



**ANNUAL
REPORT
2006**

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2006 FINANCIAL HIGHLIGHTS

Net income (VND)	119.18 billion
Total assets (VND)	6,240.31 billion
Shareholders' equity (VND)	689.255 billion
Return on average assets	2.17%
Return on average equity	21.18%

MESSAGE FROM THE CHAIRMAN



Mr. NGUYEN VAN UC
Chairman

Ladies and gentlemen,

In the year 2006, the domestic socioeconomic situation continues to develop, the country's position ranks higher in the world ...contributing its very great part to expand manufacturing and business operations of local investors, and attracting foreign investments. However, there are still many difficulties and challenges, and disadvantageous impacts such as: natural calamity, epidemic diseases as well as the SBV's renovation of management structure of monetary policy affecting considerably the credit institutions in general and Saigonbank in particular.

In that general context, Saigonbank's business in 2006 has still attained relatively high growth as compared to that of the average of the banking industry, i.e. Saigonbank had met and exceeded 6 targets set out for 2006 such as: mobilizing, providing loans, bad debt, profit, dividend and establishing of new branches. If compared to 2005, the total capital increased by 45%, mobilized capital by 44%, lending by 36%, profit by 45% and operational network by 52% ; we have strengthened and improved the quality of the credit activities, branches network, development of new e-banking products, restructure of operational organization for rapid growth and promotion of Saigonbank's brand name; the bank's operations develop stably in a controllable manner, with high efficiency and are rated "A" by the SBV.

In the year 2007, Saigonbank's business activities will be facing a lot of difficulties and challenges in the financial – monetary market, especially after the Government loosens the regulations to conform the WTO's commitments towards the operations of foreign banks and financial institutions in Vietnam, after 1st April 2007. The international market interest rate trends to fluctuate and puts pressure on that of local market ...All these will be direct challenges to local banks, in which Saigonbank is one of them.

Saigonbank's targets for 2007 are relatively high, and aggressive to keep the speedy growth and to expand the operations, i.e by increasing the chartered capital to VND1,020 billion (an increase of VND330 billion) and issuing VND1,000 billion worth of convertible bonds; total liabilities and

capital will increase by 42%, mobilized capital by 40%, total outstanding loans by 36% (of which NPL is less than 2% of the total outstanding loans); international payment to be increased by 19%; establishment of 6 new branches and 7 transaction offices, and some other branches and transaction offices when requirements are met. This is a very hard task for Saigonbank to maintain the rank and speed up the development. This requires Saigonbank's Board of Management and staffs to strive aggressively, dynamically and creatively to find best solutions to:

1. Increase financial capability to ensure SGB competitive ability and development, to mobilize capital through more channels – expand customers base and increase funds from foreign sources.

2. Enhance the management capability and build up the qualified, competent workforce which are faithful to Saigonbank; conduct training for staffs in the country and overseas to meet the workforce requirement for the needs of development and enlargement of network.

3. Enhance the operational capability of the workforce for attracting more customers, expand service activities, and minimize risks; launch the emulative movements among the staffs, organize the promotion scheme to make the brand name known to the public; implement one meaningful and practical project to celebrate Saigonbank 20th anniversary of establishment.

Ladies and gentlemen,

With the achievements in 2006, from the operation, with opportunities, challenges, and the determination of all Saigonbank's staffs, I believe that Saigonbank will overcome difficulties and challenges to get the best results in 2007.

On behalf of The Board of Directors of Saigonbank, I would like to send you our sincere thanks, and wish all of you good health and success.

Chairman

A handwritten signature in black ink, appearing to be 'Uc', with a long horizontal line underneath it.

Nguyen Van Uc

REPORT ON 2006 OPERATIONAL PERFORMANCE BUSINESS DIRECTIONS AND TARGETS FOR 2007

On 24 March 2006 and 15 November 2006, the Shareholders' General Meeting passed the following business targets for the year 2006 for Saigonbank:

1. **Increase of chartered capital** from VND400 billion to VND700 billion.
2. **Capital mobilization** : VND4,846 billion.
3. **Outstanding loans**: VND4,632 billion.
4. **NPL** (from category 3 to 5): under 2% of the total outstanding loan.
5. **Network expansion**:
 - Upgrade of 10 sub-branches into branches and conversion of 3 others into transaction offices.
 - 3 new branches in Hue, Dong Nai, and Binh Duong.
 - 7 transaction offices in An Giang, Da Nang, Bac Lieu and HCM city.
6. **Profit**: VND130 billion (provision deducted, extraordinary income excepted).
7. **Dividend**: min 14%/ year.

