

TABLE OF CONTENTS

Status and Functions of the State Bank of Vietnam	5
Foreword by the Governor	9
Departments and Administration Units of the State Bank of Vietnam	11
■ Part I - The World and Vietnam's Economies	15
1. World Economy	15
2. Vietnam's Economy	17
2.1. Economic Growth	17
2.2. Employment and Income	20
2.3. Inflation	20
2.4. State Budget Revenues and Expenditures	22
2.5. Balance of Payment	23
2.6. Financial and Monetary Developments	27
2.6. Activities of Credit Institutions	37
■ Part II - The State Bank of Vietnam's Management	40
1. Monetary Policy Management	40
2. Foreign Exchange Management	43
3. Banking Inspection and Supervision	46
4. Legal Activities	47
5. Issue and Vault	49
6. Banking Technology and Payment	51
7. Credit Information Activities	54
8. Information Transparency and Communication	55
■ Part III - Corporate Governance	57
1. Internal Control and Audit	57
2. Human Resource Development and Training	57
3. Information Technology	62
■ Part IV - International Cooperation	64
1. International Economic Integration	64
2. Cooperation with International Financial Institutions	65
3. Bilateral Cooperation	67
■ Appendix	68

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STATUS AND FUNCTIONS OF THE STATE BANK OF VIETNAM



Headquarter, 49 Ly Thai To Str., Hanoi, Vietnam

■ The State Bank of Vietnam shall be a ministerial-level agency of the Government, the Central Bank of the Socialist Republic of Vietnam which performs state management over monetary, banking activities and foreign exchange; perform the function of the central bank as the money issuing bank, the bank of the credit institutions and the monetary service provider for the Government.

Summary of Article 2, Law on the State Bank of Vietnam 2010

■ The national monetary policy shall be monetary decisions at the national level of state authorities, including decisions on the currency value stabilizing objective identified by the inflation target, decisions on using instruments and measures in order to reach the set-up objectives.

Clause 1, Article 3, Law on the State Bank of Vietnam 2010

■ The National Assembly shall determine the annual inflation target by deciding the consumer price index and supervise the implementation of the national monetary policy.

Clause 2, Article 3, Law on State Bank of Vietnam 2010

■ The Government shall submit the annual inflation target to the National Assembly for decision. The Prime Minister, the Governor of the State Bank shall decide the use instruments and measures to perform the target of monetary policy in accordance with the regulations of the Government.

Clause 4, Article 3, Law on State Bank of Vietnam 2010

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**MANAGEMENT BOARD
OF THE STATE BANK OF VIETNAM**



Mr. Nguyễn Văn Bình
Governor



Mr. Nguyễn Đồng Tiến
Deputy Governor



Mr. Trần Minh Tuấn
Deputy Governor



Mr. Đặng Thanh Bình
Deputy Governor



Mr. Nguyễn Toàn Thắng
Deputy Governor



Mr. Lê Minh Hưng
Deputy Governor



Mr. Đào Minh Tú
Deputy Governor

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Governor
Nguyen Van Binh

Foreword by the Governor

In 2011, the world economy experienced complicated developments with rising risks. The world economic growth slowed down while inflationary pressure still increased considerably, challenging the monetary policy of central banks. The global financial market remained unstable with the potential recurrence of global financial crisis due to the European sovereign debt crisis and the uncertain fluctuations of exchange rates and gold price. Vietnam's economy suffered heavily from external conditions, continuously facing with double-digit inflation since the end of 2010, high trade deficit, and close-to-threshold budget deficit and public debt. Broader and deeper integration into the world economy challenged monetary policy conduct with more difficulties.

Highlights and Achievements

The foremost consistent and priority tasks of monetary policy in 2011 were to implement the comprehensive policy package provided in Resolution No. 11/NQ-CP dated February 24, 2011 targeting at containing inflation, restoring macroeconomic stability and ensure social security.

In that light, the State Bank of Vietnam (SBV) conducted the monetary policy in a prudent and tightening manner, setting targets of total liquidity growth at 15%-16% and credit growth under 20%, maintaining the interest rate and exchange rate at reasonable levels in line with macro conditions, channeling funds on efficient production and business sectors and limiting credit to risky areas. In addition, the SBV focused on finalization of legal works to guide the implementation of two 2010 Laws (Law on the State Bank of Vietnam and Law on Credit Institutions), aiming at developing a legal framework for Vietnam banking system's operations in line with international practices. At the same time, the SBV gradually develop the restructuring master plan for the whole credit institution system in Vietnam.

With the above-mentioned comprehensive solutions and determined regulation measures, the SBV significantly contributed to the implementation of national macro targets set by the National Assembly and the Government. Inflation was contained, gradually declining from May 2011 to 18.13% for the whole year 2011. Economic growth was 5.9% as a result of the difficult world and domestic economic developments. Monetary indicators were in line with the set targets, total liquidity growth and credit growth were successfully controlled at the record low levels during the last twenty reforming years, of 12.1% and 14.47%, correspondingly. Credit portfolio structure shifted positively, allocating more funds on efficient production sectors and limiting credit to risky areas. Policy interest rates were reasonably adjusted, reflecting the SBV role as the lender of the last resort. The

exchange rate and foreign exchange market were gradually stabilized, witnessing significant improvements. Exchange rate fluctuation in the later ten months of 2011 was less than 1%. Balance of payment was surplus and foreign reserves increased. Safe and sound operations and liquidity of the credit institution system was ensured. They strengthened their risk management in the common effort to restructure banking system in the future. These positive results were significant premises for macroeconomic and banking performance in 2012.

Challenges and Outlook

In the coming year, the world economy would continue to be unpredictable with potential risks. Vietnam's economy would still face with various difficulties. In that circumstance, the SBV will conduct the monetary policy in a prudent and flexible manner, aiming at curbing the inflation, stabilizing macro-economy, maintaining economic growth at an appropriate level together with renovating the economic growth model and restructuring the economy.

In the medium and long term, the Party, State, National Assembly and Government are highly determined to restructure the whole economy, renovate the economic growth model. In that course, one of its three main pillars is banking system restructuring, with an aim to increase the effectiveness and competitiveness of the economy. These key national tasks and targets impose great challenges and responsibilities to the whole banking sector. In the coming years, the banking sector will focus on successfully developing and finalizing the monetary and banking institutional system as required by the economy and the international practices. The SBV continues to reform its monetary policy conduct, foreign exchange market regulation and exchange rate management, radically and basically restructure the credit institution system. In that course, the SBV strives to build some commercial banks comparable with regional levels. Efforts will be given to enhancing the effectiveness and efficiency of banking supervision, developing the IT infrastructure and management mechanism to ensure the national payment system's safety. In addition, the management information system will be enhanced, promoting transparency of banking operation information, leveling on the support and concurrence of all stakeholders, including the public, authorities, business communities and international financial organizations with SBV performance in delivering its mission to the economy.

Governor of the State Bank of Vietnam



NGUYEN VAN BINH

DEPARTMENTS AND ADMINISTRATION UNITS OF THE STATE BANK OF VIETNAM

To advise and assist the Governor of the State Bank of Vietnam in making national monetary policies and using monetary policy tools in accordance with relevant laws and regulations.

*Monetary Policy
Department*

To advise and assist the Governor in carrying out the state management functions over foreign exchange and foreign exchange activities in accordance with relevant laws and regulations.

*Foreign Exchange
Department*

To advise and assist the Governor in carrying out the state management function over payment and settlement activities of the economy in accordance with relevant laws and regulations.

*Payment
Department*

To advise and assist the Governor in carrying out the state management function over banks' credit and in managing money market in accordance with relevant laws and regulations.

Credit Department

To advise and assist the Governor in carrying out monetary forecasting and statistics in accordance with relevant laws and regulations.

*Monetary Forecasting
and Statistics
Department*

To advise and assist the Governor in carrying out the state management function over international cooperation and integration in accordance with relevant laws and regulations.

*International
Cooperation
Department*

To advise and assist the Governor in carrying out the internal audit of SBV's units' operations.

*Internal Audit
Department*

To advise and assist the Governor in conducting the state legal management and enhancing the socialist legal framework in the banking industry.

Legal Department

To advise and assist the Governor in the SBV's finance, accounting and capital investment activities and conducting the state management in accounting and capital investment in the banking industry in accordance with relevant laws and regulations.

*Finance and
Accounting
Department*

To advise the Governor and the SBV's Party's Civil Affairs

*Personnel
Department*

Committee in organization, personnel and employee management, salary policy and other policies of the SBV in accordance with relevant laws and regulations.

***Emulation and
Rewarding
Department***

To advise and assist the Governor in implementing the state management functions of emulation and rewarding in the banking industry in accordance with relevant laws and regulations.

***Banking Supervision
Agency***

To conduct the administrative and banking professional regulation and supervision in the areas under the SBV's state management; to advise and assist the Governor in implementing the state management function over credit institutions, microfinance institutions, and banking operations of other institutions; and to conduct the anti - money laundering activities in accordance with relevant laws and regulations.

SBV Office

To advise and assist the Governor in instructing and managing the banking activities; implementing administrative reform of the SBV; managing the information, promulgation, press, archive and administration work of the banking system in accordance with relevant laws and regulations; and carrying out administration, protocol and archives activities at the SBV Headquarters.

***Banking Information
Technology
Department***

To advise and assist the Governor in carrying out the state management of information technology in the banking industry in accordance with relevant laws and regulations.

***Issue and Vault
Department***

To advise and assist the Governor in implementing the state management and central bank's functions of currency issuance and vault operation in accordance with the law.

***Administration
Department***

To advise and assist the Governor in management of SBV's asset, finance and technical infrastructure, logistics, security and health care for employees at the SBV Headquarters.

***Banking Operations
Center***

To advise and assist the Governor in conducting central banking operations.

***Municipal and
Provincial Branches***

To advise and assist the Governor in implementing local monetary and banking operations and selected central banking operations as authorized by the Governor.

To conduct the representative functions as authorized by the Governor.

*Representative
Office in HCMC*

Administration Units and Units established by the Governor

To study and develop banking development strategies and plans; to conduct research and banking technology development for the execution of the SBV's state management function on monetary and banking activities in accordance with relevant laws and regulations.

*Banking Strategy
Department*

To collect, process, record, analyze and forecast credit information for the purpose of state management by the SBV; to provide banking information services in accordance with the SBV's regulations and relevant laws and regulations.

*Credit Information
Center*

The mouthpiece and social forum of the banking sector to disseminate the Party's orientation and guidelines, the State's legislation and policies and banking operations in accordance with the SBV's regulation and relevant laws and regulations.

Banking Times

The mouthpiece and professional forum to disseminate banking profession, science and technology; and to disseminate the Party's orientation and guidelines, the State's legislation and policies, banking activities and scientific & technology achievements of the banking industry in accordance with the SBV's regulation and relevant laws and regulations.

Banking Review

To train, update and enrich the knowledge, state management and professional skills of the SBV and banking sector's staff to meet the development requirements and to improve the SBV's and banking sector's staff quality in accordance with the Governor's approved plans.

*Banking Training
School*

To supervise and manage the implementation of SME financing Project and Housing Finance Project.

*International Credit
Projects Management
Unit*

To advise and assist the Governor in implementing the FSMIMS Project.

*FSMIMS Project
Management Unit*

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Part I - The World and Vietnam's Economies

1. World Economy

World economic growth in 2011 declined to 3.8% (according to the April 2012 World Economic Outlook of the IMF) with the main engine being emerging and developing countries, while developed countries grew weakly with the record high unemployment.

The U.S. economy grew by 1.8%, a sharp re-decline from the rate of 3.0% in 2010 when the second quantitative easing package (QE2) entered the final stage. Consumption and investment continued to be weak in the context of yet improved public confidence, high unemployment (8.5% in December 2011), and continuing de-leveraging process. Budget deficit in the 2011 fiscal year decreased slightly from that of 2010 but still remained alarming (estimated 8.6% of GDP), raising concerns about the sustainability of public debt currently exceeding 100% of GDP. Economic growth slowed down but inflation pressure which was 3.2% in 2011, hiked due to the impact of energy prices.

The Euro zone economy grew by 1.6%, some countries fell into recession by the end of 2011 as a result of the spreading debt crisis. Business and consumer confidence was eroded in the context of rising unemployment rate at 10.6% in December 2011, and efforts to cut off budget spending and implement austerity fiscal policy in indebted countries. Tightened fiscal discipline in many countries, however, also contributed to narrowing the budget deficit, projected at 4.0% of GDP in 2011. Along with concerns about economic stagnation, high inflation pressures created challenges for macroeconomic policy management. Regional inflation in 2011 was at 2.7%.

Japan's economy fell back into recession, with growth rate of -0.9% given the impacts of the ever recorded tragic earthquake and tsunami in March 2011. Although reconstruction activities after the earthquake helped the economy recover temporarily since Q3, but the world economic downturn and the yen appreciation exercised a negative impact on exports. Unemployment rate reduced since 2010 but remained at high rate of 4.6% by the end of



World economy growth in 2011 dropped to 3.8%; the group of emerging and developing countries is the main engine of growth

2011. Budget deficit was at an alarming rate, projected at 10.3% GDP in 2011, further exacerbating the concerns of current public debt of 220.3% of GDP. Persistent deflation continued, at -0.24% for the whole year and remained to be the biggest obstacle for the economy.

Developing countries continued to be the engine of world economic growth, most notably be BRIC Group (Brazil, Russia, Indonesia, and China). Although the tough world economy led to a notable economic slowdown in the second half of 2011, but the growth was still steady with major momentum from domestic demand. However, high economic growth and rising world prices imposed persistent concerns about inflation. Inflation in many countries in the first half of 2011 bounced back to the peak in 2008. Inflation pressures tended to relieve in the last months of 2011.

Monetary Policies in Some Countries

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Monetary policy stance changed flexibly to fit with complicated developments of economic growth, inflation and risks in financial markets

Monetary policy stance changed flexibly to fit with complicated developments of economic growth, inflation and risks on financial markets. Monetary policies were tightened in most parts of the world in the first 7 months to curb inflation and turned loosened in the later months of the year to support financial markets and economic growth.

Monetary policy tightening trend spreaded across the world in the first 7 months, from developed countries (Sweden, Norway, Denmark) to developing ones (China, India, ASEAN, the Eastern Europe, Latin America) to curb inflation hike. In developed countries, the average interest rate of the G-7 group increased from 0.54%/year at the beginning of 2011 to 0.64%/year in late July 2011. Most notably, the ECB, after 3 continuous years maintaining the record low interest rate of 1%/year, raised interest rates twice to 1.25%/year and 1.5%/year, despite weak economic growth in many European countries and complicated developments of their public debt crises. Although monetary policy tightening trend was not observed in the U.S. since the economic recovery was vague, the target interest rate remained at record low levels from 0 to 0.25%/year and the Fed sent more prudent messages about inflation risks. Monetary policy tightening trend in developing countries

was strong. Interest rates were adjusted continuously in many countries, such as China, India, Thailand, and Indonesia. Notably, in addition to two interest rate hikes, China increased reserve requirement rates six times to the record high level of 21.5%.

