

MESSAGE FROM THE CHAIRMAN



DEAR VALUED STAKEHOLDERS,

First of all, for and on behalf of the entire Management Board, Director Board, managers and staff of SAIGON BANK FOR INDUSTRY AND TRADE (SAIGONBANK), I would like to sincerely appreciate our valued clients, shareholders who have displayed great concern, confidence, support and coherent collaboration with SAIGONBANK over the last few years. Basically we look forwards to your continuous encouragement and more supports from all of you.

Our national social economy of 2016 occurred under the circumstance of slow and unsteady recovery of the world economy, low rise of international trade, and the fact that price of oil and food already increased yet the average price was still lower than that of the previous stage. Besides, our national economy has been facing various difficulties, challenges in GDP growth speed which has not met expectations, budget balance and export-import still incurred hard time, foreign exchange market suffered pressure from unexpected situations of the global market.

Given the above mentioned circumstance, SAIGONBANK's entire organization including all staff and managers have worked out flexible solutions, taken appropriate steps in certain periods to assure a safe and efficient operation of the Bank, to gain encouraging business outcomes and to well perform its own targets defined from the beginning of the year 2016.

Over the course of 2016, generally speaking, SAIGONBANK's operation was constantly stable, under control and the Bank's liquidity was well assured. The Bank has always complied with directives from the Government and the State Bank of Viet Nam (SBV) in terms of monetary policy implementation and social economic development.

SAIGONBANK continued to remain the progress of funding restructure to target a sustainable growth under economic difficulties. The Bank has well done solutions for boosting deposit attraction, gradually reaching a rational balance of deposit tenors, matching between funding source and fund utilization. Besides, ratio between credit and deposit was ensured to meet defined regulations from the SBV. Lending activity was widened under control for ensuring credit quality, and in line with the growth size of funding. Credit structure was continually adjusted to make funds specifically serve manufacturing and trading sectors and nonperforming loan (NPL) was well managed. SAIGONBANK also made sufficient and accurate provision for risks in compliance with regulations

from SBV, assured NPL to stay lower than the threshold controlled by SBV. In the difficult scenario of commercial banking operation, given influence of the world pressure on local market and the decline of net interest margin (NIM), the entire SAIGONBANK staff has shown their efforts and endeavors to reach the profit targets assigned by the Shareholders' General Meeting.

DEAR VALUED STAKEHOLDERS,

According to the business forecast, our national economy in 2017 is expected to be constantly recovered but remarkable challenges are still waiting ahead. Strictly pursuing directives set by the SBV, SAIGONBANK has defined our general goals for banking business in 2017 as follows: "we continue to enhance our financial capability, widen our business scale on the basis of a secured operation, we will boost lending appropriately with the growth of funding and strictly manage our credit quality at once. SAIGONBANK's nonperforming loans must be always below the threshold regulated by the SBV. Besides, we are taking steps to change our income structure in which earnings from banking services other than lending will be more emphasized and increased".

Based on our achievements over recent years, in 2017 SAIGONBANK will continue to grow our business scale on the basis of a secured operation, we will push credit growth line with the growth of funding and tightly manage our credit quality at the same time. Well, we will step by step revise our income structure in a way that non-lending services will be more emphasized and increased to generate better income. Well, it is our belief that given the Bank's available internal power and potential plus the concerns, supports and close collaboration from you all, our fine clients and shareholders, SAIGONBANK will accomplish our definite set of goals, will continue to lift the Bank up to a new height, to secure and bring extra benefits to our valued shareholders as well as to contribute more to the economy and the whole society.

Given our true determinations and constant endeavors, the entire Board members, managers and staff of SAIGONBANK will solidly move forwards to reciprocate a substantial trust and confidence from our clients, valued shareholders and prospective investors.

