

BUSINESS AND OPERATIONS PLAN 2011

A. OVERVIEW OF BUSINESS ENVIRONMENT IN 2010 - 2011

I. FINANCIAL – ECONOMIC SITUATION OF 2010:

1. World economy:

In 2010 the world economy has been recovered however the recovery was not equal in different regions.

The main growth motivation came from the developing and emerging countries. The inflation in those countries went to the increasing direction which made the central banks continued to apply the currencies tightening policy.

In the developed countries, the inflation was at low ratio therefore their central banks have loosen the currencies policy to stimulate the economy growth.

The evolving financial and monetary market and the European debt crisis also influenced to the economic recovery.

2. Vietnam economy situation:

In general the Vietnam economy was rather fastly recovered however the growth was not in stability, economic structure was slowly moved, infrastructure was in bad condition, investment efficiency was low, trade deficit was big, the national budget was overspending and the inflation danger may returns.

- GDP growth achieved 6.78% higher than 2009' GDP (5,32%) and 2008' (6,18%).
- The CPI came up to 11.75% much higher than the original retaining target of 8%.
- The total export volume achieved USD71.6 billion, increasing 26.5% as compared to previous year period.

In 2010 the USA was still the biggest export market with the export quota of around USD12.8 billion. Rank second was Europe market with the export value of USD10 billion. Rank third was ASEAN countries with USD9.3 billion and Japan market was USD6.9 billion.

- Import quota achieved USD84 billion, increasing 22.1% as compared to 2009's same period; the trade deficit was USD12.4 billion, increasing 0.2 billion as compared to the previous year' same period which occupied 17.3% of export quota.

II. FORECAST OF 2011 FINANCIAL AND ECONOMIC SITUATION:

The world economy growth may be lower than 2010, probably at 3.3 – 4.5%; merchandises price and inflation may go to more complicated and unpredicted evolving; the global financial system is still in the consolidation; international interest rate is in the increasing trend; the investment funds continue to pour in the emerging markets.

Vietnam economy enters in a more stable period and the growth quality will be improved; macro economy will be stable and the economy structure is moving to the better efficiency for global integration.

- GDP growth is planned at 7%, inflation would be retained at around 7%. Trade deficit will not exceed 18% of export quota.
- The growth speed of payment means will be at approx. 21 – 23%. The credit growth of whole banking system is planned at 20% growth comparing to 2010.

III. ABBANK POSITION AT 2010'S ENDING:

- Beside the stated owned banks, ABBank is amongst Top 10 of joint stock bank who have biggest chartered capital.
- Network of 21 branches and 89 sub-branches, 5 saving funds at 28 provinces / cities, increasing 29 point of sales as compared to 2009.
- Total employees of 2,261 persons, increasing nearly 500 as compared to 2009.
- Fast growth. At 2010 ending, the total assets was 38,015 billion dong, increasing 43.3% to 2009, total lending was 20,019 billion dong, increasing 55.4%, total deposit was 25,952 billion dong, increasing 73%, profit before tax was 638 billion dong, increasing 54.7% to 2009.
- However the operations efficiency was not high, though ROE was 13.8% which was improved as compared to 2009 (10.1%). The ratio of operation expenses / income was still high (42.6%), the ratio of service fee income / total income only achieved 9.3%.
- NPL was 1.16 % and well controlled.
- The deposit structure was not much changed. Deposit from EVN group customers still occupied nearly 30% of total deposit. Deposit from mass population did not reached 50% of total deposit and the bank must retain this source by the top interest rate policy.

- Brand name acknowledgement was improved in 2010.
- The efficiency amongst branches was not equal.
- Service quality was still low therefore the ratio of service fee income / total income did not meet the requirement.

B. BUSINESS PLAN OF 2011

Based on the macro economic analysis, the SBV direction in 2011 on the 1st March 2011 in the Instruction number 01/CT-NHNN to limit the lending growth under 20%, the current capacity of ABBank business, we propose the business plan for 2011 as below.

1. FINANCIAL TARGETS

- Total assets to be increased of **26%** to 2010, being **48,000 billion dong**
- Charter capital: **4,200 tỷ đồng**
- Total deposit to be increased of **31.5%** to 2010, being **34,160 billion dong**
- Total lending to be increased of **19.89%** to 2010, being **24,000 billion dong**.
- Net income from service occupies **13.4% of total net income**
- Profit before tax to be increased **4.2%** to 2010, being **664 billion dong**.

