

Ho Chi Minh City Development Bank

Report of the Board of Management and
Audited separate financial statements

31 December 2013



Ho Chi Minh City Development Bank

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Ho Chi Minh City Development Bank

GENERAL INFORMATION

THE BANK

Ho Chi Minh City Development Bank ("the Bank") is a joint stock commercial bank incorporated in the Socialist Republic of Vietnam.

The Bank was established under Decision No. 47/QD-UB issued by the People's Committee of Ho Chi Minh City on 11 February 1989 and Banking License No. 00019/NH-GP issued by the State Bank of Vietnam ("the SBV") on 6 June 1992.

Significant events during the year

The Bank acquired 100% equity interest of Société Générale Vietnam Finance pursuant to Decision No. 2532/QD-NHNN dated on 30 October 2013 granted by the SBV. Subsequently, the SBV also issued Decision No. 2533/QD-NHNN to approve Société Générale Vietnam Finance change its name to Ho Chi Minh City Development Commercial Joint Stock Bank Finance Co., Ltd ("the Company"). The Company is located at Floor 8,9,10, Gilimex Building, 24C Phan Dang Luu Street, Ward 6, Binh Thanh District, Ho Chi Minh City, Vietnam. The Company's principal activities are to provide consumer loans with installment payments and other types of lending throughout Vietnam.

DaiABank was officially merged with Ho Chi Minh Development Bank from the beginning of 30 December 2013 in accordance with Decision No. 2687/QD-NHNN dated 18 November 2013. Under the SBV's Decision No. 3101/QD-NHNN dated 31 December 2013 amending and supplementing content of Banking License No. 00019/NH-GP dated 6 June 1992 and the 23rd amended Certificate of Registration of Business No. 0300608092 issued by the Department of Planning and Investment of Ho Chi Minh City dated 21 January 2014, the Bank's charter capital after the merger is VND8,100,000 million, equivalent to the total charter capital of the two banks. Accordingly, Dai A Commercial Joint Stock Bank has transferred all of its rights and obligations to the merged Bank from 30 December 2013.

Principal activities

The Bank's principal activities are to provide banking services including mobilising and receiving short, medium and long-term deposits from organisations and individuals; making short, medium and long-term loans to organisations and individuals based on the nature and capability of the Bank's capital resources; conducting foreign currency transactions; providing international trade finance services, discounting of commercial notes, bonds and valuable papers; providing settlement services and other banking services as allowed by the SBV.

Operation network

The Bank's Head Office is located at HD Tower, 25 bis Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City. As at 31 December 2013, the Bank had one (1) Head Office, forty two (42) branches, one hundred and twenty five (125) transaction offices and twenty two (22) savings points located in cities and provinces throughout Vietnam.

Ho Chi Minh City Development Bank

GENERAL INFORMATION (continued)

THE BANK (continued)

Subsidiaries

As at 31 December 2013, the Bank had two (2) subsidiaries as follows:

No.	Company name	Business Registration Certificate No.	Sector	Ownership of the Bank
1	Dai A Commercial Joint Stock Bank Asset Management Company (DaiABank AMC)	3602376446 dated 13 September 2010 issued by the Department of Planning and Investment of Dong Nai Province, secondly amended on 19 July 2011	Finance/ Banking	100%
2	Ho Chi Minh City Development Commercial Joint Stock Bank Finance Co., Ltd.	0304990133 issued by the Department of Planning and Investment dated on 13 July 2007, ninthly amended on 21 November 2013	Finance/ Banking	100%

BOARD OF DIRECTORS

Members of the Board of Directors during the year ended 31 December 2013 and at the date of this report are as follows:

Name	Position	Date of Appointment
Ms. Le Thi Bang Tam	Chairwoman	27 April 2012
Ms. Nguyen Thi Phuong Thao	Standing Vice Chairwoman	27 April 2012
Mr. Luu Duc Khanh	Vice Chairman	27 April 2012
Mr. Diep Dung	Vice Chairman	27 April 2012
Mr. Luu Van Son	Member	27 April 2012
Mr. Nguyen Huu Dang	Member	27 April 2012
Ms. Nguyen Thi Tam	Independent Member	26 April 2013

BOARD OF SUPERVISORS

Members of the Board of Supervisors during the year ended 31 December 2013 and at the date of this report are as follows:

Name	Position	Date of Appointment/Resignation
Mr. Dao Duy Tuong	Chief Supervisor	Appointed on 31 December 2010
Ms. Nguyen Thi Phung	Member	Appointed on 23 July 2008
Ms. Nguyen Thi Tich	Member	Appointed on 26 April 2013
Mr. To Xuan Thanh	Member	Resigned on 26 April 2013

Ho Chi Minh City Development Bank

GENERAL INFORMATION (continued)

BOARD OF MANAGEMENT, CHIEF FINANCIAL OFFICER AND CHIEF ACCOUNTANT

Members of the Board of Management, Chief Financial Officer and Chief Accountant during the year ended 31 December 2013 and at the date of this report are as follows:

Name	Position	Date of Appointment/Resignation
Mr. Nguyen Huu Dang	General Director	Appointed on 22 October 2010
Ms. Nguyen Doan Duy Ai	Deputy General Director	Appointed on 15 August 2007
Mr. Le Hong Son	Deputy General Director	Appointed on 4 May 2009
Mr. Pham Quoc Thanh	Deputy General Director	Appointed on 11 March 2013
Mr. Nguyen Minh Duc	Deputy General Director	Appointed on 30 December 2013
Mr. Le Thanh Tung	Deputy General Director	Appointed on 16 September 2009
Mr. Pham Thien Long	Deputy General Director	Appointed on 5 April 2011
Mr. Le Thanh Trung	Deputy General Director	Appointed on 15 February 2012
Mr. Tran Hoai Nam	Deputy General Director	Appointed on 27 February 2012
Mr. Dam The Thai	Deputy General Director	Appointed on 25 January 2013
Mr. Le Xuan Vu	Deputy General Director	Appointed on 18 January 2013
Mr. Nguyen Manh Quan	Deputy General Director	Resigned on 25 January 2013
Mr. Pham Van Dau	Chief Financial Officer	Appointed on 16 September 2009
Ms. Ho Dang Hoang Quyen	Chief Accountant	Appointed on 7 July 2011

EMPLOYEES

The Bank's total number of employees as at 31 December 2013 was 3,654 (31 December 2012: 2,227).

LEGAL REPRESENTATIVE

The legal representative of the Bank during the year ended 31 December 2013 and at the date of this report is Mr. Nguyen Huu Dang, General Director.

AUDITORS

The auditors of the Bank are Ernst & Young Vietnam Limited.

Ho Chi Minh City Development Bank

REPORT OF MANAGEMENT

Management of Ho Chi Minh City Development Bank ("the Bank") presents its report and the separate financial statements of the Bank for the year ended 31 December 2013.

MANAGEMENT'S RESPONSIBILITY FOR THE SEPARATE FINANCIAL STATEMENTS

Management is responsible for the separate financial statements which give a true and fair view of the separate state of affairs of the Bank and of the separate results of its operation and its separate cash flows for the year. In preparing those separate financial statements, 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 standards have been followed, subject to any material departures disclosed and explained in the separate financial statements; and
- ▶ prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the separate financial position of the Bank and to ensure that the accounting records comply with the registered accounting system. 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.

Management commits to comply with the above requirements in preparing the separate financial statements for the year ended 31 December 2013.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Bank as at 31 December 2013 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions and with statutory requirements relevant to preparation and presentation of financial statements.

On behalf of Management: 



Mr. Nguyen Huu Dang
General Director

Ho Chi Minh City, Vietnam

11 April 2014



Ernst & Young Vietnam Limited
28th Floor, Bitexco Financial Tower
2 Hai Trieu Street, District 1
Ho Chi Minh City, S.R. of Vietnam

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Reference: 60752693/16527313

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Ho Chi Minh City Development Bank

We have audited the accompanying separate financial statements of Ho Chi Minh City Development Bank ("the Bank") as prepared on 11 April 2014 and set out on pages 7 to 75, which comprise the separate balance sheet as at 31 December 2013, the separate income statement, the separate cash flow statement for the year then ended and the notes thereto.

Management's responsibility

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of separate financial statements, and for such internal control system as the Board of Management determines is necessary to enable the preparation and presentation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Bank as at 31 December 2013, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions and with statutory requirements relevant to preparation and presentation of separate financial statements.



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Emphasis of matter

We would like to draw attention to Note 49.2 – Significant events during the year that the Bank has successfully merged Dai A Joint Stock Commercial Bank (“DaiABank”) into its operations on 30 December 2013. The financial issues and accounting treatments are implemented in accordance with the merger plan which was approved by the relevant authorities and disclosed in Note 3.6. Accordingly, retained earnings incurred by DaiABank before the merger date were recognised in the Bank’s retained earnings after the merger in accordance with the merger plan approved by the relevant authorities. Subsequently, the Bank has performed and reported to the State Bank of Vietnam the implementation of the restructuring plan, debts and receivables of the Bank and DaiABank since the merger date.

Other matter

The Bank has subsidiaries and the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2013 have been prepared in accordance with Vietnamese Accounting Standards and System for Credit Institutions and in compliance with relevant statutory requirements of the State Bank of Vietnam. We have audited these consolidated financial statements and expressed an unqualified opinion in our independent auditors’ report dated 11 April 2014. Users of these separate financial statements should read them together with the consolidated financial statements of the Bank and its subsidiaries as at 31 December 2013 and for the year then ended in order to obtain full information on the consolidated financial position of the Bank and its subsidiaries, the consolidated results of their operations and their consolidated cash flows.

Ernst & Young Vietnam Limited



Saman Wijaya Bandara
Deputy General Director
Audit Practicing Registration
Certificate No. 2036-2013-004-1

Hoang Thi Hong Minh
Auditor
Audit Practicing Registration
Certificate No: 0761-2013-004-1

Ho Chi Minh City, Vietnam

11 April 2014

Ho Chi Minh City Development Bank

SEPRATE BALANCE SHEET
as at 31 December 2013

B02/TCTD

	Notes	31 December 2013 VND	31 December 2012 VND
ASSETS			
Cash, gold and precious stones	5	631,254,630,492	807,468,024,948
Balances with the State Bank of Vietnam	6	1,595,174,271,111	701,234,182,913
Due from and loans to other banks	7	12,228,516,809,265	7,376,463,960,142
Due from other banks	7.1	5,913,489,918,619	4,376,463,960,142
Loans to other banks	7.2	6,334,841,639,709	3,000,000,000,000
Provision for credit losses		(19,814,749,063)	-
Trading securities	8	667,545,285,887	207,405,555,556
Trading securities		668,466,197,782	207,405,555,556
Provision for diminution in value of trading securities		(920,911,895)	-
Derivatives and other financial assets	9	1,847,975,080	360,000,000
Loans and advances to customers		41,909,938,459,904	20,952,361,188,370
Loans and advances to customers	10	42,534,566,177,803	21,147,824,873,683
Provision for credit losses	11	(624,627,717,899)	(195,463,685,313)
Investment securities	12	13,456,295,781,674	11,736,418,608,313
Available-for-sale investment securities		12,033,115,421,317	10,372,146,639,365
Held-to-maturity investment securities		1,609,680,537,709	1,486,435,268,025
Provision for diminution in value of investment securities		(186,500,177,352)	(122,163,299,077)
Long-term investments		861,267,204,844	57,616,952,338
Investments in subsidiaries	13.1	779,376,000,000	-
Other long-term investments	13.2	112,891,310,665	61,491,310,665
Provision for diminution in value of long-term investments	13.3	(31,000,105,821)	(3,874,358,327)
Fixed assets		581,750,122,712	311,834,279,881
<i>Tangible fixed assets</i>	<i>14.1</i>	<i>361,251,713,391</i>	<i>255,582,722,580</i>
Cost		580,060,515,570	374,143,380,732
Accumulated depreciation		(218,808,802,179)	(118,560,658,152)
<i>Intangible fixed assets</i>	<i>14.2</i>	<i>220,498,409,321</i>	<i>56,251,557,301</i>
Cost		278,849,554,835	80,450,649,528
Accumulated amortisation		(58,351,145,514)	(24,199,092,227)
Other assets		14,291,710,374,111	10,631,667,937,987
Receivables	15	11,882,359,050,465	8,908,174,751,420
Interest and fees receivable	16	1,562,330,013,489	1,277,182,875,086
Deferred tax assets	26.2	21,428,598,540	-
Other assets	17	844,157,711,617	453,370,311,481
Provision for impairment of other assets	18	(18,565,000,000)	(7,060,000,000)
TOTAL ASSETS		86,225,300,915,080	52,782,830,690,448

Ho Chi Minh City Development Bank

SEPARATE BALANCE SHEET (continued)
as at 31 December 2013

B02/TCTD

	Notes	31 December 2013 VND	31 December 2012 VND
LIABILITIES			
Borrowings from the Government and the State Bank of Vietnam	19	128,173,419,004	565,531,992,435
Due to and borrowings from other banks	20	11,289,316,884,831	7,895,374,488,026
Due to other banks	20.1	5,494,880,884,831	3,533,223,288,026
Borrowings from other banks	20.2	5,794,436,000,000	4,362,151,200,000
Customer deposits	21	62,469,844,620,445	34,261,860,116,786
Grants, entrusted funds and loans exposed to risks	22	116,109,678,789	-
Valuable papers issued	23	2,503,000,000,000	3,644,839,683,515
Other liabilities		1,131,022,819,405	1,021,478,311,739
Interest and fees payable	24	976,500,925,152	639,452,701,208
Deferred tax liabilities	26.2	-	23,616,380
Other payables	25	135,992,907,671	375,742,308,125
Provision for contingent liabilities and off-balance sheet commitments	11	18,528,986,582	6,259,686,026
TOTAL LIABILITIES		77,637,467,422,474	47,389,084,592,501
OWNERS' EQUITY			
Capital		8,104,685,517,995	5,004,043,016,800
Charter capital	27.1	8,100,000,000,000	5,000,000,000,000
Fund for capital expenditure		89,002,195	-
Share premium	27.1	4,598,595,800	4,043,016,800
Treasury shares		(2,080,000)	-
Reserves	27.1	211,531,048,560	53,298,582,457
Retained earnings	27.1	271,616,926,051	336,404,498,690
TOTAL OWNERS' EQUITY		8,587,833,492,606	5,393,746,097,947
TOTAL LIABILITIES AND OWNERS' EQUITY		86,225,300,915,080	52,782,830,690,448


Ho Chi Minh City Development Bank

SEPARATE BALANCE SHEET (continued)
as at 31 December 2013

B02/TCTD

OFF BALANCE SHEET ITEMS

	Notes	31 December 2013 VND	31 December 2012 VND
Contingencies			
Financial guarantees		6,094,439,188	-
Letters of credit		673,916,999,229	277,486,714,514
Other guarantees		1,297,751,602,502	1,029,659,383,949
	41	1,977,763,040,919	1,307,146,098,463

Prepared by: 



Ms. Ho Dang Hoang Quyên
Chief Accountant

Reviewed by: 

Mr. Pham Van Dau
Chief Financial Officer

Approved by: 



Mr. Nguyen Huu Dang
General Director

Ho Chi Minh City, Vietnam

11 April 2014

Ho Chi Minh City Development Bank

SEPARATE INCOME STATEMENT
for the year ended 31 December 2013

B03/TCTD

	Notes	2013 VND	2012 VND
Interest and similar income	29	4,775,468,879,807	5,195,232,247,234
Interest and similar expenses	30	(4,553,006,940,673)	(4,345,159,278,402)
Net interest and similar income		222,461,939,134	850,072,968,832
Fees and commission income		87,895,099,885	46,344,535,613
Fees and commission expenses		(28,089,781,858)	(28,718,510,672)
Net fees and commission income	31	59,805,318,027	17,626,024,941
Net loss from foreign currencies and gold trading	32	(54,015,011,640)	(43,304,784,267)
Net gain from dealing of trading securities	33	61,929,530,864	8,592,464,240
Net gain from dealing of investment securities	34	682,240,688,281	315,178,910,662
Other operating income		257,560,615,177	377,392,999,858
Other operating expenses		(10,912,535,679)	(29,633,018,777)
Net other operating income	35	246,648,079,498	347,759,981,081
Income from long-term investments	36	141,311,618,426	26,482,194,605
TOTAL OPERATING INCOME		1,360,382,162,590	1,522,407,760,094
Personnel expenses		(325,467,381,294)	(301,888,321,247)
Depreciation and amortisation charges		(65,167,700,496)	(58,947,366,006)
Other operating expenses		(566,502,524,447)	(435,686,172,891)
TOTAL OPERATING EXPENSES	37	(957,137,606,237)	(796,521,860,144)
Net operating profit before credit loss expense		403,244,556,353	725,885,899,950
Credit loss expense	11	(174,771,067,765)	(298,735,979,395)
PROFIT BEFORE TAX		228,473,488,588	427,149,920,555
Current corporate income tax expense	26.1	(24,244,061,866)	(103,270,667,165)
Deferred corporate income tax benefit	26.2	1,652,214,920	2,551,404,212
Total corporate income tax expense		(22,591,846,946)	(100,719,262,953)
NET PROFIT FOR THE YEAR		205,881,641,642	326,430,657,602

Prepared by: 

Reviewed by: 

Approved by: 

