk management was focused to complete in every aspect.

Organizational structure

HDBank keeps on performing and completing the organizational re-structure based on its operational model which is allocated in 3 flows: sales (Front), control (Middle), and support (Back) aimed at promoting professional nature, efficiency and independence of every professional division and department.

In addition, the functional units and sections of the risk management apparatus: Risk Management Committee, Assets and Liabilities Committee (ALCO), Credit Committee, and professional Departments of the Division of Risk Management and Observance Control have been established for prompt operation in conformity to the new operational model.

System of regulations, limits and safety indices

HDBank has continuously built and completed the system of regulations which are held under 3 levels:

Regulation (enacted by the Board of Directors, formulating general orientations and policies), Policy and Instructions / Products (enacted by the General Director, properly implemented from time to time), including all professional qualifications in order to standardize the operation and ensure the safety of the Bank.

Moreover, the Bank also conducts the establishment and frequent adjustment of limits relating to credit, currency trading, investment operation... and Key Risk Indicators (KRI) relating

to the liquidity, the balance of assets and liabilities in compliance with the State Bank regulations and operational characters of HDBank.

Supervising, controlling, inspecting system

This activity is most paid attention by the Bank, as it is the foundation for discovering, giving warning of, and preventing any risk.

This system is operated by many methods at the same time: connecting automatically to the IT system, periodically (daily, monthly) implemented by the full-time Supervisory Board, or at each arisen transaction.

Reports of actual supervising and inspecting results shall be sent to the Board of Directors and the Executive Board together with relevant specific data, analysis, warning and proposal for proper and timely treatment.

Credit Risk Management

HDBank has established a complete and thorough credit granting system from the Head Office to every trading unit including all the components of all sections: sales, appraisal, approval, disbursement, debt collection.

Credit granting process is applied on an independent principle from the proposal - appraisal/valuation - approval, in which each action and responsibility of each participating object must be expressly specified. Moreover, the system has strict procedures on credit granting and secured property. HDBank also sets up the limits of loan structure based on the industry, purpose, type of secured property ... in order to restrict any centralized risk.

HDBank has built successfully a credit rating system applicable to individual/corporate customers, credit organizations (consulted by Ernst & Young) and submitted the same to the



State Bank for official applicability since 2011, which is an important basis in the course of credit granting consideration, debt classification and provisions.

In 2011 the economic situation continued to face difficulties, which affected the customers' repayment capacity and leading to the increase in NPL in the entire banking system. HDBank established an Outstanding NPL managing board which helps to prevent the increase in NPL and promptly settle NPL (the bad debt ratio as of Dec 31st, 2011 was 1.63% which was rather low compared to the industry's average level)

Liquidity, market, and operational risk management

The Market and Liquidity Risk Management Section in the year frequently supervised, gave warning on limits of foreign currency trading, debt and capital securities investment.

Liquidity and operational indices in accordance with the regulations of the State Bank (Circular 13) are always secured.

The Bank has gradually applied the Value at Risk (VAR) for foreign currency trading (as per consultancy of the project expert of JICA - the State Bank) in order to predict the maximum rate of loss and will implement the same to other similar activities.

The Operational Risk Management Section being managed by the Risk Management Department and established within the year has been gradually building, implementing the regulations and limits to minimize the risks with respect to the people, system, regulation/ product and external impact.

2011 Operational Report

Domestic Payment and Treasury

In 2011, payment service contributed to the revenue of HDBank over VND 21,402 billions via nearly 197,000 inbound and outbound payment transactions. The turnover growth with respect to the payment and treasury services reached 163% in comparison with the same of 2010.

Following with the trends toward the growing integration of global economy and financial sector, HDBank more focused on providing customers with advanced, fast, safe, secured and convenient payment services.

The year 2011 saw another successful year of HDBank in providing the non-cash payment service via telling accounts and HDCard accounts. Using online payment service, customers can pay daily expenses without going to the bank. Accordingly, customers have plenty options to conduct their transactions: money remittance via SMSBanking or money transfer via Mobile Banking. For those who frequently use computer, the utility of payment via eBanking would meet their diversified demands. At present, HDBank's customers can make payment to their shopping, telephone fees, mobile charges, air ticket fares, telecommunications fees and electricity bills, etc. online.

HDBank is also one of the most active banks to participate card alliances and to provide inter-bank payment via HDCard account. Using the HDCard, customers can make remittance to domestic accounts or overseas accounts within the Smartlink system with just one transaction via HDBank's eBanking. This service brings more utility for HDCard holder. Accordingly, cardholders can transfer and receive money fast and easily at anytime, anywhere with 24/7 transaction service, limit of money transfer reaches up to 500,000.000VND/day at preferential remittance charge at 5,500 VND/transaction

without taking into account the differences in remittance charges of different domestic areas.

In 2011, in compliance with the goal of developing payment services via bank, HDBank cooperated with Vietnam Electricity (EVN) to successfully launch the bill payment service for EVN's customers via bank. Using this service, customers can pay their electricity bills at anytime and at any transaction sites of HDBank. Furthermore, busy customers or enterprises can register automatic payment in order to automatically settle their monthly electricity bills.

Particularly, for corporate clients, HDBank has offered preferential service to pay free-of-charge pay roll via HDCard account. Besides, there are plenty preferential rates or free-of-charge services applied for the employees and enterprises when using other banking services. Furthermore, HDBank simultaneously launches the traditional treasury services, e.g. cash collection or cash payment at site as per customers' requests, pay roll settlement on behalf of the enterprises, payment settlement for the customers' periodical bills, etc. HDBank also focuses on the renovation of its operational structure and professional business location, the payment services for both enterprises and individuals, the development of young, enthusiastic, skillful banking tellers. Especially, being benefited from online transactions within the entire system, HDBank's customers can conduct any transactions at any branch without travelling to the administrative branch of their accounts.

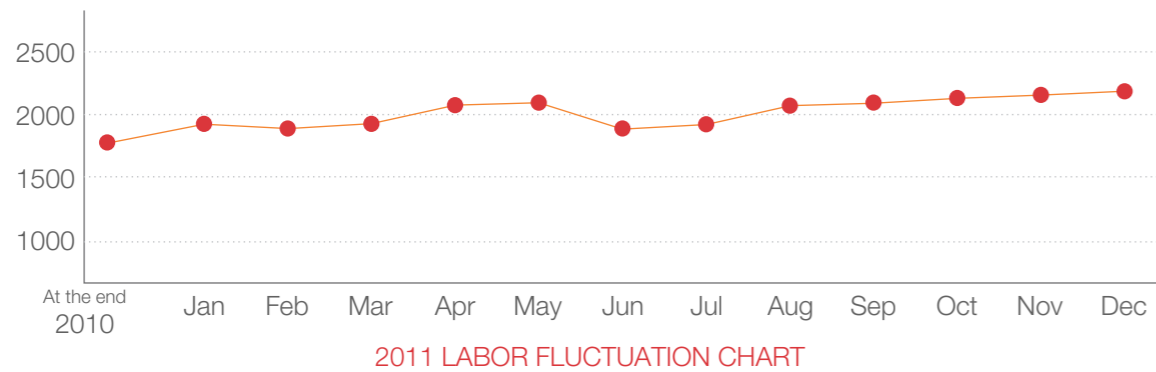


2011 Operational Report

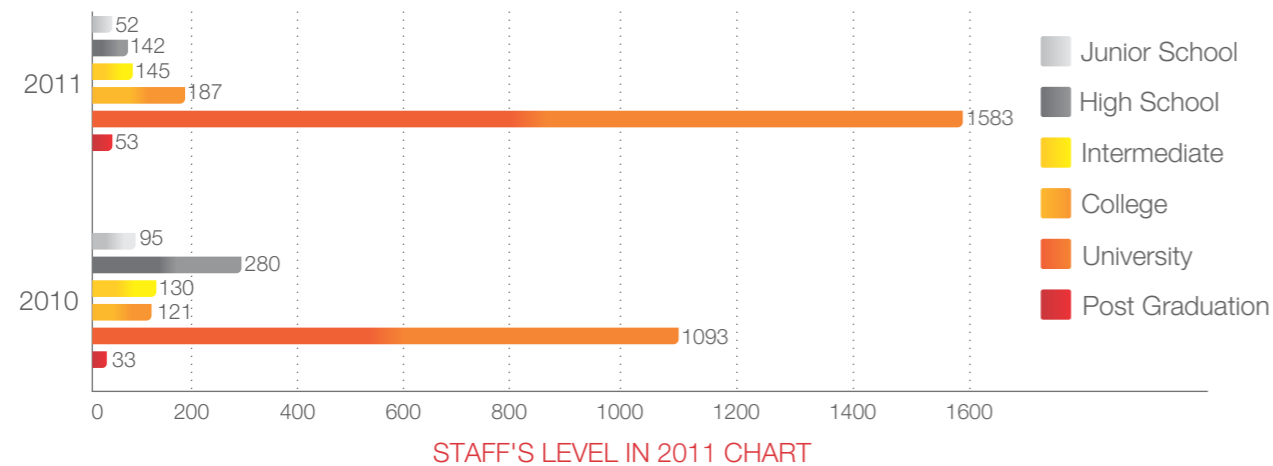
Workforce Management

In early 2011 HDBank focused on the acceleration of operational scale, network development, and relocation of the transaction place. Thanks to this, 10 more transaction points were put into operation within the 6 first months of the year, raising the total number of transaction points of HDBank up to 118 in 2011.

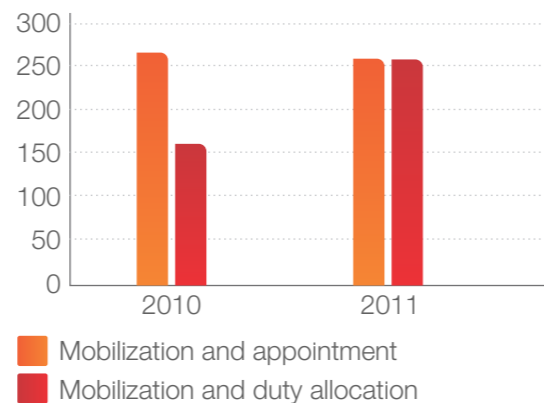
The Human Resource Division in 2011 successfully completed its duty in sufficiently providing the staffs to satisfy the need of bank development in professional units with the tendency towards specialization. More than 1000 employees were recruited by HDBank, which increased to 47% compared to the workforce of 2010 and rounded the number of staff up to 2,163.



In addition, the educational level of the staff also went up compared to that of 2010: Masters: increasing to 61%; Bachelors increasing 45%; Diplomas: increasing 55%



Beside new recruitment, attraction of talented workforce, improvement of the workforce volume and quality, training the successors is the priority objective of the Human Resource Division. The program of "Professional growth with HDBank" has been commenced with the purpose of creating motivation for the employees to develop their professional skills, allocating duties in accordance with the ability of each staff to improve the efficiency of each individual and organization.



Appraisal of HR management

The completion of the implementation of Key Performance Indicators (KPIs) to the departments, centers, and individuals in 2011 was a base to put the program of talent development into practice, providing HDBank staff with the development orientation.

The first time of successfully running the program of "A place for sales talents – reaching high in professional career" created positive influence, attracting sales executives from other banks and financial organizations in order to introduce the image of HDBank: Dynamic, Efficient, Friendly

Coordinating with and consulting other units to successfully implement and put into operation several units which had been upgraded and/or newly established: Department of Network Management and Development, Valuation Department, Risk Management Department, Department of Credit Management and Support, Customer Center of Major Corporate Customers, 2 full-time units: Kinh Do, Lac Long Quan.

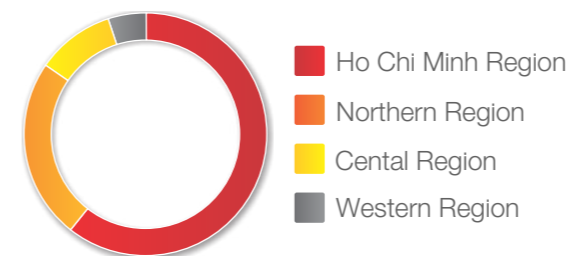
Amending and supplementing the salary regulation to establish a suitable and competitive salary structure compared to other banks on the same level and possibly even to those in Top 15 of Vietnam.

Better regulation of bonuses was the driving force for the employees to further exert themselves in completing 2011 targets. Actually some units were recognized and rewarded for fulfilling the assigned targets.

The strategy of HR management in 2011 contributed to the productivity of the employees. In order to positively increase the productivity, Heads of several units have volunteered to register for 2012 targets.

1. Total training courses: 252 courses with 4210 trainees, including:

- Ho Chi Minh City Region : 153 courses, presenting 60.7%
- Northern Region : 60 courses, presenting 23.8%
- Central Region : 26 courses, presenting 10.3%
- Western Region : 13 courses, presenting 5.2%



PROPORTION OF TRAINING COURSES BY REGIONS

2. Training contents

- 33 special topics on professional and supporting skills.
- For managerial level: 55 courses, presenting 21,8%
- For executives: 197 courses, presenting 78,2%

3. Appraisal of training

Successfully promoting and implementing the program for the tellers within the network (Star Teller).

Promote and coordinating with the Division of Corporate Customers and Division of Individual Customers to successfully implement the program for Customer Relation Executives within the network (Sales Pro).

Successfully organizing the centralized training program for the Tellers in 2011.

Result: 6 courses was held with total 125 tellers participating in frequently improved training programs for the purposes of thoroughly developing professional aspects and efficient working skills when dealing with the customers and internal staff of the tellers.

Organizing online training courses online review and online examination. Particularly 3 courses: Credit Management and Support reserved for the managerial level in charge of accounting, E-banking and English. The online training courses were highly appreciated by the staff for time-saving and uninterrupted customer service.

Upgrading the online library uploading teaching programs, written policies of HDBank and of the State Bank to the training website.

Establishing and conducting Team Building for every units within the network. This program has increased the enthusiasm and high connection among the employees, which helped to improve the general efficiency and productivity of the unit.

Coordinating in successfully organizing 2011 HDBank Quiz Contest.

Coordinating in building the set of questions used in banking professional knowledge.

Implementing the 5S Training Program within the entire network.

Successfully setting up and training two special topics which were Financial Statement Analysis and Corporate Credit Appraisal.

Coordinating with the Marketing & PR Department and all branches to carry out the scholarship offering to good students of the universities nationwide with hard conditions.

In 2012 the Human Resource Division shall pay special attention to the offsite training, training on job, creating favorable condition to develop, improving welfare policy ... for all the employees of HDBank.

2011 Operational Report Brand Management



In 2011, with the support of the international consulting group, HDBank implemented rebranding strategy successfully in the whole system, developing the image of HDBank to become more active – effective - friendly with the commitment to bring best benefits to its shareholders, partners, customers and the entire community.

In order to commence its new brand strategy, HDBank held the internal announcement with the message of “Proud to be HDBank” which aims to introduce to each employee the action plans of brand establishment and development and the competitions to improve specialized knowledge and customer service quality.

HDBank also completed training of brand ambassadors at all transaction offices. Brand ambassadors are the main forces responsible for public relations relating to brand development and the expansion of the new identification of HDBank brand in the whole system. Accordingly, HDBank successfully developed and implemented new exterior and interior designs at every transaction offices nationwide in compliance with the international standards. The outstanding advantages of such new transactional model were the modernity, elegance, friendliness and comfort that it offered to the customers.

The new image of HDBank has received positive responses from customers and the public. HDBank is proud of being a trusted brand preferred by customers so far and it will keep on growing with the new dynamic and friendly look.

The value of HDBank's brand is also affirmed by many international prestigious awards in 2011, including “Best cash management in Vietnam” conferred by AsiaMoney, “Excellent annual report” conferred by League of American Communications Professionals (LACP), “Outstanding international payment” by Citi Group, “High Straight-Through Rate for Payment Processing” by Wells Fargo and other local

and international prestigious awards.

Simultaneously, HDBank is always pioneer participant in social charitable activities, and local and international sport-culture events. In the past year, HDBank spent VND 6 billion for community activities to share its social responsibilities to make a better life.

HDBank has constantly improved its brand's value and prestige so as to present a multi-functional and modern commercial bank with many high quality services and products, as well as to reposition value to the customers.

With the strategic vision to become one of top financial groups in Vietnam with international network and maintain its trustful brandname, HDBank has been developing to fully provide the best financial services and products in order to meet all the diversified needs of customers.

To be consistent with its new development strategy and vision, HDBank has officially changed its name to “HCMC Development Joint Stock Commercial Bank” from 1st quarter of 2011. This event marked another milestone of HDBank, from business integration orientation to a new stature - new mission. HDBank is now ready to reach the new heights.

Banking Information Technology



With the motto “Modern banking information technology – the key to success for HDBank”, HDBank keeps investing in the modern banking information technology in order to create the supremacy for its services, and to keep up with the development of local and international banking information technology.

At present, HDBank can provide most of the good quality modern banking services. Especially, HDBank has been pioneer in launching plenty successful modern technology projects in order to accommodate our customers the most optimal and convenient services.

HDBank, in particular, has successfully developed the Ebanking, SMSbanking, Mobilebanking projects, etc. with the optimal security method via the advanced dual factor authentication system which complies with the highest security criteria in electronic trading, enables our customers to conduct transactions anywhere at anytime.

HDBank has accomplished the launching of its local payment cards so-called Smart Card with full connection to all the bank alliances for all the related local card transactions. Plenty online payment services have been successfully launched, e.g. the online payment service, the Billing Topup via Ebanking, the Billing Topup via SMS, the electronic payroll, money transfer in tranches, interbank money transfer via bankcards... At present, HDBank is connected to 100 contractors providing products, goods, and services with online payment via HDBank card accounts. Especially, HDBank has become a

senior member of the VISA International Card Organization. HDBank is now undertaking to launch the EMV standard qualified international chip cards.

