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# SAIGONBANK

- ◆ The first commercial joint-stock bank in Vietnam
- ◆ Celebrating its 20th anniversary in 2007
- ◆ Among the top 500 firms in 2007 in Vietnam voted by readers of VietnamNet



Third-Rank Labour Medal



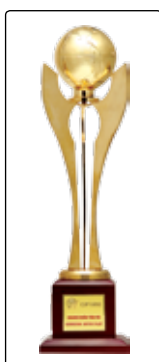
Certificate of Top 500 Firms in Vietnam



Certificate of National Competitive Brand



Euromoney Award for Excellence



Golden Cup for "Talent and Minded Business Woman"



Golden Cup for "Community Development"



Golden Cup for "Trademark-Brand"



Golden Cup for "Educational Career"



Cup of "Vietnamese Star"



# MESSAGE FROM THE CHAIRMAN

Mr. **Nguyen Phuoc Minh**, Chairman

Ladies and Gentlemen,

Saigon Bank for Industry and Trade already ended the term 2005 and 2007, being assessed to be associated with distinguished growth and development against the previous terms. The annual average growth of over 40% on various operational fronts is the encouraging outcome after every effort and struggle made by the Board of Directors, the Board of Management and all staff members of Saigonbank, including the support and contribution from the State Bank of Vietnam, our valued shareholders and customers.

The annual major business targets during the term of 2005 and 2007 were achieved and passed, the bad debt was restrained to be 0.42% of the total outstanding loans. Our branch network has been spreading from the Northern highland to the Southern extreme of the country. So far, Saigonbank has already been present in most critical economic regions nationwide; technologies have been invested and upgraded; different banking services have been exploited in terms of both quantity and quality; the staff members are frequently trained in order to meet the working requirements in the coming time etc.

The year 2007, separately, is a very special and meaningful one for Saigonbank, which marks its 20 years of existence and development and Saigonbank is honourable to receive the third-rank Labour Medal awarded by the President of the Socialist Republic of Vietnam.

After all achievements obtained during the term 2005 and 2007, the development of Saigonbank in the coming years could still face several challenges, particularly the period of 2008 and 2010 when Vietnam's economy encounters inflation. In addition, the changes from the world market, through integration, would also produce new difficulties to the local economy, especially the banking and financial area – the key sector of the economy. These difficulties and challenges of the economy require Saigonbank to study suitable strategies in every stage in order to enhance its strength and power as well as to determine reasonable policies to develop its businesses in the coming period.

We are expecting, through this annual report, that our valued shareholders, customers and readers will contribute to build a stronger and sustainable Saigonbank together with its Board of Directors, Board of Management and staff members and continue to write the following golden pages on the business achievements by the very first joint-stock commercial bank in Vietnam.

With sincere regards,



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Nguyen Phuoc Minh  
Chairman of Saigonbank



## CONSOLIDATED FINANCIAL HIGHLIGHTS 2007

	2006	2007
Net income	VND116.93 billion	<b>VND170.52 billion</b>
Total assets	VND6,207.12 billion	<b>VND10,184.65 billion</b>
Shareholders' equity	VND689.26 billion	<b>VND1,020 billion</b>
ROAA	2.12 %	<b>2.03 %</b>
ROAE	20.78 %	<b>23.79 %</b>
EPS	VND2,150	<b>VND2,432</b>





# REPORT ON THE BANK BUSINESS IN THE TERM 2005 TO 2007

Ms. **Tran Thi Viet Anh**, General Director

## I. BUSINESS TARGETS IN THE TERM 2005 TO 2007:

According to the Decision by the General Shareholders' Meeting dated 30 March 2005 and the similar annual Decisions during the term 2005 to 2007, the business targets of Saigon Bank for Industry and Trade (Saigonbank) in the term 2005 to 2007 were set as follows:

1. **Chartered capital** increased up to VND1,020 billion at the end of 2007
2. **Total assets** increased by 2.17 times at the end of 2007 compared to the same period in 2004
3. **Total mobilized funds** increased by 2.2 times at the end of 2007 compared to the same period in 2004 with the average growth of 30% annually
4. **Total outstanding loans** at the end of 2007 increased by 1.9 times compared to the same period in 2004 with the average growth of 24% annually
5. **The minimum dividend** paid is 13% annually
6. **To renovate** the banking technological system in order to meet the requirements for operational development and increase the service quality
7. **Branch network and organizational structure:**
  - Expanding the business network to the key economic areas nationwide according to annual business plans
  - Organizational structure: building the new model of organizational structure to comply with the future development tendency
  - Continuing to review, draft, build and improve internal regulations in order to foster the legal framework for the bank business
8. **Training, enhancing professional capacities** for the bank staff, including the training and planning the next generation management team
9. **Building and publicizing** the brand of Saigonbank.

## II. BUSINESS OPERATION OF THE BANK IN THE TERM 2005 TO 2007:

According to the business situation and targets, we have deployed our operation and obtained following achievements:

### 1. Operating capital:

At the end of 2007, total operating capital is VND10,185 billion, growing by 47.27% annually on average and increasing by 2.19 times (VND6,996 billion) compared to 2004, reaching 115% the planning target for 3 years; for 2007 separately total operating capital increased by 64% (VND3,980 billion) compared to 2006. Specifically:

- a. **Chartered capital:** VND1,020 billion, increasing by 2.36 times (VND717 billion) compared to 2004, reaching 100% the target set for 3 years.
- b. **Mobilized funds:** VND8,579 billion, growing by 47.28% annually on average and increasing by 2.26 times (VND5,948 billion) compared to 2004, reaching 118% the target for 3 years; for 2007 separately mobilized capital increased by 66% (VND3,420 billion) compared to 2006.

### 2. Lending activities:

Up to the end of 2007, total outstanding loans reaches VND7,377 billion, growing by 41.12% annually on average and increasing by 1.81 times (VND4,752 billion) compared to 2004, reaching 112% the target for 3 years; for 2007 separately total outstanding loans increased by 52% (VND2,512 billion) compared to 2006.

**Breakdowns of the total outstanding loans are as follows:**

- **Prime loans (group 1)**, up to 31 December 2007, are VND7,224 billion, increasing by 1.76 times compared to 2004, accounting for 98% the total outstanding loans
- **Supervised loans (group 2)**, up to 31 December 2007, is VND122 billion, accounting for 1.65% the total outstanding loans





- **Non-performing loans (group 3 and 4)**, up to 31 December 2007, is VND31 billion, accounting for 0.42% the total outstanding loans

- **Bad loans (group 5)**: none

### 3. Non-interest service activities:

- **International payment activities**: total turnover of international payments for 3 years is USD967 million, reaching 97.15% the target for 3 years, in which:

+ **Trade payments**: USD923 million, growing by 16.91% annually on average, reaching 98.06% the target for 3 years; for 2007 separately the volume of trade payments increased by 30% (USD86 million) compared to 2006.

+ **Non-trade payments**: USD44 million, growing by 26.87% annually on average, reaching 81.46% the target for 3 years; for 2007 separately the volume of non-trade payments increased by 46% (USD6.06 million) compared to 2006.

- **Foreign exchange activities**: the total turnover for 3 years from 2005 to 2007 is USD2,307 million; for 2007 separately this business revenue increased by 42% (USD262 million) compared to 2006.

- **Multi-purpose Saigonbank Card**: After issuing Saigonbank Card in 2004, up to present Saigonbank has installed 73 ATMs and 250 POSs at its branches, supermarkets, markets and companies etc. and till 31 December 2007, Saigonbank has issued over 119,000 cards with the outstanding deposits of VND53 billion.

Up to the end of 2007, in addition to being connected with VietNam Bank Card system, Saigonbank's cards have been connected with Banknet system; therefore Saigonbank's cards can be used for paying, and withdrawing cash at ATMs of various banks nationwide.

- **Treasury and domestic payment activities**: Total turnover of payments for 3 years is VND1,477 trillion, for 2007 separately the total volume of payments is VND784 trillion, increased by 91% (VND373 trillion) compared to 2006.

4. **Joint-venture business**: Till 31 March 2007, Saigonbank has contributed VND46 billion of capital to Gia Dinh Commercial Bank, Sai Gon Ha Long Hotel, Vietnam Banknet Company and Credit Guarantee Fund for SMEs for 3 years and has gained the dividend of VND2.78 billion; for 2007 separately Saigonbank has contributed VND11.25 billion of capital to Gia Dinh Commercial Bank and Credit Guarantee Fund for SMEs, and in this year Saigonbank gained the dividend of VND1.56 billion from joint-venture activity.

5. **Financial investment**: Till 31 December 2007, Saigonbank has already purchased the central bank's bills and bonds amounting to VND544 billion and for 3 years the bank gained VND61 billion of profits; for 2007 separately, Saigonbank invested VND239.49 billion and gained the dividend of VND29.02 billion.

### 6. The businesses of Asset Management and Exploitation Company and Riverside Hotel:

For 3 years from 2005 to 2007, the combined pre-tax profit of Asset Management and Exploitation Company and Riverside Hotel is VND11.36 billion, in which the pre-tax profit of the former is VND1.78 billion and that of the latter is VND9.58 billion. For 2007 separately, the combined pre-tax profit of Asset Management and Exploitation Company and Riverside Hotel is VND5.77 billion, in which the pre-tax profit of the former and the latter is VND0.59 billion and VND5.18 billion, respectively.

7. **Network development**: In the term 2005 to 2007, Saigonbank expanded its branch network nationwide as follows:

- Opening 11 branches in Hochiminh city, Hanoi, Quang Ninh, Lao Cai, Hai Phong, Thua Thien Hue, Da Nang, Dak Lak, Dong Nai, Binh Duong etc. For 2007 separately, Saigonbank established 6 branches in Hai Phong, Ca Mau, Binh Thuan, Dak Lak, Lao Cai and Tien Giang (early 2008)
- Opening 15 transaction offices in Hochiminh city,



Hanoi, Quang Ninh, Hai Phong, Can Tho etc. For 2007 separately, Saigonbank established 9 transaction offices in Hanoi, Quang Ninh, Hai Phong and Hochiminh city.

