



EVNFINANCE

EVN FINANCE JOINT STOCK COMPANY

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EVNFINANCE

Annual Report

EVN Finance Joint Stock Company

2010



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Annual Report

EVN Finance Joint Stock Company

2010

EVN FINANCE



EVN FINANCE JOINT STOCK COMPANY

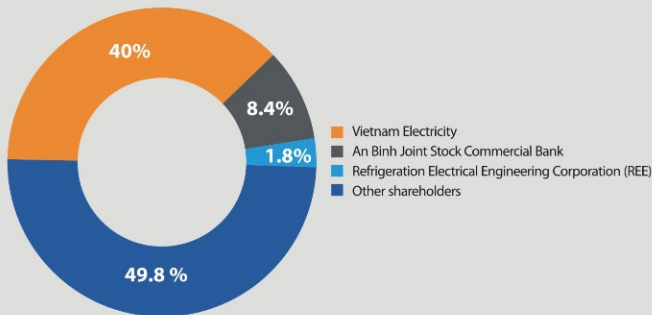
EVN FINANCE JOINT STOCK COMPANY

License No. 187/GP-NHNN
dated 07 July 2008 by the State Bank of Vietnam

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www.evnfc.vn | www.taichinhdienluc.vn

SHAREHOLDERS STRUCTURE:



Charter Capital: **VND 2,500,000,000,000**
(Two thousand five hundred billion dong)

Vision

By 2015, EVNFinance will become one of the two leading financial companies in Vietnam; operating under a financial investment institution model of modernization, integration of scale, quality and efficiency, sustainable growth; providing diverse products and services to enterprises in all economic sectors, especially playing a pivotal role in the capital arrangement activities and providing financial products for Vietnam Electricity (EVN) as well as the power sector of Vietnam.

VISION

ORGANIZATION



**BOARD
OF MANAGEMENT**



Mr. Dinh Quang Tri

Chairman
Vice General Director of Vietnam Electricity
Master of Business Administration



Mr. Hoang Van Ninh

Member of the Board of Management
Cum General Director
PhD of Economics



Mr. Mai Quoc Hoi

Member
Chief Accountant of Vietnam Electricity
Master of Business Administration,
Bachelor of Finance and Accounting



Ms. Nguyen Thi Ngoc Mai

Member
Deputy General Director
of An Binh Joint Stock Commercial Bank
PhD of Economics



Ms. Nguyen Thi Mai Thanh

Member
Chairman of the Board of Management,
cum General Director of REE Corporation
Industrial Engineer.

**BOARD
OF SUPERVISORS**



Ms. Truong Thi Thanh Hoa

Head of the Board of Supervisors
Bachelor of Accounting



Mr. Pham Viet Khanh

Member
Bachelor of Economics



Mr. Hoang Phuong

Member
Master of Business Administration



Mr. Hoang Manh Hai

Deputy General Director
Master of Business Administration

**BOARD
OF DIRECTORS**



Mr. Luong Hai Sinh

Deputy General Director
Master of Arts on Economics,
Master of Business Administration



Ms. Cao Thi Thu Ha

Deputy General Director
Master of Business Administration

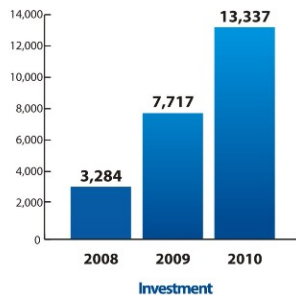
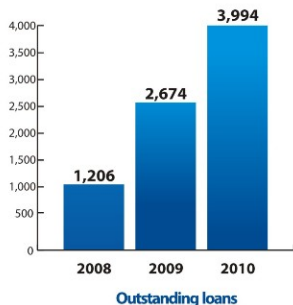
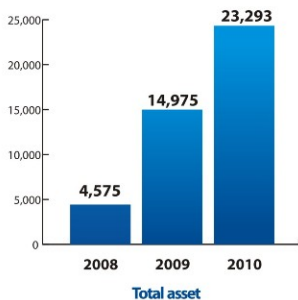


Development History

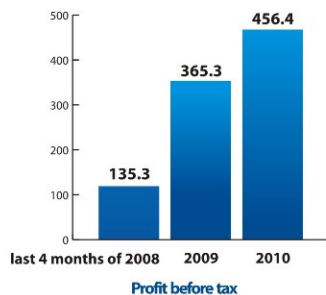
EVN Finance Joint Stock Company (EVNFinance) was officially put into operation on September 1st 2008 under financial institution model, with the mission and strategic objectives to professionally arrange and manage capital for Vietnam Electricity.

After more than two operating years, witnessing great complicated fluctuations of the world and domestic economy, under plain direction, the Board of Management and all enthusiastic employees of EVNFinance had concertedly endeavored to execute business strategy. EVNFinance has step by step achieved the expected goals in the process of shaping its image and position in Vietnam financial market, paving the wave to attain other encouraging achievement in many respects.

Unit: VND billion



Unit: VND billion



Organize and implement a reasonable, flexible organizational structure and the recruitment policy of attracting highly-skilled and experienced employees satisfying the business requirements of the Company. As by December 31st 2010, the total number of employees was 122 and 99% of employees had university degree or higher. This is the pivotal element to ensure sustainable value for the Company during the past years.

Continuously develop and consolidate customer base, both inside and outside of the power sector, broaden intimate trade relationships with domestic and foreign financial institutions. As a result, EVNFinance is currently engaging in trade contact with nearly 400 companies and financial institutions, which initially creates reliable and stable customer base that are willing to cooperate with on the basis of sharing mutual benefits and risks.

