



Audited financial statements in accordance with the Vietnamese Accounting Standards and System for Credit Institutions for the year ended 31 December 2008

Reference: 11397/11108

Independent Auditors' Report

on the financial statements of Saigon Commercial Bank
for the year ended 31 December 2008

**To: The Board of Management and Board of Directors of
Saigon Commercial Bank**

We have audited the accompanying balance sheet of Saigon Commercial Bank ("the Bank") as at 31 December 2008, and the related statements of income and retained earnings, and cash flows and the notes thereto ("the financial statements") for the year then ended as set out on pages 2 to 45. 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.

Basis of opinion

We conducted our audit in accordance with Vietnamese and International Standards on Auditing applicable in Vietnam. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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.

Opinion

In our opinion, the financial statements, in all material aspects, give a true and fair view of the financial position of the Bank as at 31 December 2008 and the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards and System for credit institutions and relevant regulations of the State Bank of Vietnam and Ministry of Finance of Vietnam.



Young Vietnam Ltd

Nguyen

Vo Tan Hoang Van
Deputy General Director
Registered Auditor
Certificate No. 0264/KTV

Nguyen Phuong Nga
Auditor-in-charge
Registered Auditor
Certificate No. 0763/KTV

*Ho Chi Minh City, Vietnam
22 January 2009*

Balance sheet

as at 31 December 2008

	Note	2008 VNDm	2007 VNDm
Assets			
Cash, gold, silver and precious stones	3	130,299	196,529
Balances with the State Bank of Vietnam ("the SBV")	4	568,930	173,563
Cash, gold placements with other credit institutions	5	4,671,306	3,255,201
Trading securities	6	852	61,008
Trading securities		3,248	64,038
Provision for impairment of trading securities		(2,396)	(3,030)
Derivatives and other financial assets	7	1,503	-
Loans and advances to customers		23,100,713	19,397,781
Loans and advances to customers	8	23,278,256	19,477,605
Provision for loan losses	9	(177,543)	(79,824)
Investment securities	10	4,181,835	886,321
Available-for-sale investments		4,178,854	882,905
Held-to-maturity investments		2,981	3,416
Capital contributions and long-term investments	11	700,906	57,325
Other long-term investments		704,006	57,325
Provision for impairment of long-term investments		(3,100)	-
Fixed assets	12	572,145	324,971
Tangible fixed assets	12.1	343,770	195,276
Cost		381,998	213,503
Accumulated depreciation		(38,228)	(18,227)
Intangible fixed assets	12.2	228,375	129,695
Cost		231,542	131,400
Accumulated amortization		(3,167)	(1,705)
Other assets	13	4,667,564	1,588,855
Accounts receivable	13.1	3,666,033	881,684
Accrued interest and fees receivable	13.2	815,153	210,157
Other assets	13.3	186,378	497,014
Total assets		38,596,053	25,941,554

	Note	2008 VNDm	2007 VNDm
Liabilities			
Borrowings from the Government and SBV		-	58,996
Deposits from other credit institutions	14	7,775,638	5,323,749
Customer deposits	15	22,969,094	15,970,542
Issuance of valuable papers	16	3,647,189	1,400,000
Grants, entrusted investments and loans exposed to risks	17	214,027	5,927
Other liabilities	18	1,180,938	551,387
Accrued interest and fees payable	18.1	978,530	427,455
Accounts payable and other liabilities	18.2	197,443	121,823
Provision for contingent liabilities and off balance sheet commitments	18.3	4,965	2,109
Total liabilities		35,786,886	23,310,601
Owners' equity			
Capital and reserves			
Charter capital	20	2,180,683	1,970,000
Share premiums	20	335,287	407,531
Treasury stocks	20	(56,000)	-
Reserves	20	95,828	24,933
Retained earnings	20	253,369	228,489
Total owners' equity		2,809,167	2,630,953
Total liabilities and owners' equity		38,596,053	25,941,554
Off balance sheet items			
Contingent liability obligations	34	595,224	395,515

Prepared by:

Approved by:

Approved by:



Ms Nguyen Thi Thu Dong
Accounting and Finance Manager



Mr Than Ngoc Minh
Chief Accountant




Mr Pham Anh Dung
General Director

Ho Chi Minh City, Vietnam
22 January 2009

Income Statement

for the year ended 31 December 2008

	Note	2008 VNDm	2007 VNDm
Interest and similar income	23	4,351,582	1,702,241
Interest and similar expenses	24	(3,333,736)	(1,258,563)
Net interest and similar income		1,017,846	443,678
Fee and commission income		158,393	142,161
Fee and commission expenses		(9,473)	(5,923)
Net fee and commission income	25	148,920	136,238
Net gain from dealing in foreign exchange	26	57,306	2,499
Net (loss)/gain from dealing in trading securities	27	(35,508)	69,305
Net other operating income	28	34,332	36,683
Gains from capital contributions and share purchases	29	4,415	558
Total operating income		1,227,311	688,961
Operating expenses			
Salaries and remunerations		(270,854)	(154,211)
Depreciation and amortization		(21,883)	(10,599)
Other operating expenses	30	(173,936)	(109,937)
		(466,673)	(274,747)
Operating profit before credit loss expense		760,638	414,214
Loan loss provision expense	9, 18.3	(138,984)	(75,212)
Reversal of loan loss provisions	9, 18.3	24,769	20,022
Profit before tax		646,423	359,024
Current corporate income tax	19.1	(182,533)	(100,289)
Deferred corporate income tax	19.2	-	-
Corporate income tax expenses		(182,533)	(100,289)
Profit after tax		463,890	258,735
Basic earnings per share - VND (par value of VND 10,000 /share)	21	2,263	2,211

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General Director

Ho Chi Minh City, Vietnam
22 January 2009

Statement of Retained Earnings

as at and for the year ended 31 December 2008

	Note	2008 VNDm	2007 VNDm
Retained earnings at the beginning of the year	20	228,489	98,483
Net profit for the year		463,890	258,735
Earnings before appropriations		692,379	357,218
Less:			
Transfers to statutory reserves for the previous year		(80,744)	(32,110)
Retained earnings converted to charter capital		(138,439)	-
Dividends paid for the previous year		(954)	(56,594)
Dividends paid for the current year		(218,068)	(39,136)
Others		(805)	(889)
Retained earnings at the end of the year	20	253,369	228,489

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Cash Flow Statement

as at and for the year ended 31 December 2008

	Note	2008 VNDm	2007 VNDm
Cash flows from operating activities			
Interest and similar income		3,732,897	1,747,195
Interest and similar expenses		(2,782,698)	(994,518)
Fees and commission income received		162,609	127,379
Net amount of actual receipts/disbursements from trading of securities, gold, silver and foreign currencies		21,798	71,804
Other income		31,619	12,723
Recovery of bad debts previously written-off		2,569	5,303
Payments to employees and administration affairs		(384,321)	(311,462)
Corporate income tax paid in the year	19	(187,305)	(70,331)
Net operating cash flow before changes in net operating assets and liabilities		597,168	588,093
Net movements in operating assets			
(Increase)/decrease in cash, gold placements with other credit institutions		(777,197)	495,382
(Increase)/decrease in trading securities		(174)	-
Increase in loans and advances to customers		(3,800,651)	(11,043,109)
Decrease in provisions for impairment losses to write off loans, securities and long-term investments		(16,496)	(13,944)
Increase in other operating assets		(2,473,713)	(1,131,341)
Net changes in operating liabilities			
Decrease in borrowings from the Government and SBV		(58,996)	(1,725)
Increase in deposits from other credit institutions		2,451,889	24,668
Increase in customer deposits		6,998,552	12,394,909
Increase in grants, entrusted funds and loans exposed to risks		208,100	5,927
Increase/(decrease) in derivatives and other financial liabilities		2,247,189	-
Increase in other liabilities		12,192	105,179
Reserves utilisation in the year	20.1	(10,654)	(15,625)

	Note	2008 VNDm	2007 VNDm
Net cash flows from operating activities		5,377,209	1,408,414
Cash flows from investing activities			
Acquisitions of fixed assets	12	(255,028)	(172,862)
Proceeds from disposal of fixed assets		473	40,037
Increase in equity investments in other entities		(3,942,195)	(588,189)
Disbursement for derivatives trading		(1,503)	
Proceeds from dividends and profits distributed from capital contribution and long-term investments		3,955	558
Net cash flows from investing activities		(4,194,298)	(720,456)
Cash flows from financing activities			
Increase in charter capital		-	548,111
Proceeds from issuance of long-term valuable papers as equity		-	1,400,000
Purchase of treasury shares	20	(56,000)	-
Dividends payment to shareholders	20	(219,022)	(39,338)
Net cash flows from financing activities		(275,022)	1,908,773
Net changes in cash and cash equivalents		907,889	2,596,731
Cash and cash equivalents at beginning of year	31	3,685,799	1,089,068
Cash and cash equivalents at end of year	31	4,593,688	3,685,799
Non-cash transactions			
Increase in charter capital from convertible bonds		-	1,085,000
Increase in charter capital from share premiums	20	72,244	-
Increase in charter capital from retained earnings	20	138,439	56,461

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