

Ho Chi Minh City Development Joint Stock Commercial Bank

Interim separate financial statements

For the six-month period ended 30 June 2019



Ho Chi Minh City Development Joint Stock Commercial Bank

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Ho Chi Minh City Development Joint Stock Commercial Bank

GENERAL INFORMATION

THE BANK

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

The Bank was established and operates in accordance with 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.

The Bank's principal activities are to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans to organizations 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.

The bank's Head Office is located at HD Tower, 25 Bis Nguyen Thi Minh Khai Street, District 1, and Ho Chi Minh City. As at 30 June 2019, the Bank had one (1) Head Office, one (1) representative office in the North, sixty-two (62) branches, two hundred and twenty-one (221) transaction offices located in cities and provinces throughout Vietnam.

THE BOARD OF DIRECTORS

The members of the Board of Directors of the Bank during the period and as at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/re-appointment/resignation</i>
Ms. Le Thi Bang Tam	Chairwoman	Re-appointment on 21 April 2017
Ms. Nguyen Thi Phuong Thao	Standing Vice Chairwoman	Re-appointment on 21 April 2017
Mr. Luu Duc Khanh	Vice Chairman	Re-appointment on 21 April 2017
Mr. Nguyen Thanh Do	Vice Chairman, Independent Member	Appointment on 21 April 2017
Mr. Nguyen Huu Dang	Member	Re-appointment on 21 April 2017
Mr. Chu Viet Cuong	Member	Re-appointment on 21 April 2017
Ms. Nguyen Thi Tam	Member	Re-appointment on 21 April 2017
Mr. Lim Peng Khoon	Member	Re-appointment on 21 April 2017
Mr. Ly Vinh Quang	Independent Member	Resignation on 23 April 2019

THE BOARD OF SUPERVISION

The members of the Board of Supervision of the Bank during the period and as at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of re-appointment</i>
Mr. Dao Duy Tuong	Chief Supervisor	21 April 2017
Ms. Nguyen Thi Phung	Member	21 April 2017
Ms. Nguyen Thi Tich	Member	21 April 2017

Ho Chi Minh City Development Joint Stock Commercial Bank

GENERAL INFORMATION (continued)

THE BOARD OF MANAGEMENT, CHIEF FINANCIAL OFFICER AND CHIEF ACCOUNTANT

The members of the Board of Management, Chief Financial Officer and Chief Accountant of the Bank during the period and as at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/re-appointment</i>
Mr. Nguyen Huu Dang	Chief Executive Officer	Re-appointment on 22 October 2015
Ms. Nguyen Doan Duy Ai	Deputy Chief Executive Officer	Appointment on 2 January 2019 (*)
Mr. Pham Quoc Thanh	Deputy Chief Executive Officer	Re-appointment on 11 March 2016
Mr. Nguyen Minh Duc	Deputy Chief Executive Officer	Appointment on 30 December 2013
Mr. Le Thanh Tung	Deputy Chief Executive Officer	Appointment on 16 September 2009
Mr. Nguyen Thanh Phuong	Deputy Chief Executive Officer	Appointment on 22 January 2018
Mr. Le Thanh Trung	Deputy Chief Executive Officer	Re-appointment on 15 February 2019
Mr. Tran Hoai Nam	Deputy Chief Executive Officer	Re-appointment on 27 February 2019
Mr. Tran Thai Hoa	Deputy Chief Executive Officer	Re-appointment on 26 May 2018
Mr. Pham Van Dau	Chief Financial Officer	Appointment on 16 September 2009
Ms. Ho Dang Hoang Quyen	Chief Accountant	Appointment on 7 July 2011

(*) Ms. Nguyen Doan Duy Ai retired and benefited pension regime on 1 January 2019 and have appointed on 2 January 2019.

LEGAL REPRESENTATIVE

The legal representative of the Bank during the period and as at the date of this report is Mr. Nguyen Huu Dang - Chief Executive Officer.

AUDITORS

The auditor of the Bank is Ernst & Young Vietnam Limited.

Ho Chi Minh City Development Joint Stock Commercial Bank

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Ho Chi Minh Development Joint Stock Commercial Bank ("the Bank") is pleased to present this report and the interim separate financial statements of the Bank for the six-month period ended 30 June 2019.

THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

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

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable account standards have been followed, subject to any material departures disclosed and explained in the interim separate financial statements; and
- ▶ prepare the interim separate financial statements on the going basis unless it is inappropriate to presume that the Bank will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim separate financial position of the Bank and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management confirmed that it has complied with the above requirements in preparing the accompanying interim separate financial statements.

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management does hereby state that, in its opinion, the accompanying interim separate financial statements give a true and fair view of the interim separate financial position of the Bank as at 30 June 2019 and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions, regulations stipulated by the State Bank of Vietnam and statutory requirements relevant to preparation and presentation of the interim separate financial statements.

Users of the interim separate financial statements should read them together with the interim consolidated financial statements in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Bank and its subsidiaries.

On behalf of The Board of Management



Mr. Nguyen Huu Dang
Chief Executive Officer

Ho Chi Minh City, Vietnam

29 August 2019

Reference: 60752693/21311838-SX-R

REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

**To: The Shareholders of
Ho Chi Minh City Development Joint Stock Commercial Bank**

We have reviewed the accompanying interim separate financial statements of Ho Chi Minh City Development Joint Stock Commercial Bank ("the bank"), as prepared on 29 August 2019 and set out on pages 6 to 75 which comprise the interim separate balance sheet as at 30 June 2019, the interim separate income statement and the interim separate cash flows statement for the six-month period then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

Our responsibility is to express a conclusion on the interim separate financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not give a true and fair view, in all material respects, of the interim separate financial position of the Bank as at 30 June 2019, and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to preparation and presentation of interim separate financial statements.