Ms. Ho Dang Hoang Quyen
Chief Accountant

Mr. Pham Van Dau
Chief Financial Officer

Mr. Nguyen Huu Dang
General Director

Ho Chi Minh city, Viet Nam

11 April 2014

Ho Chi Minh City Development Bank

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2013

B04/TCTD

	Notes	2013 VND	2012 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		4,668,048,125,776	4,814,939,713,567
Interest and similar payments		(4,491,966,752,081)	(4,415,018,766,013)
Net fees and commission receipts		59,805,318,027	17,226,117,581
Net receipts from securities, gold and foreign currencies trading		320,613,920,640	169,207,840,550
Other operating income		10,807,208,458	26,029,977,028
Recovery of bad debts previously written-off	35	89,259,981,821	6,932,944,273
Payments to employees and other operating expenses		(881,993,078,521)	(733,693,879,144)
Corporate income tax paid during the year	26	(1,515,196,106)	(144,271,611,169)
Net operating cash flows used in operating activities before changes in operating assets and liabilities		(226,940,471,986)	(258,647,663,327)
Changes in operating assets			
(Increase)/decrease in due from and loans to other banks	(*)	(1,196,795,355,041)	2,098,956,909,764
Increase in investment securities	(*)	(4,179,255,029,505)	(1,179,023,206,335)
Increase in derivatives and other financial assets	(*)	(1,487,975,080)	-
Increase in loans and advances to customers	(*)	(12,306,010,078,944)	(7,343,670,421,281)
Use of provisions to write-off loans, investment securities, long-term investments	(*)	-	(243,883,085,028)
Decrease/(increase) in other assets	(*)	3,147,038,365,391	(1,629,567,242,970)
Changes in operating liabilities			
Decrease in borrowings from the Government and the SBV	(*)	(442,571,624,024)	(504,744,787,936)
Increase/(decrease) in due to and borrowings from other banks	(*)	2,726,763,652,616	(3,789,078,721,526)
Increase in due to customers	(*)	17,728,834,256,321	15,172,000,498,638
Decrease in valuable papers issued (excluding issued debts in financial activities)	(*)	(1,141,839,683,515)	(4,193,390,408,132)
Decrease in derivatives and other financial liabilities	(*)	-	(2,789,558,902)
Decrease in other liabilities	(*)	(13,295,656,189)	(705,073,889,341)
Use of reserves during the year	(*)	(6,929,947,602)	(18,049,281,288)
Net cash flows from/(used in) operating activities		4,087,510,452,442	(2,596,960,857,664)

Ho Chi Minh City Development Bank

SEPARATE CASH FLOW STATEMENT (continued)
for the year ended 31 December 2013

B04/TCTD

	Notes	2013 VND	2012 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	14	(56,475,365,780)	(55,360,226,265)
Proceeds from disposals of fixed assets		1,504,025,989	31,964,000,000
Additional investments in other entities		(629,376,000,000)	-
Receipts from investments in other entities		2,000,000,000	-
Dividends received and profit from long-term investments		154,922,618,426	15,053,569,605
Net cash flows used in investing activities		(527,424,721,365)	(8,342,656,660)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contributions		-	2,000,000,000,000
Dividends paid	28	(280,757,097,022)	(226,957,800,626)
Net cash flows (used in)/from financing activities		(280,757,097,022)	1,773,042,199,374
Net increase/(decrease) in cash and cash equivalents during the year		3,279,328,634,055	(832,261,314,950)
Cash and cash equivalents transferred from merger of DaiABank		498,071,444,747	-
Cash and cash equivalents at the beginning of the year		4,857,898,077,767	5,690,159,392,717
Cash and cash equivalents at the end of the year	38	8,635,298,156,569	4,857,898,077,767

(*) The above amounts are calculated based on the ending balance as at 31 December 2013 and the beginning balance of the Bank as at 1 January 2013 and the beginning balance of DaiABank at the time of merger on 30 December 2013.


Non-cash transaction

The Bank completed the merger with Dai A Commercial Joint Stock Bank ("DaiABank") in accordance with Decision No. 2687/QĐ-NHNN dated 18 November 2013 issued by the Governor of the State Bank of Vietnam. Accordingly, the shares of the Bank after the merger were issued as follows: one (1) share of the Bank after the merger is equivalent to one (1) share of the Bank and one (1) share of DaiABank before the merger.

Prepared by:


Ms. Ho Dang Hoang Quyên
Chief Accountant

Reviewed by:


Mr. Pham Van Dau
Chief Financial Officer

Approved by:


Mr. Nguyen Huu Dang
General Director



Ho Chi Minh City, Vietnam

11 April 2014

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
as at and for the year ended 31 December 2013

B05/TCTD

1. CORPORATE INFORMATION

Ho Chi Minh City Development Bank ("the Bank") is a joint stock commercial bank incorporated in the Socialist Republic of Vietnam.

Establishment and Operations

The Bank was established under Decision No. 47/QĐ-UB issued by the People's Committee of Ho Chi Minh City on 11 February 1989 and Banking License No. 00019/NH-GP issued by the State Bank of Vietnam ("the SBV") on 6 June 1992.

The Bank's principal activities are to provide banking services including mobilising and receiving short, medium and long-term deposits from organisations and individuals; making short, medium and long-term loans to organisations and individuals based on the nature and capability of the Bank's capital resources; conducting foreign currency transactions; providing international trade finance services, discounting of commercial notes, bonds and valuable papers; and other banking services as allowed by the SBV.

Subsidiaries

As at 31 December 2013, the Bank has two (2) subsidiaries:

No.	Company name	Business registration certificate No.	Sector	Ownership of the Bank
1	Dai A Commercial Joint Stock Bank Asset Management Company (DaiABank AMC)	3602376446 dated 13 September 2010 issued by the Department of Planning and Investment of Dong Nai Province, amended for the second on 19 July 2011	Finance/ Banking	100%
2	Ho Chi Minh City Development Commercial Joint Stock Bank Finance Co., Ltd.	0304990133 issued by the Department of Planning and Investment dated on 13 July 2007, amended for the ninth on 21 November 2013	Finance/ Banking	100%

Charter capital

The charter capital of the Bank as at 31 December 2013 amounted to VND8,100,000 million (31 December 2012: VND5,000,000 million).

Operation network

The Bank's Head Office is located at HD Tower, 25 bis Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City. As at 31 December 2013, the Bank had one (1) Head Office, forty two (42) branches, one hundred and twenty five (125) transaction offices and twenty two (22) savings points located in cities and provinces throughout Vietnam.

Employees

The Bank's total number of employees as at 31 December 2013 was 3,654 (31 December 2012: 2,227).

2. FISCAL YEAR AND ACCOUNTING CURRENCY

2.1 *Fiscal year*

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

2.2 *Accounting currency*

The Bank maintains its accounting records in Vietnam Dong ("VND").

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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3. ACCOUNTING STANDARDS AND SYSTEM

3.1 *Compliance with Vietnamese Accounting Standards and Accounting System for Credit Institutions*

Management confirms that the accompanying separate financial statements have been prepared in accordance with Vietnamese Accounting Standards and Accounting System for Credit Institutions.

3.2 *Accounting standards and system*

The separate financial statements of the Bank expressed in Vietnam Dong ("VND") are prepared in accordance with the Accounting System for Credit Institutions required under SBV Decision No. 479/2004/QD-NHNN dated 29 April 2004 and its related amendments, SBV Decision No. 16/2007/QD-NHNN dated 18 April 2007 regarding to the financial reporting mechanism for credit institutions and the Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

The separate financial statements of the Bank for the year ended 31 December 2013 are formed on the basis of adding the total assets of DaiABank into the Bank from the date of merger.

The accompanying separate financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying separate balance sheet, separate income statement, separate cash flow statement and notes to the separate financial statements and their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore these separate financial statements are not intended to present the separate financial position, separate financial performance and separate cash flows of the Bank in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

The Bank has subsidiaries listed in *Note 1*. The consolidated financial statements of the Bank have been prepared in accordance with the Vietnamese Accounting Standards and System and in compliance with relevant statutory requirements of the State Bank of Vietnam. These consolidated financial statements are independent from the separate financial statements of the Bank.

Users of these separate financial statements should read them together with the consolidated financial statements of the Bank and its subsidiaries as at 31 December 2013 and for the year then ended in order to obtain full information on the consolidated financial position of the Bank and its subsidiaries, the consolidated results of their operations and their consolidated cash flows.

3.3 *Use of estimates*

The preparation of the separate financial statements requires management make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income and expenses and the resultant provisions. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty and actual results may differ, resulting in future changes in such provision.

3. ACCOUNTING STANDARDS AND SYSTEM (continued)

3.3 Use of estimates (continued)

Going concern

Management has assessed the Bank's ability to continue as a going concern and recognised that the Bank has sufficient resources to maintain its business operations in a definite future. In addition, management is not aware of any significant uncertainties that may affect the Bank's ability to continue as a going concern. Therefore, the separate financial statements are prepared on a going concern basis.

3.4 Changes in accounting policies and disclosures

The accounting policies adopted by the Bank in preparation of the separate financial statements are consistent with those followed in the preparation of separate financial statements for the year ended 31 December 2012.

3.5 Standards and regulations issued but not yet effective

The standards and regulations that are issued, but not yet effective, up to the date of issuance of the Bank's separate financial statements are disclosed below.

Circular No. 02/2013/TT-NHNN - Regulations on classification of assets, making and use of provision in the operations of credit institutions and foreign bank branches ("Circular 02").

On 21 January 2013, the State Bank of Vietnam issued Circular No. 02/2013/TT-NHNN regulating classification of assets, making and use of provision in the operations of credit institutions and foreign bank branches. On 27 May 2013, the State Bank of Vietnam issued Circular No. 12/2013/TT-NHNN to amend Clause 1, Article 25 of Circular 02 which postpones the effective date of Circular 02 from 1 June 2013 to 1 June 2014. Furthermore, the SBV issued Circular No. 09/2014/TT-NHNN dated 18 March 2014 which provides certain amendments and additions to Circular 02.

Circular 02 will replace the current regulations on loan classification and provision for loans to customers as stipulated in Decision No. 493/2005/QĐ-NHNN dated 22 April 2005, Decision No. 18/2007/QĐ-NHNN dated 25 April 2007 and Decision No. 780/QĐ-NHNN dated 23 April 2012.

Significant changes in Circular 02 are as follows:

- ▶ Scope of loan classification: Credit institutions are also required to make classification and provision for entrusted investments, entrustment for credit granting, credit cards, loans bought/sold and deposits with other banks. General provision for off-balance-sheet commitments is not compulsory.
- ▶ Valuation of collaterals: Collateral assets exceeding VND200 billion or collateral assets of loans to related parties exceeding VND50 billion or loans subject to credit restrictions must be appraised by an independent valuer.
- ▶ Use of credit information: Credit institutions are required to make adjustment on their classification of loans and off-balance-sheet commitments to higher risk groups following the information on loan classification obtained from the Credit Information Center of the SBV ("CIC"). Credit institutions are also required to report their loan and off-balance-sheet commitment classification to the CIC on a quarterly basis. This requirement will become effective from 1 January 2015.
- ▶ Restructure of loans: Credit institutions are permitted to restructure loans and keep the loan group unchanged as prior to the restructure provided that all requirements stipulated in Circular 09 are satisfied. This requirement will become expiry on 1 April 2015.

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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3. ACCOUNTING STANDARDS AND SYSTEM (continued)

3.6 *Resolution of DaiABank's retained earnings transferred to the Bank after the merger*

Dai A Commercial Joint Stock Bank ("DaiABank") was officially merged into the Bank's operations on 30 December 2013 in accordance with Decision No. 2687/QD-NHNN dated 18 November 2013 issued by the Governor of the State Bank of Vietnam. DaiABank finalised and closed its accounting results and data on 29 December 2013 to transfer its retained earnings before the merger into the retained earnings of the Bank after the merger.

The Bank's separate income statement included the results of operations of DaiABank for the period from 30 December 2013 to 31 December 2013 and the results of operations of the Bank for the period from 1 January 2013 to 31 December 2013.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash, gold, jewellery, gemstones, balances with the State Bank of Vietnam, treasury notes and other short-term valuable papers which can be discounted with the State Bank of Vietnam, balances due from and loans to other banks with an original maturity of less than three months from transaction dates and securities investments with maturity of less than three months from purchase dates that are readily convertible into certain amounts of cash and subject to insignificant risk of change in value.

4.2 *Loans and advances to customers*

Loans and advances to customers are presented at the principal amounts outstanding at the end of period.

4.3 *Provision for credit losses*

Loan classification

The Bank classified and provided for allowance for its loans and advances to customers in accordance with Law on Credit Institutions No. 47/2010/QH12 effective from 1 January 2011; Decision No. 1627/2001/QD-NHNN dated 31 December 2001 issued by the Governor of the State Bank of Vietnam on lending statutory; Decision No. 127/2005/QD-NHNN dated 3 February 2005 amending and supplementing Decision No. 1627/2001/QD-NHNN; Decision No. 493/2005/QD-NHNN dated 22 April 2005 and Decision No. 18/2007/QD-NHNN dated 25 April 2007 by the State Bank of Vietnam on loan classification and provision. Accordingly, loans are classified as *Current*, *Special Mention*, *Substandard*, *Doubtful* and *Loss* on the basis of payment arrears status and other qualitative factors.

Loans in *Substandard*, *Doubtful* and *Loss* group are considered as non-performing loans.

According to Decision No. 493/2005/QD-NHNN, loans are classified at the end of each quarter for first three quarters and at 30 November for the fourth quarter in the financial year.

On 23 April 2012, the State Bank of Vietnam issued Decision No. 780/QD-NHNN stipulating the loan classification for restructured loans and advances. Accordingly, credit institutions are permitted to keep unchanged the group of loans which have been rescheduled and extended for repayment based on assessment of the financial performance and the ability to repay the loans after restructuring or extension.

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Provision for credit losses (continued)

Loan classification (continued)

On 4 August 2010, the Bank registered and received approval from the State Bank of Vietnam in Letter No. 5799/NHNN-TTGSNH to apply the internal credit scoring system which classifies the loan portfolio according to Article 7 of Decision No. 493/2005/QĐ-NHNN. Under this system, the Bank's loans are assessed and classified based on both qualitative and quantitative factors.

These loans are classified at risk levels as follows:

No.	Rating	Group	Name
1	AAA	1	Current
2	AA	1	Current
3	A	1	Current
4	BBB	2	Special Mention
5	BB	2	Special Mention
6	B	3	Substandard
7	CCC	3	Substandard
8	CC	4	Doubtful
9	C	4	Doubtful
10	D	5	Loss

DaiABank's loans and advances to customers transferred to the Bank on 30 December 2013 are classified in accordance with Article 6 of Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN.

Specific provision

Specific provision is created on the net loans and advances exposure of each borrower using fixed provision rates as follows:

Group	Name	Specific provision rate
1	Current	0%
2	Special Mention	5%
3	Substandard	20%
4	Doubtful	50%
5	Loss	100%

Net loans and advances exposure for each borrower is calculated by subtracting from the loan balance the discounted value of collateral. Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN stipulated specific discount rates for certain accepted collaterals.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 *Provision for credit losses* (continued)

General provision

In accordance with Decision No. 493/2005/QĐ-NHNN, a general provision is made for loan losses which have not yet been identified during the loan classification and specific provisioning process and for potential financial difficulties due to deterioration in loan quality. As such, the Bank is required to fully create and maintain a general provision at 0.75% of total loans and advances to customers, guarantees, payment acceptances and non-cancelable loan commitments with specific effective date which are classified in groups 1 to 4.

Use of provision

Provisions are recognised as an expense in the separate income statement and will be used to write off any loan losses incurred. According to Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN, the Bank should establish the Bad Debt Resolution Committee to approve the writing-off of loans which are classified in Group 5 or loans of corporate borrowers which are bankrupted or liquidated or individual borrowers who are deceased or missing.

4.4 *Loans sold to Vietnam Asset Management Company ("VAMC")*

Loans are sold to VAMC at the carrying amount in accordance with Decree No. 53/2013/ND-CP effective from 9 July 2013 on "Establishment, structure and operations of VAMC", Circular No. 19/2013/TT-NHNN "Regulations on selling, purchasing and writing-off of bad debts of VAMC" and Official Letter No. 8499/NHNN-TCKT on "Accounting guidance on selling and purchasing of loan transactions between VAMC and credit institutions". Accordingly, selling price equals to the outstanding loan balance minus (-) unused balance of specific provision. Upon the sale of loans, the Bank writes off loan balances and corresponding provisions and recognises special bonds issued by VAMC at par value determined as the difference between the loan balance sold and corresponding specific provision. When receiving loans previously sold to VAMC, the Bank uses annual specific provisions for special bonds to write off bad debts and recognises the difference between provision for credit losses and the remaining outstanding loan balance/bond value in "Other income" of the separate income statement.

4.5 *Special bonds issued by VAMC*

Special bonds issued by VAMC are valuable papers issued by VAMC to purchase bad debts from the Bank which have specific terms. Special bonds are recognised at par value at the transaction date and continuously recorded at par value in subsequent periods. Par value of special bonds, which is corresponding to the bad debts sold, is the difference between the outstanding loan balance and unused balance of specific provision of loan.

Periodically, the Bank calculates and makes specific provision not less than 20% of the special bonds' par value for each year. Specific provision for special bonds is recognised in "Operating expenses" of the separate income statement. These special bonds are not subject to general provision.

4.6 *Trading securities*

Trading securities are debt securities, equity securities and other securities acquired by the Bank and planned to be sold in a short period for benefits from price variance.

Trading securities are initially recognised at the cost at transaction date and always presented at cost during subsequent periods.

Interest earned in the period is recognised in the separate income statement on a cash basis.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 *Trading securities* (continued)

These securities are subject to review for possible impairment at the separate balance sheet date. Provision for diminution in value of trading securities is provided when their carrying value is higher than market value in compliance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. In case market price cannot be determined, provision is not made. Provision for diminution in value is recognised in "Net gain/loss from dealing of trading securities" of the separate income statement.

4.7 *Investment securities*

4.7.1 *Held-to-maturity securities*

Held-to-maturity investments are debt securities acquired by the Bank for the purpose of earning interest and which the Bank has the intention and ability to hold to maturity. Held-to-maturity investments have fixed or determinable payments and maturity date. In case these securities are sold before maturity, they will be transferred to trading securities or available-for-sale securities.

These securities are initially recognised at par value at the purchase date. The accrued interest income (for debt securities with interest payment in arrears) and deferred interest income (for debt securities with interest payment in advance) are recognised in a separate account. Discount/premium which is the difference between the cost and the amount being the par value plus (+) accrued interest income (for debt securities with interest payment in arrears) or minus (-) deferred interest income (for debt securities with interest payment in advance) is also recognised in a separate account.