With selective network development orientation, on the one hand ensured the supply of diversified financial products to customers in major economic regions of the country, on the other hand grasped business opportunities to develop on next stages. In the year 2010, EVNFinance officially inaugurated two branches in Ho Chi Minh City and Da Nang City, which marked the presence of EVNFinance in two key economic regions of the country.

With huge determination and specific measures, after 2 years in operation, it could be confirmed that EVNFinance initially conducted effectively its mission and objectives as a main capital arranger and administrator for Vietnam Electricity and its member units. As of December 31st 2010, EVNFinance arranged more than VND 20,000 billion - a key capital source for the electric and power grid projects, assisting production and distribution of power sector through providing direct loans, making direct investments, entrusted investment consultancy, hub capital arrangement, bond issuance consultancy, etc.

Consecutively do research and develop modern financial banking product system on the basis of the assistance of advanced information technology, which could maximize the needs of clients. The derivatives, factoring, the clean development mechanism (CDM) consultancy, etc. had worked in a remarkably effective way. These results again consolidated EVNFinance's position as one of the financial institution that pioneered to apply versatile financial product system. Trusted and assigned by the Government and relative authorities, EVNFinance works as a hub unit to manage, re-finance the ODA capital for focal projects of power development in Vietnam.

In addition to effective business performance, EVNFinance, in cooperation with other financial institutions, had contributed to the successful implementation of regulatory and supporting socio-economic growth policies by business activities such as conducted interest rate subsidy program; balanced and adjusted input-output interest rate; made the credit growth according to instruction of the State Bank of Vietnam.

Achievements in 2010

- ☑ Complete all business plan targets approved by the Shareholders Annual General Meeting.
- ☑ Consult to successfully issue VND 5,000 billion domestic bonds for Vietnam Electricity.
- ☑ EVNFinance was approved by Government and Vietnam Electricity to carry out the role of on-lending agency for implementing the Vinh Tan II Thermal Power Project.
- ☑ Implement factoring activities, satisfying the requirements of providing diversified products to customers.
- ☑ Inaugurate and initially operate two branches effectively in Ho Chi Minh City and Da Nang City.

Development Directions

Develop flexible operation model in the orientation of a modern financial investment institution, enforce the principle of focusing on clients and profits. EVNFinance's businesses perform on the basis of development of high-level human resources and enhancing management capacity.

Construct transparent operating mechanism to ensure business activities compliance with the relevant laws and practices. Brand and business culture development of the Company were associated with those of the Vietnam Electricity.

Improve financial capability through effective implementation of business activities; propose itinerary to increase charter capital by selecting strategic partners, foreign financial institutions that have strong finance resources and prestige on the international market.

Increase competition capacity on the foundation of investing in modern technology system that is effectively applicable for all products and services, assuring the best support for the business development of EVNFinance.

Identify EVN, its member companies and economic organizations operating in power sector to be the target clients of the Company meanwhile EVNFinance also expands external relations, diversify customer base by strengthening cooperation with individuals and institutions on the domestic and international market.

Focus on improving risk management capacity; establish an independent risk management department to follow international operation model and practices; execute business on the principles of safety, efficiency and meeting regulatory operation rates and structure.



Message from Chairman of the Board of Management



In the context of unstable world economic recovery, financial system still suffers from different potential risks. Although there have been signs of positive improvement, Vietnam's economy continues facing difficulties such as high inflation and larger trade balance deficit, etc. The banking system encounters many challenges, which puts banks in great pressure to fulfill their target business plan. Understanding external difficulties and challenges, acknowledging internal advantages as well as shortcomings, the Board of Management and Executive Committee of EVNFinance has launched appropriate policies, providing specific directions to lead EVNFinance completing scheduled targets set out by Shareholders Annual General Meeting, formulating a solid foundation for developing and executing the targeted growth in the coming stages.

On the path of performance and maturity, all above profound achievements have illustrated concerted strive of entire EVNFinance's staff, gradually asserted its position and brand on the domestic as well as international market. Being well-aware of difficulties and challenges ahead, along with new hidden opportunities in business activities, EVNFinance's tasks are extremely heavy with the pressures of competition and the requirements of economy during decisive process of industrialization. By setting specific programs, plans and measures, EVNFinance will go on pursuing the aim of sustainable development, effective safety, enhancing risk management, boosting the cooperation with other institutions to provide modern financial products and services, improving competitiveness in order to make good use of business opportunities, consolidating its position in the domestic financial market.

With prestige and operational capacity having been formed and accumulated; together with sound oriented business strategy, incentive policies attracting talents, as well as the dynamism and creativity of Management Board, Supervisory Board, Directors Board and whole staff of EVNFinance, along with encouragement and support of strategic partners, customers, shareholders, I do believe EVNFinance will achieve its target objectives, confirm to be one of the leading financial companies in Vietnam with professional performance, efficient preservation and use of capital, revenue growth and profitability, ensure the capacity of integration and sustainable development.

On behalf of the Board of Management, I would like to send all the best wishes of health, sincere thanks to all our partners, customers for supporting us so far. I do hope EVNFinance continues to receive your tight cooperation in principle of benefit sharing, towards to success together.

Chairman

Dinh Quang Tri

Letter of General Director



Dear valued customers, partners and staffs of EVNFinance!

First of all, on behalf of the Board of Directors of the EVN Finance Joint Stock Company, I would like to convey our sincere thanks our strategic customers, partners and all employees for accompanying with us on our path to development success so far.