However, during the last months, the public debt crisis was rapidly spreading out, imposing risks to the financial and banking system, and deteriorating production. Central banks had to change monetary policy stance from tightening to loosening, in which, developed countries expanded their bailout packages, established coordinating mechanism among central banks to inject USD liquidity into the global market to protect the financial system from the potential financial crisis as once happened in 2008-2009. ECB cut the refinancing rate twice to 1%/year at the beginning of the year, lowering key rates in G-7 members back to the on-set point of 0.54%/year. Developing countries continued to lower interest rates when inflation pressures tended to be relieved as a result of the possible global economy deterioration. People's Bank of China did not cut its interest rates but, for the first time in last three years, reduced the reserve requirement rate to 21%.

2. Vietnam's Economy

Economic growth in 2011 slowed down to 5.89%, the lowest level of recent years, but in line with the tightened macroeconomic policies to contain inflation, stabilize macroeconomic conditions and ensure social security in the spirit of the Government's Resolution No.11/NQ-CP. Weakening domestic demand contributed less to economic growth, while stronger net external demand contributed significantly due to lower imports growth. Macroeconomic conditions became gradually stabilized, month-on-month inflation declined steadily in the second half of 2011, trade deficit decreased sharply, budget deficit reduced, and foreign reserves increased.

2.1. Economic Growth

Entering 2011, the Vietnam economy faced with various risks and challenges. The world economy showed complicated developments under the impact of the

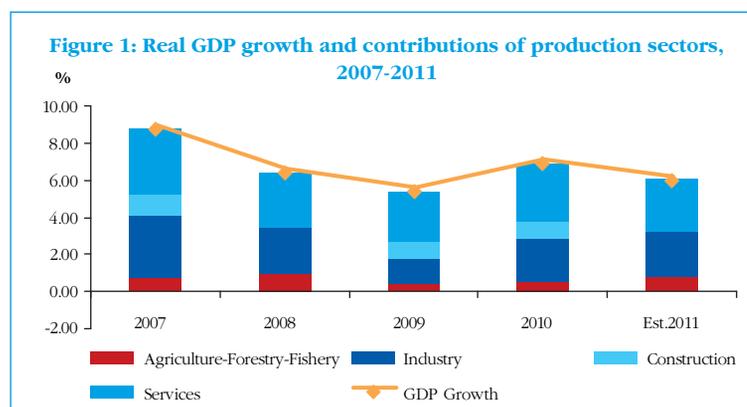
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Economic growth slowed down, macroeconomic conditions were gradually stabilized



Economic growth in 2011 slowed down to 5.89% mainly due to weakening domestic demand growth

European public debt crisis. Domestically, inflation was on the up trend, current account recorded substantial deficit, VND was under devaluation pressure. In this context, the Government of Vietnam announced Resolution 11/NQ-CP dated February 24, 2011 with synchronous solutions to contain inflation, stabilize macro-economic conditions, and ensure social security. Economic growth rate in 2011 was 5.89%, as a result of impacts from the world economy and the Government's tight macro policies.



Source: GSO, estimates of the SBV

GDP growth by sectors slowed down as compared to previous years, mainly due to shrinking construction sector

This was the second year in the last decade that the construction sector recorded negative growth of nearly -1%, reflecting the impacts of tightened monetary and fiscal policies under the Resolution 11. The monetary policy stance, beside its tight and prudent position, enabled to shift credit portfolio structure to channel more funds to production in industry, agriculture, export, etc and reduce the weight of credit to discouraged areas, including real estate.

Beside construction sector, other service sectors contributed to decelerate economic growth. The sectoral growth, although falling by 0.5% over 2010 and recording lower rates in almost all sub-sectors, gained a relatively high level of 7.0% in 2011.

Two major production sectors, namely Agriculture - Forestry - Fisheries and Industry, maintained relatively positive growth momentum compared to previous years in the context of higher input prices and production costs,

limited access to credit due to the Government's tightened macroeconomic policies. Of which, agriculture-forestry-fishery grew by 4.0%, a high growth as compared with the average growth for many years, with the robust increases seen in all agriculture, forestry and fishery. Industry grew by 7.4%, higher than that of 2010 in which the growth rate of the processing industry was still as high as 8.3%.

On the demand side, weak domestic demand was the major cause of economic slowdown, in contrast to the positive contribution of external demand

Total retail sales of goods and social services in 2011 grew less than 2010 in both nominal and real values, by 24.2% and 4.7% respectively, reflecting weak domestic demand. Real income declined due to the rising unemployment and under-employment, subdued asset markets, including securities, real estate; while high inflation caused negative effects on the end-user consumption.

Investment growth lowered in all three economic sectors, specifically 8.0% in public sector, 3.3% in non-state sector, and 5.8% in foreign invested sector. Total realized social investment grew by 5.7% compared with 17.1% in 2010 and accounted for 34.5% of GDP within the target range of 33.5% to 35% in the period of 2011-2015. Low investment growth rate was resulted from the tightened macroeconomic policy under the Government's overall direction. This helped saved budget expenditure, reduced public investment and tighten monetary policy, decreased money supply and control credit growth at low level, narrow funding channel from the budget and banks. Meanwhile, funding from stock market and foreign markets faced with difficulties.

Net exports improved significantly as compared to 2010 and had positive contribution to 2011 economic growth. Relative priced import-export gap fell to - VND70.4 trillion from - VND 106.6 trillion in 2010. This improvement resulted mainly from the considerably lower import growth compared with 2010 originating from weaker economic growth and the Government's determination in its policies to narrow trade deficit. In 2011, relative-priced imports

increased by only 2.9%, the lowest over the last decade, while exports grew by 11.4% compared to 15.4% in 2010.

2.2. Employment and Income

The labor market in 2011 was subdued given difficult business activities, however, it witnessed notable improvement in the last months.

Abundant labor supply with labor force in working age increased by 171,000 as compared to 2010, while economic growth slowed. This affected the economy's job-creating capacity. Contrary to supply trend, labor demand was relatively stable for domestic market and labor export markets. However, from Q4, labor demand was supported by the bouncing demand for labor export, and the market witnessed the supply-demand mismatches which lead to rising demand in some specific sectors requiring highly-skilled and well-educated workers. The labor market improved significantly in the last months of the year which was a bright spot to help improve labor indicators compared to 2010. General unemployment rate was at 2.27% in 2011, in which the unemployment rate was 3.6% in urban areas, 1.71% in rural areas, lower than 2.88%, 4.43% and 2.30% in 2010, respectively. Exported labor in 2011 reached more than 88 thousand workers, achieving 101.15% of the plan and increasing by 2.9% compared with 2010.

Per capita income in 2011 reached USD 1,590 higher than that of USD 1,160 in 2010. According to the salary adjustment scheme, minimum wage financed by the state budget and state-owned enterprises was increased from VND 730,000/month in 2010 to VND 830,000/month, an increase of 13.7%, higher than that of 12.3% in 2010.

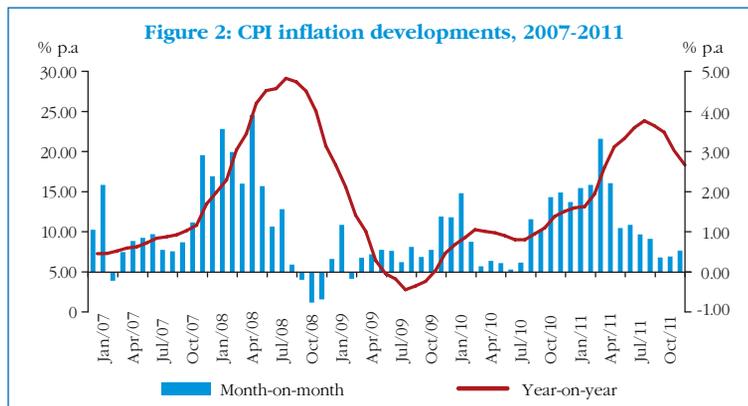
2.3. Inflation

Year-end inflation rose by 18.13%, higher than that of 11.75% in 2010, while average inflation reached 18.58% compared to that of 9.19% in 2010. In the CPI basket, ten of eleven commodity groups registered stronger increases than in 2010, except for post and telecommunications. In particular, prices of restaurant and food services played a dominant role with an increase of 24.8% and contributed to 56% of the inflation increase in 2011. In non-food and food



Labor market was subdued. Per capita income in 2011 reached \$1,590

stuff items, transportation price increased the strongest by 19.04%, and accounted for 12.31% of the inflation increase; similarly, other commodity groups price registered their increases and contribution to inflation increase respectively as follows: Housing and construction materials: 17.29% and 9.74%, Education: 20.51% and 6.57%, garment-hats-footwear: 12.9% and 5.28%. The remaining groups contributed less than 3% to inflation increase.



Source: General Statistics Office

Inflation in 2011 was higher than that in the previous year due to impacts from the supply side (cost push) and demand side (demand pull), including: (1) Import price index increase by 20.18%, compared with that of 5.6% in 2010, mainly due to impacts of the world prices; (2) State-regulated price increases for some important and essential commodities (electricity, coal, gasoline, minimum wage, tuition), which consequently raised other commodity prices and inflation expectation; (3) Reduced food supply due to natural disasters and epidemics in agriculture, (4) Lagged impacts of loosened fiscal and monetary policies in 2009-2010; (5) Higher inflation expectations; (6) Yet-to-improve internal factors of the economy including low productivity and investment efficiency. Inflation pressures from demand side, however, somewhat eased due to slower economic growth given tightened macroeconomic policies. Therefore, the supply side factors were the main reasons leading to the inflation hike in 2011.

The increasing trend of inflation, however, slowed down since May 2011 due to the eased supply side pressures given favorable world prices and the effectiveness of tightened macroeconomic policies. Average inflation over



Inflation was high compared to 2010, but in a slowing trend since May as a result of tightened macroeconomic policies of the Government

the second half of 2011 was 0.94%/month, lower than the average rate of 2.33%/month for the first 4 months of 2011.

2.4. State Budget Revenues and Expenditures



Budget revenues outpaced expenditures, which helped lower budget deficit in 2011 to 4.9% of GDP

Budget deficit in 2011 was 4.9% of GDP, at 8.2% lower than the target and that of 5.6% in 2010. This was mainly from rapidly increasing revenues as compared to expenditures. This was the lowest deficit level since 2006, while the average deficit in the 2006-2010 period was 5.6%/year, reflecting the effective fiscal tightening measures by the Government.

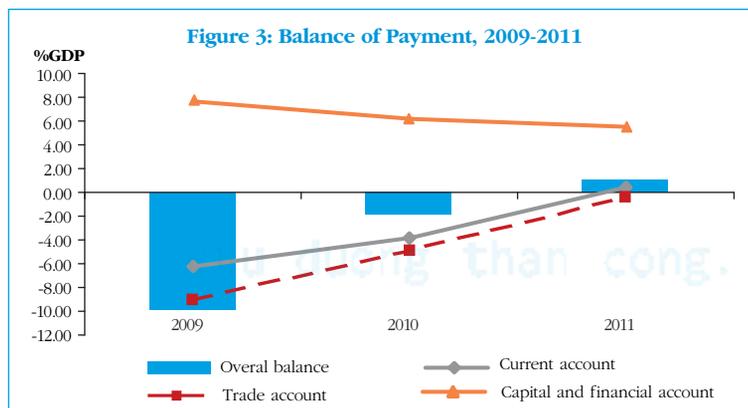
Total budget revenues in 2011 increased by 20.6% compared to that of 2010, a 13.4% increase over projections as a result of increases in almost all budget revenue items. Of which, oil revenues strongly rose over previous year, benefiting from the average export oil price increase of 32.5% higher than projected, which was the source of budget revenue improvement. In the same trend, revenues from international trade recorded a high growth rate of 10.7% compared to 2010 in the context of gloomy world economy. This revenue source was mainly from the rise of world commodity prices and exchange rate adjustments, and tax increase measures applied to discouraged import items to contain trade deficit. Domestic revenues remained stable compared with 2010 and recorded a rise of 11.3% higher than projection thanks to enforcing tax collection reform measures.

Total government expenditures increased by 18.6% over 2010, 9.7% higher than projection. In expenditure items, development and investment expenditure recorded a low increase and current expenditures slowed down in the context of tightening of public spending. In which, investment and development expenditure increased by 9% compared with 2010 and 15.1% higher than estimates. This increase was lower than that of about 20%-30% in the 2007-2009 period. Current expenditures was in the same trend that its growth in 2011 was lower than in 2010, a 4.8% increase compared to projection since the Government accelerated measures to save public spending. At the same time, the use of budget contingent fund allocated from the

beginning of the year and supplemented from excess budget revenue in 2010, facilitated to ease pressures on current expenditures.

2.5. Balance of Payment

Balance of payment in 2011 posted a surplus of USD 1.15 billion after a recorded deficit in 2010, reflecting a build-up in net international reserves thanks to the Government's successful macroeconomic stabilization. In spite of slower global economic growth, there was a strong improvement in current account balance driven by export price gains. Capital account, though partly affected by sophisticated developments in international financial markets, witnessed a relatively high surplus level.



Source: State Bank of Vietnam

Current Account

Current account registered a slight surplus of USD 236 million, equivalent to 0.2% of GDP, mainly as a result of the strong improvement of trade balance and the sustained current transfers surplus amid global economic disturbances.

Trade balance deficit exhibited a sharp decline of USD 450 million from USD 5.1 billion in 2010. Albeit slower international economic growth particularly in large markets such as the U.S and Europe, Vietnam's exports increased significantly to 96.6 billion, 34.2% up from 2010, given the world price gains. Meanwhile, the domestic economic slowdown together with counter trade deficit solutions by the Government kept import growth at a low level, however, FOB import value increased by 26% due to import price hikes.

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Balance of payment shifted into a surplus position of USD 1.1 billion after recording a deficit in 2010

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Current account balance registered a slight surplus of USD 236 million, mainly owing to the strong improvement of trade balance and sustained slight surplus in current transfers

Services deficit went up to USD 2.98 billion from USD 2.46 billion in 2010. Total services receipts increased by 19% to USD 8.9 billion. Notably, tourism continued to register a high growth rate of 26.3% from 2010, as the major contributor to the increase in total services receipts in 2011. The total international tourist arrivals to Vietnam in 2011 reached 6 million, up by 19.1% from 2010, which contributed to the increased tourism service receipts. However, total services payments also witnessed a high increase of 19.5% to USD 11.86 billion, largely due to the uptrend in import freight and insurance (USD 7.5 billion, up by 25.9 % from 2010, equal 63.4 % of total services payments).