In summary, till the end of 2005 and 2007 term, Saigonbank has opened 50 branches and transaction offices in big cities and provinces nationwide such as: Hanoi, Quang Ninh, Hai Phong, Lao Cai, Hue, Da Nang, Dak Lak, Binh Duong, Dong Nai, Hochiminh city, Can Tho, An Giang, Bac Lieu and Ca Mau etc...

#### 8. The businesses of our branches:

##### a. Total funds mobilized by the branches,

till 31 December 2007, are VND5,403 billion, accounting for 63% the total funds mobilized by the whole system, growing by 54% annually on average and increasing by 2.66 times (VND3,930 billion) compared to 2004; for 2007 separately, the mobilized funds increased by 63% (VND2,099 billion) compared to 2006.

##### b. Total outstanding loans of our branches, till 31 December 2007, are VND5,288 billion, accounting for 72% of the total outstanding loans of the whole system, growing by 45% annually on average and increasing by 2.05 times (VND3,556 billion) compared to 2004; for 2007 separately, the outstanding loans increased by 49% (VND1,731 billion) compared to 2006.

##### Breakdowns of the outstanding loans:

- **Prime loans (group 1)**, till 31 December 2007 are VND5,252 billion, increasing by 2.04 times compared to that of 2004, accounting for 99.32% of the total outstanding loans of our branches
- **Supervised loans (group 2)**, till 31 December 2007, are VND18 billion, accounting for 0.35% the total outstanding loans
- **Non-performing loans (groups 3 and 4)**, till 31 December 2007, are VND17 billion, accounting for 0.32% the total outstanding loans
- **Bad loans (group 5)**: none.

##### c. The business performance of our branches:

total profits for 3 years are VND206 billion, accounting for 40% the total profits of the whole system; for 2007 separately, the profit gained by our branches are VND91 billion, accounting for 39% the total profits of the whole system in 2007.

- In general, the businesses of our branches have grown in several aspects, business targets for funds mobilized and loans have been achieved or passed; most of our branches after being established perform profitably and grow sustainably.

##### 9. Social activities:

for 3 years, by extracting one day of salary per quarter by every staff member, Saigonbank has supported the charity of VND5.34 billion in order to build houses for gratitude, to support poor patients, disabled children and orange poison-infected victims, and to build schools in Dak Lak province etc...

##### 10. Internal control and auditing:

After conducting regular check on the entire system, the Department of Legal Control and Internal Audit has suggested to correct errors followed by prompt solutions in order to ensure that the whole system is safe and efficient.

##### 11. Human resources:

- For 3 years from 2005 to 2007, Saigonbank has recruited 589 staff members to supplement personnel in its head office's departments and branches. The banks has also sent 568 staff members to attend 157 courses locally and overseas, to help them strengthen their professional knowledge, preparing human resources for our development in the coming time.
- In addition, in the term 2005 and 2007, the bank has promoted 228 young talent members to hold management positions in its head office and branches.

##### 12. The management activities in 2007:

For management, Saigonbank always fully carries out following businesses:

- The members of the Board of Directors and comptrollers are sufficient in quantity as regulated by



- the State Bank of Vietnam and Saigonbank's charter Issuing and well complying with the internal regulations
- The controlling and internal auditing systems are developed in accordance with the bank's scale and operated effectively, ensuring that key risks are always identified, measured, checked and controlled from time to time.
- The members of the Board of Directors, controlling committee, internal auditing and management board are capable, united, law-obeyed, responsible, and accurately perform their functions, duties and rights when managing the bank.

### 13. Business performance outcomes:

- For the term 2005 and 2007, Saigonbank gained the total pre-tax profit of VND512 billion, growing by 35.77% annually on average, passed the targets assigned by the General Shareholders' Meeting by 12.26% and passed that of the last term 2002 and 2004 by 1.34 times (VND293 billion).
- For 2007 separately, Saigonbank gained the total pre-tax profit of VND236.15 billion, reaching 102.67% the target assigned by the General Shareholders' Meeting (VND236.15 billion over VND230 billion).

### 14. Dividend paid:

- Dividend paid to shareholders through the years during the term is 15% for 2005 and 15% for 2006, the dividend rate for 2007 is expected to be 15%.
- In short, after conducting the businesses assigned by the General Shareholders' Meeting in the term 2005 and 2007, achievements and shortcomings relating to the operation of Saigonbank are summarized and assessed as follows:

#### The outstanding achievements:

1. Chartered capital increased to over VND1,000 billion, increasing the financial capacity of the bank as regulated by the Government and international rules.
2. The total operating capital reached over VND10,000 billion with the annual growth rate of 47.27% on average, complying with the guidance in increasing

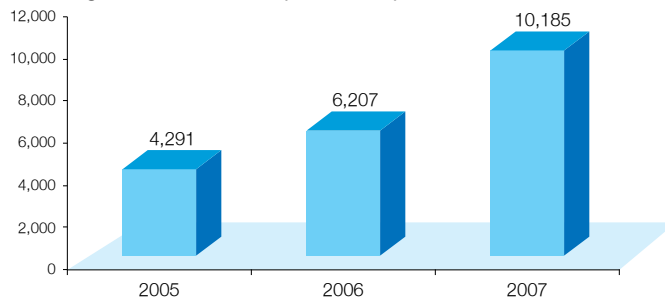
the speed of development by the management board, in which mobilized funds increased by 47.28% annually on average, loans increased by 41.12% annually on average, the average profit increased by 35.77% annually and for 2007 separately, all the business targets assigned by the General Shareholders' Meeting are passed.

3. The network of the branches and transaction offices are expanded, from 18 branches (at the end of 2004) to 50 branches and transaction offices (in 2007).
4. The lending activities are safe, within control, with the non-performing loans (group 3 and 4) accounted for 0.42% the total outstanding loans, being lower than the rate regulated by the State Bank of Vietnam.
5. In the term 2005 and 2007, after reinforcing their operations, the branches gradually grow and develop by expanding their operation, opening their transaction offices and most of the first-level branches gained profit of over VND10 billion per year.
6. The Bank Technology Modernization Project has been deployed in the term 2005 and 2007, facilitating the bank to develop and enhance its competitive capacity basing on modern technology.
7. In 2007, Saigonbank successfully celebrated its 20 year anniversary and receiving the 3rd-rank Labour Medal awarded by the State President and several other awards from authorities.

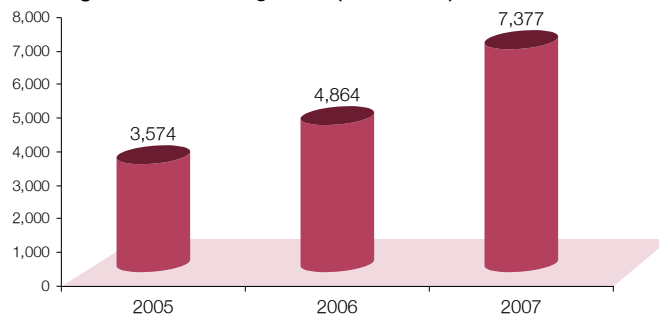
#### The major outstanding shortcomings in the term 2005-2007:

1. Income from lending activities is still high (over 80%) while fee-based income is low.
2. The service quality is not yet professional, there are weaknesses in communicating with customers.
3. The promotion of brand awareness, despite of investing and improving, is still limited in investing expenses and forms of advertisements, leading to low public awareness of SaigonBank's brand and so on. The management board will endeavour to tackle these shortcomings in the next term.

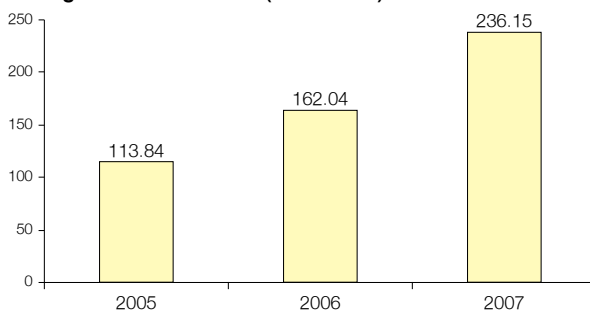
**Figure 1. Total Assets (VND Billion)**



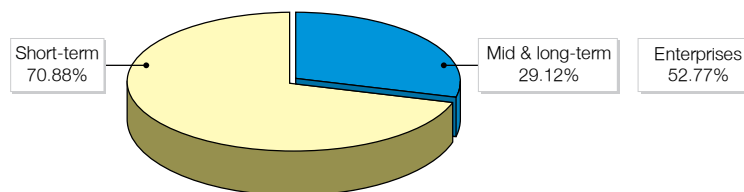
**Figure 2. Outstanding Loans (VND Billion)**



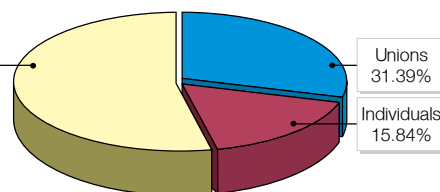
**Figure 3. Pre-tax Profit (VND Billion)**



**Figure 4. Outstanding Loans By Maturity 2007**



**Figure 5. Equity Structure 2007**



## MAJOR EVENTS IN THE YEAR 2007



### CELEBRATING ITS 20<sup>th</sup> ANNIVERSARY AND RECEIVING THE THIRD-RANK LABOUR MEDAL

In December 2007, in Hochiminh City Hall, the bank celebrated its 20<sup>th</sup> birthday and received the third-rank Labour medal awarded by the State President. This is the proud evidence on every effort made by the Board of Directors, the Board of Management and all staff members of the bank during the past 20 years.



### GOLDEN CUP FOR “TRADEMARK – BRAND”

In July 2007, Saigonbank received golden cup for “Trademark-Brand” jointly awarded by the Central Committee of Vietnamese National Front and other authorities. This is an annual award in order to motivate the business community and businesspeople to build brands and trademarks that are trusted by consumers.