Ernst & Young Vietnam Limited



Trịnh Hoàng Anh
Deputy General Director
Audit Practicing Registration Certificate
No. 2071-2018-004-1

Ho Chi Minh City, Vietnam

29 August 2019

Ho Chi Minh City Development Joint Stock Commercial Bank

INTERIM SEPARATE BALANCE SHEET
as at 30 June 2019

B02a/TCTD

	<i>Notes</i>	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
ASSETS			
Cash and gold	5	1,949,506	2,096,192
Balances with the State Bank of Vietnam	6	1,639,910	5,310,253
Due from and loans to other credit institutions		22,054,475	32,634,552
Due from other credit institutions	7.1	19,904,475	30,524,170
Loans to other credit institutions	7.2	2,150,000	2,110,382
Securities held for trading	8	2,091,898	2,596,626
Securities held for trading		2,097,898	2,603,376
Provision for securities held for trading		(6,000)	(6,750)
Derivatives and other financial assets	9	10,840	227,063
Loans to customers		126,130,669	111,481,099
Loans to customers	10	127,255,248	112,478,936
Provision for credit losses of loans to customers	11.1	(1,124,579)	(997,837)
Investment securities		37,559,984	43,294,913
Available-for-sale securities	12.1	23,310,441	26,354,996
Held-to-maturity securities	12.2, 12.3	15,157,992	17,888,621
Provision for investment securities	12.5	(908,449)	(948,704)
Long-term investments		1,056,509	1,054,619
Investments in subsidiaries	13.1	889,688	889,688
Other long-term investments		185,117	185,117
Provision for long-term investments	13.2	(18,296)	(20,186)
Fixed assets		826,279	1,578,007
<i>Tangible fixed assets</i>	14.1	461,266	536,329
Cost		1,022,515	1,086,447
Accumulated depreciation		(561,249)	(550,118)
<i>Intangible fixed assets</i>	14.2	365,013	1,041,678
Cost		527,935	1,200,904
Accumulated amortization		(162,922)	(159,226)
Other assets		8,158,967	6,139,055
Receivables	15.1	3,699,788	1,741,326
Interest and fees receivables	15.2	3,415,531	3,375,692
Other assets	15.3	1,080,138	1,061,358
Provision for other assets	15.4	(36,490)	(39,321)
TOTAL ASSETS		201,479,037	206,412,379

Ho Chi Minh City Development Joint Stock Commercial Bank

INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2019

B02a/TCTD

	<i>Notes</i>	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
LIABILITIES			
Borrowings from the State Bank of Vietnam	16	2,167,416	7,911,883
Due to and borrowings from other credit institutions	17	31,680,356	39,458,782
Due to other credit institutions	17.1	19,125,259	23,536,099
Borrowings from other credit institutions	17.2	12,555,097	15,922,683
Due to customers	18	130,156,538	128,151,279
Grants, entrusted funds and loans exposed to risks	19	3,059,677	3,045,666
Valuable papers issued	20	14,133,000	9,232,000
Other liabilities		3,757,867	3,484,626
Interest and fees payable	21.1	3,102,534	2,989,431
Deferred corporate tax payable	22.2	851	1,585
Other payables	21.2	654,482	493,610
TOTAL LIABILITIES		184,954,854	191,284,236
OWNERS' EQUITY			
Capital		11,852,342	11,852,342
Charter capital		9,810,000	9,810,000
Fund for capital expenditure		89	89
Share premium		2,042,255	2,042,255
Treasury shares		(2)	(2)
Reserves		1,052,411	639,514
Foreign exchange differences		7,244	-
Retained earnings		3,612,186	2,636,287
TOTAL OWNERS' EQUITY	23.1	16,524,183	15,128,143
TOTAL LIABILITES AND OWNERS' EQUITY		201,479,037	206,412,379


Ho Chi Minh City Development Joint Stock Commercial Bank

INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2019

B02a/TCTD

OFF-BALANCE SHEET ITEMS

<u>Notes</u>	<u>30 June 2019</u> VND million	<u>31 December 2018</u> VND million
Credit guarantees	54,936	8,565
Foreign exchange commitments	51,567,378	74,115,137
- Spot foreign exchange commitments - buy	5,705,132	4,414,221
- Spot foreign exchange commitments - sell	5,373,516	3,471,919
- Cross currency swap contracts	40,488,730	66,228,997
Letters of credit	6,492,561	4,891,115
Other guarantees	3,309,200	3,337,898
Other commitment	1,575,693	2,698,939
36	62,999,768	85,051,654

Prepared by: 



Ms. Ho Dang Hoang Quyen
Chief Accountant

Reviewed by: 

Mr. Pham Van Dau
Chief Finance Officer

Approved by: 



Mr. Nguyen Huu Dang
Chief Executive Officer

Ho Chi Minh City, Vietnam


29 August 2019

Ho Chi Minh City Development Joint Stock Commercial Bank

INTERIM SEPARATE INCOME STATEMENT
for the six-month period ended 30 June 2019

B03a/TCTD

	Notes	For the six-month period ended 30 June 2019 VND million	For the six-month period ended 30 June 2018 VND million
Interest and similar income	24	7,352,929	6,069,957
Interest and similar expenses	25	(4,572,343)	(3,842,214)
Net interest and similar income		2,780,586	2,227,743
Fee and commission income		163,885	119,700
Fee and commission expenses		(80,766)	(38,940)
Net fee and commission income	26	83,119	80,760
Net gain from trading of foreign currencies	27	161,681	82,003
Net gain from securities held for trading	28	27,131	104,410
Net gain from investment securities	29	161,611	332,784
Other operating income		92,561	84,577
Other operating expenses		(8,111)	(17,173)
Net gain from other operating activities	30	84,450	67,404
Income from investments in other entities	31	27,069	48,542
TOTAL OPERATING INCOME		3,325,647	2,943,646
Personnel expenses		(721,624)	(591,076)
Depreciation and amortization charges		(34,961)	(40,918)
Other operating expenses		(704,737)	(546,628)
TOTAL OPERATING EXPENSES	32	(1,461,322)	(1,178,622)
Net profit before provision for credit losses		1,864,325	1,765,024
Provision expense for credit losses	12	(129,103)	(104,697)
PROFIT BEFORE TAX		1,735,222	1,660,327
Current corporate income tax expense	22.1	(340,396)	(324,700)
Deferred corporate income tax income	22.2	734	-
Corporate income tax expenses		(339,662)	(324,700)
PROFIT AFTER TAX		1,395,560	1,335,627

