

INDOVINA BANK LIMITED

(Incorporated in the Socialist Republic of Vietnam)

AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2008

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INDOVINA BANK LIMITED

46-48-50 Pham Hong Thai Street, District 1
Ho Chi Minh City, S.R. Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Indovina Bank Limited ("the Bank") presents this report together with the Bank's audited financial statements for the year ended 31 December 2008.

THE BOARDS OF DIRECTORS AND MANAGEMENT

The members of the Boards of Directors and Management of the Bank who held office during the year and at the date of this report are as follows:

Board of Directors

Roger M. H. Lee	Chairman
Pham Huy Hung	Vice Chairman
Chen Tsu Pei	Member
Nguyen Van Du	Member
Yei-Fong Jan	Member
Le Van Phu	Member

Board of Management

Yei-Fong Jan	General Director
Le Van Phu	First Deputy General Director
Chan Kun Lu	Second Deputy General Director

BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management of the Bank is responsible for preparing the financial statements of each year, which give a true and fair view of the financial position of the Bank and of its results and cash flows for the year. In preparing those financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing the financial statements so as to minimize errors and frauds.


The Board of Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Bank and to ensure that the financial statements comply with Vietnamese Accounting Standards and Vietnamese Accounting System and other prevailing accounting regulations applicable to credit institutions in Vietnam. The Board of Management is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management confirms that the Bank has complied with the above requirements in preparing the financial statements.

For and on behalf of the Board of Management,



Yei-Fong Jan
General Director
9 January 2009



Le Van Phu
First Deputy General Director



No. 223 /Deloitte-AUDHCM-RE

AUDITORS' REPORT

To: The Boards of Directors and Management of Indovina Bank Limited

We have audited the accompanying balance sheet of Indovina Bank Limited ("the Bank") as at 31 December 2008, and the related statements of income and cash flows for the year then ended. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Respective Responsibilities of the Board of Management and Auditors

As stated in the Statement of the Board of Management on page 1, these financial statements are the responsibility of the Bank's Board of Management. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of Opinion

We have 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 misstatements. 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 accompanying financial statements give a true and fair view of, in all material respects, the financial position of the Bank as at 31 December 2008 and the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing regulations applicable to credit institutions in Vietnam.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole on pages 3 to 23. The supplementary information on pages 24 to 28 is not a required part of the basic financial statements. This supplementary information is the responsibility of the Bank's management. Such information has not been subject to the auditing procedures applied in our audit of the basic financial statements and accordingly, we express no opinion on it.



Võ Thái Hòa

Audit Partner

CPA Certificate No. 0138/KTV

For and on behalf of

DELOITTE VIETNAM COMPANY LIMITED

9 January 2009

Ho Chi Minh City, S.R. Vietnam

Huynh Vu Dai Trong

Auditor

CPA Certificate No. 1204/KTV



INDOVINA BANK LIMITED46-48-50 Pham Hong Thai Street, District 1
Ho Chi Minh City, S.R. Vietnam**Financial Statements**

For the year ended 31 December 2008

BALANCE SHEET
As at 31 December 2008**FORM B 02/TCTD**

Unit: USD

	Notes	31/12/2008 USD	31/12/2007 USD
<u>Assets</u>			
Cash on hand and valuable documents	4	8,951,216	6,903,982
Deposits with the State Bank of Vietnam	5	78,931,021	52,139,985
Deposits with other credit institutions	6	67,791,728	111,116,467
Trading securities	7	3,144,818	5,053,087
Loans to customers		376,267,625	345,389,631
<i>Loan balances</i>	8	379,025,472	347,235,136
<i>Less provision for loan losses</i>		(2,757,847)	(1,845,505)
Available-for-sale debt securities	9	6,813,247	9,738,023
Tangible fixed assets	10	5,261,281	5,311,457
Intangible assets	11	1,333,632	1,471,521
Other assets		4,473,205	2,679,935
<i>Construction in progress</i>	12	670,136	124,838
<i>Other receivables and prepayments</i>	13	1,469,100	483,313
<i>Accrued interest receivable</i>		2,609,619	2,347,434
<i>Other provision</i>		(275,650)	(275,650)
Total assets		552,967,773	539,804,088
<u>Resources</u>			
Borrowings from the State Bank of Vietnam	14	-	930,868
Deposits from other credit institutions	15	7,199,091	3,579,081
Borrowings from other credit institutions	16	22,000,000	1,861,735
Deposits from customers	17	394,225,240	388,367,878
Certificates of deposits	18	45,710	10,285,127
Other liabilities		39,884,667	69,001,993
<i>Other payables</i>	19	34,040,555	65,082,378
<i>Accrued interest payable</i>		5,844,112	3,919,615
Equity and reserves		89,613,065	65,777,406
<i>Charter capital</i>	20	70,000,000	50,000,000
<i>Reserves</i>	20.2	8,692,549	6,725,915
<i>Retained earnings</i>	20	10,920,516	9,051,491
Total resources		552,967,773	539,804,088

The accompanying notes set out on pages 8 to 23 are an integral part of these financial statements

OFF BALANCE SHEET ACCOUNTS
 As at 31 December 2008

	31/12/2008	31/12/2007
	<u>USD</u>	<u>USD</u>
Outstanding letters of credit	18,143,093	45,270,433
Guarantees	6,589,084	4,822,374
	<u>24,732,177</u>	<u>50,092,807</u>



