

Tien Phong Commercial Joint Stock Bank

(Incorporated in the Socialist Republic of Vietnam)

Financial statements for the period from 5 May 2008
(date of incorporation) to 31 December 2008

SAO Y BẢN CHÍNH

Ngày 15 tháng 05 năm 2008



**CHÁNH VĂN PHÒNG
VĂN PHÒNG HỘI ĐỒNG QUẢN TRỊ VÀ BAN ĐIỀU HÀNH
VŨ THÚY NHUNG**

Tien Phong Commercial Joint Stock Bank
(Incorporated in the Socialist Republic of Vietnam)
Corporate Information

Banking Licence No. 123/NH-GP 5 May 2008

The banking licence was issued by the State Bank of Vietnam and was valid for 99 years from the date of the banking licence.

Board of Management

| | |
|-----------------------|---------------|
| Mr. Le Quang Tien | Chairman |
| Mr. Pham Cong Tu | Vice Chairman |
| Mr. Truong Gia Binh | Member |
| Ms. Phan Thi Mai Hoa | Member |
| Mr. Nguyen Viet Thang | Member |
| Mr. Le Huy Con | Member |
| Mr. Dao Trong Khanh | Member |

Board of Directors

| | |
|--------------------------|-------------------------|
| Mr. Dao Trong Khanh | General Director |
| Ms. Tran Thi Nguyet Oanh | Deputy General Director |
| Mr. Phan Thanh Son | Deputy General Director |
| Ms. Truong Thi Cuc Huong | Deputy General Director |
| Mr. Truong Gia Tu | Director |
| Ms. Tran Thi Ngoc Dung | Director |
| Mr. Nguyen Hong Duc | Director |

Head Office

FPT Building
Pham Hung Street
Cau Giay District
Hanoi, Vietnam

Auditors

KPMG Limited
Vietnam



KPMG Limited
16th Floor, Pacific Place
83B Ly Thuong Kiet Street
Hoan Kiem District, Hanoi
The Socialist Republic of Vietnam

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REPORT OF THE INDEPENDENT AUDITORS

To the Investors

Tien Phong Commercial Joint Stock Bank
(Incorporated in the Socialist Republic of Vietnam)

Scope

We have audited the accompanying balance sheet of Tien Phong Commercial Joint Stock Bank ("the Bank") as of 31 December 2008 and the related statements of income, changes in equity and cash flows for the period from 5 May 2008 (date of incorporation) to 31 December 2008, as set out on pages 3 to 22. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2008 and the results of its operations and its cash flows for the period from 5 May 2008 (date of incorporation) to 31 December 2008, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions and other relevant accounting regulations stipulated by the State Bank of Vietnam, and accounting principles generally accepted in Vietnam.



KPMG Limited
Vietnam

Investment Licence No. 863/GP.
Audit Report No: 08-02-128

Mark E. Jerome
CPA No. 0628/KTV
Deputy General Director

Hanoi, 05 MAR 2009

Nguyen Tam Anh
CPA No. 0651

Tien Phong Commercial Joint Stock Bank
Balance sheet as at 31 December 2008

| | Note | 31/12/2008 VND'000 |
|---|-------|-----------------------|
| Assets | | |
| Cash on hand | 20 | 19,702,761 |
| Balances with the State Bank of Vietnam | 3, 20 | 25,823,028 |
| Balances with other financial institutions | 4 | 1,344,409,218 |
| Investment securities | 5 | 583,613,870 |
| Loans and advances to customers | 6 | 275,340,560 |
| Fixed assets | 7 | 58,512,951 |
| Other assets | 8 | 111,240,012 |
| | | 2,418,642,400 |
| Liabilities | | |
| Balances and borrowings from other financial institutions | 9 | 196,258,422 |
| Deposits from customers | 10 | 1,171,843,665 |
| General provision for commitments issued | | 200,017 |
| Other liabilities | 11 | 20,922,840 |
| Provision for taxation | 12 | 8,689,560 |
| | | 1,397,914,504 |
| Share capital | 13 | 1,000,000,000 |
| Retained earnings | | 12,151,238 |
| Reserves | 14 | 8,576,658 |
| | | 2,418,642,400 |
| Off-balance sheet items | | |
| Financial guarantees | 23 | 191,760,139 |



Dao Trong Khanh
General Director

Approved by:

05 MAR 2009

Vu Thuc Quyen
Chief Accountant

The notes set out on pages 7 to 22 form part of these financial statements.