HDBank has focused on the reinforcement of the systematic security protection by upgrading and installing anti-intrusion equipment and firewall to protect its data centers. HDBank takes special care in upgrading of its service quality in order to provide customers with convenient, fast and safe payment channels. HDBank frequently conducts online surveys to investigate the utility of its services, as a consequence, prompt actions can be undertaken to better satisfy the customers.

Furthermore, HDBank has installed Service Monitor tools to control service quality. The central administration and national-wide network supervising system has been installed and upgraded in order to ensure a thorough and effective management of updated data of customer profiles and internal information.

In order to provide the most diversified and safest services, HDBank applied the most advanced internal administration system. The bank has successfully developed most efficient internal administration system which helps reduce management fees and satisfy the requirements on safety and effectiveness in banking activities, e.g. credit ranking, expense and profit management by divisions, website administration, MIS internal information port, model of modern transaction station, etc. HDBank has built up a stable banking information technology and reliable skillful personnel..

HDBank has been setting up a sound basis in banking technology and applying the most advanced technology to the whole system for the purpose of becoming a versatile modern international bank.

2011 Operational Report

Union and Community Activities



During the past year, along with concentration on strengthening business activities, the social activities HDBank were also taken care of and constantly innovated, which all has formed the corporate culture of HDBank: Dynamic - Effective - Friendly.

Caring for the staff:

HDBank has completely restructured the system in accordance with international standards and specialized functions for each division. Accordingly, the goals of business activities and sales targets are more consistent which helps improve the efficiency of each employee as well as the entire system. The dynamic working environment helps maximize the capacity and qualifications of each individual.

Newly recruited staff shall attend the orientation training course to get familiar with our working environment. HDBank Training Center frequently organizes professional skill training courses, soft skill courses, e.g. communication skills, team working skills under the instructions of experienced local and foreign teachers.

HDBank always maintains the best working environment for our staff by organizing the competition movement and setting up the appropriate salary and bonus policies. Besides, the staff shall get benefits from the preferential interest rates, housing loan programs, entertainment activities, etc. Full implementation of the regimes for workers under the labor agreement.

HDBank frequently organizes internal entertainment activities, cross-cultural performances, and sport games, e.g. the HDBank quiz contest, the entertainment performance, the HDBank National Sports Games... which bring chances of

mutual experience sharing and strengthen the solidarity of the whole staff.

Community activities:

HDBank actively participates in the social community activities which helps enhance better living standard and form corporate culture. Besides, HDBank frequently coordinates with local and international charity organizations to support the poor, grant houses of gratitude, present gifts on the occasion of Tet holiday, grant scholarships to nation-wide students.

HDBank is also the pioneer to encourage our customers, our employees and the whole community to participate in social charity activities, e.g raising 10,000 health insurance certificates for the poor, supporting the flood calamity sufferers in the Central and the tsunami victims in Japan by donating our staffs' daily wages, conducting community supporting activities at our local transaction offices...

Being a co-organizer of the annual International Chess Championships, HDBank has contributed to improve the professional quality of the contest and the organizational activities in order to draw the attention of talented chess players and chess lovers from all over the country. HDBank International Chess Championship has built its own reputation among the local and international sport communities and brought Vietnamese chess players to international competitions..





2012 Development Orientation and Operation Objectives

Customers always expect the best benefits as they deserve to have. Therefore, HDBank makes its utmost to improve the effectiveness of works, to understand and to best meet customers' demands.

2012 Development Orientation and Operation Objectives

2012 Economic Outlook

According to IMF, the economy of Vietnam in 2012 is predicted to grow at the rate of 6.8%, meanwhile the inflation rate is unavoidably less than 11%. Macro-economic stabilization and business environment will be facing potential obstacles due to complicated changes of the global economic situation and no signs of optimistic recovery in 2012. Besides, national monetary and financial market will remain uncertainty: the economic growth quality being affected by high threaten inflation in middle 2011.

Hence, the Government's policies are to adjust macroeconomic policy toward building a sustainable and qualified economy rather than pursuing rapid growth target.

Thus, the commercial banks have to ensure the expected growth targets. On the other hand, they will be subject to the strict control of the State Bank. The State Bank strives to ensure a monetary policy satisfying 2 targets of macro-economic stabilization and inflation control. Therefore, intervening measures

must be ready to remain the stabilization of the banking system.

2012 is another year for economic restructuring. One of the priorities is the restructuring of the system of commercial banks with the motto: cautious but determined and comprehensive to gradually improve the safety, transparency and efficiency of the banking system. Thus, the system of Vietnamese Commercial Banks is predicted to have significant changes. The consolidation or merger of commercial banks is encouraged and supported by the Government and the SBV in order to make a strong banking system capable of serving all public and competing with other banks in the region.

2012 Development Orientation

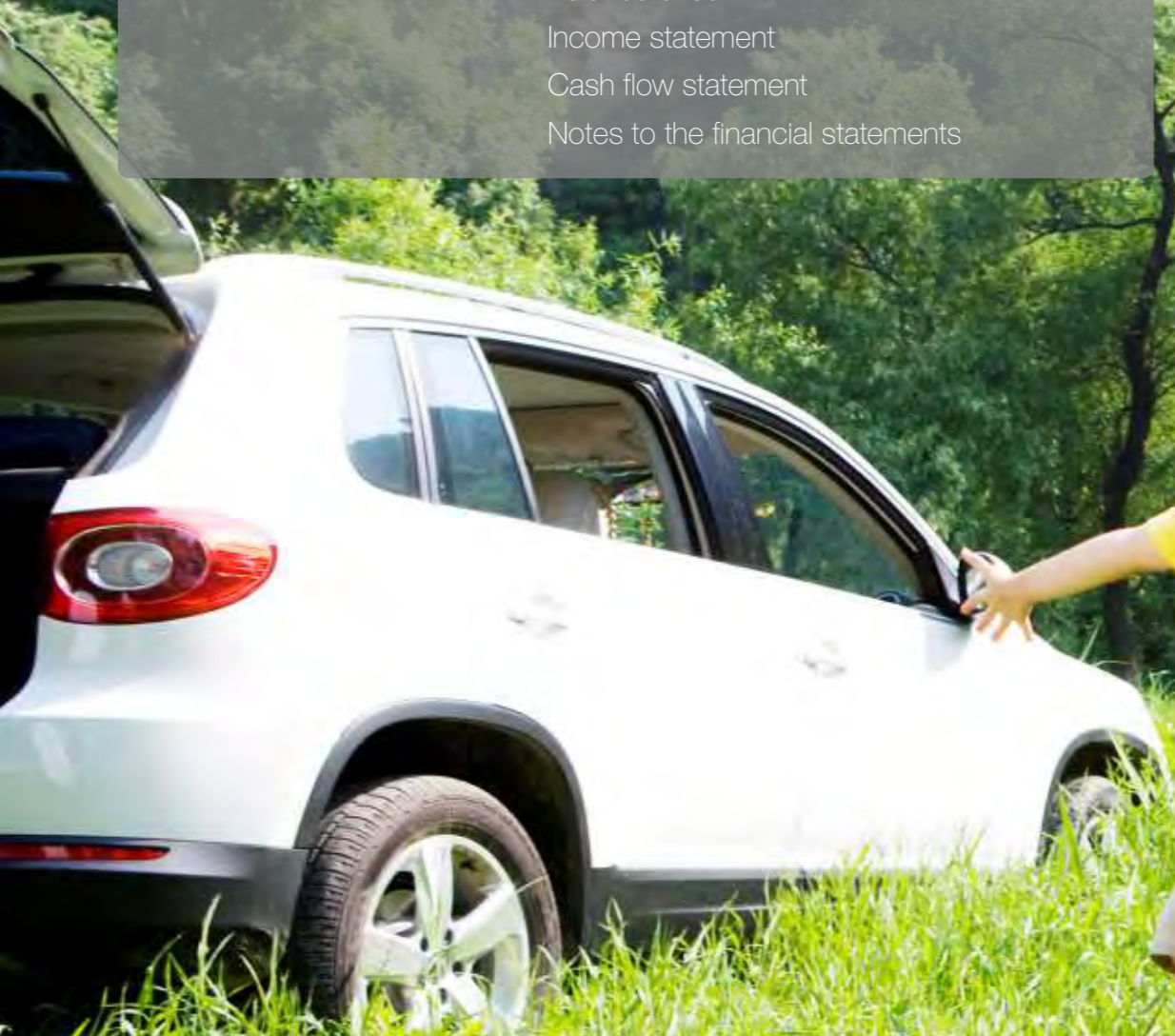
Overcoming many difficulties in 2011 and realizing challenges and obstacles in 2012, HDBank determines the main objective of 2012 action plan including:

Focus on implementing a comprehensive restructuring plan in a cautious, determined, sustainable, synchronous and comprehensive manner to exercise internal strength, and seize opportunities to achieve breakthrough in the period of 2013-2015.

- 1. Comprehensive restructuring:** The bank's comprehensive restructuring has to be implemented in a comprehensive and synchronous manner in all divisions, departments, sections and units, concentrating on 3 main areas: sales, corporate governance and risk management.
- 2. Brand:** Successfully implementing the motto: "Commitment to the best benefits of customers, partners, shareholders, staffs and social community"
- 3. Human Resources:** Building an active, transparent, humanistic and professional corporate culture. Improving management capacity of the Executive Board, building consistent policies and key successors within the system from the Head Office to every transaction office and branch.
- 4. Banking technology program:** Issuing 5-year technological development plan and strategy, ensuring the most advanced technological products with the most reasonable investment costs.
- 5. Management and operation quality:** organizing the best operation of management matrix which ensures the smooth and efficient coordination among professional departments from the Head Office to each sales unit and to every specialist at unit level.
- 6. Risk Management:** Improving the effective performance of the internal investigation and supervision system, ensuring the role of risk prevention and restriction in the commercial banks' operation.

Financial Report

GENERAL INFORMATION
REPORT OF THE BOARD OF MANAGEMENT
AUDITED FINANCIAL STATEMENTS
Independent auditors' report
Balance sheet
Income statement
Cash flow statement
Notes to the financial statements



To be accompanied with customers, HDBank keeps restless efforts in developing comprehensively to make it more suitable with changes of people lives and society.

Financial Report

General Information

THE BANK

Housing Development Bank (herein referred to as “the Bank”) is a commercial joint stock bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was established and operates under Decision No. 47/QD-UB issued by the People’s Committee of Ho Chi Minh City on 11 February 1989.

The Bank was established to carry out banking business including mobilising and receiving short, medium and long-term deposits from organisations and individuals; making short, medium and long-term loans to organisations and individuals based on the nature and capability of the Bank’s capital resources; conducting foreign currency transactions; providing international trade finance services, discounting of commercial notes, bonds and valuable papers; and other banking services as allowed by the State Bank of Vietnam.

BOARD OF DIRECTORS

The members of the Board of Directors during the year ended 31 December 2011 and at the date of this report are as follows:

Name	Position	Date of Appointment
Ms. Le Thi Bang Tam	Chairwoman	12 June 2010
Ms. Nguyen Thi Phuong Thao	Vice Chairwoman	20 July 2010
Mr. Nguyen Huu Thanh	Vice Chairman	20 July 2010
Mr. Luu Duc Khanh	Vice Chairman	20 July 2010
Ms. Do Thi Hong Dung	Member	23 July 2008
Mr. Diep Dung	Member	15 March 2010
Mr. Nguyen Huu Dang	Member	31 December 2010
Mr. Luu Van Son	Member	31 December 2010

BOARD OF SUPERVISORS

The members of the Board of Supervisors during the year ended 31 December 2011 and at the date of this report are as follows:

Name	Position	Date of Appointment
Mr. Dao Duy Tuong	Chief Supervisor	31 December 2010
Ms. Nguyen Thi Phung	Member	23 July 2008
Mr. To Xuan Thanh	Member	23 July 2008

BOARD OF MANAGEMENT, CHIEF FINANCIAL OFFICIER AND CHIEF ACCOUNTANT

The members of the Board of Management, Chief Financial Officer and Chief Accountant during the year ended 31 December 2011 and at the date of this report are as follows:

Name	Position	Date of Appointment
Mr. Nguyen Huu Dang	General Director	Appointed on 22 October 2010
Ms. Nguyen Doan Duy Ai	Deputy General Director	Appointed on 15 August 2007
Mr. Le Hong Son	Deputy General Director	Appointed on 4 May 2009
Mr. Nguyen Minh Duc	Deputy General Director	Appointed on 31 July 2009
Mr. Le Thanh Tung	Deputy General Director	Appointed on 16 September 2009
Mr. Nguyen Manh Quan	Deputy General Director	Appointed on 11 November 2010
Mr. Pham Thien Long	Deputy General Director	Appointed on 5 April 2011
Mr. Dam The Thai	Deputy General Director	Resigned on 28 November 2011
Mr. Pham Van Dau	Chief Financial Officer	Appointed on 16 September 2009
Ms. Ho Dang Hoang Quyen	Chief Accountant	Appointed on 7 July 2011

LEGAL REPRESENTATIVE

The legal representative of the Bank during the year ended 31 December 2011 and at the date of this report is Mr Nguyen Huu Dang, General Director.

AUDITOR

The auditor of the Bank is Ernst & Young Vietnam Limited.

Financial Report

Report of the Board of Management

Management of Housing Development Bank ("the Bank") presents its report and the financial statements of the Bank for the financial year ended 31 December 2011.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the financial statements of each financial year which give a true and fair view of the state of affairs of the Bank and of the results of its operation and its cash flows for the year. In preparing those 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

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

The Bank's management commits to comply with the above requirements in preparing the financial statements for the year ended 31 December 2011.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2011 and of the results of its operations and its cash flows for the financial year then ended in accordance with the Vietnamese Accounting Standards and Accounting System for Credit Institutions and comply with relevant regulations stipulated by the State Bank of Vietnam.

On behalf of the Board of Management:



Mr Nguyen Huu Dang
General Director

Ho Chi Minh City, Vietnam
27 February 2012

Reference: 60752693/14925363

Independent Auditors' Report

To: The Shareholders of Housing Development Bank

We have audited the financial statements of Housing Development Bank ("the Bank") as set out on pages 5 to 74, which comprise the balance sheet as at 31 December 2011, the income statement and the cash flow statement for the year then ended and the notes thereto.

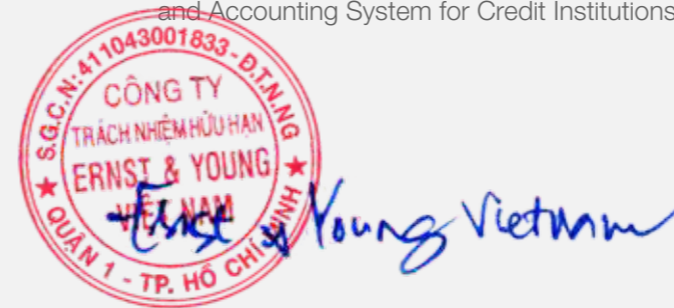
The preparation and presentation of these financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of Opinion

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

Audit Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2011, and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and Accounting System for Credit Institutions and comply with relevant regulations stipulated by the State Bank of Vietnam.