I. SAIGONBANK'S OPERATION IN 2006:

Based on the Vietnam socio-economic status and targets assigned by the Shareholders' General Meeting for 2006, we have implemented and got the following results:

1. Total operation capital: it amounted to VND6,240 billion, an increase of 45% as compared with 2005-end, including:

1.1. Chartered capital: VND689.255 billion, 72% increase against 2005, reaching 98% of the planned target which is VND700 billion.

1.2. Mobilized capital: VND5,195 billion, an increase of 44% compared to 2005-end, representing 107% of the year planned target.

2. Credit activities: As of 31 December 2006, total outstanding loans amounted to VND4,864 billion, an increase of 36% compared to that of at the end of 2005, which is 105% of the year planned target.

- NPL (from category 3 to 4) accounted for 0.48% of the total outstanding loan, less than the target assigned by the Shareholders' General Meeting (under 2%) and State Bank of Vietnam (SBV) (under 5%) and no bad debt (category 5).

- Guarantees and off balance sheet commitments : VND254 billion.

- Highlights:

+ Quality of credit activities has been improved: NPL is low and almost all of the loans are secured with pledged assets, in accordance with SBV's stipulations; no risk found.

+ Continuity of the extraction for general provision (0.75%) for VND 24.77 billion in 2006 instead of extracting gradually in 5 years time as required by the SBV.

3. Service activities:

3.1. International banking activities: International banking turnover amounted to USD302 million, an increase of 12% compared to that of at the end of 2005, of which, trade settlement of USD289 million, up by 12% against 2005.

3.2. Domestic banking activities: Domestic banking turnover amounted to VND411trillion, an increase by 46% as compared to 2005-end. The participation into inter-bank payment system (IBPS) speeds up funds transfer as well as increases turnover.

3.3. Forex dealing activities: Total forex dealing turnover came up to USD622 million. Forex dealings supplied sufficient foreign currencies for overseas settlement activities, as well as prevented risks due to exchange rate fluctuation for Vietnamese enterprises in import-export business and guaranteed the safety ratio required by the SBV's foreign exchange regulations.

3.4. Capital contribution for joint ventures:

- As of the end of 2006, Saigonbank had contributed VND70.5 billion to: Gia Dinh Bank, Saigon-Ha Long Hotel, National Finance Company (BankNet) and Asset Management Company (AMC).

- In 2006, Saigonbank received VND5 billion as dividend from joint venture activities, of which, VND4 billion from AMC and about VND1 billion from Saigon-Ha Long Hotel.

3.5. Financial investment: As of the end of 2006, Saigonbank had purchased State treasury bonds, company's bonds totalling VND304 billion, an up by 57% against 2005 and had VND21 billion as income.

3.6. Domestic and foreign deposit activities: As of the end of 2006, Saigonbank had a balance of VND551 billion in the accounts opened at local and foreign banks. It makes the bank activities more efficient with VND43 billion as income.