(million dong)

Item	Business result at 31 Dec 2010	2011 Plan	Increase / Decrease to 2010
Chartered capital	3,830,764	4,200,000	9.7%
Total assets	38.015.000	48,000,000	26.0%
Lending	25.952.000	34,160,916	31.5%
Deposit	20,019.000	24,000,000	19.89%
Business Result			
<i>Net income from interest</i>	<i>1,180,825</i>	<i>1,282,057</i>	<i>8.6%</i>
<i>Net income from service</i>	<i>129,921</i>	<i>197,860</i>	<i>49.2%</i>
<i>FX</i>	<i>(6,913)</i>	<i>35,676</i>	<i>-</i>
<i>Other income</i>	<i>(995)</i>	<i>19,889</i>	<i>-</i>
<i>Net income from investment</i>	<i>16,404</i>	<i>66,000</i>	<i>302%</i>

<i>Operations expenses</i>	583,121	746,340	27.9%
<i>Profit from operations</i>	730,749	835,253	14.3%
<i>Provisions for credit risk</i>	93,550	170,872	82.7%
Profit before tax	637,572	664,381	4.2%
% lending / deposit	73.39%	70.26%	
% lending / (deposit + chartered capital)	66.18%	62.56%	
Profit before tax / ownership capital	13.8%	14.28%	
Profit before tax / total assets	2.00%	1.60%	
NPL	1.16%	<1.4%	

Based on the half year result, we propose the Shareholders to authorize the Board of Directors to pay advance the first part of dividend to shareholders and to report next annual Shareholders Meeting. The remained part of dividend will be paid after the 2011 financial report would be approved by the Shareholders.

2. ESSENTIAL ACTIVITIES

2.1 TREASURY DEPARTMENT

- To ensure the liquidity.
- To complete the model of internal multi interest rate trade according to the market mechanism.
- Develop new products: to obtain the licenses of bond trading function expanding, of foreign currencies trading in international market, of derivative products trading (foreign currencies vs VND), gold trading in accounts and in materials. Develop the mobilization of other currencies beyond USD.
- Complete and update the current products range.
- Develop the plan for treasury operations.

2.2 RETAIL BANKING DEPARTMENT

- Increase the ratio of retail banking volume over the total assets, profit, deposit and lending with the orientation of retail commercial banking.
- Maintaining and enhance the competitiveness of ABBank retail banking products and services and focusing in technological base product lines.
- Develop the key products for each region.
- Promote the card service and sales, card overdraft and international credit card launching.

- Focusing in the package service offered to customers as the main point of retail banking in 2011.
- To ensure that every branches / sub-branches have retail banking staff and intensively train the sale skills to staff.
- Develop and complete the automation procedure relating to consumers banking customers and in 2011 will focus in the credit activities completion.
- Enhance the mass communications to regions.

2.3 CORPORATE BANKING DEPARTMENT

- Maintain and develop the VNR 500 list customers with the orientation of non-credit services, export financing and diversified lending.
- Continue to be the leading department of the service fee income, focus to collect guarantee fee, promising letter fee, international settlements and foreign currencies trading. Explore the swap products connected to loan conditions.
- Continue to explore the advantages from the strategic partner EVN and its customers.
- Associate with foreign banks, big scale corporations and who have distribution channels, enhance the money collection services and current accounts.
- Develop the PCM services and technological based products such as roll payment, dividend payment, host to host, internet banking phase II: Payment.
- Set the priority to enhance the products lines of EVN contractors financing and trade financing especially export finance in order to ameliorate the foreign currencies fund shortage. Expanding the cooperation and service of settlement for financial companies such as PVFC etc. and set the target to achieve the international payment settlements to exceed USD1 billion in 2011. Deploy the import financing package.
- Continue to cooperate with SMEs project advisors to complete the SMEs strategy.
- Other sales programs to increase the deposit.

2.4 FINANCIAL INVESTMENT

- Develop the internal legal frame and overall solutions for financial investment activities.
- Adjust and decrease the high risk investment channels.
- Develop long term, safe and efficient investment channels.

2.5 RISK MANAGEMENT

- Building the core policies and structures for risk management in order to maintain the consistency and solidity of the bank's operations.
- Organise workshops, seminars and training courses on the risk acknowledgments.
- Coordinate with other departments to develop the BC plan for emergency cases of fires, IT disconnect, theft and rob. Complete the instruments of risk measurements.
- Complete the liquidity risk, operation risk regulations.
- Complete the "credit manual" project and organize the training courses for credit officers.

- Coordinate with Corebanking Center to invest in standard data program for the credit supervision.
- Improve the assets quality, provisions saving, and reduce the NPL to under 1.4%.

2.6 HUMAN RESOURCES MANAGEMENT

- Complete the project of "ABBank basic salary structure" and policies on competitive welfares and treats.
- Set up the standard of staff assessment and branches classification.
- Develop the policy of succession to ensure the HR stability for the bank.
- Develop the test exam questions for new recruitment.
- Organise specialist skill training programs for sales officers, credit officers and tellers.