### RECEIVING GOLDEN ROSE

At the beginning of 2008, Ms. Tran Thi Viet Anh, General Director, is granted the Golden Rose. This noble award extended by Vietnamese Women’s Association & Vietnam Chamber of Commerce and Industry to honour those businesswomen who have greatly contributed to economic & social development of the country. In 2007, the General Director also received the titles “Talent & Minded Businesswoman” & “Saigon Typical Businesswoman” from the Central Committee of the Vietnamese National Front and Hochiminh City Business Association, respectively. These titles do not only record the individual efforts by Ms Tran, but also are the prouddness for all staff members of the bank.

### OPENING NGUYEN TRUONG TO SECONDARY SCHOOL

In June 2007, Saigonbank organized the opening ceremony for Nguyen Truong To Secondary School mainly sponsored by the bank. The establishment of the school has facilitated local children to benefit from education. Also on this occasion, the bank received the Cup for “The future of our children” awarded by the Ministry of Education and Training.



### SIGNING THE CORE BANKING PROJECT

In May 2007, Saigonbank and SunGard System Access Company (US) signed the contract on “Modernizing the bank and the payment system - Core Banking” project. This project would not only help the bank to conduct well its businesses and to enhance its internal audit but to manage its operation in accordance with international standards.

# BUSINESS PLAN FOR THE TERM 2008 TO 2010 & TARGETS FOR 2008

Ms. **Tran Thi Viet Anh**, General Director





## I. ANALYSIS AND FORECAST OF THE BANKING INDUSTRY IN THE PERIOD OF 2008 AND 2010

### 1. Forecast of the economic context and the banking industry in the period of 2008 and 2010:

- The Vietnam's economy has signs of inflation in 2007 with the yearly average consumer price index of 12.63% and when the economy associates with high inflation, the cycle normally lasts for five years. Therefore, in the period of 2008 and 2010, we expect that the banking sector would face certain restrictions when the Government applies macro-economic policies to regulate the economy in the context of inflation and price increase.
- For the State Bank of Vietnam and the banking sector's operation:
  - + Continuing to increase the effectiveness of the monetary policy driven by market factors in order to control inflation and push economic growth
  - + Improving the legal framework on monetary and banking in order to meet the requirements for renovation of the banking sector in the context of international integration
  - + Restructuring the organization and enhancing the effectiveness of the inspection and supervisory activities; continuing to push the process of restructuring the credit institution sector
  - + Develop strongly the banking technology and non-cash payment system, meeting well the social demands on banking services.
- The major targets of the banking industry in 2008: Total means of payments increased but not exceeding 32%, the increase of total outstanding loans does not exceed 30%

### 2. Some solutions the State Bank of Vietnam could apply in 2008:

In order to contribute to the economic growth target of 8.5%, to stabilize the currency and control inflation, the State Bank of Vietnam could apply the following major measures to the banking sector in 2008:

#### a. Regarding the stable maintenance of the money markets, controlling the increase of the

#### total means of payments:

- Withdrawing money from circulation in order to balance promptly with the money to spend in buying inflows foreign currency.
- Continue to renovate the regime and the rate of compulsory reserves in order to control capital raised by the credit institutions locally and from overseas.

#### b. Control and enhance the quality of lending activities, expanding credit for agriculture and rural areas:

- Being active in controlling the growth rate of credit right at the beginning of 2008
- Modifying and issuing the regulations on safe operation concerning lending activities, making these regulations to comply with international standards; controlling tightly the scale and quality of credit
- Analysing the scale, structure, quality and credit risk exposed by the credit institutions in 2007 in order to control and enhance the credit quality as proposed by the State Bank of Vietnam in 2008
- Applying the regime of re-granting capital, reasonable compulsory reserves to encourage and support the credit institutions to expand their credit activities to agriculture and rural areas

#### c. Managing the foreign currency exchange rate:

- Managing the foreign currency exchange rate to ensure Vietnamese dong will not over-depreciate or over-appreciate against the US dollars
- Intervening to purchase foreign currency at reasonable level to stabilize the exchange rate and increase foreign currency reserves by the State.

## II. OPERATIONAL OBJECTIVES AND ORIENTATION OF SAIGONBANK IN THE TERM 2008 AND 2010

From the analysis of the banking environment, we are expecting difficulties faced by Saigonbank in the term 2008 and 2010 as follows:

- The intention of the Government is to control the credit growth (maximum of 30% in 2008) in order to control inflation caused by "hot" credit growth, particularly credits granted to securities, real estate





and consumption etc. This will affect the profit of Saigonbank in the term 2008 and 2010 because currently income from lending activities accounts for 80% total income of the bank.

- The State Bank of Vietnam could apply tight monetary policy, for example, increasing the compulsory reserves and issuing compulsory bills which will affect the capital and increase the cost of capital, ultimately affecting the bank profit in 2008
- Saigonbank is mainly focusing on traditional banking leading to the low income from investment and fee-based activities; therefore, this source of income could not compensate for traditional banking income, being reduced when the credit activities are restrained.

From the above difficulties and limitations affecting the operation, our business plan for the term 2008 and 2010 is as follows:

#### **1. Objectives: Restructuring the bank operation, increasing the competitive capacity on several aspects:**

- Operational model: restructuring the operational model following the business development strategy, in which the business strategy will concentrate on following activities:
  - + Commercial banking activities: the business units operating in this area include: the bank, the Asset Management & Exploitation company, overseas foreign currency exchange company, Bank Card Company.
  - + Non-banking activities: these are the main focus in the term 2008 and 2010 in order to transform them into the main business activities, in order to increase the non-interest earnings compensating for the limited interest earnings caused by credit growth constraints.
- The business units operating in this area include the securities company, fund management company, real estate company and insurance agent etc.
- The branch network: strengthening the existing branches, expanding the operation locally and considering to open rep offices and branches overseas
- Financial capacity: Increasing the equity capital in

accordance with the regulation on minimum capital requirements by the Government, the State Bank of Vietnam and international rules

- Human resource development: recruiting, training the human resources with sufficient capacity to operate the new technology and manage the bank following international standards
- Modernizing the bank technology: completing the construction of technology infrastructure and payment system
- Developing new banking services: researching & developing new banking services basing on new technology
- Constructing and publicizing the bank brand.

#### **2. The business targets for the term 2008 and 2010:**

- Chartered capital: increasing to at least VND3,000 billion in 2010 and the progress of increasing chartered capital will be submitted to the General Shareholders' Meeting for approval each year basing on the actual business situation
- Total assets at the end of 2010 increased by 2.49 times compared to the end of 2007 with average annual growth rate of 35.5%
- Total mobilized funds at the end of 2010 increased by 2.46 times compared to the end of 2007 with average annual growth rate of 35%
- Total outstanding loans at the end of 2010 increased by 2.2 times compared to the end of 2007 with average annual growth rate of 30%
- Non-performing loans: restricting the new non-performing loans, controlling the non-performing loans below 2% of the total outstanding loans
- Fee-based service: increasing the proportion of fee-based income over total income, including:
  - + Reinforcing and developing the trade payment activities, international cards, overseas foreign currency exchange and Saigonbank multi-purpose cards etc.
  - + Investing, transforming Riverside Hotel located at 18-19-20 Ton Duc Thang St., District 1 into a complex of office building for lease and hotel (expected to be 20 floors).



- + Developing office-for-lease service and hotels
- + Expanding the financial investment in corporates by purchasing shares
- Branch network and organizational structure:
- + Expanding the branch network in key economic areas nationwide according to annual business plan, with the condition that branch network is under control, safe and efficient and an over-five-year branch should have two transaction offices
- + Considering to establish rep office and branches of Saigonbank overseas with the support from foreign shareholders
- + Organizational structure: building the new organizational structure complying with the new development tendency in the future
- Profit: reaching the minimum increase by 15% annually and this is only the planned profit rate in the context of inflation and tight monetary policy conducted by the State Bank of Vietnam. Therefore, depending on the performance of the economy annually, we will have reasonable adjustments on the annual profit growth
- Dividend: Dividend paid at least equals twelve-month interest rate.

### 3. Measures to be carried out in the term 2008 & 2010:

#### a. Professional measures:

- Increasing the equity capital by issuing shares and convertible bonds to local and overseas shareholders; in which, from 2008 we begin to search and negotiate to sell to foreign partner(s) from 10% to 20% of the chartered capital. After finishing the negotiation, we will ask for approval from the General Shareholders' Meeting to issue shares privately as regulated by law
- Participating in the organized OTC to increase the liquidity of Saigonbank's shares prior to being listed on stock exchange
- Applying the competitive interest policy, diversifying products and distribution channels accompanied by incentive policies to raise operating capital
- Classifying customers and applying incentive

policies for specific customers

- Organizational model: concentrating on following businesses:
- + Restructuring the operational model according to the set objectives
- + Applying "one-stop" model in the banking operation in order to renovate the customer service and applying new technology in management
- + Restructuring investment portfolio in order to ensure liquidity, risk prevention and business efficiency and increase fee-based income
- + Contributing capital to set up securities company, fund management company and real estate company etc.

**b. Operational regulations:** to be reviewed in order to issue sufficiently regulations to create the legal framework, ensuring the stability and sustainable growth.

**c. Human resource training** to meet the renovation and development requirements in the coming time, concentrating on the professional training for key staff locally and overseas and planning the next generation of management.

#### 4. The business targets for 2008:

- Chartered capital: increasing to VND1,500 billion and issuing VND1,000 billion of convertible bonds
- Total operating capital: VND13,790 billion, increased by 35% compared to 2007
- Mobilized funds: VND11,635 billion, increased by 35% compared to 2007
- Total outstanding loans: VND9,590 billion, increased by 30% compared to 2007
- Pre-tax profit: VND272 billion, increased by 15% compared to 2007
- Dividend: at least equals to twelve-month interest rate
- Opening branches and transactions offices:
- + Branches: at least four branches to be opened in Nghe An, Hochiminh City (Dist. 7), Long An and Khanh Hoa or Ba Ria-Vung Tau and other big cities and provinces when the conditions for setting up are met
- + Transaction offices: at least five transaction offices in Hochiminh City, Hanoi, Binh Duong and in some other big cities and provinces nationwide.