3.7. Card activities:

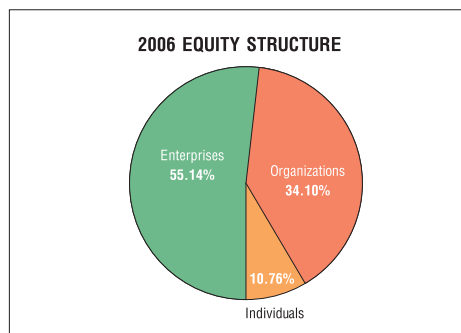
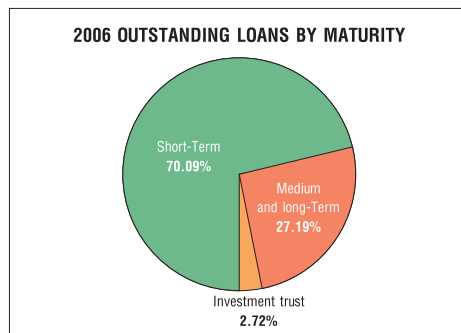
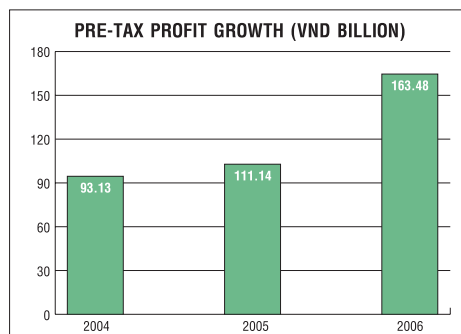
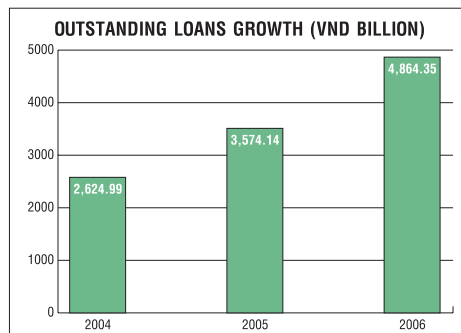
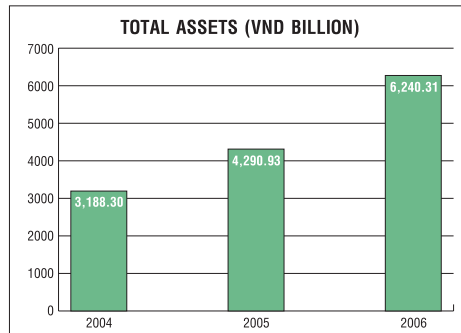
3.7.1. *International credit card:* amount acquired in 2006 was USD3.54 million, an increase of USD1.04 million compared to 2005.

3.7.2. *Saigonbank's multi-purpose bankcard:*

+ In 2006, 33,000 cards were issued making a total of 82,000 cards with VND42 billion balance by end of 2006.

+ As of the end of 2006, Saigonbank has had 53 ATMs located in all over the country in big provinces/ cities. Besides, cards issued by Saigonbank, being a founding member of VNBC system, are accepted on other 400 ATMs and at 200 POS within VNBC system.

3.8. New products: In 2006, Saigonbank had new products such as Phone Banking, Internet Banking, connecting online all the branches in the area, to make transactions more convenient.



4. Asset management company (AMC) and Riverside Hotel: In 2006, AMC and Riverside Hotel had a total revenue of VND10.74 billion, expenses of VND7.85 billion and a profit recorded at VND2.89 billion.

5. Operation network:

- 10 sub-branches upgraded into branches and other 3 sub-branches converted into transaction offices.
- 3 new branches in Hue, Dong Nai, Binh Duong.
- 6 new transaction offices in An Giang, Bac Lieu, Da Nang, Ha Noi, Quang Ninh and HCM city.



Opening Ceremony of Binh Duong Branch

So, as of the end of 2006, Saigonbank had 36 branches and transaction offices located in big provinces/cities in the country.

6. Branches' activities:

6.1. Capital mobilization: VND3,308 billion, an increase of 47% compared to 2005-end, representing 64% of total mobilized capital of the whole network.

6.2. Outstanding loan: VND3,557 billion, an increase of 32% compared with that of 2005, being 73% of that of the bank, of which, NPL (from category 3 to 4) accounts for 0.31% of total bank's outstanding loan but no bad debt (category 5).

6.3. Operation results: Total profit in 2006 reached VND75.24 billion, an increase of 91% compared with 2005 and accounted for 47% of the total profit of the bank.

Generally speaking, branches' activities are fairly stable in 2006 and branches had gradually improved their management, operation and activities expansion.



Opening Ceremony of District 8 Transaction Office

7. HR, training, organization:

- In 2006, Saigonbank recruited 247 people to supplement the need for network expansion and as of the end of 2006, total staffs of Saigonbank was 817, of which, managerial staff accounted for over 20%.

- Trainings in the country and overseas are conducted on a regular basis to improve qualifications and bring knowledge to the staffs to prepare themselves for the integration to the world trade and as of the end of 2006, 67% of Saigonbank's staff had university and master's degree; 33% college certificate level.

- In 2006, Saigonbank restructured the organization and made some changes to provide convenience to customers as the first steps for newer organization matching the modern banking practices.

