



CHAIRMAN'S STATEMENT

The world of 2005 was rocked by natural disasters, terrorist acts, conflicts and soaring oil price that slowed down economic growth worldwide. In that context, although Viet Nam was able to further advance her economy, she had to skillfully navigate through numerous obstacles on the path to development such as the ever high consumer price index (CPI), the frozen real estate market and the impact of adversary economic developments in the world. As a result, it was inevitable that the banking operation was to a certain extent also affected.

For the Mekong Housing Bank (MHB), the end of 2005 tolled the bell for the completion of the first 5-year stage of the MHB restructuring plan approved by the Government. It was also a good time to look back and review what MHB had accomplished to have a full appreciation of its development and maturation.

MHB began to enter the development phase in 2001 and has enjoyed progress ever since thanks to breakthroughs in network expansion, management, salary structure, etc. Over the length of five years from 2001 to 2005, the bank was able to achieve many outstanding successes in such short period of time. Starting with 16 branches at the beginning of 2001, MHB has transformed itself into an institution with a network of 110 branches, sub-branches and a workforce of 2,000 employees operating in 32 major economic centers stretching throughout the country from Mong Cai province to the district island of Phu Quoc. While the total assets of the bank in 2001 approximated 1,000 billion VND, it was enlarged to 12,700 billion VND by the end of 2005. Compared to 2004, deposits increased by 54%, the volume of investments and loans availability rose by 62%, and profits nearly doubled.

While enjoying a high growth rate of 60%-70% per year on average, MHB has always ensured that safety measures are in place and their parameters are on par with international practice. MHB is the only bank in Viet Nam has its auditing conducted in line with international auditing standards in three consecutive years (performed by Ernst & Young). The auditing findings showed that all safety indicators well exceeded international standards, and MHB is the safest bank for that matter in the entire banking system of Viet Nam.

In 2006, the anticipated Viet Nam's accession to the WTO and the consequent market access to the financial and banking sectors is expected to lead to harsher competition in the banking sector. To prepare itself for further integration into the world economy, MHB will continue to pursue the goals set out in the MHB restructuring plan approved by the Government, on the one hand. On the other, the bank will focus its efforts on making preparations for equitization in line with the government policy. The purpose of this plan is to enhance the bank's competitiveness, capacity of corporate governance and management compatible with the best international practice. At the same time, we believe this plan will help stimulate the introduction of good services and products for our customers as well as ensure the harmony of interests of the Government, the investor and the customer, while better rewarding MHB employees.

Striving to become the first choice of individuals and SMEs in banking and to successfully accomplish its equitization, MHB will steadfastly continue its organizational and managerial restructuring based on international standards. At the same time, the bank will focus its efforts on human resource development and technology investment to better satisfy customers with new, innovative products and services. Our aim is to make MHB comfortable and effective in our new operating environment of post-equitization, international integration and market competition.

Ho Chi Minh City, March, 2006

A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Huynh Nam Dzung