## THE BOARD OF DIRECTORS



1. Mr. **NGUYEN PHUOC MINH**  
Chairman, Deputy of Secretariat,  
Office of City Party Committee
2. Mr. **TRAN THE TRUYEN**  
Member, Chief Accountant
3. Mr. **TO VAN CHANH**  
Member, Director of Branch No.1, Vietinbank Ho Chi Minh City
4. Mr. **DAO HAO**  
Member, Deputy Director of Vietcombank Ho Chi Minh City
5. Ms. **VO THI THUY**  
Member, Director of Ky Hoa Tourist & Trading  
Company Ltd., Ho Chi Minh City
6. Mr. **NGO THANH LUONG**  
Member, Chief of Secretariat, Party  
Committee of Dist. 6
7. Mr. **NGUYEN HUU THO**  
Member, General Director of Saigon Tourist  
Holding Company



## THE BOARD OF COMPTROLLERS



1. Mr. **NGUYEN HUU HANH**  
Chief Comptroller, Accountant of Agrex Saigon
2. Ms. **NGUYEN THI ANH**  
Comptroller
3. Ms. **BUI THI MAI**  
Comptroller





## THE BOARD OF MANAGEMENT



1. Ms. **TRAN THI VIET ANH**  
General Director
2. Ms. **NGUYEN THI MUOI**  
Deputy General Director
3. Ms. **NGO THANH HA**  
Deputy General Director
4. Ms. **PHAM THI CUC**  
Deputy General Director

# AUDITOR'S REPORT



## AUDITING AND INFORMATIC SERVICES COMPANY

Office: 142 Nguyen Thi Minh Khai, Q.3, Ho Chi Minh City  
Tel: (84.8) 9305163 (10 Lines) - Fax: (84.8) 9304281  
Email: aisc@hcm.vnn.vn - Website: www.aisc.com.Vn



No: 11.07.683/AISC-DN **AUDITOR'S REPORT FOR THE FISCAL YEAR 2007  
SAIGON BANK FOR INDUSTRY AND TRADE**

TO: SHAREHOLDERS; THE BOARD OF DIRECTORS AND MANAGEMENT OF  
SAIGON BANK FOR INDUSTRY AND TRADE

We have audited the consolidated financial statements of Saigon Bank for Industry and Trade from page 07 to page 39 (\*) for the fiscal year ended December 31, 2007 consisting of consolidated Balance Sheet, Income Statement, Cash Flows Statement and Notes to the consolidated Financial Statements.

The Bank is responsible for the preparation of the consolidated financial statements. It is our responsibilities to form an independent opinion, based on our audit, on these consolidated financial statements.

### Basis of auditing

We conducted our audit in accordance with the regulations of the State of Vietnam on accounting and auditing system; and in compliance with Vietnamese Standards on Auditing and International Auditing Standards, auditing practices recognized by the State of 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 accounting principles used, the significant estimates and judgments made by the Board of Management of Saigon Bank for Industry and Trade in preparation of the consolidated financial statements, as well as evaluating the overall presentation of the financial statements.

We planned and completed our audit so as to obtain all the information and explanations necessary which provide us with reasonable assurance that the financial statements are free from material misstatement. We believe that our audit provides a reasonable basis for our opinion.

### Auditor's opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial positions of the Bank and of the results of its operations and cash flows for the fiscal year ended 31/12/2007.

These financial statements are prepared and presented in compliance with the Vietnamese Standards on Accounting and Vietnamese Accounting System for banking in accordance with Decision No 479/2004/QĐ – NHNN dated 29/04/2004 and Decision No 29/2006/QĐ-NHNN dated 10/07/2006 issued by the Governor of the State Bank of Vietnam and the relevant statutory requirements.

AUDITOR

Dang Ngoc Tu  
Audit Certificate No: 0213/KTV  
Issued by the Ministry of Finance

HCMC, February 25, 2008  
DIRECTOR



Nguyen Huu Tri  
Audit Certificate No: 0476/KTV  
Issued by the Ministry of Finance

(\*) From page 68 to page 89 of this Annual Report.

## Consolidated balance sheet

As at 31 December 2007

Unit: VND

ITEMS	Notes	2007	2006
<b>A. ASSETS</b>			
<b>I. CASH, GOLD, SILVER, GEMSTONES</b>	<b>V.01</b>	<b>107,819,216,457</b>	<b>61,572,463,393</b>
<b>II. DEPOSITS AT THE STATE BANK OF VIETNAM</b>	<b>V.02</b>	<b>518,877,663,087</b>	<b>173,341,329,545</b>
<b>III. GOLD AND DEPOSITS AT OTHER CREDIT INSTITUTION AND LOANS GRANTED TO OTHER CREDIT INSTITUTIONS</b>	<b>V.03</b>	<b>1,251,652,693,288</b>	<b>563,140,663,294</b>
1. Gold and deposits at other credit institutions		1,238,650,943,288	551,059,953,294
2. Loans granted to other credit institutions		13,100,000,000	12,172,000,000
3. Reserves for loan losses		(98,250,000)	(91,290,000)
<b>IV. TRADING SECURITIES</b>			
1. Trading securities			
2. Provisions for devaluation of securities			
<b>V. FINANCIAL DERIVATIVES AND OTHER FINANCIAL ASSETS</b>			
<b>VI. LOANS GRANTED TO CUSTOMERS</b>	<b>V.04</b>	<b>7,300,613,224,102</b>	<b>4,811,056,043,040</b>
1. Loans granted to customers		7,363,557,995,183	4,852,177,344,826
2. Reserves for loans losses	<b>V.05</b>	(62,944,771,081)	(41,121,301,786)
<b>VII. INVESTMENT SECURITIES</b>	<b>V.06</b>	<b>543,771,508,225</b>	<b>304,283,608,225</b>
1. Available-for-sale securities		10,461,508,225	973,608,225
2. Held-to-maturity securities		533,310,000,000	303,310,000,000
3. Reserves for devaluation of securities			
<b>VIII. EQUITY INVESTMENT AND LONG TERM INVESTMENTS</b>	<b>V.07</b>	<b>45,750,000,000</b>	<b>34,500,000,000</b>
1. Investments in subsidiaries			
2. Investments in joint-venture companies			
3. Investments in associates			
4. Other long-term investments		45,750,000,000	34,500,000,000
5. Reserves for decline in value of long term investments			



Unit: VND

ITEMS	Notes	2007	2006
<b>IX. FIXED ASSETS</b>		<b>236,427,956,793</b>	<b>150,913,261,010</b>
1. Tangible fixed assets	<b>V.08</b>	234,690,857,679	149,073,795,532
a. Cost		302,212,795,698	200,090,183,910
b. Accumulated depreciation		(67,521,938,019)	(51,016,388,378)
2. Finance lease fixed assets			
a. Cost			
b. Accumulated depreciation			
3. Intangible fixed assets	<b>V.09</b>	1,737,099,114	1,839,465,478
a. Cost		5,741,892,118	5,211,465,588
b. Accumulated depreciation		(4,004,793,004)	(3,372,000,110)
<b>X. INVESTMENT PROPERTIES</b>			
a. Cost			
b. Accumulated depreciation			
<b>XI. OTHER ASSETS</b>	<b>V.10</b>	<b>179,733,514,992</b>	<b>108,311,711,170</b>
1. Accounts receivable		97,264,950,193	78,412,438,617
2. Interests and fees receivable		80,334,081,979	28,419,344,985
3. Deferred corporate income tax			
4. Other assets	<b>V.10</b>	2,134,482,820	1,479,927,568
- In which: good-will			
5. Reserves for other long term assets			
<b>TOTAL ASSETS</b>		<b>10,184,645,776,944</b>	<b>6,207,119,079,677</b>

## Consolidated balance sheet

As at 31 December 2007

Unit: VND

ITEMS	Notes	2007	2006
<b>B. LIABILITIES AND OWNERS' EQUITY</b>			
<b>I. BORROWINGS FROM GOVERNMENT AND THE STATE BANK OF VIETNAM</b>	<b>V.11</b>	<b>31,000,000,000</b>	<b>44,396,494,936</b>
<b>II. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS</b>	<b>V.12</b>	<b>1,945,612,017,548</b>	<b>856,849,746,171</b>
1. Deposits from other credit institutions		1,945,612,017,548	856,849,746,171
2. Borrowings from other credit institutions		-	-
<b>III. DEPOSITS FROM CUSTOMERS</b>	<b>V.13</b>	<b>6,466,653,553,964</b>	<b>3,911,461,533,642</b>
<b>IV. FINANCIAL DERIVATIVES AND OTHER FINANCIAL LIABILITIES</b>			
<b>V. TRUST FUNDS AND OTHER BORROWED FUNDS</b>	<b>V.14</b>	<b>132,106,600,000</b>	<b>136,888,800,000</b>
<b>VI. ISSUANCE OF VALUABLE DOCUMENTS</b>	<b>V.15</b>	<b>3,639,305,800</b>	<b>208,953,962,255</b>
<b>VII. OTHER LIABILITIES</b>	<b>V.16</b>	<b>174,024,936,482</b>	<b>116,967,357,300</b>
1. Interests, fees payable		110,860,070,646	66,895,435,896
2. Deferred corporate income tax			
3. Accounts payable and other liabilities	<b>V.16</b>	59,845,154,796	48,162,316,959
4. Reserves for other losses (for off-balance sheet contingencies and commitments)	<b>V.16</b>	3,319,711,040	1,909,604,445
<b>TOTAL LIABILITIES</b>		<b>8,753,036,413,794</b>	<b>5,275,517,894,304</b>
<b>VIII. EQUITY AND FUNDS</b>	<b>V.17</b>	<b>1,431,609,363,150</b>	<b>931,601,185,373</b>
1. Equity capital		1,108,715,830,000	689,255,000,000
a. Chartered Capital		1,020,000,000,000	689,255,000,000
b. Basic construction investment fund			
c. Capital surplus		88,715,830,000	
d. Treasury stocks			
e. Preferred stocks			
g. Other equity			
2. Funds		152,371,134,589	123,168,071,495
3. Exchange rate difference			
4. Difference upon revaluation of assets			
5. Undistributed profit/ Accumulated loss		170,522,398,561	119,178,113,878
<b>IX. MINORITY INTERESTS</b>			
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>10,184,645,776,944</b>	<b>6,207,119,079,677</b>