8. Internal auditing activities: Conducting periodic auditing work at subsidiaries to improve the quality of business activities and recommend appropriate corrective and preventive measures to ensure the growth and development of the bank.

9. Management - operation task:

- To perform the resolution of the General Meeting of Shareholders and regulations of the banking industry, the Board have regular meetings as scheduled to keep track of operations, make policies, propose measures to meet the General Meeting of Shareholders' targets.
- The standing Vice Chairman works closely with the management to supervise and speed up the implementation of the resolutions of the General Meeting of Shareholders' and the Board of Directors regularly visit branches and customers to understand their needs, problems to solve as well as support the management in expanding branches network.
- All the the Board of Directors' minutes of meeting are signed, the Boards' fund and other funds are utilized properly. Increase of the chartered capital by issuing shares, and shares transfers were well controlled.

10. Charity, social activities:

- Internal unions such as party cell, youth, trade union were strengthened, consolidated and awarded the highest merits.
- In 2006, Saigonbank supported social, charity activities, totaling VND0.29 billion being savings of one day salary/ quarter of all employees and from welfare fund. With these achievements in social, charity activities, Saigonbank was awarded Golden cup in 2006 "For the development of the community" by Vietnam Labor Union and Small-Medium Enterprise Association.



Saigonbank's football team

11. Business results:

In 2006, Saigonbank gained a pre-tax profit of VND163.48 billion, an increase by 47% compared to 2005-end, meeting 126% of Shareholders' General Meeting target (VND163.48 billion/ VND130 billion).

12. Brand name promotion:

In 2006, advertising was given more importance and followings are results:

- Certificate of "Saigonbank - the well known brand name in Vietnam voted by the consumers in the year 2006".
- "The Vietnam golden star 2006."
- Golden cup "For the development of the community" in 2006.
- Certificate of "National competitive trademark".

13. Dividend in 2006: dividend is expected at 15%/ year.

In brief, with best efforts and high responsibility, Saigonbank Board, the management and employees had over fulfilled the targets set for 2006 as follows

1. Growth of activities: from 36% to 45%/ year, in which, total liabilities and capital increased by 45%, mobilized capital 44%, loans 36%, profit 45% and network expansion 52% compared with 2005.

2. Over fulfillment of six targets assigned by the Shareholders' General Meeting in 2006: capital mobilization, lending, NPL, profit, dividend and member of new branches .



3. Strengthening and improving the quality of the following activities: lending, branch network, new e-banking products, operation organization and promotion of Saigonbank brand name in the market.

4. Fast growth of business activities, stable development in the controllable manner and with high efficiency.

5. Rated “A” by the SBV.

However, besides the achievements, the following issues need to have active measures in 2007 to meet the target:

1. Bank’s listing in stock exchange and increase of chartered capital as resolved by Shareholders’ General Meeting.

2. Higher income from service (currently 16%, still low as compared with total bank income).

3. Deployment of Core Banking System Project.

II. TARGET, ORIENTATION OF THE YEAR 2007:

1. To deploy Core Banking Project.

2. To increase gradually the chartered capital as per the time line regulated by the Government .

3. To improve operation quality, increase liquidity ratio and finance investment.

4. To strengthen, build and develop the network under control and ensure the effectiveness of business activities.

5. To continue to recruit new and young staff and to train them on business knowledge, new technology, administration.

6. To list Saigonbank in the stock exchange.

7. To study to establish a securities company.

8. To continue to build Saigonbank trade name.

III. PROSPECT IN 2007:

1. Chartered capital: up to VND1,020 billion (by issuing additional VND330 billion worth of shares).

2. Issuance of VND1,000 billion worth of convertible bonds.

3. Total liabilities and capital: VND8,835 billion, increase of 42% compared to 2006.

4. Mobilized capital: VND7,273 billion, increase of 40% compared to 2006.
5. Outstanding loans: VND6,615 billion, increase of 36% compared to 2006, of which, NPL under 2% of the outstanding loan total.
6. International banking activities: USD340 million, increase of 19% compared to 2006.
7. Branch network: establish 6 new branches in Ca Mau, Tien Giang, Dac Lak, Binh Thuan, Lao Cai, Hai Phong, HCMC, Ha Noi and 7 transaction offices in Ha Noi, Hue, HCMC, Can Tho, Quang Ninh and some other branches and transaction offices when authorised.
8. Pre-tax profit: VND230billion (including Riverside hotel's profit, extraordinary income VND17 billion and specific provision extracted), an increase of 41% compared to that of in 2006 (VND230 billion/ VND163 billion).
9. Dividend: expected to reach at least same interest rate of 12 months term savings.