Ernst & Young Vietnam Limited



Nguyen Xuan Dai
Deputy General Director
Certificate No: 0452/KTV



Hoang Thi Hong Minh
Auditor in-charge
Certificate No: 0761/KTV

Ho Chi Minh City, Vietnam
27 February 2012

Financial Report

Balance Sheet

as at 31 December 2011

	Notes	31 December 2011 VND	31 December 2010 VND
ASSETS			
Cash, gold, and precious stones	5	1,276,718,594,608	799,106,091,513
Balances with the State Bank of Vietnam	6	1,410,215,684,528	736,099,414,685
Due from banks		9,129,450,113,581	8,550,235,829,979
Deposits with other banks	7	9,129,450,113,581	8,550,235,829,979
Loans and advances to other banks		-	-
Provision for loans and advances to other banks		-	-
Trading securities		-	-
Trading securities		-	-
Provision for decline in value of trading securities		-	-
Derivatives and other financial assets	20	-	859,200,000
Loans and advances to customers		13,707,101,357,470	11,643,356,120,882
Loans and advances to customers	8	13,847,786,090,627	11,728,192,948,022
Provision for credit losses	9	(140,684,733,157)	(84,836,827,140)
Investment securities	10	10,671,563,664,617	7,451,847,740,918
Available-for-sale investment securities		8,955,690,040,031	5,804,615,176,035
Held-to-maturity investment securities	10.2	1,890,768,349,806	1,738,095,229,258
Provision for decline in value of investment securities	10.1	(174,894,725,220)	(90,862,664,375)
Long-term investments		199,177,949,881	169,862,189,881
Investments in subsidiaries		-	-
Investments in joint ventures		-	-
Investments in associates		-	-
Other long-term investments	11	199,177,949,881	169,862,189,881
Provision for decline in value of long-term investments		-	-
Fixed assets	12	327,505,960,129	256,043,367,871
Tangible fixed assets	12.1	265,275,008,622	193,853,525,392
Cost		339,306,317,611	242,607,774,429
Accumulated depreciation		(74,031,308,989)	(48,754,249,037)
Financial lease		-	-
Cost		-	-
Accumulated depreciation		-	-
Intangible fixed assets	12.2	62,230,951,507	62,189,842,479
Cost		78,690,210,328	71,177,342,245
Accumulated amortization		(16,459,258,821)	(8,987,499,766)
Investment properties		-	-
Cost		-	-
Accumulated depreciation		-	-
Other assets		8,303,688,015,032	4,781,816,948,465
Receivables	13	6,937,597,323,779	4,112,539,173,260
Accrued interest and fees receivable	14	987,190,764,727	421,001,042,054
Deferred tax assets	24.2	-	158,408,998
Other assets	15	385,959,926,526	248,118,324,153
In which: Goodwill		-	-
Provision for doubtful debts	16	(7,060,000,000)	-
TOTAL ASSETS		45,025,421,339,846	34,389,226,904,194

	Notes	31 December 2011 VND	31 December 2010 VND
LIABILITIES			
Borrowings from the Government and the State Bank of Vietnam	17	1,070,276,780,371	2,182,623,367,622
Due to banks		11,684,453,209,552	7,254,530,266,622
Deposits from other banks	18	11,684,453,209,552	7,254,530,266,622
Borrowings from other banks		-	-
Deposits and other amounts due to customers	19	19,089,859,618,148	13,986,212,955,048
Derivatives and other financial liabilities	20	2,789,558,902	-
Grants, entrusted funds and loans exposed to risks		-	-
Valuable papers issued	21	7,838,230,091,647	7,071,044,173,423
Other liabilities		1,792,180,479,747	1,537,179,493,007
Accrued interest and fees payable	22	709,792,217,518	373,858,732,559
Deferred tax liabilities	24.2	2,575,020,592	-
Other payables	23	1,073,627,497,822	1,154,701,360,448
Provision for contingent liabilities and commitments	9	6,185,743,815	8,619,400,000
TOTAL LIABILITIES		41,477,789,738,367	32,031,590,255,722
OWNERS' EQUITY			
Capital and reserves			
Capital		3,004,043,016,800	2,004,043,016,800
Charter capital	25.1	3,000,000,000,000	2,000,000,000,000
Fund for capital expenditure		-	-
Share premium	25.1	4,043,016,800	4,043,016,800
Treasury shares		-	-
Preference shares		-	-
Other capitals		-	-
Reserves	25.1	90,730,718,845	69,670,635,657
Foreign currency difference reserve		-	-
Asset revaluation reserve		-	-
Retained earnings		452,857,865,834	283,922,996,015
TOTAL OWNERS' EQUITY		3,547,631,601,479	2,357,636,648,472
TOTAL LIABILITIES AND OWNERS' EQUITY		45,025,421,339,846	34,389,226,904,194

Financial Report

Balance Sheet

as at 31 December 2011 (continued)

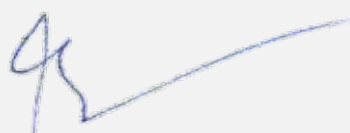
OFF BALANCE SHEET ITEMS

	Notes	31 December 2011 VND	31 December 2010 VND
Contingencies		-	-
Financial guarantees		-	-
Letters of credit		141,178,961,687	179,246,557,018
Other guarantees		398,326,908,251	663,367,895,383
Commitments		-	-
Commitments to customers		-	-
Other commitments		-	-
	35	539,505,869,938	842,614,452,401

Prepared by:

Reviewed by:

Approved by:





Ms. Ho Dang Hoang Quyen
Chief Accountant

Mr. Pham Van Dau
Chief Financial Officer

Mr. Nguyen Huu Dang
General Director

Ho Chi Minh City, Vietnam

27 February 2012

Income Statement

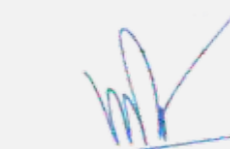
for the year ended 31 December 2011

	Notes	2011 VND	2010 VND
Interest and similar income	28	5,340,655,733,569	2,353,157,943,803
Interest and similar expenses	29	(4,031,823,646,416)	(1,830,750,360,622)
Net interest income		1,308,832,087,153	522,407,583,181
Fees and commission income		102,574,465,029	172,265,070,831
Fees and commission expenses		(38,379,619,871)	(18,753,360,404)
Net fees and commission income	30	64,194,845,158	153,511,710,427
Net loss from currencies and gold trading		(93,489,424,431)	(38,596,669,979)
Net gain/(loss) from securities trading		-	-
Net (loss)/gain from securities investment		(44,775,764,727)	16,795,395,821
Net gain from other long-term investments		-	22,165,000,000
Other operating income		11,578,149,137	11,285,492,591
Other operating expenses		(9,642,290,955)	(842,767,222)
Net other operating income		1,935,858,182	10,442,725,369
Income from long-term investments	31	9,988,190,148	23,872,915,577
TOTAL OPERATING INCOME		1,246,685,791,483	710,598,660,396
Personnel expenses		(267,297,109,756)	(162,462,720,873)
Depreciation and amortisation charges		(36,222,926,944)	(27,267,989,230)
Other operating expenses		(291,082,545,691)	(148,175,963,613)
TOTAL OPERATING EXPENSES		(594,602,582,391)	(337,906,673,716)
NET OPERATING PROFIT BEFORE CREDIT LOSS		652,083,209,092	372,691,986,680
Credit loss	9	(86,106,790,982)	(21,959,850,000)
PROFIT BEFORE TAX		565,976,418,110	350,732,136,680
Current corporate income tax	24.1	(136,746,576,681)	(81,481,974,795)
Deferred income tax (expense)/income	24.2	(2,733,429,590)	158,408,998
Corporate income tax expense		(139,480,006,271)	(81,323,565,797)
NET PROFIT FOR THE YEAR		426,496,411,839	269,408,570,883
Basic earnings per share	26	1,427	1,698

Prepared by:

Reviewed by:

Approved by:


Ms. Ho Dang Hoang Quyen
Chief Accountant

Mr. Pham Van Dau
Chief Financial Officer

Mr. Nguyen Huu Dang
General Director

Ho Chi Minh City, Vietnam

27 February 2012

Financial Report

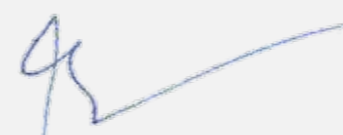
Cash Flow Statement

for the year ended 31 December 2011

	Notes	2011 VND	2010 VND
CASH FLOW FROM OPERATING ACTIVITIES			
Interest and similar income received		4,758,528,965,604	2,098,136,578,075
Interest and similar expense paid		(3,694,153,828,929)	(1,853,500,768,430)
Fees and commission income received		59,453,388,591	148,539,753,836
Net (payments)/receipts from securities, gold and foreign currencies trading		(54,750,819,603)	4,944,334,708
Other operating income		3,252,971,175	10,808,197,008
Recovery of bad debts previously written-off		-	-
Payments to employees and administration affairs		(554,440,753,344)	(306,512,627,234)
Corporate income tax paid for the year	24	(136,756,234,607)	(73,757,198,658)
Net cash flows from operating activities before changes in net operating assets and liabilities		381,133,688,887	28,658,269,305
<i>Changes in operating assets</i>			
(Increase)/decrease in due from banks		(4,712,099,400,000)	262,027,400,000
Increase in trading securities		(3,282,747,984,544)	(4,842,273,563,991)
Decrease/(increase) in derivatives and other financial assets		859,200,000	(859,200,000)
Increase in loans and advances to customers		(2,119,593,142,605)	(3,497,309,215,616)
Use of provisions to write-off (loan losses, investment securities, long-term investments)	9	(32,692,541,150)	(894,000,000)
Increase in other assets		(2,968,030,528,703)	(2,568,276,971,006)
<i>Changes in operating liabilities</i>			
(Decrease)/increase in borrowings from the Government and the SBV		(1,112,346,587,251)	2,077,097,625,254
Increase in due to banks		4,429,922,942,930	2,039,475,438,082
Increase in deposits and other amounts due to customers		5,103,646,663,100	4,526,968,620,984
Increase in valuable papers issued (excluding issued debts in financial activities)		767,185,918,224	4,731,733,224,268
Increase/(decrease) in grants, entrusted funds and loans exposed to risks		-	-
Increase/(decrease) in derivatives and other financial liabilities		2,481,968,069	(12,531,578,600)
(Decrease)/increase in other liabilities		(67,060,175,572)	1,075,726,445,908
Reserves utilised during the year	25.1	(10,904,997,017)	(2,936,105,205)
Net cash flows (used in)/from operating activities		(3,620,244,975,632)	3,816,606,389,383

	Notes	2011 VND	2010 VND
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(106,174,856,811)	(76,403,469,846)
Proceeds from disposals of fixed assets		319,675,858	477,295,583
Payments for disposals of fixed assets		-	-
Purchases of investment property		-	-
Proceeds from disposals of investment property		-	-
Payments for disposals of investment property		-	-
Additional investments in other entities		(55,265,760,000)	(122,674,606,216)
Receipts from investments in other entities		-	40,215,000,000
Dividend receipts and profit shared from long-term investments		17,548,034,853	11,427,249,577
Net cash flows used in investing activities		(143,572,906,100)	(146,958,530,902)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in share capital	25.1	1,000,000,000,000	450,000,000,000
Proceeds from issuance of long term convertible valuable papers and other long term borrowings		-	-
Repayment of long term convertible valuable papers and other long term borrowings		-	-
Dividends paid		(217,338,461,728)	(309,908,952,126)
Purchases of treasury shares		-	-
Proceeds from sale of treasury shares		-	-
Net cash flows from/(used in) financing activities		782,661,538,272	140,091,047,874
Net (decrease)/increase in cash and cash equivalents		(2,981,156,343,460)	3,809,738,906,355
Cash and cash equivalents at the beginning of the year		8,671,315,736,177	4,861,576,829,822
Foreign exchange difference		-	-
Cash and cash equivalents at the end of the year	32	5,690,159,392,717	8,671,315,736,177

Prepared by:



Ms. Ho Dang Hoang Quyen
Chief Accountant

Reviewed by:



Mr. Pham Van Dau
Chief Financial Officer

Approved by:



Mr. Nguyen Huu Dang
General Director

Ho Chi Minh City, Vietnam

27 February 2012

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

1. CORPORATE INFORMATION

Housing Development Bank (herein referred to as “the Bank”) is a commercial joint stock bank incorporated and registered in the Socialist Republic of Vietnam.

Establishment and Operations

The Bank is a commercial joint stock bank which was established on 11 February 1989 according to Decision 47/QD-UB and operates under the following Decisions:

No.	Decision	Description
1	Decision No. 47/QD-UB issued by the People's Committee of Ho Chi Minh City on 11 February 1989	Establishment of the Bank.
2	Decision No. 102/QD-NH5 issued by the SBV on 6 June 1992	The Bank was authorised to carry out banking business such as mobilising and receiving short, medium and long term deposits from various organisations and individuals; lending on a short, medium and long term basis to various organisations and individuals up to the nature and ability of the Bank's capital resources; conducting foreign currency transactions; providing international trade finance services, discounting of commercial notes, bonds and valuable papers; and providing other banking services as approved by the State Bank of Vietnam (“SBV”).
3	Decision No. 217/QD-NH7 issued by the SBV on 14 October 1992	The Bank was authorised to carry out foreign currency (“FC”) dealings and banking services in FC, including FC demand deposits, term deposits and current accounts from local and foreign organisations and individuals; accepting FC savings under the requirements stipulated by the SBV; borrowing and accepting FC funds from foreign organisations and individuals; offering short, medium and long-term loans to various organisations and individuals doing business in Vietnam; conducting currency dealings at exchange rates specified by the SBV; rendering overseas foreign exchange services; and making FC payments within Vietnam.
4	Official Letter No. 74/NHNN-CNH issued by the SBV on 21 January 2003	The Bank was authorised to conduct certain foreign exchange transactions, including offering FC loan guarantees; issuing or acting as agent for FC valuable papers; discounting, rediscounting and mortgaging FC commercial notes and others; and doing world-standard gold business locally and overseas.
5	Official Letter No. 437/NHNN.HCM02 issued by the SBV on 21 January 2003	The Bank was authorised to conduct two additional foreign exchange operations, including international settlements and currency dealings in the international markets.
6	Decision No. 1002/QD-NHNN issued by the SBV on 11 May 2007	The Bank was authorised to trade gold in overseas accounts.
7	Decision No. 90/QD-NHNN issued by the SBV on 19 January 2010	The Bank was authorised for securities underwriting and securities custodian (in which including underwriting for bonds issuing and bonds depository).
8	Decision No. 2705/QD-NHNN issued by the SBV on 12 November 2010	The Bank was authorised to issue and pay for domestic debit cards, carry out insurance agent services.

The Bank was established to carry out banking business including mobilising and receiving short, medium and long-term deposits from organisations and individuals; making short, medium and long-term loans to organisations and individuals based on the nature and capability of the Bank's capital resources; conducting foreign currency transactions; providing international trade finance services, discounting of commercial notes, bonds and valuable papers; and providing other banking services as allowed by the State Bank of Vietnam.

Charter capital

The initial charter capital of the Bank was VND 3,000 million and has been subsequently supplemented from time to time. The charter capital as at 31 December 2011 was VND 3,000,000 million (31 December 2010: VND 2,000,000 million).

Since the establishment date, the charter capital of the Bank has increased as follows:

<i>Charter capital increased to (VND million)</i>	<i>Approval by the SBV or People's Committee of Ho Chi Minh City</i>	<i>Date issued</i>
3,000	Decision No. 47/QD-UBND	11 February 1989
5,000	Decision No. 102/QD-NH5	6 June 1992
10,008	Decision No. 199/QD-NH5	23 October 1993
21,616	Decision No. 71/QD-NH5	18 April 1994
42,074	Decision No. 50/1998/QD-NHNN5	22 January 1998
49,726	Decision No. 291/1998/QD-NHNN5	27 August 1998
59,726	Decision No. 61/1999/QD-NHNN5	20 February 1999
70,026	Letter No. 677/NHTP.2002	12 June 2002
150,023	Letter No. 2088/NHNN-HCM.02	10 December 2004
200,259	Letter No. 1748/NHNN-HCM.02	12 August 2005
300,000	Letter No. 2446/NHNN-HCM.02	27 December 2005
500,000	Letter No. 1779/NHNN-HCM.02	19 December 2006
1,000,000	Letter No. 931/NHNN-HCM.02	25 June 2007
1,550,000	Letter No. 1682/NHNN-HCM.02	25 September 2008
2,000,000	Letter No. 6554/NHNN-TTGSNH	27 August 2010
3,000,000	Letter No. 6554/NHNN-TTGSNH	27 August 2010

BOARD OF DIRECTORS

The members of the Board of Directors during the year ended 31 December 2011 and at the date of this report are as follows:

Name	Position	Date of Appointment
Ms. Le Thi Bang Tam	Chairwoman	12 June 2010
Ms. Nguyen Thi Phuong Thao	Vice Chairwoman	20 July 2010
Mr. Nguyen Huu Thanh	Vice Chairman	20 July 2010
Mr. Luu Duc Khanh	Vice Chairman	20 July 2010
69 Ms. Do Thi Hong Dung	Member	23 July 2008
Mr. Diep Dung	Member	15 March 2010
Mr. Nguyen Huu Dang	Member	31 December 2010
Mr. Luu Van Son	Member	31 December 2010

BOARD OF SUPERVISORS

The members of the Board of Supervisors during the year ended 31 December 2011 and at the date of this report are as follows:

Name	Position	Date of Appointment
Mr. Dao Duy Tuong	Chief Supervisor	31 December 2010
Ms. Nguyen Thi Phung	Member	23 July 2008
Mr. To Xuan Thanh	Member	23 July 2008

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

BOARD OF MANAGEMENT, CHIEF FINANCIAL OFFICIER AND CHIEF ACCOUNTANT

The members of the Board of Management, Chief Financial Officer and Chief Accountant during the year ended 31 December 2011 and at the date of this report are as follows:

Name	Position	Date of Appointment
Mr. Nguyen Huu Dang	General Director	Appointed on 22 October 2010
Ms. Nguyen Doan Duy Ai	Deputy General Director	Appointed on 15 August 2007
Mr. Le Hong Son	Deputy General Director	Appointed on 4 May 2009
Mr. Nguyen Minh Duc	Deputy General Director	Appointed on 31 July 2009
Mr. Le Thanh Tung	Deputy General Director	Appointed on 16 September 2009
Mr. Nguyen Manh Quan	Deputy General Director	Appointed on 11 November 2010
Mr. Pham Thien Long	Deputy General Director	Appointed on 5 April 2011
Mr. Dam The Thai	Deputy General Director	Resigned on 28 November 2011
Mr. Pham Van Dau	Chief Financial Officer	Appointed on 16 September 2009
Ms. Ho Dang Hoang Quyen	Chief Accountant	Appointed on 7 July 2011

Locations and branch networks

The Bank's Head Office is located at HD Tower, 25 bis Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City. As at 31 December 2011, the Bank had one (1) Head Office, twenty-four (24) branches, seventy-five (75) transaction offices and twenty (20) savings points located in cities and provinces throughout Vietnam.

Employees

Total number of employees of the Bank as at 31 December 2011 is 2,162 persons (31 December 2010: 1,752 persons).

2. FISCAL YEAR AND ACCOUNTING CURRENCY

2.1 Fiscal year

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

2.2 Accounting currency

The Bank maintains its accounting records in VND.

3. ACCOUNTING STANDARDS AND SYSTEM

3.1 Compliance with Vietnamese Accounting Standards and Accounting System for Credit Institutions

Management confirms that the accompanying financial statements are prepared in accordance with Vietnamese Accounting Standards and Accounting System for Credit Institutions.

3.2 Accounting standards and system

The financial statements of the Bank, which are expressed in Vietnam Dong ("VND"), are prepared in accordance with Decision No. 479/2004/QD-NHNN dated 29 April 2004 issued by the Governor of the State Bank of Vietnam with effect from 1 January 2005 and amendments of and additions to Decision No. 479/2004/QD-NHNN, Decision No. 16/2007/QD-NHNN dated 18 April 2007 by the Governor of the State Bank of Vietnam, and the Vietnamese Accounting Standards ("VAS") issued by the Ministry of Finance including:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards

on Accounting (Series 2);

- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

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

3.3 Use of estimates

The preparation of the financial statements requires the Bank's management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income and expenses and the resultant provisions. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty and actual results may differ resulting in future changes in such provision.