Unit: VND

**OFF-BALANCE SHEET ITEMS**

ITEMS	Notes	2007	2006
<b>I. CONTINGENCIES</b>	<b>VIII.29</b>	<b>375,460,955,606</b>	<b>182,510,624,387</b>
1. Guarantees for loans			
2. Letters of credit		214,563,250,341	155,385,915,545
3. Other guarantees		160,897,705,265	27,124,708,842
<b>II. COMMITMENTS</b>			
1. Customers funding			
2. Others			

December 31, 2007

Prepared by



Chief Accountant



On Behalf of the General Director

Deputy General Director



NGUYEN THI MUOI

## Consolidated income statement

### For the fiscal year 2007

Unit: VND

ITEMS	Notes	2007	2006
1. Interest and similar income	VI.18	854,854,533,776	558,716,927,783
2. Interest and similar expense	VI.19	493,576,416,981	315,643,799,470
<b>I. Net interest income</b>		<b>361,278,116,795</b>	<b>243,073,128,313</b>
3. Income from non-interest services	VI.20	31,171,280,981	24,959,370,320
4. Expenses of non-interest services	VI.20	5,812,714,161	5,834,209,881
<b>II. Net gain/loss from non-interest services</b>		<b>25,358,566,820</b>	<b>19,125,160,439</b>
<b>III. Net gain/loss from dealing in foreign currencies</b>	VI.21	<b>3,148,821,600</b>	<b>3,378,933,605</b>
<b>IV. Net gain/loss from dealing in trading securities</b>			
<b>V. Net gain/loss from dealing in investment securities</b>			
5. Income from other activities		24,232,313,186	13,083,911,223
6. Expenses of other activities		7,109,231,527	6,188,097,373
<b>VI. Net gain/loss from other activities</b>	VI.23	<b>17,123,081,659</b>	<b>6,895,813,850</b>
<b>VII. Income from equity investments</b>	VI.22	<b>1,564,959,600</b>	<b>741,275,186</b>
<b>VIII. Operating Expenses</b>	VI.24	<b>121,378,483,627</b>	<b>86,406,227,659</b>
<b>IX. Net operating income before provisions for loans losses</b>		<b>287,095,062,847</b>	<b>186,808,083,734</b>
<b>X. Provision for loan losses</b>		<b>50,940,750,243</b>	<b>24,772,175,792</b>
<b>XI. Total profits before tax</b>		<b>236,154,312,604</b>	<b>162,035,907,942</b>
7. Current corporate income tax		65,631,914,043	45,109,924,372
8. Deferred corporate income tax			
<b>XII. Corporate income tax</b>	VI.25	<b>65,631,914,043</b>	<b>45,109,924,372</b>
<b>XIII. Profit after tax</b>		<b>170,522,398,561</b>	<b>116,925,983,570</b>
<b>XIV. Minority interest</b>			
<b>XV. Earnings per share</b>		<b>2,432</b>	<b>2,150</b>

December 31, 2007

Prepared by

Chief Accountant

On Behalf of the General Director  
Deputy General Director





NGUYEN THI MUOI



## Consolidated statement of cash flows (Indirect method) for the fiscal year 2007

Unit: VND

ITEMS	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
01. Profit before tax	236,154,312,604	162,035,907,942
<b>Adjustments for:</b>		
02. Depreciation and amortisation	17,455,694,535	13,986,988,603
03. Provisions for loans loss, devaluation and addition/ (reversal) of investments in the year	50,940,750,243	24,772,175,792
04. Gain and fees receivable	(734,214,414,219)	(493,561,198,859)
05. Gain and fees payable	444,718,813,662	255,771,443,850
06. (Gain)/ loss on disposal of fixed assets	(74,781,364)	(32,637,878)
07. (Gain)/ loss from sales and disposal of investment properties		
08. (Gains)/ loss on disposal of investments in other entities, dividend income, share of profit from investment contracts	(1,564,959,600)	(741,275,186)
09. Unrealized foreign exchange difference	(341,440,745)	(147,934,498)
10. Other adjustments		
<b>Changes in operating assets and liabilities</b>		
<b>Changes in operating assets</b>		
11. (Increase)/ Decrease in cash, gold and loans to other credit institutions	(25,928,000,000)	7,192,000,000
12. (Increase)/ Decrease in proceeds from securities trading activities	(239,487,900,000)	(111,083,608,225)
13. (Increase)/ Decrease in financial derivatives and other financial assets		
14. (Increase)/ Decrease in loans to customers	(2,511,380,650,357)	(1,297,398,312,786)
15. (Increase)/ Decrease in interests, fees receivable	682,299,678,225	475,365,198,005
16. (Decrease)/ Increase in provision for losses	(27,700,214,353)	(11,209,232,285)
17. Other (Increases)/ Decreases in operating assets	(18,708,066,828)	(57,414,697,896)

## Consolidated statement of cash flows (Indirect method) for the fiscal year 2007

Unit: VND

ITEMS	2007	2006
<b>Changes in operating liabilities</b>		
18. Increase/ (Decrease) in borrowings from Government and the SBV	(13,396,949,936)	(13,603,505,064)
19. Increase/ (Decrease) in deposits and borrowings from other credit institutions	1,088,762,271,375	269,653,915,131
20. Increase/ (Decrease) in deposits from customers (including State Treasury)	2,559,410,935,123	1,117,635,217,638
21. (Increase)/ Decrease in other financial liabilities		
22. Increase/ (Decrease) in trust funds and other borrowed funds	(4,782,200,000)	(6,489,000,000)
23. Increase/ (Decrease) in issuance of valuable documents (excluding those being accounted to financing activities)	(205,314,656,455)	208,953,962,255
24. Increase/ (Decrease) in interests, fees payable	(400,754,178,912)	(228,628,329,957)
25. Other Increases/ (Decrease) in operating liabilities	5,883,466,730	370,520,815
<b>Net cash flows from operating activities before income tax</b>	<b>901,977,509,728</b>	<b>315,427,597,397</b>
26. Corporate income tax paid	(57,894,117,593)	(40,641,165,838)
27. Payment from funds of credit institutions	(9,352,531,494)	(15,955,979,076)
<b>I. NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>834,730,860,641</b>	<b>258,830,452,483</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
01. Purchase of fixed assets	(104,656,356,802)	(25,770,643,627)
02. Proceeds on disposal of fixed assets	74,781,364	32,637,878
03. Proceeds from disposal of fixed assets		
04. Purchase of investment properties		
05. Proceeds from disposal of investment properties		
06. Payment for disposal of investment properties		
07. Investments in other entities	(11,250,000,000)	(13,000,000,000)
08. Proceeds from investment in other entities		
09. Dividend income and share of profit from long-term investments	1,564,959,600	741,275,186
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(114,266,615,838)</b>	<b>(37,996,730,563)</b>

## Consolidated statement of cash flows (Indirect method) for the fiscal year 2007

Unit: VND

ITEMS	2007	2006
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
01. Increase in share capital due to capital contribution and/or issuance of shares	419,460,830,000	289,255,000,000
02. Proceeds from issuance of valuable documents qualified to be accounted to owner's and other long-term borrowing capital		
03. Payment for valuable documents qualified to be accounted to owner's and other long-term loan capital		
04. Dividend paid to shareholders, shared profit	(81,332,083,402)	(49,530,569,877)
05. Payment for buying treasury shares		
06. Proceeds from selling treasury shares		
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>338,128,746,598</b>	<b>239,724,430,123</b>
<b>IV. NET CASH FLOWS</b>	<b>1,058,592,991,401</b>	<b>460,558,152,043</b>
<b>V. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>786,611,843,898</b>	<b>326,053,691,855</b>
<b>VI. ADJUSTMENTS FOR IMPACTS OF EXCHANGE RATE CHANGES</b>		
<b>VII. CASH AND CASH EQUIVALENTS AT THE YEAR END</b>	<b>1,845,204,835,299</b>	<b>786,611,843,898</b>
<b>CASH AND CASH EQUIVALENTS:</b>	<b>1,845,204,835,299</b>	<b>786,611,843,898</b>
- Cash, gold, silver, gemstones	107,819,216,457	61,572,463,393
Including deposits from Asset Management Company at Saigon Bank for Industry and Trade	4,857,012,467	638,097,666
- Deposits at the State Bank of Vietnam	518,877,663,087	173,341,329,545
- Deposits at other credit institutions	1,213,650,943,288	551,059,953,294
<b>NET CASH AND CASH EQUIVALENTS:</b>	<b>1,840,347,822,832</b>	<b>785,973,746,232</b>

December 31, 2007

Prepared by

Chief Accountant

On Behalf of the General Director  
Deputy General Director





NGUYEN THI MUOI

# Notes to the consolidated financial statements

## For the fiscal year ended 31 December 2007

### I. BUSINESS HIGHLIGHTS OF CREDIT INSTITUTIONS

#### 1. Establishment, operation, validity period:

- Saigon Bank for Industry and Trade is established under license No 848/GP-UB dated 26/07/1993 issued by the People's Committee of Ho Chi Minh City and operates under license No 0034/NH-GP dated 04/05/1993 issued by the State Bank of Vietnam.
- The initial chartered capital in the license: VND50,000,000,000.
- In 2007, upon the approval of the State Bank of Vietnam, the Bank rises its chartered capital to VND1,020,000,000,000 in accordance with the 17th amended business registration certificate No 059074 issued by the Department of Planning and Investment of Ho Chi Minh City dated 19/12/2007, Public Stock Offering Certificate No 201/UBCK-GCN issued by the State Securities Commission dated 22/10/2007 and Official letter No 608/NHNN-HCM2 issued by the State Bank of Vietnam
- HCMC Branch dated 02/02/2007.

#### 2. Form of Ownership: Shares

#### 3. The head office: is located at 2C Pho Duc Chinh Street, District 1, Hochiminh city.

- The Bank has 31 branches and 19 transaction offices.
- Branches are opened in the Northern, Central, Southern regions and Highlands.
- The Bank has a subsidiary named Assest Management Company.

#### 4. Subsidiaries:

- Assest Management Company Limited is established under license No 8104000033 dated 24/12/2001. The percentage of equity investments in the subsidiary is 100%.