Tien Phong Commercial Joint Stock Bank

Statement of income for the period from 5 May 2008 (date of incorporation) to
31 December 2008

| | Note | Period from 5/5/2008 to 31/12/2008 VND'000 |
|---|------|---|
| Interest and similar income | 15 | 198,427,177 |
| Interest and similar expenses | 15 | (73,075,069) |
| Net interest income | 15 | <u>125,352,108</u> |
| Fee and commission income | 16 | 1,886,627 |
| Fee and commission expenses | 16 | (5,376,131) |
| Net fee and commission income | 16 | <u>(3,489,504)</u> |
| Foreign exchange gains – net | | (1,276,107) |
| Loss from securities trading – net | | (381,176) |
| Other income | | 332,149 |
| Salaries and related expenses | | (19,571,077) |
| Provision for doubtful debts | 6 | (152,462) |
| Reversal of provision for doubtful debts | 6 | 153 |
| General provision for commitments issued | | (200,017) |
| Depreciation and amortisation of fixed assets | | (5,637,901) |
| General administration expenses | | (27,599,899) |
| Profit before taxation | | <u>67,376,267</u> |
| Corporate income tax | 17 | (16,865,213) |
| Profit after taxation | | <u><u>50,511,054</u></u> |



Dao Trong Khanh
General Director

Approved by:

Vu Thuc Quyen
Chief Accountant

05 MAR 2009

Tien Phong Commercial Joint Stock Bank

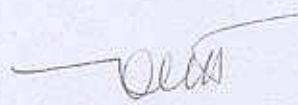
Statement of changes in equity for the period from 5 May 2008 (date of incorporation) to 31 December 2008

| | Note | Share capital VND'000 | Retained profits VND'000 | Reserves VND'000 | Total VND'000 |
|------------------------------------|------|--------------------------|-----------------------------|---------------------|----------------------|
| Balance at 5 May 2008 | | - | - | - | - |
| Capital contribution | | 1,000,000,000 | - | - | 1,000,000,000 |
| Net profit for the period | | - | 50,511,054 | - | 50,511,054 |
| Transfer to reserves | | - | (8,576,658) | 8,576,658 | - |
| Distribution to shareholders | 18 | - | (29,783,158) | - | (29,783,158) |
| Balance at 31 December 2008 | | 1,000,000,000 | 12,151,238 | 8,576,658 | 1,020,727,896 |



Dao Trong Khanh
General Director

Approved by:


Vu Thuc Quyen
Chief Accountant

05 MAR 2009

Tien Phong Commercial Joint Stock Bank
Statements of cash flows for the period from 5 May 2008 (date of incorporation)
to 31 December 2008

| | Note | Period from 5/5/2008 to 31/12/2008 VND'000 |
|--|-----------|---|
| Cash flows from operating activities | | |
| Profit before tax | | 67,376,267 |
| Adjustments for: | | |
| Depreciation and amortisation of fixed assets | | 5,637,901 |
| Allocation of pre-operating expense | | 4,416,752 |
| General provision for commitments issued | | 200,017 |
| Provision for doubtful debts | 6 | 152,462 |
| Reversal of provision for doubtful debts | 6 | (153) |
| Operating profit before changes in operating assets and liabilities | | 77,783,246 |
| Increase in operating assets | | |
| Balances with other financial institutions | | (800,000,000) |
| Loans and advances to customers | | (275,492,869) |
| Other assets | | (98,245,289) |
| Increase in operating liabilities | | |
| Balances and borrowings from other financial institutions | | 196,258,422 |
| Customer deposits | | 1,171,843,665 |
| Other liabilities | | 21,438,009 |
| <i>Cash inflow from operating activities</i> | | <i>293,585,184</i> |
| Corporate income tax paid | | (8,690,822) |
| <i>Net cash inflow from operating activities</i> | | <i>284,894,362</i> |
| Cash flows from investing activities | | |
| Purchase of fixed assets | | (64,150,852) |
| Purchase of securities investments | | (601,025,345) |
| <i>Net cash outflow from investing activities</i> | | <i>(665,176,197)</i> |
| Cash flows from financing activities | | |
| Issuance of share capital | | 1,000,000,000 |
| Distributions to shareholders | 18 | (29,783,158) |
| <i>Net cash inflow from financing activities</i> | | <i>970,216,842</i> |
| Net increase in cash and cash equivalents | | 589,935,007 |
| Cash and cash equivalents at the beginning of the period | | - |
| Cash and cash equivalents at the end of the period | 20 | 589,935,007 |



Approved by:

Dao Trong Khanh
General Director

05 MAR 2009

Vu Thuc Quyen
Chief Accountant

The notes set out on pages 7 to 22 form part of these financial statements.