IV. MEASURES TO BE TAKEN IN 2007:

1. Business:

- To increase the chartered capital, by issuing shares, convertible bonds as per the proposal submitted for approval, following the time lime set by the Government.
- To complete the procedures to list Saigonbank in the stock exchange.
- To strengthen the activities of branches and transaction offices and establish new branches, transaction offices as per set targets to expand network activities.
- To issue term bills and bonds.
- Research, develop financial investment services, change capital investment projects, increase liquidity ratio to bring efficiency to the operations and increase fee income.
- Study and establish companies dealing with securities, insurance and get the SBV approval to introduce Option into the daily operation.
- To study to find suitable solution to develop traditional and modern products.

2. Supporting solutions:

2.1. HR:

- + To coordinate with an HR consultant company to set out policies for salary, bonus, benefits to nurture the existing work force and attract new ones to meet the demand for development and expansion in the future.
- + To plan for future managerial staff by proper and special training.
- + To make plan for training, refreshing staff knowledge with training courses, local or in foreign countries on modern banking.

2.2. Bank image publicity:

To continue to make Saigonbank trademark well known on the occasion of anniversary, to use media program to make known the activities of the bank via occasions such as opening of new branches.

2.3. CoreBanking:

To implement Core Banking system successfully in 2007 to celebrate Saigonbank 20th anniversary.

2.4. Regulations: to continue to review, add regulations as per SBV requirements and other local authorities after Vietnam becoming a WTO member.



CÔNG TY KIỂM TOÁN & DỊCH VỤ TIN HỌC

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No: 1106610/AISC-DN

AUDITORS' REPORT ON THE 2006 FINANCIAL STATEMENTS OF SAIGON BANK FOR INDUSTRY AND TRADE

To: THE SHAREHOLDERS OF SAIGON BANK FOR INDUSTRY AND TRADE

1. We have audited the financial statements including: Balance Sheet, Income Statement, Cash Flows Statement and Notes to the Financial Statements for the fiscal year ended 31/12/2006 of Saigon Bank for Industry and Trade on page 03 to page 26*.

The Management is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements.

2. Basis of auditing

We conducted our audit in accordance with the Vietnamese Government's regulations on the accounting-auditing; and in compliance with the Vietnamese and International Auditing Standards and the general rules on auditing applicable in the S.R.Vietnam.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Bank's circumstance, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatements. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the state of affairs of Saigon Bank for Industry and Trade as at 31 December 2006 and of the results of its operations for the year then ended.

Those reports have been prepared in compliance with the Vietnamese Accounting Standard and the Chart of Accounts Applicable to Credit Institutions- promulgated in conjunction with Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 by the Governor of the State Bank of Vietnam.

Ho Chi Minh City, 20 January 2007

Director



Nguyen Huu Tri

Director

CPA No. 0476/KTV

Issued by the Vietnam Ministry of Finance

Auditor

Vo Hong Quan

Auditor

CPA No. D0204/KTV

Issued by the Vietnam Ministry of Finance

(*From page 39 to page 48 of this Annual Report)

BALANCE SHEET

As at 31 December 2006

Unit: VND Million

ASSETS	2005	2006
I. CASH ON HAND	44,145	61,500
II. DEPOSITS WITH THE STATE BANK	115,140	173,341
III. DEPOSITS WITH LOCAL AND OVERSEAS CREDIT ORGANIZATIONS	164,096	551,060
IV. LOANS TO OTHER CREDIT ORGANIZATIONS		
- Loans to other credit organizations	19,364	12,172
- Loan loss provision	(145)	(91)
V. LOANS TO DOMESTIC ECONOMIC ORGANIZATIONS AND INDIVIDUALS		
- Loans to domestic economic organizations and individuals	3,554,779	4,852,177
- Loan loss provision	(27,671)	(41,121)
VI. INVESTMENTS		
1. Investment in securities		
- Investment in securities	193,200	304,284
- Provision for decline in securities value	-	-
2. Capital contribution, share purchase	57,500	70,500
VII. ASSETS		
1. Fixed assets		
- Cost	181,431	205,165
- Accumulated depreciation	(41,220)	(54,313)
2. Other assets	336	358
VIII. OTHER ASSETS		
1. Receivables	20,965	77,906
2. Interest income accrued	10,223	28,419
3. Other assets	529	861
4. Other provisions	(1,743)	(1,910)
TOTAL ASSETS	4,290,929	6,240,308

BALANCE SHEET (cont.)