#### 5. Total employees: 1,115 people.

### II. ACCOUNTING PERIOD AND REPORTING CURRENCY:

1. **Fiscal year:** The fiscal year begins on 1 January and ends on 31 December annually.
2. **Reporting currency:** VND.

### III. ACCOUNTING PRINCIPLES AND STANDARDS APPLIED WITHIN THE BANK

#### Disclosure of compliance with Vietnamese Accounting Standards and International Accounting Standards:

- The financial statements are prepared on accrual basis and in accordance with Vietnamese Accounting Standards.
- The preparation also complies with the historical cost convention in accordance with Vietnamese Accounting Standards.
- The fair value of tools, financial assets is determined only for the purpose of administration. According to prevailing regulations of the State of Vietnam, differences between the original cost and the fair value should not be adjusted in the financial statements if they are unrealized.

#### Applicable accounting principles:

The Bank applies the accounting system applicable to credit institutions issued by the Governor of the State Bank of Vietnam in accordance with Decision No 479/2004/QĐ-NHNN dated 29/04/2004 and Decision No 29/2006/QĐ-NHNN dated 10/07/2006.

**Consolidation:** in compliance with Vietnamese Accounting Standard No 25 - Consolidated financial statements and accounting for investment in subsidiaries - which is adjusted so as to be in agreement with the Bank's operation on the following principles:

- + Eliminating revenue, intercompany expenses,
- + Eliminating intragroup transactions: deposits, invested capital...
- + Items which are not identical are presented separately.



## IV. APPLICABLE ACCOUNTING POLICIES

### 1. Foreign currency translation:

- Transactions denominated in foreign currencies are accounted as original currency.
- When consolidating the financial statements in each branch and the whole bank, the exchange rate is ruled by the State Bank of Vietnam at the end of the month.

### 2. Principles for consolidating the financial statements:

- The consolidated financial statements are formed from the financial statements of branches all over the country. Accordingly, the financial statements of transaction offices will be consolidated in those of branches. The financial statements of the whole bank are consolidated from those of the head office and branches.
- Intragroup transactions are eliminated except for revenue and expenses generated from intragroup capital transfer when the consolidated financial statements are prepared. This is the regulation of the SR Vietnam, and so it may differ from jurisdictions other than SR Vietnam.
- Investments of the Banks are stated at original costs.

### 3. Financial derivatives and provision for loan losses:

- According to prevailing regulations of the State of Vietnam, derivative instruments on the balance sheet will not be offset when the accounting reports are prepared.
- The Bank has not implemented self insurance transactions for derivative instruments.

### 4. Accounting for interest income, interest expenses and termination of interest accruals:

Income and expenses are recorded on an accrual basis in compliance with Circular No 12/2006/TT-BTC dated 21/12/2006.

- 5. Fees and commissions income:** The Bank fee is recorded when it is incurred. Expenses corresponding to the bank fee and commission are also similarly recorded. These expenses are recorded in the balance sheet and income statement when they are incurred.

### 6. Accounting for loans granted to customers:

- Short-term loans are those with a maturity date within one year, medium-term loans are those with a final maturity date between one and five years and long-term loans are those with a maturity date of more than five years.
- Principle of loan classification and credit risk: in accordance with Decision 1627/2001/QĐ-NHNN dated 31 December 2001, Decision 127/QĐ-NHNN

dated 3 March 2005 and Decision 783/QĐ-NHNN dated 31 May 2005. Loans are classified in accordance with Decision 493/2005/QĐ-NHNN dated 22 April 2005 and Decision No 18/2007/QĐ-NHNN dated 25/04/2007 issued by the State Bank of Vietnam. Loans are classified into five groups as follows:

- + Group 1: Prime.
- + Group 2: Supervised
- + Group 3: Sub-prime
- + Group 4: Doubtful
- + Group 5: Bad.

- Rules for provision for loan losses and writing-off bad loans are made in accordance with Decision No 493/2005/QĐ-NHNN dated 22/04/2005 and Decision No 18/2007/QĐ-NHNN dated 25/04/2007 issued by the Governor of the State Bank of Vietnam. Accordingly, specific provisions for loan losses are calculated as follows:

- + Group 1: 0%
- + Group 2: 5%.
- + Group 3: 20%.
- + Group 4: 50%.
- + Group 5: 100%.

- For the blocked debts awaiting resolution of the Government, the specific provision is made upon the financial capability of credit institutions.
- In accordance with the Decision 439, a general provision is required to account for 0.75% of total value of debts from Group 1 to Group 4 and advances to customers and commitments.

### 7. Accounting for securities dealing and investing:

#### a. Securities dealing:

- Principle for recognizing trading securities: Trading securities are recorded in accordance with Decision No 29/2006/QĐ-NHNN dated 10/07/2006. Trading securities are stated at actual cost of acquisition (original cost), including cost of acquisition plus (+) expenditures (if any).
- Method of assessing the decline in value and provision for decline in value of trading securities: in compliance with Circular No 12/2006/TT-BTC issued by the Ministry of Finance on 21/02/2006.

#### b. Investment in securities:

- Principles for recognizing investing securities are stated at cost of acquisition. Post-acquisition interest income of debt securities is recognised in the consolidated income statement on an accrual basis.
- Method of assessing the decline in value and provision for decline in value of investment securities: in compliance with Circular No 12/2006/TT-BTC issued by the Ministry of Finance on 21/02/2006.

### 8. Accounting for intangible fixed assets:

Intangible fixed assets are stated at original cost. Intangible fixed assets are depreciated on the straight-line method. The depreciation rate is applied in compliance with Decision No 206/2003/QĐ-BTC dated 12/12/2003 issued by the Minister of Finance...

### 9. Accounting for tangible fixed assets:

Intangible fixed assets are stated at historical cost. Intangible fixed assets are depreciated on the straight-line method. The depreciation rate is in accordance with Decision No 206/2003/QĐ-BTC dated 12/12/2003 issued by the Minister of Finance.

### 10. Accounting for leasing assets:

- Operational lease: Leases where a significant portion of the risks and rewards attached to the ownership is retained by the leaser. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.
- Financial leases where the Bank substantially bears all the risks and rewards from ownership of assets. Finance leases are capitalised at the inception of the lease at the lower of the fair value of leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charge, are included in long-term borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

### 11. Cash and cash equivalents:

- Includes cash on hand and cash in the State Bank of Vietnam.
- Demand deposit and short term deposit at other credit institutions with the term less than 90 days are considered as cash equivalents when cash flows statement is prepared.

### 12. Provisions, contingencies and undetermined assets:

According to Decision No 493/2005/QĐ-NHNN dated 22/05/2005 issued by the State Bank of Vietnam, a general provision is also required and should be equal to at least 0.75% of total value of debts and advances to customers and commitments. This level of provision must be obtained within 5 years since the effective date of this decision.

### 13. Principle and method of recording current corporate income tax, deferred corporate income tax:

- Corporate income tax expense is recognised in the income statement based on current income tax and deferred income tax.
- Current income tax is the amount of corporate income tax payable or recoverable in respect of the current year taxable profit and the current tax rates.
- Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.
- Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

### 14. Owners' equity:

The business capital source is determined in accordance with the Bank's business registration certificate and the value of the actual equity contributions which is recorded in the accounting book.

## V. ADDITIONAL INFORMATION FOR ITEMS PRESENTED IN THE BALANCE SHEET

	Unit: VND	
	31/12/2007	31/12/2006
<b>1. Cash, gold, silver, gemstones</b>		
Cash in VND	90,302,297,933	47,527,874,425
Cash in foreign currency	17,463,903,464	14,027,682,918
Vouchers denominated in foreign currency	53,015,060	16,906,050
Monetary gold		
Non-monetary gold		
Other metals, gemstones		
<b>Total</b>	<b>107,819,216,457</b>	<b>61,572,463,393</b>
<b>2. Deposits at the State Bank of Vietnam</b>	<b>31/12/2007</b>	<b>31/12/2006</b>
<b>Payment deposits at the SBV</b>	<b>518,877,663,087</b>	<b>173,341,329,545</b>
<b>3. Cash, gold at other credit institutions and loans granted to other credit institutions</b>		
<b>3.1. Deposits, gold at foreign credit institutions</b>	<b>31/12/2007</b>	<b>31/12/2006</b>
Demand gold, deposits	93,313,943,291	98,522,653,294
Term gold, deposits	1,145,336,999,997	452,537,300,000
<b>Total</b>	<b>1,238,650,943,288</b>	<b>551,059,953,294</b>
<b>3.2. Loans granted to other credit institutions</b>		
VND	13,100,000,000	12,172,000,000
Provision for loan losses	(98,250,000)	(91,290,000)
<b>Total</b>	<b>13,001,750,000</b>	<b>12,080,710,000</b>
<b>Total cash, gold at other credit institutions and loans granted to other credit institutions</b>	<b>1,251,652,693,288</b>	<b>563,140,663,294</b>
<b>4. Loans granted to customers</b>	<b>31/12/2007</b>	<b>31/12/2006</b>
Loans granted to local economic institutions, individuals	7,197,317,064,384	4,605,951,051,970
Commercial paper discount and valuable documents	71,095,080,799	114,901,132,856
Trust funds and other borrowed funds	95,145,850,000	131,325,160,000
<b>Total</b>	<b>7,363,557,995,183</b>	<b>4,852,177,344,826</b>
<b>- Analysis of loan quality</b>		
Prime	7,210,679,258,294	4,814,718,510,127
Supervised	121,790,228,589	13,945,614,000
Sub-prime	14,274,920,000	8,752,450,000
Doubtful	16,813,588,300	14,760,770,699
Bad		
<b>Total</b>	<b>7,363,557,995,183</b>	<b>4,852,177,344,826</b>
<b>- Analysis by loan term</b>		
Short-term loans	5,258,243,472,065	3,525,049,385,514
Medium	1,473,817,157,714	1,126,905,752,475
Long-term loans	631,497,365,404	200,222,206,837
<b>Total</b>	<b>7,363,557,995,183</b>	<b>4,852,177,344,826</b>