Prepared by: 

Ms. Ho Dang Hoang Quyen
Chief Accountant

Reviewed by:



Mr. Pham Van Dau
Chief Finance Officer

Approved by:



Mr. Nguyen Huu Dang
Chief Executive Officer

Ho Chi Minh City, Vietnam

29 August 2019

Ho Chi Minh City Development Joint Stock Commercial Bank

INTERIM SEPARATE CASH FLOWS STATEMENT
for the six-month period ended 30 June 2019

B04a/TCTD

	<i>Notes</i>	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		7,464,793	6,506,410
Interest and similar payments		(4,394,900)	(3,919,876)
Net fee and commission receipts		73,726	79,300
Net receipts from trading of securities, gold and foreign currencies		276,413	465,074
Other income		25,450	22,823
Recoveries from bad debts written-off previously	30	32,383	43,589
Payments to employees and other operating expenses		(1,460,564)	(1,137,604)
Corporate income tax paid during the period	22	(276,997)	(273,574)
Net cash flows from operating profit before changes in operating assets and liabilities		1,740,304	1,786,142
Changes in operating assets			
Increase in due from and loans to other credit institutions		(1,319,618)	(94,000)
Decrease in investment securities		6,149,442	15,973,809
Decrease/(increase) in derivatives and other financial assets		216,223	(24,659)
Increase in loans to customers		(14,776,312)	(15,377,566)
Utilization of provision to write-off loans to customers, securities and long-term investments	12.5	(54,179)	(250,682)
(Increase)/decrease in other assets		(1,217,373)	1,254,798
Changes in operating liabilities			
Decrease in borrowings from the State Bank of Vietnam		(5,744,467)	(25,074)
Decrease in due to and borrowings from other credit institutions		(7,778,426)	(9,910,872)
Increase in due to customers		2,005,259	6,249,352
Decrease in derivatives and other financial liabilities		-	(46,568)
Increase in other borrowed and entrusted funds		14,011	80,974
Increase in valuable papers issued		4,901,000	4,333,637
Increase in other liabilities		108,573	245,281
Utilization of funds		(1,764)	(1,430)
Net cash from operating activities		(15,757,327)	4,193,142
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(86,589)	(40,495)
Proceeds from disposal of fixed assets		98,188	1,204
Payments to disposal of fixed assets		(5,309)	-
Proceeds from investments in other entities		-	3,536
Dividends received from long-term investments	31	27,069	48,542
Net cash from investing activities		33,359	12,787

Ho Chi Minh City Development Joint Stock Commercial Bank

INTERIM SEPARATE CASH FLOWS STATEMENT (continued)
for the six-month period ended 30 June 2019

B04a/TCTD

<i>Notes</i>	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
CASH FLOWS FROM FINANCING ACTIVITY		
Net cash from financing activities	-	-
Net cash for the period	(15,723,968)	4,205,929
Cash and cash equivalents at the beginning of the period	39,210,615	24,290,401
Foreign exchange difference	7,244	17,644
Cash and cash equivalents at the end of the period	23,493,891	28,513,974
33		

Prepared by: 

Ms. Ho Dang Hoang Quyen
Chief Accountant

Reviewed by: 

Mr. Pham Van Dau
Chief Finance Officer



Approved by:

Mr. Nguyen Huu Dang
Chief Executive Officer

Ho Chi Minh City, Vietnam

29 August 2019

Ho Chi Minh City Development Joint Stock Commercial Bank

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
as at 30 June 2019 and for the six-month period then ended

B05a/TCTD

1. THE BANK

Ho Chi Minh City Development Joint Stock Commercial 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/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.

The Bank's principal activities are to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans to organizations 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; settlement services and other banking services as allowed by the SBV.

Charter capital

The charter capital of the Bank as at 30 June 2019 is VND9,810 billion (as at 31 December 2018: VND9,810 billion).

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 30 June 2019, the Bank had one (1) Head Office, one (1) representative office in the North, sixty-two (62) branches, two hundred and twenty-one (221) transaction offices located in cities and provinces throughout Vietnam.

Subsidiaries

As at 30 June 2019, the Bank had two (2) subsidiaries:

<i>Subsidiaries</i>	<i>Operating License No.</i>	<i>Nature of business</i>	<i>Ownership of the Bank</i>
Asset Management Company Limited - Ho Chi Minh City Development Joint Stock Commercial Bank	3602376446 dated 13 September 2010 issued by the Department of Planning and Investment of Dong Nai Province, amended for sixth (6) time on 13 January 2015	Assets management	100%
HD SAISON Finance Co., Ltd. ("HD SAISON"), previously known as Ho Chi Minh City Development Joint Stock Commercial Bank Finance Co., Ltd.	0304990133 dated 13 July 2007 issued by Ho Chi Minh city Department of Planning and Investment, amended for fourteenth (14) time on 4 December 2018	Finance/ Banking	50%

Employees

The Bank's total number of employees as at 30 June 2019 was 6,237 persons (as at 31 December 2018: 6,069 persons)

Ho Chi Minh City Development Joint Stock Commercial Bank

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

B05a/TCTD

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 *Fiscal year*

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

The Bank's interim period starts on 1 January and ends on 30 June each year.

2.2 *Accounting currency*

The separate financial statements are prepared in Vietnam dong ("VND"). For the presentation of the separate financial statements as at 30 June 2019, the data is rounded to millions and expressed in millions of Vietnam dong ("VND million"). This presentation does not affect the view of users of the interim separate financial statements on the Bank's interim separate financial position, interim separate results of its operations and its interim separate cash flows.