In subsequent periods, these securities are continuously stated at par value, and the discount/premium (if any) is amortised to the separate income statement on a straight-line basis over the remaining term of securities. Interest received in arrears is recognised on the following principle: the accrued interest incurred prior to the purchase is recognised as a deduction in the value of such securities, corresponding to the accrued interest income account; and the accrued interest incurred after the purchase is recognised into the income of the Bank and its subsidiary under the cumulative method. Interest received in advance is amortised to the securities investment interest income on a straight-line basis over the term of securities investment.

Periodically, held-to-maturity investments are subject to review for potential impairment of their value. Provision for diminution in value is made when carrying value is higher than market value according to Circular No. 228/2009/TT-BTC issued by the Ministry of Finance dated 7 December 2009. In case market prices of securities are not available or cannot be determined reliably, no provision is calculated. Provision for a diminution in value is recognised in "Net gain (loss) from dealing of investment securities" of the separate income statement.

Held-to-maturity investments of the Bank as at 31 December 2013 include special bonds issued by VAMC which are recognised and measured as described in Note 4.5.

4.7.2 *Available-for-sale securities*

Available-for-sale securities include debt and equity securities acquired by the Bank for the purpose of investment and available-for-sale, not regularly traded but can be sold when there is a benefit. The Bank is not either the founding shareholder or strategic partner, or does not have the ability to make certain influence in establishing and making the financial and operating policies of the investees through a written agreement on assignment of its officers to the Board of Directors/Management.

Available-for-sale equity securities are initially recognised at cost at the purchase date and continuously presented at cost in subsequent periods.

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Investment securities* (continued)

4.7.2 *Available-for-sale securities* (continued)

Available-for-sale debt securities are recognised and measured similarly to held-to-maturity securities as described in *Note 4.7.1*.

Periodically, available-for-sale investments are reviewed for potential impairment of their value. Provision for diminution in value is made when carrying value is higher than market value according to Circular No. 228/2009/TT-BTC issued by the Ministry of Finance dated 7 December 2009. In case market prices of securities are not available or cannot be determined reliably, no provision is calculated. Provision for diminution in value is recognised in "*Net gain/(loss) from dealing of investment securities*" of the separate income statement.

4.8 *Repurchase and reverse repurchase agreements*

Securities sold under agreements to repurchase at a specific date in the future ("repos") are not derecognised from the separate financial statements. The corresponding cash received is recognised in the separate balance sheet as a liability item. The difference between the sale price and repurchase price is treated as interest expense and is amortised on a straight-line basis to the separate income statement over the term of the agreement.

Conversely, securities purchased under agreements to resell at a specific date in the future ("reverse repos") are not recognised in the separate financial statements. The corresponding cash paid is recognised in the separate balance sheet as an asset item. The difference between the purchase price and resale price is treated as interest income and is amortised on a straight-line basis to the separate income statement over the term of the agreement.

4.9 *Investments in subsidiaries*

Investments in subsidiaries which the Bank holds controls are recognised at cost. The appropriation of profit of subsidiary arising after the date at which the Bank holds controls is recognised in the separate income statement of the Bank. Other appropriations are considered as recovery of investment and deducted from cost of investment.

Investments in subsidiaries are carried at cost less provision for diminution in value of investments.

Breakdown of the Bank's investments in subsidiaries is presented in *Note 13.1*.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Other long-term investments

Other long term investments represent capital contributions and investments in other entities which the Bank holds less than 20% voting rights and is the founding shareholder, the strategic partner, or has ability to make certain influence on preparing and making the financial and operating policies of the investees through a written agreement to assign of its representatives in the Board of Management/Board of Directors.

Other long-term investments are initially recognised at cost at the purchase date and continuously presented at cost minus the provision (if any).

Provision for diminution in value of long-term investments is made if the investees incur net loss (except for the loss is incurred in line with the business plan before the investment is made) in accordance with Circular No. 228/2009/TT-BTC on 7 December 2009 and Circular No. 89/2013/TT-BTC on 28 June 2013 amending Circular No. 228/2009/TT-BTC. Provision for individual investment is calculated as the difference between the actual contributed capital of parties in the business entity and the existing owners' equity of the business entity multiplying by (x) the actual proportion of capital contributed by the Bank to total capital contribution of parties in the business entity.

4.11 Fixed assets

Fixed assets are stated at cost less accumulated depreciation and amortisation.

The cost of a fixed asset comprises any directly attributable costs of bringing the fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the separate income statement as incurred.

When fixed assets are sold or liquidated, their costs and accumulated depreciation and amortisation are removed from the separate balance sheet and any gain or loss resulting from their disposal is included in the separate income statement.

4.12 Depreciation and amortisation

Depreciation and amortisation of tangible fixed assets and intangible fixed assets are calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings and structures	5 - 25 years
Machinery and equipment	7 - 10 years
Vehicles	6 - 10 years
Office equipment	3 - 10 years
Other tangible fixed assets	3 - 10 years
Accounting software	3 - 8 years

The land use rights of the Bank with indefinite term are not amortised. The land use rights with definite term are amortised over the term of use.

4.13 Lease

The Bank as lessee

Operating lease payments are not recognised into the separate balance sheet. Leasing payables are recognised on the straight-line basis into the separate income statement in "Other operating expenses" over the lease term.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Other receivables

Receivables other than receivables from credit activities of the Bank are initially recognised at cost and continuously presented at cost in subsequent periods.

Provision for doubtful debts is set up based on the aging schedule of overdue debts or expected losses which may occur in case where a debt has not yet been due for payment but an economic organisation is bankrupted or liquidated; or individual debtor is missing, run away, being prosecuted, under a trial or a serving sentence or dead. Provision expense is recognised in "Operating expenses" of the separate income statement.

Provision for overdue debts is made in accordance with the guidance of Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009 as follows:

<u>Overdue period</u>	<u>Provision rate</u>
From over six (6) months up to one (1) year	30%
From one (1) year up to under two (2) years	50%
From two (2) years up to under three (3) years	70%
From three (3) years and above	100%

4.15 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issuance or cancellation of the bank's own equity instruments.

4.16 Recognition of income and expense

Interest income and interest expense are recognised in the separate income statement on an accrual basis. The recognition of accrued interest income is suspended when a loan is classified in Group 2 to 5 in compliance with Decision No. 493/2005/QD-NHNN and Decision No. 18/2007/QD-NHNN. Suspended interest income is reversed and monitored in the off-balance sheet and recognised in separate income statement upon actual receipt.

Income from securities investment is determined by the difference between the selling price and the cost of securities sold.

Fees and commissions are recognised when services are completed.

Dividend income on equity investment is recognised in the separate income statement when the Bank's right to receive the payment is established. For stock dividends and bonus shares, only the number of share is updated without recognising dividend income in the separate income statement.

4.17 Foreign currency transactions

The Bank maintains its accounting system and records all transactions in original currencies. Monetary assets and liabilities denominated in foreign currencies at year-end are translated into VND using exchange rates ruling at the separate balance sheet date (see list of exchange rates of applicable foreign currencies against VND as at 31 December 2013 in Note 49). Income and expenses arising in foreign currencies during the year are converted into VND at rates ruling at the transaction dates. Unrealised foreign exchange differences arising from the translation of monetary assets and liabilities at the separate balance sheet date are recognised in the separate income statement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Corporate income tax

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be paid to (or recovered from) the taxation authorities, using tax rates and tax laws enacted at the separate balance sheet date.

Current income tax is charged or credited to the separate income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Bank to set off current tax assets against current tax liabilities and when the Bank intends to settle its current tax assets and liabilities on a net basis.

The Bank's tax returns are subject to examination by the tax authorities. As the application of tax laws and regulations in Vietnam is susceptible to varying interpretations, amounts reported in the separate financial statements could be changed at a later date upon final determination by the tax authorities.

Deferred tax

Deferred tax is provided using the separate balance sheet liability method on temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purpose at the separate balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ The deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- ▶ In respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- ▶ The deferred tax asset arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- ▶ In respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each separate balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred income tax assets are reassessed at each separate balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the separate balance sheet date.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Corporate income tax (continued)

Deferred tax (continued)

Deferred tax is charged or credited to the separate income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

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 taxable entity and the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

4.19 Provision for off-balance-sheet commitments

The Bank makes the loan classification and provision for guarantees, payment acceptances and non-cancelable loan commitments with specific effective date (generally called "off-balance-sheet commitments") in accordance with Article 6 of Decision No. 493/2005/QĐ-NHNN. Accordingly, off-balance sheet commitments are classified into groups such as Current, Special Mention, Substandard, Doubtful and Loss based on the overdue status and other qualitative factors.

Specific provision for off-balance-sheet commitments is calculated similarly to provision for loans and advances to customers as described in Note 4.3. Provision expense is recorded as "Loan loss expense" in the separate income statement and provision balance is recorded as "Other liabilities" in the separate balance sheet.

4.20 Derivative instruments

Forward currency contracts

With respect to foreign currency forward contracts, the difference between VND value of sale or purchase of foreign currency under forward rate and spot rate at the effective date of contract is recognised as an asset - "Interest receivables from forward transactions" if it is positive or a liability - "Interest payables from forward transactions" if it is negative. This difference will be amortised on a straight-line basis into "Net gain/loss from foreign currencies and gold trading" during the contract term. At the separate balance sheet date, foreign currency forward commitments are revalued using the official exchange rate ruling by the State Bank of Vietnam. Gain or loss from revaluation is recognised into "Net gain/loss from foreign currencies and gold trading" of the separate income statements.

4.21 Offsetting

Financial assets and financial liabilities are offset and reported at the net amount in the separate balance sheet if, and only if, the Bank has an enforceable legal right to offset financial assets against financial liabilities and the Bank has intention to settle on a net basis, or the realisation of the assets and settlement of liabilities is made simultaneously.

4.22 Employee benefits

4.22.1 Post employment benefits

Post employment benefits are paid to retired employees of the Bank by the Social Insurance Agency which belongs to the Ministry of Labor and Social Affairs. The Bank is required to contribute to these post employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17% of an employee's basic salary on a monthly basis. The Bank has no further obligation.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Employee benefits (continued)

4.22.2 Voluntary resignation benefits

The Bank has the obligation, under Section 42 of the Vietnam Labor Code amended on 2 April 2002, to pay allowance arising from voluntarily resignation of employees, equal to one-half month's salary for each year of employment plus salary allowances (if any) until 31 December 2008. From 1 January 2009, the average monthly salary used in this allowance calculation will be adjusted at the end of each reporting period by the average salary of the last six-month period up to the resignation date.

4.22.3 Unemployment benefits

According to Circular No. 04/2009/TT-BLDTBXH guiding Decree No. 127/2008/ND-CP on unemployment insurance, from 1 January 2009, the Bank is obliged to pay unemployment insurance at 1% of its salary fund used for payment of unemployment insurance for insurance participants and simultaneously deduct 1% of salary of each employee to pay to the Unemployment Insurance Fund.

5. CASH, GOLD AND PRECIOUS STONES

	<i>31 December 2013</i> VND	<i>31 December 2012</i> VND
Cash on hand in VND	461,637,912,547	293,454,442,600
Cash on hand in foreign currencies	155,384,855,445	128,218,042,348
Monetary gold	14,231,862,500	385,795,540,000
	<u>631,254,630,492</u>	<u>807,468,024,948</u>

6. BALANCES WITH THE STATE BANK OF VIETNAM

	<i>31 December 2013</i> VND	<i>31 December 2012</i> VND
In VND	1,339,480,423,061	590,541,730,141
In foreign currencies	255,693,848,050	110,692,452,772
	<u>1,595,174,271,111</u>	<u>701,234,182,913</u>

Balances with the State Bank of Vietnam (the "SBV") include settlement and compulsory deposits. As at 31 December 2013, compulsory deposits in VND and settlement deposits in foreign currencies earn annual interest at rates of 1.20% p.a and 0.05% p.a, respectively.

The compulsory deposit rates required by the SBV as at 31 December 2013 are as follows:

- Reserves are computed at 3.00% and 8.00% of customer deposits in VND and in foreign currencies with original maturities of less than 12 months, respectively.
- Reserves are computed at 1.00% and 6.00% of customer deposits in VND and foreign currencies with original maturities over 12 months, respectively.

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013

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7. DUE FROM AND LOANS TO OTHER BANKS

	31 December 2013 VND	31 December 2012 VND
Due from other banks	5,913,489,918,619	4,376,463,960,142
Loans to other banks	6,334,841,639,709	3,000,000,000,000
	<u>12,248,331,558,328</u>	<u>7,376,463,960,142</u>
Provision for credit loss		
- Loans to other banks (Note 11)	(6,760,036,458)	-
- Due from other banks	(13,054,712,605)	-
	<u>(19,814,749,063)</u>	<u>-</u>
	<u>12,228,516,809,265</u>	<u>7,376,463,960,142</u>

7.1 Due from other banks

	31 December 2013 VND	31 December 2012 VND
Demand deposits		
- In VND	605,095,640,965	223,465,508,944
- In foreign currencies	364,518,014,001	125,730,360,962
Term deposits		
<i>With term less than or equal to three months</i>		
- In VND (*)	4,268,620,663,653	-
- In foreign currencies	675,255,600,000	-
<i>With term over three months</i>		
- In VND	-	4,027,268,090,236
	<u>5,913,489,918,619</u>	<u>4,376,463,960,142</u>
Provision for credit loss of due from other banks	(13,054,712,605)	-
	<u>5,900,435,206,014</u>	<u>4,376,463,960,142</u>

(*) This includes the overdue deposits at Handico Finance Joint Stock Company and Agribank Leasing II Ltd. Company. These overdue deposits were provided for provision in accordance with prevailing regulations.

Interest rates of term deposits in other banks at the year-end are as follows:

	31 December 2013 % p.a.	31 December 2012 % p.a.
- In VND	4.20 - 13.50	8.50 - 15.00
- In foreign currencies	0.20 - 0.90	Not applicable

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013

B05/TCTD

7. DUE FROM AND LOANS TO OTHER BANKS (continued)

7.2 Loans to other banks

	31 December 2013 VND	31 December 2012 VND
Loans to other banks		
- In VND	5,914,121,639,721	3,000,000,000,000
- In foreign currency	420,719,999,988	-
	<u>6,334,841,639,709</u>	<u>3,000,000,000,000</u>
Provision for credit loss of loans to other banks	(6,760,036,458)	-
	<u>6,328,081,603,251</u>	<u>3,000,000,000,000</u>

Interest rates of loans to other banks at the year-end are as follows:

	31 December 2013 % p.a.	31 December 2012 % p.a.
- In VND	3.90 - 13.50	6.60 - 7.80
- In foreign currency	1.50 - 1.60	Not applicable

8. TRADING SECURITIES

Details of trading securities as at 31 December are as follows:

	31 December 2013 VND	31 December 2012 VND
Debt securities issued by local business entities	419,000,000,000	207,405,555,556
Equity securities issued by local business entities	228,929,295,102	-
Equity securities issued by other local credit institutions	20,536,902,680	-
	<u>668,466,197,782</u>	<u>207,405,555,556</u>
Provision for diminution in value of trading securities	(920,911,895)	-
	<u>667,545,285,887</u>	<u>207,405,555,556</u>

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013

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8. TRADING SECURITIES (continued)

Breakdown of trading securities is as follows:

	31 December 2013		31 December 2012	
	Face value VND	Carrying value VND	Face value VND	Carrying value VND
Debt securities issued by local business entities				
Accommodation and Tourism Ariyana Joint Stock Company	285,000,000,000	319,000,000,000	-	-
Real Estate Investment Hanoi Marina Joint Stock Company	100,000,000,000	100,000,000,000	-	-
VNT Development Ltd. Company	-	-	200,000,000,000	207,405,555,556
		419,000,000,000		207,405,555,556
Equity securities issued by local business entities				
Petro Vietnam Gas Joint Stock Corporation	14,754,500,000	95,058,859,346	-	-
Saigon Securities Joint Stock Company	53,249,800,000	94,811,691,541	-	-
Petro Vietnam Fertilizer and Chemicals Corporation	7,340,900,000	30,485,120,194	-	-
Hoang Anh Gia Lai Joint Stock Company	4,000,000,000	8,573,624,021	-	-
		228,929,295,102		-
Equity securities issued by other local credit institutions				
Saigon Hanoi Joint Stock Commercial Bank	29,000,000,000	20,536,902,680	-	-
		<u>668,466,197,782</u>		<u>207,405,555,556</u>

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013

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9. DERIVATIVES AND OTHER FINANCIAL ASSETS

	<i>Total contract value (using exchange rate at the contract date) VND</i>	<i>Total carrying value (using exchange rate at balance sheet date)</i>	
		<i>Assets VND</i>	<i>Liabilities VND</i>
As at 31 December 2013			
<i>Currency derivatives</i>			
Swap contracts	435,612,524,920	1,847,975,080	-
As at 31 December 2012			
<i>Currency derivatives</i>			
Forward contracts	208,640,000,000	360,000,000	-

10. LOANS AND ADVANCES TO CUSTOMERS

	<i>31 December 2013 VND</i>	<i>31 December 2012 VND</i>
Loans to local economic entities and individuals	38,886,737,926,704	20,680,001,568,572
Loans for discounted commercial notes and valuable papers	3,118,566,645,899	19,840,640,875
Overdraft and loans to credit card holders	265,629,310,008	425,493,511,666
Frozen loans and loans pending for resolution	137,142,583,648	-
Loans from funds entrusted	97,954,099,290	-
Loans to foreign economic entities and individuals	28,535,612,254	22,489,152,570
	<u>42,534,566,177,803</u>	<u>21,147,824,873,683</u>

The balance includes the investment in bonds of Vinashin Corporation amounting to VND63,644 million which have term of 10 years and bear interest at rate 9.00% p.a. The interest has been overdue since April 2011. The investment has been reclassified into Frozen loans and loans pending for resolution in accordance with the instructions of the State Authority on freezing and restructuring the debts to Vinashin.