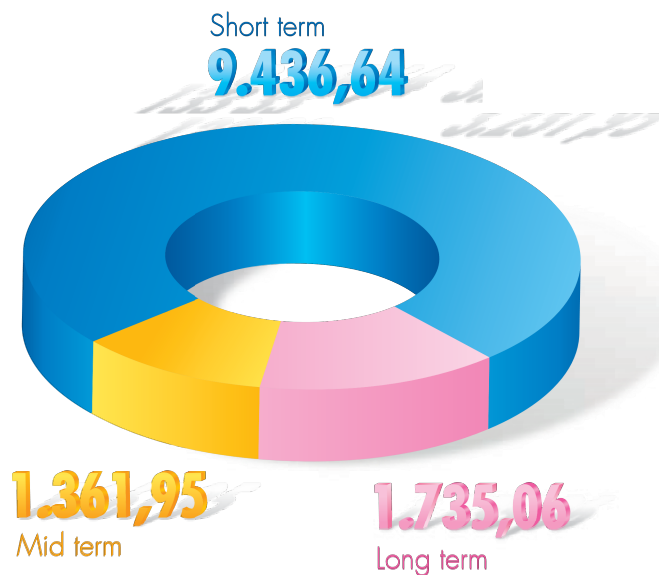
Sincerely,



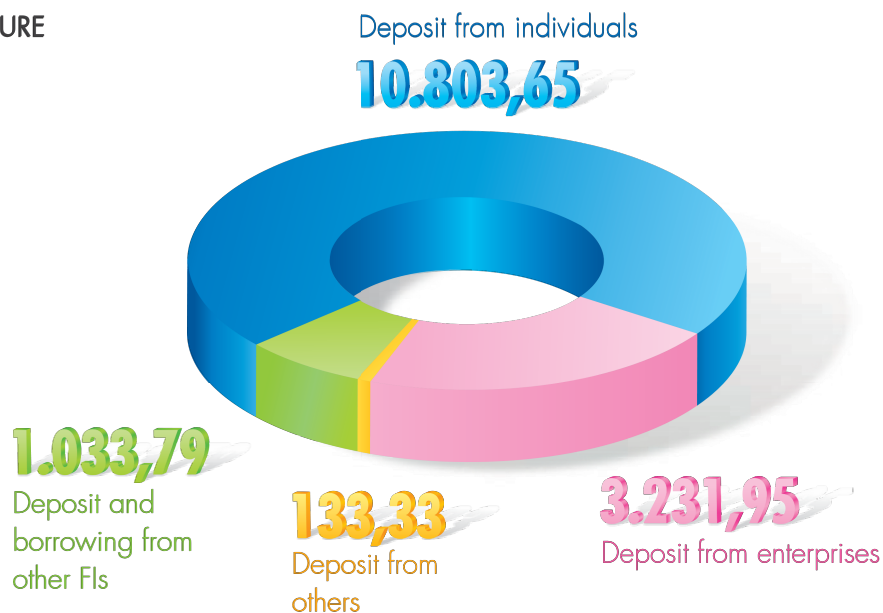
TRAN QUOC HAI
Chairman of SAIGONBANK

RESULTS OF BUSINESS ACTIVITIES IN 2016

LOAN OUTSTANDING
CLASSIFIED BY MATURITY
(billions of dong)



FUND STRUCTURE
(billions of dong)



FINANCIAL HIGHLIGHTS

(as at 31 Dec 2016)

Total Asset

19.048

Billions of Dong

Loan Outstanding

12.534

Billions of Dong

Chartered Capital

3.080

Billions of Dong

Return on Asset (ROA)

0,76%

Profits before tax

174,21

Billions of Dong

Return on Equity (ROE)

4,53%

Non-performance loan against
total loan outstanding

2,63%

Earning per Share (EPS)

453

Dong

CAR

23,36%

OUTSTANDING ACHIEVEMENTS IN 2016





01 In general, the Bank's business in 2016 was stable, under good control, and its liquidity was surely reached. SAIGONBANK has well observed the directives from the Government, the State Bank of Viet Nam (SBV) in terms of monetary execution and socioeconomic development.

02 In 2016, SAIGONBANK continued to maintain the progress of funding restructure to ensure its growth sustainability in economic difficulties. As at 31 December 2016, deposits allured from individual clients increased by

15.70%

against early of the year.

03 SAIGONBANK had successfully ensured its liquidity. As at 31 December 2016, total outstanding loan only accounted for 78,94% of funding sources.

04 Given general challenges still existing within the economy, by positive solutions, SAIGONBANK had well performed proper and sufficient risk provision as per prevailing SBV's regulation, made sure to keep non performing loan (NPL) below threshold allowed by SBV.