Investment income experienced a deficit of USD 5.0 billion, 10.0% higher than last year. The European public debt crisis heightened macroeconomic and financial risks, leading to increased withdrawals of CIs' overseas deposits together with a continuously contracted deposit interest receipts due to sustained low international interest rates. Meanwhile, payments recorded a modest increase of 7.8% to USD 5.4 billion. There was a change in investment income payment structure in 2011 against 2010, in which, foreign loan interest payment reached USD 889 million, up 60.5% from 2010 due to high external debt outstanding on the uptrend together with reduced concessional loans. The last item, dividend to foreign investors, rose slightly.

Current transfers registered a surplus of USD 8.7 billion, up 10.1% from 2010. In particular, net private transfers surplus was 8.3 billion, 10.0% higher than 2010. Albeit international and domestic economic risks showed an upward trend in recent years, remittance flows into Vietnam remained stable as one of the important foreign exchange sources to finance current account deficit. Public transfers (mostly in the form of grants) were in surplus of USD 0.36 billion, increasing by 13.6% as compared to 2010.

Capital and Financial Account

Surpluses were witnessed in the capital and financial account in total at USD 6.4 billion, up 3.1 % from 2010 and in almost all items. The capital account structure, however,

experienced a change when FDI disbursement diminished given domestic macro fluctuations in recent years while external borrowings, especially short term borrowings, escalated in the context of lower cost of external funds than domestic ones.

Net foreign direct investment posted a surplus of USD 6.5 billion, contracting by 8.7% from 2010; in which inward FDI implementation reached USD 7.4 billion, 7.5% lower than 2010, when outward FDI reached USD 0.96 billion, up 5% from 2010.

- Inward FDI: 2011 inward FDI implementation was USD 7.43 billion, down 7.1% since 2010, equal to 67.5% of total FDI implementation in Vietnam. The lower inward FDI growth rate this year could be attributed to: (i) uncertain macroeconomic developments, difficulties in some production and business sectors, especially real estate, resulting in foreign investors' concerns; (ii) increases in foreign investors' domestic borrowings for investment projects.

- Outward FDI: Vietnam's outward FDI in 2011 reached USD 950 billion, up 5.6% from 2010, with PetroVietnam (USD 374 million) as the biggest investor, Viettel Group (USD 185mn) ranked the second. FDI outflows this year continued to aim at areas that Vietnam enterprises had comparative advantages such as mineral exploitation, industrial plants, post and telecommunication, airlines, banking, and in prioritized locations.

Medium and long term external borrowings and repayments registered a surplus of USD 3.3 billion, up 19.4% from 2010 given the increases in both ODA disbursement and enterprises' commercial borrowings.

Regarding the Government's medium and long term external borrowings and repayments: ODA loans and other borrowings from international financial institutions in 2011, continued to account for a large proportion (more than 70%) of the total. In which, the disbursement of ODA and foreign borrowings reached USD 3.89 billion, up 16.2% from 2010 while principal repayments reached USD 2.4 billion.

Regarding enterprises's medium and long term term



Capital and financial account continued to post a surplus of USD 6.4 billion and witnessed surpluses in almost all items

external borrowings and repayments: commercial external borrowing disbursements by enterprises in 2011 tended to increase over 2010, reaching USD 1.8 billion (except for external borrowing disbursement by FDI enterprises), mainly in such areas as electricity and electronics, hotel, office, airlines, construction, etc..

Short term external borrowings and repayments of enterprises, as the main source of import finance, posted a high surplus of USD 1.6 billion, an increase of 54.6% from 2010. In the context of squeezed domestic financing and domestic borrowing costs higher than the world price due to impacts of inflation-curbing contractionary macroeconomic policies, import enterprises sought more external financing sources. Enterprises' short term external borrowing disbursements sharply accelerated to USD 14.6 billion, 73.7% higher than 2010. Short-term debt services increased by 76.4% from USD 12.85 billion in 2010.

Portfolio investment decreased by 40.4% from 2010, at a surplus of USD 1.4 billion. The inward portfolio investment significantly dropped by 55.4% to USD 1.06 billion, and by 11% if USD 1 billion international bond issuance by the Government in 2010 were excluded. The foreign portfolio investment decrease partly showed the international tendency of capital flight from emerging markets due to the European public debt crisis. In addition, the continuously declining domestic stock market resulted in the erosion of domestic securities' attractiveness to foreign investors. For outward portfolio investment, in 2011, Vietnam's credit institutions tended to sell foreign securities given concerns about the impact of the European crisis and the higher demand for domestic foreign currency loans, which created a deficit of USD 348 million in Vietnam's portfolio investment abroad.

Investment in the form of money and deposits: The domestic monetary and foreign exchange markets in 2010 witnessed complicated developments. There were times when the domestic and foreign gold price gap reached high. Thus, people tended to hold gold and foreign currencies, therefore, money and deposit item experienced a high deficit of USD 6.4 billion, a 9.4% decrease from USD

7.06 billion in 2010. This was explained by the fact that the banking system's money and deposits posted a surplus of USD 482 million (from a USD 503 million deficit in 2010); money and deposit in other sectors (mostly in the form of gold and foreign currencies held by individuals) experienced a deficit of USD 6.88 billion, an increase of 4.9% from 2010.

2.6. Financial and Monetary Developments

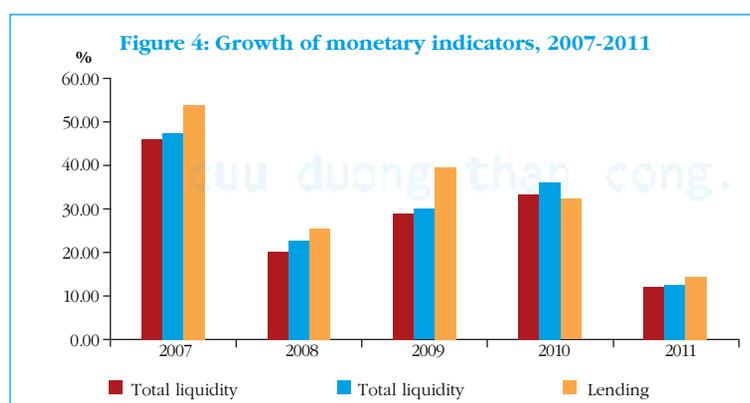
Monetary Developments

Total liquidity increased at a many-year-low rate

Year-on-year total liquidity growth rate steadily decreased over months in 2011, from 33.3% at end-2010 to merely 12.1% at end-2011, the lowest level for many recent years. Money circulation outside the banking system and fund mobilization grew by 9.78% and 12.4%, respectively. The modest growth rate of total liquidity was attributed to the much slower growth rate of the banking system's Net Domestic Asset of 12.0% compared with 41.7% as of the end of 2010, of which, credit to the economy increased by only 14.33%. On the contrary, Net Foreign Assets of the whole system increased by 12.6% in 2011, mostly attributed to the SBV's purchases of foreign currencies for foreign exchange reserves accumulation purpose, which expanded the central bank's net foreign assets by 20.8%; whereas, this item in the credit institutions' balance sheet narrowed by 30.7% amidst the lower growth rate of foreign assets than that of foreign liabilities.



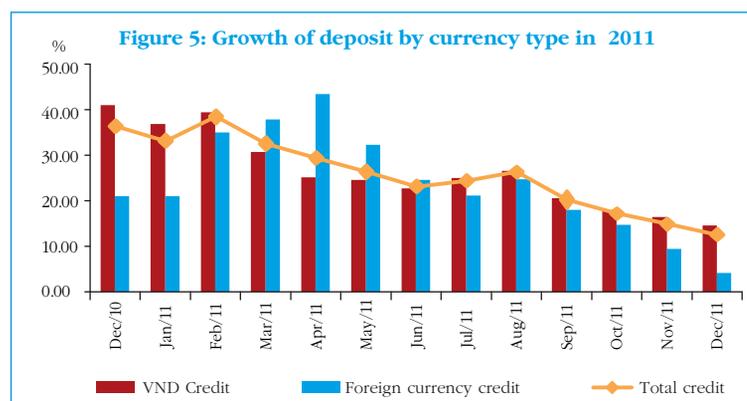
Monetary indicators increased at low levels compared with many recent years, hence contributing to curbing inflation and stabilizing macroeconomic conditions, following the overall direction of Resolution 11



Source: State Bank of Vietnam

Capital mobilization moved in the same direction with total liquidity

Developments of credit institutions' capital mobilization were in line with that of total liquidity; accordingly, the y.o.y growth rates steadily reduced over months in the context of the SBV's tight management of the monetary policy following the Government's overall direction together with determined implementation of de-dollarization measures.



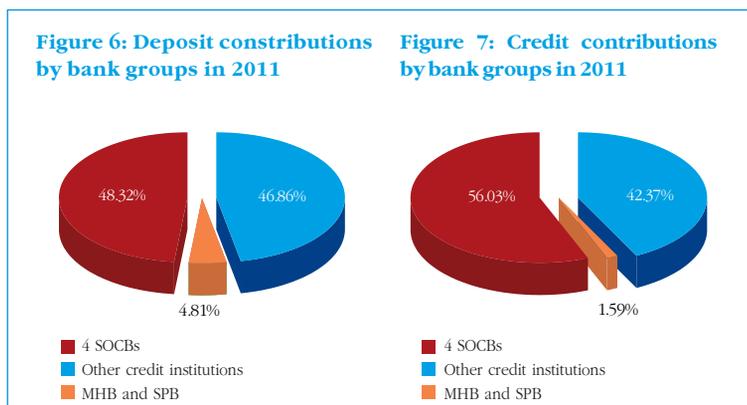
Source: State Bank of Vietnam

At the end of 2011, total capital mobilization by the banking system rose by 12.4% y.o.y, lower than the average growth rate of 29.5%/year during the past ten years.

Currency composition in 2011 followed dollarization gradually decreasing trend: y.o.y growth rates of both VND and foreign currency deposits slowed month after month; specifically since in August 2011, foreign currency deposit growth became much lower VND deposit growth. As of end-2011, foreign currency deposits increased by only 4.1% y.o.y, the lowest level since 2004. Foreign currency deposit growth slowed down considerably since April 2011, when the interest rate cap on USD deposits of individuals and organizations were applied, then the year-end deposit outstanding decreased by 11.6% from April. The low growth rate of foreign currency deposits contributed to de-dollarization. The percentage of foreign currency deposits in overall capital mobilization was 21.1% at end-2010, peaked at 24.6% in April 2011, then jumped down to the ever the lowest rate of 19.5% in December 2011. Regarding VND deposits, the growth rate for the whole system also followed the downward trend, in the context of slowdown economic growth, pressured production and businesses, and the SBV's tightened monetary policy leading to the

contracted money supply to the economy.

Capital mobilization breakdown by group of credit institutions showed that the contribution of state-owned banks reduced, while that of other credit institutions (joint-stock commercial banks, non-bank credit institutions, People's Credit Fund, 100% foreign-owned banks, foreign banks' branches, joint-ventured Banks increased. Capital mobilization by 4 state-owned commercial banks rose by only 8.63% from December 2010; of which, VND deposits increased by 10.84% while foreign currency deposits was down by 2.75%. Mobilization by Mekong Housing Bank and Social Policy Bank went up by 19.44%; of which, mobilization in VND increased by 19.90%, whereas, that in foreign currencies decreased by 8.20%. Capital mobilization by other groups of credit institutions accelerated by 15.21%; of which, that in VND and foreign currencies rose by 17.78% and 7.66%, correspondingly. As of end-2011, capital mobilization by state-owned banks and Social Policy Bank accounted for 43.92% of overall fund mobilization compared with 45.29% in 2010; while that by other credit institutions reached 56.08%, higher than 54.71% achieved at end-2010.

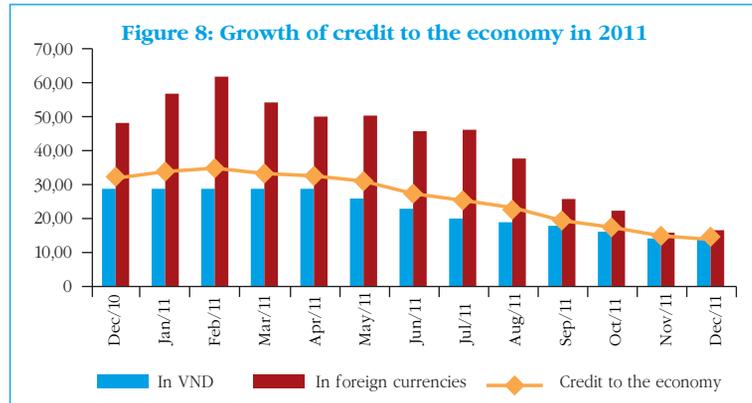


Source: State Bank of Vietnam

Credit to the economy grew at the record low level, with both VND and foreign currency credit growth rates reduced sharply from 2010

The y.o.y. growth rate of credit to the economy gradually decelerated under the impacts of contractionary macroeconomic policies, with the monthly growth rate at the lowest ever. Total credit to the economy as of December 2011 increased by only 14.33% y.o.y (averaging

at 1.2% monthly), a sharp reduction compared with that of 32.4% in 2010 and also the lowest rate ever recorded.



Source: State Bank of Vietnam

Following the trend in 2010, foreign currency credit in 2011 continued to increase at a faster pace than VND credit in the context that lending rate in foreign currency was considerably lower than in VND. The average monthly growth rate of VND loan outstanding was 1.03% compared to that of 1.4% for foreign currency. Especially, in February 2011, foreign currency credit growth rate peaked at 62% y.o.y, while VND one grew at the rate of 27.1% y.o.y. During the first seven months, the continuously and rapidly growing pace of foreign currency loan outstanding averaging at 3.3%/month raised concerns about exchange rate risk on enterprises' liabilities. However, since August 2011, there was a continuous decline in the foreign currency credit outstanding thanks to a series of measures to stabilize foreign exchange market and diminish the exchange rate risk, including: to limit foreign currency lending according to Circular 07/2011/TT-NHNN issued by the SBV dated March 24, 2011, to impose a low interest rate cap on USD deposits to reduce USD deposits, hence limit USD lending, moving from the foreign currency borrowing-lending relationship to buying-selling one under the Government's direction. As a result, foreign currency investment growth rate at end-2011 sharply reduced to 16.8% from 48.4% at end-2010. For VND credit, the loan outstanding experienced a steady increase over months but at a considerably lower rate than previous years due to the impacts of tightened macroeconomic policies under Resolution 11 (except for the extraordinary

growth in December 2011). At end-2011, VND loan outstanding increased by 13.7% compared with that of 29.0% in 2010, being the ever lowest rate in many recent years.

Currency composition of credit to the economy as of December 2011 also recorded positive changes in line with the direction of gradual de-dollarization. The proportion of foreign currency loan outstanding to total loan outstanding increased to 22% in July from 19% in January, then reduced to 20.0% by the end of the year.

Credit growth rates by all groups of credit institutions, including joint stock commercial banks, decreased. In 2011, credit growth of state-owned commercial banks (SOCBs) and other credit institutions (joint-stock commercial banks, joint-venture banks, foreign banks' branches, 100% foreign-owned banks, financial companies and leasing companies) were 14.75% and 14.17%, correspondingly.