The Year 2010 continued to witness the unfavorable changes for the financial and banking activities. Fluctuations to the economy has imposed large effects on accomplishing the expected return of enterprises in general and financial institutions in particular, including EVNFinance. Forecasting the difficulties in economic situation since the beginning of the year, EVNFinance has carried out the diversification of products and services to expand customer and partner portfolio, provide products and services at reasonable interest rate in line with market movements. Given those decisions with enthusiasm and intellectual initiatives of the Board of Directors and entire staff, EVNFinance has achieved high encouraging results in all aspects:

First, complete comprehensive business plan targets of the year. Consolidated total assets as of 31st December 2010 reached over VND 23,293 billion, an increase of 56% over 2009, 144% of year plan target. Total revenue was of 128% of the plan target, reached VND 2.055,5 billion. Profit after tax reached VND 343.4 billion, account for 106% of the year plan.

Second, deliver an efficient business performance on the basis of meeting all secured operation ratios of credit institutions stipulated by the State Bank of Vietnam.

Third, the structure of the products and services were appropriately maintained to optimize revenue, with strongly propelling revenue from services.

Forth, highly focus on improving the quality of human resources to maintain competitiveness in the process of economic integration.

Finally, expand the business network as planned. Early 2010, two EVNFinance branches in Da Nang and Ho Chi Minh City were officially put into operation, tending to cater synchronous product packages to and meet the increasing needs of our partners, strategy customers in two key economic regions.

After more than two years of establishment and operation, overcoming difficult times of global recession, EVNFinance still stood, gradually grew up and confirmed its position over competition on Vietnam's financial market. In 2011, EVN Finance Joint Stock Company will broaden and deepen all above exceptional achievements, endeavor to surpass economic challenges of 2011 as forecasted that Vietnam will continue facing the issues of exchange rates, inflation, interest rates, etc. that cause many economic and financial implications. With the motto of sustainable development, maximizing the benefit of our customers and shareholders, we ascertain to construct and execute the mechanism of flexible management and professional performance associated with the application of advanced technology, developing high-level human resources in accordance with international business standards and practices.

EVNFinance pledges to incessantly endeavor to maintain focal role in the financial activities of Vietnam Electricity. EVNFinance hopes to keep co-operation with all valued customers, partners to overcome every challenge altogether, towards new successes in 2011.

General Director

Hoang Van Ninh



Administrative Activities

Develop a mechanism of flexible management, professional performance linked with the application of advanced technology, developing high-level human resources; strengthen risk management capability leaning towards international business standards and practices". These were fundamental policies set out by EVNFinance's Board of Directors since the first inception days and were constantly implemented during the development process. After more than two years of development, EVNFinance has step by step moved towards a more stable period of consolidating overall organization structure, management and reinforcing administration capacity, ensuring its competitiveness in the context of financial and banking systems encountering various fluctuations and challenges resulting from the global financial crisis recently.

Human Resources Development

High qualified, loyal and dedicated human resources were decisive elements for sustainable development. Therefore, EVNFinance paid strong attention to recruitment policy to attract talents and leading experts; organized intensive training courses for related employees to meet work requirements. Simultaneously, EVNFinance applied periodic working capability assessment on efficiency and professional ethics. EVNFinance also enforced incentive policy to secure the rights and legal benefits for all employees. After more than 2 officially working years, EVNFinance's employees gathered necessary elements and qualifications of modern banking experts, be able to efficiently meet business requirements of EVNFinance and diversified demand of customers. All united to be a distinguished institution - EVNFinance on a par with perennial financial institutions on Vietnam financial market.

Network Development

Business network was developed as orientation. Management structure was identified by the principle of centralized management; business activities were conducted by region/area and catered full ranges of products and services of EVNFinance on nationwide. On April 2010, being approved by the State Bank of Vietnam, EVNFinance officially held the opening ceremony 2 branches in Da Nang and Ho Chi Minh City. Soon after operation, 02 branches have gradually launched uniformed products and services to valued partners, enforced superior customer services and client development in the region, initially gained expected targets.

Information Technology Intensification

EVNFinance clearly identified information technology in the finance and banking system to be a vital factor ensuring competitiveness in the market. In 2010, apart from continuing to steadily operate the technology infrastructure to timely satisfy business activities of the Company, EVNFinance began implementing an investment project in new technology system - core banking system. EVNFinance defined this was one of the key tools effectively supporting to deploy the sustainable business development strategy expanding the ability to provide advanced, qualified products and services; maximizing customer services; strongly promoting and diversifying businesses; creating platform for EVNFinance to be eligible to perform according to the standards of modern financial institution.

Risk Management Enhancement

Being a new-born financial institution, capturing experiences of Finance and Banking system, EVNFinance conceives risk management as a particularly important factor linked strongly with stable development. EVNFinance constructed and enforced risk management system thoroughly to secure a qualified, safe performance in line with practices. In 2010, there were lots of mixed movements in financial and banking sector. Many new monetary regulations and policies took effect, generating a huge shift in the risk management activities, particularly in EVNFinance - risk management indeed became an effective instrument supporting executive management and business performance. The Credit Committee, Investment Committee and Asset - Liability Committee were run effectively. The limits and levels of determining various risks such as liquidity risk, market risk, operational risk, etc were set out on the basis of advice and assessment of the risk management department independently. Consequently, performance of risk management contributed greatly to business quality and efficiency in 2010, formulate solid premise for business activities in the next years.



Business Activities

FUND MOBILIZATION

Faced with great deal of difficulties, from the regulations on capital mobilization constraints for non-banking credit institutions, to the difficulties of enterprises having to surpass during economic crisis leading to limited long-term fund sources, EVNFinance had to bear competitive pressures on mobilizing capital with the trend of increasing mobilized interest rate but finally overcome all difficulties and went with vigorous strides in raising capital.

Flexibly applied the policies of regulating capital raising, boosted to approach new customers and broadened market segments to enterprises operating in power sector and others; actively kept conducting traditional capital mobilization products in combination with promoting specialized capital mobilization products, attracting more raising capital balance, forming active and constant sources of capital for business performance.