Yei-Fong Jan
 General Director
 9 January 2009

Le Van Phu
 First Deputy General Director

Tran Le Thuy
 Chief Accountant



INCOME STATEMENT
For the year ended 31 December 2008

FORM B 03/TCTD
Unit: USD

	Notes	2008 USD	2007 USD
1. Interest and similar income	21	53,826,362	32,676,228
2. Interest expense and similar charges	22	(34,592,155)	(16,740,219)
I. Net interest and similar income		19,234,207	15,936,009
1. Fee and commission income		3,568,044	2,076,833
2. Fee and commission expense		(215,539)	(132,326)
II. Net fee and commission income		3,352,505	1,944,507
III. Net gain from dealing in foreign currencies	23	3,070,503	386,019
IV. Net (loss)/gain from trading of held-for-sale securities		(1,651,403)	813,199
V. Net gain from trading of available-for-sale securities		769,157	816,326
1. Other operating income		152,557	105,753
2. Other operating expenses		(67,281)	(200,677)
VI. Gain/(loss) from other activities		85,276	(94,924)
VII. Dividend income		213,849	161,083
VIII. General and administrative expenditures		(8,444,436)	(5,991,553)
IX. Net income before provision for credit losses		16,629,658	13,970,666
X. Provision for credit losses		(1,027,975)	(891,760)
XI. Profit before tax		15,601,683	13,078,906
XII. Current tax expense	24	(3,133,863)	(2,615,781)
XIII. Profit after tax		12,467,820	10,463,125



Yei-Fong Jan
General Director
9 January 2009

Le Van Phu
First Deputy General Director

Tran Le Thuy
Chief Accountant

CASH FLOW STATEMENT
For the year ended 31 December 2008

FORM B 04/TCTD

Unit: USD

	2008 USD	2007 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	15,601,683	13,078,906
<i>Adjustments for:</i>		
Depreciation and amortization	1,020,120	675,459
Provision for loan losses and devaluation of securities	2,563,745	668,077
Interest and similar income receivables	(262,185)	(1,136,305)
Interest expense and similar charge payables	1,924,497	1,183,966
Gain on disposals of tangible fixed assets	(16,255)	(23,269)
Effects of foreign exchange rate	621,756	13,919
Operating profit before changes in operating assets and liabilities	21,453,361	14,460,753
Increase in deposits with and loans to other credit institutions	(3,897,108)	(3,102,892)
Decrease/(Increase) in trading securities	2,559,886	(3,256,076)
Increase in loans to customers	(31,790,336)	(72,062,988)
(Increase)/Decrease in other assets	(974,948)	571,462
Decrease in borrowings from the State Bank of Vietnam	(930,868)	(63,477)
Increase/(Decrease) in deposits and borrowings from other credit institutions	23,758,275	(13,380,232)
Increase in deposits from customers	5,857,362	159,204,022
Decrease in issuing certificate of deposits	(10,239,417)	(25,602,676)
(Decrease)/Increase in other liabilities	(30,109,155)	59,288,328
Net cash (used in)/from operating activities before corporate income tax	(24,312,948)	116,056,224
Corporate income tax paid	(4,066,531)	(1,202,783)
Disbursement of reserves for intended uses	(132,161)	(128,872)
Net cash (used in)/from operating activities	(28,511,640)	114,724,569
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets and construction in progress	(1,388,192)	(3,189,023)
Proceeds from disposal fixed assets	16,255	25,055
Net cash used in investing activities	(1,371,937)	(3,163,968)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution	15,750,000	12,000,000
Dividend paid	(4,250,000)	(3,000,000)
Net cash from financing activities	11,500,000	9,000,000
Net (decrease)/increase in cash and cash equivalents	(18,383,577)	120,560,601
Cash and cash equivalents at beginning of year	167,057,542	46,496,941
Cash and cash equivalents at end of year	148,673,965	167,057,542
Cash on hand and valuable documents	8,951,216	6,903,982
Deposits with the State Bank of Vietnam	78,931,021	52,139,985
Deposits with other credit institutions (with terms of 3 months or less)	60,791,728	108,013,575
	148,673,965	167,057,542
Non - cash transaction		

The accompanying notes set out on pages 8 to 23 are an integral part of these financial statements

INDOVINA BANK LIMITED

46-48-50 Pham Hong Thai Street, District 1
Ho Chi Minh City, S.R. Vietnam

Financial Statements

For the year ended 31 December 2008

Cash inflow from capital contribution during the year excludes an amount of USD 4,250,000 (2007: USD 3,000,000), representing an amount of dividend declared to owners but was converted as capital contribution. Since this conversion did not constitute movement of cash, it was not reflected in the above statement.



Yei-Fong Jan
General Director
9 January 2009

Le Van Phu
First Deputy General Director

Tran Le Thuy
Chief Accountant



NOTES TO THE FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the financial statements

1. GENERAL INFORMATION

Indovina Bank Limited ("the Bank") was incorporated in Vietnam as a joint venture bank for 20 years under the Banking License No. 08/NH-GP dated 29 October 1992 issued by the State Bank Governor, as amended. The Bank's shareholders are Vietinbank (formerly known as Industrial and Commercial Bank of Vietnam), a bank incorporated in Vietnam, and Cathay United Bank, a bank incorporated in the Republic of China.

Principal activities

The principal activities of the Bank are to carry out full banking activities which include mobilizing and receiving short term, medium term and long term deposits from various organizations and individuals lending short term, medium term and long term loans to various organizations and individuals up to the nature and ability of the Bank's capital resources; conducting foreign currency transactions; international commercial service, discounting of commercial notes, bonds and valued documents; providing settlement services between customers; and other banking services as approved by the State Bank of Vietnam.

Location and Networks

The Head Office of the Bank is located at 46-48-50 Pham Hong Thai, District 1, Ho Chi Minh City, S.R. Vietnam. As at 31 December 2008, the Bank had one Head Office, nine branches and four transaction offices located in cities and provinces in Vietnam.

As at 31 December 2008, the Bank has 464 employees (2007: 393).

2. ACCOUNTING CONVENTION AND FISCAL YEAR**Accounting convention**

The accompanying financial statements, expressed in United States Dollar (USD), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and other prevailing accounting regulations applicable to credit institutions in Vietnam. The Bank's financial statements have been measured in USD as registered and approved by the Ministry of Finance in its letter dated 12 July 1999. The management believes that the use of USD is necessary in order to reflect the economic substance of the underlying events and circumstances relevant to the Bank's business operations.

Fiscal year

The Bank's fiscal year begins on 1 January and ends on 31 December each year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Bank in the preparation of these financial statements, are as follows:

3.1 Use of estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, Vietnamese Accounting System and other prevailing accounting regulations applicable to credit institutions in Vietnam requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the financial statements

3.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.3 Trading securities

Trading securities are securities held for trading and are acquired principally for the purpose of selling in the short-term or if so designated by the management.