05 Given challenges still existing in banking operation, the fact that financial market has suffered pressures from international factors and net interest margin dropped,... SAIGONBANK has shown true efforts and endeavors to reach

134.01%

of the profit targets assigned by the Shareholders' General Meeting.

SAIGONBANK'S PERFORMANCE IN 2016

01 TOTAL ASSET

As at 31 December 2016, total asset reached 19,047,89 billion dong, increased by 7,32% (1,299,15 billion dong) over the beginning of the year. The Bank's chartered capital was 3,080 billion dong.

02 FUNDING SOURCES

As at 31 December 2016, outstanding fund reached 15,202,72 billion dong, increased by 7,92% (1,115,19 billion dong) over the beginning of the year.

Funding acquirement in 2016 of SAIGONBANK was deemed successful in a sense fund growth was sustainable, and in a sound balance regarding deposit tenors, funding was maintained to be in line with fund utilization. The ratio between total outstanding loan and total deposit was maintained at safe level as per prevailing regulations.

03 LENDING

As at 31 December 2016, total outstanding loan was 12,533,64 billion dong, increased by 7,94% (921,62 billion dong) against early 2016. Loans of category 1 accounted for 94,01%, loans of category 3-5 accounted for 2,63%.

In 2016, given positive resolutions in line with the current regulations such as risk provision utilization, collateral asset liquidation, reception of extra assets to write off bad debts,... by the end of 2016, non-performance loans (NPL: loans of category 3-5) was 329,80 billion dong, accounted for 2,63% of total outstanding loan.

In 2016, lending activity was enhanced and grew strongly against the previous years given sound management in terms of credit quality and good balance with funding growth. In addition, lending structure continued to be adjusted and fund was reallocated to mainly serve

business and manufacturing sector. For SAIGONBANK, NPL ratio was below the threshold allowed by SBV, risk provision was properly and sufficiently done as per prevailing regulations.

04 INTERNATIONAL SETTLEMENT SERVICE

International settlement turnover of 2016 was 302,57 million US dollars.

05 DOMESTIC SETTLEMENT SERVICE

Domestic settlement turnover of 2016 was 67,44 trillion dong.

06 JOINT VENTURE

As at 31 December 2016, SAIGONBANK invested accumulative 125,66 billion dong in various entities including Viet Capital Bank, Saigon - Halong Hotel, Vietnam National Financial Switching Joint Stock Company (Banknetvn), The Credit Guarantee Fund For Small - Medium Enterprises,... The foregoing joint venture activities generated a profit of 0,60 billion dong.

07 FINANCIAL INVESTMENT

As at 31 December 2016, SAIGONBANK spent accumulative 1,986,78 billion dong for its financial investment, of which 1,709,14 billion dong was invested in Government bonds, 277,64 billion dong in Local Administration bonds. Financial investment activity generated an income of 123,25 billion dong.

08 BANK CARD SERVICE

Total new cards issued in 2016 were 19,775 cards. From the beginning up to present SAIGONBANK has issued 340,731 cards in total. The year-end deposit balance from total card accounts was 209,55 billion dong, total outstanding loan from card account overdraft was 14,39 billion dong.

09 BUSINESS OF ASSETS MANAGEMENT COMPANY

In 2016, Assets Management Company gained a pretax profit of 4,65 billion dong, making an increase of 2,55 billion dong compared to the same period last year.

10 SAIGONBANK'S NETWORK

By the end of 2016, SAIGONBANK's operation network consisted of Head Office, 33 branches and 56 transaction offices.

11 OPERATING RESULT IN 2016

SAIGONBANK's pre-tax profit of 2016 was 174,21 billion dong, reaching 134,01% of the defined target for 2016.

12 ORGANISATION AND ADMINISTRATION

Over the course of 2016, SAIGONBANK recruited 110 new employees, making up the total staff size of 1,483 headcounts; sent 123 officers to 25 training courses both domestically and overseas; rotated a number of key officers in order to consolidate the competitive edge of the Bank.