With appropriate and highly competitive interest rate policy, EVNFinance provided services of trusted fund management that were considered as a useful financial tool, generating opportunities for customers to optimize cash flow from these products, thereby EVNFinance aimed to supply a package of other products and services to customers.

In order to create stability, enhance long-term fund mobilization for the disbursement of credit and investment activities, in 2010 and the following years, EVNFinance concentrated on constructing, doing research and successfully deploying project of issuing VND 600 billion of bonds for the first round, contributing to confirm the reputation of EVNFinance – an infant financial institution on the domestic financial market.

Year 2010 also marked the beginning of open market operations of EVNFinance, generating opportunities for EVNFinance to access various capital sources with reasonable cost.

Fund mobilization results were initially contributed by the two branches in Ho Chi Minh City and Da Nang City, which have proved a sound network development objectives of EVNFinance.

	2010	2009	2010/2009
TOTAL MOBILIZED FUND	17,833.3	10,459.4	170%

Unit: VND billion

ASSETS

	2010	2009	2010/2009
Total asset	23,293.4	14,956.9	156%
<i>Including:</i>			
Cash on hand and balances with the State Bank of Vietnam	22.1	10.9	
Balances with and loans to other credit institutions	4,233.0	4,134.5	
Investments	13,337.5	7,717.6	
Loans to customers	3,994.4	2,674.3	
Other assets	1,706.4	419.6	

Unit: VND billion

Investment Activities

Market forecast in 2010 was not really favorable. Investment activities were implemented in the motto of caution, safety and efficiency, taking advantage of opportunities, maintaining the goal investment is the main revenue, taking part in ensuring liquidity, at the same time paving the foundation for the development of EVNFinance.

Short-term securities were flexibly conducted based on thorough and careful research; in line with timing and market performance. Given securities and monetary markets in 2010 were very volatile, although short-term investment activities were really ineffective, these activities contributed to keep liquidity in the most difficult phase of the market.

Identifying that it took long time to recall capital, long-term capital contribution activities kept the implementing methods and the attained results of previous phase; continued to focus on enterprises operating effectively in the power sector. EVNFinance regularly kept track of joint capital enterprises, securing to accurately and efficiently assess and observe the performance of investment projects, guarantee to reach the great achievements in the long term.

Investment securities was defined to be the pivotal activity that needs flexible implementation to seize opportunities, adapt to market performance and prevent risks arising from market demand, especially interest rate risk. Fixed income securities was recognized to be a significant proportion of total income of the Company. Investment structure was maintained in good condition, less dependent on market fluctuations, and contributed to assure liquidity and stability in the long term revenue of EVNFinance.

	2010	2009	2010/2009
Total Investment	13,337.5	7,717.6	173%
<i>Including:</i>			
Short term investment	3,396.6	1,143.1	297%
Capital contribution	393.6	205.5	192%
Investment securities	6,827.8	5,044.0	135%
Investment Trust	2,719.5	1,325.0	205%

Unit: VND billion



Credit activities

Lending activities continued to be deployed in the orientation of concentrating on serving EVN and its member units as the strategic customers. EVNFinance granted direct loans, parallel with the form of entrusted loan, capital contribution co-sponsor. All credit products timely met the needs of capital for power development of Vietnam Electricity. In addition, EVNFinance expanded customer relationships to all other economic sectors, on one hand optimizing credit structure by industry; on the other hand promote traditional customer relations to provide financial products in package. Credit operations were constantly executed aiming at wholesale customers, however form of consumer credit continued to meet the needs of improving lives of individual customers who are employees in electricity sector.

Credit structure has moved in the positive trend. The ratio of short term loans and total loans increased slightly towards achieving the balance of medium and long term loans. In 2010, the short term loans accounted for 34% of total loans, compared with 30.4% in 2009.

Facing with disordered economic fluctuations, EVNFinance has implemented prudent credit, determined to provide products for less risky customers. The appraisal and evaluation of borrower capacity, the feasibility of projects using lending capital and risk management measures were executed with high professionalism. Lending interest rate was at reasonable rate, adapted to the evolution of the market. Disbursed credit volumes were balanced on the base of capital resources. Credit activities were promoted and adhered to safe growth. There were no bad debts which satisfies the rate of risk management as regulated.

Provision for Loans to Customers

As of December 31st 2010, EVNFinance extracted 100% general provision under the current stipulation of the State Bank of Vietnam. Provisions for loans to customers at December 31st 2010 according to consolidated audit report was VND 26.2 billion.

Currency dealing

In addition to credit and investment, currency trading activities in the interbank system were parallel selected to conduct effectively. While monetary market suffered from unforeseen fluctuations, pressures of interest rate and capital resources, EVNFinance took advantage of the liquidity demand of credit institutions, flexibly applied the guidance and management to trade foreign currencies in order to generate foreign currency flows in a good mood; balanced and promptly met the demand for capital, preserving liquidity capability in the Company's performance.



	2010	2009	2010/2009
Total Outstanding Loans	3,994.4	2,674.4	149%
Including:			
Short-term loans	1,221.0	677.0	180%
Medium and long-term loans	2,070.8	1,534.7	134%
Trust loans	702.6	462.7	151%

Unit: VND billion

“ Particularly, in the context of economic hazards in the last months of 2010, EVNFinance has been keeping control of lending growth with good customer base, enlarging ability to develop customer system for the next stages.





Services

By authentic assessment of the potential services of a finance company; identifying that service would bring in more opportunities, higher economic efficiency with lower costs and risk level, EVNFinance has focused on developing financial services such as doing research and diversifying types of services; strengthening client structure and intensifying the capacity of professional employees.

