



(Translation)

Date: 31st March 2011

REPORT TO SHAREHOLDERS MEETING ON BUSINESS RESULT 2010

In 2010, the economy in general was in the fluctuation and in Vietnam the inflation went higher than target (11.75% vs 8%), the real estate market was not improved, the securities market lost inspiration and the exchange rates were evolved while the SBV increased the basic interest rate and tighten the monetary policy at the 4th quarter of 2010, the commercial banks raced for deposit interest rates. However the Vietnam GDP achieved 6.78% thank to the support and development stimulation policies by the Government.

With a best effort ABBANK has maintain the stable growth and achieved the following results in business and operations.

I. BUSINESS RESULT

1. Essential results

- Total assets: 38,015 billion dong, increased 43.3% to 2009, exceeded 3.8% to year plan.
- Total deposit: 25,952 billion dong, increased 73% to 2009, exceeded 18% to year plan.
- Profit before tax: 637.6 billion dong, increased 54.5% to 2009, exceeded 9.9% to year plan.
- Chartered capital at 31st Dec 2010: 3,831 billion dong.
- Bad debt was controlled at 1.16%, less than 2009's (1.45%)

Billion dong

	Item	2009	2010		Comparison of achievement to	
			Plan	Achieved	2010 plan	2009
1	Total assets	26,518	36,600	38,015	3.8%	43.3%
2	Lending	12,883	19,000	20,019	5.4%	55.4%
3	Deposit	15,002	22,000	25,952	18%	73%
4	Total income	838	1,149.5	1,322.5	15.1%	57.8%
5	Total expenses	425.4	569.4	684.9	20.3%	61%
	- Operations expenses	351.5	472.1	591.3	25.2%	68.1%

	- Credit risk provisions	73.9	97.3	93.6	-3.8%	26.7%
6	Profit before tax	412.6	580.1	637.6	9.8%	54.5%
7	Ownership capital	4,489		4,633		3.2%
	- Chartered capital	3,483	3,831	3,831		10%
8	ROE	10.1%		13.8%		
9	ROA	2.2%		2%		
10	Bad debt	1.4%		1.16%		

The operations expenses of 2010 is 591 billion dong (while 2009 operations expenses was 351 billion dong) increasing 68.1% compared to previous year. In the meantime increased 25.2% to year plan. The reasons for total expenses increasing mainly came from:

+ To pay taxes and fees in 2010 increased an amount of 10.5 billion dong higher than 2009'. As compared to the year plan of 10 billion dong, it increased 16.4 billion dong equivalent to 164.6%. This expense increase came from: the VATs were increased for most of assets, services, merchandises, telecommunications, advertisement fees etc. The direct tax of foreign exchange trade also increased.

+ Employees expenses in 2010 were 249.4 billion dong being 74.4% higher than 2009's and 47.3% higher than 2010 plan, due to the number of employees in 2010 were higher than the plan and much higher than 2009. At 31 Dec 2010 the total number was 2.261 employees and the average number of the year was 1985 employees.

+ In 2010 expenses of materials, printed matters, office supplies, water and electricity, tele communications; travel expenses and others also increased due to network expanding for opening of 24 new sub-branches and 4 saving funds, as well as goods price increase due to inflation.

+ Fixed assets depreciation increased 33.7% as compared to 2009 because in 2010 the bank purchased big value assets as data center equipments, IBM servers, Oracle softwares, purchase of 700 T24 users; 30 ATM machines, server system and equipments, Head office renovation, card system equipments

+ Assets' maintenance and repair was 60% higher than 2009. This expenses increasing came mainly from Temenos system maintenance, network expanding and other working office equipment and storage.

+ Provisional and deposit insurance expenses was increased in 2010.

2. Assessments

2.1 Treasury Department:

In 2010 the Treasury Dept ensured the liquidity, balance and effectively utilized capital sources. Beside its traditional activities such as interbank trade, foreign currencies trade,

this Dept had expanded its relationships with internal and external partners as ABS, ABF, BIDV Securities Company, EVN Finance Company etc, expanded its activities in mobilization, deposit, bonds agency and issuance service etc. In general Treasury profit has overcome the year plan of 28%.

2.2 Corporate Banking Dept

The Corporate has overcome the year target: deposit exceeded 7%, lending exceeded 4%, the number of corporate customers attained 10,609 customers, increasing 56.6% to 2009'.