Tien Phong Commercial Joint Stock Bank
Notes to the financial statements for the period from 5 May 2008 (date of incorporation)
to 31 December 2008

These notes form an integral part of, and should be read in conjunction with, the accompanying financial statements.

1. Principal activities

The principal activities of Tien Phong Commercial Joint Stock Bank ("the Bank"), which is incorporated as a joint stock bank in the Socialist Republic of Vietnam, are to carry out banking activities, under Banking Licence No. 123/NH-GP issued by the State Bank of Vietnam ("SBV") on 5 May 2008 for a period of 99 years.

The Bank's Head Office is located at FPT Building, Pham Hung Street, Hanoi. As at 31 December 2008, the Bank has one Head Office, 2 branches and 6 transaction offices nationwide.

As at 31 December 2008, the Bank had 246 employees.

2. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Bank in the preparation of these financial statements.

(a) Basis of financial statement preparation

The financial statements, expressed in Vietnam Dong ("VND"), rounded to the nearest thousand ("VND'000"), have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions and other relevant accounting regulations stipulated by the State Bank of Vietnam, and accounting principles generally accepted in Vietnam, which may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards of other countries. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices.

The financial statements are prepared on the historical cost basis. The accounting policies have been consistently applied by the Bank.

(b) Fiscal year

The first fiscal period of the Bank is from 5 May 2008 (date of incorporation) to 31 December 2008. The succeeding fiscal year will be from 1 January to 31 December.

(c) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the period have been translated into VND at rates approximating those ruling on transaction dates. All realised and unrealised foreign exchange differences are recorded in the statement of income.

Tien Phong Commercial Joint Stock Bank
Notes to the financial statements for the period from 5 May 2008 (date of incorporation)
to 31 December 2008 (continued)

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with the SBV and balances with other banks with original terms to maturity of less than 90 days.

(e) Investment securities

Investment securities comprise securities issued by the Government and companies. Those that the Bank holds for the purpose of short-term profit taking are classified as trading instruments. Those that the Bank has the intention and ability to hold to maturity are classified as held-to-maturity assets. Other investments are classified as available-for-sale assets.

Investment securities are stated at cost. Where appropriate, a provision will be made for diminution in value of investments in accordance with Government Decree No. 146/2005/ND-CP dated 23 November 2005.

(f) Loans and advances

Decision No. 493/2005/QD-NHNN dated 22 April 2005 issued by State Bank of Vietnam, which was amended and supplemented by Decision No. 18/2007/QD-NHNN dated 25 April 2007 issued by the SBV, requires specific provision to be made for loans and advances on a quarterly basis based on loan gradings.

The specific provision disclosed at the balance sheet date (i.e. 31 December) is determined utilising the following provision rates against principal outstanding as at 30 November less allowed value of collateral.

Tien Phong Commercial Joint Stock Bank

Notes to the financial statements for the period from 5 May 2008 (date of incorporation) to 31 December 2008 (continued)

| <i>Group</i> | | <i>Overdue status</i> | <i>Provision rate</i> |
|--------------|-------------------|---|-----------------------|
| 1 | Current | Current loans or overdue loans less than 10 days. | 0% |
| 2 | Special mentioned | <ul style="list-style-type: none"> • Loans being overdue between 10 days to 90 days; or • Loans having revised terms of repayments for the first time (if customers are assessed as being capable of repaying both principal and interest according to the first revised terms of repayments for the case of enterprises and organisational customers). | 5% |
| 3 | Sub-standard | <ul style="list-style-type: none"> • Loans being overdue between 91 days and 180 days; • Loans having rescheduled terms of repayments for the first time except for the loans with revised terms of repayments classified into the above mentioned Group 2; or • Loans having exempt or reduced interest because customers are not able to pay the interest according to contracts. | 20% |
| 4 | Doubtful | <ul style="list-style-type: none"> • Loans being overdue between 181 days and 360 days; • Loans having rescheduled terms of repayments for the first time and being overdue less than 90 days according to the first rescheduled terms of repayments; or • Loans having rescheduled terms of repayments for the second time. | 50% |
| 5 | Loss | <ul style="list-style-type: none"> • Loans being overdue more than 360 days; • Loans having rescheduled terms of repayments for the first time and being overdue from 90 days or more according to the first rescheduled terms of repayments; • Loans having rescheduled terms of repayments for the second time and being overdue according to the second reschedule terms of repayments; • Loans having rescheduled terms of repayments for the third time; or • Blocked loans, or loans awaiting for settlements. | 100% |