Going concern

Management of the Bank has assessed the Bank's ability to continue as a going concern and recognised that the Bank has sufficient resources to maintain its business operations in a definite future. In addition, management is not aware of any significant uncertainties that may affect the Bank's ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

3.4 Changes in accounting policies and disclosures

The accounting policies adopted by the Bank in preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2010 except for the change in the accounting policy in relation to Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments.

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") which is effective for financial years beginning on or after 01 January 2011.

The adoption of Circular 210 results in new disclosures being added to the financial statements as shown in notes to the financial statements. Because Circular 210 only provides guidance for the presentation and disclosures of financial instruments, the concepts of financial assets, financial liabilities and other related concepts presented in Note 46 are only applied for the disclosure of this note. The assets, liabilities and equity of the Bank have been recognised and accounted for in accordance with the Vietnamese Accounting Standards and Accounting System for Credit Institutions and comply with relevant regulations stipulated by the State Bank of Vietnam.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Loans and advances to customers

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

4.2 Provision for credit losses

Loans and advances to customers are classified and provided for in accordance with the Law on Credit Institutions effective from 1 January 2011; Decision No. 1627/2001/QD-NHNN dated 31 December 2001 by the Governor of the State Bank of Vietnam on lending statutory; Decision No. 127/2005/QD-NHNN dated 3 February 2005 amending and supplementing Decision No. 1627/2001/QD-NHNN; Decision No. 493/2005/QD-NHNN dated 22 April 2005 and Decision No. 18/2007/QD-NHNN dated 25

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

April 2007 by the State Bank of Vietnam on loan classification and provision. Accordingly, loans are classified as Current, Special Mention, Substandard, Doubtful and Loss on the basis of payment arrears status and other qualitative factors.

Net loans and advances exposure for each borrower is calculated by subtracting from the loan balance the discounted value of collateral. Decision No. 493/2005/QD-NHNN and Decision No. 18/2007/QD-NHNN stipulated specific discount rates for certain accepted collaterals.

Specific provision is created on the net loans and advances exposure of each borrower using a fixed provision rates as follows:

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

According to Decision No. 493/2005/QD-NHNN, loans are classified at the end of each quarter for first three quarters and on 30 November for the fourth quarter in the financial year.

In accordance with Decision No. 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 credit institutions' potential financial difficulties due to deterioration in loan quality. As such, the Bank is required to fully create and maintain a general provision at 0.75% of total loans and advances to customers, guarantees, payment acceptances and non-cancelable loan commitments with specific effective date which are classified in groups 1 to 4.

The provisions are recorded in the income statement as an expense and will be used to write off any credit losses incurred. According to Decision No. 493/2005/QD-NHNN, the Bank should establish the Bad Debt Resolution Committee which approves the writing-off of loans classified in Group 5, or which corporate borrowers are bankrupted or liquidated, or which individual borrowers are deceased or missing.

4.3 Investment securities

4.3.1 Held-to-maturity securities

Held-to-maturity investments are debt securities which are bought by the Bank with the purpose of earning interest and which the Bank has the intention and ability to hold to maturity. Held-to-maturity investments have fixed or determinable payments and maturity date. In case these securities are sold before maturity, they will be transferred to trading securities or available-for-sale securities.

They are initially recognised at par value at the purchase date. The accrued interest income (for debt securities with interest payment in arrears) and deferred interest income (for debt securities with interest payment in advance) are accounted for in a separate account. Discount/premium which is the difference between the cost and the amount being the par value plus (+) accrued interest income (for debt securities with interest payment in arrears) or minus (-) deferred interest income (for debt securities with interest payment in advance) is also accounted for in a separate account.

In subsequent periods, these securities are continuously recorded at par value, and the discount/premium is amortised to the income statement on a straight-line basis over the remaining term of securities. The interest received in arrears is recorded on the following principle: the accrued interest amount incurred prior to the purchase is credited to the value of such securities and the accrued interest amount after the purchase is recognised into the income statement under the cumulative method. The amount of interest received in advance is amortised to the income statement on a straight-line basis over the remaining term of securities.

Held-to-maturity investments are subject to review for the possible of decline in their value. Provision for a decline in value of securities is made when carrying value is higher than market value according to Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. In case that fair value or market prices of securities are not available or cannot be determined reliably, there is no provision. Provision for a decline in value is recognised in "Net gain/ (loss) from dealing of investment securities" of the income statement.

4.3.2 Available-for-sale securities

Available-for-sale securities include debt and equity securities acquired by the Bank for the purpose of investment and available-for-sale, not regularly traded but can be sold when there is a benefit. The Bank is neither the founder shareholder and strategic partner nor has the ability to place certain influence in establishing and making the financial and operating policies of the investees through a written agreement on assignment of officers to the Board of Directors/Management.

Available-for-sale equity securities are initially recognised at cost at the purchase date and continuously presented at cost in subsequent periods.

Available-for-sale debt securities are recognised at par value at the purchase date. The accrued interest income (for debt securities with interest payment in arrears) and deferred interest income (for debt securities with interest payment in advance) are accounted for in a separate account. Discount/premium which is the difference between the cost and the amount being the par value plus (+) accrued interest income (for debt securities with interest payment in arrears) or minus (-) deferred interest income (for debt securities with interest payment in advance) is also accounted for in a separate account.

In subsequent periods, these securities are continuously recorded at par value, and the discount/premium is amortised to the income statement on a straight-line basis over the remaining term of securities. The interest received in arrears is recorded on the following principle: the accrued interest amount incurred prior to the purchase is credited to the value of such securities and the accrued interest amount after the purchase is recognised into the income statement under the cumulative method. The amount of interest received in advance is amortised to the income statement on a straight-line basis over the remaining term of securities.

Periodically, available-for-sale investments are subject to review for the possible decline in their value. Provision for a decline in value of securities is made when carrying value is higher than market value according to Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on December 2009. In case that fair value or market prices of securities are not available or cannot be determined reliably, there is no provision. Provision for a decline in value is recognised in "Net gain/ (loss) from dealing of investment securities" of the income statement.

4.4 Other long-term investments

Other long term investments represent capital contributions and investments in other entities which the Bank holds less than 20% voting rights and is the founder shareholder, the strategic partner, or has ability to make certain influence on preparing and making the financial and operating policies of the investees through a written agreement to assign of its representatives in the Board of Management/Board of Directors.

Other long-term investments are initially recognised at cost at the purchase date and continuously presented at cost minus the provision, if any.

Periodically, other long term investments are subject to review for impairment. Provision for impairment is presented in "Other operating expense" of the income statement.

4.5 Provision for decline in value of securities and long-term investments

Provision for decline in value of securities and long-term investments is determined and made in accordance with provisions of Guidance Letter No. 2601/NHNN-TCKT dated 14 April 2009 issued by the State Bank of Vietnam and Circular No. 228/2009/TT-BTC issued by the Ministry of Finance dated 7 December 2009.

4.5.1 Provision for decline in value of securities

- ▶ Listed securities: The Bank obtains the closing prices at the balance sheet date or at the latest round if there is no trading at the balance sheet date.
- ▶ Unlisted securities (trading on the over-the-counter market - OTC):

(If the Bank uses the average market price of securities based on three (3) quoted prices from the large brokers whose charter capital is above VND 300 billion.

(ii) In case that fair value or market prices of securities are not available or cannot be determined reliably, the Bank uses its valuation methods to determine the fair value of securities and calculates provision for decline in value of investments. If the fair value of securities cannot be determined reliably using this approach, investments in unlisted shares are carried at cost.

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

4.5.2 Provision for decline in value of long-term investments

Provision for decline in value of long-term investments is made if the investees incur net loss (except for the loss is incurred in line with the business plan before the investment is made) in accordance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance. Provision is made if total actual capital contributions of all parties in the investee is higher than the owners' equity of the investee at its balance sheet date (using the financial information of the latest prior year).

$$\text{Level of provision for loss of financial investments} = \left(\begin{array}{l} \text{Total actual capital contributions of all parties in the investee} \\ - \\ \text{Owners' equity of the investee} \end{array} \right) \times \frac{\text{Investment capital of the Bank}}{\text{Total actual capital contributions of all parties in the investee}}$$

4.6 Fixed assets

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.

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

When fixed assets are sold or liquidated, their cost and accumulated depreciation are deducted from the balance sheet item and any gains or losses resulting from their disposal are included in to the income statement.

4.7 Depreciation and amortisation

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

Buildings and structures 5 - 25 years

Machinery and equipment	7 - 10 years
Means of transportation	6 - 10 years
Office equipment	3 - 10 years
Other fixed assets	3 - 10 years
Definite-term land use rights (*)	lease term
Accounting software	3 - 8 years

(*): The land use rights of the Bank with indefinite term are not amortised, the land use rights with definite term are amortised over the term of use.

4.8 Recognition of income and expense

Interest income and interest expense are recognised in the income statement on an accrual basis. The recognition of accrued interest income is suspended when a loan is classified in Group 2 to 5 in accordance with Decision No. 493/2005/QD-NHNN and Decision No. 18/2007/QD-NHNN. Suspended interest income is reversed and monitored in the off-balance sheet and recognised in income statement upon actual receipt.

Fees and commissions are recognised when incurred.

Dividend income on equity investment is recognised in the income statement when the Bank's right to receive the payment is established. For stock dividends and bonus shares, the Bank only updates the number of share without recognising dividend income in the income statement at nominal value.

4.9 Foreign currency transactions

The Bank maintains its accounting system and records all transactions in original currencies. Monetary assets and liabilities denominated in foreign currencies at year-end are translated into VND using exchange rates ruling at the balance sheet date (see list of exchange rates of applicable foreign currencies against VND as at 31 December in Note 48). Income and expenses arising in foreign currencies during the year are converted into VND at rates ruling at the transaction dates. Unrealised foreign exchange differences arising from the translation of monetary assets and liabilities at the balance sheet date are recognised in the income statement.

4.10 Corporate income taxes

Current tax

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

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

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

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

Deferred tax

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

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

- ▶ Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, 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.

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

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

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

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

4.11 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprise cash, gold, jewellery, gemstones, current accounts with the SBV, treasury notes and other short-term valuable papers which are qualified for discount with the SBV, and balances and loans due from banks with an original maturity of less than three months from transaction dates and securities investments with maturity of less than three months from purchase date.

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

4.12 Provision for off-balance-sheet commitments

According to Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN issued by the SBV, credit institutions should make the loan classification and provision for guarantees, payment acceptances and non-cancelable loan commitments with specific effective date in accordance with Article 6 of Decision No. 493/2005/QĐ-NHNN (generally called “off-balance-sheet commitments”). Off-balance sheet commitments are classified into groups such as Current, Special Mention, Substandard, Doubtful and Loss based on the overdue status and other qualitative factors.

Specific provision for off-balance-sheet commitments is calculated similarly to the provision for loans and advances to customers as described in Note 9. Provision expense is recorded as “Credit loss expense” in the income statement and provision balance is recorded as “Other liabilities” in the balance sheet.

4.13 Other receivables

Receivables other than receivables from credit activities of the Bank are initially recorded at cost and continuously presented at cost in subsequent periods.

Provision for doubtful debts is set up based on the aging schedule of overdue debts or expected losses which may occur in case where a debt has not been due for payment but an economic organisation is bankrupted or liquidated; or individual debtor is missing, run away, being prosecuted, under a trial or a serving sentence or dead. Provision expense is recognised in “Operating expenses” of the income statement.

The Bank makes provision for doubtful debts under the guidance of Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009 as follows:

<i>Overdue period</i>	<i>Provision rate</i>
From over six (06) months up to one (01) year	30%
From one (01) year up to under two (02) years	50%
From two (02) years up to under three (03) years	70%
From three (03) years and above	100%

4.14 Derivative contracts

Forward currency contracts

With respect to foreign currency forward contracts, difference between VND value of sale or purchase of foreign currency under forward rate and spot rate at the effective date of contract is recognised as asset item - “Interest receivables from forward transactions” if it is positive or liability item - “Interest payables from forward transactions” if it is negative. This difference will be amortised on straight-line basis during the contract term. At the balance sheet date, foreign currency forward commitments are revalued using the official exchange rate ruling by the SBV. Gain or loss from revaluation is recognised into “Net gain/loss from foreign currencies and gold trading” of the income statements.

4.15 Offsetting

Financial assets and financial liabilities are offset and reported at the net amount in the balance sheet if, and only if, the Bank has an enforceable legal right to offset financial assets against financial liabilities and the Bank has intention to settle on a net basis, or the realisation of the assets and settlement of liabilities is made simultaneously.

4.16 Employee benefits

4.16.1 Post employment benefits

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

4.16.2 Voluntary resignation and retrenchment benefits

Voluntary resignation benefits: The Bank has the obligation, under Section 42 of the Vietnam Labor Code amended on 2 April 2002, to pay allowance arising from voluntarily resignation of employees, equal to one-half month’s salary for each year of employment plus salary allowances (if any). The average monthly salary used in this calculation will be the average monthly salary of the six-month period up to the resignation date. The total number of employment years used in this allowance calculation is the actual years of employment at the Bank less the years of contribution to unemployment insurance (from 1 January 2009).

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

While the obligations under Sections 17 and 42 are compulsory, the implementation of these Sections is subject to detailed guidance issued by the Ministry of Finance in implementing circulars. In accordance with Circular No. 64/1999/TT-BTC dated 7 June 1999 and Circular No. 82/2003/TT-BTC dated 14 August 2003 by the Ministry of Finance which superseded Circular No. 64/1999/TT-BTC, entities are required to calculate retrenchment allowance from 1% to 3% per annum on the calculation of social insurance payment salary of the employees which is used for. In addition, the outstanding balance of employee termination reserve which was previously created at 5% from the profit after tax and after appropriation of supplementary capital reserve in accordance with the guidance of Circular No. 64/1999/TT-BTC should be transferred to retrenchment allowance as stipulated by Circular 82/2003/TT-BTC.

During the year, the Bank has recorded a provision for voluntary resignation and retrenchment benefits equal to 3% per annum on the basic salary of the employees in compliance with Circular No. 82/2003/TT-BTC.

4.16.3 Unemployment benefits

According to Circular No. 04/2009/TT-BLDTBXH guiding Decree No. 127/2008/ND-CP on unemployment insurance, from 1 January 2009, the Bank is obliged to pay unemployment insurance at 1.00% of its salary fund used for payment of unemployment insurance for insurance participants and deduct 1.00% of salary of each employee to simultaneously pay to the Unemployment Insurance Fund.

5. CASH, GOLD, AND PRECIOUS STONES

	<i>31 December 2011</i> VND	<i>31 December 2010</i> VND
Cash on hand in VND	382,612,756,500	154,361,471,055
Cash on hand in foreign currencies	139,939,068,108	78,020,887,458
Monetary gold	754,166,770,000	566,723,733,000
	<u>1,276,718,594,608</u>	<u>799,106,091,513</u>

6. BALANCES WITH THE STATE BANK OF VIETNAM

	<i>31 December 2011</i> VND	<i>31 December 2010</i> VND
Current account at the SBV	<u>1,410,215,684,528</u>	<u>736,099,414,685</u>

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

Balances with the State Bank of Vietnam ("SBV") include settlement and compulsory deposits. At 31 December 2011, compulsory deposits in VND and settlement deposits in foreign currencies earn annual interest at rates of 1.20% p.a. and 0.05% p.a, respectively.

In accordance with the regulations of the SBV as at 31 December 2011, the Bank is required to maintain certain cash reserves with the SBV in the form of compulsory deposits as follows:

- Reserves are computed at 3% and 1% of customer deposits in VND with original maturities of less than 12 months and over 12 months, respectively.
- Reserves are computed at 8.00% and 6.00% of customer deposits in foreign currencies with original maturities of less than 12 months and over 12 months, respectively.

Accordingly, total required average compulsory deposits (in both VND and foreign currencies) in December 2011 were VND 461,357 million and USD 6,819,030 respectively.

7. DUE FROM BANKS

	31 December 2011 VND	31 December 2010 VND
Demand deposits in other banks (Note 7.1)	39,114,002,470	1,291,840,229,979
Term deposits in other banks (Note 7.2)	9,090,336,111,111	7,258,395,600,000
	<u>9,129,450,113,581</u>	<u>8,550,235,829,979</u>

7.1 Demand deposits in other banks

	31 December 2011 VND	31 December 2010 VND
Demand deposits in local Banks	14,125,718,135	5,121,067,039
In VND	7,477,315,935	630,920,608,423
In foreign currency ("FC")	17,510,968,400	655,798,554,517
Demand deposits in FC in foreign banks	<u>39,114,002,470</u>	<u>1,291,840,229,979</u>

7.2 Term deposits in other banks

	31 December 2011 VND	31 December 2010 VND
<i>Deposits in other banks with term of less than or equal to 3 months</i>		
Term deposits in local banks		
In VND	2,964,111,111,111	5,026,350,000,000
In FC	-	709,950,000,000
Term deposits in gold in local banks	-	107,970,000,000
Included in cash and cash equivalents (Note 37)	<u>2,964,111,111,111</u>	<u>5,844,270,000,000</u>
<i>Deposits in other banks with term of more than 3 months</i>		
Term deposits in local banks		
In VND	6,126,225,000,000	804,400,000,000
In FC	-	393,785,600,000
In gold	-	215,940,000,000
	<u>6,126,225,000,000</u>	<u>1,414,125,600,000</u>
	<u>9,090,336,111,111</u>	<u>7,258,395,600,000</u>

Interest rates of term deposits in other banks at the year-end are as follows:

	31 December 2011 (%p.a)	31 December 2010 (%p.a)
Term deposits in local banks		
In VND	10.40 - 23.00	10.50 - 13.50
In FC	-	0.10 - 1.80
In gold	-	3.40 - 3.70

8. LOANS AND ADVANCES TO CUSTOMERS

	31 December 2011 VND	31 December 2010 VND
Loans to local economic entities and individuals	13,802,744,924,019	9,816,349,999,311
Discounted commercial notes and valuable papers	45,041,166,608	1,911,842,948,711
	<u>13,847,786,090,627</u>	<u>11,728,192,948,022</u>

Interest rates of loans and advances to customers at the year-end are as follows:

	31 December 2011 (%p.a)	31 December 2010 (%p.a)
Commercial loans		
In VND	6.00 - 28.30	6.00 - 25.00
In FC	3.20 - 10.50	2.29 - 10.00
In gold	2.50 - 8.50	3.00 - 8.50

Commercial loans include short-term, medium and long-term loans, and syndicated loans that the Bank is the lead manager, in VND and USD.