Credit composition by SOCBs and other credit institutions in 2011 remained nearly the same as 2010. As of end-2011, credit outstanding of SOCBs, Mekong Housing Bank together with Bank of Social Policy, and other credit institutions accounted for 44.88%, 4.53%, 50.59% of the total credit outstanding of the system, respectively.

Credit to the economy by economic sectors: credit for rural development (including agriculture, forestry and fishery) accounted for 8.8%, and that for industry and construction was around 30.89% of total credit outstanding.

Interest Rates

VND interest rates

Amid the SBV's tight monetary management with the contracted money supply and rising policy interest rates, the market's VND interest rates were under pressures to increase, with such pressures being strong in the first half of the year and then eased in the last 6 months.

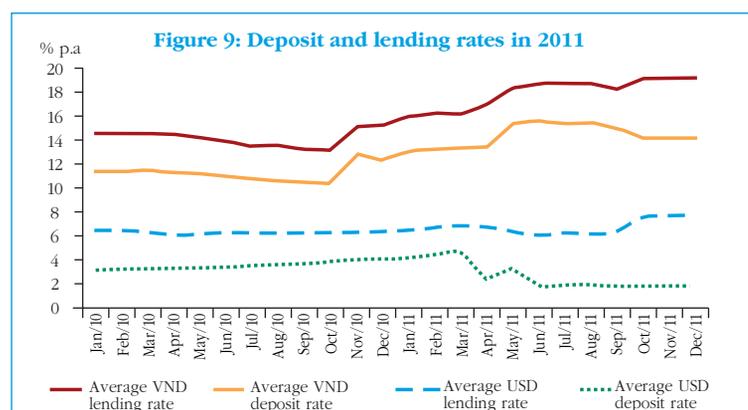
During the first 6 months of 2011, both VND deposit and lending interest rates accelerated sharply: At end of June 2011, the average VND deposit rate was 15.6% per annum (p.a) compared with that of 12.44% p.a as of end-2010, higher than the 14% deposit interest rate cap as



During the first half of 2011, VND interest rates were under pressures to accelerate sharply but then gradually declined in the last 6 months.

Meanwhile, there was little change in USD interest rates

several credit institutions facing liquidity problem exploited the loopholes in the SBV's regulations on deposit interest rate caps. Accordingly, VND lending interest rate continuously increased correspondingly because of higher mobilization cost and tightened fund supply, averaging at 18.5% p.a as of end-June, compared with 15.27% p.a at the end of 2010.



Source: State Bank of Vietnam

Pressures to raise interest rates eased in the second half of the year, thanks to the gradually stabilized macroeconomy (monthly inflation rate gradually declined, trade deficit narrowed, exchange rate and foreign exchange markets stabilized, and foreign exchange reserves increased), together with the SBV's solutions to channel the capital flow between primary and secondary markets and supervise the system. Since early September, almost all commercial banks seriously complied with the SBV's regulation on deposit caps (14% p.a imposed on deposits of one month and above terms; 6% p.a for demand deposit and term deposits of less than one-month); as of year-end, the prevalent lending interest rates for production and businesses ranged from 17.0 to 20.0% p.a, and the lowest rate was at 15.0% p.a.

USD interest rates

USD interest rates remained stable: USD deposit rate was on a downtrend, while USD lending rate slightly went up in the last three months of the year.

USD deposit interest rate gradually decreased to be equal or lower than the cap imposed by the SBV. In addition to the objective of curbing inflation and stabilizing

macroeconomic conditions, the SBV carried out determined and strong measures to stabilize foreign exchange markets and de-dollarize the economy, including: (i) the USD deposit interest rate cap, (ii) narrowing the range of USD borrowers, (iii) strengthened supervision, inspection and sanctions of violations in foreign exchange markets, etc. Thanks to these measures, USD deposit interest rate boarded on a downward trend, with individuals' and economic organizations' prevalent deposit rates from 4.0-5.0% p.a and 1.0% p.a respectively in the first 3 months, to 2.0% p.a and 0.5% p.a respectively from mid of April to year-end, equal to the caps imposed by the SBV.

USD lending interest rate went up in the last 3 months. They were fairly stable during the first over 9 months, at 6.0-7.0% p.a, and 7.0-8.0% p.a for short-term and medium/long-term loans respectively, then slightly increased since end-September by 1.0-1.5% p.a to 6.0-7.5% p.a and 7.5-9.0% p.a respectively. The main reasons were: (i) USD credit demand tended to increase, and (ii) the SBV increased foreign currency reserve requirement ratio and imposed higher risk weights on several foreign currency assets for capital adequacy ratio-CAR calculation, hence raising credit institutions' foreign currency mobilization cost, leading to the rise of USD lending interest rates.

Inter-bank Market

Transaction scale expanded

The total volume of VND lending and deposit on the inter-bank market in 2011 reached VND 6,896 trillions, an increase of VND 1,860 trillions, showing a 37% growth from 2010. Total volume of USD lending and deposit reached USD 156,015 millions, up by USD 41,979 millions, or 36.8% in comparison with 2010.

Regarding terms/maturities, inter-bank transactions were mostly conducted with below 1-month terms, especially overnight. The turnover of overnight transactions for the whole year was VND 2,756 trillion and US\$89,260 million.

Liquidity in the whole CIs' system in 2011 was

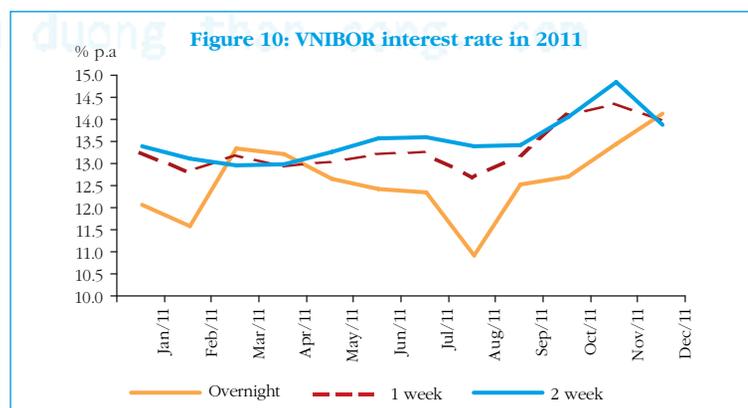


In the inter-bank money market, transaction scale expanded; inter-bank interest rates increased and fluctuated greatly

stabilized despite some inter-bank market disturbances resulted from several JSCBs facing temporary liquidity problems. The SBV undertook measures to stabilize the inter-bank market, closely monitor commercial bank with liquidity difficulties and provide timely supporting through refinancing and open market operations.

Inter-bank interest rates increased and fluctuated

Inter-bank interest rates witnessed volatilities and relative increases from 2010. The fluctuations were quite significant during the first four months when inter-bank interest rate continuously increased since the last year-end. The average inter-bank rate increased from 11.1% p.a in December 2010 to 13.18% p.a in April 2011 for overnight rate, from 12.82% p.a in December 2010 to 13.02% p.a in May 2011 for one-week term, and relatively stable for other terms. At this point of time, the inter-bank interest rates were affected by the SBV's policy interest rate increase and tight money supply.



Source: State Bank of Vietnam

Between May and August 2011, inter-bank market was stabilized with its rates on a downward trend after the first four months as the more abundant liquidity in the context of the foreign exchange market stabilized after the positive development of macroeconomics. Overnight interest rate declined from 12.63% p.a in May to 10.90% p.a in August. Rates of other terms was fairly stable around 13% p.a.

The market, however, experienced some disturbances since August 2011, due to liquidity difficulties in some small CIs. Inter-bank interest rates, though not as high as in the first

four months, reached 12.49% p.a in September 2011 and 14.11% p.a in December 2011 for overnight term. Also, by end-December, interest rates for below one-month term increased by 0.5% - 1.3% p.a compared with the level of August 2011; especially, the average interest rate for 12-month maturity jumped sharply to 17.6% p.a.

USD interest rates generally shared the same relative upward trend as VND ones. USD interest rate rose from 0.5% p.a in December 2010 to 0.99% p.a in December 2011 for overnight transactions, and from 1.05% p.a to 2.46% p.a for one-month term, and 2.34% p.a to 3.32% p.a for 12 month term.

Foreign Exchange Market

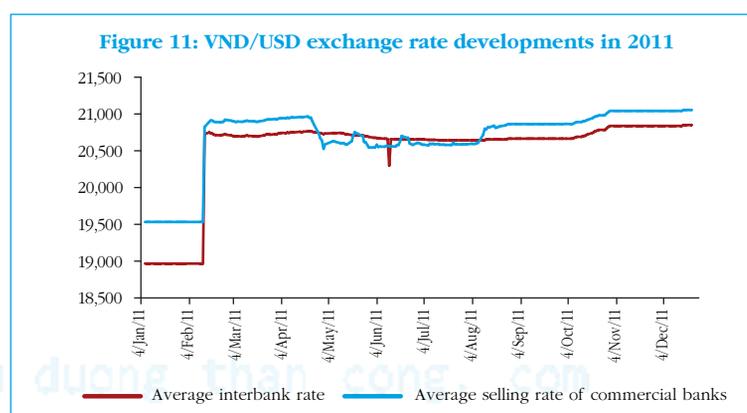
The foreign exchange market became much more stable than last year, with the market supply and demand striking a fair balance. Considering the whole year 2011, the average inter-bank exchange rate increased by 10.01%; the exchange rate average of commercial banks accelerated by 7.88%; and the black market exchange rate rose by 1.19%, from 5.52%; 5.55% and 8.32% in 2010, respectively.

Regarding the market trend during the year, after experiencing a tense during Q1, the foreign exchange market became stabilized until end-July thanks to the SBV's synchronous implementation of monetary and foreign exchange management measures. Since mid-April, actually-transacted inter-bank exchange rate gradually went down to lower levels than the average inter-bank exchange rate. The parallel foreign exchange market was closely monitored. The SBV made foreign exchange purchases from commercial banks to build foreign exchange reserves. Foreign exchange market and exchange rate, however, witnessed some disorders and appreciations from mid-August, due to the sentimental impacts of complex developments in the world economy and international gold prices. However, with subsequent measures of the SBV including: (i) average inter-bank exchange rate adjustments; (ii) foreign exchange market interventions, and (iii) announcement of regulating the trading band fluctuation within 1% until year-end to ease market sentiment, the exchange rate and foreign exchange



There was an evident improvement in the foreign exchange market after significant fluctuations in previous years

market were stabilized again. The parallel foreign exchange market continued to be strictly controlled; legitimate and rationale foreign currency demands of institutions and individuals were adequately met; foreign currency sales by enterprises and individuals to the commercial banks were pushed up; and the SBV purchased a considerable amount of foreign currency to accumulate foreign exchange reserves. Especially, there was a trend of the public shifting from keeping foreign currency deposits to VND deposits, hence step-by-step tackle the dollarization problem in the economy.



Source: State Bank of Vietnam

Positive developments in the foreign exchange market during last year were mainly attributed to: improvements and surpluses in balance of payment; aggressive and appropriate measures of the SBV in strengthening the foreign exchange market, thus bringing the parallel market into order and reducing the potential turbulences in both foreign currency and gold markets; flexible management of the official exchange rate to reflect the actual market demand and supply, hence leading to improvements in market liquidity.

Gold Price Developments

The domestic gold market underwent relatively complex developments in 2011. From the beginning 2011, domestic gold prices went up significantly by approximately 15.9%, mostly due to abnormal fluctuations in world prices and burgeoning speculation activities.

The domestic gold price witnessed strong fluctuations during the first 9 months, peaking at VND48.45 millions in



Significant fluctuations in the world gold prices led to complicated developments in the domestic gold market and gold price hikes

August 2011 when the world gold prices reached the record level of \$1,920/oz. Differences between domestic and world gold prices were at high levels due to strong and rapid changes in global gold prices together with high domestic demand albeit low supply. However, from mid-September and during Q4, domestic gold prices tended to decline and closely followed the world price developments, mainly as a result of downward trend of the world price and the SBV's timely measures to stabilize domestic gold market.

Securities Market

Securities market in 2011 slumped with negative growth of prices and transaction value, leading to the narrowed market scale. Compared to end-2010, VN-Index indicator fell by 27.5% to 351.55, HNX-Index decreased by 48.58% to 58.74. The average transaction value was VND 1,030.5 billion/session, a decline of 59% compared to VND 2,509.4 billion/session in 2010. The value of listed stocks increased by 13.03%, market capitalization was equivalent to 20% of GDP, compared with 37% and 33% of GDP in 2010, respectively. Auctions of government bonds, however, were buoyant on the primary market in the last half of the year with main participants being commercial banks. The slump of securities market was mostly attributed to the declining trend in international securities markets together with the impacts of tightened macro policies on capital inflows to the securities markets.

2.7. Activities of Credit Institutions

The number of credit institutions in 2011 recorded insignificant change compared with 2010, however, governance and management activities, prudential ratios and financial capacity ratios witnessed improvements since 2010. Vietnam's volatile macroeconomic environment albeit a financial market still in the developing process, however, heightened the risks and challenges for credit institution operations in 2011.

Governance and management activities, financial capacities of credit institutions continued to be improved

By the end of 2011, the banking system consisted of 5



Securities market slumped



Credit institution system was generally stable: financial capacity and governance activities were improved, soundness indicators recorded positive developments, and credit risk heightened but within control

state-owned commercial banks, 37 joint stock commercial banks, 1 policy bank, 1 development bank, 50 branches of foreign banks (including sub-branch), 5 banks with 100% foreign capital, 4 joint venture banks, 50 representative offices, 18 financial companies, 12 financial leasing companies, 1 central people's credit fund and more than 1000 local people credit funds. The network of credit institutions covered not only the domestic market but also big strides in expanding to some international markets. The credit institution system's financial capacity continued to be strengthened, operational size was expanded, and prudential ratios and financial capacity ratios were ensured.

During recent years, credit institutions' governance was transformed into the head-office-centralized governance model, in line with their sizes and development trends. Organizational and operational models were innovated, with international practices applied, including various components of modern banking governance such as risk management, asset and liability management, internal audit, business strategy, management information system, technology service, etc. to strengthen governance capacity.

*Table 1. Credit institutions system of Vietnam
(By December 31, 2011)*

No	Types	2010	2011
1	State-owned commercial banks	05	05
2	Policy Bank	01	01
3	Development Bank	01	01
4	Joint stock commercial banks	37	35
5	Joint venture banks	05	04
6	Branches of foreign banks	48	50
7	Banks with 100% foreign capital	05	05
8	Financial companies	17	18
9	Financial leasing companies	13	12
10	Central people's credit fund	01	01
11	Local people's credit funds	1057	1095
12	Small -sized financial institution	01	01
13	Representative offices of foreign bank	48	50

Source: State Bank of Vietnam

Soundness indicators in banking operations recorded positive developments

Soundness indicators in 2011 developed positively compared to that in 2010. Additionally, the substantial equity growth resulted in the minimum capital adequacy

of the whole credit institution system, branches of foreign bank (excluding subsidiaries of credit institution) being relatively stable compared to the end of last year. The ratio of short-term capital used for medium-term and long-term loans of the whole system reduced. Regarding the implementation of solvency ratios, most credit institutions complied with solvency ratio as regulated.