13 CORE BANKING AND INFORMATION TECHNOLOGY SYSTEM

The data transmission system has been put under a frequent care and maintenance, IT personnel have been designated to be available for 24/24 to take care the IT system for a fine and thorough operation and in time trouble shootings. IT department has been well coordinating with related departments to deploy and run the statistical reporting system as required by the Circular 35/2015/TT-NHNN.

14 INTERNAL CONTROL AND AUDIT FUNCTIONS

Auditing governance programs were frequently carried out on site, distant monitoring and supervising has been

covering the entire network operation. In 2016, supervisory teams were formed to carry out site supervision for 9 business units as per scheduled internal auditing program of the year 2016 which was approved by the Director Board and Supervisory Board.

15 LEGAL COMPLIANCE

Existing internal statute and written practice policies were frequently reviewed and collated with prevailing regulations of the SBV in order that according revision and essential supplementation were timely proposed to the Director and Management Board.

16 BUSINESS BRAND PROMOTION

In order to promote the Bank's business brand, SAIGONBANK continued to deliver ads programs on public and the Tet holidays through television and mass media in general during the year 2016; Continued to be an exclusive sponsor of the contest show named 'Chuong Vang Vong Co';

Frequently updated SAIGONBANK's website with the current socioeconomic situations, and about the Bank's activities; Continued to popularize the business brand of SAIGONBANK through social responsible programs to serve the community.

17 OPERATION AND ADMINISTRATIVE MANAGEMENT IN 2016

17.1 Executive management of the Director Board

As at 31/12/2016, the composition sizes of Director Board (5 members) and Supervision Board (3 members) respectively were sufficient as per requirements specified in the Credit Institution Law, of the SBV and in SAIGONBANK's bylaws.

Supervision Board consisted of 3 members (two specialized members inclusive).

The Director Board did timely revise, update and supplement new regulations in line with the prevailing laws. Internal regulations and procedures were sufficiently issued as per legally required to form a legal framework for the Bank's smooth operation. In 2016, the

Director Board timely issued various 57 resolutions and decisions to direct the Bank's operation such as decreasing lending rate to support the enterprises' business recovery and sustainability, HR management, revising and supplementing several operational procedures and regulations, restructuring the network members for example relocating the branches and transaction offices.

The Director Board has chosen Auditing & Informatic Services Company Limited (AISC) to audit semi-year Financial Statements, Financial Statements of 2017 and internal control system performance of SAIGONBANK pursuant to Resolutions of Shareholders' Meeting in 2016.

Individual members of Director Board, Supervision Board, Internal Audit, and Management Board fulfilled their functions and assigned obligations properly, obtained good sense of accountability, solidarity and law observation.

Executive activities of the Management Board were instructed and supervised by the Director Board as per SAIGONBANK's bylaws. The Director General's execution was strictly based on resolutions of the Shareholders' General Meeting, Director Board and as per decentralization and power assignment. In case of exceeding certain authorization assignment, the Director Board was always reported for due approval.

The Director Board has always been working coherently with the Management Board to timely resolve all operational obstacles and difficulties.

17.2 Operation of Committees under the management of the Director Board and Supervision Board

a. Personnel Committee

The Personnel Committee was founded pursuant to Decision No. 76/QD-HDQT dated 28/4/2010 in compliance with legislation and up to now has been consolidated many times to get compatible with the Bank's real circumstance.

In 2016, the Personnel Committee has consulted the Director Board about matters concerning size and structure of the

Director Board, Chief Executive Officer in accordance with the Bank's operational scale and development strategy. In addition, the Personnel Committee has consulted the Director Board about legitimate appointment and dismissal in line with relevant regulation.

The Personnel Committee has also researched and consulted the Director Board about promulgation of the Bank's internal regulations under the Board's authority on regulations of salary, remuneration, bonus, recruitment, training and treatment policy for the Bank's executives, officers and staff.

Generally, the Personnel Committee has completed the advisory assignment for the Director Board properly as per its assigned function and responsibility.

b. Risk Management Committee

The Risk Management Committee was founded pursuant to Decision No. 77/QD-HDQT dated 28/4/2010 in compliance with legislation and up to now has been consolidated to get conformity with the Bank's real situation.

The Risk Management Committee has consulted the Director Board about promulgation of regulations and policies under its authority relating to risk management within banking operations in accordance with the laws and the Bank's Charter.