8.1 Analysis of loans by quality

	31 December 2011 VND	31 December 2010 VND
Current	12,726,452,310,175	11,397,929,035,604
Special mention	829,437,805,927	232,698,536,427
Substandard	154,444,963,856	31,754,988,844
Doubtful	95,845,436,669	18,716,976,226
Loss	41,605,574,000	47,093,410,921
	<u>13,847,786,090,627</u>	<u>11,728,192,948,022</u>

8.2 Analysis of loans by original terms

	31 December 2011 VND	31 December 2010 VND
Short-term loans	10,069,423,266,989	8,226,724,669,806
Medium-term loans	1,862,607,554,163	1,644,497,350,751
Long-term loans	1,915,755,269,475	1,856,970,927,465
	<u>13,847,786,090,627</u>	<u>11,728,192,948,022</u>

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

8.3 Analysis of loans by type of customers and ownership

	31 December 2011		31 December 2010	
	VND	%	VND	%
Corporate loans	8,689,727,733,307	62.752	6,157,080,618,781	52.498
Other limited liability companies	3,592,189,750,783	25.941	2,352,944,550,817	20.062
Other joint stock companies	3,445,415,601,031	24.881	2,281,389,108,085	19.452
Family household business	796,821,173,140	5.754	875,159,173,714	7.462
100% State limited liability companies	287,320,816,000	2.075	244,975,585,945	2.089
Private companies	253,028,145,968	1.827	131,849,421,807	1.124
Foreign invested enterprises	124,365,103,854	0.898	157,028,640,012	1.339
Other State-owned enterprises	134,052,394,600	0.968	42,817,075,483	0.365
State joint stock companies	31,517,555,807	0.228	29,867,465,025	0.255
Co-operatives	11,900,900,000	0.086	29,514,400,000	0.252
Foreign joint businesses	7,184,542,124	0.052	9,045,613,324	0.077
Others	4,519,250,000	0.033	-	-
State and administrative unit of government	1,000,000,000	0.007	-	-
Joint businesses	412,500,000	0.003	2,382,947,852	0.020
State Limited liability companies with more than 50% State-ownership	-	-	106,636,717	0.001
Individual loans	5,158,058,357,320	37.248	5,571,112,329,241	47.502
	13,847,786,090,627	100.00	11,728,192,948,022	100.00

8.4 Analysis of loan portfolio by industry

	31 December 2011		31 December 2010	
	VND	%	VND	%
Other services	6,152,942,255,082	44.43	6,168,087,366,531	52.59
Constructions	1,914,768,418,913	13.83	1,504,593,050,231	12.83
Processing industry	1,132,271,983,696	8.18	940,577,448,061	8.02
Agricultural, forestry and aquaculture	1,127,761,255,076	8.14	226,814,062,271	1.93
Trading, repair of motor vehicles, motorcycles, personal appliances and household appliances	765,445,387,284	5.53	810,556,548,311	6.91
Households services	603,372,855,051	4.36	768,930,826,491	6.56
Electricity, gas and water supply/distribution	572,776,921,841	4.14	233,119,858,421	1.99
Media and communications	534,354,890,757	3.86	460,912,022,121	3.93
Science and technology activities	312,121,685,077	2.25	205,395,880,661	1.75
Financial, banking and insurance services	251,735,601,160	1.82	97,001,301,651	0.83
Transportation and warehousing	156,363,228,000	1.13	134,872,334,561	1.15
Hotel and restaurant	104,804,155,819	0.76	87,192,617,321	0.74
Administrations and supporting services	68,786,264,391	0.50	650,000,001	0.01
Art and entertainment services	44,817,892,712	0.32	26,054,600,001	0.22
Water supplies and waste treatment	42,714,141,666	0.31	-	0.00
Health care and social relief activities	24,217,891,448	0.17	13,308,137,791	0.11
Mining industry	18,414,411,007	0.13	404,200,001	0.01
Real Estate business	9,796,681,143	0.07	27,381,243,561	0.23
Education and training	6,787,314,938	0.05	18,007,450,001	0.15
State governance and national defense, Communist Party, unions, social obligations	3,532,855,566	0.02	4,334,000,001	0.04
	13,847,786,090,627	100.00	11,728,192,948,022	100.00

9. PROVISION FOR CREDIT LOSSES

Details of provision for credit losses on the balance sheet as at 31 December are summarised as follows:

	31 December 2011 VND	31 December 2010 VND
Provision for loans and advances to customers	140,684,733,157	84,836,827,140
Provision for contingent liabilities and off- balance sheet commitments	6,185,743,815	8,619,400,000
	<u>146,870,476,972</u>	<u>93,456,227,140</u>

Changes in provision for credit losses during the current year are as follows:

	Specific provision VND	General provision VND	Total VND
Beginning balance	22,565,300,000	70,890,927,140	93,456,227,140
Provisions charged for the year	53,684,375,337	50,995,652,731	104,680,028,068
Reversal of provision during the year	-	(18,573,237,086)	(18,573,237,086)
Provision used to write off bad loans from January to November 2011	(32,692,541,150)	-	(32,692,541,150)
Balance at 30 November and 31 December 2011	<u>43,557,134,187</u>	<u>103,313,342,785</u>	<u>146,870,476,972</u>

Changes in provision for credit losses during the prior year are as follows:

	Specific provision VND	General provision VND	Total VND
Beginning balance	22,771,450,000	49,618,927,140	72,390,377,140
Provisions charged for the year	4,228,000,000	31,912,000,000	36,140,000,000
Reversal of provision during the year	(3,540,150,000)	(10,640,000,000)	(14,180,150,000)
Provision used to write off bad loans from January to November 2010	(894,000,000)	-	(894,000,000)
Balance at 30 November and 31 December 2010	<u>22,565,300,000</u>	<u>70,890,927,140</u>	<u>93,456,227,140</u>

The Bank adopts Article 7 of Decision No. 493/2005/QĐ-NHNN, Decision No. 18/2007/QĐ-NHNN of the SBV and its own policy to make the loan classification and provision. Accordingly, provision for credit losses at 31 December 2011 has been made based on the classification of outstanding loan balances and off-balance sheet exposures as at 30 November 2011.

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

Details of loan classification and provision as required by Decision No. 493/2005/QĐ-NHNN, Decision No. 18/2007/QĐ-NHNN and the Bank's own policy as at 30 November 2011 are as follows:

Classification	Loan balance (*) VND	Specific provision VND	General provision VND	Total provision VND
<i>Loans to customers</i>				
Current	11,847,696,996,123	-	88,857,727,476	88,857,727,476
Special mention	846,595,218,402	13,138,154,565	6,349,464,138	19,487,618,703
Substandard	156,865,977,953	5,338,674,666	1,176,494,835	6,515,169,501
Doubtful	99,188,336,167	14,934,094,656	743,912,521	15,678,007,177
Loss	51,397,974,000	10,146,210,300	-	10,146,210,300
	<u>13,001,744,502,645</u>	<u>43,557,134,187</u>	<u>97,127,598,970</u>	<u>140,684,733,157</u>
<i>Contingent liabilities and commitments</i>				
Current	824,765,841,712	-	6,185,743,815	6,185,743,815
		<u>43,557,134,187</u>	<u>103,313,342,785</u>	<u>146,870,476,972</u>

(*): Balance as at 30 November 2011

10. INVESTMENT SECURITIES

	31 December 2011 VND	31 December 2010 VND
Available-for-sale securities	8,955,690,040,031	5,804,615,176,035
<i>Debt securities</i>	<i>8,595,664,054,505</i>	<i>5,485,459,641,758</i>
Issued by the Government	2,348,532,563,354	2,202,459,641,758
Issued by other local banks	3,609,131,491,151	2,100,000,000,000
Issued by local economic entities	2,638,000,000,000	1,183,000,000,000
<i>Equity securities</i>	<i>360,025,985,526</i>	<i>319,155,534,277</i>
Issued by other local banks	150,273,751,249	142,132,800,000
Issued by local economic entities	209,752,234,277	177,022,734,277
<i>Provision for decline in value of available-for-sale securities</i>	<i>(174,894,725,220)</i>	<i>(90,862,664,375)</i>
Held-to-maturity securities	1,890,768,349,806	1,738,095,229,258
Issued by the Government	41,040,728,834	44,220,708,078
Issued by other local banks	300,000,000,000	950,000,000,000
Issued by local economic entities	1,549,727,620,972	743,874,521,180
<i>Provision for decline in value of held-to-maturity securities</i>	<i>-</i>	<i>-</i>
	<u>10,671,563,664,617</u>	<u>7,451,847,740,918</u>

10.1 Equity securities

Movement in provision for decline in value of available-for-sale equity securities was as follows:

	31 December 2011 VND	31 December 2010 VND
Beginning balance	90,862,664,375	72,693,788,000
Provision charged for the year	84,032,060,845	18,168,876,375
Ending balance	<u>174,894,725,220</u>	<u>90,862,664,375</u>

10.2 Held-to-maturity securities

	31 December 2011		31 December 2010	
	Face value VND	Carrying value VND	Face value VND	Carrying value VND
Bonds issued by local economic entities	1,541,000,000,000	1,549,727,620,972	745,000,000,000	743,874,521,180
Bonds and bills issued by other local banks	300,000,000,000	300,000,000,000	950,000,000,000	950,000,000,000
Government bills and bonds	41,287,800,000	41,040,728,834	44,733,800,000	44,220,708,078
	<u>1,882,287,800,000</u>	<u>1,890,768,349,806</u>	<u>1,739,733,800,000</u>	<u>1,738,095,229,258</u>

11. OTHER LONG-TERM INVESTMENTS

	31 December 2011 VND	31 December 2010 VND
Beginning balance	169,862,189,881	70,271,310,665
Increase during the year	55,265,760,000	117,640,879,216
Decrease during the year	(25,950,000,000)	(18,050,000,000)
<i>Withdrawal of capital contribution</i>	<i>-</i>	<i>(1,000,000,000)</i>
<i>Disposal</i>	<i>-</i>	<i>(17,050,000,000)</i>
<i>Transfer to available-for-sale securities</i>	<i>(21,000,000,000)</i>	<i>-</i>
<i>Reclassify to other receivables due to incomplete procedures for receipt of ownership certificate of shares</i>	<i>(4,950,000,000)</i>	<i>-</i>
Ending balance	<u>199,177,949,881</u>	<u>169,862,189,881</u>

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

Details of the Bank's other long-term investments as at 31 December are as follows:

	31 December 2011		31 December 2010			
	Par value VND	Carrying value VND	% owned by the Bank	Par value VND	Carrying value VND	% owned by the Bank
Investments in business entities						
City Housing Development Real Estate Business JSC	33,000,000,000	66,000,000,000	11.00	33,000,000,000	66,000,000,000	11.00
BacHa Hydraulic JSC	46,500,000,000	47,820,000,000	7.75	-	-	-
Vinh Tuong Industrial Corporation	13,425,760,000	13,425,760,000	5.84	7,000,000,000	7,000,000,000	5.19
VietJet Aviation JSC	30,000,000,000	30,000,000,000	5.00	30,000,000,000	30,000,000,000	5.00
Duc Khai 25 Corporation	6,820,000,000	10,287,479,216	11.00	6,820,000,000	10,287,479,216	11.00
Phu Gia Securities JSC	4,730,000,000	7,473,400,000	11.00	4,730,000,000	7,473,400,000	11.00
Bac Trung Nam Housing Development JSC	4,400,000,000	4,400,000,000	8.80	4,400,000,000	4,400,000,000	8.80
Hoa Binh University	3,960,000,000	11,880,000,000	11.00	3,960,000,000	11,880,000,000	11.00
Cadif Investment JSC	2,800,000,000	2,800,000,000	2.80	2,500,000,000	2,500,000,000	2.50
Banking Card and Credit JSC	2,000,000,000	2,000,000,000	4.00	2,000,000,000	2,000,000,000	4.00
Vietnam Investment and Gold Trading JSC	2,000,000,000	2,000,000,000	2.53	1,500,000,000	1,500,000,000	1.50
HCMC Credit Guarantee Fund for Small & Medium Enterprise	500,000,000	500,000,000	0.25	500,000,000	500,000,000	0.26
Banking Training Corporation	371,310,000	371,310,665	5.15	371,310,000	371,310,665	5.15
Bank Securities Services	220,000,000	220,000,000	11.00	-	-	-
Son Ha International Corporation	-	-	-	15,000,000,000	21,000,000,000	7.50
Viet Nam Alliance Fund Management JSC	-	-	-	4,950,000,000	4,950,000,000	9.90
	<u>150,727,070,000</u>	<u>199,177,949,881</u>		<u>116,731,310,000</u>	<u>169,862,189,881</u>	

12. FIXED ASSETS

12.1 Tangible fixed assets

Movements of tangible fixed assets during the financial year ended 31 December 2011 were as follows:

	Buildings and structures VND	Machinery and equipment VND	Means of transportation VND	Office equipment VND	Other fixed assets VND	Total VND
Cost						
Beginning balance	118,724,525,049	14,205,255,525	41,095,663,283	65,613,776,687	2,968,553,885	242,607,774,429
Newly purchased	2,240,822,002	16,533,095,991	26,545,327,843	51,974,603,976	1,360,548,767	98,654,398,579
Other increase	-	-	-	52,852,914	-	52,852,914
Transferred from constructions in progress	1,690,300,795	547,440,401	244,364,469	336,678,633	3,428,253,240	6,247,037,538
Sold, disposed	(4,063,808,152)	(204,532,286)	(1,202,921,791)	(1,715,158,278)	(850,518,748)	(8,036,939,255)
Other decrease	-	(47,137,594)	(87,989,000)	-	(83,680,000)	(218,806,594)
Ending balance	<u>118,591,839,694</u>	<u>31,034,122,037</u>	<u>66,594,444,804</u>	<u>116,262,753,932</u>	<u>6,823,157,144</u>	<u>339,306,317,611</u>
Accumulated depreciation						
Beginning balance	14,039,762,442	3,515,996,064	10,537,704,814	19,935,937,198	724,848,519	48,754,249,037
Charged for the year	5,088,168,930	3,136,918,525	6,046,589,358	13,829,908,797	641,992,130	28,743,577,740
Other increase	-	-	-	11,118,518	-	11,118,518
Sold, disposed	(1,482,255,062)	(136,991,549)	(419,859,431)	(1,122,656,457)	(292,611,022)	(3,454,373,521)
Other decrease	-	(6,694,898)	(3,688,827)	-	(12,879,060)	(23,262,785)
Ending balance	<u>17,645,676,310</u>	<u>6,509,228,142</u>	<u>16,160,745,914</u>	<u>32,654,308,056</u>	<u>1,061,350,567</u>	<u>74,031,308,989</u>
Net carrying amount						
Beginning balance	<u>104,684,762,607</u>	<u>10,689,259,461</u>	<u>30,557,958,469</u>	<u>45,677,839,489</u>	<u>2,243,705,366</u>	<u>193,853,525,392</u>
Ending balance	<u>100,946,163,384</u>	<u>24,524,893,895</u>	<u>50,433,698,890</u>	<u>83,608,445,876</u>	<u>5,761,806,577</u>	<u>265,275,008,622</u>

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

Other information about tangible fixed assets

	31 December 2011 VND	31 December 2010 VND
Cost of tangible fixed assets fully depreciated but still in use	<u>8,552,583,223</u>	<u>5,237,864,835</u>

12.2 Intangible fixed assets

Movements of intangible fixed assets during the financial year ended 31 December 2011 are as follows:

	Land use rights VND	Accounting software VND	Total VND
Cost			
Beginning balance	22,548,083,700	48,629,258,545	71,177,342,245
Newly purchased	-	7,520,458,232	7,520,458,232
Other decrease	-	(7,590,149)	(7,590,149)
Ending balance	<u>22,548,083,700</u>	<u>56,142,126,628</u>	<u>78,690,210,328</u>
Accumulated amortisation			
Beginning balance	14,234,868	8,973,264,898	8,987,499,766
Charged for the year	85,409,208	7,393,939,996	7,479,349,204
Other decrease	-	(7,590,149)	(7,590,149)
Ending balance	<u>99,644,076</u>	<u>16,359,614,745</u>	<u>16,459,258,821</u>
Net carrying amount			
Beginning balance	<u>22,533,848,832</u>	<u>39,655,993,647</u>	<u>62,189,842,479</u>
Ending balance	<u>22,448,439,624</u>	<u>39,782,511,883</u>	<u>62,230,951,507</u>

Other information about intangible fixed assets

	31 December 2011 VND	31 December 2010 VND
Cost of intangible fixed assets fully amortised but still in use	<u>725,019,114</u>	<u>168,543,548</u>

13 OTHER RECEIVABLES

	31 December 2011 VND	31 December 2010 VND
Deposits for purchasing bonds (Note 13.1)	3,536,301,998,000	3,234,550,000,000
Gold deposit as collateral assets for term deposit of other credit institutions at the Bank	1,882,291,000,000	-
Advances for acquisitions of fixed assets (Note 13.2)	693,054,627,776	338,944,766,100
Deposits for purchasing offices (i)	260,372,222,222	-
Receivables from purchasing securities (ii)	165,017,500,000	-
Interim dividend	150,000,000,000	155,000,000,000
Constructions in progress (Note 13.3)	106,481,722,242	32,581,503,807
Advances for operation activities	36,395,285,766	24,350,932,647
Advances for purchasing securities (iii)	20,869,300,000	13,172,107,000
Prepayment of bond interest (iv)	18,300,000,000	269,546,944,555
Receivables from Agribank Leasing Company II (v)	14,120,000,000	-
Deposits, mortgage and pledge	15,017,339,889	11,128,707,892
Interest receivable from term deposit (vi)	8,583,888,888	5,666,666,667
Deposits for VISA services and connect M-Link services	7,207,000,000	-
VAT receivables	5,889,589,849	73,277,932
Amounts awaiting payments from the State budget	5,209,337,646	5,220,929,515
Expenses incurred in resolving collaterals	5,066,926,687	1,789,666,889
Dividend receivables	2,182,375,000	9,742,219,705
Interest receivable from entrusted investment contract	-	7,847,040,000
Other receivables	5,237,209,814	2,924,410,551
	<u>6,937,597,323,779</u>	<u>4,112,539,173,260</u>

13.1 Advances for acquisition of fixed assets

	31 December 2011 VND	31 December 2010 VND
Purchase of houses and offices (*)	667,240,439,228	316,771,297,889
Fixed assets acquired for implementation of the core banking system in progress	10,579,417,857	11,877,139,784
Purchase of other assets	15,234,770,691	10,296,328,427
	<u>693,054,627,776</u>	<u>338,944,766,100</u>

(*) In 2011, the Bank acquired the Abacus tower and the land plot No. 1 in Phan Ke Binh Street HCMC, and paid 75% of the contract value amounting to VND 449,404 million. The remaining amount mainly includes the deposits to purchase houses of Incomex project (amounting to VND 78,580 million) and fixed assets in Ho Chi Minh City and Tien Giang Province amounting to VND 139,257 million.