Fund Arrangement

Keeping good contact with prestige and dominant commercial bank and international financial institutions; hardening the relationships built since previous years; capital arrangement attained certain successes through applying standard capital arrangement process. EVNFinance focused on arranging capital for projects of EVN and its members and also opened access to other sectors. It could be affirmed that EVNFinance was becoming a bridge to bring capital to key power projects and gradually held pivotal position on capital arrangement in the finance market.

One of the noteworthy results was that EVNFinance consecutively found out measures to access international funds of organizations like World Bank (WB), Asian Development Bank (ADB), etc. From July 2010, EVNFinance officially took the role of loan manager and on-lending agency for Vinh Tan II Thermal Power Project of EVN, which established the foundation for EVNFinance to handle other projects of EVN in the next periods.

Financial Consulting

EVNFinance supplied various financial consulting activities, typically **corporate bond issuing consultancy service** – a notable service of EVNFinance. Right from first months in operation, EVNFinance had deployed and given consultation to successfully issue domestic bond for EVN in two rounds, with total value of VND 9,000 billion. Besides, EVNFinance advised for enterprises of other economic sectors issuing VND thousands of billion bonds. These achievements conveyed that EVNFinance was trusted by EVN and enterprises community for professional consulting, modern implementing. EVN has always kept good relationships with partners and financial institution that provided assistance for advisory activities. EVNFinance took pride to gradually establish reputation as a bond issuance consultant on domestic financial market.

Being defined as a service providing future values for EVNFinance, **Clean development mechanism (CDM) advisory service** in 2010 was concentrated on the power development projects. By the end of 2010, EVNFinance approached and realized various steps to provide CDM service to nearly 20 projects of EVN and other energy enterprises. Initially, this has proved the ability of EVNFinance to perform the role as a nodal connector with the power projects implemented under CDM; illustrated EVNFinance to be one of the prestigious organizations in catering CDM advisory service in Vietnam.

Other services, such as **investment consulting, entrusted investment, entrusted loans**, etc. were also fortified, took the advantages of financial institution in the power sector, creating a momentum for the next few years, contributing to develop a reputation and trade mark of EVNFinance in the electricity sector in particular and the financial market of Vietnam in general.

Foreign exchange dealing

Foreign exchange market in 2010 continued experiencing the same situation in 2009. Those were the scarcity of foreign currency and drastic exchange rate fluctuation. EVNFinance maintained foreign currencies trading, prior to satisfy demand for foreign exchange payment of EVN member and import-export enterprises that have had transactions with EVNFinance before. By regularly balancing foreign currencies, actively exploring foreign currencies from economic organizations and from interbank system, EVNFinance balanced the term and prices to timely meet demand of customers.

Guarantee

Guarantee activities were enforced effectively by utilizing opportunities for granting warranty to partner groups of power industry (the construction contractors, electric equipment suppliers, etc.); additionally, expanding relationships with new clients in the areas of trading, construction, erection, etc. in order to generate considerable income, accounting for high ratio of the total service revenues.



BUSINESS EFFICIENCY ASSESSMENT

Capital

2,500 billion

13.6%

Asset quality

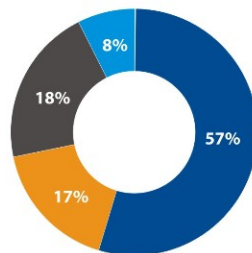
Asset size grew at reasonable structure.

Total assets of the Company up to December 31st 2010 reached VND 23,293.4 billion, up 56% from 2009.

The largest proportion of total assets was investment volume. The total value of investment activities, including investment trust as of December 31st 2010 was VND 13,337 billion, by 151% of the year plan, accounting for 57% of total assets. This was a primary profitable undertaking to the Company in 2010. Forms of investment were appropriately selected, maintaining a suitable investment structure. Investment portfolio was towards selecting effective projects, involving the assessment of long-term factors.

Outstanding loans, including trust loan by December 31st 2010 reached VND 3,994 billion, attained 100% of the year plan, accounting for 17.1% of total assets. Befaced with unpredictable changes in the economy, EVNFinance has approached prudent lending solutions, offering products to qualified partners and customers at a reasonable lending rate. Credit disbursement based on the capacity of money source. Credit revenues have achieved the planned targets; effectively controlled the credit risks. Then, non-performing loans were kept at 0%.

Balance of interbank deposits and lending as by December 31st 2010 was at VND 4,233 billion, accounting for 18% of total assets. Active partners of EVNFinance were well-known credit institutions, ensuring high safety. Performance was carried out based on forecasts close to market movements; as a result, decisions were lucidly given and achieved certain efficiency.



- Investment
- Loans
- Currency dealing
- Other assets



Profitability

Indicators of profitability – ROaE, ROaA achieved the average of the whole sector. After-tax profit grew 6%. Income structure shifted in positive direction, in which the proportion of service revenues rose to 9.4%, from 7.9% in 2009.

	2010	2009
Return on average Equity (ROaE)	13.7%	12.1%
Return on average Assets (ROaA)	1.7%	2.0%

Liquidity

Financial market in 2010 had greatly unstable evolutions. Businesses faced various challenges leading to limit long-term and unwavering funds, along with extremely scarce supply of funds in the interbank market. The competition in mobilizing capital rose sharply. Given those circumstances, EVNFinance set the top priority to ensure safe performance and liquidity.