Trading securities are recognised on a trade date basis and are initially measured at cost including directly attributable transaction costs. At the subsequent reporting dates, trading securities are measured at cost, less the amount of diminution in value of trading securities.

Provision for diminution in value of trading security is made in accordance with current prevailing accounting regulations which allow provision to be made for freely traded securities whose book value is higher than market price as at the balance sheet date.

Gains or losses from trading transactions are recognized in the income statement on a net basis.

3.4 Available-for-sale securities

Available-for-sale securities are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidation or changes in interest rates, exchange rates or equity prices. Available-for-sale securities are stated at cost of acquisition. Post-acquisition interest income of debt securities is recognized in the income statement on an accrual basis. Pre-acquisition interest income of debt securities is deducted against the cost of acquisition.

3.5 Loans to customers

Loans are reported at their outstanding principal amounts and are adjusted for any write-offs and provision for loan losses.

3.6 Interest income and expenses

The Bank records interest income and expense on an accruals basis. Interest income is recorded on the accrual basis unless the loan is classified as an impaired loan. Loans are considered to be impaired whenever there is no longer reasonable assurance as to the ultimate collectibility of some portion of principal or interest. Loan where interest is due and has not been collected for a period of 10 days are automatically recognized as impaired, unless management determines there is no reasonable doubt as to the ultimate collectibility of principal and interest. When a loan is classified as impaired, any interest income previously recognized but not yet collected is reversed.

3.7 Fees and commissions income

Fees and commission income consists of fees received for settlement services, treasury services, guarantees services, and other services. Fees on guarantees services are recognized on an accrual basis. Fees and commissions arising from settlement services, treasury services and other services are recognized on receipt.

3.8 Provision for loan losses, losses on guarantees and letters of credit

A provision for loan losses, losses on guarantees and letters of credit is made based on management's estimate of loan losses, losses on guarantees and letters of credit in accordance with the guidance specified under Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 issued by State Bank of Vietnam. Specific allowances are recorded on a loan-by-loan basis at a certain rate specified under Decision No. 493/2005/QĐ-NHNN. General provision for loan losses, losses on guarantees and letters

NOTES TO THE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the financial statements

of credit is made at 0.56% (2007: 0.515%) of the Bank's calculated Net Exposure. Net Exposure is determined by adding the total amount of loans to customers (after deducting loans that have been fully provided for) with the total amount of guarantees and letters of credit at the balance sheet date.

The provision for loan losses, losses on guarantees and letters of credit is charged to the income statement which comprises amounts written off during the year, net of recoveries on amounts written off in prior years, and changes in provision.

3.9 Available-for-sale debt securities

Available-for-sale debt securities are stated at amortized cost. Premiums or discounts from the purchases of available-for-sale debt securities are amortized to income statement over the investing period.

3.10 Tangible fixed assets and depreciation

Tangibles fixed assets are stated at cost less accumulated depreciation. The cost of purchased tangible fixed assets comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives from three to twenty years.

3.11 Intangible assets and amortization

Intangible fixed assets represent land use rights and computer software.

Land use rights are stated at cost less accumulated amortization. The Bank's land use rights pertain to pieces of land located in Ha Noi, Binh Duong and Dong Nai. Land use rights are amortized on a straight-line basis over the period from the date of having the right to use the land up to the Bank investment license's expiration date.

Computer software is stated at cost less accumulated amortization. Computer software is amortized on a straight-line basis over their estimated useful lives from five to eight years.

3.12 Off balance sheet financial commitments

In the ordinary course of business, the Bank enters into various off-balance sheet financial commitments to extend credit, commitments under the form of commercial letters of credit, foreign currency swap contracts, and import and export guarantees. Such transactions are recorded in the financial statements when they are funded or when related fees are incurred or received.

3.13 Foreign currencies

Transactions arising in foreign currencies are translated at the exchange rates ruling at the transaction date. Monetary assets and liabilities denominated in such currencies are retranslated at the rates of exchange prevailing on the balance sheet date. Exchange differences arising from the translation of these accounts are dealt with in the income statement. Unrealised exchange gains at the balance sheet date are not treated as part of distributable profit to owners.

3.14 Leasing

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental charges applicable to such operating leases are charged to income statement as incurred over the lease term.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the financial statements

3.15 Provisions

Provisions are recognized when the Bank has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date.

3.16 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable and deferred tax is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

4. CASH ON HAND AND VALUABLE DOCUMENTS

	31/12/2008 USD	31/12/2007 USD
Cash on hand in Vietnam Dong	6,209,560	5,218,405
Cash on hand in other currencies	2,741,355	1,678,877
Valuable documents	301	6,700
	<u>8,951,216</u>	<u>6,903,982</u>

Valuable documents represent traveler's checks sent for collection at overseas banks.

5. DEPOSITS WITH THE STATE BANK OF VIETNAM

	31/12/2008 USD	31/12/2007 USD
Demand deposits	57,803,541	16,042,194
Compulsory reserves	21,127,480	36,097,791
	<u>78,931,021</u>	<u>52,139,985</u>

INDOVINA BANK LIMITED

46-48-50 Pham Hong Thai Street, District 1
Ho Chi Minh City, S.R. Vietnam

Financial Statements

For the year ended 31 December 2008

NOTES TO THE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the financial statements

Deposits with the State Bank of Vietnam represent demand deposits and the compulsory reserves maintained in compliance with the provisions of Decision No. 2951/QĐ-NHNN dated 3 December 2008 and Decision No. 796/2004/QĐ-NHNN dated 25 June 2004, respectively, issued by the State Bank of Vietnam.

The reserve balance is adjusted once per month and is calculated at the rate of 6% (2007: 5%) of the average customers' deposits in Vietnam Dong with demand deposits and term deposits less than one year and 2% (2007: 2%) of the average customer deposits in Vietnam Dong with terms of over one year. A compulsory reserve in United States Dollars is also required to be deposited, calculated by the same method at the rate of 7% (2007: 8%) for demand and term deposits with terms less than one year and 3% (2007: 2%) for term deposits with term of over one year.