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 *Statement of compliance*

The Board of Management of the Bank confirms that the accompanying interim separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions and other relevant statutory requirements relevant to preparation and presentation of interim separate financial statements.

3.2 *Purpose of preparing the interim separate financial statements*

The Bank has subsidiaries as disclosed in *Note 1* and *Note 13.1*. The Bank prepared the interim separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No.49/2014/TT-NHNN issued by SBV dated 31 December 2014, Decision 16/2007/QD-NHNN issued by SBV dated 18 April 2007 and Circular No.155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Bank has also prepared the interim consolidated financial statements of the Bank and its subsidiaries for the six-month period ended 30 June 2019.

Users of the interim separate financial statements should read them together with the said interim consolidated financial statements in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Bank and its subsidiaries.

3.3 *Accounting standards and system*

The interim separate financial statements of the Bank are prepared in accordance with the Accounting System applicable to Credit Institutions required under Decision No. 479/2004/QD-NHNN issued on 29 April 2004, Circular No. 10/2014/TT-NHNN dated 20 March 2014 and Circular No. 22/2017/TT-NHNN dated 29 December 2017 amending and supplementing Decision No. 479/2004/QD-NHNN; Decision No. 16/2007/QD-NHNN dated 18 April 2007, Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QD-NHNN and the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QD-NHNN issued by the State Bank of Vietnam, Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other Vietnamese Accounting Standards issued by the Ministry of Finance:

Ho Chi Minh City Development Joint Stock Commercial Bank

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

B05a/TCTD

3. BASIS OF PREPARATION (continued)

3.3 Accounting standards and system (continued)

- ▶ 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).

Accordingly, the accompanying interim separate financial statements, including their utilization are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the interim separate financial position, results of interim separate operations and interim separate cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Items or balances required by Decision No. 16/2007/QD-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the SBV stipulating the financial statements reporting mechanism for credit institutions that are not shown in these interim separate financial statements indicate nil balance.

3.4 Assumptions and uses of estimates

The preparation of the interim separate financial statements requires the Board of Management of the Bank 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, 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Changes in accounting policies and disclosures

The accounting policies adopted by the Bank in preparation of the interim separate financial statements are consistent with those followed in the preparation of the Company's annual separate financial statements for the year ended 31 December 2018 and the interim separate financial statements for the six-month period ended 30 June 2018.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, gold, balances with the State Bank of Vietnam, due from other credit institutions on demand or with an original maturity of less than three months from the transaction date, and securities investments with maturity of less than three months from purchase dates which are readily convertible into cash at the reporting date.

Ho Chi Minh City Development Joint Stock Commercial Bank

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

B05a/TCTD

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 *Due from and loans to other credit institutions*

Due from and loans to other credit institutions are presented at the principal amounts outstanding at the end of the accounting period.

The credit risk classification of placements with and credit granting to other credit institutions and provision for credit risks thereof are provided in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the SBV on classification of assets, levels and method of making risk provision, and use of provision against credit risks in operation of credit institutions, foreign bank's branches ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 on amending and supplementing a number of article of Circular 02 ("Circular 09").

Accordingly, the Bank makes a specific provision for placements with (except for current accounts) and loans to other credit institutions according to the method as described in *Note 4.5*.

According to Circular 02, the Bank is not required to make a general provision for placements with and loans to other credit institutions.

4.4 *Loans to customers*

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

Short-term loans have maturity of less or equal to one year from disbursement date. Medium-term loans have maturity of more than one to five years from disbursement date. Long-term loans have maturity of more than five years from disbursement date.

Loan classification and provision for credit losses are made according to Circular 02 and Circular 09 as presented in *Note 4.5*.

4.5 *Classification and provision for credit losses applied to due from and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers, entrusted for credit granting by the Bank*

The classification of due from and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers, entrusted for credit granting by the Bank (collectively called "debts") is made in compliance with the quantitative method as prescribed in Article 10 of Circular 02. Accordingly, loans to customers are classified according to the risk levels as follows: Current, Special mention, Sub-standard, Doubtful and Loss based on the situation overdue and other qualitative elements of the loan. Debts are classified as Sub-standard, Doubtful, Loss considered as bad debts.

Specific provision

The specific provision for debts as at 30 June 2019 is made based on the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the debt classifications as at 31 March 2019. The specific provision rates for each group are presented as follows:

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Classification and provision for credit losses applied to due from and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers, entrusted for credit granting by the Bank* (continued)

<i>Loan group</i>		<i>Description</i>	<i>Specific provision rate</i>
1	Current	(a) Current debts are assessed as fully and timely recoverable for both principals and interests; or (b) Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	0%
2	Special Mention	(a) Debts are overdue for a period of between 10 days and 90 days; or (b) Debts which the repayment terms are restructured for the first time.	5%
3	Sub-standard	(a) Debts are overdue for a period of between 91 days and 180 days; or (b) Debts which the repayment terms are extended for the first time; or (c) Debts which interests are exempted or reduced because customers do not have sufficient capability to repay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: <ul style="list-style-type: none"> ▪ Debts made in compliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions ; or ▪ Debts made in compliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions ; or ▪ Debts made in compliance with Clauses 1, 2 and 5 under Article 128 of Law on Credit Institutions. 	20%
		(e) Debts are required to be recovered according to regulatory inspection conclusions.	

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Classification and provision for credit losses applied to due from and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers, entrusted for credit granting by the Bank* (continued)

Loan group		Description	Specific provision rate
4	Doubtful	<ul style="list-style-type: none"> (a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts which the repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts which the repayment terms are restructured for the second time; or (d) Debts are specified in point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions. 	50%
5	Loss	<ul style="list-style-type: none"> (a) Debts are overdue for a period of more than 360 days; or (b) Debts which the repayment terms are restructured for the first time but still overdue for a period of 90 days or more under that first restructured repayment term; or (c) Debts which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts which the repayment terms are restructured for the third time or more, regardless of being overdue or not; or (e) Debts are specified in point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts are required to be recovered under regulatory inspection conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection conclusions; or (g) Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches which capital and assets are blocked. 	100%

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

4.5 **Classification and provision for credit losses applied to due from and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers, entrusted for credit granting by the Bank** (continued)

Loans to customers in agricultural and rural sector classified in accordance with the Government on credit policies for agriculture and rural development.