Interest rates of loans and advances to customers at the year-end are as follows:

	<i>31 December 2013 % p.a</i>	<i>31 December 2012 % p.a</i>
Commercial loans		
- In VND	1.20 - 26.00	2.80 - 27.00
- In foreign currencies	2.45 - 9.30	3.00 - 10.00
- In gold	2.50 - 8.00	2.50 - 5.60

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013

B05/TCTD

10. LOANS AND ADVANCES TO CUSTOMERS (continued)

10.1 Analysis of loans by quality

	31 December 2013 VND	31 December 2012 VND
Current	39,624,767,899,485	19,415,923,530,441
Special mention	1,401,460,657,817	1,234,341,032,354
Substandard	361,187,667,413	354,754,391,421
Doubtful	169,963,659,962	116,906,219,467
Loss	913,542,692,017	25,899,700,000
Loans pending for resolution	63,643,601,109	-
	<u>42,534,566,177,803</u>	<u>21,147,824,873,683</u>

10.2 Analysis of loans by original terms

	31 December 2013 VND	31 December 2012 VND
Short-term loans	32,077,274,261,850	17,575,945,843,248
Medium-term loans	6,515,576,570,423	1,794,861,889,000
Long-term loans	3,941,715,345,530	1,777,017,141,435
	<u>42,534,566,177,803</u>	<u>21,147,824,873,683</u>

10.3 Analysis of loans by type of customers and ownership

	31 December 2013		31 December 2012	
	VND	%	VND	%
Corporate loans	19,045,474,536,030	44.78	10,246,634,673,304	48.45
Other limited liability companies	7,456,445,629,885	17.53	3,461,794,220,546	16.37
Other joint-stock companies	6,797,857,172,068	15.98	4,055,025,431,089	19.17
Family household business	1,502,024,537,019	3.53	1,266,150,175,886	5.99
State limited liability companies	760,700,564,138	1.79	509,822,565,288	2.41
Other State-owned enterprises	668,788,092,608	1.57	379,310,391,721	1.79
Private companies	664,534,558,951	1.56	125,919,406,977	0.60
State joint stock companies	242,331,071,688	0.57	72,605,056,288	0.34
Foreign invested enterprises	96,477,841,407	0.23	82,002,655,734	0.39
Foreign joint venture enterprises	23,867,024,403	0.06	16,048,396,154	0.08
Co-operatives	6,165,784,854	0.02	6,713,850,501	0.03
Partnerships	4,746,650,000	0.01	812,650,000	0.00
State and administrative unit of government	4,696,972,000	0.01	566,800,000	0.00
Others	816,838,637,009	1.92	269,863,073,120	1.28
Individual loans	23,489,091,641,773	55.22	10,901,190,200,379	51.55
	<u>42,534,566,177,803</u>	<u>100.00</u>	<u>21,147,824,873,683</u>	<u>100.00</u>

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
as at and for the year ended 31 December 2013

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10. LOANS TO CUSTOMERS (continued)

10.4 Analysis of loan portfolio by industry

	31 December 2013		31 December 2012	
	VND	%	VND	%
Household work, production and consumer services	15,684,249,027,110	36.87	9,346,441,597,889	44.20
Wholesale and retail trade, repair of motor vehicles, motorcycles	4,084,369,130,896	9.60	532,675,919,287	2.52
Processing industry	3,441,579,326,424	8.09	1,298,272,536,219	6.14
Constructions	2,493,830,963,070	5.86	1,457,586,721,619	6.88
Agricultural, forestry and aquaculture	2,028,116,469,004	4.77	1,232,433,691,930	5.83
Real estate business	1,478,682,709,955	3.48	346,461,795,181	1.64
Electricity, gas and water supply/distribution	823,652,213,015	1.94	713,327,221,555	3.37
Financial, banking and insurance services	541,953,881,519	1.28	75,348,589,018	0.36
Mining industry	498,213,869,325	1.17	222,532,888,408	1.05
Hotel and restaurant	487,653,980,601	1.15	195,258,991,508	0.92
Transportation and warehousing	486,800,354,319	1.14	186,980,961,582	0.88
Science and technology activities	431,216,389,077	1.02	369,082,443,221	1.75
Media and communications	294,682,819,308	0.69	599,318,127,254	2.83
Education and training	192,194,442,271	0.45	5,772,757,733	0.03
Administrations and supporting services	111,046,984,292	0.26	60,620,625,628	0.29
Health care and social relief activities	82,557,884,539	0.19	26,162,818,834	0.12
Art and entertainment services	53,989,077,364	0.13	34,993,943,457	0.17
State governance and national defense, Communist Party, unions, social obligations	14,814,047,433	0.04	20,323,929,450	0.10
Water supplies and waste treatment	9,786,413,807	0.02	4,906,520,996	0.02
Other services	9,295,176,194,474	21.85	4,419,322,792,914	20.90
	42,534,566,177,803	100.00	21,147,824,873,683	100.00

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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11. CHANGES IN PROVISION FOR CREDIT LOSSES

Provision for credit losses on the separate balance sheet at the year end are summarised as follows:

	<u>31 December 2013</u> VND	<u>31 December 2012</u> VND
Provision for loans to customers	624,627,717,899	195,463,685,313
Provision for contingent liabilities and off balance sheet commitments	18,528,986,582	6,259,686,026
Provision for loans to other banks (Note 7)	6,760,036,458	-
	<u>649,916,740,939</u>	<u>201,723,371,339</u>

Changes in provision for credit losses during the current year are as follows:

	<u>Specific provision</u> VND	<u>General provision</u> VND	<u>Total</u> VND
Beginning balance	60,877,394,108	140,845,977,231	201,723,371,339
Provisions charged	104,852,091,572	87,469,489,779	192,321,581,351
Reversal of provisions	-	(17,550,513,586)	(17,550,513,586)
Balance as at 30 November 2013	165,729,485,680	210,764,953,424	376,494,439,104
Provisions used to resolve bad debts sold to VAMC in December 2013	(12,805,391,134)	-	(12,805,391,134)
Provisions received from the merger with DaiABank	212,583,958,688	73,643,734,281	286,227,692,969
Ending balance	<u>365,508,053,234</u>	<u>284,408,687,705</u>	<u>649,916,740,939</u>

In December 2013, the Bank sold bad debts to Vietnam Asset Management Company ("VAMC") with the total balance of VND180,066,412,598 and used provision for these bad debts.

The Bank has fully provided specific and general provision for credit loss in accordance with Decision No. 493/2005/QĐ-NHNN dated 22 April 2005, Decision No 18/2007/QĐ-NHNN dated 25 April 2007 and Decision No. 780/QĐ-NHNN dated 23 April 2012 by the State Bank of Vietnam on loan classification and provision in banking operation of credit institutions.

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
as at and for the year ended 31 December 2013

B05/TCTD

11. CHANGES IN PROVISION FOR CREDIT LOSSES (continued)

Details of loan classification and provision as required by Decision No. 493/2005/QD-NHNN, Decision No. 18/2007/QD-NHNN, Decision No. 780/QD-NHNN and the Bank's own policy as at 30 November 2013 are as follows:

<i>Classification</i>	<i>Loan balance VND</i>	<i>Specific provision VND</i>	<i>General provision VND</i>	<i>Total provision VND</i>
<i>Loans to customers</i>				
Current	24,200,050,015,486	-	181,500,375,117	181,500,375,117
Special mention	1,474,780,235,228	18,586,207,138	11,060,851,765	29,647,058,903
Substandard	431,771,748,834	29,406,443,644	3,238,288,117	32,644,731,761
Doubtful	101,310,063,297	22,362,722,529	759,825,475	23,122,548,004
Loss	468,560,333,701	95,374,112,369	-	95,374,112,369
	<u>26,676,472,396,546</u>	<u>165,729,485,680</u>	<u>196,559,340,474</u>	<u>362,288,826,154</u>
<i>Off-balance sheet commitments</i>				
Current	1,892,172,172,624	-	14,191,291,295	14,191,291,295
Substandard	1,909,554,000	-	14,321,655	14,321,655
	<u>1,894,081,726,624</u>	<u>-</u>	<u>14,205,612,950</u>	<u>14,205,612,950</u>
Total	<u>28,570,554,123,170</u>	<u>165,729,485,680</u>	<u>210,764,953,424</u>	<u>376,494,439,104</u>

Details of loan classification and provision as required by Decision No. 493/2005/QD-NHNN, Decision No. 18/2007/QD-NHNN, Decision No. 780/QD-NHNN and the policy of DaiABank as at 30 November 2013 which were transferred to the Bank at the merger date are as follows:

<i>Classification</i>	<i>Loan balance VND</i>	<i>Specific provision VND</i>	<i>General provision VND</i>	<i>Total provision VND</i>
<i>Loans to other banks</i>				
Current	901,338,194,444	-	6,760,036,458	6,760,036,458
<i>Loans to customers</i>				
Current	8,031,944,848,753	-	60,239,586,366	60,239,586,366
Special mention	151,585,479,750	1,620,990,362	1,136,891,098	2,757,881,460
Substandard	50,440,258,623	3,185,145,302	378,301,940	3,563,447,242
Doubtful	107,406,057,821	14,596,199,927	805,545,434	15,401,745,361
Loss	481,211,782,985	186,817,262,986	-	186,817,262,986
Loans pending for resolution	63,643,601,109	6,364,360,111	-	6,364,360,111
	<u>8,886,232,029,041</u>	<u>212,583,958,688</u>	<u>62,560,324,838</u>	<u>275,144,283,526</u>
<i>Off-balance sheet commitments</i>				
Current	691,223,948,086	-	4,323,372,985	4,323,372,985
	<u>10,478,794,171,571</u>	<u>212,583,958,688</u>	<u>73,643,734,281</u>	<u>286,227,692,969</u>

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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12. INVESTMENT SECURITIES

	<i>31 December 2013</i> VND	<i>31 December 2012</i> VND
Available-for-sale securities	11,846,615,243,965	10,249,983,340,288
<i>Debt securities (Note 12.1.1)</i>	11,292,903,958,531	8,472,157,283,049
Issued by the Government	7,310,082,406,457	4,469,157,283,049
Issued by local business entities	3,482,821,552,074	2,303,000,000,000
Issued by other local credit institutions	500,000,000,000	1,700,000,000,000
<i>Equity securities (Note 12.1.2)</i>	740,211,462,786	1,899,989,356,316
Issued by local business entities	628,647,682,786	216,817,285,097
Issued by other local credit institutions	111,563,780,000	1,683,172,071,219
<i>Provision for diminution in value of available-for-sale securities</i>	(186,500,177,352)	(122,163,299,077)
Held-to-maturity securities (Note 12.2)	1,609,680,537,709	1,486,435,268,025
Issued by the Government	200,762,400,000	3,598,900,000
Issued by other local credit institutions	10,000,000,000	200,000,000,000
Issued by local business entities	1,398,918,137,709	1,282,836,368,025
	<u>13,456,295,781,674</u>	<u>11,736,418,608,313</u>

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Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013

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12. INVESTMENT SECURITIES (continued)

12.1 Available-for-sale securities

12.1.1 Debt securities

	31 December 2013		31 December 2012	
	Face value VND	Carrying value VND	Face value VND	Carrying value VND
Bills issued by the State Bank of Vietnam	1,000,000,000,000	1,000,038,235,904	300,000,000,000	300,000,000,000
Government bonds	6,127,586,700,000	6,310,044,170,553	4,085,482,000,000	4,169,157,283,049
Government bonds	2,889,404,700,000	2,947,194,282,216	2,147,300,000,000	2,198,570,249,548
Bonds issued by Vietnam Development Bank	2,588,182,000,000	2,700,436,090,551	1,838,182,000,000	1,870,587,033,501
Government bonds issued by People's Committee of Ho Chi Minh City	650,000,000,000	662,413,797,786	100,000,000,000	100,000,000,000
Bonds and bills issued by other credit institutions	500,000,000,000	500,000,000,000	1,700,000,000,000	1,700,000,000,000
Deposit certificates of Nam A Commercial JSB	500,000,000,000	500,000,000,000	-	-
Deposit certificates of Sai Gon Thuong Tin Commercial JSB	-	-	-	-
Bills issued by Vietnam Export Import Bank	-	-	1,000,000,000,000	1,000,000,000,000
			700,000,000,000	700,000,000,000
Bonds issue by other business entities	3,326,000,000,000	3,482,821,552,074	2,303,000,000,000	2,303,000,000,000
	10,953,586,700,000	11,292,903,958,531	8,388,482,000,000	8,472,157,283,049

- Bills issued by the SBV have term of 28 days and bear interest at rates ranging from 4.00% to 4.20% p.a. Interest is paid in advance.

- Government bonds have terms from two (2) to five (5) years and bear interest at rates ranging from 6.70% to 12.30% p.a. Interest is paid annually.

- Certificate deposits issued by other credit institutions have terms from six (6) to seven (7) months and bear interest at rates ranging from 6.50% to 6.80% p.a. Interest is paid on the maturity date.

- Bonds issued by other business entities have terms from one (1) to ten (10) years. Interests are paid quarterly, semi-annually or annually. The current interest rate ranges from 8.25% to 15.50% p.a and is subject to change by quarterly, semi-annually or annually basis depending on each type of bonds. Certain corporate bonds are secured by land use rights and shares.

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013

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12. INVESTMENT SECURITIES (continued)

12.1 Available-for-sale securities (continued)

12.1.2 Equity securities

	31 December 2013			31 December 2012		
	Face value VND	Carrying value VND	Ownership of the Bank (%)	Face value VND	Carrying value VND	Ownership of the Bank (%)
Investments in other credit institutions	17,207,860,000	111,563,780,000		820,559,710,000	1,683,172,071,219	
<i>Listed shares</i>						
- JS Commercial Bank for Foreign Trade of Vietnam	16,278,180,000	110,634,100,000	0.07	797,419,640,000	1,641,153,169,719	0.07
- Vietnam JS Commercial Bank for Industry and Trade	16,278,180,000	110,634,100,000		16,278,180,000	110,634,100,000	2.33
- Vietnam Import and Export JS Bank	-	-		611,003,960,000	1,263,309,194,016	1.38
<i>Unlisted shares</i>						
- Saigon Bank for Industry and Trade	929,680,000	929,680,000		170,137,500,000	267,209,875,703	
- JSB for Investment and Development of Vietnam	929,680,000	929,680,000	0.03	23,140,070,000	42,018,901,500	0.03
	-	-		22,210,390,000	41,089,221,500	0.10
Investments in business entities	218,054,140,000	628,647,682,786		123,457,430,000	216,817,285,097	
<i>Listed shares</i>						
- Ocean Hospitality and Service JSC	149,454,140,000	323,847,682,786		119,857,430,000	212,017,285,097	
- Son Ha International Corporation	110,000,000,000	253,000,000,000	5.50	-	-	
- SMC Trading Investment JSC	17,565,900,000	21,823,108,776	6.58	17,565,900,000	21,823,108,776	6.58
- Thu Duc Ho Chi Minh City Development Corporation	9,902,280,000	19,942,459,887	3.35	9,902,280,000	19,942,459,887	3.35
- Ho Chi Minh City Securities Corporation	4,262,300,000	14,198,280,728	1.12	6,000,000,000	19,986,733,198	1.58
- Ben Thanh Service and Trading JSC	6,373,660,000	12,083,744,395	0.51	41,354,150,000	98,006,062,145	4.10
- Vietnam Active Investment Fund	1,350,000,000	2,800,089,000	1.27	1,350,000,000	2,800,089,000	1.53
- Vietnam Securities Investment Fund	-	-		26,400,000,000	15,342,624,000	10.98
<i>Unlisted shares</i>						
- Nhon Trach Investment JSC	68,600,000,000	304,800,000,000		17,285,100,000	34,116,208,091	1.73
- Ut Xi Aquatic Products Processing Corporation	65,000,000,000	300,000,000,000	9.85	-	-	
- An Giang Plant Protection JSC	3,000,000,000	3,000,000,000	1.02	3,000,000,000	3,000,000,000	1.02
	600,000,000	1,800,000,000	0.10	600,000,000	1,800,000,000	0.10
				3,600,000,000	4,800,000,000	
	235,262,000,000	740,211,462,786		944,017,140,000	1,899,989,356,316	

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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12. INVESTMENT SECURITIES (continued)

12.1 Available-for-sale securities (continued)

Movement of provision for available-for-sale securities during the year is as follows:

	2013 VND	2012 VND
Beginning balance	122,163,299,077	174,894,725,220
Provision received from the merger of DaiABank	90,000,000,000	-
Provision charged	-	10,717,882,860
Reversal of provision (Note 34)	<u>(25,663,121,725)</u>	<u>(63,449,309,003)</u>
Ending balance	<u>186,500,177,352</u>	<u>122,163,299,077</u>

12.2 Held-to-maturity securities

	31 December 2013		31 December 2012	
	Face value VND	Carrying value VND	Face value VND	Carrying value VND
Bonds issued by local economic entities	1,416,521,617,464	1,398,918,137,709	1,290,000,000,000	1,282,836,368,025
Special bonds (a)	166,521,617,464	166,521,617,464	-	-
Corporate bonds (b)	1,250,000,000,000	1,232,396,520,245	1,290,000,000,000	1,282,836,368,025
Government bonds (c)	200,762,400,000	200,762,400,000	3,598,900,000	3,598,900,000
Bonds issued by other local credit institutions (d)	10,000,000,000	10,000,000,000	200,000,000,000	200,000,000,000
	<u>1,627,284,017,464</u>	<u>1,609,680,537,709</u>	<u>1,493,598,900,000</u>	<u>1,486,435,268,025</u>

- (a) These are special bonds issued by Vietnam Asset Management Company (VAMC) to purchase bad debts of the Bank. These bonds have term of five (5) years and bear interest at rate of 0.00%. Par value of these special bonds is the difference between the outstanding loan balance and the corresponding unused specific provision at the purchasing date (Note 11).
- (b) Corporate bonds issued by local business entities have term from three (3) years to ten (10) years and bear interest at rates ranging from 7.50% to 15.00% p.a. Interest is paid on quarterly or annually basis depending on each type of bonds. Certain corporate bonds are secured by land use rights and term deposits.
- (c) Government bonds have terms of five (5) years and bear interest at rates ranging from 8.50% to 9.15% p.a. Interest is paid annually.
- (d) Bonds issued by other local credit institutions have terms of ten (10) years and above and bear interest at the rate of 10.40% per annum. Interest is paid annually.