In addition, the Bank is required to make a general provision of 0.75% of total outstanding loans that are classified from Group 1 to Group 4 as at the balance sheet date. Such general provision is required to be made in full within 5 years from the effective date of Decision No. 493/2005/QD-NHNN. As at the balance sheet date, the bank provided a general provision of 0.11% of the above balances as at 30 November 2008.

No general provisions are made for country risk, other than the financial reserve required by regulations of the SBV (Note 14).

(g) Provision for off-balance sheet commitments

In accordance with Decision No. 493/2005/QD-NHNN, the Bank is also required to classify guarantees, acceptances, irrevocable undrawn loan commitments which are irrevocable into relevant groups and make specific provisions accordingly.

In addition, the Bank is required to make a general provision of 0.75% of total outstanding letters of guarantee, letters of credit, and irrevocable undrawn loan commitments as at the balance sheet date. Such general provision is required to be made in full within 5 years from the effective date of Decision No. 493/2005/QD-NHNN. As at the balance sheet date, the Bank provided a general provision of 0.11% of the above balances as at 30 November 2008.

Tien Phong Commercial Joint Stock Bank

Notes to the financial statements for the period from 5 May 2008 (date of incorporation) to 31 December 2008 (continued)

(h) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to statement of income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of items of tangible fixed assets. The estimated useful lives are as follows:

- office equipment 4 - 6 years
- motor vehicles 4 - 8 years

(i) Intangible fixed assets

Software

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 5 years.

(k) Provision

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(l) Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date.

Tien Phong Commercial Joint Stock Bank

Notes to the financial statements for the period from 5 May 2008 (date of incorporation) to 31 December 2008 (continued)

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.

A 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. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Revenue recognition

Interest income is recognised in the statement of income on an accruals basis, except for interest on loans classified in Group 2 to Group 5 which is recognised upon receipts.

Fees and commissions are recognised when incurred or earned.

(n) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

(o) Borrowing costs

Borrowing costs are recognised as an expense when they are incurred.

(p) Related companies

Related companies include the shareholders and their subsidiaries and associates.

(q) Off-balance sheet items

In the normal course of business, the Bank has entered into off-balance sheet commitments.

Commitments and contingent liabilities

At any time, the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans and overdraft facilities. The Bank also provides financial guarantees to guarantee the performance of customers to third parties. Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore the amounts do not represent expected future cash flows.

Tien Phong Commercial Joint Stock Bank
Notes to the financial statements for the period from 5 May 2008 (date of incorporation)
to 31 December 2008 (continued)

3. Balances with the State Bank of Vietnam

This consists of a compulsory reserve for liquidity and current accounts.

Under the State Bank of Vietnam's regulations relating to the compulsory reserve, banks are permitted to maintain a floating balance for the compulsory reserve requirement. The monthly average balance of the reserve must not be less than 7% (31 December 2007: 10%), 3% (31 December 2007: 4%), 6% (31 December 2007: 10%), 2% (31 December 2007: 4%) of the preceding month's average balances of deposits in foreign currencies with term of less than 12 months, deposits in foreign currencies with term from 12 to 24 months, VND deposits with term of less than 12 months and VND deposits with term from 12 to 24 months, respectively, used as a basis for calculating the compulsory reserve requirement.

Effective period end annual interest rates are as follows:

| | 31/12/2008 |
|--|------------|
| Deposits in VND | |
| Within the compulsory reserve requirement | 8.5% |
| Exceeding the compulsory reserve requirement | 0% |
| Deposits in United States Dollars (US\$) | |
| Within the compulsory reserve requirement | 0% |
| Exceeding the compulsory reserve requirement | 1% |

4. Balances with other banks

| | 31/12/2008 VND'000 |
|------------------|-----------------------|
| Current accounts | 4,409,218 |
| Term deposits | 1,340,000,000 |
| | <u>1,344,409,218</u> |

Effective period end annual interest rates are as follows:

| | 31/12/2008 |
|--|-------------------|
| Current accounts in VND | 0.2%-2.4% |
| Current accounts in foreign currencies | 0%-1.0% |
| Term deposits in VND | <u>7.0%-18.5%</u> |

