



**SAIGON NATIONAL BANK**  
15606 Brookhurst Street  
Westminster, California 92683  
714-338-8700

March 10, 2009

Neil M. Barofsky, Special Inspector General  
Office of the Special Inspector General  
Troubled Asset Relief Program  
1500 Pennsylvania Ave. M.W. Suite 1064  
Washington, D.C. 20220

Re: OMB Control No. 1505-0212

Dear Mr. Barofsky:

In response to your request for information we submit the following information.

On December 23, 2008 Saigon National Bank received an investment by the US Treasury in 1,549 non-cumulative preferred shares of the bank in the amount of \$1,549,000. The investment became part of the bank's capital. The issuance qualified as Tier 1 capital for regulatory purposes.

(b) (8)

(b) (8)

The bank anticipated using the additional Tier 1 capital to:

(b) (4)

b.) immediately increase the bank's liquidity

(b) (4)

e.) Provides the capital to grow the bank at an accelerated pace.

f.) Provides an additional cushion against future loan losses.

The TARP funds were segregated from other institutional funds since it was mandated the funds be preferred shares and the bank is required to show the funds on the bank's balance sheet as such evidenced by the 12/31/08 Call Report. Between September 30, 2008 and December 31, 2008 total loans have increased \$5 million.

(b) (4)

(b) (4) We applied for the TARP funds because we envisioned an opportunity to accelerate the bank's growth due to increased capital. With the TARP funds we have been able to plan for a higher rate of growth than prior to receipt of the TARP funds.

Implementation of plans addressing executive compensations requirements associated with the funding.

The Emergency Economic Stabilization Act of 2008 has executive compensation requirements for participants in the Troubled Asset Relief Program (TARP) Capital Purchase Program (CPP). Saigon National Bank is a participant. The bank's compensation committee is required to identify features in senior executive officer (SEO) incentive compensation arrangements that could lead SEOs to take unnecessary and excessive risks that could threaten the value of the bank. The compensation committee is required to review the SEO incentive compensation arrangements with the bank's senior risk officers, or other personnel acting in a similar capacity, to ensure the SEO's are not encouraged to take such risks.

The committee's review must be done promptly, and in no case more than 90 days after the purchase under the CPP. The following is excerpted from the Board of Director's meeting on February 18, 2008. as follows:

"The board of directors comprises the compensation committee and is now meeting within the board meeting. Mr. Kennedy explained the requirements made of the compensation committee by the TARP reading the following which is inserted into these minutes; "The bank's compensation committee is required to identify features in senior executive officer (SEO) incentive compensation arrangements that could lead SEOs to take unnecessary and excessive risks that could threaten the value of the bank. The compensation committee is required to review the SEO incentive compensation arrangements with the bank's senior risk officers, or other personnel acting in a similar capacity, to ensure the SEO's are not encouraged to take such risks. The committee's review must be done promptly, and in no case more than 90 days after the purchase under the CPP."

(b) (4) (b) (4)

Therefore, no unnecessary or excessive risks are being taken based on incentive compensation arrangements.

The committee has met the bank's senior risk officer, Mr. Kennedy, and has determined SEO's are not being encouraged to take such risks. Based on this review and discussion the committee certifies to the above in fulfillment of the TARP requirements."

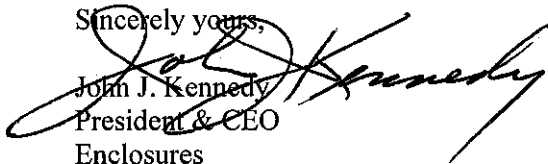
"The compensation committee's meeting with the senior risk officer on February 18, 2009 constitutes the annual meeting to discuss and review the relationship between risk management policies and practices and any implied SEO incentive compensation arrangements. (b) (4)

(b) (4)

"The compensation committee certifies that it has completed the reviews of the SEO incentive compensation arrangements. This certification will be provided to the bank's primary regulator, the Office of the Comptroller of the Currency."