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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13. OTHER LONG-TERM INVESTMENTS

Details of investments in subsidiary, other long-term investments at year-end are as follows

	<i>Investments in subsidiaries</i> VND	<i>Other long-term investment</i> VND	<i>Total</i> VND
Beginning balance	-	61,491,310,665	61,491,310,665
Investments received from the merger with DaiABank	150,000,000,000	53,400,000,000	203,400,000,000
Subsidiary acquisition	629,376,000,000	-	629,376,000,000
Decrease	-	(2,000,000,000)	(2,000,000,000)
Ending balance	779,376,000,000	112,891,310,665	892,267,310,665

13.1 Investments in subsidiaries

Details of investments in subsidiaries, other long-term investments at year-end are as follows:

Sector	<i>31 December 2013</i>		<i>31 December 2012</i>	
	<i>Cost</i> VND	<i>Ownership of the Bank</i> %	<i>Cost</i> VND	<i>Ownership of the Bank</i> %
Ho Chi Minh City Development Commercial Joint Stock Bank Finance Co., Ltd.	629,376,000,000	100.00	-	-
Dai A Bank Asset Management Company (HDBank AMC)	150,000,000,000	100.00	-	-
	779,376,000,000		-	

Ho Chi Minh City Development Commercial Joint Stock Bank Finance Co., Ltd., previously known as Société Générale Vietnam Finance, is a finance company which was established in Vietnam under Operation Registration No. 05/GP-NHNN issued by the Governor of the State Bank of Vietnam on 8 May 2007 and Registration License No. 0304990133 issued by the Department of Planning and Investment of Ho Chi Minh City on 13 July 2007 and been amended ninth time (9th) on 21 November 2013 by the Department of Planning and Investment of Ho Chi Minh City. The State Bank of Vietnam approved the Decision No. 2532/QD-NHNN dated on 31 October 2013 for the Bank's acquisition of 100% equity of Société Générale Vietnam Finance Company Limited. Main business activities include providing consumer loans in the form of installment loans and other types of loans throughout Vietnam.

Dai A Bank Asset Management Company became the subsidiary of the Bank after the merger of DaiABank into the Bank as at 30 December 2013. This subsidiary was established under Business License No. 3602376446/GPDC-UBCK dated 19 July 2011 issued by the Department of Planning and Investment of Dong Nai province. The main activities of the Company are to receive, manage and trade off-balance sheet loans (secured and unsecured loans) and collaterals.

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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13. OTHERS LONG-TERM INVESTMENT (continued)

13.2 Other long-term investments

Details of other long-term investments at the year-end are as follows:

	31 December 2013			31 December 2012		
	Par value VND	Carrying value VND	Ownership of the Bank %	Par value VND	Carrying value VND	Ownership of the Bank %
Investments in business entities						
Dai Viet Securities JSC	18,000,000,000	45,000,000,000	7.20	-	-	-
VietJet Aviation JSC	30,000,000,000	30,000,000,000	5.00	30,000,000,000	30,000,000,000	5.00
Petechim JSC	22,000,000,000	22,000,000,000	11.00	22,000,000,000	22,000,000,000	11.00
Toan Thang Trading & Investment JSC	5,100,000,000	5,100,000,000	10.20	-	-	-
Bac Trung Nam Housing Development JSC	4,400,000,000	4,400,000,000	8.80	4,400,000,000	4,400,000,000	8.80
Dai A Real Estate JSC	3,300,000,000	3,300,000,000	11.00	-	-	-
Banking Card and Credit JSC	2,000,000,000	2,000,000,000	4.00	2,000,000,000	2,000,000,000	4.00
Banking Training Corporation	572,980,000	371,310,665	4.78	520,840,000	371,310,665	4.94
HCMC Credit Guarantee Fund for Small & Medium Enterprise	500,000,000	500,000,000	0.26	500,000,000	500,000,000	0.26
Bank Securities Services	220,000,000	220,000,000	11.00	220,000,000	220,000,000	11.00
Vietnam Investment and Gold Trading JSC	-	-	-	2,000,000,000	2,000,000,000	2.00
	86,092,980,000	112,891,310,665		61,640,840,000	61,491,310,665	

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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13. OTHER LONG-TERM INVESTMENTS (continued)

13.3 Provision for diminution in value of long-term investments

Movement of provision for diminution in value of long term investments during the year is as follows:

	2013 VND	2012 VND
Beginning balance	3,874,358,327	-
Provision received from the merger with DaiAbank	19,643,301,052	-
Provision charged	7,482,446,442	3,874,358,327
Ending balance	31,000,105,821	3,874,358,327

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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14. FIXED ASSETS

14.1 Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Vehicles VND	Office equipment VND	Other fixed assets VND	Total VND
Cost						
Beginning balance	99,246,567,604	50,926,498,545	83,871,073,200	131,065,924,956	9,033,316,427	374,143,380,732
Received from the merger with DaiABank	64,639,131,383	82,754,647,502	47,447,929,849	3,996,304,843	-	198,838,013,577
Newly purchased	3,021,401,086	6,451,088,351	17,321,206,446	12,263,660,335	516,028,000	39,573,384,218
Transferred from constructions in progress	7,256,222,525	-	121,847,893	108,341,252	181,321,676	7,667,733,346
Disposals	(899,473,909)	(334,321,470)	(2,345,510,196)	(760,383,732)	(69,525,500)	(4,409,214,807)
Other decreases	(864,579,275)	(5,778,139,054)	(1,862,259,529)	(25,057,042,725)	(2,190,760,913)	(35,752,781,496)
Reclassification	-	(48,218,182)	-	48,218,182	-	-
Ending balance	172,399,269,414	133,971,555,692	144,554,287,663	121,665,023,111	7,470,379,690	580,060,515,570
Accumulated depreciation						
Beginning balance	17,689,639,793	12,219,458,855	25,924,848,184	60,299,813,926	2,426,897,394	118,560,658,152
Received from the merger with DaiABank	7,937,634,977	39,613,318,331	21,896,006,814	1,604,555,037	-	71,051,515,159
Charged for the year	4,544,916,917	6,776,242,944	13,515,866,946	27,604,928,546	1,446,409,978	53,888,365,331
Disposals	(415,808,598)	(227,331,701)	(1,856,159,459)	(700,191,529)	(35,590,455)	(3,235,081,742)
Other decreases	(450,104,488)	(2,270,627,717)	(1,089,070,486)	(16,801,642,758)	(845,209,272)	(21,456,654,721)
Reclassification	-	(8,026,195)	-	8,026,195	-	-
Ending balance	29,306,278,601	56,103,034,517	58,391,491,999	72,015,489,417	2,992,507,645	218,808,802,179
Net book value						
Beginning balance	81,556,927,811	38,707,039,690	57,946,225,016	70,766,111,030	6,606,419,033	255,582,722,580
Ending balance	143,092,990,813	77,868,521,175	86,162,795,664	49,649,533,694	4,477,872,045	361,251,713,391

Other decreases represent the writing-off or transfer of fixed assets which have cost less than VND30 million to prepaid expenses which will be amortised for a maximum period of three years in compliance with Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance.

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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14. FIXED ASSETS (continued)

14.1 Tangible fixed assets (continued)

Other information about tangible fixed assets

	31 December 2013 VND	31 December 2012 VND
Cost of tangible fixed assets fully depreciated but still in use	<u>13,273,398,024</u>	<u>12,884,006,948</u>

14.2 Intangible fixed assets

	Indefinite-term land use rights VND	Definite-term land use rights VND	Computer software VND	Total VND
Cost				
Beginning balance	18,960,897,000	3,587,186,700	57,902,565,828	80,450,649,528
Received from the merger with DaiABank	123,599,767,521	3,610,598,306	46,145,183,800	173,355,549,627
Newly purchased	318,390,000	-	16,583,591,562	16,901,981,562
Transferred from constructions in progress	8,500,000,000	-	-	8,500,000,000
Other decreases	-	-	(358,625,882)	(358,625,882)
Ending balance	<u>151,379,054,521</u>	<u>7,197,785,006</u>	<u>120,272,715,308</u>	<u>278,849,554,835</u>
Accumulated amortisation				
Beginning balance	-	185,053,284	24,014,038,943	24,199,092,227
Received from the merger with DaiABank	-	390,647,744	22,762,846,762	23,153,494,506
Charged for the year	-	85,409,208	11,193,925,957	11,279,335,165
Other decreases	-	-	(280,776,384)	(280,776,384)
Ending balance	-	<u>661,110,236</u>	<u>57,690,035,278</u>	<u>58,351,145,514</u>
Net book value				
Beginning balance	<u>18,960,897,000</u>	<u>3,402,133,416</u>	<u>33,888,526,885</u>	<u>56,251,557,301</u>
Ending balance	<u>151,379,054,521</u>	<u>6,536,674,770</u>	<u>62,582,680,030</u>	<u>220,498,409,321</u>

Other decreases represent the writing-off or transfer of fixed assets which have cost less than VND30 million to prepaid expenses which will be amortised for a maximum period of three years in compliance with Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance.

Other information about intangible fixed assets

	31 December 2013 VND	31 December 2012 VND
Cost of intangible fixed assets fully amortised but still in use	<u>6,757,016,287</u>	<u>1,210,157,349</u>

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013

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15. RECEIVABLES

	Note	31 December 2013 VND	31 December 2012 VND
Receivables from the deferred payment sale of securities	15.1	6,982,510,654,522	1,955,729,700,327
Deposits for purchase of bonds	15.2	1,502,961,410,905	3,637,300,000,000
Advances for acquisitions of fixed assets	15.3	1,113,388,577,261	1,115,704,500,054
Receivables from the sale of loans		603,979,847,368	702,440,192,543
Advances to individuals		403,420,160,000	403,420,160,000
Receivables from disposals of fixed assets		315,000,000,000	315,000,000,000
Constructions in progress		180,305,962,118	66,492,389,773
Advances for operating activities		164,869,607,434	96,046,717,674
Deposits for consulting service of finding office locations		150,000,000,000	-
Deposits for purchasing offices		112,000,000,000	112,000,000,000
Deposits, mortgage and pledge		87,092,528,093	71,530,489,836
Receivable gold auctions from SBV gold exchange		41,700,000,000	-
Advances for office rental		37,056,793,471	41,273,718,271
Receivables from liquidation of foreclosed assets		24,046,697,806	-
Receivables from renting Abacus Building		22,627,093,208	-
Expense of debt collateral resolution		17,499,226,015	11,201,680,686
Overdue interest on Vinashin bonds		13,500,000,000	-
Margin deposits for service contracts		12,900,124,835	-
Receivables from entrusted deposits		10,450,000,000	-
Receivable on interest subsidy program		4,938,274,436	4,426,360,546
CIT receivables		-	20,659,839,877
VAT receivables		-	528,808,362
Advances for buying securities		-	200,821,981,084
Receivables from overdue deposit		-	97,620,000,000
Other receivables		82,112,092,993	55,978,212,387
		11,882,359,050,465	8,908,174,751,420

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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15. OTHER RECEIVABLES (continued)

15.1 Receivables from the deferred payment sale of securities

These represent receivables from sale of securities to individuals and organisations under the deferred payments.

15.2 Deposits for purchase of bonds

These are the deposits made to securities and fund management companies for investment opportunities. The Bank shall earn a fixed interest rate on these deposits during the contractual term and shall receive a refund of deposit plus an interest charge at the maturity date of the contract if these companies fail to find the investments. Breakdown of the outstanding is as follows:

<i>Broker</i>	<i>Deposit amount</i> <i>VND</i>	<i>Interest rate</i> <i>% p.a.</i>	<i>Term</i>
Vietnam Alliance Fund Management JSC	341,469,150,919	15.00	6 months
Phu Gia Securities Corporation	1,161,492,259,986	13.00 - 15.00	6 months
	1,502,961,410,905		

15.3 Advances for acquisition of fixed assets

	<i>31 December 2013</i> <i>VND</i>	<i>31 December 2012</i> <i>VND</i>
Purchase of houses and offices (*)	1,087,036,463,984	1,099,325,652,928
Fixed assets acquired for implementation of the core banking system in progress	13,679,464,330	7,768,557,905
Purchase of other assets	12,672,648,947	8,610,289,221
	1,113,388,577,261	1,115,704,500,054

(*) This comprises of:

- Advance of 75% of the contract value amounting to VND448,500 million to acquire the land plot No. 1 in Phan Ke Binh Street and 58 Nguyen Dinh Chieu Street, Ho Chi Minh City.
- In addition, the Bank also purchased some assets including buildings and land use rights for office and branch amounting to VND368,536 million.
- The deposits to purchase houses of Incomex project amounting VND78,580 million and fixed assets (real estates) in Ho Chi Minh City and Hanoi amounting to VND191,420 million.

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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16. INTEREST AND FEES RECEIVABLE

	<u>31 December 2013</u> VND	<u>31 December 2012</u> VND
Interest on deposits in VND	360,312,123,044	407,162,349,570
Interest on deposits in foreign currencies	61,115,470	-
Interest on treasury bills	6,668,219,178	-
Interest on loans in VND	581,164,938,011	226,486,847,500
Accrued interest on loans in foreign currencies, gold	23,979,777,923	23,290,180,696
Accrued interest on available-for-sale securities	516,282,071,691	529,634,612,442
Accrued interest on held-to-maturity securities	65,720,549,970	90,525,236,384
Fees receivable	8,141,218,202	83,648,494
	<u>1,562,330,013,489</u>	<u>1,277,182,875,086</u>

17. OTHER ASSETS

	<u>31 December 2013</u> VND	<u>31 December 2012</u> VND
Prepaid and deferred expenses	438,392,073,935	385,017,777,502
Foreclosed assets awaiting resolution	372,942,647,022	16,479,541,599
Entrusted funds	14,545,645,863	45,450,000,000
Other assets	18,277,344,797	6,422,992,380
	<u>844,157,711,617</u>	<u>453,370,311,481</u>

Prepaid and deferred expenses include costs of tools and supplies, repairing cost of fixed assets, office renovation and leasing offices and leased lines, in which the prepaid expense for lease of eight floors at 25 Bis Nguyen Thi Minh Khai Tower as the Bank's Head Office amounting to VND248,614 million.

18. PROVISION FOR OTHER ASSETS

	<u>31 December 2013</u> VND	<u>31 December 2012</u> VND
Beginning balance	7,060,000,000	7,060,000,000
Balance received from the merger of DaiABank	18,565,000,000	-
Other decrease	(7,060,000,000)	-
Ending balance	<u>18,565,000,000</u>	<u>7,060,000,000</u>

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19. BORROWINGS FROM THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	31 December 2013 VND	31 December 2012 VND
Borrowings from the State Bank of Vietnam	-	400,000,000,000
Other borrowings	128,173,419,004	165,531,992,435
- Asian Development Bank (i)	39,090,339,743	45,149,145,935
- Japan Bank of International Cooperation (ii)	89,083,079,261	120,382,846,500
	128,173,419,004	565,531,992,435

(i) These borrowings were made under the Credit Financing Project funded by Asia Development Bank through the SBV. According to the agreement dated 16 January 2006 and its amendments dated 24 November 2006 and 11 October 2010 signed with the SBV, total credit limit is VND68,000 million. The borrowings have a term of 20 years from 6 January 2004 and bear interest at rate equivalent to the average interest rate of all types of term deposits in the banking industry at end of each quarter.

(ii) These borrowings were made under the Credit Financing for Small and Medium Enterprises Project - Phase II and Phase III funded by Japan Bank of International Cooperation (JBIC) through the SBV. According to the agreement dated 1 November 2007, the Bank obtained these loans to support enterprises which meet the criteria of the project.

20. DUE TO AND BORROWINGS FROM OTHER BANKS

	31 December 2013 VND	31 December 2012 VND
Due to other banks	5,494,880,884,831	3,533,223,288,026
Borrowings from other banks	5,794,436,000,000	4,362,151,200,000
	11,289,316,884,831	7,895,374,488,026

20.1 Due to other banks

	31 December 2013 VND	31 December 2012 VND
Demand deposits	31,545,618,164	1,981,288,026
- In VND	31,545,618,164	1,838,706,570
- In foreign currencies	-	142,581,456
Term deposits	5,463,335,266,667	3,531,242,000,000
- In VND	5,463,335,266,667	3,500,000,000,000
- In foreign currencies	-	31,242,000,000
	5,494,880,884,831	3,533,223,288,026

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20. DUE TO AND BORROWINGS FROM OTHER BANKS (continued)

20.1 Due to other banks (continued)

Interest rates applicable to due to other banks at the year-end are as follows:

	<u>31 December 2013</u> % p.a.	<u>31 December 2012</u> % p.a.
Demand deposits in VND	1.20	1.80
Demand deposits in foreign currencies	Not applicable	0.20 - 0.50
Term deposits in VND	3.00 - 10.00	8.50 - 13.50
Term deposits in foreign currencies	Not applicable	3.80

20.2 Borrowings from other banks

	<u>31 December 2013</u> VND	<u>31 December 2012</u> VND
Borrowings from other banks		
- In VND	5,100,248,000,000	3,000,000,000,000
- In foreign currencies	694,188,000,000	1,362,151,200,000
	<u>5,794,436,000,000</u>	<u>4,362,151,200,000</u>

Interest rates applicable to borrowings from other banks at the year-end are as follows:

	<u>31 December 2013</u> % p.a.	<u>31 December 2012</u> % p.a.
Borrowings in VND	4.00 - 8.00	6.44 - 7.80
Borrowings in foreign currencies	1.50 - 2.30	1.00 - 3.80

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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21. CUSTOMER DEPOSITS

21.1 Analysis by products

	<u>31 December 2013</u> VND	<u>31 December 2012</u> VND
<i>Demand deposits</i>		
Demand deposits in VND	3,342,355,884,170	1,647,958,603,678
Demand savings deposits in VND	2,516,573,178	553,912,831
Demand deposits in foreign currencies	281,033,439,939	135,614,065,226
Demand saving deposits in foreign currencies	502,645,044	1,334,103,566
<i>Term deposits</i>		
Term deposits in VND	12,240,341,751,486	7,003,107,791,864
Term savings deposits in VND	42,943,656,721,682	23,972,593,306,127
Term deposits in foreign currencies	400,149,791,745	85,775,306,108
Term savings deposits in foreign currencies	2,494,418,093,158	1,087,047,842,657
<i>Deposits for specific purposes</i>		
In VND	185,020,528,609	9,643,759,533
In foreign currencies	205,279,040,946	434,259,146
<i>Margin deposits</i>		
In VND	74,786,612,131	74,047,283,498
In foreign currencies	124,608,760,607	20,881,107,792
<i>Other amounts owing to customers</i>		
Other savings deposits	175,174,777,750	222,868,774,760
	<u>62,469,844,620,445</u>	<u>34,261,860,116,786</u>

Interest rates applicable to customer deposits at the year-end are as follows:

	<u>31 December 2013</u> % p.a.	<u>31 December 2012</u> % p.a.
Demand deposits in VND	0.00 - 1.20	1.80
Demand savings deposits in VND	1.20	1.80
Demand deposits in foreign currencies	0.10 - 0.75	0.20 - 1.20
Demand savings deposits in foreign currencies	0.20 - 0.75	0.20 - 1.20
Term deposits in VND	1.13 - 14.00	1.80 - 14.00
Term savings deposits in VND	1.13 - 14.00	1.90 - 14.00
Term deposits in foreign currencies	0.25 - 0.50	0.50
Term savings deposits in foreign currencies	0.60 - 5.20	0.60 - 5.20

In case term savings deposits in VND and in foreign currency are withdrawn before the maturity date, the demand interest rate shall be applied.