As at 31 December 2006

Unit: VND Million

LIABILITIES AND SHAREHOLDERS' FUNDS	2005	2006
I. DEPOSITS OF THE STATE TREASURY & OTHER CREDIT ORGANIZATIONS		
1. Deposits of the State Treasury	-	-
2. Deposits of other credit organizations	537,196	856,850
II. LOANS FROM THE STATE BANK, CREDIT ORGANIZATIONS		
1. Loans from the State Bank	58,000	44,396
2. Loans from domestic credit organizations	50,000	-
3. Loans from overseas credit organizations	-	-
4. Capital received for syndicated loans	-	-
III. DEPOSITS OF ECONOMIC ORGANIZATIONS & INDIVIDUALS	2,830,064	3,947,700
IV. CAPITAL FINANCED FOR INVESTMENT TRUST	143,378	136,889
V. VALUABLE PAPERS ISSUED	-	208,954
VI. OTHER LIABILITIES		
1. Payables	17,507	41,278
2. Interest expense accrued	39,752	66,895
3. Other liabilities	5,598	5,784
VII. CAPITAL AND FUNDS		
1. Capital		
- Share capital	400,000	689,255
- Construction capital	-	-
- Other capital	-	-
2. Funds	98,294	123,129
3. Last year profit/loss	111,140	-
4. Current year profit/loss	-	119.178
TOTAL LIABILITIES AND CAPITAL	4,290,929	6,240,308

BALANCE SHEET (cont.)

As at 31 December 2006

OFF - BALANCE SHEET ITEMS

Unit: VND Million

ITEMS	2005	2006
1. Cash without circulation value	9	11
2. Valuable papers in foreign currencies	91,298	114,499
3. Guarantees issued (for customers)	142,279	254,398
4. Foreign exchange contracts	-	-
5. Other guarantees received	932	1,342
6. Outstanding interest receivable in VND	29,809	32,962
7. Outstanding interest receivable in foreign currencies	1,853	1,879
8. Valuable papers of the Bank	-	-
9. Bad debts under monitoring	89,449	95,285
10. Other assets kept for customers	-	-
11. Collateral assets from customers	6,445,471	8,917,677
12. Customers' assets kept by the Bank pending solution	63,781	63,445
13. Valuable papers pawned by the customers	13,419	27,711
14. Other valuable papers	199,206	237,403
TOTAL	7,077,506	9,746,612

INCOME STATEMENT

For the fiscal year ended 31 December 2006

PART I - PROFIT, LOSS

Unit: VND Million

ITEMS	2005	2006
I. INCOME FROM INTEREST		
1. Interest income from lending activities (excluding internal lending interest)	335,331	494,346
2. Interest income from deposits	10,309	43,078
3. Income from capital contribution, investment	1,193	5,080
4. Income from finance leasing activities	-	-
5. Other income from credit activities	10,932	21,293
TOTAL	357,765	563,797
II. INTEREST EXPENSES		
1. Interest expense on customers' deposits	171,571	294,262
2. Interest expense on borrowings (excluding internal lending interest)	15,283	14,669
3. Interest expense on valuable papers issued	-	6,274
TOTAL	186,854	315,205
III. NET INTEREST INCOME	170,911	248,592
IV. OTHER INCOMES		
1. Income from bank guarantees	125	261
2. Income from settlement services	12,622	16,169
3. Income from treasury services	13	15
4. Income from money market transactions	-	-
5. Income from foreign currency trading	1,904	3,379
6. Income from trust and agent services	-	-
7. Income from other services	5,337	8,514
8. Extraordinary income	20,847	5,164
TOTAL	40,848	33,502

INCOME STATEMENT (cont.)

For the fiscal year ended 31 December 2006

PART I - PROFIT, LOSS (cont.)