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

13.2 Constructions in progress

	31 December 2011 VND	31 December 2010 VND
Head Office	28,110,718,474	11,157,821,610
Ha Noi branch and affiliated transaction offices, saving funds	9,601,933,963	2,097,950,731
Thang Long branch and affiliated transaction offices, saving funds	8,295,907,642	286,642,726
Hoan Kiem branch and affiliated transaction offices, saving funds	7,787,535,848	191,143,541
Nghe An branch and affiliated transaction offices	5,189,806,632	357,464,272
Da Nang branch and affiliated transaction offices	4,951,773,983	1,638,520,397
Cong Hoa branch and affiliated transaction offices	4,804,522,883	1,170,567,604
Hiep Phu branch and affiliated transaction offices	4,540,177,242	993,642,989
Sai Gon branch and affiliated transaction offices	4,291,096,945	2,043,140,910
Binh Duong branch and affiliated transaction offices, saving funds	4,019,252,139	882,818,763
Phu Nhuan branch and affiliated transaction offices	3,868,913,796	1,040,184,960
Van Hanh branch and affiliated transaction offices, saving funds	3,051,721,328	1,295,220,296
Dong Nai branch and affiliated transaction offices	2,937,052,837	883,958,917
Lanh Binh Thang and affiliated transaction offices	2,600,585,959	1,290,912,512
Tan Binh branch and affiliated transaction offices, saving funds	2,506,203,845	1,829,396,106
Can Tho branch and affiliated transaction offices, saving funds	2,175,633,433	1,046,094,960
Vung Tau branch and affiliated transaction offices	1,986,635,419	898,352,677
An Giang branch	1,335,550,228	1,377,572,358
Nguyen Trai branch and affiliated transaction offices	1,190,611,231	1,100,490,389
Hai Duong branch	991,559,609	-
Nha Trang branch and affiliated transaction offices, saving funds	952,872,341	406,423,632
Bac Ninh branch	863,216,238	-
Nguyen Dinh Chieu branch and affiliated transaction offices	320,000,000	-
Hai Phong branch	79,167,500	593,183,457
Vinh Long branch	20,000,000	-
Dac Lac branch	9,272,727	-
	<u>106,481,722,242</u>	<u>32,581,503,807</u>

14. ACCRUED INTEREST AND FEES RECEIVABLE

	31 December 2011 VND	31 December 2010 VND
Accrued interest on deposits with other banks in VND	280,987,725,565	91,957,017,332
Accrued interest on deposits with other banks in FC, gold	-	2,415,220,064
Accrued interest on loans in VND	108,187,130,250	58,574,211,106
Accrued interest on loans in FC, gold	8,083,571,794	8,426,695,505
Accrued interest on available-for-sale securities	480,068,017,726	187,929,972,223
Accrued interest on held-to-maturity securities	108,833,388,855	63,313,838,883
Currency forward contracts	965,706,219	140,424,096
Fees receivable	65,224,318	8,243,662,845
	<u>987,190,764,727</u>	<u>421,001,042,054</u>

15. OTHER ASSETS

	31 December 2011 VND	31 December 2010 VND
Prepaid expenses (i)	327,513,041,743	171,804,878,452
Entrusted funds (ii)	45,450,000,000	68,991,120,000
Foreclosed assets awaiting resolution (iii)	3,783,253,797	3,783,253,797
Other assets	9,213,630,986	3,539,071,904
	<u>385,959,926,526</u>	<u>248,118,324,153</u>

(i) Prepaid expenses included costs of tools and supplies, repairing cost of fixed assets, office renovation and leasing offices and leased lines, in which the prepaid expense for lease of eight floors, 25 Bis Nguyen Thi Minh Khai Tower as the Bank's Head Office amounting to VND 226,557 million and the prepaid expense for lease of Hoan Kiem branch office amounting to VND 16,917 million.

(ii) This represents entrusted funds into business projects of Ca Tam Viet Nam JSC and PVFC Land JSC amounting to VND 42,000 million and VND 3,450 million, respectively.

(iii) The foreclosed assets waiting for resolution were placed as collaterals for two loans at Da Nang branch under which the borrower became insolvent. The Bank continue to possess ownership of these assets as at 31 December 2011.

16. PROVISION FOR IMPAIRMENT OF OTHER ASSETS

	31 December 2011 VND	31 December 2010 VND
Provision for doubtful debts	(7,060,000,000)	-

This is the provision for the overdue deposit at Agribank Leasing Company II as disclosed in Note 13.

17. BORROWINGS FROM THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	31 December 2011 VND	31 December 2010 VND
Borrowings from the State Bank of Vietnam (i)	830,470,825,992	2,002,935,079,259
Other borrowings	239,805,954,379	179,688,288,363
Asian Development Bank (ii)	61,351,547,879	31,731,270,863
Japan Bank of International Cooperation (iii)	178,454,406,500	147,957,017,500
	<u>1,070,276,780,371</u>	<u>2,182,623,367,622</u>

(i) These are borrowings in the open market through the SBV which are secured by the Government bonds (Note 10). These borrowings have the term of two (2) weeks and bear interest rate of 14.00% per annum.

(ii) These borrowings are made under the Credit Financing Project funded by Asia Development Bank through the SBV. According to the agreement dated 16 January 2006 and its amendments dated 24 November 2006 and 11 October 2010 signed with the SBV, total credit limit is VND 68,000 million. The borrowings have a term of 20 years from 6 January 2004 and bear interest rate which is equivalent to the average interest rate of all types of term deposits in the banking system at end of each quarter.

(iii) These borrowings were made under the Credit Financing for Small and Medium Enterprises Project - Phase II funded by Japan Bank of International Cooperation (JBIC) through the SBV. According to the agreement dated 1 November 2007, the Bank obtained these loans to support enterprises which meet the criteria of the project.

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

18. DEPOSITS FROM OTHER BANKS

	31 December 2011 VND	31 December 2010 VND
Demand deposits	3,869,997,103	2,212,266,622
In VND	3,728,035,534	2,070,464,221
In FC	141,961,569	141,802,401
Term deposits	11,680,583,212,449	7,252,318,000,000
In VND	11,264,250,000,000	5,851,350,000,000
In FC	416,333,212,449	1,400,968,000,000
	<u>11,684,453,209,552</u>	<u>7,254,530,266,622</u>

Interest rates applicable to deposits from other banks at the year-end are as follows:

	31 December 2011 (%p.a)	31 December 2010 (%p.a)
Demand deposits in VND	0.10 - 3.00	maximum 3.00
Demand deposits in FC	maximum 0.50	0.20 - 0.50
Term deposits in VND	10.50 - 19.00	3.00 - 13.50
Term deposits in FC	0.10 - 6.00	0.70 - 3.00

19. DEPOSITS AND OTHER AMOUNTS DUE TO CUSTOMERS

19.1 Analysis by products

	31 December 2011 VND	31 December 2010 VND
<i>Demand deposits</i>		
Demand deposits in VND	1,585,305,591,873	1,802,530,345,810
Demand savings deposits in VND	552,767,262	3,327,033,549
Demand deposits in FC	229,178,079,087	100,493,045,782
Demand saving deposits in FC	5,989,339,471	50,538,380,214
<i>Term deposits</i>		
Term deposits in VND	4,674,699,241,922	3,661,552,596,111
Term savings deposits in VND	11,031,030,875,281	2,830,167,638,295
Term deposits in FC	93,233,908,924	27,439,201,544
Term savings deposits in FC	1,309,199,136,630	1,215,459,665,888
<i>Deposits for specific purposes</i>		
In VND	18,047,246,906	25,322,542,357
In FC	12,597,007,041	19,283,691,245
<i>Margin deposits</i>		
In VND	53,374,992,910	67,584,552,586
In FC	32,633,375,078	106,175,055,559
<i>Other amounts owing to customers</i>		
Other savings deposits	44,018,055,763	4,076,339,206,108
	<u>19,089,859,618,148</u>	<u>13,986,212,955,048</u>

Interest rates applicable to customer deposits at the year-end are as follows:

	31 December 2011 (%p.a)	31 December 2010 (%p.a)
Demand deposits in VND	1.20 - 6.00	1.20 - 9.50
Demand savings deposits in VND	maximum to 3.00	maximum to 3.00
Demand deposits in FC	0.20 - 1.20	0.20 - 1.20
Demand savings deposits in FC	0.20 - 1.20	0.20 - 1.20
Term deposits in VND	3.00 - 14.00	3.00 - 17.30
Term savings deposits in VND	6.00 - 14.00	8.00 - 14.50
Term deposits in FC	0.50 - 2.00	1.00 - 4.40
Term savings deposits in FC	1.00 - 2.00	0.20 - 6.50

For term savings deposits in VND and in foreign currency, in case customers withdraw before maturity, demand interest rate shall be applied.

19.2 Analysis by customers

	31 December 2011 VND	31 December 2010 VND
Deposits from business entities	7,879,848,215,607	5,804,468,577,408
Other joint-stock companies	3,352,066,207,170	2,323,370,334,193
Family household business	1,190,414,498,802	1,349,855,904,475
Other limited liability companies	1,116,473,189,681	813,045,967,369
100% State limited liability companies	956,486,803,600	550,501,577,991
Other State-owned enterprises	513,454,536,326	295,516,395,428
State joint-stock companies	335,025,490,137	192,822,379,037
Co-operatives	57,829,435,545	11,764,429,204
State and administrative unit of government	25,059,278,014	5,097,890,016
100% foreign-invested enterprises	24,836,118,102	120,808,437,388
Private companies	23,673,175,912	17,239,446,847
Joint-foreign-invested enterprises	13,333,472,460	64,856,994,407
State Limited liability companies with more than 50% State-ownership	11,874,213,345	6,834,148,845
Joint businesses	38,569,600	7,846,339
Others	259,283,226,913	52,746,825,869
Deposits from individuals	<u>11,210,011,402,541</u>	<u>8,181,744,377,640</u>
	<u>19,089,859,618,148</u>	<u>13,986,212,955,048</u>

20. DERIVATIVES AND OTHER FINANCIAL ASSETS/LIABILITIES

	Total contract value (using exchange rate at the contract effective date)	Carrying value (using exchange rate at balance sheet date)	
	VND	Assets VND	Liabilities VND
As at 31 December 2011			
<i>Currency derivatives</i>			
Forward contracts	116,951,857,120	-	2,789,558,902
As at 31 December 2010			
<i>Currency derivatives</i>			
Forward contracts	22,804,800,000	859,200,000	-

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

21. VALUABLE PAPERS ISSUED

	31 December 2011 VND	31 December 2010 VND
Certificates of deposits with term		
Under 12 months	5,728,033,471,647	4,688,564,378,843
From 12 months to 5 years	10,196,620,000	82,479,794,580
Straight bonds		
From 12 months to 5 years	1,600,000,000,000	1,800,000,000,000
Over 5 years	500,000,000,000	500,000,000,000
	<u>7,838,230,091,647</u>	<u>7,071,044,173,423</u>

Certificates of deposits issued by the Bank comprise of certificates of deposits denominated in VND, FC and gold with term from 1 month to 5 years. Interest of certificates of deposits in gold is payable at maturity or on a quarterly basis.

Interest rates applicable to valuable papers at the year-end are as follows:

	31 December 2011 (%p.a)	31 December 2010 (%p.a)
Certificates of deposits in VND	14.00	10.50 - 14.00
Certificates of deposits in FC	-	4.45 - 5.00
Certificates of deposits in gold	0.30 - 3.70	0.20 - 4.50
Bonds	15.50 - 16.70	11.50 - 11.90

No interest rate shall be applied in case customers withdraw before the maturity date of certificates of deposits in gold.

22. ACCRUED INTEREST AND FEES PAYABLE

	31 December 2011 VND	31 December 2010 VND
Accrued interest on deposits from banks in VND	310,409,920,525	115,699,143,614
Accrued interest on deposits from banks in FC	1,306,853,068	516,071,175
Accrued interest on saving deposits in VND	94,691,043,419	76,456,020,875
Accrued interest on saving deposits in FC	5,033,390,910	13,375,327,715
Accrued interest on borrowings in VND	2,418,819,498	4,086,284,258
Accrued interest on valuable papers in VND	290,839,172,042	161,203,504,379
Accrued interest on valuable papers in FC, gold	4,595,846,500	2,332,799,820
Currency forward contracts	497,171,556	189,580,723
	<u>709,792,217,518</u>	<u>373,858,732,559</u>

23. OTHER PAYABLES

	31 December 2011 VND	31 December 2010 VND
Internal payables	2,124,969,883	5,246,067,780
Payables to employees	-	3,602,067,780
Provision for severance allowance	2,124,969,883	1,644,000,000
External payables	1,071,502,527,939	1,149,455,292,668
Deposits from the Bank's shareholders for capital contributions	-	1,000,000,000,000
Cash held in trust and awaiting payment (i)	994,516,581,049	91,431,040,674
Value added-tax payable	-	2,094,429,986
Corporate income tax payables (Note 24)	20,341,104,127	20,350,762,053
Other tax payables (Note 24)	2,207,669,507	5,360,253,112
Payables from the excess of settlement collaterals (ii)	35,922,876,667	-
Subsidy interest received from the State Budget	3,134,307,333	595,640,666
Interest payable on other deposits	2,043,107,388	2,552,414,778
Payables from card services	1,808,561,114	-
Unearned revenue	1,549,728,734	14,469,623,828
Payables for warranty services	1,319,912,280	-
Dividend payables	416,406,546	404,183,342
Accrued interest payable on deposits for capital contributions in the Bank	815,973	6,855,822,765
Other payables	8,241,457,221	5,341,121,464
	<u>1,073,627,497,822</u>	<u>1,154,701,360,448</u>

(Icash kept under trust or for payment comprises cash and gold held on behalf of individuals, enterprises and credit institutions. In which, the gold held on behalf of Vietnam Tin Nghia Commercial Joint Stock Bank as at 31 December 2011 was 21,627 tael (equivalent to VND 910,496 million).

(ii) This is the amount payable to Vietnam Tin Nghia Commercial Joint Stock Bank for the handling of the gold deposited as collateral by Vietnam Tin Nghia Commercial Joint Stock Bank at the Bank in relation to the deposit in VND of the Bank at Vietnam Tin Nghia Commercial Joint Stock Bank.