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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21. CUSTOMER DEPOSITS (continued)

21.2 Analysis by customers

	31 December 2013 VND	31 December 2012 VND
Deposits from economic entities	18,461,888,857,870	8,977,462,176,845
Other joint-stock companies	7,232,735,339,228	3,548,444,194,995
Other limited liability companies	3,353,749,290,786	1,268,339,998,045
State joint-stock companies	1,858,719,076,145	398,276,795,270
Other State-owned enterprises	1,792,523,286,324	992,130,070,561
100% State limited liability companies	1,450,141,281,848	839,534,953,764
Family household business	1,438,612,686,780	1,385,772,973,725
State and administrative unit of government	261,011,067,986	59,514,591,336
Joint-foreign-invested enterprises	155,802,075,120	24,620,840,188
Private companies	42,269,977,895	21,918,458,804
100% foreign-invested enterprises	41,704,727,282	103,543,730,554
Co-operatives	37,682,143,472	133,981,780,146
Over 50% State limited liability companies	35,741,427,416	64,920,271,756
Farming	1,654,026,850	171,772,230
Partnerships	50,573,860	38,168,649
Others	759,491,876,878	136,253,576,822
Deposits from individuals	44,007,955,762,575	25,284,397,939,941
	<u>62,469,844,620,445</u>	<u>34,261,860,116,786</u>

22. GRANTS, ENTRUSTED FUNDS AND LOANS EXPOSED TO RISKS

	31 December 2013 VND	31 December 2012 VND
Grants, entrusted funds and loans in VND	114,848,250,000	-
Entrusted funds from Rural Development Fund II ("RDF II") (a)	14,190,000,000	-
Entrusted funds from Rural Development Fund III ("RDF III") (b)	46,489,000,000	-
Fund from Small and Medium Enterprise Finance Program III ("SMEPT III") (c)	54,169,250,000	-
Grants, entrusted funds and loans in foreign currencies	1,261,428,789	-
	<u>116,109,678,789</u>	-

(a) Details of entrusted funds from RDF II by term as at 31 December 2013 are as follows:

	Balance VND	Interest % p.a.
From 1 to 3 years	3,993,000,000	7.32
From 3 to 5 years	6,206,000,000	7.32
Over 5 years	3,991,000,000	7.32
	<u>14,190,000,000</u>	

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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22. GRANTS, ENTRUSTED FUNDS AND LOANS EXPOSED TO RISKS (continued)

(b) Details of entrusted funds from RDF III Fund as at 31 December 2013 are as follows:

	<i>Balance VND</i>	<i>Interest % p.a.</i>
From 1 to 3 years	20,232,500,000	7.32
From 3 to 5 years	24,576,500,000	7.32
Over 5 years	1,680,000,000	7.32
	<u>46,489,000,000</u>	

(c) Details of fund from SMEPT III as at 31 December 2013 are as follows:

	<i>Balance VND</i>	<i>Interest % p.a.</i>
From 1 to 3 years	18,053,250,000	5.88
From 3 to 5 years	36,116,000,000	5.88
	<u>54,169,250,000</u>	

23. VALUABLE PAPERS ISSUED

	<i>31 December 2013 VND</i>	<i>31 December 2012 VND</i>
Certificates of deposits		
Less than 12 months	503,000,000,000	2,294,839,683,515
Straight bonds		
From 12 months to 5 years	1,500,000,000,000	850,000,000,000
Over 5 years	500,000,000,000	500,000,000,000
	<u>2,503,000,000,000</u>	<u>3,644,839,683,515</u>

23.1 Certificates of deposits

Certificates of deposits issued by the Bank comprise of certificates of deposits in VND with terms ranging from one month to one year.

Interest rates applicable to valuable papers at the year-end are as follows:

	<i>31 December 2013 % p.a.</i>	<i>31 December 2012 % p.a.</i>
Certificates of deposits in VND	6.50 - 7.00	8.00 - 9.00
Certificates of deposits in gold	Not applicable	3.50

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23. VALUABLE PAPERS ISSUED (continued)

23.2 Straight bonds

The interest of these bonds is paid annually. The bonds bear a fixed interest rate of 13% per annum in the first year and the floating interest rate will be applied from the second year and adjusted every year equivalent to the average interest rate of the 12-month saving term deposits in VND of individuals (interest paid at the maturity date) applied by four largest banks in Vietnam plus 2% per annum.

Interest rates applicable to straight bonds at the year-end are as follows:

	31 December 2013 % p.a.	31 December 2012 % p.a.
Straight bonds	9.87 - 10.50	12.75 - 13.45

24. INTEREST AND FEES PAYABLE

	31 December 2013 VND	31 December 2012 VND
Interest on deposits in VND	213,747,224,847	214,235,937,438
Interest on deposits in foreign currencies	44,675,373	469,362,105
Interest on saving deposits in VND	608,215,512,862	246,887,493,647
Interest on saving deposits in foreign currencies	4,310,874,378	2,353,182,098
Interest on borrowings in VND	87,768,369,405	38,191,368,066
Interest on borrowings in foreign currencies	2,699,503,390	3,847,220,901
Interest on valuable papers in VND	59,341,463,064	131,766,838,213
Interest on valuable papers in gold	207,812,963	1,684,155,883
Interest on grants and short-term entrusted funds in VND	86,366,444	-
Swap contracts	76,719,694	-
Interest on entrusted funds from international entities	2,402,732	-
Currency forward contracts	-	17,142,857
	976,500,925,152	639,452,701,208

25. OTHER PAYABLES

	31 December 2013 VND	31 December 2012 VND
Internal payables		
Payables to employees	6,381,228,594	6,256,667
External payables	129,611,679,077	375,736,051,458
Current CIT payables (Note 26)	18,290,211,387	-
Management fee payable of Abacus Building	11,601,936,876	4,892,538,420
Cash held in trust and awaiting payment	11,539,173,796	315,000,741,705
VAT payables (Note 26)	3,326,659,430	-
Other tax payables (Note 26)	5,305,741,763	475,973,964
Other payables	79,547,955,825	55,366,797,369
	135,992,907,671	375,742,308,125

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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26. STATUTORY OBLIGATIONS

	Beginning balance VND	Received from the merge with DaiABank VND	Movement during the year		Ending balance VND
			Payable VND	Paid VND	
Value added tax	(528,808,362)	327,976,707	6,288,258,477	(2,760,767,392)	3,326,659,430
Corporate income tax	(20,659,839,877)	16,221,185,504	24,244,061,866	(1,515,196,106)	18,290,211,387
Other taxes	475,973,964	590,686,857	20,838,088,512	(16,599,007,570)	5,305,741,763
Personal income tax	475,973,964	590,686,857	20,155,022,731	(15,936,321,301)	5,285,362,251
License tax	-	-	122,500,000	(122,500,000)	-
Withholding tax	-	-	560,565,781	(540,186,269)	20,379,512
	(20,712,674,275)	17,139,849,068	51,370,408,855	(20,874,971,068)	26,922,612,580

In which:

Payables to the State Budget	475,973,964	26,922,612,580
Receivables from the State Budget	(21,188,648,239)	-

26.1 Current corporate income tax

The Bank has the obligation to pay current corporate income tax ("CIT") at a rate of 25% of taxable profit (2012: 25%).

The current tax payable is based on taxable profit for the year. The taxable profit of the Bank for the year differs from the profit as reported in the separate income statement because it excludes income or expenses that are taxable or deductible in other periods due to the differences between the Bank's accounting policies and the current tax policies, and it further excludes items that are not taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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26. STATUTORY OBLIGATIONS (continued)

26.1 Current corporate income tax (continued)

Provision for current CIT expense during the year is calculated as follows:

	2013 VND	2012 VND
Profit before tax	228,473,488,588	427,149,920,555
<i>Less:</i>		
- Tax-exempt dividend income (Note 36)	(141,311,618,426)	(26,482,194,605)
- Unrealised foreign exchange gain	-	(94,465,519)
<i>Add:</i>		
- Unrealised foreign exchange loss	7,402,720,637	-
- Realised foreign exchange gain	94,465,519	10,300,082,367
- Non-deductible expenses	2,317,191,145	2,209,325,855
Estimated current taxable profit	96,976,247,463	413,082,668,653
Estimated current CIT expense	24,244,061,866	103,270,667,165
CIT paid during the year (*)	(1,515,196,106)	-
	22,728,865,760	103,270,667,165
CIT (receivable)/payable at beginning of the year	(20,659,839,877)	20,341,104,127
CIT payable transferred from the merger of DaiABank	16,221,185,504	-
CIT paid during the year	-	(144,271,611,169)
CIT payable/(receivable) at the end of the year	18,290,211,387	(20,659,839,877)

(*) The payment pertains to securities transfer which was paid by Phu Long Real estate Company on behalf of the Bank.

26.2 Deferred corporate income tax

Movement of deferred tax of the Bank during the year is as follows:

	<i>Separate balance sheet</i>		<i>Effects on separate income statement</i>	
	31 December 2013 VND	31 December 2012 VND	2013 VND	2012 VND
Deferred tax asset				
Unrealised foreign exchange loss	1,628,598,540	-	1,628,598,540	-
Transferred from DaiABank as at 30 December 2013	19,800,000,000	-	-	-
Deferred tax liability				
Unrealised foreign exchange gain	-	(23,616,380)	23,616,380	(23,616,380)
Realised foreign exchange gain	-	-	-	2,575,020,592
	21,428,598,540	(23,616,380)		
Net deferred tax benefit			1,652,214,920	2,551,404,212

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013

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27. CAPITAL AND RESERVES

27.1 Statement of changes in owners' equity

Changes in the Bank's equity during the year are presented below:

Items	Charter capital VND	Share premium VND	Fund for capital expenditure VND	Treasury shares VND	Reserves VND	Retained earnings VND	Total VND
Beginning balance	5,000,000,000,000	4,043,016,800	-	-	53,298,582,457	336,404,498,690	5,393,746,097,947
Increase during the year							
Received from the merger of DaiABank	3,100,000,000,000	555,579,000	89,002,195	(2,080,000)	110,295,746,586	67,810,551,530	3,278,748,799,311
Net profit for the year	-	-	-	-	-	205,881,641,642	205,881,641,642
Transferred from DaiABank AMC	-	-	-	-	-	(2,495,139,849)	(2,495,139,849)
Additional appropriation to reserves of the prior year	-	-	-	-	54,919,598,640	(54,919,598,640)	-
Decrease during the year							
Reserves used during the year	-	-	-	-	(6,982,879,123)	-	(6,982,879,123)
Dividends for prior year	-	-	-	-	-	(280,765,027,322)	(280,765,027,322)
Others	-	-	-	-	-	(300,000,000)	(300,000,000)
Ending balance	8,100,000,000,000	4,598,595,800	89,002,195	(2,080,000)	211,531,048,560	271,616,926,051	8,587,833,492,606

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013

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27. CAPITAL AND RESERVES (continued)

27.1 Statement of changes in owners' equity (continued)

Changes in the Bank's reserves during the year are presented below:

Items	Development reserve VND	Financial reserve VND	Supplementary capital reserve VND	Bonus and welfare fund VND	Other reserves VND	Total VND
Beginning balance	-	10,017,418,262	37,469,348,518	2,784,508,075	3,027,307,602	53,298,582,457
Increase during the year						
Received from the merger of DaiABank	69,649,522	64,405,664,721	38,375,395,847	7,445,036,496	-	110,295,746,586
Additional appropriation to reserves of the prior year	-	32,613,065,760	16,306,532,880	3,000,000,000	3,000,000,000	54,919,598,640
Used during the year	-	(52,931,521)	-	(902,640,000)	(6,027,307,602)	(6,982,879,123)
Ending balance	69,649,522	106,983,217,222	92,151,277,245	12,326,904,571	-	211,531,048,560

Dai A Commercial Joint Stock Bank was officially merged into Ho Chi Minh City Development Bank from the beginning of 30 December 2013 in accordance with Decision No. 2687/QĐ-NHNN dated 18 November 2013 issued by the Governor of the State Bank of Vietnam. According to the approved Merger Plan, DaiABank's net assets are added to the Bank's capital and reserves.

As a result, Dai A Commercial Joint Stock Bank has transferred all of its rights and obligations to the Bank after the merger from the beginning of 30 December 2013.

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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27. CAPITAL AND RESERVES (continued)

27.1 Statement of changes in owners' equity (continued)

On 10 December 2013, the State Securities Commission issued Certificate of Registration for Issuance of Share No. 74/GCN-UBCK for the share swap purpose of the Bank. Total new shares issued were 310,000,000 shares to the current shareholders of Dai A Joint Stock Commercial Bank for share swap purpose. Accordingly the Bank's charter capital after the merger with Dai A Joint Stock Commercial Bank as at 31 December 2013 amounted to VND8,100,000 million.

The Bank was granted the 23rd amended Certificate of Business Registration No. 0300608092 dated 21 January 2014 by the Department of Planning and Investment of Hochiminh City.

27.2 Statutory reserves

The Bank creates the following statutory reserves in compliance the Law on Credit Institutions No. 47/2010/QH12 effective since 1 January 2011 and Decree No. 57/2012/ND - CP effective since 15 September 2012.

	<i>Basis of calculation</i>	<i>Maximum balance</i>
Supplementary capital reserve	5% of profit after tax	100% charter capital
Financial reserve	10% of profit after tax	25% charter capital

Other funds are appropriated at the discretion of the Bank.

The appropriation of profits to statutory reserves will be made in accordance with resolution of the shareholders at annual general meeting and recorded in the next financial year.

28. DIVIDENDS

In accordance with Resolution No. 07/2013/NQ-DHDCD dated 26 April 2013 in relation to the approval of plan for appropriation of net profit of the year ended 31 December 2012, the Bank declared dividends to its shareholders amounting to VND280,765,027,322.

	<i>Beginning balance</i>	<i>Movement during the year</i>		<i>Ending balance</i>
		<i>Payable</i>	<i>Paid</i>	
	<i>VND</i>	<i>VND</i>	<i>VND</i>	<i>VND</i>
Dividend to shareholders	422,989,482	280,765,027,322	(280,757,097,022)	430,919,782

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29. INTEREST AND SIMILAR INCOME

	2013 VND	2012 VND
Interest income from loans and advances to customers	2,583,719,706,350	2,060,835,517,988
Interest income from trading and investing debt securities	1,147,196,104,600	1,428,949,270,457
Interest income from deposits	261,951,537,402	1,058,314,699,672
Interest income from other credit activities	782,601,531,455	647,132,759,117
	<u>4,775,468,879,807</u>	<u>5,195,232,247,234</u>

30. INTEREST AND SIMILAR EXPENSES

	2013 VND	2012 VND
Interest expense on deposits	4,050,606,287,887	3,655,266,800,552
Interest expense on borrowings	265,425,190,744	103,410,663,255
Interest expense on valuable papers	236,447,964,051	586,092,245,371
Expense from other credit activities	527,497,991	389,569,224
	<u>4,553,006,940,673</u>	<u>4,345,159,278,402</u>

31. NET FEES AND COMMISSION INCOME

	2013 VND	2012 VND
Fees and commission income		
- Settlement services	34,296,143,247	21,001,175,159
- Advisory services	18,839,766,363	3,559,740,467
- Guarantee services	15,713,250,018	11,800,035,491
- Discounted fees	12,206,013,272	4,778,275,891
- Treasury services	3,257,297,108	3,074,585,383
- Credit service fees	3,250,839,228	1,824,252,146
- Trust and agent services	331,790,649	306,471,076
	<u>87,895,099,885</u>	<u>46,344,535,613</u>
Fees and commission expenses		
- Postal and telecommunication	(11,552,323,534)	(11,373,867,685)
- Settlement services	(8,995,786,348)	(7,481,611,090)
- Treasury service	(3,975,007,628)	(3,595,845,150)
- Advisory services	(2,472,530,364)	(5,573,389,944)
- Trust and agent services	(392,000,360)	(365,027,547)
- Brokerage services	(176,570,000)	(25,050,000)
- Others	(525,563,624)	(303,719,256)
	<u>(28,089,781,858)</u>	<u>(28,718,510,672)</u>
Net fees and commission income	<u>59,805,318,027</u>	<u>17,626,024,941</u>

Ho Chi Minh City Development Bank

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32. NET LOSS FROM FOREIGN CURRENCIES AND GOLD TRADING

	2013 VND	2012 VND
Income from foreign currencies and gold trading		
Income from gold trading	1,240,138,689,104	1,067,094,836,644
Income from spot foreign exchange	751,783,773,297	558,812,047,278
Income from currency derivatives	11,900,359,851	7,576,819,151
	<u>2,003,822,822,252</u>	<u>1,633,483,703,073</u>
Expense from foreign currencies and gold trading		
Expense from gold trading	(1,313,018,028,091)	(1,147,769,343,038)
Expense from spot foreign exchange	(739,634,880,173)	(526,444,668,733)
Expense from currency derivatives	(5,184,925,628)	(2,574,475,569)
	<u>(2,057,837,833,892)</u>	<u>(1,676,788,487,340)</u>
Net loss from foreign currencies and gold trading	<u>(54,015,011,640)</u>	<u>(43,304,784,267)</u>