The Risk Management Committee has also analyzed, generated alerts about the Bank's safety level against potential risks and prevention of such risks in a short and long run.

The Risk Management Committee has regularly consulted the Director Board about the approval of investments, related transactions, management policies and risk handling plans within the scope of their function and responsibility assigned by the Director Board.

The Risk Management Committee has successfully completed the advisory assignment for the Director Board properly as per its assigned function and responsibility.

STRATEGIC MISSION AND ORIENTATION IN 2017

The Bank has planned both the general and key targets of SAIGONBANK in 2017 as follows:

General target: financial capability to be enhanced; business scale to be widened on the basis of operational safety; lending to be less tightened but credit quality to be well managed and in good balance with the funding source; NPL to be restrained below the threshold regulated by the SBV. Over the time, the Bank's income must be restructured in a sense earning from banking services must be enhanced.

KEY BUSINESS TARGETS OF 2017

Total asset

23.140

billion dong

increased by **18%**
over the year 2016

Funding

18.600 billion dong
a growth of **18%** over the year 2016

International settlement

350 million US dollars
a growth of **16%** over the year 2016.

SAIGONBANK cards

at least

45.000

new cards to be issued throughout the year

Non-Performing Loan

(NPL - loans of category 3 to 5):

< 3%

of total loan outstanding

Lending

reaching loan outstanding of

14.800

billion dong

rising by **18%** over the year 2016

Network

Management of branch network will be mainly fortifying, improving, and restructuring the existing branches and transaction offices to sustain a safe and efficient growth of the Bank in coming years.

Pre-tax profit

270

billion dong

Dividend

5%
/year

EXECUTIVE RESOLUTION AGENDA FOR 2017



Crucial resolutions for deploying the execution to reach targets, to fulfill assigned duties in 2017 are as follows:

01 Resolutions for enhancing financial capability and expanding the business scale

- Ensure a Capital Adequacy Ratio (CAR) of 15% - 16%.
- Current segmentation of individual and SMEs will continue to be focused. Enhancing fund alluring activities to assure the Bank's liquidity and growing the business scale. Funds from enterprises and individual residential clients are more intensively focused. Also, fund tenor structure must be rationally maintained, reaching adequacy ratios required by the State Bank of Viet Nam for a safe business operation.
- Fortifying and enhancing capability of branches on the basis of business safety and efficiency.
- Keeping on expanding the entire network by launching new branches and

transaction offices in different provinces or cities nationwide given sufficient compliance with regulation of the State Bank of Viet Nam. Personnel rotation or branch relocation will be applied to inefficient units in order to enhance their business performance.

02 Resolutions for boosting credit

- Growing lending activity must be compliant with targeted monetary policy of the State Bank of Viet Nam. Fund will be specifically allocated to industries and fields prioritized by the State Bank of Viet Nam. Growing credit must be on the basis of funding balance, ensuring a business safety for lending activity, and preventing potential risks from banking operation.
- Proposing agenda for growing short-term credit activity and long-term development strategy; proving that active, creative resolutions are attached to economic-social development programs of Ho Chi Minh City (embellishment program

for urban areas, development program for the supporting industries, programs for start-up business, demand stimulation program, development and construction program for new rural areas etc) in accordance with Resolution of the Tenth Congress of Communist Party of Ho Chi Minh City for business utilization and operational effectiveness enhancement which will be compatible with the Bank's potential and advantage.

- Closely pursuing retail-banking orientation, concentrating on segmentation of customers whose level of income is upper-middle and above in major cities; continuing to push and promote cooperative and associative programs; offering specific credit products; promoting cross-selling to tighten the relationship between clients and the Bank, encouraging them to utilize more products and services of the Bank. For corporate clients, the Bank will focus on segment of SMEs residing in other major cities and provinces which own good financial situation and operate in industries prioritized in accordance with the Bank's orientation.
- Continuing to deploy settlements for credit obstacles to facilitate and make credit more approachable to clients. Given this, SAIGONBANK can well support both corporate and individual clients to nurture, recover and develop their own business and manufacturing.
- Enhancing appraisal capability and assessment activity before, during and after lending in order to reduce derivable risks; regularly following up clients' business, production and loan utilization to timely detect and prevent risks.
- Intensifying marketing and client approaching activity with an aim to widen credit for non-manufacturing industry under scrutiny, maintaining a safe business by reaching adequacy

thresholds recommended by the State Bank of Viet Nam.