Especially the Corporate has successfully developed the VNR 500 program, which brought considerably contribution to its deposit and lending growth. It also developed 5 new credit products, 2 new services (asset management and storage services) and money collection services which helped to increased the bank's fee income.

2.3 Retail Banking Dept

2010 was not a favourable year for retail banking due to the interest rates racing between banks which pushed the deposit and lending interest rates to very high rates. It total deposit achieved only 92,8% of year plan, lending achieved 103% of plan, the number of customers was 138,647 customers being 100% of year plan and 92% higher than 2009'.

2.4 Strategic customers development Dept

This Department actively supported the branches / sub-branches in maintaining and developing the relationships with EVN units in different regions, helped maintaining EVN deposit at ABBANK with 3,900 billion dong, which was low cost capital source.

The deposit balance that the Department directly secured was 2.028 billion which exceeded 79% of year plan. The Dept also acted a clue unit to successfully develop the project of electricity fees collection thru Post Office in the cooperation with VNPOST and Southern EVN Corporation. In 2011 the Dept will develop this project to the North and the Central.

2.5 International Payments Dept

In 2010 this Dept fulfilled its assigned target. Its revenue attained USD 883 million, exceeding 22% of year plan and 104% of 2009. Service fees income was USD3.54 million, exceeding 136% of year plan and 160% of 2009. The settlements to overseas accuracy ratio was 95%. The Trade Sales Division raised over 435 billion dong, number of customers who opened account and used international settlements was 141 customers, sales revenue was ales USD63.8 million which was 6 times of 2009's. The Dept has established agency relationship with 405 banks over 62 nations, developed more Nostro accounts and signed agreements of transmission with HSBC, Maybank, Deutsche Bank.

2.6 Financial Investment

2010 was a hard year for financial investment due to the unstability of stock market and of the organizations that ABBank invested in. The profit from this activities achieved only 57% of year plan.

In 2011 the Investment Dept will build a total solution for this activities in conformity with new regulations of the Law of Financial Institutions.

2.7 Card Center

The Card Center supported in technique and developed new card services, invested in the conversion to the ABBank own system in order for the bank to be accepted of international cards, developed the overdraft service, VNTOPOP, electricity fees collection etc. The Center organized the card system operations to ensure its stability, transactions supervision and handling customers complaints. Number of ATM machines attained 94 in whole country. Number of issued local cards was 135,805 cards, Visa Debit cards were 11,605, and 138 POS machines.

The target in 2011 is to issue the international credit cards and develop further services.

2.8 IT and Core Banking

IT Center fulfilled the data gathering to Head Office, equipped servers system for T-24 program and applied the modules of loans classification, VNPOST. Corebanking supported in developing new services, reports, applications in T-24 and organized training courses on deposit, lending, accounting, errors handling and year end book. In 2011 IT and Corebanking will complete risk management applications.

2.9 Human Resources

At 31 Dec 2010, the total employees were 2,261. Education of above university occupied 3.41%, 70% at university level and 26% junior college and professional school. Over 93% of managers obtained university certification and 3% of them are above university.

HR focused in recruiting and training activities, and promulgated a Code of Ethics, instructions for individual assessment and career development. Training center organized 30 courses with 2,233 trainees participating to international payments, risk management and B.E.S.T program of communication skills.

The target of HR in 2011 khôi Nhân sự sẽ hoàn thành cơ chế lương, phúc lợi trình HĐQT và trình HĐQT chính sách quản trị nguồn nhân lực để hoàn thiện cơ chế, chính sách nhân sự của ABBANK.

2.10 PR and communication

ABBANK continues to promote the the image of an “friendly retail bank” with the slogan of “solution delivering for customers’ smile” which created sympathy and enhance the acknowledgment on the bank. In the meanwhile the bank launched target products advertisements to ensure the united image of the bank in the whole system.

2.11 Network development

At 31 Dec 2010 the network comprises 115 points of sales including Main Branch, 20 Branches, 89 Sub-branches, 5 Saving Funds in 28 provinces /cities, increased 33.7% to 2009.

In 2011 ABBANK continues to expand its network however the bank shall focus in the effectiveness assessment of each point of sale in order to apply suitable policies to regions and areas for the purpose of enhance branches performance.