If a customer has more than one debt with the Bank and any of outstanding debts are classified into higher risk groups, the entire remaining debts should also be classified into the higher risk groups.

If a customer is classified into debt group with lower risk than debt group in CIC list, the Bank must adjust the debt classification results according to CIC list.

The basis for determination of value and discounted value of collaterals is regulated in Circular 02 and Circular 09.

General provision

General provision as at 30 June 2019 is made at 0.75% of total outstanding loans excluding due from and loans to other credit institutions and loans classified as loss (group 5) as at 31 May 2019.

4.6 **Loans sold to Vietnam Asset Management Company (“VAMC”)**

The Bank sells loans to VAMC at carrying amount in accordance with Decree No. 53/2013/ND-CP effective from 9 July 2013 on “Establishment, structure and operations of Vietnam Asset Management Company”, Circular No. 19/2013/TT-NHNN “Regulations on purchasing, selling and writing-off of bad debts of Vietnam Asset Management Company”, Circular No. 14/2015/TT-NHNN and No. 08/2016/TT-NHNN amending and supplementing Circular No.19/2013/TT-NHNN 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. The Bank then receives special bonds issued by VAMC.

Upon the sale of loans to VAMC, the Bank writes off loan balances and corresponding specific provisions and recognizes special bonds issued by VAMC at par value. When receiving loans previously sold to VAMC, the Bank uses specific provisions for special bonds to write off bad debts and recognizes the difference between provision for credit loss and the remaining outstanding loan balance/bond value in “Other income” of the interim separate income statement for the six-month period ended 30 June 2019.

4.7 **Securities held for trading**

4.7.1 *Classification and recognition*

Securities held for trading include debt securities purchased for trading purposes. Securities held for trading are initially recognized at cost on transaction date.

4.7.2 *Measurement*

Listed debt securities held for trading are recognized at cost less provision for diminution in value of securities, which is based on the yield quoted on the Hanoi Securities Exchange as at the balance sheet date.

Provision for credit losses on corporate bonds which are not listed on the stock market or not registered on the unlisted public companies market is made in accordance with Circular 02 and Circular 09 as described in Note 4.5.

Provision for securities held for trading which is mentioned above is reversed when the recoverable amount of securities held for trading increases after the provision is made as a result of an objective event. Provision is reversed up to the gross value of these securities before the provision is made.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Securities held for trading* (continued)

4.7.2 *Measurement* (continued)

Gains or losses from sales of securities held for trading are recognized in the interim separate income statement.

Interest derived from securities held for trading are recognized on cash basis in the interim separate income statement.

4.7.3 *De-recognition*

Securities held for trading are de-recognized when the rights to receive cash flows from these securities are terminated or the Bank transfers substantially all the risks and benefits of owning stocks.

4.8 *Available-for-sale securities*

4.8.1 *Classification and recognition*

Available-for-sale securities include debt and equity securities that are acquired by the Bank for the investment and available-for-sale purposes, not regularly traded but can be sold when there is a benefit. For equity securities, the Bank are also neither the founding shareholder nor the strategic partner and do 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 personnel to the Board of Directors/Management.

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

Available-for-sale debt securities are recognized at par value at the purchase date. Accrued interest before the purchasing date (for debt securities with interest payment in arrears) and deferred interest (for debt securities with interest payment in advance) is recognized in a separate account. Discount/premium, which is the difference between the cost and the amount being the par value plus (+) accrued interest (if any) or minus (-) deferred interest (if any) is also recognized in a separate account.

In subsequent periods, these securities are continuously recorded at par value, and the discount/premium (if any) is amortized to the interim separate income statement on a straight-line basis over the remaining term of securities. Interest received in arrears is recorded as follows: Cumulative interest incurred before the purchasing date is recorded as a decrease in the accrued interest; cumulative interest incurred after the purchasing date is recognized as income based on the accumulated method. Interest received in advance is amortized into the securities investment interest income on a straight-line basis over the term of securities investment.

4.8.2 *Measurement*

Periodically, available-for-sale securities will be considered for impairment.

Provision for impairment of equity securities is made when book value of the securities is higher than its market value which is determined according to Circular 228/2009/TT-BTC. In case market value of the securities is not possible to determined, provision for these securities will not be made. Provision for impairment is recorded to "Net gain/loss from investment securities" in the interim separate income statement

Listed debt securities are recognized at the cost less provision for impairment of securities which are determined bases on the rates of return that are listed on Hanoi Securities Trading Center at the balance sheet date.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Available-for-sale securities (continued)

4.8.2 Measurement (continued)

For corporate bonds that have not yet been listed on the securities market or have not been registered for trading on unlisted public companies, the Bank shall made provisions for those bonds in accordance with Circular 02 and Circular 09 as presented in *Note 4.5*.

4.9 Held-to-maturity investment securities

Special bonds issued by VAMC

Special bonds issued by VAMC are fixed-term valuable papers used to purchase bad debts of the Bank. These special bonds are initially recognized at face value at the date of transaction and subsequently carried at the face value during the holding period. Face value of the bonds equals to the outstanding balance of the debts sold less their unused specific allowance.

During the holding period, the Bank annually calculate and make allowance in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 amending and supplementing some articles of Circular No. 19/2013/TT-NHNN which stimulates the purchase, sale and write-off bad debts of VAMC.

