

MESSAGE FROM THE BOARD OF MANAGEMENT

Ladies and gentlemen,



In 2006, the first year of the 5-year Development Strategy 2006-2010, Vietnam's economy continued its stable growth which was 8.2%, foreign direct investment surpassed the milestone of USD 10 billion, export turnover reached USD 39.6 billion. In the year, Vietnam officially became the 150th member of the World Trade Organization (WTO) and successfully hosted the 14th APEC Summit. Those two events have created opportunities for Vietnam in the economic development and international integration, attracting foreign investment flow to Vietnam during the coming years.

The year 2006 was considered a successful year for the banking industry. The flexible management of monetary policy balanced between economic growth and inflation at reasonable level. Facing the integration pressure, local commercial banks had actively prepared for their adaption to new competitive environment, which was proved by the improvement of financial capability, preparation for equitization of state-owned banks, cooperation with strategic investors and increase of equity for joint-stock banks. Together, service quality and diversification were emphasized, networks were expanded, and technology was modernized.

Within the context full of competitive challenges, with the determination for new stage of development, Incombank continued to achieve fundamental successes in the restructuring progress, to prepare necessary conditions for equitization and economic integration. All main targets set by inter-ministries (State Bank of Vietnam, Ministry of Finance, Ministry of Planning and Investment, Ministry of Labour, Invalids and Social Affairs) and Board of Directors were surpassed, all operating activities continued to grow in line with the Incombank's strategy.

Incombank's total assets at year end 2006 reached VND 138.264 billion, up by 19% as compared to 2005, total mobilized funds increased by 17%, loans and investment increased by 21%. Loans and investment structure and quality were improved towards assuring capital adequacy ratio and higher efficiency. NPL ratio was cut down to 1.38%

of total loans as compared to 3% at year-end 2005. At June 2006, Incombank has successfully completed the Modernization Project and Payment System, integrated and online banking were deployed throughout the whole network from Head Office to all branches and transaction offices nationwide. Before tax profit reached VND 779 billion, an increase of 48%, fee income was VND 350 billion, an increase of 32% compared to 2005.

According to the socio-economic development plan 2007 ratified by National Assembly, Vietnamese economic growth can reach 8.2 – 8.5%, financial market will be expanded and developed, stock market will continue to be exciting. Competition in banking activities will be fiercer, especially in the context of implementing commitments for WTO entry starting from 4 January 2007, banking sector will be opened for foreign banks to set up wholly owned subsidiary in Vietnam, the market will continue to be shared among local banks.

Incombank's plan for 2007 includes the effort to continue the comprehensive restructuring of all activities, implementing modernization, equitization, standardization of operations and corporate governance and personnel aspect, and better transparency and disclosure and financial soundness. Main targets are mobilized funds to increase by 15%, loans and investment to go up by 13% with good quality, good risk management, NPL below 5%, higher level of profit and provisioning, fee income to reach VND 450 billion.

One of the major targets for the year 2007 is the implementation of Incombank's equitization in which the State will keep more than 50% of charter capital. Equitization is the prerequisite for Incombank to advance for development and integration in order to improve corporate governance, attract resources which primarily are capital, management expertise and banking technology globally, while improving the monitoring of shareholders, clients and the public, on basis of which business operation will be more transparent and efficient. Incombank will make every effort to launch its IPO early 2008 in the local and international capital market.

On this occasion, on behalf of the Board of Directors, Board of Management and all Incombank's staff, we would like to express our sincere thanks to the valued guidance and support of the Government, the State Bank of Vietnam and other relative bodies and authorities and to our distinguished customers, domestic and foreign partners who greatly contributed to the success of Incombank in the year 2005. For the time being, we hope that Incombank will continue to receive your kind assistance and cooperation.

Dr. Nguyen Thac Hoat
Acting Chairman

Dr. Pham Huy Hung
Member of the Board of Directors
CEO