33. NET GAIN FROM DEALING OF TRADING SECURITIES

	2013 VND	2012 VND
Income from securities trading	61,939,530,864	10,404,625,000
Expense from securities trading	(10,000,000)	(1,812,160,760)
Net gain from dealing of trading securities	<u>61,929,530,864</u>	<u>8,592,464,240</u>

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34. NET GAIN FROM DEALING OF INVESTMENT SECURITIES

	2013 VND	2012 VND
Income from dealing of available-for-sales securities	693,993,669,028	264,067,135,247
Expense from dealing of available-for-sales securities	(68,008,387,657)	(22,118,605,523)
Reversal of provision for diminution in value of available-for-sales securities (Note 12.1.2)	25,663,121,725	52,731,426,143
Net gain from dealing of available-for-sales securities	651,648,403,096	294,679,955,867
Income from dealing of held-to-maturity securities	32,392,882,859	20,498,954,795
Expense from dealing of held-to-maturity securities	(1,800,597,674)	-
Net gain from dealing of held-to-maturity securities	30,592,285,185	20,498,954,795
Net gain from dealing of investment securities	682,240,688,281	315,178,910,662

35. NET OTHER OPERATING INCOME

	2013 VND	2012 VND
Other operating income		
Income from the sale of loans	144,470,977,168	8,380,463,318
Bad debt recovery	89,259,981,821	6,932,944,273
Rental income	11,722,460,279	9,297,321,428
Proceed from disposal of fixed assets	1,504,025,989	319,737,338,186
Income for fines for breach of contract	-	6,020,115,369
Income from promotion	-	4,517,065,000
Income from reversal of unemployment benefits	-	1,607,383,483
Gain from penalty of selling securities transactions	-	18,018,000,000
Other income	10,603,169,920	2,882,368,801
	<u>257,560,615,177</u>	<u>377,392,999,858</u>
Other operating expense		
Fee for financial guarantee	(6,500,000,000)	-
Fines due to violation of contracts	(1,256,477,875)	-
Net carrying amount of disposed fixed assets	(1,121,201,544)	(24,797,840,591)
Sponsoring cost	(961,000,000)	(2,409,850,000)
Liquidation of debt collaterals	-	(1,661,184,200)
Other expenses	(1,073,856,260)	(764,143,986)
	<u>(10,912,535,679)</u>	<u>(29,633,018,777)</u>
Net other operating income	246,648,079,498	347,759,981,081

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36. INCOME FROM LONG-TERM INVESTMENTS

	2013 VND	2012 VND
Dividends from long-term investments:		
- From equity available-for-sale securities	135,537,493,145	23,228,744,000
- From capital contributions and long-term investments	5,774,125,281	3,253,450,605
	141,311,618,426	26,482,194,605

37. OPERATING EXPENSES

	2013 VND	2012 VND
Employees remuneration	325,467,381,294	301,888,321,247
- Salary and allowance	296,406,374,703	276,649,566,331
- Salary related allowance	21,434,200,560	17,796,270,300
- Allowance	7,626,806,031	7,438,184,616
- Social activities	-	4,300,000
Depreciation expense	65,167,700,496	58,947,366,006
Other operating expenses	566,502,524,447	435,686,172,891
- Advertising, marketing, promotion and entertainment	119,791,875,025	91,677,051,667
- Repair and maintenance	115,263,782,743	47,271,539,506
- General administration expenses	114,440,842,778	112,547,082,469
- Office rental	101,027,540,233	102,600,027,177
- Insurance for customer deposits	40,961,827,657	20,146,700,000
- Tools and equipment	21,327,039,454	19,172,786,463
- Business trip	12,401,910,760	12,865,064,937
- Post and telecommunication	10,774,447,386	9,030,053,991
- Material and printing	9,471,923,702	10,818,243,609
- Provision for a diminution in value of investment securities	7,482,446,442	3,874,358,327
- Training	6,973,768,949	639,131,149
- Provision for overdue deposits	2,494,380,778	-
- Other taxes and fees	2,438,120,001	3,294,016,149
- Insurance of the Bank's assets	1,652,618,539	1,750,117,447
	957,137,606,237	796,521,860,144

38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the separate cash flow statement comprise of the following balances on the separate balance sheet:

	31 December 2013 VND	31 December 2012 VND
Cash in VND	461,637,912,547	293,454,442,600
Cash in foreign currencies	155,384,855,445	128,218,042,348
Monetary gold	14,231,862,500	385,795,540,000
Balances with the SBV	1,595,174,271,111	701,234,182,913
Demand deposits in other credit institutions	969,613,654,966	349,195,869,906
Deposits in other credit institutions less than 90 days (Note 7.1)	4,839,255,600,000	-
Loans to other banks	600,000,000,000	3,000,000,000,000
	8,635,298,156,569	4,857,898,077,767

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39. EMPLOYEES' INCOME

	2013 VND	2012 VND
I. Total number of employees (persons)	3,654	2,227
II. Employees' income		
1. Total salary	424,566,991,171	259,587,862,081
2. Lunch allowances	29,344,561,524	17,061,704,250
3. Total income (1+2)	453,911,552,695	276,649,566,331
4. Average monthly salary (VND/person)	9,682,699	9,713,660
5. Average monthly income (VND/person)	10,351,933	10,352,102

40. COLLATERALS AND MORTGAGES

The book value of collaterals and mortgages of loans to customers are presented as follow:

	31 December 2013 VND	31 December 2012 VND
Real estate properties	42,242,307,888,986	23,215,163,649,488
Valuable papers	9,191,170,278,902	12,963,115,764,142
Movable assets	26,978,651,373,622	6,680,515,812,866
Other assets	26,014,667,447,642	25,202,968,231,241
	104,426,796,989,152	68,061,763,457,737

41. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank is a party to financial instruments which are recorded as off balance sheet items. These financial instruments mainly comprise financial guarantees and commercial letters of credit. These instruments involve elements of credit risk in excess of the amounts recognised in the separate balance sheet.

Credit risk for off balance sheet financial instruments is defined as the possibility of sustaining a loss because any other party to a financial instrument fails to perform in accordance with the terms of the contract.

Financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party including guarantee for borrowings, settlement, performing contracts and bidding. The credit risk involved in issuing guarantees is essentially the same as that involved in extending facilities to other customers.

Commercial at sight letters of credit represent a financing transaction by the Bank to its customer where the customer is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk is limited as the merchandise shipped serves as collateral for the transaction.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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41. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Deferred payment letters of credits represent the amounts at risk should the contract be fully drawn upon and the client defaults in repayment to the beneficiary. Deferred payment letters of credit that were default by clients are recognised by the Bank as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank to pay the beneficiaries and to fulfill the guarantor obligation.

The Bank requires margin deposits to support credit-related financial instruments when it is deemed necessary. The margin deposit required varies to 100% of the value of a commitment granted, depending on the creditworthiness of clients as assessed by the Bank

The outstanding contingent liabilities and commitments as at 31 December are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
	VND	VND
Financial guarantees	1,387,512,199,880	1,106,304,704,412
- Settlement guarantee	816,906,130,488	591,383,752,872
- Contract performance guarantee	140,817,872,885	139,583,333,573
- Bid guarantee	45,285,960,395	17,905,131,760
- Other guarantees	384,502,236,112	357,432,486,207
At sight letters of credit	632,584,337,154	269,450,448,759
Deferred letters of credit	137,272,649,647	18,352,804,982
	<u>2,157,369,186,681</u>	<u>1,394,107,958,153</u>
Less: margin deposits	(179,606,145,762)	(86,961,859,690)
Contingent liabilities and commitments	<u>1,977,763,040,919</u>	<u>1,307,146,098,463</u>

42. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other entities to which the Bank is related. Parties are considered as related parties if one party is able to control over or significantly influence to the other party in making decision of financial and operational policies. A party is deemed to be related to the Bank if:

(a) Directly, or indirectly through one or more intermediaries, the party:

- ▶ controls, is controlled by, or is under common control with the Bank;
- ▶ has an interest in the Bank that gives it significant influence over the Bank;
- ▶ has joint control over the Bank;

(b) The party is a joint venture in which the Bank is a venturer;

(c) The party is a member of the key management personnel of the Bank or its parent Company;

(d) The party is a close member of the family of any person referred to in (a) or (c); or

(e) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any person referred to in (c) or (d).

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42. RELATED PARTY TRANSACTIONS (continued)

Significant transactions with related parties in the year are as follows:

<i>Relationship</i>	<i>Transactions</i>	<i>Amount</i>
		<i>VND</i>
Shareholders (major or more than 5% share capital)	Demand deposits	12,348,634,237,746
	Term deposits	4,146,265,203,374
	Withdrawals of demand deposits	12,261,419,490,188
	Withdrawals of term deposits	4,173,167,429,562
	Deposits for specific purposes	263,495,927,346
	Withdrawals of specialised deposits	86,935,668,658
Investees	Term deposits	24,994,123,008
	Demand deposits	11,716,743,348,531
	Margin deposits	667,287,678,338
	Withdrawals of margin deposits	667,311,264,467
	Withdrawals of demand deposits	11,451,686,688,827
	Withdrawals of term deposits	315,399,227,699
	Purchase of valuable papers	6,052,931,507
Others	Term deposits	81,325,806,735
	Demand deposits	18,539,770,577,384
	Withdrawals of demand deposits	18,697,237,261,929
	Withdrawals of term deposits	80,834,847,831
	Payment of deposits for purchase of bonds	2,134,338,589,095
	Purchase of securities	4,554,014,989,978
	Sale of securities	555,840,890,411
Subsidiaries	Demand deposits	3,095,746,534
	Term deposits	2,000,000,000
	Withdrawals of demand deposits	5,448,118,830
	Loan disbursement	182,783,445,277

Receivables from and payables to related parties as at 31 December 2013 are as follows:

<i>Relationship</i>	<i>Transactions</i>	<i>Receivables</i>	<i>Payables</i>
		<i>VND</i>	<i>VND</i>
Shareholders (major or more than 5% share capital)	Term deposits	-	325,903,196,015
	Demand deposits	-	158,859,092,155
	Deposits for specific purposes	-	176,560,258,688
	Loan	34,000,000,000	-
Investees	Term deposit	-	1,430,000,000
	Demand deposits	-	287,676,076,237
	Margin deposits	-	27,793,838
	Valuable papers	-	6,052,931,507
	Loan	70,027,500,000	-
Others	Term deposits	-	2,505,753,425
	Demand deposits	-	3,317,869,708
	Purchase of securities	2,837,131,684,272	-
	Deposits for purchase of bonds	1,502,961,410,905	-
Subsidiaries	Term deposits	-	85,190,000,000
	Demand deposits	-	715,936,381
	Loan	962,783,445,277	-
		5,406,904,040,454	1,048,238,907,954

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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43. RISK MANAGEMENT POLICIES

The Bank's objective is to manage its risk adequately within the approved limits. Therefore, the use of financial instruments, including receiving deposits from customers and investing these funds in high-quality assets to achieve sufficient interest margins, is the core activity of the Bank. From risk management perspective, this primarily involves maintaining loans to commercial and retail borrowers of varied creditworthiness, in both local and foreign currencies, as well as off-balance sheet commitments such as guarantees and letters of credit. The Bank also places its mobilised funds in loans to other banks. Foreign exchange and interest rate exposures are managed through the use of position limits, avoiding undue concentrations and entering into counterbalancing positions in order to offset exposures. By holding high quality financial instruments, the Bank is able to manage significant risks in its operating activities and to maintain an adequate liquidity position.

For credit risk management purpose, the Bank has effectively utilised their Credit Management Manual providing regulations and requirements for lending and guidance to standardise the credit activities at the Bank. Liquidity risk is limited by maintaining a large amount of cash and cash equivalents in the form of Nostro account, term deposits at SBV and other credit institutions. Risk-adjusted prudential ratios are also used in liquidity risk management. The Bank revalues the interest rate gap and compares it to the benchmark of domestic and foreign markets on a regular basis in order to timely adapt with unforeseen movements. Additionally, the more effective utilisation of internal risk management enables the Bank to effectively oversee changes in capital and reduce potential mistakes and unnecessary procedures.

44. CREDIT RISK

Credit risk is the possibility of losses in the banking activities of credit institutions due to customers do not or cannot fulfill their obligations as committed.

As for the management of credit risk, the Bank has issued credit policies and guidance of implementation to control the Bank's credit activities.

The Bank controls and manages credit risk by setting up credit limits corresponding to the levels of risk that the Bank may be acceptable for each customer, geographical area and industry. Credit limit for each customer is established through the application of credit rating system, in which each customer is classified at a level of risk. The level of risk can be amended and updated regularly.

The Bank has established a review process of credit quality enabling early prediction of changes in financial status, repayment ability of borrowers on the qualitative and quantitative basis.

44.1 *Financial assets not past due and not impaired*

The financial assets which are not past due and not impaired comprise current loans and advances to customers in accordance with Decision No. 493/2005/QD-NHNN and Decision No. 18/2007/QD-NHNN; securities, receivables and other financial assets which are not past due and no provision is required as Circular No. 228/2009/TT-BTC.

The Bank believes that it can recover fully and timely these financial assets in the near future.

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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44. CREDIT RISK (continued)

44.2 Financial assets past due but not impaired

Past due financial assets but not impaired are presented as below:

	<i>Past due</i>			
	<i>Less than 90 days</i> VND	<i>91-180 days</i> VND	<i>181-360 days</i> VND	<i>Over 360 days</i> VND
ASSETS				
Loans and advances to customers (i)	121,102,104,904	57,329,920,065	47,132,618,886	116,821,843,536
Investment securities				
Held-to-maturity securities	-	-	-	762,400,000
Other assets				
Receivables (ii)	-	-	-	23,950,000,000
Interest and fees receivables (iii)	1,953,175,394	45,598,173,867	-	-

The Bank currently holds real estate properties, movable assets, valuable papers and other assets as collaterals for these financial assets.

- (i) These are past due financial instruments but not impaired because they are adequately secured by collaterals or these assets have been fully recovered at the date of the financial statements.
- (ii) This includes the interest receivable from Vinashin and the receivables from entrusted deposits which were overdue but not made provision under Circular No. 228.
- (iii) These are past due interest from loans to customers.

Ho Chi Minh City Development Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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45. MARKET RISK

45.1 Interest risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Bank is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities and off-balance sheet items in certain period.

Interest sensitivity

No analysis on interest sensitivity was performed for the year ended 31 December 2013. The Bank is in process of designing and completing the model of Assets Liabilities Management (ALM), with the advice of foreign consulting firm, including analysis of interest rate risk and net interest income sensitivity through changes in market interest rates.

Analysis of assets and liabilities based on the re-pricing period of effective interest rate

The re-pricing period of effective interest rate is the remaining period from the date of the separate financial statements to the next latest re-pricing date of interest rate applicable to assets and liabilities which are subject to changes in interest rates.

The following assumptions and conditions are used in analysis of the re-pricing period of interest rates of the Bank's assets and liabilities:

- ▶ Cash, gold, jewelry, gemstones; long-term investment and other assets (including fixed assets and other assets) are classified as non-interest bearing group.
- ▶ Balances with the State Bank of Vietnam which represent current accounts are classified into group which has the re-pricing period of up to one month.
- ▶ The re-pricing period of interest rate of investment and trading securities is determined based on the actual maturity term of each kind of securities as at the separate balance sheet date.
- ▶ The re-pricing period of interest rate of deposits with and loans to other banks; loans to customers; borrowings from government and the State Bank of Vietnam; grants, entrusted funds and loans exposed to risks; deposits and borrowings from other banks and deposits from customers are determined as follows:
 - Items with fixed interest rate for the entire contractual term: the re-pricing period of interest rate is determined based on the remaining contractual term calculated from the separate balance sheet date.
 - Items with floating interest rate: the re-pricing period of interest rate is determined based on the next interest reset date subsequent to the separate balance sheet date.
- ▶ The re-pricing period of interest rate of valuable papers is determined based on the remaining maturity term of each valuable paper calculated from the separate balance sheet date.
- ▶ The re-pricing period of interest rate of entrusted funds and loans exposed to risks to the Bank is determined based on the remaining contractual term calculated from the separate balance sheet date.
- ▶ Other liabilities are classified as non-bearing interest group.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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45. MARKET RISK (continued)

45.1 Interest risk (continued)

Re-pricing interest period of assets and liabilities as at 31 December 2013 is presented as follows:

	Overdue VND	Non-interest bearing VND	Re-pricing interest period						Total VND
			Up to 1 month VND	1 - 3 months VND	3 - 6 months VND	6 - 12 months VND	1 - 5 years VND	Above 5 years VND	
Assets									
Cash, gold and precious stones	-	631,254,630,492	-	-	-	-	-	-	631,254,630,492
Balances with the SBV	-	-	1,595,174,271,111	-	-	-	-	-	1,595,174,271,111
Due from and loans to other banks (*)	104,620,663,653	-	7,908,869,254,966	2,520,720,000,000	930,000,000,000	784,121,639,709	319,000,000,000	100,000,000,000	12,248,331,558,328
Trading securities (*)	-	249,466,197,782	-	-	-	-	-	-	249,466,197,782
Derivatives and other financial assets	-	1,847,975,080	-	-	-	-	-	-	1,847,975,080
Loans and advances to customers (*)	2,607,749,000,958	-	302,049,277,360	39,624,767,899,485	-	-	-	-	42,534,566,177,803
Investment securities (*)	762,400,000	740,211,462,786	1,000,038,235,904	30,000,000,000	1,159,000,000,000	2,400,416,871,169	8,267,366,989,167	45,000,000,000	13,642,795,959,026
Long-term investments (*)	-	892,267,310,665	-	-	-	-	-	-	892,267,310,665
Fixed assets	-	581,750,122,712	-	-	-	-	-	-	581,750,122,712
Other assets (*)	71,501,349,261	12,735,812,613,945	-	370,800,000,000	1,132,161,410,905	-	-	-	14,310,275,374,111
Total assets	2,784,633,413,872	15,832,610,313,462	10,806,131,039,341	42,546,287,899,485	3,221,161,410,905	3,503,538,510,878	8,367,366,989,167	45,000,000,000	87,106,729,577,110
Liabilities									
Borrowings from the Government and the SBV	-	-	1,373,200,000	658,937,500	376,000,000	13,150,234,000	73,700,127,761	38,914,919,743	128,173,419,004
Due to and borrowings from other banks	-	-	7,212,845,618,164	2,921,291,266,667	1,155,180,000,000	-	-	-	11,289,316,884,831
Customer deposits	-	153,621,706,073	24,195,794,599,538	17,809,496,846,019	6,415,814,940,460	13,059,600,801,287	835,446,527,068	69,200,000	62,469,844,620,445
Grants, entrusted funds and loans exposed to risks	-	-	-	116,109,678,789	-	-	-	-	116,109,678,789
Valuable papers issued	-	-	3,000,000,000	-	500,000,000,000	500,000,000,000	1,500,000,000,000	-	2,503,000,000,000
Other liabilities (*)	-	1,112,493,832,823	-	-	-	-	-	-	1,112,493,832,823
Total liabilities	-	1,266,115,538,896	31,413,013,417,702	20,847,556,728,975	8,071,370,940,460	13,572,751,035,287	2,409,146,654,829	38,984,119,743	77,618,938,435,892
Total interest sensitivity gap	2,784,633,413,872	14,566,494,774,566	(20,606,882,378,361)	21,698,731,170,510	(4,850,209,529,555)	(10,069,212,524,409)	5,958,220,334,338	6,015,880,257	9,487,791,141,218

(*) Excluding provisions

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45. MARKET RISK (continued)

45.2 Currency risk

Currency risk is the risk that the value of a financial instrument fluctuates due to changes in foreign exchange rates.