As required by Circular No. 14/2015/TT-NHNN, each year within five consecutive working days prior to the maturity date of special bonds, the Bank is obliged to fully make specific provision for each special bond using the below formula:

$$X_{(m)} = \frac{Y}{n} \times m - (Z_m + X_{m-1})$$

In which:

- $X_{(m)}$ is minimum provision for special bonds in the m^{th} year;
- X_{m-1} is accumulated specific provision for special bonds in the $m-1^{\text{th}}$ year;
- Y is face value of special bonds;
- n is term of special bonds (years);
- m is number of years from the bond issuance date to the provision date;
- Z_m is accumulated bad debt recoveries at the provision date (m^{th} year). Credit institution co-operate with VAMC to confirm such debt recoveries.

If $(Z_m + X_{m-1}) \geq (Y/n \times m)$, the specific provision ($X_{(m)}$) will be (0).

Specific provision for each special bond is recognized in the interim separate income statement for the six-month period ended 30 June 2019 in "*Provision expense for credit loss*". General provision is not required for the special bonds.

On settlement date of special bonds, interest occurred from debts collection shall be recognized into "*Interest and similar income*".

Other held-to-maturity investment securities

Held-to-maturity investment securities are debt securities purchased by the Bank for the investment purpose of earning interest and the Bank has the capability and intention to hold these investments until maturity. Held-to-maturity securities have the determined value and maturity date. In case the securities are sold before the maturity date, these securities will be reclassified to securities held for trading or available-for-sale securities.

Debt securities are recognized and measured similarly as available-for-sale securities at *Note 4.8*.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specific date in the future ("repos") are not derecognized from the interim separate financial statements. The corresponding cash received is recognized in the interim separate balance sheet as a liability item. The difference between the sale price and repurchase price is recognized to the interim separate income statement using contract interest rate.

Conversely, securities purchased under agreements to resell at a specific date in the future ("reverse repos") are not recognized in the interim separate financial statements. The corresponding cash paid is recognized in the interim separate balance sheet as an asset item. The difference between the sale price and repurchase price is recognized to the interim separate income statement using contract interest rate.

4.11 Other long-term investments

4.11.1 Investments in subsidiaries

Investment in subsidiaries is recognized for one of followings:

- ▶ Credit institution and/or its related parties own more than 50% charter capital or more than 50% voting rights of the investee.
- ▶ Credit institution controls over directly or indirectly the nomination of most of or all members of the Board of Directors, Member's Council or Chief Executive Officer (Director) of its subsidiaries.
- ▶ Credit institution controls over the amendment and supplement of the Charter of its subsidiaries.
- ▶ Credit institution and its related parties directly or indirectly control over decisions and Resolutions of shareholders at Annual General Meeting, Board of Directors, Member's Council of its subsidiaries.

Investments in subsidiaries are carried at cost in the interim separate financial statements of the Bank. Dividends received from profit after tax of subsidiaries is recognized as income of the interim separate income statement.

Provisions for impairment of investments in subsidiaries are made for each impaired investment and are subject to revision at interim separate balance sheet date. Provision for investments in subsidiaries is made when the investments are impaired due to the losses incurred by subsidiaries. Increase or decrease of provision balance is recognized in "Other operating income/expenses".

4.11.2 Other long-term investments

Other long-term investments represent investments in other entities in which the Bank holds less than or equal to 11% of voting rights. These investments are initially recorded at cost at the investment date.

For securities which are not listed but are registered for trading on unlisted public company market (UpCom), provision for diminution in value is made when their registered price for trading is lower than the carrying value of the securities at the end of accounting period.

In other cases, provision for diminution in the value of investment is made when the investee suffers loss, except that such loss had been forecasted in the investee's business plan before the investment was made. Provision for diminution in the value of investment is made using the below formula:

$$\text{Provision for diminution in value of each investment} = \left(\frac{\text{Total invested amount of all parties in the entity} - \text{Owners' equity of the entity}}{\text{Total invested amount of all parties in the entity}} \right) \times \frac{\text{Invested amount of the Bank}}{\text{Total invested amount of all parties in the entity}}$$

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Other long-term investments (continued)

4.11.2 Other long-term investments (continued)

Provision is reversed when the recoverable amount of the investment increases after the provision is made. Provision is reversed up to the gross value of the investment before the provision is made.

4.12 Fixed assets

Fixed assets are stated at cost less accumulated depreciation or accumulated amortization.

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 interim separate income statement as incurred.

When fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the interim separate income statement.

4.13 Lease

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Rentals under operating leases are charged to the interim separate income statement on a straight-line basis over the term of the lease.

4.14 Depreciation and amortization

Depreciation and amortization 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 - 50 years
Machinery and equipment	7 - 14 years
Vehicles	6 - 10 years
Office equipment	3 - 10 years
Other tangible fixed assets	4 - 10 years
Software	3 - 8 years
Land use right	6 - 49 years

Infinite land use rights granted by the Government are not amortized. Definite term land use rights are amortized over the term of use.

4.15 Other receivables

4.15.1 Receivables classified as credit risk assets

Receivables classified as credit-risk assets are recognized at cost. Doubtful receivables are classified, and provisions are recognized by the Bank in accordance with the regulations on recognition and use of provision presented in *Note 4.5*.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Other receivables (continued)

4.15.2 Other receivables

Receivables other than receivables from credit activities in the Bank's operations are recognized at cost.

Provision for receivables is determined based on the overdue status of debts or expected loss of current debts in case the debts are not due for payment yet but the corporate debtors have fallen into bankruptcy or are in the process of dissolution, or of individual debtors are missing, escaped, prosecuted, on trial or deceased. Provision expense incurred is recorded in "Other operating expenses" of the interim separate income statement during the period.

Provision for overdue debts is made in accordance with the guidance of Circular No. 228/2009/TT-BTC issued by the Ministry of Finance dated 07 December 2009 as follows:

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

4.16 Prepaid expenses

Prepaid expenses include the short-term prepaids or long-term prepaids on the interim separate balance sheet are amortized over the period for which the amounts are paid or the period in which economic benefit are generated in relation to these expenses.