Unit: VND Million

ITEMS	2005	2006
V. OTHER EXPENES		
1. Other expenses on capital mobilization	1,350	1,605
2. Expense on settlement and treasury services	4,219	5,834
3. Expense on money market transactions	-	-
4. Loss from foreign currency trading	-	-
5. Other expenses	-	-
6. Taxes	302	364
7. Fees and charges	980	775
8. Staff expense	28,416	39,440
9. Administrative expenses	11,890	17,054
10. Depreciation expenses on fixed assets	11,017	13,978
11. Other expenses for assets	7,965	11,850
12. Loan loss provision	32,692	24,772
13. Deposit insurance premiums	1,787	2,946
14. Other extraordinary expenses	1	-
TOTAL	100,619	118,618
VI. OTHER NET INCOME	(59,771)	(85,116)
VII. INCOME BEFORE TAX	111,140	163,476
VIII. CORPORATE INCOME TAX	31,119	44,298
IX. INCOME AFTER TAX	80,021	119,178

INCOME STATEMENT (cont.)

For the fiscal year ended 31 December 2006

PART II - OBLIGATIONS TO THE STATE BUDGET

Unit: VND Million

ITEMS	2005	Payables	Paid	2006
TAXES	(11,582)	78,254	43,071	23,601
1. VAT	178	2,517	2,447	248
2. Special consumption tax	-	-	-	-
3. Import, export duty	-	78	78	-
4. Corporate income tax	(11,760)	74,932	39,822	23,350
5. Fee for using the State budget	-	-	-	-
6. Natural resources tax	-	-	-	-
7. Land, housing tax	-	9	9	-
8. Land rental	-	-	-	-
9. Other taxes	-	718	715	3

STATEMENT OF CASH FLOWS

For the fiscal year ended 31 December 2006

Unit: VND Million

ITEMS	2005	2006
I. CASH FLOW FROM OPERATING ACTIVITIES		
1. Profit before tax	111,140	163,476
<i>Adjustments for reconciliation</i>		
- Depreciation	11,017	13,978
- Loan loss provision	25,803	13,563
- Loss (Gain) on disposal of fixed assets	(329)	(33)
- Loss (Gain) on revaluation of fixed assets	(64)	(148)
- Loss (Gain) on selling securities	-	-
- Loss (Gain) on securities investment	(10,852)	(21,269)
- Loss (Gain) on capital contribution, investment	(1,193)	(5,080)
- Others	-	-
2. Cash flow from operating activities before assets and liabilities changes	135,521	164,487
<i>(Increase)/Decrease in assets</i>		
- (Increase)/Decrease in deposits with other credit organizations	-	-
- (Increase)/Decrease in loans to other credit organizations	(9,271)	(7,192)
- (Increase)/Decrease in loans to customers	(939,883)	(1,297,398)
- (Increase)/Decrease in interest income accrued	(5,594)	(18,196)
- (Increase)/Decrease in other assets	(1,058)	(57,294)
<i>Increase/(Decrease) in liabilities</i>		
- Increase/(Decrease) in deposits of credit organizations	115,977	319,654
- Increase/(Decrease) in customers' deposits	811,429	1,117,635
- Increase/(Decrease) in interest expense accrued	20,353	27,143
- Increase/(Decrease) in valuable papers issued	-	208,954
- Increase/(Decrease) in borrowings from the State Bank	27,000	(13,604)
- Increase/(Decrease) in borrowings from other credit organizations	(25,778)	(50,000)
- Increase/(Decrease) in capital financed for investment trust	4,879	(6,489)
- Increase/(Decrease) in capital received for co-financing	-	-
- Increase/(Decrease) in other liabilities	5,708	(96)

STATEMENT OF CASH FLOWS (cont.)