Operational risk of the banking system increased but under control

Credit risk: Nonperforming loans tended to increase compared with the previous year but still within the control of SBV. Main NPL determinants included high lending rates and difficulties facing business activities given the Government's tight macroeconomic policies to control inflation. Nonperforming loans as of the end of 2011 increased to 2.86% from 2.04% in 2010.

Liquidity risk: Liquidity situation of credit institutions at times in 2011 was in disorder but basically solved timely. High liquid assets including cash at vaults, deposits at SBV and highly negotiable valuable papers were likely to increase in the latter months of the year. The balance between deposits and loans was ensured from the perspective of the whole system.

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Part II - The State Bank of Vietnam's Management



The SBV conducted its management in consistency with the spirit of the Government's Resolution 11 in order to achieve the common objective of containing inflation and stabilizing macroeconomic conditions

All management activities of the SBV in 2001 were aimed at implementing the objective of prioritized inflation curbing and macroeconomic stabilization in the spirit of the Government's Resolution 11. Accordingly, the SBV focused on: managing the monetary policy tightly and prudently to control the total liquidity and credit growth under the set targets; managing the exchange rate and foreign exchange market in line with foreign exchange supply and demand, increasing market liquidity and improving the balance of payment and accumulating international reserves; implementing ad-hoc supervision focusing on credit, interest rate, exchange rate, gold trading and strictly supervising weak banks; enhancing banking technology modernization and promoting non-cash payment activities; ensuring the vault and treasury security; credit information activities which contribute to ensure the banking system safety; and continued improving the institutional system of monetary and banking legislation in line with international practices and Vietnam's conditions.

1. Monetary Policy Management

Gradually increasing policy interest rates



The monetary policy was managed tightly and prudently, in order to rein in credit growth rate below 20% and total liquidity at around 15-16%, contributing to inflation curbing and macroeconomic stabilization

The SBV flexibly adjusted policy interest rates in 2011, in line with the macroeconomic and money market developments. From February to April, policy interest rates including refinance rate, overnight lending rate in inter-bank electronic payment was gradually raised from 9% to 12-13-14%/year; rediscount rate 7-12-13%/year. Subsequently, in October, the SBV increased refinancing rate from 14%/year to 15%/year, overnight lending rate in inter-bank electronic payment from 14%/year to 16%/year. At the same time, the interest rate on foreign exchange excess reserve was reduced from 0.1%/year to 0.05%/year, equivalent to the rate applied to the SBV's deposits at FED using credit institutions' deposits, which aimed at lowering interest costs for the SBV, in line with the direction of limiting foreign currencies consistently held in accounts and facilitating a gradual shift from the foreign currency borrowing-lending relationship to foreign currency buying-selling one.

In addition, the SBV issued legal documents regulating deposit interest rates of the credit institutions, including: Circular No. 02/2011/TT-NHNN dated 03 March 2011 and Circular No. 30/2011/TT-NHNN dated 28 September 2011 stipulating on the maximum interest rate of VND deposits of organizations and individuals at credit institutions; Circular No. 04/2011/TT-NHNN dated 10 March 2011 stipulating interest rates applied in case organizations and individuals make early withdrawals at CIs, Circular No. 09/2011/TT-NHNN dated 9 April 2011 and Circular No. 14/2011/TT-NHNN dated 01 June 2011 stipulating the maximum interest rates of USD deposits of organizations and individuals at CIs.

Flexibly regulating open market operations (OMOs) in line with market supply and demand of funds

OMOs in 2011 were regulated flexibly, closely following the market's fund supply and demand developments, with the aim of supporting VND short term liquidity for CIs, helping to stabilize market interest rates and exchange rate. Accordingly, the SBV conducted daily transactions offering to buy commercial papers with short maturities (7 and 14 days); using quantitative auction method; with interest rates adjusted in line with the objectives of SBV's monetary policy management.

During the first nine months of the 2011, with the objective of strict monetary control to rein in credit and liquidity growth within the set targets, aiming at curbing inflation albeit ensuring liquidity stability for CIs, the SBV's OMOs offered to buy commercial papers mainly with 7-day maturity, with interest rate raised from 10%/year to 15%/year, quantities offered to buy averaging at around VND 8.400 billion/session and the average auction winning quantity at about VND8.000 billion/session.

Since the latter half of September, the annual credit and total liquidity growth rate were controlled within the targets set at the beginning of the year, inflation showed signs of slower increases. In this context, in order to ensure the money market stability and supporting exchange rate stability, the SBV's OMOs offered to buy commercial papers with 7 day and 14- day maturities, with interest rate of

14%/year, the average quantity offered to buy at VND 3,400 billion/session, and the average auction winning quantity at about VND3,100/session.

Together with flexible management of other monetary policy instruments, OMOs contributed to stabilizing the money market, ensuring the CI system's payment safety and exchange rate stability; and keeping inter-bank market interest rates around OMO rates.

Flexibly using the refinancing instrument so as to support credit institutions' liquidity

Refinancing is a monetary policy instrument used flexibly by the SBV in 2011 to provide short-term financing support for CIs to ensure the system liquidity stability, at the same time to provide additional funds for lending to effective production and business activities. Refinancing loans for liquidity support had maturities from 1-3 months, and was concentrated within roughly a month before the Lunar New Year so as to help CIs stabilize their liquidity, ensure the system safety in the context of boosted payment demand of the economy.

Increasing the reserve requirement ratio on foreign currency deposits, keeping this ratio on VND stable

The SBV kept the reserve requirement ratio unchanged for VND deposits to stabilize the monetary market and limit interest rates increases, given that VND fund of the banking system was not yet abundant, reserve requirement ratio was 3% for demand deposits and term deposits with maturities under 12 months, 1% for term deposits with maturities of 12 months and up. Regarding foreign currency deposits, the SBV implemented the following measures: increasing the reserve requirement ratio 3 times from 4% to 8% for demand deposits and term deposits with maturities less than 12 months, from 2% to 6% for term deposits with maturities from 12 months and up; requiring CIs to calculate reserve requirement on their overseas deposits pursuant to the SBV's Circular No 27/2011/TT-NHNN dated 31 August 2011.

Strictly controlling credit, shifting credit structure toward concentrating funds for

production sectors and limiting credit for risky areas

The SBV controlled the size and quality of credit and ensured the system safety through strong and synchronous monetary policy measures, focusing mainly on: requesting CIs and foreign banks' branches to control their credit growth, at the same time adjusting the credit structure and improve credit quality to concentrate funds on production and business, reduce the speed and outstanding loans to non-production sectors by 30/6/2011 to 22%, and by 31/12/2011 to 16%; implementing regulatory measures to strictly rein in foreign currency credit growth through increasing reserve requirement ratios and broadening types of deposits that need to have required reserves in foreign currencies; increasing the risk weights of some foreign assets from 20% to 50%, (v) narrowing the range of foreign currency resident borrowers as well as lowering the caps of CIs' USD deposit rates for economic organizations and individuals; and inspecting and examining some CIs with high foreign currency credit growth.

2. Foreign Exchange Management

Average inter-bank exchange rate was increased, the trading band was narrowed, foreign exchange market was intervened flexibly

In February, in order to stabilize the tensing FX market during the beginning months, SBV increased average inter-bank exchange rate by 9.3% and narrowed trading band from +/-3% to +/-1%. These adjustments were implemented together with other comprehensive measures such as: interest rate caps of 3%/year for individuals' USD deposit and 1%/year for institution's (except credit institutions), and lowering the caps in June correspondingly to 2% and 0.5% to fight against dollarization in the economy and gradually shift borrowinglending relationship to buyingselling one; regulations to narrow the range of domestic resident borrowers for foreign currency credits; (iii) increase of reserve requirement ratio for foreign currency deposits in April; a set of solutions to ensure foreign currency for gas&oil import. Thanks to these solutions together with tightening monetary policy, FX market was generally stable from late February to mid-August.



Exchange rate and foreign exchange (FX) market were managed in line with the supply-demand relation, market liquidity increase, and improvements of balance of payment and foreign exchange reserves

However, turbulence arose in the FX market and exchange rate from mid-August. In order to stabilize the market sentiment and restore the stability for gold and FX markets, the SBV implemented comprehensive solutions: flexibly two-way adjusting the average inter-bank exchange rate based on supply-demand relation of the foreign currency; guiding commercial banks to proactively sell foreign currencies to meet the needs of the economy; announcement by the SBV's Governor to protect VND within 1% depreciation limit until the year end to stabilize the public sentiment and finally, the SBV's commitment was realized; coordinating with ministries to strengthen parallel market activities and implement measures to stabilize the FX market. After the SBV's efforts, the FX market witnessed positive changes and stable trend from October until the year end.

Managing the State foreign exchange reserves in order to ensure the safety, liquidity and profitability

The State foreign exchange reserves management in 2011 continued to ensure principles of safety, liquidity, and profitability, the reserves size increased. When the supply and demand in the FX market were imbalanced, the reserves were used flexibly to stabilize the FX market, exchange rate and macroeconomic conditions. From the beginning of the year, the SBV actively used various measures to flexibly manage the exchange rate and stabilize FX market. Therefore, the market moved from excess demand condition in the Q1 to excess supply in Q2 and Q3. As a result, despite of the high payment demand in foreign currency in some periods during Q1 and Q4, the reserves was improved for the whole year 2011 given the accumulations in excess supply period.

Managing gold trading to stabilize domestic gold market

In 2011, SBV implemented measures to stabilize gold price and domestic gold market through issuing a circular to terminate borrowing and lending in gold by credit institutions and prohibiting banks to lend for gold buying purpose, except bullion licensed by the SBV. Additionally, SBV increased risk ratio to 250% for gold-guaranteed loans.

Especially, by allowing five commercial banks and the SJC to intervene and stabilize the gold price, the SBV narrowed the domestic and international gold price gap, which contributed to stabilizing domestic gold price developments in line with international movements.

Managing current transactions and domestic use of foreign currency in accordance with the integration trend

In the last year, thanks to open policies to attract capital inflow in Vietnam's integration trend, and country-wide development of foreign currency payment- receipt network, the remittance in 2011 rose by 12 % compared to 2010. This contributed to the improvement of the overall balance of payments. At the same time, the SBV worked closely with the Ministry of Public Security to regulate the market and supervise the implementation of regulations on: (i) restricting the use of foreign currency in Vietnam's territory; (ii) stopping to post, advertise goods and services price in foreign currency; (iii) regulating the operations of currency exchange agencies in order to gradually fight against dollarization in the economy and stabilize the FX market.

Managing capital transactions to ensure the soundness of the balance of payments in accordance with the principles of foreign debt management

SBV collaborated with ministries to effectively manage capital inflows to ensure a sound balance of payment. In 2011, the Ministry of Planning and Investment has granted 75 new investment projects outward 26 countries, territories, and amended 33 existing projects. Reports of corporations which had investment project abroad shows that USD 950 million. of their outward FDI projects was disbursed in 2011. Additionally, SBV registered 1,156 medium-long term foreign loans by enterprises, totaling USD 5.5 billion disbursement rate was under the annual limit. From 9/2011, the SBV set the required reserves rate of 1% for foreign currency deposits abroad (Circular No. 27/2011/TT-NHNN dated 31/08/2011), which helped harmonize capital flows and stabilize the FX market.

The debt indicators were under safety thresholds, in

accordance with the IFT's standards. Accordingly, Vietnam's debt rate was assessed to be within controllable range and not in the High Indebtedness Poor Countries (HIPC's).

3. Banking Inspection and Supervision

Inspection and examination activities

In 2011, the Banking Supervisory Agency (BSA) leveled on the whole banking supervision network to conduct ten of hundreds of planned and ad-hoc inspections. The inspections focused on credit extension, financial investment, governance, foreign exchange trading and anti money laundering. Ad-hoc inspections focused on: credit extension related to investment, securities trading, properties, and consumer loans; foreign currency loans; financial leasing company; compliance to regulations on interest rate cap of VND and USD denominated deposits; gold trading. For credit institutions and foreign bank branches, the planned inspections were compliance-based for monetary and banking policies, regulations and risk-based for their operations and activities.

In addition, the SBV set up groups to work with 37 Joint Stock Commercial Banks, some financial companies and some foreign credit institutions in order to timely catch up their operational and organizational issues, their implementation of the Government's Resolution 11/NQ-CP; and assess of their liquidity, credit activities and other pressing issues.

The examination outcomes revealed problems, violations, and potential risks in the operation of credit institutions, foreign bank branches. Then, the SBV took actions under its authority and made necessary requests and warnings, and detected loopholes in related policies to the report to appropriate authorities for amendments.

Banking monitoring

In 2011, the SBV continued to develop the project "Information System For Offsite Supervision" and project "Information Processing System For Regulating People's Credit Funds System"; to develop early warning system.

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To ensure the systemic safety and support policy conduct, banking supervision focused on credit activities, interest rates, exchange rate, gold trading, financial investment, governance, anti-money laundering, and closely supervising weak banks

Anti money laundering activities

In 2011, the SBV continued to do tasks of the Standing Agency assisting the Steering Committee for Anti-money Laundering, acting as a focal point of Vietnam in the Asia/Pacific Group on Money Laundering (APG), focal point to implement the National Action Plan on Combating Anti-money Laundering and Terrorist Financing and Vietnam's commitments to the Financial Task Force on anti-money laundering.

In 2011, the SBV issued a Circular to provide guidance on risk-based identifying and updating customer information and On-site Inspection Manual on anti-money laundering; signed MoU on cooperation in providing information on the anti money laundering between the SBV and Bank of Laos. The SBV continued to focus on drafting the law on anti money laundering, which would be approved by the National Assembly in 2012.

4. Legal Activities

Institutional system for monetary and banking activities continued to be improved in line with the international practices and Vietnam's conditions in order to enhance the SBV's state management effectiveness and facilitate CIs' operations in a safe and effective manner.

Legal framework development

In 2011, the SBV issued 38 new Circulars, mostly on guiding the implementation of the Law on the SBV and the Law on Credit Institutions, important policies on monetary and credit activities, foreign exchange management, prudential regulations, information publication, administrative procedures reforms... These significantly helped conduct monetary policy, facilitate CIs' safe and efficient operation. Besides, SBV amended, supplemented 07 Circulars to improve banking regulations system.