4.17 Due to and borrowings from other credit institutions, due to customer and valuable papers issued

Due to and borrowings from other credit institutions, due to customer and valuable papers issued are disclosed at the principal amounts outstanding at the end of accounting period.

4.18 Payables and accruals

Payables and accruals are recognized for amounts to be paid in the future for goods and services received, whether or not billed to the Bank.

4.19 Loan classification for off-balance-sheet commitments

Off-balance sheet commitments include guarantees, letter of credit and other non-cancellable operating commitments with specific implementing time.

Classification of off-balance-sheet commitments is made solely for the purposes of managing and monitoring the quality of credit granting activities in accordance with the classification policy applicable to loans as presented in Note 4.5.

4.20 Fiduciary assets

Fiduciary assets are not considered as the Bank's asset, therefore they are not included in the interim separate financial statement of the Bank.

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

4.21 Derivatives

The Bank involves in currency forward contracts and currency swap contracts to facilitate customers to transfer, modify or minimize foreign exchange risk or other market risks, and also for the trading purpose of the Bank.

Currency forward contract

The currency forward contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates, calculated on the notional amount. The currency forward contracts are recognized at nominal value at the transaction date and are revalued for the reporting purpose at the exchange rate at the reporting date. Gains or losses realized or unrealized are recognized in the "Foreign exchange differences" under "Owners' Equity" section and will be transferred to the separate income statement at the end of the financial year.

Swap contract

The swap contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates calculated on the notional principal amount. The premium or discount resulting from the difference between the spot rate at the effective date of the contract and the forward rate will be recognized immediately at the effective date of the contract as an asset if positive or a liability if the negative on the interim separate balance sheet. The difference will be amortized on a straight-line basis over the life of the swap contract to the interim separate income statement.

4.22 Capital

4.22.1 Ordinary Share

Ordinary shares are classified as equity.

4.22.2 Share premium

The Bank records the difference between the par value and issue price of shares if the issue price is higher than par value, and the difference between price of repurchasing of treasury stocks and the re-issue price of treasury stocks to share premium account. The expense related to issue shares will be recorded as the share premium deductible.

4.22.3 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in income statement upon purchase, sale, issue or cancellation of the Bank's own equity instruments.

4.22.4 Funds and reserves

The Bank has set up the following reserved funds in accordance with the Law on Credit Institutions No. 47/2010/QH12 and Decree No. 93/2017/ND-CP and the Bank's Charter as follows:

	<i>Percentage of profit after tax</i>	<i>Maximum amount</i>
Equity reserve fund	5% of profit after tax	100% share capital
Financial reserve fund	10% of profit after tax	Not regulated

Other equity funds will be allocated from profit after tax. The allocation from profit after tax and utilization of funds must be approved by the Board of Shareholders Meetings. These funds are not regulated by statutory and allowed to be fully allocated.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 *Capital* (continued)

4.22.4 *Funds and reserves* (continued)

The Bank will make appropriation for reserve funds based on the interim separate income statement at the end of the fiscal year.

4.23 *Recognition of income and expense*

Interest income and interest expenses

Interest income and interest expenses are recognized in the interim separate income statement on an accrual basis. Accrued interest income derived from loans classified in Groups 2 to 5 in accordance with Circular 02 and Circular 09 is not recognized in the interim separate income statement. Suspended interest income is reversed and monitored off-balance sheet and recognized in the interim separate income statement upon actual receipt.

The Bank has signed contracts to sell some assets on credit term. Accordingly, the buyer is subject to interest payment for the grace period in the contract and contract addendum. The interest of these contracts is recognized on accrual basis (*Note 15 and Note 24*).

Fees and commissions income

Fees and commissions are recognized on accrued basis.

Income from investment

Income from investments in equity securities is recognized on the difference between the selling price and average cost of the securities sold.

Income from investments in debt securities is recognized on the difference between the selling price and net book value of the securities sold.

Cash dividends from equity investment are recognized in the income statement when the Bank's right to receive the payment is established. For stock dividends and bonus shares the number of shares is just updated and no dividend income is recognized in the income statement.

Other income

Other income is recognized on cash basis.

4.24 *Corporate income tax*

Current corporate income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from (or paid to) the taxation authorities. The tax rates and tax laws used to compute the amount are those that are effective as at the balance sheet date.

Current income tax is charged or credited to the interim separate income statement except when it relates to items recognized 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 offset 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 tax returns are subject to examination by the tax authorities. Due to the ambiguity associated with the applicability of tax laws and, amounts reported in the interim separate financial statements could be changed at a later date upon final determination by the tax authorities.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.24 *Corporate income tax* (continued)

Deferred tax

Deferred tax is provided for temporary differences at the interim separate balance sheet date between the tax base of assets and liabilities and their carrying amount recorded in the interim separate financial statements reporting purposes.

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

- ▶ Deferred tax liabilities arise from the initial recognition of an asset or liability in a transaction that does not have an effect on the accounting profit or the taxable profit (or tax loss) at the time of transaction
- ▶ Taxable temporary differences associated with investments in subsidiaries, associates and joint-ventures, where the Bank has the ability to control the timing of the reversal of the temporary difference and the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets should be recognized for all deductible temporary differences, the carrying amount of the tax deferred until further years of tax losses and unused tax losses, It is probable that future taxable profits will be available against which these deductible temporary differences, tax losses and unused tax losses can be utilized, except for:

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability in a transaction a neither effect on the accounting profit nor taxable profit (or tax loss).
- ▶ in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognized 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 utilized.

The carrying amount of the deferred tax asset has to be reviewed at the end of the financial period and the carrying amount should be reduced to the extent there will be enough taxable profit to utilize deferred tax assets. Deferred tax assets not yet recognized previously are reviewed at the end of the financial year and are recognized when it is probable that future taxable profits will be available to utilize these unrecognized deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the fiscal year when the asset is recovered, or the liability is settled, based on the effective tax rates and tax laws at the balance sheet date.