5. Investment securities

| | 31/12/2008 VND'000 |
|----------------------|-----------------------|
| Available for sale | |
| Government bonds (i) | 535,627,599 |
| Corporate bonds (ii) | 47,986,271 |
| | <u>583,613,870</u> |

Tien Phong Commercial Joint Stock Bank
Notes to the financial statements for the period from 5 May 2008 (date of incorporation)
to 31 December 2008 (continued)

- (i) These bonds are issued by State Treasury, denominated in VND, from 2 to 5 years and carry interest rates from 7.4% to 17.5% per annum. Interests are payable annually.
- (ii) These are ten-year bonds issued by Vietnam Coal and Minerals Industries Group, denominated in VND and carry interest rate of 9.5% per annum. Interests are payable annually.

6. Loans and advances to customers

| | 31/12/2008 VND'000 |
|----------------------------------|-------------------------------------|
| Short term loans | 207,178,853 |
| Medium and long term loans | 68,314,016 |
| | <u>275,492,869</u> |
| Provision for loans and advances | (152,309) |
| | <u>275,340,560</u> |

Loan portfolio by industry sectors is as follows:

| | 31/12/2008 VND'000 |
|----------------------------------|-------------------------------------|
| Manufacturing | 23,172,825 |
| Services and trading | 110,916,115 |
| Construction and real estate | 1,678,600 |
| Transportation and communication | 10,150,689 |
| Individual and others | 129,574,640 |
| | <u>275,492,869</u> |

Loan portfolio by type of borrowers is as follows:

| | 31/12/2008 VND'000 |
|------------------------------|-------------------------------------|
| State owned enterprises | 14,870,000 |
| Limited liability companies | 175,240,779 |
| Foreign invested enterprises | 9,350,689 |
| Individuals and others | 76,031,401 |
| | <u>275,492,869</u> |

Loan portfolio by loan groups is as follows:

| | 31/12/2008 VND'000 |
|-----------------|-------------------------------------|
| Current | 275,427,094 |
| Special mention | 65,775 |
| | <u>275,492,869</u> |

Tien Phong Commercial Joint Stock Bank
 Notes to the financial statements for the period from 5 May 2008 (date of incorporation)
 to 31 December 2008 (continued)

Effective period end annual interest rates are as follows:

| | |
|---------------------------|-------------------|
| | 31/12/2008 |
| Loans and advances in VND | 10%-21% |
| USD | 5%-8.5% |

Provision for loans and advances to customers consisted of:

| | |
|--------------------|-------------------|
| | 31/12/2008 |
| | VND'000 |
| General provision | 148,964 |
| Specific provision | 3,345 |
| | <u>152,309</u> |

Movements in provision for loans and advances to customers are as follows:

| | |
|---|-------------------|
| | 31/12/2008 |
| | VND'000 |
| Balance as at the beginning of the period | - |
| Provision made in the period | 152,462 |
| Reversal of provision | (153) |
| | <u>152,309</u> |

7. Fixed assets

| | |
|------------------------------|-------------------|
| | 31/12/2008 |
| | VND'000 |
| Tangible fixed assets (i) | 41,535,911 |
| Intangible fixed assets (ii) | 16,977,040 |
| | <u>58,512,951</u> |

(i) Tangible fixed assets

| | Office equipment VND'000 | Motor vehicles VND'000 | Total VND'000 |
|---|-----------------------------|---------------------------|-------------------|
| Cost | | | |
| Additions and closing balance | 42,165,503 | 3,239,940 | 45,405,443 |
| Accumulated depreciation | | | |
| Charge for the period and closing balance | 3,762,047 | 107,485 | 3,869,532 |
| Net book value | | | |
| Closing balance | <u>38,403,456</u> | <u>3,132,455</u> | <u>41,535,911</u> |