Demand deposit with State Bank of Vietnam includes an amount of USD 30,000,000 capital contributed from its joint venture's partners as at 31 December 2008. This amount has been recorded as charter capital on 2 January 2009 (see Note 29).

6. DEPOSITS WITH OTHER CREDIT INSTITUTIONS

	31/12/2008	31/12/2007
	<u>USD</u>	<u>USD</u>
Demand deposit		
In Vietnam Dong	1,562,403	2,490,315
In other currencies	16,158,294	8,822,652
	<u>17,720,697</u>	<u>11,312,967</u>
Time deposit		
In Vietnam Dong (from 1 to 3 months)	13,371,031	54,300,608
In Vietnam Dong (over 3 months)	-	3,102,892
In other currencies	29,700,000	-
In other currencies (from 1 to 3 months)	7,000,000	42,400,000
	<u>50,071,031</u>	<u>99,803,500</u>
	<u>67,791,728</u>	<u>111,116,467</u>

7. TRADING SECURITIES

	31/12/2008	31/12/2007
	<u>USD</u>	<u>USD</u>
Equity securities		
Equity securities issued by local corporations	4,796,221	5,053,087
Less: provision for diminution in value of trading securities	1,651,403	-
	<u>3,144,818</u>	<u>5,053,087</u>

Category of securities as listed and unlisted securities is as follows:

	31/12/2008	31/12/2007
	<u>USD</u>	<u>USD</u>
Equity securities		
Listed	2,560,844	2,697,992
Non-listed	2,235,377	2,355,095
	<u>4,796,221</u>	<u>5,053,087</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the financial statements

8. LOANS TO CUSTOMERS

Loans to customers are mainly secured by buildings, machinery and equipment, stocks, deposits and standby letters of credit. Loans to customers denominated in USD bear interest rates ranging from 3.09% to 9.50% per annum and those denominated in Vietnam Dong (VND) bear interest rates ranging 8.80% to 21.00% per annum. Loans to customers were analyzed as follows:

8.1 Analysis by type

	31/12/2008 USD	31/12/2007 USD
Short-term loans (within one year)	179,562,444	180,773,102
Medium-term loans (from one year to five years)	76,719,035	89,967,392
Long-term loans (over five years)	122,743,993	76,494,642
	379,025,472	347,235,136

8.2 Analysis by currency

	31/12/2008 USD	31/12/2007 USD
Loans denominated in Vietnam Dong	201,011,763	169,419,880
Loans denominated in foreign currencies	178,013,709	177,815,256
	379,025,472	347,235,136

8.3 Analysis by economic sectors

	31/12/2008 USD	31/12/2007 USD
State owned enterprises	90,123,053	61,541,000
Private enterprises	153,516,065	119,586,000
Joint ventures and foreign direct invested enterprises	99,185,674	126,383,000
Others	36,200,680	39,725,136
	379,025,472	347,235,136

8.4 Analysis by loan group

	31/12/2008 USD	31/12/2007 USD
Current	367,224,007	345,589,000
Special mention	10,126,572	1,564,000
Substandard	920,807	7,000
Doubtful	99,797	39,000
Loss	654,289	36,136
	379,025,472	347,235,136

8.5 Provision for credit losses

	31/12/2008 USD	31/12/2007 USD
Specific provision for loans to customers	639,105	82,228
General provision for loans to customers	2,118,742	1,763,277
	2,757,847	1,845,505



INDOVINA BANK LIMITED

46-48-50 Pham Hong Thai Street, District 1
Ho Chi Minh City, S.R. Vietnam

Financial Statements
For the year ended 31 December 2008

NOTES TO THE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the financial statements

a. Specific provision for loans to customers

	2008	2007
	USD	USD
As at 1 January	82,228	238,785
Provision for loan losses for the year	672,511	67,127
Less: recoveries	(115,634)	(72,776)
Written off	-	(150,908)
As at 31 December	639,105	82,228

The specific provision for credit losses as at 31 December 2008 was calculated based on net credit exposure of each customer which is equal to the loans and advances balances less the value of collateral, using set rates applied to each loan group in accordance with Decision 493/2005/QD-NHNN dated 22 April 2005 issued by the State Bank of Vietnam.

Loans are written off at the discretion of the Bank's Risk Management Committee when they consider that all reasonable efforts for recovery of doubtful loans, including legal actions, have been exhausted.

b. General provision for loans to customers

	2008	2007
	USD	USD
As at 1 January	1,763,277	1,088,748
Provision for loan losses for the year	355,465	674,529
As at 31 December	2,118,742	1,763,277

General provision for loans to customers as at 31 December 2008 was calculated at a rate of 0.56% (2007: 0.515%) of the total loans to customers, excluding the total balance of loans to customers classified as loss in accordance with the Decision 493/2005/QD-NHNN.

9. AVAILABLE-FOR-SALE DEBT SECURITIES

Available-for-sale debt securities represent government bonds with maturities between one and five years, earning interest rates of 8.52% to 8.60% per annum (2007: 8.00% to 8.60% per annum).

31/12/2008			
	Book value	Maturity date	Effective interest rate (%)
	USD		
City bonds	2,089,209	30/7/2009	8.52
		From 14/9/2009	
Government bonds	4,724,038	to 19/8/2010	8.52 - 8.60
	6,813,247		
31/12/2007			
	Book value	Maturity date	Effective interest rate (%)
	USD		
City bonds	2,201,098	30/7/2009	8.52
		From 8/5/2008	
Education bonds	9,309	to 6/5/2010	8.00
		From 7/6/2008	
Government bonds	7,527,616	to 19/8/2010	8.30 - 8.60
	9,738,023		



NOTES TO THE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the financial statements