In 2011, the SBV was assigned by the Prime Minister to lead to draft Deposit Insurance Law and Anti-Money Laundering Law which were in the Laws, Ordinances Developing Plan in 2011 of the 13th National Assembly. SBV submitted the two above draft Law to the Government for scrutinization before submitting to the National Assembly for approval. These two draft Laws were commented by 13th



The core task in institutional improvement is to develop legal documents guiding the implementation of the Law on the State Bank of Vietnam and the Law on Credit Institutions in 2010, handling policy obstacles, facilitating CIs' safe and effective activities

National Assembly, Session 2, and proposedly to be approved in the next Session. In addition to laws, SBV also submitted to the Government for issuing 02 Decrees: (i) Decree 10/2011/ND-CP dated 26/01/2011 to amend and supplement some articles of Decree 141/2006/ND-CP dated 22/11/2006 promulgating CIs' legal capital list; and (ii) Decree 95/2011/ND-CP dated 20/10/2011 to amend and supplement some articles of Decree 202/2004/ND-CP dated 10/12/2004 sanctioning administrative violations in monetary and banking activities.

The SBV also reviewed all legal documents which would expire in 2011 and announced in Decision 311/QD-NHNN dated 24/4/2011 and Decision 1630/QD-NHNN dated 21/7/2011. In order to establish and improve the banking sector's legal documents database, in 2011 SBV coordinated with STAR project to systematize banking sector's legal documents from 1951 onwards in an effort to sufficiently provide legal information and look-up utilities for legal development and implementation in banking sector.

Strengthening banking law enforcement

To strengthen law enforcement in banking, SBV implemented those key tasks in 2011:

Administrative procedures simplification, to implement Resolution 60/NQ-CP in 2010, SBV simplified administrative procedures in 4 areas of payment, establishment and operations of banks, FX operations and monetary activities.

Documents review and scrutinization: for the institutional improvement of legal document review process, the Governor issued Circular 31/2011/TT-NHNN dated 30/9/2011 to replace Decision 38/2006/QD-NHNN dated 1/8/2006 on reviewing and handling the SBV's legal documents. In 2011, SBV reviewed 36 Circulars issued by the Governor and jointly by related authorities in the period from 01/10/2009 to 30/9/2010. The SBV reviewed under its authority other legal documents issued by Ministries, ministry-level agencies, People's Committees and People's Councils which related to SBV's management areas. Also, SBV actively cooperated with Ministry of Justice to review some important legal documents on trending issues which

were received public attention.

Strengthening to monitor the law enforcement: the SBV implemented solutions to monitor the law enforcement situation in banking sector which based on Plan 1427/KH-NHNN dated 23/2/2011 on monitoring law enforcement. SBV reported to Ministry of Justice the enforcement of regulations on payment.

Reinforcing information dissemination and law education activities: to conduct the Government's plan on these activities in the period of 2008-2012 as attached in Decision 37/2008/QĐ-TTg and SBV's plan of information dissemination and law education activities in 2011, the SBV made publication and information dissemination of banking regulations and Government's Decrees on the SBV's website.

International legal activities

SBV participated in the legal discussion of international treaties, international commitments, foreign contracts and agreements relating to monetary and banking activities; cooperated in dealing with foreign-related issues, disputes relating to monetary and banking activities.

Additionally, SBV also actively participated in reviewing international commitments and agreements, examined and proposed the list of WTO commitments which would be directly applied and cooperated with other international institutions such as WB, CIDA, STAR, IMF in improving the legal framework. SBV introduced international standards and practices into Vietnam's banking regulations, especially in developing the Law on Deposit Insurance and the Law of Anti-money Laundering.

5. Issue and Vault

Cash issuance and management

Considering macroeconomic indicators, projected cash/total liquidity proportion and others, the SBV developed 2011 Banknote Printing Plan and Guidelines for the following years to ensure sufficient cash supply to the economy and ensure the national cash reserves requirement.



The SBV actively and flexibly managed cash in circulation to accommodate needs of the economy in terms of volume and denomination structure

Monitoring closely developments of cash in circulation, the SBV made proper cash regulation in a timely and flexibly manner to meet the payment needs of the economy both in volume of banknote and denomination structure to ensure sustainable and smooth currency circulation and avoid partial excess or shortage of cash in circulation. The SBV worked in collaboration with Ministry of Culture, Sports and Tourism, the Government Committee for Religious Affairs and mass media on publication of the legitimate use of cash in national days, festivals and religious events, etc.

The SBV also implemented solutions to reduce the pressure in cash transactions by credit institutions with the SBV including expanding vault capacity and initiating an appropriate cash regulation model. In 2011, the SBV undertook a pilot implementation of cash collection and delivery centre through some credit institutions in Ha Noi and Ho Chi Minh City; as a result, some regional, provincial vaults were built as transferring vaults with the task of cash regulation among regional SBV's branches.

In order to improve the quality of banknotes in circulation, the SBV continued quality assessment of polymerbased banknotes and efforts was given to promote banknote counting, sorting, retrieving unfit banknotes, issuing new ones into circulation to ensure all cash in circulation be clean and fit.

Vault operation security

In order to strengthen the safety of vault's operation, the SBV regularly conducted examination, provided guidance and refresher courses for its staff. The credit institutions actively introduced new technologies, invested in modern facilities to ensure the safety of their assets, build up new vaults, install security systems, and cash safeguarding facilities, specialized transportation vehicles to ensure the safety of cash transportation, collection and delivery. Besides, advanced machines and equipment including banknote counting, sorting and packing machine, were also introduced to improve quality and productivity.

Anti-counterfeiting activities

The SBV continued the on-going Project namely

Promoting efficiency of counterfeiting prevention measures in the banking system and National Treasury; At the same time, SBV enhanced its co-operation with relevant agencies to regularly exchange information, introduced and implemented counterfeiting prevention measures, conduct public awareness promotion on how to identify real currencies, regularly organized training courses on currency verification for cashiers, tellers of credit institutions and the State Treasury in cities and provinces. For newly appeared types of counterfeit notes, the SBV applied modern technologies for researches, analysis to provide early warning information to support the banking system and the State Treasury in receiving and processing counterfeiting information.

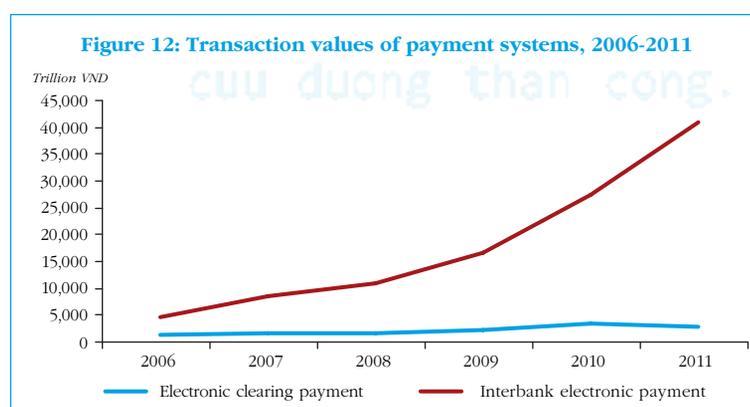
6. Banking Technology and Payment

The modernization of payment system

By end of 2011, the Inter-bank Electronic Payment system (IEPS) has been connected with 66 units of the SBV and 753 units of 96 credit institutions (3 members less in comparison to the end of 2010 due to the consolidation of some commercial banks). On average, the system processed about 80,000-90,000 transactions per day, sometimes as high as 200,000 transactions per day, with daily average volume of VND 150,000 billion. The low value payment system had 58/96 eligible and accepted member banks and processed about 65,000 transactions per day on average (account for more than 75% of daily transactions) reflecting an increase of over 35% with a 30% increase in average value of transactions as compared to the 2010.



The payment system was continuously modernized, new and useful payment methods and services have been growing significantly, helped to promote non-cash payment



Source: State Bank of Viet Nam

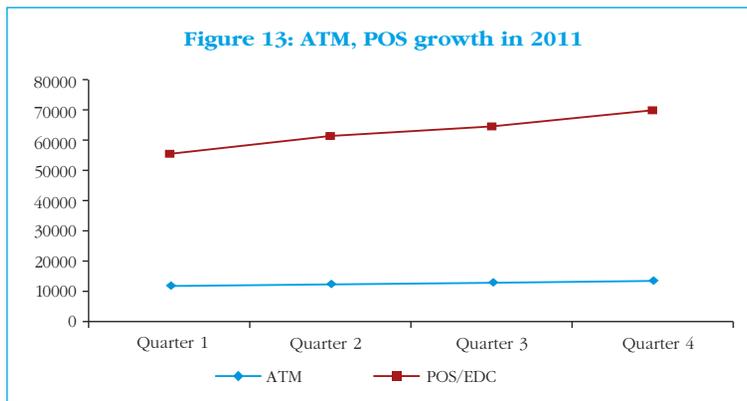
The Electronic clearing and settlement system (ECSS) has been in operation in 58 provinces and cities (excluding 5 provinces and cities, namely: Ha Noi, Hai Phong, Ho Chi Minh, Can Tho and Da Nang). As of end 2011, the system consisted of 1,000 members, increased by 5.83% in comparison to that of 2010. The transaction volume reached approximately 6m. of nearly VND 1,700tril., reflecting a decrease of 42.34% and 44.66% accordingly as compared to that in 2010 due to the remarkable development and expansion of IEP in terms of speed and payment scale, and the difficulties of the economy in 2011. At the same time, the decrease of ECSS transaction volume and value also showed the current tendency of payment system centralization.

In 2011, the SBV continued to work with domestic switching members to implement Central Switching Centre project under a roadmap approved by the Prime Minister in which Banknetvn is the leading element. The SBV issued a Decision on ATMs/POS switching connection of all VNBC member banks via Banknetvn which requested that VNBC member bank of VNBC complete their connection with Banknetvn from January 1st, 2012. In 2011, the SBV' municipal and provincial branches, commercial banks and switching companies completed technical connection nation-wide with the participation of over 30 commercial banks and 31,000 POS and provided supports for processing of millions of transactions with VND trillions in value. The national POS inter-connection helped to create more utilities and added values for card-users, reduce POS network expansion costs, and workloads of ATM system. Card payment through POS showed positive changes in big cities and provinces with existing advantages and opportunities for developing card payment through POS system, promoting the expansion of non-cash payment.

Development of new, modern services and payment methods

The year 2011 witnessed the significant development of various new, modern and useful services and means of payment, accommodating large demands of users such as banking cards, Internet Banking, Mobile Banking, e-wallet ..., in which banking cards are the most popularly used. By

the end of 2011, 285 card brands were registered for issuance by 50 institutions, thus, number of issued cards reached more than 41 million, an increase by 34% compared to end of 2010; its infrastructure was continuously upgraded with more than 13,300 ATM and nearly 70,000 POS, 1.6 times and 1.3 times higher than those by end of 2010 respectively.



Source: The State Bank of Viet Nam

The SBV allowed 09 non-bank institutions to provide e-wallet intermediary payment service on a pilot basis. These institutions have closely cooperated with commercial banks, suppliers, e-trading agencies to expand the e-wallet acceptance network for their clients, and encourage the use of this service through mass media advertisements.

Implementing the Prime Minister's Directive No. 20/2007/CT-TTg dated August 24, 2007 on paying through bank accounts to the State Budget's salary receiver, in 2011, the SBV reported on 3 years implementation to the Prime Minister. Nevertheless, the SBV continued to instruct commercial banks to further improve the quality of salary payment service through bank accounts and other value-added services as it helped change cash using habit by civil servants, government officials and encourage to access and get used to modern payment technology.

In the year, the SBV assessed the implementation outcomes of Decision 291/2006/QĐ-TTg dated 29/12/2006 on "Non-cash Payment Plan in the period 2006-2010 and perspective to 2020", as a basis for developing plan "Promoting non-cash payment in Vietnam in the period 2011-2015" which was approved by Prime Minister in

Decision 2453/QĐ-TTg dated 27/12/2011. One of the core tasks in the Plan is to develop e-payment with various new diversified, safe and convenient products and services, which focuses on POS payment in order to reduce cash payment and encourage the public to get used to non-cash payment.

Payment systems supervision

To ensure the safety and effectiveness of the payment system, in 2011, the SBV gradually introduced a supervision scheme over payment systems; installed an IEPS online monitor software. In addition to the off-site supervision based on reported information, the SBV daily supervised online and onsite over the IEPS to evaluate its operation and timely identify, propose and solve arising problems and risks to ensure that the payment systems are stable, safe and effective.

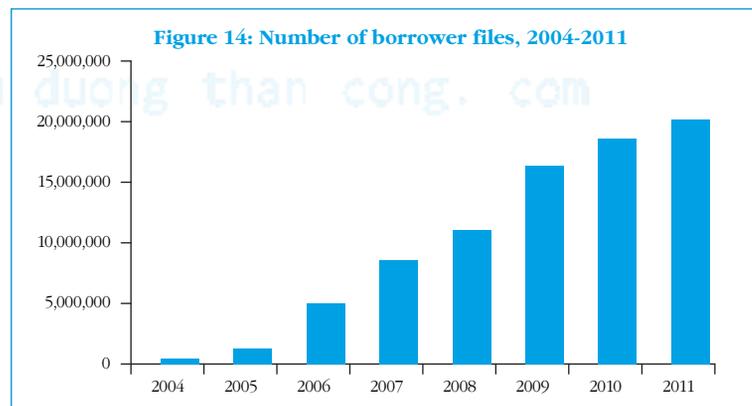
7. Credit Information Activities

Collection of credit information and national data warehouse building



The operations of the Credit Information Center (CIC) have become increasingly effective, contributing to better information transparency and risk prevention in banking activities

The CIC collected and stored information from all credit institutions operating in accordance with Law of Credit Institution and from some other non-bank institutions. Current CIC database contained nearly 21 million borrower profiles, including over 400,000 corporate borrowers and 20 million individual ones. The CIC database also consisted of information on legal profiles, credit relations, collaterals, credit cards, financial record of borrowers, which are periodically updated and stored for at least 5 years.



Source: State Bank of Viet Nam

The quality of information provided by the CIC was improved continuously. CIC regularly upgraded information providing process to shorten required time to provide information to users. The CIC was currently providing nearly 50 credit information products under 4 categories: domestic credit information bulletin; foreign business credit information bulletin; credit rating bulletin; and credit warning information bulletin. In 2011, the CIC provided over 1.7 million credit information reports via CIC's websites, increased by over 40% compared to 2010.

Credit Rating

Since the CIC officially implemented the credit rating system in accordance with Decision no. 1253/QA -NHNN of the SBV Governor, the credit rating was regularly refreshed with new methods learnt from the international experiences which were appropriately modified to fit Vietnam circumstances. In 2011, the CIC rated 20,000 corporations for reference of information users. The CIC's credit rating activity was not only significant to the state authorities in policy making and state management but also helpful to credit institutions in risk management, borrower appraisal. For rated corporations themselves, CIC's rating results were subjective information for self-assessing operational capacity, contributing to information transparency and credit accessibility improvement.