03 Resolutions for improving income from services

- Fortifying and developing banking services other than lending products such as domestic settlement service, export-import payment service, e-banking service, etc; transforming business model step-by-step to lessen the reliance on credit activity and increase income from non-credit business of the Bank.
- Developing multi-channel distribution, advanced distribution channels must be centralized; continuing to develop e-Banking services on the basis of advanced technology platform such as multi function bank card, Internet banking, Mobile banking, etc
- In addition to non-credit service enhancement, the Bank will focus on quality improvement for services to enable better client satisfaction; step-by-step deploying the action plan in accordance with Decision No. 1355/QĐ-NHNN on enhancing renovation of transaction and quality of products and services as per plans registered to the State Bank of Viet Nam.
- Conducting resolutions for the scheme of enabling accessibility of the entire economy and community to banking services by developing network and service supplying channel, enhancing service both qualitatively and quantitatively as requested by the State Bank of Viet Nam.

04 Resolutions for improving executive management

- Fortifying and enhancing advanced executive management system in conformity with standards of the State Bank of Viet Nam.
- Investing, upgrading infrastructure of the existing transaction points nationwide to attract as well as impress clients and increase SAIGONBANK's brand value.
- Restructuring the Bank's organizational operation from Head Office to the branch units to make the whole network

less redundant, to improve the business efficiency, to reallocate personnel so that internal creativity and competition will be enabled.

- Setting information technology system as foundation, the Bank keeps modernizing its IT infrastructure to meet the requirement of modern banking management.
- Frequently reviewing and updating the Bank's procedure and statute in compliance with new regulations defined by the State Bank of Viet Nam and improving transparency in the Bank's operation.
- Preparing for implementing Basel II standards of Basel Committee following designated scheme proposed by the State Bank of Viet Nam.
- Fortifying banking risk management ability, especially focusing on early alert for risks, applying advanced models and techniques to asset and liability management, to liquidity risk and market risk management.

05 Resolutions for improving the Bank's personnel

- Enhancing workforce training and re-training in accordance with modern banking standards; proactively preparing for competition in an open banking market.
- Improving personnel for managing the branch network, determined to eliminate unqualified factors, even members already assigned to hold key positions, in order to ensure the Bank's healthy development.
- In addition to good policies for client attraction, building a business sales force having solid knowledge of finance-banking and possessing a client orientation mindset.
- Caring employees' life in both spiritual and material respects; propagandizing, motivating and encouraging employees to be aware of learning and enhancing professional knowledge and level.

06 Resolutions for enabling and enhancing the significant role of internal audit department

- Strictly complying with regulations of the State Bank of Viet Nam to protect the Bank from operational risks.
- Quality and efficiency of internal monitor and audit system must be improved; close surveillance on banking business must be strengthened; boosting the distant monitoring system to prevent, detect and protect the Bank from all risk signals.
- Fortifying and concentrating on credit appraisal and approval; applying information technology to the procedure of updating, archiving, processing documents, lending approval and post lending management; controlling credit risk by specific categories in compliance with risk features of individual and corporate clienteles.
- Frequently reviewing, revising and promulgating supplementary internal rules, procedure and regulation to contribute to the Bank's secured and effective operation.

07 Other resolutions

- Constantly reviewing and assuring a precise and safe operation of the core banking system, meeting the requirements of banking management in the current situation.
- Exploiting and fully enabling the advanced technology platform application to improve modern banking services and products, to bring better banking experience and facility to clients.
- Advertisement and promotion must be increased for SAIGONBANK trade mark, making the Bank and our services more approachable to a wider public, especially through financing activities which carry good senses of social community and humanity.
- Enhancing and enabling the role of varied unions (Labour Union, Youth Union), stimulating competitive campaigns to add exciting atmospheres and the spirit of well performing assigned targets for the whole bank staff; holding the year end, semi year end or rewarding events to timely honour the typically excellent bank staff, given this action, the Bank's development will be motivated.