10. TANGIBLE FIXED ASSETS

	Buildings & leasehold improvements USD	Office equipment, furniture & fixtures USD	Motor vehicles USD	Total USD
COST				
As at 1/1/2008	2,909,157	3,059,001	1,036,093	7,004,251
Additions	19,073	414,530	368,103	801,706
Transfer to prepaid expenses	(82,993)	72,154	-	(10,839)
Disposals	-	(27,303)	(104,738)	(132,041)
As at 31/12/2008	<u>2,845,237</u>	<u>3,518,382</u>	<u>1,299,458</u>	<u>7,663,077</u>
ACCUMULATED DEPRECIATION				
As at 1/1/2008	303,457	875,559	513,778	1,692,794
Charge for the year	154,622	524,437	161,984	841,043
Eliminated upon disposals	-	(27,303)	(104,738)	(132,041)
As at 31/12/2008	<u>458,079</u>	<u>1,372,693</u>	<u>571,024</u>	<u>2,401,796</u>
NET BOOK VALUE				
As at 31/12/2008	<u>2,387,158</u>	<u>2,145,689</u>	<u>728,434</u>	<u>5,261,281</u>
As at 31/12/2007	<u>2,605,700</u>	<u>2,183,442</u>	<u>522,315</u>	<u>5,311,457</u>

The cost of the Bank's tangible fixed assets includes an amount of USD 686,531 (2007: USD 616,842) in respect of fully depreciated assets which are still in use.

11. INTANGIBLE ASSETS

	Land use rights USD	Computer software USD	Total USD
COST			
As at 1/1/2008	604,314	1,260,340	1,864,654
Addition	-	41,188	41,188
As at 31/12/2008	<u>604,314</u>	<u>1,301,528</u>	<u>1,905,842</u>
ACCUMULATED AMORTIZATION			
As at 1/1/2008	100,095	293,038	393,133
Charge for the year	<u>21,449</u>	<u>157,628</u>	<u>179,077</u>
As at 31/12/2008	<u>121,544</u>	<u>450,666</u>	<u>572,210</u>
NET BOOK VALUE			
As at 31/12/2008	<u>482,770</u>	<u>850,862</u>	<u>1,333,632</u>
As at 31/12/2007	<u>504,219</u>	<u>967,302</u>	<u>1,471,521</u>

The cost of the Bank's computer software includes an amount of USD 82,420 (2007: USD 82,420) in respect of fully amortized software which is still in use.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the financial statements

12. CONSTRUCTION IN PROGRESS

	2008	2007
	<u>USD</u>	<u>USD</u>
As at 1 January	124,838	1,532,351
Additions	545,298	341,507
Transfer to tangible fixed assets	-	(1,485,046)
Transfer to intangible fixed assets	-	(113,073)
Transfer to prepayment	-	(150,901)
As at 31 December	<u>670,136</u>	<u>124,838</u>

13. OTHER RECEIVABLES AND PREPAYMENTS

	31/12/2008	31/12/2007
	<u>USD</u>	<u>USD</u>
Prepaid expenses	469,142	293,992
Other receivables	999,958	189,321
	<u>1,469,100</u>	<u>483,313</u>

14. BORROWINGS FROM THE STATE BANK OF VIETNAM

	31/12/2008	31/12/2007
	<u>USD</u>	<u>USD</u>
Borrowings by means of discounting, rediscounting valuable papers	-	930,868
	<u>-</u>	<u>930,868</u>

15. DEPOSITS FROM OTHER CREDIT INSTITUTIONS

	31/12/2008	31/12/2007
	<u>USD</u>	<u>USD</u>
Demand deposit		
In Vietnam Dong, interest rate of 0.20% per month (2007: 0.18%)	6,851,108	3,370,780
In other currencies, interest rate of 0.50% per annum (2007: 0.50%)	347,983	208,301
	<u>7,199,091</u>	<u>3,579,081</u>

16. BORROWINGS FROM OTHER CREDIT INSTITUTIONS

	31/12/2008	31/12/2007
	<u>USD</u>	<u>USD</u>
In Vietnam Dong	-	1,861,735
In other currencies	22,000,000	-
	<u>22,000,000</u>	<u>1,861,735</u>

Amount represents unsecured borrowings from other credit institutions with maturity between one week and six months, bearing interest rates of 3.50% to 28.50% per annum (2007: 4.92% to 6.07%) for those denominated in VND, and 2.20% to 6.00% per annum (2007: 6.00% to 7.00%) for those denominated in USD. All borrowings from other credit institutions are unsecured.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the financial statements

17. DEPOSITS FROM CUSTOMERS

	31/12/2008	31/12/2007
	<u>USD</u>	<u>USD</u>
<u>In Vietnam Dong</u>		
Demand deposit	78,607,840	94,898,137
Time deposit	180,429,144	197,350,166
Margin deposit	294,428	645,725
Capital deposit	587,793	1,313,072
	259,919,205	294,207,100
<u>In other currencies</u>		
Demand deposit	40,355,360	38,127,616
Time deposit	89,699,146	49,373,294
Margin deposit	959,001	3,502,045
Capital deposit	3,292,528	3,157,823
	134,306,035	94,160,778
	394,225,240	388,367,878

18. CERTIFICATES OF DEPOSITS

	31/12/2008	31/12/2007
	<u>USD</u>	<u>USD</u>
Short-term certificates of deposits denominated in foreign currencies	45,710	10,285,127
	45,710	10,285,127

19. OTHER PAYABLES

	31/12/2008	31/12/2007
	<u>USD</u>	<u>USD</u>
Escrow fund	112,192	60,936,738
Provision for severance pay	417,412	417,412
Corporate income tax payable	482,652	1,415,320
Capital contribution kept by State Bank of Vietnam (see Note 5)	30,000,000	-
Other payables	3,028,299	2,312,908
	34,040,555	65,082,378

Escrow fund as at 31 December 2007 includes an amount of USD 60,000,000 from Cathay Life Insurance Company Limited, a foreigner shareholder's affiliate (see Note 28). This escrow amount born an interest of 4% per annum and was fully repaid on 14 January 2008.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the financial statements