Charity activity at Bo De Pagoda, Hanoi

Sharing difficulties with beloved central people suffering from flood

Activities of Party Organization and Trade Union

In 2010, the Party Organization of EVNFinance was continuously strengthened and more powerful. By organizing successfully the Party Cell Congress of 2010 – 2015 terms, Party Organization of the Company presented the increasing guidance role in business performance. Majority of Directors of the Company are Party's members. Party Organization clearly identified objectives and action programs for each period. Party Cell focuses on coordinating to conduct businesses and develops Party organization on the base of selecting excellent employees who accumulates enough ethical qualifications to be the member. Party becomes the linkage of Trade Union and Youth Union in a unified block. Party Cell of EVNFinance was awarded an excellent and strong organization.

The Trade Union and Youth Union clearly expressed the role of a representative to keep legal rights and benefits of entire employees; were the core organizations in constructing and developing social activities in EVNFinance, creating healthy working environment with fair and professional competition, meaning to improve productivity and business culture of EVNFinance.

Community Activities

In parallel with full completion of the business plan of the year, EVNFinance participated in social welfare and charity activities. Playing the main role in enforcing these activities, the Trade Union and Youth Union have implemented the policy of Management Board and Executive Board by developing specific action programs.

In 2010, the Executive Board of Trade Union and Youth Union launched to all employees of EVNFinance to promote the spirit of previous years. All employees followed the action program, enthusiastically participating in charity activities and social welfare, such as gathering various school supplies, clothing, food and cash to support beloved central people suffering from floods; visit families of war invalids, martyr, etc. The rounds of charitable donations generated a community lifestyle among all staff, particularly for young employees deepening awareness of responsibility, spirit of solidarity, giving hands to build a society for mutual development.

Implementing business operations effectively and formulating healthy working environment with professional style and elegant behavior, along with boosting social welfare and charity activities, EVNFinance had step by step constructed its distinguished business culture.

FINANCIAL STATEMENTS



AUDITORS' REPORT

**To: The shareholders
The Boards of Management and Directors
of EVN Finance Joint Stock Company**

We have audited the accompanying balance sheet of EVN Finance Joint Stock Company ("the Company") as at 31 December 2010, the related statements of income and cash flows for the year then ended, and the notes thereto (collectively referred to as "the financial statements"), as set out from page 4 to page 26. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Respective Responsibilities of the Board of Directors and Auditors

As stated in the Statement of the Board of Directors on page 2, these financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of Opinion

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2010 and the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and Financial Reporting Regime applicable for credit institutions as regulated by the State Bank of Vietnam.



Dang Chi Dung
Deputy General Director
CPA Certificate No. D.0030/KTV

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

10 March 2011
Hanoi, S.R. Vietnam

Ngo Trung Dung
Auditor
CPA Certificate No.0784/KTV

BALANCE SHEET As at 31 December 2010

FORM B02/TCTD
Unit: VND

ITEMS	Notes	31/12/2010	31/12/2009
A ASSETS			
I. Cash on hand, jewels, precious stones	5	2,040,420,854	1,529,442,305
II. Balances with the State Bank of Vietnam		20,107,317,025	9,422,629,257
III. Balances with other credit institutions and loans to other credit institutions	6	4,413,284,725,847	3,997,401,113,384
1. Cash, gold at other credit institutions		4,313,284,725,847	3,618,656,668,940
2. Loans to other credit institutions		150,000,000,000	378,744,444,444
3. Provisions for loans to other credit institutions		(50,000,000,000)	-
IV. Trading securities	7	524,846,638,543	13,039,483,636
1. Trading securities		553,883,360,893	13,039,483,636
2. Provisions for diminution in value of trading securities		(29,036,722,350)	-
V. Loans to customers		3,470,251,253,993	2,197,583,897,121
1. Loans to customers	8	3,496,474,815,106	2,213,499,856,991
2. Provisions for loans to customers	9	(26,223,561,113)	(15,915,959,870)
VI. Investment securities	10	7,127,756,197,546	5,271,656,459,294
1. Investment securities available for sale		7,127,756,197,546	5,271,656,459,294
VII. Long - term investments	11	393,591,052,681	881,790,016,900
1. Other long - term investments		393,591,052,681	881,790,016,900
VIII. Fixed assets		12,156,400,024	7,609,514,379
1. Tangible fixed assets	12	11,433,565,182	7,019,692,870
Cost		17,868,071,086	9,933,718,387
Accumulated depreciation		(6,434,505,904)	(2,914,025,517)
2. Intangible fixed assets		722,834,842	589,821,509
Cost		1,435,814,473	956,346,131
Accumulated amortization		(712,979,631)	(366,524,622)
IX. Other assets		7,329,394,406,724	2,576,943,775,493
1. Receivables	13	4,949,359,752,268	1,504,526,053,936
2. Interests, fees receivable		463,338,892,739	309,752,814,307
3. Other assets	14	1,916,695,761,717	762,664,907,250
TOTAL ASSETS		23,293,428,413,237	14,956,976,331,769

BALANCE SHEET (CONTINUED)

As at 31 December 2010

ITEMS	Notes	FORM B02/TCTD	
		31/12/2010	31/12/2009
B. LIABILITIES AND OWNERS' EQUITY			
I. Borrowings from the State Bank of Vietnam and the Government	15	115,893,271,793	
II. Deposits and borrowings from other credit institutions	16	8,884,223,125,648	6,625,490,621,363
1. Deposits from other credit institutions		4,913,539,648,302	5,067,866,621,363
2. Borrowings from other credit institutions		3,970,683,477,346	1,557,624,000,000
III. Deposits from customers	17	1,637,733,181,988	902,703,733,818
IV. Trusted Funds, Investment and other borrowings at risk of credit institution	18	7,702,591,318,559	3,709,022,478,862
V. Valuable papers	19	600,000,000,000	
VI. Other liabilities		1,403,012,775,548	885,796,170,102
1. Interests, fees payable		344,891,129,381	155,943,871,442
2. Other liabilities	20	1,019,051,547,381	725,644,691,868
3. Other provisions		39,070,098,786	4,207,606,792
Total liabilities		20,343,453,673,536	12,123,013,004,145
VII. Equity and reserves	21	2,949,974,739,701	2,833,963,327,624
1. Equity		2,500,000,000,000	2,500,000,000,000
Chartered capital		2,500,000,000,000	2,500,000,000,000
2. Reserves		158,016,540,741	81,577,629,568
3. Retained earnings		291,958,198,960	252,385,698,056
TOTAL LIABILITIES AND OWNERS' EQUITY		23,293,428,413,237	14,956,976,331,769