24. STATUTORY OBLIGATIONS

	Beginning balance VND	Movement during the year		Ending balance VND
		Payable VND	Paid VND	
Value added tax ("VAT")	2,094,429,986	12,145,267,388	(20,129,287,223)	(5,889,589,849)
VAT on providing services	1,698,791,777	(2,884,673,840)	(4,557,286,299)	(5,743,168,362)
VAT on foreign exchange trading	395,638,209	15,029,941,228	(15,572,000,924)	(146,421,487)
Corporate income tax	20,350,762,053	136,746,576,681	(136,756,234,607)	20,341,104,127
Other taxes	5,360,253,112	23,360,325,325	(26,512,908,930)	2,207,669,507
Personal income tax	5,361,753,112	22,624,179,201	(25,778,762,806)	2,207,169,507
License tax	(1,500,000)	110,000,000	(108,000,000)	500,000
Withholding tax	-	626,146,124	(626,146,124)	-
Other payables	-	350,258,525	(350,258,525)	-
	<u>27,805,445,151</u>	<u>172,602,427,919</u>	<u>(183,748,689,285)</u>	<u>16,659,183,785</u>

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

24.1 Current corporate income tax

The Bank has the obligation to pay current corporate income tax ("CIT") at a rate of 25% of taxable profit (2010: 25%)

The tax returns filed by the Bank are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

The current tax payable is based on taxable profit for the year. The taxable profit of the Bank for the year differs from the profit as reported in the income statement because it excludes income or expenses that are taxable or deductible in other periods due to the differences between the Bank's accounting policies and the current tax policies, and it further excludes items that are not taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

	2011 VND	2010 VND
Profit before tax	565,976,418,110	350,732,136,680
<i>Less:</i>		
Tax-exempt dividend income	(9,988,190,148)	(23,872,915,577)
Realised foreign exchange loss	-	(30,582,459,508)
Realised foreign exchange loss	(633,635,990)	-
Unrealised foreign exchange gain	(10,300,082,367)	-
<i>Add:</i>		
Non-deductible expenses	1,931,797,124	1,019,430,480
Unrealised foreign exchange loss	-	633,635,990
Estimated current taxable profit	<u>546,986,306,729</u>	<u>297,929,828,065</u>
Current CIT for the year	136,746,576,681	74,482,457,017
CIT at the statutory rate of 25%	-	6,999,517,778
Under provision of CIT in prior year	-	-
Estimated current CIT expense	136,746,576,681	81,481,974,795
CIT payable at beginning of the year	20,350,762,053	12,625,985,916
CIT paid during the year	<u>(136,756,234,607)</u>	<u>(73,757,198,658)</u>
CIT payable at the end of the year	<u>20,341,104,127</u>	<u>20,350,762,053</u>

24.2 Deferred corporate income tax

	<i>Balance sheet</i>		<i>Credited/(debited) to Income statement</i>	
	31 December 2011 VND	31 December 2010 VND	2011 VND	2010 VND
Deferred tax asset				
Unrealised foreign exchange loss	-	158,408,998	-	158,408,998
Realised foreign exchange loss	-	-	(158,408,998)	-
Deferred tax liability				
Unrealised foreign exchange gain	<u>(2,575,020,592)</u>	-	<u>(2,575,020,592)</u>	-
	<u>(2,575,020,592)</u>	<u>158,408,998</u>	<u>(2,733,429,590)</u>	<u>158,408,998</u>
Net deferred tax (expense)/benefit charged to the income statement			<u>(2,733,429,590)</u>	<u>158,408,998</u>

25. CAPITAL AND RESERVES

25.1 Statement of changes in capital and reserves

	Share capital VND	Share premium VND	Financial reserve VND	Supplementary capital reserve VND	Other reserve VND	Bonus and welfare fund VND	Retained earnings VND	Total VND
Beginning balance	2,000,000,000,000	4,043,016,800	49,745,013,749	16,159,527,926	3,442,819,795	323,274,187	283,922,996,015	2,357,636,648,472
Increase in the year	1,000,000,000,000	-	26,910,857,088	-	6,000,000,000	2,000,000,000	391,585,554,751	1,426,496,411,839
Capital contribution	1,000,000,000,000	-	-	-	-	-	-	1,000,000,000,000
Profit for the year	-	-	-	-	-	-	426,496,411,839	426,496,411,839
Additional appropriation to reserves of the prior year	-	-	26,910,857,088	-	6,000,000,000	2,000,000,000	(34,910,857,088)	-
Decrease in the year	-	-	(2,945,776,883)	-	(9,442,819,795)	(1,462,177,222)	(222,650,684,932)	(236,501,458,832)
Reserves used during the year	-	-	(2,945,776,883)	-	(9,442,819,795)	(1,462,177,222)	(300,000,000)	(14,150,773,900)
Cash dividends	-	-	-	-	-	-	(222,350,684,932)	(222,350,684,932)
Ending balance	<u>3,000,000,000,000</u>	<u>4,043,016,800</u>	<u>73,710,093,954</u>	<u>16,159,527,926</u>	<u>-</u>	<u>861,096,965</u>	<u>452,857,865,834</u>	<u>3,547,631,601,479</u>

During the year, the Bank's shareholders have contributed additional capital of VND 1,000 billion to increase the Bank's charter capital to VND 3,000 billion in accordance with Decision No. 6554/NHNN-TTGSNH dated 27 August 2010 issued by the State Bank of Vietnam - Ho Chi Minh City Branch, the plan of charter capital increase passed by the shareholders on 15 March 2010 and the 14th amendment to the Business Registration Certificate for joint stock company issued by the Department of Planning and Investment of Ho Chi Minh City on 4 January 2011.

The Bank has not yet created the statutory reserves from the net profit after tax for the year 2011. The appropriation to statutory reserves for 2011 will be made in accordance with the approval by the shareholders at the Annual General Meeting of Shareholders of the Bank and will be recorded in 2012.

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

25.2 Statutory reserves

The Bank creates the following statutory reserves in compliance with the Law on Credit Institutions No.47/2010/QH12 effective since 1 January 2011:

	CALCULATION	MAXIMUM BALANCE
Supplementary capital reserve	5% of profit after tax	100% chartered capital
Financial risk reserve	At the discretion of shareholders at the Annual General Meeting of Shareholders	Not applicable

Other funds are created at the discretion of shareholders at the Annual General Meeting of Shareholders.

26. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Details of basic earnings per share of the Bank follow:

	2011	2010
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	426,496,411,839	269,408,570,883
Weighted average number of ordinary shares for basic earnings per shares (shares)	298,904,110	158,698,630
Basic earnings per share (VND/share)	1,427	1,698

Net profit attributable to the Bank's ordinary shareholders used to calculate basic earnings per share represents profit after tax, which does not exclude amounts used to create reserves according to the Bank's regulations and policies as presented in Note 25.2.

27. DIVIDENDS

On 5 October 2011, the Bank paid interim dividends amounting to VND 150,000 million (equivalent to 5% of the Bank's charter capital) in accordance with Resolution No. 09/2011/NQ-HDQT issued by the Board of Directors dated 16 June 2011. The dividends advanced will be off-set against retained earnings in accordance with the approval by the shareholders at the Annual General Meeting of Shareholders of the Bank in 2012.

28. INTEREST AND SIMILAR INCOME

	2011 VND	2010 VND
Interest income from deposits with banks	1,316,338,573,369	363,133,139,705
Interest income from loans and advances to customers	2,229,902,592,056	996,672,764,805
Interest income from trading and investment debt securities	1,156,346,415,904	679,267,817,524
Interest income from other credit activities	638,068,152,240	314,084,221,769
	<u>5,340,655,733,569</u>	<u>2,353,157,943,803</u>

29. INTEREST AND SIMILAR EXPENSES

	2011 VND	2010 VND
Interest expense on deposits from banks	3,135,427,303,948	1,395,223,444,358
Interest expense on borrowings	204,634,129,954	65,026,040,965
Interest expense on valuable papers	662,224,240,960	335,599,017,664
Expense from other credit activities	29,537,971,554	34,901,857,635
	<u>4,031,823,646,416</u>	<u>1,830,750,360,622</u>

30. NET FEES AND COMMISSION INCOME

	2011 VND	2010 VND
Fees and commission income		
Settlement services	48,290,009,818	31,183,194,869
Treasury services	14,660,121,596	7,631,253,754
Discounted fees	14,503,840,073	83,971,038,913
Guarantee transactions	13,404,793,814	15,910,531,288
Advisory services	7,854,104,038	26,871,577,568
Credit service fees	3,616,892,633	6,514,847,387
Trust and agent services	244,703,057	182,627,052
	<u>102,574,465,029</u>	<u>172,265,070,831</u>
Fees and commission expenses		
Treasury service	(16,696,667,533)	(2,371,124,539)
Postal and telecommunication	(10,850,539,566)	(8,019,463,750)
Settlement services	(6,219,194,146)	(2,881,878,121)
Advisory services	(2,883,616,237)	(1,951,172,571)
Brokerage services	(867,594,151)	(2,512,848,378)
Trust and agent services	(683,044,406)	(885,792,134)
Others	(178,963,832)	(131,080,911)
	<u>(38,379,619,871)</u>	<u>(18,753,360,404)</u>
Net fees and commission income	<u>64,194,845,158</u>	<u>153,511,710,427</u>

31. INCOME FROM LONG-TERM INVESTMENTS

	2011 VND	2010 VND
Dividends from long-term investments:		
From equity available-for-sale securities	7,161,226,452	7,960,984,577
From capital contributions and long-term investments	2,826,963,696	15,911,931,000
	<u>9,988,190,148</u>	<u>23,872,915,577</u>

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

32. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprised the following amounts on the balance sheet:

	<i>31 December 2011</i>	<i>31 December 2010</i>
	<i>VND</i>	<i>VND</i>
Cash in VND	382,612,756,500	154,361,471,055
Cash in FC	139,939,068,108	78,020,887,458
Monetary gold	754,166,770,000	566,723,733,000
Current account with the SBV	1,410,215,684,528	736,099,414,685
Demand deposits with other banks	39,114,002,470	1,291,840,229,979
Deposits with other banks with term of less than 90 days (<i>Note 7.2</i>)	<u>2,964,111,111,111</u>	<u>5,844,270,000,000</u>
	<u>5,690,159,392,717</u>	<u>8,671,315,736,177</u>

33. EMPLOYEES' INCOME

	<i>Actual amount</i>	
	<i>2011</i>	<i>2010</i>
I. Total number of employees (persons)	2,162	1,752
II. Employees' income (VND)		
1. Total salary	231,910,640,571	136,899,849,378
2. Lunch allowances	<u>15,780,698,301</u>	<u>8,470,948,888</u>
3. Total income (1+2)	<u>247,691,338,872</u>	<u>145,370,798,266</u>
4. Average monthly salary (VND/person)	<u>8,251,286</u>	<u>6,010,706</u>
5. Average monthly income (VND/person)	<u>8,812,757</u>	<u>6,382,631</u>

34. COLLATERALS AND MORTGAGES

	<i>Net book value</i>	
	<i>31 December 2011</i>	<i>31 December 2010</i>
	<i>VND</i>	<i>VND</i>
Real estate properties	23,561,049,334,785	14,205,952,914,096
Movable assets	5,011,265,067,505	3,936,056,268,542
Valuable papers	3,783,063,710,665	3,656,321,907,118
Other assets	10,444,189,506,898	7,562,604,919,847
	<u>42,799,567,619,853</u>	<u>29,360,936,009,603</u>

35. CONTINGENT LIABILITIES AND COMMITMENTS

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

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

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

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

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

The Bank requires margin deposits to support credit-related financial instruments when it is deemed necessary. The margin deposit required varies from 0.00% to 100.00% of the value of a commitment granted, depending on the creditworthiness of clients as assessed by the Bank.

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

	<i>31 December 2011</i>	<i>31 December 2010</i>
	<i>VND</i>	<i>VND</i>
Financial guarantees	448,847,024,072	769,350,103,496
At sight letters of credit	155,191,898,611	218,266,113,697
Deferred letters of credit	<u>14,340,782,734</u>	<u>25,023,943,863</u>
	618,379,705,417	1,012,640,161,056
Less: Margin deposits	<u>(78,873,835,479)</u>	<u>(170,025,708,655)</u>
Contingent liabilities and commitments	<u>539,505,869,938</u>	<u>842,614,452,401</u>

36. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other entities to which the Bank is related. Parties are considered as related parties if one party is able to control over or significantly influence to the other party in making decision of financial and operational policies. A party is deemed to be related to the Bank if:

(a) directly, or indirectly through one or more intermediaries, the party:

- ▶ controls, is controlled by, or is under common control with, the Bank (this includes parents and subsidiaries);
- ▶ has an 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 in which the Bank is a venturer;

© the party is a member of the key management personnel of the Bank or its parent Company;

(d) the party is a close member of the family of any person 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 entity resides with, directly or indirectly, any person referred to in (c) or (d).

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

37. RISK MANAGEMENT POLICIES RELATING TO FINANCIAL INSTRUMENTS

The use of financial instruments, including receipt of deposits from customers and investments in high quality financial assets, has become a key activity enabling the Bank to achieve the required interest rate differences. In consideration of the aspect of risk management, the Bank is required to have a balance between the off-balance sheet commitments (such as guarantees and letters of credit) with the loans (in local currency and foreign currency) to individuals and organisations depending on different levels of reliability. In addition, the Bank has also invested a portion of working capital in investment securities or loans to other banks. The risks related to foreign exchanges and interest rate changes are managed through the use of status limit in order to restrict the excessive concentration while engaging in activities to balance each other to reduce the risks. By holding multiple assets which are financial instruments with high quality, the Bank's balance sheet structure is completely able to prevent material risks during the course of business and ensure the liquidity.

As for the management of credit risk, the Bank has issued credit policies and guidance of implementation to control the Bank's credit activities. The risk of liquidity is limited by holding a large amount of cash and cash equivalents in the form of Nostro account, deposits at the State Bank and other credit institutions and valuable papers. The rates of safety taking into account of risk factors are also used to manage liquidity risk. The Bank usually conducts assessment of interest rate difference, comparisons with domestic and international markets for timely adjustments. In addition, the application of internal risk management processes becomes more efficient by deploying the system of Centralised Capital Management and Centralised Payment, under which all capital transactions and payments of the Bank are made by its Head Office. That allows the Bank to monitor the transformation of capital more effectively and reduce possible errors as well as unnecessary complex procedures.

38. CREDIT RISK

Credit risk is the possibility of losses in the banking activities of credit institutions due to customers do not or cannot fulfill their obligations as committed.

The Bank controls and manages credit risk by setting up credit limits corresponding to the levels of risk that the Bank may be acceptable for each customer, geographical area and industry.

The Bank has established a review process of credit quality enabling early prediction of changes in financial status, repayment ability of borrowers on the qualitative and quantitative basis. Credit limit for each customer is established through the application of credit rating system, in which each customer is classified at a level of risk. The level of risk can be amended and updated regularly.

38.1 Financial assets not past due and not impaired

The Bank's financial assets which are not past due and not impaired comprised loans and advances to customers classified as Current loan in accordance with Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN; securities, receivables and other financial assets which are not past due and no provision is required in accordance with Circular No. 228/2009/TT-BTC. The Bank believed that it can recover fully and timely these financial assets in the near future.

	<i>Past due</i>			
	<i>Less than 90 days</i>	<i>91-180 days</i>	<i>181-360 days</i>	<i>Over 360 days</i>
	<i>VND</i>	<i>VND</i>	<i>VND</i>	<i>VND</i>
ASSET				
Placements with and loans to other banks	440,000,000,000	-	-	-
Balances with other banks	440,000,000,000	-	-	-
Loans and advances to customers	213,707,468,268	66,993,731,767	63,711,050,533	23,884,827,408
Investment securities	-	-	-	11,287,800,000
Held-to-maturity securities	-	-	-	11,287,800,000
Other assets	472,500,442,444	32,000,000,000	-	4,849,728,975
Receivables	457,898,220,222	32,000,000,000	-	-
Accrued interest and fees receivable	14,602,222,222	-	-	4,849,728,975

The Bank holds real estate properties, movable assets, valuable papers and other assets as collaterals for these financial assets. The Bank has not determined adequately the fair value of these collaterals due to lack of necessary detail instructions and market information.

39. MARKET RISK

39.1 Interest risk

Foreign currency sensitivity

No analysis on foreign currency sensitivity was performed for the year ended 31 December 2011 since the Bank does not have sufficient data and technology.

Analysis of assets and liabilities based on the re-pricing period of effective interest rate

The re-pricing period of effective interest rate is the remaining period from the date of the financial statements to the latest re-pricing date of interest rate applicable to assets and liabilities which are subject to changes in interest rates.

The following assumptions and conditions are used in analysis of the re-pricing period of interest rates of the Bank's assets and liabilities:

- ▶ Cash, gold, jewelry, gemstones; long-term investment and other assets (including fixed assets, investment properties and other assets) are classified as non-interest bearing group.
- ▶ Balances with the State Bank of Vietnam which represent current accounts are classified into group which has the re-pricing period of up to one month.
- ▶ The term of actual re-pricing interest rate of investment and trading securities is determined based on the actual maturity term as at the balance sheet date of each kind of securities.
- ▶ The term of actual re-pricing interest rate of deposits with and loans to other banks; loans to customers; borrowings from government and the State Bank of Vietnam; grants, entrusted funds and loans exposed to risks; deposits and borrowings from other banks and deposits from customers are determined as follows:
 - items with fixed interest rate for the entire contractual term: The term of actual re-pricing interest rate is determined based on the remaining contractual term calculated from the balance sheet date.
 - items with floating interest rate: The term of actual re-pricing interest rate is determined based on the next interest reset date subsequent to the balance sheet date.
- ▶ The term of actual re-pricing interest rate of valuable papers is determined based on the remaining maturity term of each valuable paper calculated from the balance sheet date;
- ▶ The term of actual re-pricing interest rate of entrusted funds and loans exposed to risks to the Bank is determined based on the remaining contractual term calculated from the balance sheet date; and
- ▶ Other liabilities are classified as non-bearing interest group.