Unit: VND million

**- Analysis by type of customers and form of businesses**

Business institutions	4,188,715	2,799,478
State-owned enterprises	110,875	115,683
Sole proprietorship enterprises	4,026,002	2,624,382
Foreign-owned enterprises	19,672	29,367
Co-operatives	32,166	30,046
Individuals and others	3,174,843	2,052,699
<b>Total</b>	<b>7,363,558</b>	<b>4,852,177</b>

**- Analysis by industry**

Agriculture and forestry	11,081	83,851
Fishery	185,617	371,235
Mining	2,657	67,287
Manufacturing and processing	82,213	2,075,323
Manufacturing and distributing gasoline, electricity	-	34,638
Construction	21,514	193,422
Motor repair	310,265	760,207
Hotels and restaurants	-	34,893
Warehousing, transportation and communication	65,572	168,676
Science and technology activities	-	65
Other relevant activities	729	15,645
Training and education	-	345
Health and relief	6	125
Individual services	6,534,632	682,839
Households services	149,154	362,947
Activities of foreign organizations	118	679
<b>Total</b>	<b>7,363,558</b>	<b>4,852,177</b>

**5. Provision for loan losses**

	<u>General provisions</u>	<u>Specific provisions</u>
<b>Year 2007</b>		
<b>Opening balance</b>	<b>38,391,474,531</b>	<b>4,730,721,700</b>
Charge for the year	20,258,142,837	28,261,796,053
Utilisation during the year due to handling debts which must be recovered by provisions		(25,279,403,000)
<b>Closing balance</b>	<b>58,649,617,368</b>	<b>7,713,114,753</b>
<b>Year 2006</b>		
<b>Opening balance</b>	<b>27,873,167,665</b>	<b>1,686,085,059</b>
Charge for the year	10,518,306,866	14,266,671,749
Utilisation during the year due to handling debts which must be recovered by provisions		(11,222,035,108)
<b>Closing balance</b>	<b>38,391,474,531</b>	<b>4,730,721,700</b>

**6. Investment securities****6.1. Available-for-sale**

	<b>31/12/2007</b>	<b>31/12/2006</b>
a. Debt securities	973,608,225	973,608,225
- Debt securities issued by other local credit institutions	973,608,225	973,608,225
b. Equity securities	9,487,900,000	
- Equity securities issued by other local credit institutions	9,487,900,000	
c. Provision for decline in value of securities available for sale		
<b>Total</b>	<b>10,461,508,225</b>	<b>973,608,225</b>

**6.2. Held-to-maturity**

- Government securities	513,310,000,000	283,310,000,000
- Debt securities issued by local business institutions	20,000,000,000	20,000,000,000
- Provision for decline in value of securities held-to-maturity		
<b>Total</b>	<b>533,310,000,000</b>	<b>303,310,000,000</b>

**7. Equity investments, long term investments****Analysis of invested value by form of investment**

	<b>31/12/2007</b>	<b>31/12/2006</b>
Investments in joint ventures		
Investments in associates		
Other long term investments	45,750,000,000	34,500,000,000
Provision for decline in value of long term investments		
<b>Total</b>	<b>45,750,000,000</b>	<b>34,500,000,000</b>



## List of important associates, joint venture companies

Name	Year 2007			Year 2006		
	Original costs	Current value	Portion (%)	Original costs	Current value	Portion (%)
<b>Investments in credit institutions</b>						
Gia Dinh Commercial JS Bank	32,250,000,000		7.25	21,500,000,000		10
<b>Investments in other entities</b>						
Ha Long Hotel	11,000,000,000		11	11,000,000,000		11
Vietnam National Financial Switching JSC	2,000,000,000		2.12	2,000,000,000		2.12
Guarantee Fund for Small and Medium Enterprises	500,000,000					

## 8. Tangible fixed assets

## Increase, decrease of tangible fixed assets of year 2007:

Items	Buildings	Machinery equipment	Transportation Facilities	Others	Total
<b>Original cost</b>					
Opening balance	143,805,280,703	22,885,828,487	17,361,635,493	16,037,439,227	200,090,183,910
- Purchasing	87,798,740,104	7,102,197,513	5,294,083,625	3,930,909,030	104,125,930,272
- Other decreases		111,707,642	1,784,089,594	107,521,248	2,003,318,484
Closing balance	231,604,020,807	29,876,318,358	20,871,629,524	19,860,827,009	302,212,795,698
<b>Closing balance</b>					
Opening balance	28,352,627,820	8,128,368,159	5,581,678,541	8,953,713,858	51,016,388,378
- Depreciation in year	6,151,837,015	4,974,871,577	3,402,654,461	2,961,714,889	17,491,077,942
- Other decreases		25,295,152	881,478,710	78,754,439	985,528,301
Closing balance	34,504,464,835	13,077,944,584	8,102,854,292	11,836,674,308	67,521,938,019
<b>Net book value</b>					
Opening balance	115,452,652,883	14,757,460,328	11,779,956,952	7,083,725,369	149,073,795,532
Closing balance	197,099,555,972	16,798,373,774	12,768,775,232	8,024,152,701	234,690,857,679

**9. Intangible fixed assets****Increase, decrease of intangible fixed assets of year 2007:**

Items	Computer software	Total
<b>Original cost</b>		
Opening balance	5,211,465,588	5,211,465,588
- Purchasing	530,426,530	530,426,530
- Other decreases		-
Closing balance	5,741,892,118	5,741,892,118
<b>Acc. Depreciation</b>		
Opening balance	3,372,000,110	3,372,000,110
Depreciation in year	632,792,894	632,792,894
Closing balance	4,004,793,004	4,004,793,004
<b>Net book value</b>		
- Opening balance	1,839,465,478	1,839,465,478
- Closing balance	1,737,099,114	1,737,099,114

**10. Other long term assets**

	31/12/2007	31/12/2006
1. Receivables	9,313,732,567	3,975,802,139
Intercompany receivables	4,906,463,323	1,644,540,690
Receivables from outsiders	4,407,269,244	2,331,261,449
2. Other assets	2,134,482,820	1,479,927,568
Expenses awaiting allocation	1,567,063,589	861,110,000
Materials	429,978,110	357,701,430
Others	137,441,121	261,116,138
<b>Total</b>	<b>11,448,215,387</b>	<b>5,455,729,707</b>

**11. Borrowings from Government and State Bank of Vietnam**

	31/12/2007	31/12/2006
Borrowings from the State Bank of Vietnam	31,000,000,000	44,396,494,936
Borrowings by means of discounting, rediscounting valuable papers	31,000,000,000	44,396,494,936
<b>Total</b>	<b>31,000,000,000</b>	<b>44,396,494,936</b>

Unit: VND

**12. Deposits, gold and borrowings from other credit institutions****12.1. Deposits, gold from other credit institutions**

	<b>31/12/2007</b>	<b>31/12/2006</b>
a. Demand deposits, gold	20,181,817,548	79,629,546,171
b. Term deposits, gold	1,925,430,200,000	777,220,200,000
<b>Total</b>	<b>1,945,612,017,548</b>	<b>856,849,746,171</b>

**12.2. Borrowings from other credit institutions**

	<b>31/12/2007</b>	<b>31/12/2006</b>
<b>Total deposits, gold and borrowings from other credit institutions</b>	<b>1.945.612.017.548</b>	<b>856.849.746.171</b>

**13. Deposits from customers****Analysis by type**

	<b>31/12/2007</b>	<b>31/12/2006</b>
Demand deposits, gold	1,546,048,475,641	876,192,341,578
Term deposits, gold	4,847,452,307,093	2,958,014,017,642
Deposits for specific purposes	914,056,996	907,911,756
Deposits	72,238,714,234	76,347,262,666
<b>Total</b>	<b>6,466,653,553,964</b>	<b>3,911,461,533,642</b>

**14. Trust funds and other borrowed funds**

	<b>31/12/2007</b>	<b>31/12/2006</b>
<b>VND</b>	<b>132,106,600,000</b>	<b>136,888,800,000</b>

**15. Issuance of normal valuable documents**

	<b>31/12/2007</b>	<b>31/12/2006</b>
Par value of valuable documents in VND less than 12 months	3,483,000,000	181,348,868,600
Par value of valuable documents in foreign currencies less than 12 months	156,305,800	27,605,093,655
<b>Total</b>	<b>3,639,305,800</b>	<b>208,953,962,255</b>

**16. Other liabilities**

	<b>31/12/2007</b>	<b>31/12/2006</b>
Intercompany payables	14,168,796,886	10,061,115,808
Payables to outsiders	45,676,357,910	38,101,201,151
Provision for other risks	3,319,711,040	1,909,604,445
<b>Total</b>	<b>63,164,865,836</b>	<b>50,071,921,404</b>

**17. Capital and funds of credit institutions****17.1. Comparison schedule for changes in Owner's Equity:**

Items	Paid-in capital	Share premium	Reserve for supplementary chartered capital	Investment and Development Fund	Financial reserve fund	Other funds	Profit after tax	Total
<b>As at 1 January 2007</b>	<b>689,255</b>		<b>29,055</b>	<b>62,646</b>	<b>29,789</b>	<b>1,678</b>	<b>119,178</b>	<b>931,601</b>
Additions								-
Capital additions	330,745							330,745
Premium due to additional issue		88,716						88,716
Dividends shared in 2006							(81,590)	(81,590)
Appropriation to reserves in 2006			5,959	10,111	11,918	9,600	(37,588)	-
Reserves charged in 2006						(8,385)		(8,385)
Dividends shared in 2006								-
Profit additions in 2007							170,522	170,522
<b>At 31 December 2007</b>	<b>1,020,000</b>	<b>88,716</b>	<b>35,014</b>	<b>72,757</b>	<b>41,707</b>	<b>2,893</b>	<b>170,522</b>	<b>1,431,609</b>

**17.2. Earning per share**

	Year 2007	Year 2006
- Profit or loss for determining earning per share	170,522,398,561	116,925,983,570
- Weighted average number of ordinary shares in issue	70,103,496	54,393,558
- Basic earning per share	2,432	2,150
- Transactions of ordinary stocks or potential ordinary stocks occurred after the balance sheet date		

**17.3. Details of equity capital of credit institutions**

	Year 2007			Year 2006		
	Total	Ordinary stock	Preferred stock	Total	Ordinary stock	Preferred stock
- Invested capital of the State						
- Paid-in capital (shareholders, members...)	1,020,000	1,020,000		689,255	689,255	
- Capital Surplus	88,716	88,716				
- Treasury stock						
<b>Total</b>	<b>1,108,716</b>	<b>1,108,716</b>	<b>-</b>	<b>689,255</b>	<b>689,255</b>	<b>-</b>

**17.4. Dividends**

Dividends disclosed on ordinary stocks: 15% the stock's par value

**17.5. Stocks**

	Year 2007	Year 2006
- Number of issued stocks	68,925,500	40,000,000
- Number of stocks sold out to the public	33,074,500	28,925,500
- Number of circulating stocks	102,000,000	68,925,500

\* Par value of circulating stocks: VND10,000/ stock.