For the fiscal year ended 31 December 2006

Unit: VND Million

ITEMS	2005	2006
3. Net cash flow from operating activities before C.I.T.	139,283	401,988
- Corporate income tax (C.I.T) paid	(19,885)	(39,822)
- Payment from the Bank's reserves	(8,431)	(15,956)
4. Net cash flow from operating activities	110,968	346,210
II. CASH FLOW FROM INVESTMENT ACTIVITIES		
- Fixed assets purchased at cost	(25,424)	(25,713)
- Cash received from disposal of fixed assets	330	33
- Securities purchased	(102,700)	(121,084)
- Cash received from selling securities	10,000	10,000
- Interest received from securities investment	10,852	21,269
- Capital contribution, investment	(5,500)	(13,000)
- Cash received from capital contribution, investment	-	-
- Interest received from capital contribution, investment	1,193	5,080
- Other investments	-	-
Net cash flow from investment activities	(111,249)	(123,414)
III. CASH FLOW FROM FINANCING ACTIVITIES		
- Increase/(Decrease) in share capital	96,500	289,255
- Dividend paid to shareholders	(35,306)	(49,531)
- Other financing activities	-	-
Net cash flow from financing activities	61,194	239,724
IV. NET CASH FLOW IN THE YEAR	60,913	462,521
V. CASH & CASH EQUIVALENTS AT BEGINNING OF THE YEAR	262,468	323,381
VI. CASH & CASH EQUIVALENTS AT YEAR END	323,381	785,901
CASH & CASH EQUIVALENTS:		
- Cash, precious metals and stones	44,145	61,500
- Deposits with the State Bank	115,140	173,341
- Deposits with other credit organizations	164,096	551,060

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2006

These notes to the financial statements form an integral part of and should be read in conjunction with the accompanying 2006 financial statements of Saigon Bank for Industry and Trade (“The Bank”).

DETAILS OF SOME ITEMS IN THE FINANCIAL STATEMENTS

A. Movement of fixed assets

Unit: VND Million

Item	Land	Buildings	Office machinery, equipment	Transport. means	Others	Total
I. At cost						
- Beginning balance	-	136,114	17,848	9,370	18,099	181,431
- Increase	-	7,691	5,776	8,464	3,841	25,772
- Decrease	-	-	817	472	749	2,038
- Ending balance	-	143,805	22,807	17,362	21,191	205,165
II. Accumulated depreciation						
- Beginning balance	-	23,338	4,766	3,649	9,467	41,220
- Increase	-	5,015	3,988	2,127	3,296	14,426
- Decrease	-	-	702	194	437	1,333
- Ending balance	-	28,353	8,052	5,582	12,326	54,313
III. Net book value						
- Beginning balance	-	112,776	13,082	5,721	8,632	140,221
- Ending balance	-	115,452	14,755	11,780	8,865	150,852

B. Employees' income

ITEM	2006	
I. Total number of employees	817	
II. Employees' income		
1. Total salary	33,433	
2. Bonus	-	
3. Total income	33,433	
4. Average salary (person / month)	3.41	
5. Average income (person / month)	3.41	
C. Overdue loans		
ITEM	2005	2006
I. Total outstanding loans	3,574,142	4,864,349

NOTES TO THE FINANCIAL STATEMENTS (cont.)

For the fiscal year ended 31 December 2006

II. Overdue loans from group 2 to 5	26,391	37,459
III. Overdue loans (group 2-5) having secured assets	26,391	37,459
IV. Overdue loans (group 2-5) ratio	0.74%	0.77%
D. Increase & decrease of the sources and utilization of funds		
ITEM	2005	2006
PART A: SOURCES OF FUNDS	4,290,929	6,240,308
I. Capital mobilization	3,475,261	5,057,900
1. Customers' deposits	3,367,261	4,804,550
2. Borrowings	108,000	44,396
II. Funds entrusted for investment	143,378	136,889
1. In VND	143,378	136,889
2. In foreign currencies	-	-
III. Capital and reserves	498,294	812,384
1. Capital of the Bank	400,000	689,255
2. Reserves of the Bank	98,294	123,129
IV. Other funds	173,996	233,135
PART B: USE OF FUNDS	4,290,929	6,240,308
I. Cash and valuable papers	44,145	61,500
II. Deposits	279,235	724,401
III. Investment in securities	193,200	304,284
IV. Equity investment	57,500	70,500
V. Credit activities	3,574,142	4,864,349
1. Loans to local banks	19,364	12,172
2. Loans to economic organizations & individuals	3,310,970	4,605,951
3. Discount, mortgage of valuable papers	76,358	114,901
4. Lending with funds entrusted	163,950	131,325
5. Pawning	-	-
6. Loans pending settlement	3,500	-
7. Frozen loans	-	-
VI. Fixed assets	140,211	150,852
VII. Other use of funds	2,496	64,422

SAIGON BANK FOR INDUSTRY AND TRADE ORGANIZATION CHART

(As of 31 December 2006)