2.12 Risk Management

- Operations Risk Management

In 2010, the bank has promoted the ORM instruments and methods of RCSA, KRIs, IMDC. Meanwhile the bank also approved the BCM system and drafting the recovery plan for fire cases. The ORM also carried out a program of BCM awareness enhancement in whole system and will develop in details in early 2011.

With the assistance of Maybank, experts have been sent to Vietnam to transfer the latest knowledges on ORM, this contributed to create more value for the activities of ABBANK ORM.

- Credit Risk Management

In 2010, the CRM has established the credit policies and structures according to SBV requirements and Vietnam Law.

The CRM Dept in coordination with Credit Administration Dept, Retail Banking Dept, Corporate Banking Dept, Finance and Accounting Dept to complete to standard manual and organized training courses for trainers in regions in order to multiply the credit competences training for branches. Credit officers training is an focusing mission in 2011 to stabilize and standardize of credit personnel in the bank.

CRM also coordinated with E&Y company to establish an internal credit ranking system applied in the whole system.

With the function of credit portfolio management of the whole system, in 2010 the CRM Dept together with Corebanking Center builded up the standard data for this function.

- Market Risk Management

ABBANK has invited Maybank MRM experts to share with the bank on the latest knowledge of market risks which were useful for the bank to consolidate and develop this activities.

The MRM Dept promulgated a Stress Testing Regulations and submitting policies of Business Risk Management Regulations, Liquidity Risk Management Regulations, Interest Rate Risk Management Regulations, Guidelines for Interest Rate Risk Management Reports making for the purpose of unify the methods, measures, controlling and supervision of market risks and liquidity risks.

2.13 Internal Audit

The Internal Audit Dept realized 18 times of audit at branches and departments, proposed to apply solutions and supervised the implementations at audites units. The audit activities have been carried out according to the Internal Audit Manual approved and applied to the system.

3. Cooperation with strategic partners

ABBANK successfully issued 600 billion dong of convertible bonds to the 2 investors IFC and Maybank: Maybank purchased 120 billion of CB to maintain its ownership of 20% at conversion and IFC purchased 480 billion dong to own 10% of chartered capital at conversion time. At Dec 2012 IFC will become shareholder and the two foreign shareholders shall occupy 30% of ABBANK chartered capital which is the maximum ratio for foreign partners. Not only capital contribution, IFC committed to support in SMEs product development, credit trade line while Maybank continues to support in knowledge transfer in risk management, IT, HR and training.

4. Subsidiary activities

The ABBANK Asset Management Company entered into its first activities in asset management and securities. It is completing the procedure and regulations relating to investment activities and will develop business in 2011.

II. PLAN OF FUNDS PROVISIONS AND DIVIDEND PAYMENT

We propose the Shareholders to approve the following plan of funds provisions making and dividend paid to shareholders:

Item	Ratio	2010 amounts (billion dong)
Profit before tax		637.6
Income tax		(160.2)
Profit after tax	100%	477
Chartered capital reserve fund	5%	23.85
Financial reserve fund (10%)	10%	47.7
Bonus fund for above business plan performance (at the approval of previous annual shareholders meeting, this fund is allowed to use up to 15% of profit after tax amount above the plan)	1.8%	8.6
Reward and welfare fund	10.5%	50.1
Dividend	72.7%	346.8

The bank advanced the first part of dividend in July 2010 with the amount of 170,400 million dong. The remained part will be paid after the approval of shareholders meeting on this business result report.

III. SHORTCOMINGS TO BE SOLVED IN 2011

Based on the result of 2009, the business in 2010 continued to grow and brought in rather good achievements, the network has been expanded and stably operated, the safety indexes have been improved. In general the bank fulfilled the plan and some units went beyond the expectations such as Treasury, International Payments, Corporate Banking and Strategic Customers Departments.

However there remains the shortcomings that the bank needs to solve to ensure the safety, efficiency and guide to the development strategy, such as:

- The asset and credit growth was in high speed while the human resources for credit did not meet up with the requirement, the supervision of business and compliance has not been timely carried, the credit still was in focusing in a certain big customers which have potential of risk concentration.
- Service quality was still low therefore the service income did not meet the target.
- The efficiency from branches was not equal, some sub-branches did not bring good result after 2 year of business.
- IT and Corebanking have not developed multiform applications especially supports in risk management reports.
- The human resources quality did not meet up with demand of growth and need to be trained in professional knowledge and skills as the compulsory conditions to be recruited.
- The bank needs to reorganized in regional management structure to develop better business and more effective supervision and risk management.