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

Assets	Overdue VND	Non-interest bearing VND	Re-pricing interest rate in period					Above 5 years VND	Total VND
			Up to 1 month VND	1 - 3 months VND	3 - 6 months VND	6 - 12 months VND	1 - 5 years VND		
Cash, gold, jewelry and gemstones	1,276,718,594,608	-	-	-	-	-	-	1,276,718,594,608	
Balances with the SBV	-	1,410,215,684,528	-	-	-	-	-	1,410,215,684,528	
Deposits with and loans to other banks (*)	-	2,885,250,113,581	3,699,960,000,000	2,200,000,000,000	244,250,000,000,000	100,000,000,000,000	-	9,129,450,113,581	
Loans and advances to customers (*)	-	1,166,619,149,218	12,681,166,941,409	-	-	-	-	13,847,786,090,627	
Investment securities (*)	-	371,313,785,526	1,600,000,000,000	2,805,000,000,000	2,682,659,112,111	3,387,485,492,200	-	10,846,458,389,837	
Long-term investments (*)	-	199,177,949,881	-	-	-	-	-	199,177,949,881	
Fixed assets	-	327,505,960,129	-	-	-	-	-	327,505,960,129	
Other assets (*)	587,518,220,222	4,614,946,794,810	244,785,000,000,000	702,462,000,000,000	2,161,036,000,000,000	-	-	8,310,748,015,032	
Total assets	587,518,220,222	6,789,663,084,954	5,706,869,947,327	18,683,578,941,409	7,166,036,000,234	2,926,909,112,111	45,348,060,798,223	45,348,060,798,223	
Liabilities	-	-	-	-	-	-	-	-	
Deposits and borrowings from the SBV and other banks	-	4,624,924,035,544	6,021,891,739,379	2,107,914,215,000	-	-	-	12,754,729,989,923	
Customer deposits	-	86,148,042,988	14,171,787,266,359	4,018,748,196,681	467,914,206,234	305,052,035,704	40,209,870,182	19,069,859,618,148	
Derivatives and financial liabilities	-	2,789,558,902	-	-	-	-	-	2,789,558,902	
Valuable papers issued	-	1,785,994,735,932	1,275,568,281,647	2,430,451,557,000	805,988,013,000	2,475,686,530,000	850,635,710,000	7,838,230,091,647	
Other liabilities	-	-	-	-	-	-	-	1,785,994,735,932	
Total liabilities	-	1,874,932,337,822	20,072,279,583,550	12,471,091,493,060	3,381,816,434,234	2,780,638,565,704	890,845,580,182	41,471,603,994,552	
Sensitive interest rate difference for balance sheet items	587,518,220,222	4,914,730,747,132	(14,365,409,636,223)	6,212,487,448,349	3,784,219,565,766	146,270,546,407	2,596,639,912,018	3,876,456,803,671	
Off-balance sheet commitments affecting sensitive interest rate difference of assets and liabilities (net)	-	618,379,705,417	-	-	-	-	-	618,379,705,417	
Sensitive interest rate difference for on and off-balance sheet items	587,518,220,222	4,296,351,041,715	(14,365,409,636,223)	6,212,487,448,349	3,784,219,565,766	146,270,546,407	2,596,639,912,018	3,258,077,098,254	

(*): Total assets represent gross carrying value which does not include provisions.

39.2 Currency risk

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

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

Assets	EUR equivalent VND	US\$ equivalent VND	Gold equivalent VND	Other currencies equivalent VND	Total VND
Balances with the SBV	-	147,140,765,028	-	-	147,140,765,028
Placements with and loans to other banks (*)	1,682,736,034	19,657,476,189	-	3,648,072,112	24,988,284,335
Derivatives and financial assets	-	114,162,298,218	-	-	114,162,298,218
Loans and advances to customers (*)	24,495,394,320	1,770,519,123,960	605,482,663,100	-	2,400,497,181,380
Other assets (*)	37,590,725	14,213,355,033	1,883,188,487,800	-	1,897,439,433,558
Total assets	30,787,577,080	2,201,060,230,535	3,242,837,920,900	3,648,072,112	5,478,333,800,627
Liabilities	-	-	-	-	-
Deposits and borrowings from other banks	38,443,373,482	378,031,800,536	-	-	416,475,174,018
Customer deposits	10,174,044,459	1,672,028,454,435	-	628,347,337	1,882,830,846,231
Valuable papers issued	-	-	2,247,722,957,400	-	2,247,722,957,400
Other liabilities	23,263,385	6,375,824,869	995,663,442,300	38,555	1,002,062,569,109
Total liabilities	48,640,681,326	2,056,436,079,840	3,243,386,399,700	628,385,892	5,349,091,546,758
FX position on balance sheet	(17,853,104,246)	144,624,150,695	(548,478,800)	3,019,686,220	129,242,253,869
FX position off balance sheet	-	-	-	-	-
FX position on and off-balance sheet	(17,853,104,246)	144,624,150,695	(548,478,800)	3,019,686,220	129,242,253,869

*) Total assets represent gross carrying value which does not include provisions.

Foreign currency sensitivity

No analysis on foreign currency sensitivity was performed for the year ended 31 December 2011 since the Bank does not have sufficient data and technology.

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

39.3 Liquidity risk

Liquidity risk is the risk which the Bank has difficulties in meeting the obligations of financial liabilities. Liquidity risk occurs when the Bank cannot afford to settle debt obligations at the due dates in the normal or stress conditions. To manage the liquidity risk exposure, the Bank has diversified the mobilisation of deposits from various sources in addition to its basic capital resources. In addition, the Bank has established policy for control of liquidity assets flexibly, monitor the future cash flows and daily liquidity. The Bank has also evaluated the estimated cash flows and the availability of current collateral assets in case of obtaining more deposits.

The maturity term of assets and liabilities represents the remaining period of assets and liabilities as calculated from the balance sheet date to the settlement date in accordance with contractual terms and conditions.

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

Balances with the SBV are classified as demand deposits which include compulsory deposits. The balance of compulsory deposits depends on the proportion and terms of the Bank's customer deposits.

The maturity term of investment securities is calculated based on the maturity date of each kind of securities.

The maturity term of placements with and loans to other banks; and loans to customers is determined on the maturity date as stipulated in contracts. The actual maturity term may be altered because loan contracts may be extended.

The maturity term of long-term investments is considered as more than one year because these investments do not have specific maturity date.

The maturity term of deposits and borrowings from other banks; and customer deposits are 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.

The maturity term of fixed assets is determined on the remaining useful life of assets.

	Overdue		Current					Total VND
	Above 3 months VND	Up to 3 months VND	Up to 1 month VND	1-- 3 months VND	3-- 12 months VND	1-- 5 years VND	Above 5 years VND	
Assets								
Cash, gold, jewelry and gemstones	-	-	1,276,718,594,608	-	-	-	-	1,276,718,594,608
Balances with the SBV	-	-	1,410,215,684,528	-	-	-	-	1,410,215,684,528
Placements with and loans to other banks (*)	-	440,000,000,000	2,445,250,113,581	3,699,950,000,000	2,444,250,000,000	100,000,000,000	-	9,129,450,113,581
Loans and advances to customers (*)	675,520,780,811	491,098,368,407	2,150,351,852,999	2,005,762,083,626	4,758,193,467,381	1,727,096,414,447	2,039,763,122,13,847,786,090,627	10,846,458,389,837
Investment securities (*)	-	-	371,313,785,526	1,800,905,581,332	3,173,412,040,945	5,500,826,982,034	-	199,177,949,881
Long-term investments (*)	-	-	-	-	-	199,177,949,881	-	327,505,960,121
Fixed assets	-	-	46,662,455,800	14,851,994	746,426,528	7	50	9
Other assets (*)	129,620,000,000	457,898,220,222	2,339,484,049,473	2,247,953,000,000	2,196,966,000,000	933,619,745,337	5,207,000,000,032	8,310,748,015,032
Total assets	805,140,780,811	1,388,996,588,629	10,039,996,536,515	9,754,585,516,952	12,573,567,934,854	8,536,345,042,356	2,249,428,398,106	45,348,060,798,223
Liabilities								
Deposits and borrowings from the Government and the SBV and other banks	-	-	4,624,924,035,544	5,890,620,000,000	2,001,245,200,000	154,164,706,500	83,776,047,879	12,754,729,989,923
Customer deposits	-	-	14,102,196,732,483	3,969,838,114,208	818,464,839,088	199,359,932,369	-	19,089,859,618,148
Derivatives and other financial liabilities	-	-	2,789,558,902	-	-	-	-	2,789,558,902
Valuable papers issued	-	-	1,275,568,281,647	2,430,451,557,000	3,281,574,543,000	850,635,710,000	-	7,838,230,091,647
Other liabilities	-	-	1,785,994,735,932	-	-	-	-	1,785,994,735,932
Total liabilities	-	-	21,791,473,344,508	12,290,909,671,208	6,101,284,582,088	1,204,160,348,869	83,776,047,879	41,471,603,994,552
Net liquidity	805,140,780,811	1,388,996,588,629	(11,751,476,807,993)	(2,536,324,154,256)	6,472,283,352,766	7,332,184,693,487	2,165,652,350,227	3,876,456,803,671

(*) Total assets represent gross carrying value which does not include provisions.

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

40. CAPITAL EXPENDITURE AND OPERATING LEASE COMMITMENTS

	31 December 2011 VND	31 December 2010 VND
Commitments to acquired fixed assets	169,812,867,551	99,411,174,720
Non-cancelable operating leases	323,689,320,469	170,599,086,060
<i>In which:</i>		
<i>Due within one year</i>	<i>64,464,483,288</i>	<i>1,318,697,282</i>
<i>Due within from two to five years</i>	<i>185,750,804,642</i>	<i>83,253,733,349</i>
<i>Due after five years</i>	<i>73,474,032,539</i>	<i>86,026,655,429</i>

41. ADDITIONAL DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES IN COMPLIANCE WITH CIRCULAR 210

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") which is effective for financial years beginning on or after 01 January 2011.

The adoption of Circular 210 results in new disclosures being added to the financial statements as shown in notes to the financial statements. Because Circular 210 only provides guidance for the presentation and disclosures of financial instruments, the concepts of financial assets, financial liabilities and other related concepts presented in Note 46 are only applied for the disclosure of this note. The assets, liabilities and equity of the Bank have been recognised and accounted for in accordance with the Vietnamese Accounting Standards and Accounting System for Credit Institutions and comply with relevant regulations stipulated by the State Bank of Vietnam.

Financial assets

Financial assets of the Bank within the scope of the Circular No. 210/2009/TT-BTC comprise cash, gold, precious stones, balances with SBV, placements with other banks, loans and advances to customers and other banks, trading and investment securities, receivables and other assets under monetary derivative contracts.

According to Circular No. 210/2009/TT-BTC, financial assets are classified appropriately, for the purpose of disclosure in the financial statements, into one of the following categories:

Financial asset at fair value through profit or loss:

is a financial asset that meets either of the following conditions:

- a) It is classified as held for trading. A financial asset is classified as held for trading if:
 - ▶ It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - ▶ On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
 - ▶ It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)
- b) Upon initial recognition it is designated by the Bank as at fair value through profit or loss.

Held-to-maturity investments:

are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity other than:

- a) Those that the Bank upon initial recognition designates as at fair value through profit or loss;
- b) Those that the entity designates as available for sale; and
- c) Those that meet the definitions of loans and receivables.

Loans and receivables:

are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- a) Those that the Bank intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;
- b) Those that the Bank upon initial recognition designates as available for sale; or
- c) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Available-for-sale assets:

are non-derivative financial assets that are designated as available for sale or are not classified as:

- a) Loans and receivables;
- b) Held-to-maturity investments;
- c) Financial assets at fair value through profit or loss.

Financial liabilities

Financial liabilities of the Bank under the Circular No. 210/2009/TT-BTC consist of borrowings from the Government and the State Bank of Vietnam, deposits and borrowings from other banks, due to customers, grants, entrusted funds and loans exposed to risks, valuable papers issued by the Bank, payables and other liabilities under monetary derivative contracts.

According to Circular No. 210/2009/TT-BTC, financial liabilities are classified appropriately, for the purpose of disclosure in the financial statements, into one of the following categories:

Financial liabilities at fair value through profit or loss

is a financial liability that meets either of the following conditions:

- a) It is classified as held for trading. A financial liability is classified as held for trading if:
 - ▶ It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - ▶ On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
 - ▶ It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- b) Upon initial recognition it is designated by the Bank as at fair value through profit or loss.

Financial liabilities at amortised cost

Financial liabilities are not categorized as at fair value through profit or loss will be classified financial liabilities at amortised cost.

Financial Report

Note to the Financial Statements

as at and for the year ended 31 December 2011

41.1 Carrying amount and fair value of financial assets and financial liabilities

The carrying amount and fair value of the Bank's financial assets are presented as below:

	Carrying amount				Fair value (*)
	Trading	Held to maturity	Loan and receivable	Available for sale	
Cash, gold and precious stones	-	-	-	-	1,276,718,594,608
Balances with the SBV	-	-	-	-	1,410,215,684,528
Placements with and loans to other banks	-	-	-	-	9,129,450,113,581
Loans and advances to customers	-	-	13,847,786,090,627	-	13,847,786,090,627
Available for sale securities	-	-	-	8,955,690,040,031	8,955,690,040,031
Held to maturity securities	-	1,890,768,349,806	-	-	1,890,768,349,806
Other financial assets	-	-	-	7,164,812,148,639	7,164,812,148,639
	-	1,890,768,349,806	13,847,786,090,627	8,955,690,040,031	18,981,196,541,356
	-	-	-	-	43,675,441,021,820
	-	-	-	-	43,627,696,288,663

The carrying amount and fair value of the Bank's financial liabilities are presented as below:

	Carrying amount				Fair value (*)
	Trading	Held to maturity	Loan and receivable	Available for sale	
Deposits of and loans from the SBV and other banks	-	-	-	-	1,070,276,780,371
Placements with and loans to other banks	-	-	-	-	11,684,453,209,552
Customers' deposits	-	-	-	-	19,089,859,618,148
Derivative financial instruments	-	-	-	-	2,789,558,902
Valuable papers issued	-	-	-	-	7,838,230,091,647
Other financial liabilities	-	-	-	-	1,759,771,263,681
	-	-	-	-	41,445,380,522,301
	-	-	-	-	41,445,380,522,301

(*) Because the Vietnamese Accounting Standards and Accounting System for Credit Institutions and relevant regulations stipulated by the State Bank of Vietnam have no specific guidance on the fair value determination, the fair value of these items have been presented as the principal amount deducted by provision, if any.

14.2 Reclassification of financial assets

In 2011, investment in Son Ha International Corporation amounting to VND 21,000 million was reclassified into "available-for-sales securities" from "other long term investment" due to change in the Bank management's holding purpose. This change does not impact to operating results as well as equity of the Bank.

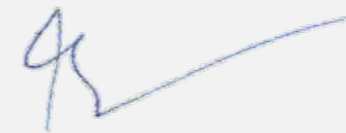
42. EVENTS AFTER THE BALANCE SHEET DATE

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

43. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VND AT YEAR-END

	31 December 2011 VND	31 December 2010 VND
USD	20,828	18,932
EUR	27,360	27,432
GBP	32,864	31,889
JPY	273.36	254.85
SGD	16,309	16,021
CAD	20,658	20,563
AUD	21,539	20,918
CNY	3,280	-
Gold SJC (tale)	42,100,000	35,990,000

Prepared by:



Ms. Ho Dang Hoang Quyen
Chief Accountant

Ho Chi Minh City, Vietnam

27 February 2012

Reviewed by:



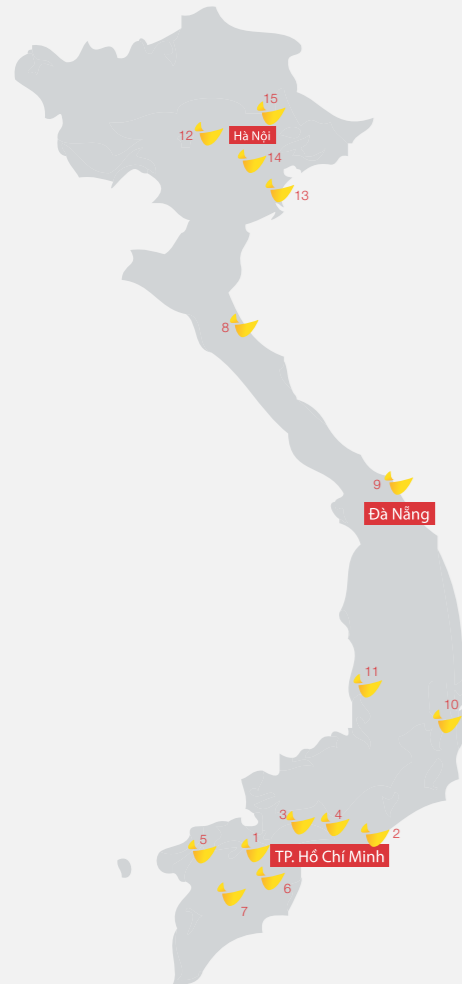
Mr. Pham Van Dau
Chief Financial Officer

Approved by:



Mr. Nguyen Huu Dang
General Director

Branch Network



HDBank

- 1 Head Office
- 121 Branches, Transaction Offices and Savings offices
- Spreads out in 15 cities/provinces nationwide

Southern region:

1. Ho Chi Minh City: 1 Head Office; 9 Branches; 34 Transaction offices; 3 Savings offices
2. Ba Ria - Vung Tau: 1 Branch, 4 Transaction offices
3. Binh Duong: 1 Branch, 1 Transaction office, 2 Savings Offices
4. Dong Nai: 1 Branch, 3 Transaction offices
5. An Giang: 1 Branch
6. Long An: 1 Transaction office
7. Can Tho: 1 Branch, 1 Transaction office, 1 Savings Office

Central Region:

8. Nghe An: 1 Branch, 3 Transaction offices
9. Da Nang: 1 Branch, 4 Transaction offices
10. Khanh Hoa: 1 Branch, 2 Transaction offices
11. Dak Lak: 1 Branch, 1 Savings Offices

Northern Region:

12. Ha Noi: 3 Branch, 22 Transaction offices, 14 Savings Offices
13. Hai Phong: 1 Branch
14. Hai Duong: 1 Branch
15. Bac Ninh: 1 Branch