As the Bank was incorporated and operates in Vietnam, VND is the reporting currency. The major currency in which the Bank transacts is also VND. The Bank's loans and advances are mainly denominated in VND with the remainder mainly in USD. However, some of the Bank's other assets are in currencies other than VND and USD. The Bank's management has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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45. MARKET RISK (continued)

45.2 Currency risk (continued)

Assets and liabilities denominated in foreign currencies are translated into VND at 31 December 2013:

	EUR equivalent VND	US\$ equivalent VND	Gold equivalent VND	Other currencies equivalent VND	Total VND
Assets					
Cash, gold and precious stones	6,566,029,407	117,151,419,312	14,231,862,500	31,667,406,726	169,616,717,945
Balances with the SBV	-	255,693,848,050	-	-	255,693,848,050
Due from and loans to other banks	9,950,406,956	1,442,396,450,512	-	8,146,756,521	1,460,493,613,989
Derivatives and other financial assets	-	-	-	13,080,900,000	13,080,900,000
Loans to customers (*)	99,321,175	2,505,842,684,505	142,509,333,000	-	2,648,451,338,680
Other assets	72,575	50,831,276,935	45,344,336,750	-	96,175,686,260
Total assets	16,615,830,113	4,371,915,679,314	202,085,532,250	52,895,063,247	4,643,512,104,924
Liabilities					
Due to and borrowings from other banks	-	694,188,000,000	-	-	694,188,000,000
Customer deposits	17,740,572,297	3,442,722,282,301	-	45,528,916,841	3,505,991,771,439
Derivatives and other financial liabilities	-	433,782,724,920	-	-	433,782,724,920
Grants, entrusted funds and loans exposed to risks	-	1,261,428,789	-	-	1,261,428,789
Other liabilities	241,687,201	24,514,569,289	269,625,250	104,392,602	25,130,274,342
Total liabilities	17,982,259,498	4,596,469,005,299	269,625,250	45,633,309,443	4,660,354,199,490
FX position on balance sheet	(1,366,429,385)	(224,553,325,985)	201,815,907,000	7,261,753,804	(16,842,094,566)
FX position off balance sheet	-	(12,621,600,000)	-	-	(12,621,600,000)
FX position on and off-balance sheet	(1,366,429,385)	(237,174,925,985)	201,815,907,000	7,261,753,804	(29,463,694,566)

(*) Excluding provisions

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45. MARKET RISK (continued)

45.3 Liquidity risk (continued)

Below table shows the analysis of the liquidity risks of assets and liabilities at 31 December 2013:

	Overdue						Current					Total VND
	Above 3 months VND	Up to 3 months VND	Up to 1 month VND	1 - 3 months VND	3 - 12 months VND	1 - 5 years VND	Above 5 years VND					
Assets												
Cash, gold and precious stones	-	-	631,254,630,492	-	-	-	-	-	-	-	-	631,254,630,492
Balances with the SBV	-	-	1,595,174,271,111	-	-	-	-	-	-	-	-	1,595,174,271,111
Due from and loans to other banks (*)	104,620,663,663	-	7,908,869,254,966	2,520,720,000,000	1,714,121,639,709	-	-	-	-	-	-	12,248,331,558,328
Trading securities (*)	-	-	-	-	668,466,197,782	-	-	-	-	-	-	668,466,197,782
Derivatives and other financial assets	-	-	1,847,975,080	-	-	-	-	-	-	-	-	1,847,975,080
Loans and advances to customers (*)	2,126,810,811,498	480,938,189,460	6,517,844,597,448	13,263,288,076,343	9,862,712,581,286	6,810,832,632,754	3,472,139,289,014	42,534,566,177,803				
Investment securities(*)	762,400,000	-	1,000,038,235,904	30,000,000,000	4,299,628,333,955	8,267,366,989,167	45,000,000,000	13,642,795,959,026				
Long-term investments (*)	-	-	-	-	-	-	892,267,310,665	892,267,310,665				
Fixed assets	-	-	100,698,560	10,944,472,000	116,732,876,755	188,745,492,832	265,226,582,565	581,750,122,712				
Other assets (*)	69,548,173,867	1,953,175,394	869,740,423,655	3,319,094,017,317	5,899,955,995,793	3,834,983,588,085	315,000,000,000	14,310,275,374,111				
Total assets	2,301,742,049,018	482,891,364,854	18,524,870,087,216	19,144,046,565,660	22,561,617,625,280	19,101,928,702,838	4,989,633,182,244	87,106,729,577,110				
Liabilities												
Borrowings from the Government and the SBV	-	-	1,373,200,000	658,937,500	13,526,234,000	73,700,127,761	38,914,919,743	128,173,419,004				
Due to and borrowings from other banks	-	-	7,212,845,618,164	2,921,291,266,667	1,155,180,000,000	-	-	11,289,316,884,831				
Customer deposits	-	-	22,218,652,458,401	15,570,646,671,116	22,514,789,284,101	2,165,690,706,827	65,500,000	62,469,844,620,445				
Grants, entrusted funds and loans exposed to risks	-	-	-	116,109,678,789	-	-	-	116,109,678,789				
Valuable papers issued	-	-	3,000,000,000	-	1,000,000,000,000	1,500,000,000,000	-	2,503,000,000,000				
Other liabilities (*)	-	-	294,440,048,958	321,072,925,216	444,417,587,227	52,483,186,972	80,084,450	1,112,493,832,823				
Total liabilities	-	-	29,730,311,325,523	18,929,779,479,288	25,127,913,105,328	3,791,874,021,560	39,060,504,193	77,618,938,435,892				
Net liquidity gap	2,301,742,049,018	482,891,364,854	(11,205,441,238,307)	214,267,086,372	(2,566,295,480,048)	15,310,054,681,278	4,950,572,678,051	9,487,791,141,218				

(*) Excluding provisions

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45. MARKET RISK (continued)

45.2 Currency risk (continued)

Foreign currency sensitivity

No analysis on foreign currency sensitivity was performed for the year ended 31 December 2013 since the Bank does not have sufficient data and technology.

45.3 Liquidity risk

Liquidity risk is the risk which the Bank has difficulties in meeting the obligations of financial liabilities. Liquidity risk occurs when the Bank cannot afford to settle debt obligations at the due dates in the normal or stress conditions. To manage the liquidity risk exposure, the Bank has diversified the mobilisation of deposits from various sources in addition to its basic capital resources. In addition, the Bank has established policy for control of liquidity assets flexibly, monitor the future cash flows and daily liquidity. The Bank has also evaluated the estimated cash flows and the availability of current collateral assets in case of obtaining more deposits.

The risk of liquidity is limited by holding a large amount of cash and cash equivalents in the form of Nostro account, deposits at the State Bank and other credit institutions and valuable papers. The rates of safety taking into account of risk factors are also used to manage liquidity risk.

The maturity term of assets and liabilities represents the remaining period of assets and liabilities as calculated from the separate balance sheet date to the settlement date in accordance with contractual terms and conditions.

The following assumptions and conditions are applied in the analysis of maturity of the Bank's assets and liabilities:

- ▶ Balances with the SBV are classified as demand deposits which include compulsory deposits. The balance of compulsory deposits depends on the proportion and terms of the Bank's customer deposits.
- ▶ The maturity term of investment securities is calculated based on the maturity date of each kind of securities.
- ▶ The maturity term of placements with and loans to other banks; and loans to customers is determined on the maturity date as stipulated in contracts. The actual maturity term may be altered because loan contracts may be extended.
- ▶ The maturity term of long-term investments is considered as more than one year because these investments do not have specific maturity date.
- ▶ The maturity term of deposits and borrowings from other banks; and customer deposits are determined based on features of these items or the maturity date as stipulated in contracts. Vostro account and demand deposits are transacted as required by customers, and therefore, being classified as current accounts. The maturity term of borrowings and term deposits is determined based on the maturity date in contracts. In fact, these amounts may be rotated, and therefore, they last beyond the original maturity date.
- ▶ The maturity term of fixed assets is determined on the remaining useful life of assets.

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46. CAPITAL EXPENDITURE AND OPERATING LEASE COMMITMENTS

	31 December 2013 VND	31 December 2012 VND
Commitments to acquire fixed assets	36,596,000,000	36,596,000,000
Non-cancelable operating leases	894,856,830,468	393,838,623,154
<i>In which:</i>		
<i>Due within one year</i>	135,334,014,952	73,661,271,895
<i>Due within from two to five years</i>	351,829,123,154	193,800,891,599
<i>Due after five years</i>	407,693,692,362	126,376,459,660

47. SUPPLEMENTAL DISCLOSURE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES ACCORDING TO CIRCULAR NO. 210/2009/TT-BTC

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC ("Circular 210") providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments which is effective for financial years beginning on or after 01 January 2011.

The Bank has adopted Circular 210 and presented supplemental notes conforming to requirement of this Circular in the separate financial statements.

Circular 210 only provides guidance for the presentation and disclosures of financial instruments, therefore, the concepts of financial assets, financial liabilities and related concepts are applied solely for the supplemental presentation according to Circular 210. Assets, liabilities and equity of the Bank have been recognised and accounted for in accordance with the Vietnamese Accounting Standards and Accounting System for Credit Institutions and comply with relevant regulations stipulated by the State Bank of Vietnam.

Financial assets

Financial assets of the Bank within the scope of the Circular No. 210/2009/TT-BTC comprise cash, gold, precious stones, balances with SBV, placements with other banks, loans and advances to customers and other banks, trading and investment securities, receivables and other assets under monetary derivative contracts.

According to Circular No. 210/2009/TT-BTC, financial assets are classified appropriately, for the purpose of disclosure in the separate financial statements, into one of the following categories:

▶ *Financial asset at fair value through profit or loss:*

It is a financial asset that meets either of the following conditions:

- a) It is classified as held for trading. A financial asset is classified as held for trading if:
 - ▶ It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - ▶ On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
 - ▶ It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- b) Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

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47. SUPPLEMENTAL DISCLOSURE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES ACCORDING TO CIRCULAR NO. 210/2009/TT-BTC (continued)

Financial assets (continued)

▶ *Held-to-maturity investments:*

are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity other than:

- a) Those that the Bank upon initial recognition designates as at fair value through profit or loss;
- b) Those that the entity designates as available for sale; and
- c) Those that meet the definitions of loans and receivables.

▶ *Loans and receivables:*

are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- a) Those that the Bank intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;
- b) Those that the Bank upon initial recognition designates as available for sale; or
- c) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

▶ *Available-for-sale assets:*

are non-derivative financial assets that are designated as available for sale or are not classified as:

- a) Loans and receivables;
- b) Held-to-maturity investments;
- c) Financial assets at fair value through profit or loss.

Financial liabilities

Financial liabilities of the Bank under the Circular No. 210/2009/TT-BTC consist of borrowings from the Government and the State Bank of Vietnam, deposits and borrowings from other banks, due to customers, grants, entrusted funds and loans exposed to risks, valuable papers issued by the Bank, payables and other liabilities under monetary derivative contracts.

According to Circular No. 210/2009/TT-BTC, financial liabilities are classified appropriately, for the purpose of disclosure in the separate financial statements, into one of the following categories:

▶ *Financial liabilities at fair value through profit or loss*

is a financial liability that meets either of the following conditions:

- a) It is classified as held for trading. A financial liability is classified as held for trading if:
 - ▶ It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - ▶ On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
 - ▶ It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- b) Upon initial recognition it is designated by the Bank as at fair value through profit or loss.

▶ *Financial liabilities at amortised cost*

Financial liabilities are not categorised as at fair value through profit or loss will be classified financial liabilities at amortised cost.

48. FINANCIAL ASSETS AND FINANCIAL LIABILITIES ACCORDING TO CIRCULAR NO. 210/2009/TT-BTC

The carrying amount and fair value of the Bank's financial assets and liabilities are presented as at 31 December 2013 as below:

	Carrying amount					Fair value VND
	Trading securities VND	Held to maturity securities VND	Loan and receivable VND	Available for sale securities VND	Other assets and liabilities at amortised cost VND	
Financial assets						
Cash, gold and precious stones	-	-	-	-	631,254,630,492	631,254,630,492 (*)
Balances with the SBV	-	-	-	-	1,595,174,271,111	1,595,174,271,111 (*)
Due from and loans to other banks	-	-	12,228,516,809,265	-	12,228,516,809,265	(**)
Trading securities	667,545,285,887	-	-	-	667,545,285,887	(**)
Derivatives and other financial assets	-	-	-	-	-	(**)
Loans and advances to customers	-	-	41,909,938,459,904	-	1,847,975,080	(**)
Investment securities	-	1,609,680,537,709	-	11,846,615,243,965	-	41,909,938,459,904
Long-term investments	-	-	-	81,891,204,844	-	13,456,295,781,674
Other assets	-	-	-	-	11,822,480,660,472	81,891,204,844
Total	667,545,285,887	1,609,680,537,709	54,138,455,269,169	11,928,506,448,809	14,050,757,537,155	82,394,945,078,729
Financial liabilities						
Borrowings from the Government and the SBV	-	-	-	-	128,173,419,004	128,173,419,004
Due to and borrowings from other banks	-	-	-	-	11,289,316,884,831	11,289,316,884,831
Customer deposits	-	-	-	-	62,469,844,620,445	62,469,844,620,445
Grants, entrusted funds and loans exposed to risks	-	-	-	-	116,109,678,789	116,109,678,789
Valuable papers issued	-	-	-	-	2,503,000,000,000	2,503,000,000,000
Other liabilities	-	-	-	-	1,049,994,404,100	1,049,994,404,100
Total	-	-	-	-	77,556,439,007,169	77,556,439,007,169

(*) Fair value of cash, gold, precious stones and balances with the SBV approximates their carrying amount as the short-term maturity of these financial instruments.

(**) As the Vietnamese Accounting Standards and Accounting System for Credit Institutions and relevant regulations stipulated by the State Bank of Vietnam have no specific guidance on the fair value determination, the fair value of these items can not be determined.



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49. SIGNIFICANT EVENTS DURING THE YEAR

49.1 Acquisition of 100% equity of Société Générale Vietnam Finance

The State Bank of Vietnam issued the Decision No. 2532/QD-NHNN dated on 30 October 2013 for the Bank to acquire 100% equity of Société Générale Vietnam Finance. Subsequently, the State Bank of Vietnam also issued Decision No. 2533/QD-NHNN regarding to the approval for Société Générale Vietnam Finance to change its name to Ho Chi Minh City Development Commercial Joint Stock Bank Finance Ltd Company ("the Company"). The Company is located at Floor 8, 9,10, Gilimex Building, 24C Phan Dang Luu Street, Ward 6, Binh Thanh District, Ho Chi Minh City. The Company's principal activities are to provide consumer loans with installment payments and other types of lending throughout Vietnam.

49.2 Merging the Dai A Commercial Joint Stock Bank into the Bank's operations


DaiABank was officially merged with Ho Chi Minh Development Bank on 30 December 2013 in accordance with Decision No. 2687/QD-NHNN dated 18 November 2013. Under the SBV's Decision No. 3101/QD-NHNN dated 31 December 2013 amending and supplementing content of Banking License No. 00019/NH-GP dated 6 June 1992 and the 23rd amended Certificate of Business Registration No. 0300608092 issued by the Department of Planning and Investment of Ho Chi Minh City dated 21 January 2014, the Bank's charter capital after the merger is VND8,100,000 million, equivalent to the total charter capital of the two banks. Accordingly, Dai A Commercial Joint Stock Bank has transferred all of its rights and obligations to the merged Bank from 30 December 2013.

50. EVENTS AFTER THE SEPARATE BALANCE SHEET DATE

There have been no significant events occurred since the separate balance sheet date which would require adjustments or disclosures to be made in the separate financial statements.

51. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VND AT YEAR-END

	31 December 2013 VND	31 December 2012 VND
USD	21,036	20,828
EUR	29,001	27,424
GBP	34,722	33,577
JPY	200.31	240.68
SGD	16,592	16,961
CAD	19,721	20,801
AUD	18,687	21,495
CNY	3,372	3,241
Gold SJC (tale)	34,750,000	46,150,000

Prepared by: 


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Reviewed by: 


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Chief Financial Officer

Approved by: 


Mr. Nguyen Huu Dang
General Director



Ho Chi Minh City, Vietnam
11 April 2014