Table 2. Credit Information Activity Indicators in Vietnam, 2010 - 2011

Criteria	2011		2012	
	Viet Nam	Eastern Asia & Pacific Ocean	Viet Nam	Eastern Asia & Pacific Ocean
Depth of credit information index (grades from 0-6)	5	2	5	2
Public credit registry coverage (% adults)	26,4	8,2	29,8	10,3

Source: CIC and World Bank, *Doing Business 2012*

8. Information Transparency and Communication

Collection of credit information and developing national credit information data base

Right from the beginning of the year, the SBV accelerated the communication on monetary and banking



The information communication to the public was improved significantly through increasing the proactiveness, communication methods, adding the information content to be published; receiving high appreciation from domestic and international communities

issues, especially the implementation of Resolution 11/NQ-CP in order to create the consensus in following the Party, Government and the SBV's directions and policies. Apart from using traditional communication activities, the SBV took various measures to increase the information effectiveness and spreading spectrum, with a view of enhancing the SBV's operational transparency. These measures included:

- To actively publicize correct and timely information, especially on issues of the interest of the public, through the SBV website, press conferences organized by the Government's Office, at press meetings organized by press regulated agencies, National Assembly's forums or answers to the press queries, etc. Such information was highly appreciated by the public, notably information on stabilization solutions for exchange rate, foreign exchange and gold markets, restructuring banking system, dealing with communication issues in the event of merging three banks namely Sai Gon Joint Stock Commercial Bank, De Nhat JSCB, Viet Nam Tin Nghia JSCB.

- To collaborate with major press organizations outside the banking sector (Vietnam Television, Vietnam News Agency, Voice of Vietnam, the Government Portal, and nationally influential newspapers and magazines, etc.) to disseminate banking sector's policies and contributions to the implementation of the economic-socio objectives through reportages, thematic pages, thematic items, articles, pieces of news, etc.. Hence, banking information in other mass media channels was more active and supportive.

- To take a big stride in the SBV's communication through issuing the Circular No 35/2011/TT-NHNN with the additional disclosure on the SBV's website nearly 20 indicators and important information on the monetary and banking developments.

Looking forward, the SBV would continue to pay attention to strengthen the communication work through enhancing the proactive cooperation among functional units of the SBV, improving the information provision mechanism, increasing the socialization level of the SBV's publications.

Part III - Corporate Governance

1. Internal Control and Audit

In 2011, SBV internal audit operations focused on 6 areas: financial statements, compliance and operation, capital investment, information technology, vault operations and FSMIMS Project. SBV internal audits was centered on high-risk issues from the early stage of planning to building specific outline, undertook gradual steps to apply internal methods and techniques in line with international practices. At the same time, the application of information technology into internal audit and use of Teammate audit software have shortened the time to appraise audit reports to gradually improve audit reports' quality. Internal audit legal framework was partially improved by the promulgation of Circular no. 16/2011/TT-NHNN dated August 17, 2011 on the SBV's internal control and audit and internal audit' procedures for each topic.

The SBV conducted financial statement audit at 12 units (including 3 Departments and 9 branches); compliance and operation audit at 10 units (including 5 Departments & 5 branches); audit of 8 construction and investment projects (among which final settlement of 4 projects were approved by the Governor, the 4 others have been submitted to the Governor for consideration and approval); IT audits at 6 SBV units; vault operation audits at 5 SBV's branches with cash vaults and audit of FSMIMS Project.

In 2011, the internal control and audit operations were implemented comprehensively in all operational aspects. Outcomes of such operations have supported the analysis of the strengths, weaknesses, potential risks and recommendations for corrections of shortcomings in the SBV's activities. At the same time, SBV internal audit advised some other departments in setting up efficient, effective internal audit system to ensure compliance with legal framework in a safe and efficient manner.

2. Human Resource Development and Training Personnel Structure

In 2011, SBV continuously improve its human resources both quantitatively and qualitatively to build capacity of SBV



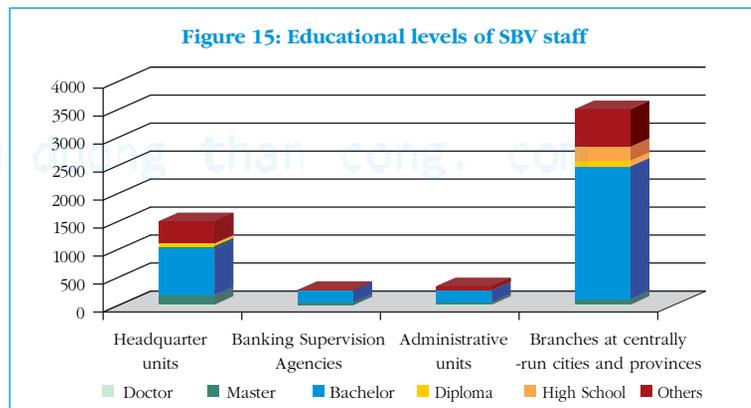
In 2011, the internal control and audit were implemented comprehensively on all operational aspects, focusing on risk-based approach



SBV continuously enhanced the quantity and quality of its human resources in all functions; improved the effectiveness of training activities, and promote the linkage between training and operational targets

departments and units to ensure the effective fulfillment of the SBV roles as the State management agency responsible for overseeing monetary and banking activities and acting as the Government’s advisor on monetary policy formulation and implementation. Employment structure was 62% for the SBV’s branches; 27% for departments and head office units, 6% for the SBV’s subsidiaries and 5% for Bank Supervisory Agency.

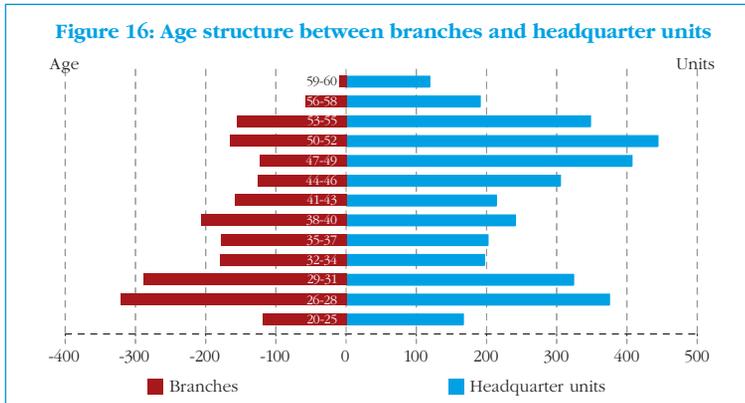
Staffing for SBV head office departments and units including quantity, quality, education was based on their functions, responsibilities, nature and organizational structure. For the SBV branches, staffing depended not only on nature of the works but also took in other considerations other factors such as local levels of qualification, economic and social conditions, and number, scale and type of credit institutions operating in concerned areas.



Source: State Bank of Vietnam

In 2011, SBV units’ functions, missions and organizational structures were continuously reviewed and , adjusted. Some departmental and BSA divisions were set up to avoid overlapping or missing of duties and to ensure a high level of specialization of operational units.

Having recruited young staff who have been well-educated with high professional skills for the policy making and implementing departments at the SBV headoffice reduced the average age of SBV headoffice staff to a lower level in comparison to that in SBV branches.



Source: State Bank of Vietnam

Training Activities

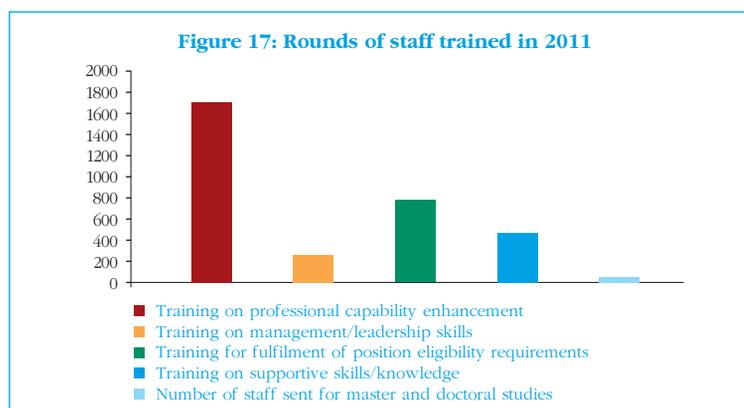
Training activities pursued the target of developing a professional human resource which is capable of formulating and implementing monetary policies in line with market principles by applying advanced international standards and practices for central banking. This efforts was aimed to promote the banking sector intergration with global financial community; and effectively implement the SBV's state management function over the monetary and banking activities.

In 2011, the SBV continued to improve the quality and effectiveness of training activities by attaching training activities with efforts to improve professional capacity. As a result, the SBV completed the training frameworks for different groups of staff and professional areas. In terms of professional areas, the SBV developed and implemented training frameworks for staff from Policy Section and Supervision Section which were two core functions of the SBV. In line regulations on civil servant and management titles, the SBV built training programmes for division's and department's directors level, training programmes on State management for all civil servants, training programmes for newly-recruited staff. Besides, the SBV also implemented other training programmes for accountants, inspectors, currency-vault operations and HR staff.

Building training frameworks played a very important role in helping SBV's units and Human Resource Department in to plan and select appropriate staff participating training courses, for the sake of improving quality and effectiveness of training activities and effective

utilization of training resources to avoid overlapping. As a result, outcomes of training programmes was attached to the improvement of professional work quality.

In 2011, the SBV sent 46 civil servants for post-graduated training courses (23 of which studied overseas). organized short-term training courses for 3,679 times (with 354 times abroad) on monetary policy formulation and implementation, banking supervision, accounting, HR management and manager training courses and others.



Source: The state Bank of Vietnam

Human resource management and utilization

Based on Civil Servant Law effective from 01/01/2010 and other guiding documents, the SBV implemented various programmes to build capacity and promote accountability of staff in carrying out their duties. In terms of staff utilization, sets of standards for job titles, positions and vacancies were combined in human resource management based on principles of centralized democracy, individual responsibilities and assignments. To this aim, SBV reviewed, internal human resource guidelines which enhanced decentralization, delegation for the SBV's units by type of operations, management objectives and implementation process to ensure centralization and democratic principles, autonomy of SBV units and the centralized and unified guidance of the SBV Headoffice. At the same time, research was continued revise and complete human resources management tools and methods such as "jobs positioning" and "jobs description", helping middle managers to properly appraise performance of staff to ensure transparency and promote potential staff and effectively utilize human resources. The SBV actively implemented decentralized management regulations,



utilized Human Resource Management System (HRMIS) which was a positive tool to support personnel decision making process.

Training activities at the Banking Training School of the SBV

In 2011, the Banking Training School had successfully organized 96 training courses and workshops with 3,394 participations, increased by 16% and 25% compared to the year 2010 accordingly. Training quality was improved, training targets were widened with diversified topics to meet the objective of capacity development and standardization of staff in the entire system. The focus of the training programs matched with core duties of the SBV and the banking sector under which three main training programmes in 2011 were training programmes for Department's and Division's Manager level, policy making staffs and banking supervision staff. Other training programmes were accounting audit, commercial banking, financial products and markets, human resources management, foreign languages, IT, working skills...

Beside improving effectiveness of training management, the Banking Training School paid much attention to researches, curriculum development and building team of in-house trainers. Training materials was continuously improved, updated based on the professional duties required by banking staff and officials. New training methods were studied and introduced successfully. Facilities, teaching and learning equipment continued to be developed and completed.

During the implementation of training activities, the Banking Training School received active cooperation and supports from international organizations and projects, such as the Gesellschaft for Internationale Zusammenarbeit (GIZ), State Secretariat for Economic Affairs (SECO), Luxembourg Agence de Transfert de Technologie Financiare (ATTF), the Singaporean TEMASEK Fund, the Bundesh Bank, Sveriges Riskbank, National Bank of Polland, and some other central banks, universities and training centers, both domestically and internationally.



Expansion of information technology applications, promotion of management capacity and development of electronic banking services and utilities

3. Information Technology

The SBV focused on enhancing the state management of IT, modernization of operations on the basis of advanced technology, contributing to the effectiveness of conducting monetary policy, supervision capacity to fulfill intermediary role in the economy. Investment in and development of IT infrastructure was intensified to effectively exploit the existing infrastructure in the spirit of centralization, uniform implementation of security and secrecy solutions, installation of high-speed computer network, banking data center and back-up center.

State management over banking information technology

In order to create legal framework for applying IT safely and effectively, in 2011, the Governor promulgated Circular no. 01/2011/TT-NHNN providing safety, secrecy guidelines of the information technology systems in banking operation; Circular no. 12/2011/TT-NHNN on the management and utilization of digital signatures, digital certificates and SBV digital signature verification service and Circular no. 29/2011/TT-NHNN on the security and secrecy of internet banking services.

The SBV examined the implementation of IT legal documents at 8 credit institutions. As the result, the credit institutions had sufficient awareness and achieve full compliance to the SBV's regulations in comprehensive implementation of IT safety and secrecy solutions to minimize operational risks arising from technology application. Credit institutions applications for electronic banking services were appraised in terms of technical design, operation of information service system to ensure the continuous and safe services.

IT became essential infrastructure for banking services development

In order to collect precise information in a timely manner for regulation purpose, in 2011, the SBV implemented centralized electronic reporting system connecting with 63 SBV's branches, headoffices of over 100 credit institutions and 1055 local people's credit funds,



replacing hard-copy reports by electronic ones. Balance sheets of the whole banking system were daily prepared and consolidated providing timely data for SBV's analysis and regulation. In addition, in 2011, the SBV successfully built a model of centralized planning and management information system for issue and vault operations and put it in operation; fully activated the Centralized Asset Management Information System; conducted a pilot operation of a new e-mail system; intensified the operation of Teamate system for internal audit in all units of the SBV.

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Part IV - International Cooperation

In 2011, the SBV was successful in external relation activities as planned and targeted to strengthen the cooperation with international partners and accelerate the mobilization of technical and financial support to Vietnam, contributing to the efforts of stabilizing macroeconomic conditions and accelerating economic integration process and improving Vietnam's position in the international arena.

1. International Economic Integration

Under ASEAN cooperation framework, the SBV actively worked with ASEAN member countries to realize initiatives under regional financial and monetary cooperation roadmap, which helped strengthen regional cooperation as well as improve banking efficiency through the introduction of the regional initiatives and commitments.

In 2011, the SBV attended ASEAN Governors Meeting and ASEAN Deputy Governors Meeting in April, 2011 in Indonesia; and ASEAN+3 Governors Meetings on the sideline of ADB Annual Meeting in May 2011 in Hanoi, Vietnam; 1st ASEAN Senior Officers Meeting on financial integration in 6/2011 in the Philippines and other high-level meetings. These were forums for leaders and financial and banking experts to present and exchange views on common regional economic issues. Within the framework of the Trans-Pacific Partnership Agreement (TPP), as the head of the financial services group, the SBV participated in TPP negotiations.