## VI. ADDITIONAL INFORMATION FOR ITEMS PRESENTED IN THE INCOME STATEMENT

Unit: VND

<b>18. Interest and similar income</b>	<b>31/12/2007</b>	<b>31/12/2006</b>
Interest on deposits	66,965,068,250	43,078,013,001
On loans to customers	758,863,209,062	494,346,204,038
On debt securities trading and investment	29,024,782,217	21,269,348,496
Other income from credit activities	1,474,247	23,362,248
<b>Total</b>	<b>854,854,533,776</b>	<b>558,716,927,783</b>

<b>19. Interest and other expenses</b>	<b>31/12/2007</b>	<b>31/12/2006</b>
On deposits	471,494,850,130	293,095,696,120
On borrowings	15,165,431,151	14,669,680,683
On issuance of valuable documents	4,986,866,927	6,273,761,938
On finance lease		
Other credit activities' expenses	1,929,268,773	1,604,660,729
<b>Total</b>	<b>493,576,416,981</b>	<b>315,643,799,470</b>

<b>20. Net gain/loss from services:</b>	<b>31/12/2007</b>	<b>31/12/2006</b>
Payment service	17,628,983,069	16,168,963,806
Guarantee service	1,687,976,568	261,171,591
Treasury service	28,294,809	15,588,150
Discount service	6,438,410,110	5,714,212,869
Other services	5,387,616,425	2,799,433,904
<b>Total</b>	<b>31,171,280,981</b>	<b>24,959,370,320</b>

	<b>31/12/2007</b>	<b>31/12/2006</b>
Settlement service	2,551,421,155	2,448,488,911
Post office and telecommunication fee	2,393,849,274	2,129,253,924
Treasury service	835,605,532	606,220,283
Consultancy service	18,351,818	625,505,455
Other services	13,486,382	24,741,308
<b>Total</b>	<b>5,812,714,161</b>	<b>5,834,209,881</b>
<b>Net/loss gain from services</b>	<b>25,358,566,820</b>	<b>19,125,160,439</b>

<b>21. Net gain/loss from dealing in foreign currencies</b>	<b>31/12/2007</b>	<b>31/12/2006</b>
Gains from dealing in foreign currencies	3,316,451,927	3,526,586,466
Expenses of dealing in foreign currencies	167,630,327	147,652,861
Net gain/loss from dealing in foreign currencies	3,148,821,600	3,378,933,605

<b>22. Income from capital contribution and purchase of shares</b>	<b>31/12/2007</b>	<b>31/12/2006</b>
<b>Dividends received from capital contribution, purchase of share</b>	<b>1,564,959,600</b>	<b>741,275,186</b>



Unit: VND

**23. Net gain/loss from other operating income**

	<b>31/12/2007</b>	<b>31/12/2006</b>
Unusual income	12,423,311,054	5,125,394,823
Disposed assets	74,781,364	32,637,878
Other income	4,624,989,241	1,737,781,149
<b>Total</b>	<b>17,123,081,659</b>	<b>6,895,813,850</b>

**24. Operating expenses:**

	<b>31/12/2007</b>	<b>31/12/2006</b>
1. Tax, duties and fees	905,863,075	1,139,065,527
2. Expenses for employees:	59,300,726,490	39,439,472,447
3. Assets	31,901,294,040	25,827,502,014
4. Expense of mission management	25,091,842,936	17,054,272,918
5. Insurance fee for safeguarding customers' deposits	4,178,757,086	2,945,914,753
<b>Total</b>	<b>121,378,483,627</b>	<b>86,406,227,659</b>

**25. Corporate income tax**

	<b>31/12/2007</b>	<b>31/12/2006</b>
1. Profit before tax	236,154,312,604	162,035,907,942
Adjustments:		
Less income exempted from corporate income tax:	1,754,619,591	929,035,186
Income from joint ventures, purchase of share	1,564,959,600	741,275,186
- Interest income from consolidating joint ventures, associates by equity method		
- Interest income from Government bond for constructing the country	189,659,991	187,760,000
2. Taxable income	234,399,693,013	161,106,872,756
3. Current corporate income tax on the taxable income	65,631,914,043	45,109,924,372
- Adjusting corporate income tax of the previous year to that of the current year		
4. Total current corporate income tax	65,631,914,043	45,109,924,372
- Corporate income tax paid	57,894,117,593	40,641,165,838
- Adjusting corporate income tax of the previous year		
5. Corporate income tax payable at the end of period	31,739,720,822	24,001,924,372

**VII. ADDITIONAL INFORMATION FOR ITEMS PRESENTED IN THE STATEMENT OF CASH FLOWS****26. Cash and cash equivalents:**

	<b>31/12/2007</b>	<b>31/12/2006</b>
Cash and cash equivalents on hand	107,819,216,457	61,572,463,393
Deposits at SBV	518,877,663,087	173,341,329,545
Cash, gold at other credit institutions	1,213,650,943,288	551,059,953,294
Security with recoverable period or maturity within 3 months from purchase date		
<b>Total</b>	<b>1,840,347,822,832</b>	<b>785,973,746,232</b>

## VIII. OTHER INFORMATION

Unit: VND

### 27. Contingencies and commitments

Items	31/12/2007	31/12/2006
I. Payment guarantees	147,576,325,987	12,832,335,693
II. Performance guarantees	24,874,135,361	55,763,703,701
III. Bidding guarantees	3,942,578,372	3,500,305,667
IV. Letters of credit	241,433,172,438	179,391,810,341
V. Other guarantees	24,801,926,474	2,909,916,854

## IX. FINANCIAL RISK MANAGEMENT

### 28. Market risk

Unit: VND Million

#### 28.1. Currency risk

Items	EUR translated	USD translated	Value of gold translated	Other currencies translated	Total
<b>Assets</b>					
I. Cash, gold, silver and gemstones	1,505	15,777		234	17,516
II. Deposits at the State Bank of Vietnam		60,082			60,082
III. Deposits at other credit institutions and loans granted to other credit institutions	26,657	380,026		8,484	415,167
IV. Trading securities					-
V. Financial derivatives and other financial assets					-
VI. Loans granted to customers		649,894			649,894
VII. Investment securities					-
VIII. Equity and long term investments					-
IX. Fixed assets and investment properties					-
X. Other long term assets		7,322			7,322
<b>Total assets</b>	<b>28,162</b>	<b>1,113,101</b>	<b>-</b>	<b>8,718</b>	<b>1,149,981</b>
<b>Liabilities and owners' equity</b>					
I. Deposits and borrowings from other credit institutions	126	232,543		341	233,010
II. Deposits from customers	11,510	658,853		670	671,033
III. Financial derivatives and other financial liabilities					
IV. Trust funds and other borrowed funds					
V. Issuance of valuable documents		156			156
VI. Other liabilities	16,526	221,549		7,707	245,782
VII. Equity and funds					
<b>Total liabilities and owners' equity</b>	<b>28,162</b>	<b>1,113,101</b>	<b>-</b>	<b>8,718</b>	<b>1,149,981</b>
<b>Position of currencies on-balance sheet</b>					
<b>Position of off-balance sheet currencies</b>					
<b>Position of on-and off-balance sheet currencies</b>					

Unit: VND million

**28.2. Liquidity risk**

Items	Uninfluenced by term	Up to 1 month	1-3 months	3-12 months	1-5 years	more than 5 years	Total
<b>Assets</b>							
I. Cash, gold, silver and gemstones		107,819					107,819
II. Deposits at the State Bank of Vietnam		518,877					518,877
III. Deposits at other credit institutions and loans granted to other credit institutions		1,093,650	120,000	38,100			1,251,750
IV. Trading securities							-
V. Financial derivatives and other financial assets							-
VI. Loans granted to customers		274,544	785,310	4,438,944	1,374,638	490,122	7,363,558
VII. Investment securities	10,461			60,610	452,700	20,000	543,771
VIII. Equity and long term investments	45,750						45,750
IX. Fixed assets and investment properties	236,428						236,428
X. Other long term assets	179,734						179,734
<b>Total assets</b>	<b>472,373</b>	<b>1,994,890</b>	<b>905,310</b>	<b>4,537,654</b>	<b>1,827,338</b>	<b>510,122</b>	<b>10,247,687</b>
<b>Liabilities</b>							
I. Deposits and borrowings from other credit institutions		1,132,612	844,000				1,976,612
II. Deposits from customers		3,053,103	1,827,781	1,554,619	31,151		6,466,654
III. Financial derivatives and other financial liabilities							-
IV. Trust funds and other borrowed funds		3,758	4,561	33,496	90,292		132,107
V. Issuance of valuable documents		3,639					3,639
VI. Other liabilities	174,025						174,025
<b>Total liabilities</b>	<b>174,025</b>	<b>4,193,112</b>	<b>2,676,342</b>	<b>1,588,115</b>	<b>121,443</b>	<b>-</b>	<b>8,753,037</b>
<b>Difference of net liquidity</b>	<b>298,348</b>	<b>(2,198,222)</b>	<b>(1,771,032)</b>	<b>2,949,539</b>	<b>1,705,895</b>	<b>510,122</b>	<b>1,494,650</b>

December 31, 2007

Prepared by



Chief Accountant


On Behalf of the General Director  
Deputy General Director

NGUYEN THI MUOI