20. EQUITY AND RESERVES

20.1 Equity

	Charter capital USD	Reserves USD	Retained earnings USD	Total USD
Balance as at 1/1/2007	35,000,000	5,094,634	6,348,519	46,443,153
Capital contribution	15,000,000	-	-	15,000,000
Profit for the year	-	-	10,463,125	10,463,125
Appropriation to reserve	-	1,760,153	(1,760,153)	-
Disbursement of reserves for their intended uses	-	(128,872)	-	(128,872)
Declared dividend	-	-	(6,000,000)	(6,000,000)
Balance as at 31/12/2007	50,000,000	6,725,915	9,051,491	65,777,406
Capital contribution	20,000,000	-	-	20,000,000
Profit for the year	-	-	12,467,820	12,467,820
Appropriation to reserve	-	2,098,795	(2,098,795)	-
Disbursement of reserves for their intended uses	-	(132,161)	-	(132,161)
Declared dividend	-	-	(8,500,000)	(8,500,000)
Balance as at 31/12/2008	70,000,000	8,692,549	10,920,516	89,613,065

On its Board of Directors meeting dated 20 February 2008, the Bank's Board of Directors resolved to declare a dividend of USD 8,500,000 from profit of year 2007 (2007: USD 6,000,000). This dividend will be distributed between the joint venture partners in proportion to their capital contribution of 50/50. To date, USD 4,250,000 of this declared dividend has been converted as shareholders' capital contribution (2007: nil) and the remaining amount has been fully paid.

The Bank's charter capital is USD 70,000,000. The structure of the Bank's fully contributed legal capital is as follows:

	Per Investment License			Contributed capital	
	31/12/2008 USD	31/12/2007 USD	%	31/12/2008 USD	31/12/2007 USD
Vietinbank	35,000,000	25,000,000	50	35,000,000	25,000,000
Cathay United Bank	35,000,000	25,000,000	50	35,000,000	25,000,000
	70,000,000	50,000,000	100	70,000,000	50,000,000

On 17 September 2008, the Bank's charter capital increased from USD 50,000,000 to USD 70,000,000 per State Bank of Vietnam Approval Letter No. 5807/NHNN-CNH dated 26 June 2008.

On 2 December 2008, the Bank has received approval from State Bank of Vietnam per Approval Letter No. 10560/NHNN-CNH to increase its charter capital from USD 70,000,000 to USD 100,000,000. The proportion of capital contribution of shareholders will be the same and has been contributed to the Bank on 2 January 2009 (see Note 29)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the financial statements

20.2 RESERVES

Non-distributable reserves and their balances are as follows:

	Supplemental capital reserve USD	Financial reserve USD	Development reserve USD	Reward reserve USD	Total USD
Balance as at 1/1/2007	1,719,851	3,325,631	42,140	7,012	5,094,634
Appropriation to reserves	523,156	993,997	67,240	175,760	1,760,153
Disbursement of reserves for their intended uses	-	-	-	(128,872)	(128,872)
Balance as at 31/12/2007	2,243,007	4,319,628	109,380	53,900	6,725,915
Appropriation to reserves	624,067	1,185,728	40,000	249,000	2,098,795
Disbursement of reserves for their intended uses	-	-	-	(132,161)	(132,161)
Balance as at 31/12/2008	2,867,074	5,505,356	149,380	170,739	8,692,549

Under the term of its registration, the Bank is required to create the following reserves:

- 5% of the annual net profit after tax as a supplemental capital reserve but the fund shall not exceed the allotted or registered capital.
- 10% of the annual net profit after tax (after providing the supplemental capital reserve and deducting accumulated losses carried forward and other non-deductible expenses), for a financial reserve fund. This fund should not exceed 25% of the allotted or registered capital.
- Development and reward reserve is established based on the discretion of the Bank's Board of Directors.

21. INTEREST AND SIMILAR INCOME

	2008 USD	2007 USD
From loans to customers	48,645,099	30,107,146
From placements at other credit institutions	5,181,263	2,568,977
From other credit activities	-	105
	53,826,362	32,676,228

22. INTEREST EXPENSES AND SIMILAR CHARGES

	2008 USD	2007 USD
On deposits	28,316,695	14,697,315
On borrowings	5,925,784	1,143,123
On certificate of deposit	150,333	870,987
Others	199,343	28,794
	34,592,155	16,740,219

NOTES TO THE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the financial statements

23. NET GAIN FROM DEALING IN FOREIGN CURRENCIES

	2008	2007
	<u>USD</u>	<u>USD</u>
Net gain from dealing in foreign currencies	3,138,134	99,474
Net (Loss)/Gain from foreign currency translation	(67,631)	286,545
	<u>3,070,503</u>	<u>386,019</u>

24. CURRENT TAX EXPENSE

	2008	2007
	<u>USD</u>	<u>USD</u>
Profit before tax	15,601,682	13,078,906
Add: non-deductible expenses	67,631	-
Assessable income	<u>15,669,313</u>	<u>13,078,906</u>
Tax rate	20%	20%
Current tax expense	<u>3,133,863</u>	<u>2,615,781</u>

No deferred tax asset and liabilities are recognized as there are no significant temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit.

25. FINANCIAL INSTRUMENTS

Foreign exchange risk management

The Bank is exposed to foreign exchange risk on deposits and loans denominated in currencies other than USD.

The Bank is also exposed to foreign exchange risks arising from its cash and bank balances holding, loans and currency swaps in foreign currencies, principally in Vietnam Dong and USD. The Bank does not hedge this risk due to the lack of any market to purchase such instruments.

Liquidity risk

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations.

Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Bank believes can generate within that period. As part of liquidity risk management, the Bank focuses on a number of components, including tapping available sources of liquidity, preserving necessary funds at reasonable cost and continuous contingency planning.

The Bank's asset and liability management committee is responsible for overall liquidity risk management. The Bank's liquidity policy focuses on cash flow management, interbank funding capacity and the maintenance of sufficient liquid assets. The treasury department is responsible for daily operation and monitoring. The primary tools for monitoring liquidity include measurement of liquidity risk, analysis of interest rate sensitivity and scenario simulation, and continuous contingency planning. The Bank manages liquidity risks across all classes of assets and liabilities with the goal that even under adverse conditions.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the financial statements

Credit risk

The Bank's principal financial assets are bank balances and cash, deposits, loans to customers and investments.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with good credit-ratings.