IV. CONCLUSION

ABBANK has fulfilled its target of business and steadily grown in 2010 despite the economy difficulties. The asset scale has been enlarged to nearly half of previous year's, the credit quality has been enhanced and the bad debt was under good control. The bank also reinforced its management system and reorganization of operations, constructed the models of business and supporting departments and strengthened its controlling capacity in order to meet up with the plan approved by Shareholders Meeting.

This report figures have been audited. We propose the Shareholders to approve the business result and operations of 2010.

Chief Executive Officer

TRẦN THANH HOA

APPENDIX

Business result of Subsidiaries and Affiliates and consolidated business result of An Binh Bank group

1. SUBSIDIARIES AND AFFILIATES

Billions dong

	Company Name	Field of activities	Charter capital	Ownership by ABBANK	Profit before tax
1	ABBANK Asset Management Company	Debt restructure, asset exploitation and others	200	100%	14.8
2	An Binh Securities Company (ABS)	Securities Broker and Trader	397	5,20%	6.8
3	An Binh Real Estate Investment Joint Stock Company (ABLand)	Real Estate	100	10%	0.1
3	An Binh Investment Fund Management J.S. Company (ABF)	Fund Management	30	6,67%	2.1
	Total				23.8

2. CONSOLIDATED BUSINESS RESULT

For the financial year ending 31 December 2010

Billions dong

ITEM	31/12/2010
1. Interest income	3,300.3
2. Interest expense	2,091.7
I. NET INTEREST INCOME	1,208.6
3. Service income	234.5
4. Service expense	101.0
II. PROFIT / LOST FROM SERVICES	133.4
III. PROFIT / LOST FROM FOREIGN CURRENCIES TRADING	(6.9)

IV. NET PROFIT / LOST FROM STOCKS TRADING	(40.8)
V. NET PROFIT / LOST FROM SECURITIES LONG TERM INVESTMENT	29.7
5. Income from other operations	2.6
6. Expense for other operations	5.3
VI. NET PROFIT / LOST FROM OTHER OPERATIONS	(2.7)
VII. INCOME FROM SHARES PURCHASE, CAPITAL CONTRIBUTION	22.6
VIII. OPERATIONS EXPENSE	588.9
IX. NET PROFIT FROM BUSINESS BEFORE CREDIT RISK PROVISIONS	755.0
X. CREDIT RISK PROVISIONS	93.6
XI. PROFIT BEFORE TAX	661.4
7. Income tax	165,3
8. Reimbursed income tax	-
XII. INCOME TAX	165.3
XIII. PROFIT AFTER TAX	496.1

OPERATIONS INDEXES

Item	%/year
ROE	14.2%
ROA	1.7%
Operations expenses / net income	43.8%
Service income / total income	8.8%

3. CONSOLIDATED BALANCE SHEET
For the financial year ending 31 December 2010

Billion dong

	Item	31/12/2011
A	Asset	38,015.6
I	Cash, gold and precious stone	420.6
II	Deposit at State Bank	1,033.0
III	Cash deposit and gold deposit at other FIs and lending to other FIs	8,167.4
IV	Trading stocks	13.8
V	Derivatives and other financial assets	2.2
VI	Lending to customers	19,665.5
VII	Investment securities	4,790.9
VIII	Long term investment and capital contribution	320.0
IX	Fixed assets	627.5
X	Investment real estate	5.5
XI	Other assets	2,969.3
	Total assets	38,015.6
B	Payable liabilities and ownership capital	-
I	Government and State Bank loans	100.0
II	Deposit and borrowings from other FIs	6,421.8
III	Deposit from customers	23,457.3
IV	Derivatives and other financial debts	-
V	Funding and investment mandate capital sources, lending by other FIs	15.8
VI	Bonds issuance	2,490.0
VII	Other liabilities	

		878.5
	Total payables	33,363.5
VIII	Capital and funds	4,652.2
1	FI Capital	4,223.2
a	Charter Capital	3,830.8
b	Surplus fund	573.5
c	Stocked shares (un-issued)	(181.1)
2	FI Reserve fund	82.0
3	Retained profit / accumulated lost	347.0
IX	Minor shareholder benefit	-
	Total payable liabilities and ownership capital	38,015.6