BALANCE SHEET (CONTINUED)

As at 31 December 2010

FORM B02/TCTD
Unit: VND

OFF BALANCE SHEET ITEMS

ITEMS	FORM B02/TCTD	
	31/12/2010	31/12/2009
I. Contingent liabilities	1,149,994,021,266	595,091,238,948
1. Other guarantees	1,149,994,021,266	595,091,238,948
1.1 Payment guarantees	761,490,526,803	375,789,431,664
1.2 Irrevocable loan commitments	529,072,635	529,072,635
1.3 Contract implementation guarantees	137,885,533,235	79,475,447,491
1.4 Bids guarantees	33,620,420,000	16,722,136,200
1.5 Other guarantees	216,468,468,593	122,575,150,957

Hoàng Văn Ninh
General Director

10 March 2011

Trình Ba Hùng
Deputy Head of Accounting Department

INCOME STATEMENT

For the year ended 31 December 2010

FORM B03/TCTD

Unit: VND

ITEMS	Notes	2010	2009
I. Interest income and similar income	22	1,878,879,692,886	756,174,795,170
2. Interest expenses and similar expenses	23	1,309,365,681,219	342,298,465,668
I. Net interest income		569,514,011,667	413,876,329,502
1. Income from services		58,458,807,040	48,707,013,608
2. Expense from services		15,246,215,930	19,781,142,906
II. Net profit from services		43,212,591,110	28,925,870,702
III. Net profit/(loss) from dealings in foreign currency		1,546,223,697	(15,235,165,694)
IV. Net (loss)/profit from trading securities		(38,391,300,369)	3,698,411,696
V. Net profit/(loss) from investment securities		26,304,712,145	(22,447,753,874)
1 Other income		3,636,360	21,550
VI. Net profit from other activities		3,636,360	21,550
VII. Income from capital contribution, investments		6,327,618,100	8,421,000,000
VIII. Operating expenses	24	87,315,617,722	39,910,447,562
IX. Net profit from operating activities before credit provision expenses		521,201,874,988	377,328,266,320
X. Credit provision expenses		64,725,026,365	11,938,616,055
XI. Profit before tax		456,476,848,623	365,389,650,265
1. Current corporate income tax expense		112,996,614,552	61,157,506,606
XII. Corporate income tax expense	25	112,996,614,552	61,157,506,606
XIII. Profit after tax		343,480,234,071	304,232,143,659
XIV. Basic earnings per share	26	1,374	1,217


 Hoàng Văn Ninh
 General Director

10 March 2011


 Trinh Ba Hung
 Deputy Head of Accounting Department

CASH FLOW STATEMENT

For the year ended 31 December 2010

FORM B04/TCTD

Unit: VND

ITEMS	2010	2009
Cash flows from operating activities		
1. Interest income and similar income	1,725,293,614,454	570,696,223,294
2. Interest expenses and similar expenses	(1,120,418,423,280)	(203,151,451,842)
3. Income from services	43,212,591,110	28,925,870,702
4. Net loss dealing in foreign currencies and securities	(10,540,364,527)	(33,984,507,872)
5. Other operating income	3,636,360	21,553
6. Payments to employees and suppliers	(43,184,509,347)	(29,540,673,924)
7. Corporate income tax paid during the year/period	(95,942,866,880)	(29,397,021,686)
Net cash from operating activities before changing in assets and liabilities	498,423,677,890	303,548,460,225
Movements in operating assets		
8. (Increase) in cash, gold at and loans to other credit institutions	(42,574,436,391)	(530,632,284,571)
9. (Increase) in trading securities	(2,396,943,615,510)	(4,944,745,285,455)
10. (Increase) in loans to customers	(1,282,974,958,115)	(1,006,865,440,478)
11. Other (increase) in other operating assets	(4,085,666,176,184)	(2,062,568,545,771)
Movements in operating liabilities		
12. Increase in Borrowings from the State Bank of Vietnam	115,893,271,793	-
13. Increase in deposits and borrowings from other credit institutions.	2,258,732,504,285	5,078,490,621,363
14. Increase in deposits from customers	735,029,448,170	902,703,733,818
15. Increase in issuance of valuable papers (except for valuable papers which are included in financial activities)	600,000,000,000	
16. Increase in trusted Funds, Investments and other borrowings at risk of credit institution.	3,805,147,895,697	3,411,981,405,445
17. (Decrease) in financial derivatives and other financial assets	(1,190,000,000)	
18. (Increase) in other liabilities	2,430,019,111,378	548,216,462,624
19. Payments out of reserves	(2,393,191,493)	(1,713,381,323)
I. Net cash from operating activities	2,631,503,531,520	1,698,415,745,877
CASH FLOWS FROM INVESTING ACTIVITIES		
1. Purchases of fixed assets	(8,413,821,041)	(1,939,411,885)
2. Investments in other entities	(166,207,465,000)	(271,790,016,900)
3. Dividends and profit received from investment in other entities	6,327,618,100	8,421,000,000
II. Net cash (used in) investing activities	(168,293,667,941)	(265,308,428,785)

CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December 2010

FORM B04/TCTD

Unit: VND

ITEMS	2010	2009
CASH FLOW FROM FINANCING ACTIVITIES		
I. Dividends, profit paid	(225,171,441,600)	(74,512,010,120)
III. Net cash (used in) from financing activities	(225,171,441,600)	(74,512,010,120)
IV. Net increase in cash	2,238,038,421,979	1,358,595,306,972
V. Cash and cash equivalents at the beginning of the year	1,666,598,271,118	308,002,964,146
VI. Effect of changes in foreign exchange rates	-	-
VII. Cash and cash equivalents at the end of the year	3,904,636,693,097	1,666,598,271,118

31/12/2010

VND

31/12/2009

VND

Cash and cash equivalents

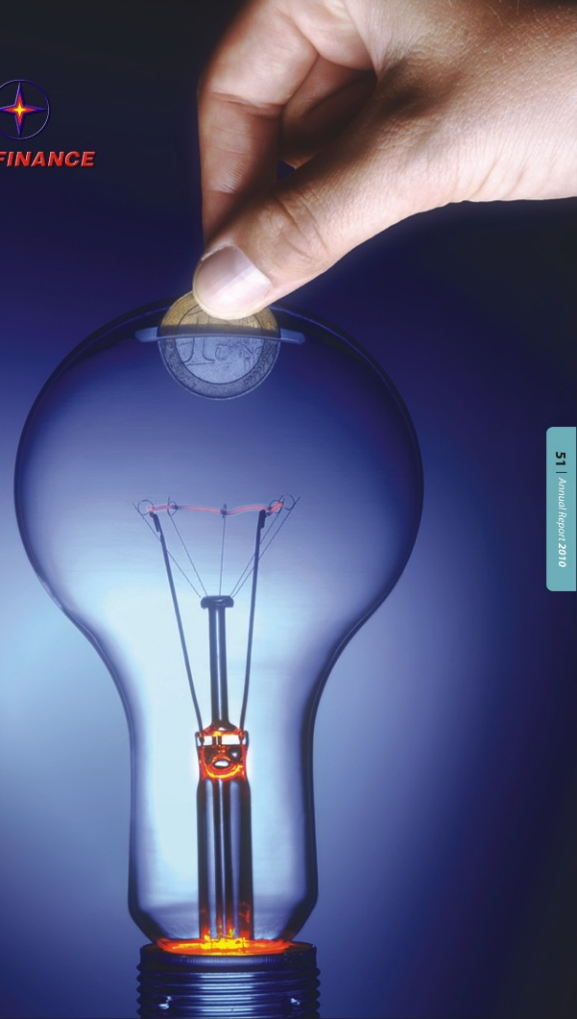
Cash and cash equivalents on hand	2,040,420,854	1,529,442,305
Balances with the State Bank of Vietnam	20,107,317,025	9,422,629,257
Cash, golds at other credit institutions	3,882,488,955,218	1,655,646,199,556
- Current account	413,162,955,218	289,830,399,556
- Deposits with fixed terms less than 3 months	3,469,326,000,000	1,365,815,800,000



Hoàng Văn Ninh
General Director

10 March 2011

Trinh Ba Hung
Deputy Head of Accounting Department



BUSINESS DIRECTION IN 2011



Discouraged signs of the global and domestic economy from early 2011 make us predict that 2011 will be an extremely challenging year for Vietnam's economy. Curbing inflation will be the vital issue to solve, avoiding resulting in implications for overall economy. The trade deficit remains high. Exchange rate is still a difficult calculation. Given a thin foreign exchange reserves, unbalance of payments, many economic experts assume Vietnam currency will weaken more in 2011 and there will be many changes in regulatory policies.

In this context, financial – banking sector is expected to face challenges and has to orient the business activities wisely.

Objectives

- ☑ To restructure organization towards the model of an advanced financial investment institution; Increase management capacity; develop highly qualified human resource and infrastructure to satisfy business requirements.
- ☑ To develop sustainable business performance avoiding overheating development. Business activities will be reviewed thoroughly without bearing the pressure of rising asset volume.
- ☑ To strengthen capital accumulation and capital balance capacity; make sure to meet the business growth and development.
- ☑ To enhance external activities, develop relations with prestige domestic and international economic organization and financial institutions; broaden potential market segment.
- ☑ To improve competitiveness through investing in advanced information and technology systems, focus on fulfilling core banking project that has possible application in various environments, high efficiency, ensure to support the best for business development.
- ☑ To fortify business performance on two key economic regions – Da Nang City and Ho Chi Minh City.
- ☑ To perfect the internal regulation system, operate businesses in line with all ISO procedures in order to actively assist the business.
- ☑ To efficiently consolidate and operate the risk management system, ensuring the risk management to keep up with market movements.
- ☑ To efficiently consolidate and operate the risk management system, ensuring the risk management to keep up with market movements.
- ☑ To complete Business Development Strategy of EVNFinance to 2015.
- ☑ To strive to complete business plan targets set for 2011.
- ☑ To efficiently preserve and use the mobilized capital, create revenue and profitability growth, ensuring the integration capacity and sustainable development.

Indicators

1 Charter capital	VND 2,500 billion
2 Total consolidated assets	> VND 21,000 billion
3 Total mobilized capital	> VND 17,000 billion
4 Outstanding loans	> VND 4,500 billion
5 Investment	> VND 12,000 billion
6 The financial criteria	
Capital adequacy ratio (CAR)	> 9%
Return on average Equity (ROaE)	> 15%
Return on average Asset (ROaA)	> 1.7%
Overdue loans	< 1%

2011



EVN FINANCE