Tien Phong Commercial Joint Stock Bank
Notes to the financial statements for the period from 5 May 2008 (date of incorporation)
to 31 December 2008 (continued)

| | |
|---|-------------------------------------|
| (ii) Intangible fixed assets | Software VND'000 |
| Cost | |
| Additions and closing balance | 18,745,409 |
| Accumulated amortisation | |
| Charge for the period and closing balance | 1,768,369 |
| Net book value | |
| Closing balance | 16,977,040 |
| | |
| 8. Other assets | 31/12/2008 VND'000 |
| Interest receivable | 56,908,998 |
| Advances | 16,211,767 |
| Unallocated pre-operating expenses | 22,078,463 |
| Prepaid expenses | 10,107,523 |
| Others | 5,933,261 |
| | <u>111,240,012</u> |
| | |
| 9. Balances and borrowings from other financial institutions | 31/12/2008 VND'000 |
| Current accounts | 48,122 |
| Term deposits | 196,210,300 |
| | <u>196,258,422</u> |
| | |
| Effective period end annual interest rates are as follows: | 31/12/2008 |
| Current accounts in VND | 5.5% |
| Term deposits in VND | 4.2%-10.7% |
| Term deposits in foreign currencies | <u>1.0%</u> |

Tien Phong Commercial Joint Stock Bank
 Notes to the financial statements for the period from 5 May 2008 (date of incorporation)
 to 31 December 2008 (continued)

10. Deposits from customers

| | 31/12/2008 VND'000 |
|------------------|-----------------------|
| Demand deposits | 207,697,495 |
| Savings deposits | 144,571,958 |
| Term deposits | 818,853,399 |
| Margin deposits | 720,813 |
| | <u>1,171,843,665</u> |

Demand deposits can be redeemed on demand. Term and savings deposits are at fixed and floating rates and have initial terms from 1 month to 24 months.

Margin deposits include guarantee deposits for financial guarantees for settlement, bidding, contract performance of customers and others.

Deposits from customers by type of customers are as follows:

| | 31/12/2008 VND'000 |
|-------------------|-----------------------|
| Economic entities | 1,007,532,338 |
| Individuals | 164,311,327 |
| | <u>1,171,843,665</u> |

Effective period end annual interest rates are as follows:

| | 31/12/2008 |
|--|------------|
| Demand deposits in VND | 1.0%-6.0% |
| Demand saving deposits in foreign currencies | 1.0%-1.5% |
| Term deposits in VND | 6.2%-18.0% |
| Term deposits in foreign currencies | 1.5%-3.6% |

11. Other liabilities

| | 31/12/2008 VND'000 |
|-------------------|-----------------------|
| Interest payable | 20,228,805 |
| Dividends payable | 294,000 |
| Other payables | 400,035 |
| | <u>20,922,840</u> |

Tien Phong Commercial Joint Stock Bank

Notes to the financial statements for the period from 5 May 2008 (date of incorporation) to 31 December 2008 (continued)

12. Provision for taxation

| | 31/12/2008 VND'000 |
|----------------------|-----------------------|
| Value added tax | 188,508 |
| Corporate income tax | 8,174,391 |
| Other taxes | 326,661 |
| | <u>8,689,560</u> |

13. Share capital

| | 31/12/2008 | |
|----------------------|------------------|---------------|
| | Number of shares | VND'000 |
| Issued share capital | 100,000,000 | 1,000,000,000 |

Nominal value of the Bank's ordinary share is VND10,000.

14. Reserves

| | Reserve to supplement share capital VND'000 | Financial reserve VND'000 | Welfare fund VND'000 | Total VND'000 |
|--|--|---------------------------------|-------------------------|------------------|
| Allocation to reserves and balances at 31 December 2008 | 2,525,553 | 5,051,105 | 1,000,000 | 8,576,658 |

According to Decree 146/2005/ND-CP dated 23 November 2005 issued by the Government of Vietnam, banks are required to make the following allocation to statutory reserves before distribution of profits:

| | Annual allocation | Maximum balance |
|---|-------------------------|-------------------|
| Reserve to supplement chartered capital : | 5% of profits after tax | Chartered capital |

The following reserve is calculated based on the profits after tax, reserve to supplement chartered capital and accumulated non-deductible losses.

| | | |
|---------------------|--------------------------|--------------------------|
| Financial reserve : | 10% of profits after tax | 25% of chartered capital |
|---------------------|--------------------------|--------------------------|

The purpose of the financial reserve is to cover losses incurred during the normal course of business. This reserve together with the reserve to supplement chartered capital is non-distributable.