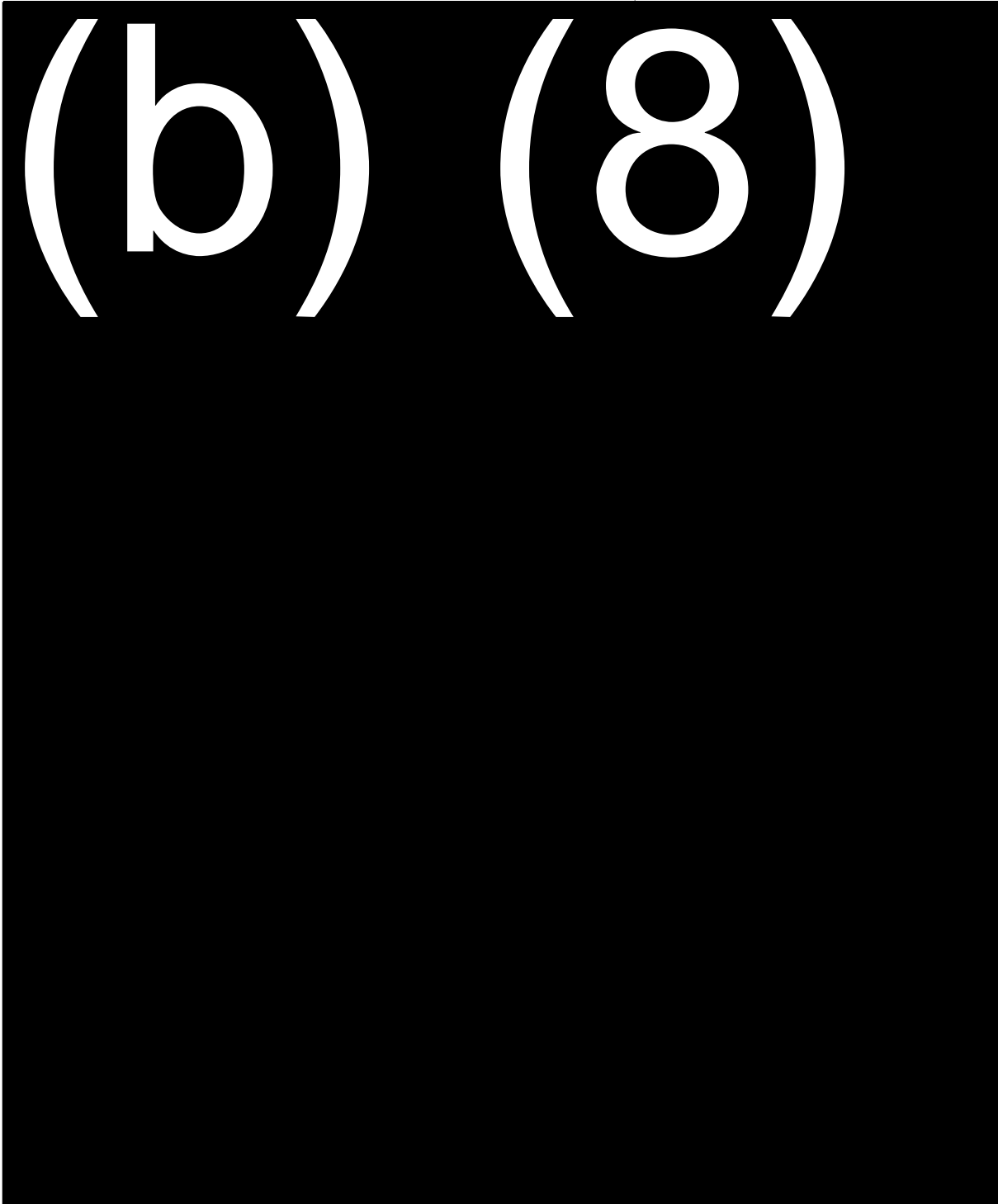
I, John J. Kennedy, as a duly authorized senior executive officer of the bank and as the undersigned, certify to the accuracy of all statements, representations and supporting information provided which is subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

Sincerely yours,

  
John J. Kennedy  
President & CEO  
Enclosures

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**(b) (8)**



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