The Bank's credit risk is primarily attributable to its loans to customers. The amounts presented in the balance sheet are net of allowances for doubtful accounts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Bank has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

26. OPERATING LEASE ARRANGEMENTS

	2008 USD	2007 USD
Minimum lease payments under operating leases recognized in income statement for the year	440,543	232,113

At the balance sheet date, the Bank had outstanding commitments under non-cancelable operating leases, which fall due as follows:

	31/12/2008 USD	31/12/2007 USD
Within one year	937,901	321,999
In the second to fifth years inclusive	3,273,616	653,519
After five years	386,892	485,419
	<u>4,598,409</u>	<u>1,460,937</u>

Operating lease payments mainly represent rentals payable by the Bank for certain of its offices. These leases are negotiated for a term of from 2 to 10 years. The amount of rentals had been fixed for the entire duration.

27. CAPITAL COMMITMENT

During the year, the Bank entered into contracts with amount of USD 670,308 for decoration of the new offices. As at 31 December 2008, the outstanding works is amounted to USD 227,483 that will be completed in the following year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the financial statements

28. RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of business, the Bank has deposits and other transactions with Vietinbank (formerly known as Industrial and Commercial Bank of Vietnam), Cathay United Bank (CUB), CUB - Chulai Branch (CCB) and CUB Representative Office. These are made substantially on the same terms as with other individuals and businesses of comparable risks. These transactions and the related balances are shown under various accounts in the financial statements. The following are related parties' balances as at the balance sheet date and transactions between the Bank and its related parties during the year.

The related party transactions were as follows:

			2008 USD	2007 USD
<u>Related parties</u>	<u>Relationship</u>	<u>Nature</u>		
Vietinbank	Vietnamese shareholder	Borrowings	172,903,089	16,427,996
		Loans to Vietinbank	348,341,106	-
		Interest income	442,309	1,154
		Interest expense	2,791,005	38,281
		Dividend paid	4,250,000	3,000,000
		Declared dividend	4,250,000	3,000,000
		Capital contribution	10,000,000	7,500,000
CUB	Foreign shareholder	Borrowings	295,990,000	-
		Interest expense	1,727,151	-
		Interest income	134,552	-
		Rental income	8,419	10,117
		Declared dividend	4,250,000	3,000,000
		Capital contribution	5,750,000	4,500,000
		Loans to CUB	22,000,000	
		Declared dividend converted to legal capital	4,250,000	3,000,000
CCB	Foreign shareholder's Branch	Borrowings	142,006,697	27,165,055
		Loans to CCB	58,660,346	60,780,377
		Interest expense	239,380	78,518
		Interest income	25,805	43,812
CUB - Representative Office	Representative Office of CUB	Interest expense	184	57
Board of Management		Remuneration	232,240	227,618



NOTES TO THE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the financial statements

The related party balances at the balance sheet date were as follows:

<u>Related parties</u>	<u>Relationship</u>	<u>Nature</u>	31/12/2008	31/12/2007
			<u>USD</u>	<u>USD</u>
Vietinbank	Vietnamese shareholder	Deposit with ICBV	212,646	352,505
		Deposit from ICBV	<u>21,425</u>	<u>14,589</u>
CUB	Foreign shareholder	Deposit with CUB	873,622	398,758
		Borrowings	22,000,000	-
		Loan to CUB	<u>7,000,000</u>	<u>-</u>
CCB	Foreign shareholder's Branch	Loans to CCB	-	13,000,000
		Deposit from CCB	<u>1,132,549</u>	<u>114,271</u>
CUB - Representative Office	Representative office of CUB	Deposit from CUB Representative Office	<u>63,420</u>	<u>51,690</u>
Cathay Life Insurance Company Limited	Foreign shareholder's affiliate	Escrow fund	<u>-</u>	<u>60,000,000</u>

29. EVENTS AFTER THE BALANCE SHEET DATE

The Bank has increased its legal capital from USD 70,000,000 to USD 100,000,000 under the approval from State Bank of Vietnam per Approval Letter No. 10560/NHNN-CNH dated 2 December 2008 and the Bank's shareholders have been fully contributed their additional charter capital on 2 January 2009.

30. COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance their comparability with current year's presentation.

31. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Management and authorized to be issued on 9 January 2009.



INDOVINA BANK LIMITED46-48-50 Pham Hong Thai Street, District 1
Ho Chi Minh City, S.R. Vietnam**Supplementary Information**
For the year ended 31 December 2008**BALANCE SHEET**
As at 31 December 2008**FORM B 02/TCTD**

Unit: Million VND

	31/12/2008	31/12/2007
	<u>Million VND</u>	<u>Million VND</u>
<u>Assets</u>		
Cash on hand and valuable documents	151,965	117,209
Deposits with the State Bank of Vietnam	1,340,012	885,181
Deposits with other credit institutions	1,150,900	1,886,424
Trading securities	53,389	85,786
Loans to customers	6,387,895	5,863,680
<i>Loan balances</i>	<i>6,434,715</i>	<i>5,895,011</i>
<i>Less provision for loan losses</i>	<i>(46,820)</i>	<i>(31,331)</i>
Available-for-sale debt securities	115,668	165,322
Tangible fixed assets	89,321	90,172
Intangible assets	22,641	24,982
Other assets	75,942	45,496
<i>Construction in progress</i>	<i>11,377</i>	<i>2,119</i>
<i>Other receivables and prepayments</i>	<i>24,941</i>	<i>8,205</i>
<i>Accrued interest receivable</i>	<i>44,304</i>	<i>39,852</i>
<i>Other provision</i>	<i>(4,680)</i>	<i>(4,680)</i>
Total assets	<u>9,387,733</u>	<u>9,164,252</u>
<u>Resources</u>		
Borrowings from the State Bank of Vietnam	-	15,803
Deposits from other credit institutions	122,219	60,762
Borrowings from other credit institutions	373,494	31,607
Deposits from customers	6,692,762	6,593,321
Certificates of deposits	776	174,611
Other liabilities	677,121	1,171,445
<i>Other payables</i>	<i>577,906</i>	<i>1,104,902</i>
<i>Accrued interest payable</i>	<i>99,215</i>	<i>66,543</i>
Equity and reserves	1,521,361	1,116,703
<i>Charter capital</i>	<i>1,188,390</i>	<i>848,850</i>
<i>Reserves</i>	<i>147,573</i>	<i>114,186</i>
<i>Retained earnings</i>	<i>185,398</i>	<i>153,667</i>
Total resources	<u>9,387,733</u>	<u>9,164,252</u>

Notes:

The Bank's management translated its financial statements into the Vietnamese Dong amounts at the rate of exchange ruling at the balance sheet date of VND 16,977 to USD 1.