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 Notes to the financial statements for the period from 5 May 2008 (date of incorporation)
 to 31 December 2008 (continued)

15. Net interest income

| | Period from 5/5/2008 to 31/12/2008 VND'000 |
|---|---|
| <i>Interest and similar income</i> | |
| On loans and advances to customers | 6,908,314 |
| On placements, loans to other credit institutions | 143,619,155 |
| On investments | 47,826,230 |
| Others | 73,478 |
| | <hr/> 198,427,177 <hr/> |
| <i>Interest and similar expenses</i> | |
| On deposit from other credit institutions | (1,965,356) |
| On deposits from customers | (70,489,979) |
| On borrowings from the SBV | (619,477) |
| Others | (257) |
| | <hr/> (73,075,069) <hr/> |
| Net interest income | <hr/> 125,352,108 <hr/> |

16. Net fee and commission income

| | Period from 5/5/2008 to 31/12/2008 VND'000 |
|--------------------------------------|---|
| <i>Fee and commission income</i> | |
| Guarantees | 1,493,381 |
| Settlement and cash services | 264,137 |
| Other services | 129,109 |
| | <hr/> 1,886,627 <hr/> |
| <i>Fee and commission expenses</i> | |
| Settlement and cash services | (807,312) |
| Broker service | (4,564,015) |
| Other services | (4,804) |
| | <hr/> (5,376,131) <hr/> |
| Net fee and commission income | <hr/> (3,489,504) <hr/> |

17. Corporate income tax ("CIT")

(a) Recognised in the statement of income

| | Period from 5/5/2008 to 31/12/2008 VND'000 |
|----------------------|---|
| Current CIT expenses | 16,865,213 |

(b) Reconciliation of effective tax rate

| | Period from 5/5/2008 to 31/12/2008 VND'000 |
|----------------------------|---|
| Profit before tax | 67,376,267 |
| Tax at applicable CIT rate | 18,865,355 |
| Effect of tax reduction | (2,000,142) |
| | <u>16,865,213</u> |

Pursuant to Circular No. 03/2009/TT-BTC ("Circular 03") issued by the Ministry of Finance on 13 January 2009, the Bank's operations meet the definition of Small and Medium Enterprises and the Bank is therefore entitled to a 30 percent reduction of current CIT expense for the fourth quarter of 2008 and the whole year of 2009. The amount of income tax reduction for the fourth quarter of 2008 has been computed based on the taxable profit for the fourth quarter of 2008 in accordance with the guidance in Circular 03.

(c) Applicable tax rates

The Bank has an obligation to pay the government CIT at the rate of 28% of taxable profit. The CIT computation is subject of the review and approval of the tax authorities.

18. Dividends

| | Period from 5/5/2008 to 31/12/2008 VND'000 |
|----------------|---|
| Paid dividends | <u>29,783,158</u> |

Tien Phong Commercial Joint Stock Bank

Notes to the financial statements for the period from 5 May 2008 (date of incorporation) to 31 December 2008 (continued)

19. Significant transactions with related parties

In the normal course of banking business, the Bank carries out transactions with related parties (shareholders, investee companies of the Bank, directors and officers of the bank, their families and companies of which they are principal owners) who were customers of the bank during the period. The terms of these transactions are approved by the Bank's management.

During the period and as at the period-end, there were the following significant transactions and balances with related parties:

| | Transaction value in the period from 5/5/2008 to 31/12/2008 VND'000 | Balance outstanding as at 31/12/2008 VND'000 |
|------------------------------|---|---|
| Investors | | |
| Deposits | | 846,078,184 |
| Loans and advances | | 39,193,598 |
| Interest and similar expense | 32,298,034 | 229,079 |
| Affiliates | | |
| Deposits | | 129,214,105 |
| Loans and advances | | 7,503,023 |
| Interest and similar expense | 2,596,423 | 2,551,830 |
| Board of directors | | |
| Compensation | 1,949,250 | |
| Board of management | | |
| Compensation | 414,800 | |

20. Cash and cash equivalents

| | 31/12/2008 VND'000 |
|--|-----------------------|
| Cash on hand | 19,702,761 |
| Balances with the SBV | 25,823,028 |
| Balances with other financial institutions | 544,409,218 |
| | 589,935,007 |

Tien Phong Commercial Joint Stock Bank
Notes to the financial statements for the period from 5 May 2008 (date of incorporation)
to 31 December 2008 (continued)

21. Maturities of assets and liabilities

The following table provides an analysis of the monetary assets and liabilities of the Bank into relevant maturity groupings based on the remaining period from the balance sheet date to repayment date. In practice, the actual maturity of monetary asset or liability may differ from contractual terms based on both verbal agreements between the parties and addenda to the contracts which may exist.