2.7 NETWORK DEVELOPMENT

In 2011 ABBank shall expand its network from 115 to 174 point of sales in 33 provinces / cities, increasing 59 p.o.s to 2010, in which:

- Upgrade 9 sub-branches to branches at the provinces of Kiên Giang, Bình Thuận, An Giang, Tây Ninh, Tiền Giang, Quảng Nam, Bình Phước, Vĩnh Long, Đồng Tháp.
- Establish 4 new branches at provinces of Cà Mau, Nghệ An, Bến Tre, Bình Định.
- Establish 40 new sub-branches and 15 saving funds at the current areas which already have branches.

The total expenses to set up the new p.o.s are estimated at 68,700 million dong. 2011 shall be the year of branches efficiency improving with the detailed assessment on the feasibility and efficiency of each p.o.s in order to enhance the activities of branches opened over 1 year.

2.8 MARKETING

- Continue to spread up the brandname and focus in products marketing, new promotion programs and insist in the different and prominent of ABBank products in different regions.
- Consolidate the positioning and target of a friendly retail banking with the slogan of "Solution delivery, Smile receiving".

2.9 INFORMATION TECHNOLOGY AND COREBANKING

In 2011 the bank shall adequately invest in the development of IT system, Corebanking system. A detailed plan will be submitted to the BOD in order to improve the system of IT infrastructure and application to help enhance the services and products and establish a reliable management information, enhance the capacity, quality and efficiency of the bank.

3. ACTIVITIES OF SUBSIDIARY COMPANY

In 2011 the ABBank Asset Management Company will focus in the asset management and debt handling center, review the investment procedure and control system.

4. EXISTING ISSUES OVERCOMINGS

In 2010 there are the remaining shortcomings and weaknesses that the Bank needs to solve in order to ensure the safety, the efficiency planned, as:

- The speed of assets and credit growth is too fast while the credit officers still have gap to meet the requirements, therefore the supervision and control of compliance were not appropriate, the lending still concentrated in a certain big customers with big amounts of disbursement which caused potential risks. The overcoming measures raised for this year are to intensify the supervision and credit control team, diversify the portfolio and drive the products to the SMEs customers.
- The service quality is still low as compared with other banks therefore the service fee income still not meet the demand. In 2011 the Bank has to develop further services and international settlements services, aiming to serve customers who have distribution channels and building up the SMEs strategy plan.
- The effectiveness of branches is not widespread, some branches who have operated over two years still not yet brought in good result. In 2011 the Management shall re-evaluate, classify and standardize point of sales and set up the suitable policies for each type of branches in order to stimulate their business to better result.
- Information technology and Core banking have not yet properly developed and applied multi-module to satisfy the competition need as well as new products and services demand.
- The staff quality is not equal and meet the development and the management insists that the compulsory condition to work in the Bank is that the candidate should be trained of professional competence organized by ABBank.
 - The structure needs to be re-organized in regional administration and management to ensure the business development and better controlling and risk management.

5. ADJUSTMENTS TO THE CHARTER AND BUSINESS FUNCTIONS AMENDMENTS

In 2011, the Bank plans to adjust the charter to conform with the new Law of financial institution 2010 including the contents of:

- Definitions, terminologies
- Contents and areas of the bank activities
- Procedure and regulations in the bank operations
- Terms on the shares and shares ownership
- Terms on shareholders and shareholders meeting
- Terms on BOD, Supervisory Board and CEO
- Regarding the terms on the BOD's composition: remove out the item 9.a of article 49 on the number of persons representing foreign shareholder to participate to the post of members of the Board of Directors, because this content is not conformable to current regulations.
- Terms on the organization and structure of the bank.
- Amendments on the audit and information confidentiality
- Regulations on the bank's dissolution

- Adjustments to conform with the new charter capital and others changes to suit with the reality.
- And other changes to conform with the Law of financial institution 2010 and the Company Law 2005.

Besides, the Bank shall propose SBV to approve the ABBANK operations licence with additional business and functions allowed to do.

We propose the Shareholders Meeting to authorize the BOD to implement the above contents of amendments and adjustments to the Charter and to carry out the formalities to submit to SBV for its approvals of new Charter and Licence.

6. AUDITORS SELECTION

The business result of 2010 was audited by Ernst & Young auditors. We propose the shareholdes Meeting to accept that for 2011 book, the BOD is authorized to choose either E&Y or KPMG or PWC depending on pricing and services, to act as ABBANK auditors.

Above is the business and operation plan for 2011. We propose the shareholders meeting to approve this plan and authorized the BOD to implement the plan and to have the rights to adjust the implantation detail actions to fulfill the missions.

Chief Executive Officer

Tran Thanh Hoa