Under ASEAN+3 cooperation framework, Vietnam continued to participate in financial cooperation initiatives. These included Chiang Mai Initiative's Multilateralization (CMIM), which is cooperation initiative among ASEAN countries and Japan, China and Korea to create a mechanism to support balance of payments (BOP) in the short-term needs. This initiative is an important regional cooperation, contributing to consolidate market's confidence in the mutual support capability between the member countries when one faces temporary BOP difficulties.



Continued expansion of regional financial and monetary cooperation...

Under APEC framework, the SBV continued to show positive and proactive role in the formulation and implementation of Individual Action Plans (IAP) in the banking sector, provision of recommendations for APEC's research reports and financial cooperation initiatives.

Under SEACEN framework, the SBV attended the Central Bank Governors Annual Meeting in February 2011 in Sri Lanka, the Central Bank Deputy Governors Annual Meeting in January 2011 in Cambodia and some Deputy-level conferences. These were forums for Governors and Deputies to discuss issues related to regional cooperation in training, banking and finance studies and other common economic topics.

2. Cooperation with International Financial Institutions

The SBV continued to perform well its role as the Government's representative in multilateral financial institutions such as the Asian Development Bank (ADB), the World Bank (WB) and the International Monetary Fund (IMF), which consolidated on its relationships with these organizations and effective leveled on their support for Vietnam in general and the SBV in particular.

A remarkable stand in 2011 in the relation with the ADB in particular and in Vietnam's foreign affairs in general was to host the 44th ADB's Annual Meeting on 3-6 May 2011 in Hanoi with the participation of nearly 5,000 delegates, including the Prime Minister, Deputy Prime Ministers, Ministers of Economy, Finance and Central Bank Governors from 67 member countries; senior officials from financial institutions, banks for investment and trade, international and domestic academic and research institutes, observers, non-governmental organizations, civil society organizations (NGO/CSO) and international mass media.

The host of ADB's Annual Meeting in Vietnam was considered successful in many ways. This was the biggest one of the ADB in terms of number of registered participants and international and domestic reporters and correspondents, which proved the special international attention to this important event. Vietnam boasted its role and voice as the host country not only in organizing the



Strengthened relations with international monetary and institutions; successful host of the 44th ADB's Annual Meeting in Vietnam

Meetings but also in fruitfully contributing in important discussions during the Meetings. All related events were secured safely during the time. In addition, public communication about the Meetings and Vietnam's image were invested to be done effectively in all ways.

In 2011, to further promote its role as the Government's representing agency in the ADB, the SBV actively participated in mobilization, negotiations chairing and agreements signing, and participated in monitoring and managing the implementation of ADB-financed programs, projects, and technical assistances. In 2011, the SBV was successful in chairing negotiations with the ADB for 6 projects and programs of about \$734.8 million credit in total.

Vietnam-WB relationship in 2011 was notably remarked as 35th year of cooperation. In the Vietnam-WB Cooperation Conference on 4 November 2011, Vietnamese Government reviewed with the World Bank successes in their cooperation, and appreciated WB's support to Vietnam's renovation course. Besides, the SBV was successful chaired negotiations with the WB in in 2011 for 16 programs/projects of \$2.825 billion credit in total.

The SBV continued policy dialogues, technical assistance and training cooperation with the IMF. The IMF, through its periodical Staff missions to Vietnam for annual consultation under Article IV of the IMF's Articles and for Vietnam's economic updates, helped Vietnam monitor and assess its economic situation and outlook and recommended appropriate policy advices to Vietnamese Government toward socio-economic development and stability. Especially, in 2011, Vietnamese Government agreed in principle to implement the Financial Sector Assessment Program (FSAP) co-chaired by the IMF and the WB. Besides, the IMF was implementing technical assistance in inspectors training in anti-money laundering and counter terrorist financing and developing anti-money laundering law. Also, the IMF provided technical assistance to Vietnam in balance of payments and international investment position. The Government's officers were provided with IMF's long-term scholarships and short-term training courses on banking prudential policies, BOP statistics, and seminars.



3. Bilateral Cooperation

The SBV established close relationships and maintained regular communication with other central banks and financial institutions to level on their support to improve SBV's capacity and strengthen its position in international and regional financial forums. In training cooperation, the SBV collaborated to organize courses, seminars and workshops on financial and banking issues with such partners as Luxembourg, Sweden and Poland for its staff and with Bank of Lao P.D.R. to realize training cooperation program in banking and finance for Laos officers.

In 2011, the SBV signed memorandums on cooperation in the banking sector with the Bank of Ukraine, the Bank of Lao P.D.R and an anti-money laundry memorandum with the Bank of Lao P.D.R. In addition to three above-mentioned agreements, the SBV also signed a statistical cooperation agreement with the Office of the Hesse Premier (Germany) and banking information exchange agreement with the United States of America.

Regarding the implementation of bilateral cooperation programs and projects in banking and finance, the SBV in cooperation with the U.S. Treasury Department implemented technical assistance to enhance the SBV's capacity the its Banking Supervision Agency's activities. In addition, the JICA-financed Capacity Building Project for the SBV was completed after 01 years of implementation (8/2010- 8/2011), which helped strengthen and improve the SBV's capacity and financial infrastructure.



*Close relations with
other central banks
and international
financial
institutions*

APPENDIX

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APPENDIX 1: INTEREST RATES ANNOUNCED BY THE SBV*Unit: % per annum*

Time	Refinancing Rate	Discount Rate	OMO Bid Rate
December 2010	9	7	10
January 2011	9	7	11
February 2011	11	7	12
March 2011	12	12	12
April 2011	13	12	14
May 2011	14	13	15
June 2011	14	13	15
July 2011	14	13	14
August 2011	14	13	14
September 2011	14	13	14
October 2011	15	13	14
November 2011	15	13	14
December 2011	15	13	14

*Source: State Bank of Vietnam***APPENDIX 2: OPEN MARKET OPERATIONS**

	2010	2011
Number of sessions	490	431
Maturities (days)	7; 14; 28	7;14
Number of participant time	6.017	8,469
Bid value (VND billion)	4.034.104	5.981.403
Bid winning value (VND billion)	2.101.421	2.801.253
Interest rate (%/annum)	7.0-10	10-15
Bidding method	Volume	Volume

Source: State Bank of Vietnam

APPENDIX 3: RESERVE REQUIREMENT RATIOS

Unit: %

Period - ness	DEPOSIT IN VND				DEPOSIT IN FOREIGN CURRENCIES				
	Deposits of customer, State Treasury, issuance of valuable papers		Deposits of customer, State Treasury, issuance of valuable papers		Deposits of customer, State Treasury, issuance of valuable papers		Deposits of customer, State Treasury, issuance of valuable papers		
	Demand and less than 12-month deposits	12-month and up deposits	Demand and less than 12-month deposits	12-month and up deposits	Demand and less than 12-month deposits	12-month and up deposits	Demand and less than 12-month deposits	12-month and up deposits	
Jan-2009	5	2	1	1	7	6	3	2	
Mar-2009	3	1	1	1	7	6	3	2	
Feb-2010	3	1	1	1	4	3	2	1	
Dec-2010(*)	3		1	1	4	3	2	1	
May-2011	3		1	1	6	5	4	3	
Jun-2011	3		1	1	7	6	5	4	
Sep-2011	3		1	1	8	7	6	5	1

(*) Since 12/2010, according to Circular 20/2010/TT-NHNN dated 29/9/2010 of the SBV providing guidance on implementing monetary tools to support credit institutions to provide agricultural and rural development credits, credit institutions are classified into 2 groups in terms of required reserves ratio for VND deposits: (1) institutions applying regular required reserves ratios; and (2) institutions applying lower ratios if they provide high ratio of rural and agricultural development credit. Specifically, for institutions providing more than 70% and from 40%-70% of its total credit to rural and agricultural development areas, the applied required reserves ratios will be 1/20 and 1/5 correspondingly compared to regular ones.

Source: State Bank of Vietnam

APPENDIX 4: BALANCE OF PAYMENTS

Unit: million USD

	2010	2011
A. CURRENT ACCOUNT	-4.276	236
1. Trade Trade	-5.136	-450
Export (FOB)	72.237	96.906
Import (FOB)	77.373	97.356
2. Service	-2.461	-2.980
Receipts	7.460	8.879
Payments	9.921	11.859
3. Transfers (net)	7.885	8.685
Private Sector (net)	7.569	8.326
Public Sector (net)	316	359
4. Investment Income (net)	-4.564	-5.019
Receipts	456	395
Payments	5.020	5.414
B. FINANCE AND CAPITAL ACCOUNT	6.201	6.390
5. Foreign Direct Investment	7.100	6.480
FDI in Vietnam	8.000	7.430
Vietnam's FDI abroad	900	950
6. Medium and Long Term Debt	2.751	3.285
Disbursement	4.671	5.706
Scheduled Amortization	1.920	2.421
7. Short term loan	1.043	1.615
Disbursements	8.386	14.568
Scheduled Amortization	7.343	12.953
8. Portfolio	2.370	1.412
9. Money and Deposit	-7.063	-6.402
C. ERRORS AND OMISSIONS	-3.690	-5.477
D. OVERALL BALANCE	-1.765	1.149
E. FINANCING	1.765	-1.149
10. Change of NFA (-;incr)	1.765	-1.149
Change in GIR (-;incr)	1.803	-1.118
Use of IMF credit	-38	-31
11. Change in arrears and rescheduling	0	0

Source: State Bank of Vietnam

APPENDIX 5: VND/USD EXCHANGE RATES

Unit: VND/USD

Year 2011	End of month rate			Monthly Average		
	Interbank average exchange rate	Average exchange rate of commercial banks		Interbank average exchange rate	Average exchange rate of commercial banks	
		Buying	Selling		Buying	Selling
January	18.932	19.495	19.500	18.932	19.495	19.500
February	20.673	20.870	20.880	20.318	20.544	20.615
March	20.703	20.905	20.910	20.673	20.874	20.880
April	20.703	20.495	20.595	20.713	20.840	20.869
May	20.643	20.510	20.610	20.679	20.590	20.700
June	20.618	20.550	20.620	20.622	20.558	20.639
July	20.608	20.560	20.610	20.610	20.555	20.621
August	20.628	20.830	20.834	20.618	20.745	20.781
September	20.628	20.830	20.834	20.628	20.830	20.833
October	20.803	21.005	21.011	20.708	20.910	20.915
November	20.803	21.005	21.011	20.803	21.005	21.011
December	20.828	21.030	21.036	20.813	21.015	21.020

Source: State Bank of Vietnam

APPENDIX 6: DOMESTIC GOLD PRICES

Unit: million VND/mace

	End of month price	Monthly averages of daily prices
January	3.590	3.557
February	3.759	3.704
March	3.693	3.720
April	3.662	3.722
May	3.651	3.723
June	3.781	3.790
July	4.016	3.886
August	4.693	4.495
September	4.420	4.666
October	4.485	4.418
November	4.475	4.558
December	4.180	4.401

Source: State Bank of Vietnam

APPENDIX 7: CONSUMER PRICE INDEX

Unit: %

Year	Time	January	February	March	April	May	June	July	August	September	October	November	December
	Year to date	1.2	3.3	2.8	3.0	3.6	4.0	4.4	4.8	5.1	5.4	6.0	6.6
2006	Month on month	1.2	2.1	-0.5	0.2	0.6	0.4	0.4	0.4	0.3	0.2	0.6	0.5
	Year on year	8.8	8.4	7.7	7.4	7.5	7.6	7.5	7.5	6.9	6.7	6.9	6.6
	Year to date	1.1	3.2	3.0	3.5	4.3	5.2	6.2	6.8	7.3	8.1	9.5	12.6
2007	Month on month	1.1	2.2	-0.2	0.5	0.8	0.8	0.9	0.5	0.5	0.7	1.2	2.9
	Year on year	6.5	6.5	6.8	7.2	7.3	7.8	8.4	8.6	8.8	9.3	10.0	12.6
	Year to date	2.4	6.0	9.2	11.6	16.0	18.4	19.8	21.7	21.9	21.6	20.7	19.9
2008	Month on month	2.4	3.6	3.0	2.2	3.9	2.1	1.1	1.6	0.2	-0.2	-0.8	-0.7
	Year on year	14.1	15.7	19.4	21.4	25.2	26.8	27.0	28.3	27.9	26.7	24.2	19.9
	Year to date	0.32	1.49	1.32	1.68	2.12	2.68	3.22	3.47	4.11	4.49	5.07	6.52
2009	Month on month	0.32	1.17	-0.17	0.35	0.44	0.55	0.52	0.24	0.62	0.37	0.55	1.38
	Year on year	17.5	14.8	11.3	9.23	5.58	3.94	3.31	1.97	2.42	2.99	4.35	6.52
	Year to date	1.36	3.35	4.12	4.27	4.55	4.78	4.84	5.08	6.46	7.58	9.58	11.7
2010	Month on month	1.36	1.96	0.75	0.14	0.27	0.22	0.06	0.23	1.31	1.05	1.86	1.98
	Year on year	7.62	8.46	9.46	9.23	9.05	8.69	8.19	8.18	8.92	9.66	11.09	11.75
	Year to date	1.74	3.87	6.12	9.4	12.1	13.3	14.6	15.7	16.6	17	17.1	18.1
2011	Month on month	1.74	2.09	2.17	3.32	2.21	1.09	1.17	0.93	0.82	0.36	0.38	0.53
	Year on year	12.17	12.31	13.89	17.20	19.78	20.82	22.16	23.02	22.42	21.59	19.31	18.13

Source: State Bank of Vietnam

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APPENDIX 8: MONETARY AND CREDIT INDICATORS

Indicators	2010	Q1/2011	Q2/2011	Q3/2011	Q4/2011
Absolute value (billion VND)					
1. Total liquidity	2.789.184	2.824.605	2.874.328	3.018.735	3.125.961
2. Funds mobilization from the economy	2.451.236	2.476.760	2.548.269	2.681.431	2.754.968
3. Claims to the economy	2.475.535	2.584.863	2.657.053	2.688.672	2.830.193
Annual growth rate (%)					
1. Total liquidity	33.30	31.17	21.85	19.17	12.07
2. Funds mobilization from the economy	36.24	32.36	23.07	20.09	12.39
3. Claims to the economy	32.43	33.53	27.29	19.42	14.33

Source: State Bank of Vietnam

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APPENDIX 9: GROSS DOMESTIC PRODUCT

Year	GDP at Current Price (VND billion)	GDP Growth (%)	GDP Per Capita (VND thousand)
2000	441.646	6.79	5.689
2001	481.295	6.84	6.117
2002	535.762	7.08	6.720
2003	613.443	7.34	7.583
2004	715.307	7.79	8.720
2005	839.211	8.44	10.098
2006	974.266	8.23	11.580
2007	1.144.015	8.48	13.428
2008	1.478.695	6.18	17.445
2009	1.645.481	5.32	19.278
2010	1.980.914	6.78	22.787
2011	2.535.008	5.89	27.000

Source: General Statistics Office