| | Less than 1 month | From 1 month to 3 months | From 3 months to 1 year | From 1 year to 5 years | More than 5 year | Total |
|--|----------------------|--------------------------|-------------------------|------------------------|------------------|----------------------|
| Assets | | | | | | |
| Cash on hand | 19,702,761 | - | - | - | - | 19,702,761 |
| Balances with the SBV | 25,823,028 | - | - | - | - | 25,823,028 |
| Balances with other financial institutions | 394,409,218 | 950,000,000 | - | - | - | 1,344,409,218 |
| Investment securities | 583,613,870 | - | - | - | - | 583,613,870 |
| Loans and advances-gross | 85,000 | 84,248,557 | 122,845,296 | 67,945,192 | 368,824 | 275,492,869 |
| Other assets | 111,240,012 | - | - | - | - | 111,240,012 |
| | <u>1,134,873,889</u> | <u>1,034,248,557</u> | <u>122,845,296</u> | <u>67,945,192</u> | <u>368,824</u> | <u>2,360,281,758</u> |
| Liabilities | | | | | | |
| Balances from other financial institutions | 96,258,442 | 100,000,000 | - | - | - | 196,258,442 |
| Customer deposits | 372,544,892 | 208,386,232 | 490,612,541 | 100,300,000 | - | 1,171,843,665 |
| Other liabilities | 20,922,840 | - | - | - | - | 20,922,840 |
| Provision for taxation | - | 8,689,560 | - | - | - | 8,689,560 |
| | <u>489,726,174</u> | <u>317,075,792</u> | <u>490,612,541</u> | <u>100,300,000</u> | <u>-</u> | <u>1,397,714,507</u> |
| Net gap | <u>645,147,715</u> | <u>717,172,765</u> | <u>(367,767,245)</u> | <u>(32,354,808)</u> | <u>368,824</u> | <u>962,567,251</u> |

22. Currency profile of assets and liabilities

| | VND | USD | EUR | Other currencies | Total |
|--|----------------------|---------------------|---------------|------------------|----------------------|
| Assets | | | | | |
| Cash on hand | 14,116,140 | 5,586,621 | - | - | 19,702,761 |
| Balances with the SBV | 8,499,940 | 17,323,088 | - | - | 25,823,028 |
| Balances with other financial institutions | 1,343,160,260 | 1,216,376 | 24,774 | 7,808 | 1,344,409,218 |
| Investment securities | 583,613,870 | - | - | - | 583,613,870 |
| Loans and advances-gross | 226,055,525 | 49,437,344 | - | - | 275,492,869 |
| Fixed assets | 58,512,951 | - | - | - | 58,512,951 |
| Other assets | 111,240,012 | - | - | - | 111,240,012 |
| | <u>2,345,198,698</u> | <u>73,563,429</u> | <u>24,774</u> | <u>7,808</u> | <u>2,418,794,709</u> |
| Liabilities | | | | | |
| Balances from other financial institutions | 130,048,122 | 66,210,300 | - | - | 196,258,422 |
| Customer deposits | 1,115,414,715 | 56,403,968 | 24,982 | - | 1,171,843,665 |
| Other liabilities | 20,922,840 | - | - | - | 20,922,840 |
| Provision for taxation | 8,689,560 | - | - | - | 8,689,560 |
| | <u>1,275,075,237</u> | <u>122,614,268</u> | <u>24,982</u> | <u>-</u> | <u>1,397,714,487</u> |
| Net exposure | <u>1,070,123,461</u> | <u>(49,050,839)</u> | <u>(208)</u> | <u>7,808</u> | <u>1,021,080,222</u> |

Tien Phong Commercial Joint Stock Bank
 Notes to the financial statements for the period from 5 May 2008 (date of incorporation)
 to 31 December 2008 (continued)

23. Contingent liabilities

| | Balance -gross VND'000 | Marginal deposits VND'000 | Net exposures VND'000 |
|----------------------|---------------------------|------------------------------|--------------------------|
| Financial guarantees | 191,760,139 | 720,813 | 191,039,326 |

24. Commitments

The minimum lease payments under non-cancellable operating leases were as follow:

| | 31/12/2008 VND'000 |
|----------------------------|-----------------------|
| Due within one year | 11,129,972 |
| Due from two to five years | 11,555,211 |
| Due after five years | 987,425 |
| | <u>23,672,608</u> |



Dao Trong Khanh
 General Director

Approved by:

Vu Thuc Quyen
 Chief Accountant

05 MAR 2009