INDOVINA BANK LIMITED

46-48-50 Pham Hong Thai Street, District 1
Ho Chi Minh City, S.R. Vietnam

Supplementary Information
For the year ended 31 December 2008

OFF BALANCE SHEET ACCOUNTS

As at 31 December 2008

	31/12/2008	31/12/2007
	<u>Million VND</u>	<u>Million VND</u>
Outstanding letters of credit	111,863	81,869
Guarantees	308,015	768,556
	<u>419,878</u>	<u>850,425</u>



Yei-Fong Jan
General Director
9 January 2009

Le Van Phu
First Deputy General Director

Tran Le Thuy
Chief Accountant

**Notes:**

The Bank's management translated its financial statements into the Vietnamese Dong amounts at the rate of exchange ruling at the balance sheet date of VND 16,977 to USD 1.


INCOME STATEMENT
For the year ended 31 December 2008

FORM B 03/TCTD
Unit: Million VND

	2008 Million VND	2007 Million VND
1. Interest and similar income	913,810	554,744
2. Interest expense and similar charges	(587,271)	(284,199)
I. Net interest and similar income	326,539	270,545
1. Fee and commission income	60,575	35,258
2. Fee and commission expense	(3,659)	(2,246)
II. Net fee and commission income	56,916	33,012
III. Net gain from dealing in foreign currencies	52,128	6,553
IV. Net (loss)/gain from trading of held-for-sale securities	(28,036)	13,806
V. Net gain from trading of available-for-sale securities	13,058	13,859
1. Other operating income	2,590	1,795
2. Other operating expenses	(1,142)	(3,407)
VI. Gain/(loss) from other activities	1,448	(1,612)
VII. Dividend income	3,631	2,735
VIII. General and administrative expenditures	(143,361)	(101,719)
IX. Net income before provision for credit losses	282,323	237,179
X. Provision for credit losses	(17,452)	(15,139)
XI. Profit before tax	264,871	222,040
XII. Current tax expense	(53,204)	(44,408)
XIII. Profit after tax	211,667	177,632



Yei-Fong Jan
General Director
9 January 2009


Le Van Phu
First Deputy General Director


Tran Le Thuy
Chief Accountant

Notes:

The Bank's management translated its financial statements into the Vietnamese Dong amounts at the rate of exchange ruling at the balance sheet date of VND 16,977 to USD 1.

INDOVINA BANK LIMITED

46-48-50 Pham Hong Thai Street, District 1
Ho Chi Minh City, S.R. Vietnam

Supplementary Information
For the year ended 31 December 2008

CASH FLOW STATEMENT
For the year ended 31 December 2008

FORM B 04/TCTD

Unit: Million VND

	2008 Million VND	2007 Million VND
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	264,871	222,040
<i>Adjustments for:</i>		
Depreciation and amortization	17,319	11,467
Provision for loan losses and devaluation of securities	43,525	11,342
Interest and similar income receivables	(4,451)	(19,291)
Interest expense and similar charge payables	32,672	20,100
Gain on disposals of tangible fixed assets	(276)	(395)
Effects of foreign exchange rate	10,556	236
Operating profit before changes in operating assets and liabilities	364,216	245,499
Increase in deposits with and loans to other credit institutions	(66,161)	(52,678)
Decrease/(Increase) in trading securities	43,459	(55,278)
Increase in loans to customers	(539,705)	(1,223,413)
(Increase)/Decrease in other assets	(16,552)	9,702
Decrease in borrowings from the State Bank of Vietnam	(15,803)	(1,078)
Increase/(Decrease) in deposits and borrowings from other credit institutions	403,344	(227,156)
Increase in deposits from customers	99,440	2,702,807
Decrease in issuing certificate of deposits	(173,835)	(434,657)
(Decrease)/Increase in other liabilities	(511,163)	1,006,538
Net cash (used in)/from operating activities before corporate income tax	(412,760)	1,970,286
Corporate income tax paid	(69,037)	(20,420)
Disbursement of reserves for intended uses	(2,244)	(2,188)
Net cash (used in)/from operating activities	(484,041)	1,947,678
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets and construction in progress	(23,567)	(54,140)
Proceeds from disposal fixed assets	276	425
Net cash used in investing activities	(23,291)	(53,715)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution	267,388	203,724
Dividend paid	(72,152)	(50,931)
Net cash from financing activities	195,236	152,793
Net (decrease)/increase in cash and cash equivalents	(312,096)	2,046,756
Cash and cash equivalents at beginning of year	2,836,136	789,379
Cash and cash equivalents at end of year	2,524,038	2,836,136
Cash on hand and valuable documents	151,965	117,209
Deposits with the State Bank of Vietnam	1,340,012	885,181
Deposits with other credit institutions (with terms of 3 months or less)	1,032,061	1,833,746
	2,524,038	2,836,136

Notes:

The Bank's management translated its financial statements into the Vietnamese Dong amounts at the rate of exchange ruling at the balance sheet date of VND 16,977 to USD 1.

INDOVINA BANK LIMITED

46-48-50 Pham Hong Thai Street, District 1
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Supplementary Information

For the year ended 31 December 2008

Non - cash transaction

Cash inflow from capital contribution during the year excludes an amount of Million VND 72,152 (2007: Million VND 50,931), representing an amount of dividend declared to owners but was converted as capital contribution. Since this conversion did not constitute movement of cash, it was not reflected in the above statement.



Yei-Fong Jan
General Director
9 January 2009

Le Van Phu
First Deputy General Director

Tran Le Thuy
Chief Accountant

**Notes:**

The Bank's management translated its financial statements into the Vietnamese Dong amounts at the rate of exchange ruling at the balance sheet date of VND 16,977 to USD 1.

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