Deferred income tax is recognized in the interim separate income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also recorded directly in equity.

4.25 *Foreign currency transactions*

In accordance with the accounting system of the Bank, all transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the interim separate balance sheet (*Note 46*). Income and expenses arising in foreign currencies during the year are converted into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized and followed in the "*Foreign exchange differences*" under "*Owners' Equity*" section and will be transferred to the separate income statement at the end of the financial year.

4.26 *Offsetting*

Financial assets and financial liabilities are offset and the net amount is reported in the interim separate balance sheet if, and only if, there is currently enforceable legal right to offset financial assets against financial liabilities or vice-versa and there is an intention to settle on a net basis, or to realize the assets and settle the liability is made simultaneously.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.27 Employee benefits

4.27.1 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 Labour, Invalid 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 17.5% of an employee's basic salary on a monthly basis. Besides, the Bank has no further obligation of post-employee benefits, except obligation of contributing monthly Social Insurance.

4.27.2 Voluntary resignation benefits

The Bank has the obligation, under Section 48 of the Vietnam Labor Code No.10/2012/QH13 effective from 1 May 2013, to pay allowance arising from voluntary resignation of employees, equal to one-half month's salary for each year of employment up to 31 December 2008 plus salary allowances (if any). From 1 January 2009, the average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date.

4.27.3 Unemployment insurance

According to the current regulations, the Bank is obliged to pay unemployment insurance at 1.00% of its salary fund used to pay for unemployment insurance and deduct 1.00% of salary of each employee to pay simultaneously to the Unemployment Insurance Fund.

5. CASH AND GOLD

	<i>30 June 2019</i> VND million	<i>31 December 2018</i> VND million
Cash on hand in VND	1,129,316	1,117,565
Cash on hand in foreign currencies	804,136	962,415
Monetary gold	16,054	16,212
	1,949,506	2,096,192

6. BALANCES WITH THE STATE BANK OF VIETNAM

	<i>30 June 2019</i> VND million	<i>31 December 2018</i> VND million
In VND	1,632,114	5,297,762
In foreign currencies	7,796	12,491
	1,639,910	5,310,253

Balances with the State Bank of Vietnam include settlement and compulsory reserve. The average balances of the Bank with the State Bank of Vietnam are not less than the compulsory reserve in the month. The compulsory reserve is calculated by multiplying previous month average deposit balances and compulsory reserve rates.

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6. BALANCES WITH THE STATE BANK OF VIETNAM (continued)

The compulsory deposit rates are as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
<i>For customers</i>		
Demand deposits and deposit with term less than 12 months in VND	3.00%	3.00%
Deposits with term over 12 months in VND	1.00%	1.00%
Demand deposits and deposit with term less than 12 months in foreign currencies	8.00%	8.00%
Demand deposits and term deposits with term over 12 months in foreign currencies	6.00%	6.00%
<i>For overseas credit institutions</i>		
Deposits in foreign currencies	1.00%	1.00%

The actual annual interest rates on deposits with the SBV are as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
	% p.a.	% p.a.
Within compulsory deposit rate in VND	1.20	1.20
Within compulsory deposit rate in USD	0.00	0.00
Over compulsory deposit rate in VND	0.00	0.00
Over compulsory deposit rate in USD	0.05	0.05

7. DUE FROM AND LOANS TO OTHER CREDIT INSTITUTIONS

7.1 Due from other credit institutions

	<u>30 June 2019</u>	<u>31 December 2018</u>
	VND million	VND million
Demand deposits	13,648,450	20,353,470
- In VND	12,156,654	12,639,820
- In foreign currencies	1,491,796	7,713,650
Term deposits	6,256,025	10,170,700
- In VND	5,300,000	7,150,000
- In foreign currencies	956,025	3,020,700
	<u>19,904,475</u>	<u>30,524,170</u>

The annual interest rates per of deposits at other credit institutions are as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
	% p.a.	% p.a.
In VND	3.60 – 6.50	4.50 - 5.60
In foreign currencies	0.00 – 2.90	0.00 - 3.00

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7. DUE FROM AND LOANS TO OTHER CREDIT INSTITUTIONS (continued)

7.2 Loans to other credit institutions

	30 June 2019 VND million	31 December 2018 VND million
In VND	2,150,000	2,110,382
<i>In which: Discounted and rediscounted loans</i>	-	250,382
	2,150,000	2,110,382

The annual interest rates of loans at other credit institutions are as follows:

	30 June 2019 % p.a.	31 December 2018 % p.a.
In VND	6.00 – 8.50	4.40 - 9.00

7.3 Analysis of term deposits and loans to other credit institutions

	30 June 2019 VND million	31 December 2018 VND million
Current	8,406,025	12,281,082
<i>Term deposit</i>	6,256,025	10,170,700
<i>Loans to Credit Institutions</i>	2,150,000	2,110,382

8. SECURITIES HELD FOR TRADING

	30 June 2019 VND million	31 December 2018 VND million
Debt Securities		
Government Bond	896,275	1,001,753
Bond issued by domestic economic entities	800,000	1,200,000
Certificate of Deposit issued by other domestic credit institutions	401,623	401,623
	2,097,898	2,603,376
Provision for Securities Held for Trading		
General provision	(6,000)	(6,750)
	2,091,898	2,596,626

The status of securities held for trading are as follows:

	30 June 2019 VND million	31 December 2018 VND million
Listed	896,275	1,001,753
Unlisted	1,201,623	1,601,623
	2,097,898	2,603,376

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8. SECURITIES HELD FOR TRADING (continued)

Breakdown of debts securities issued by domestic economic entities are as follows:

	30 June 2019		31 December 2018	
	Par value VND million	Carrying value VND million	Par value VND million	Carrying value VND million
Debt securities issued by domestic economic entities				
- Vinpearl JSC	400,000	400,000	800,000	800,000
- Viet Han trading, advertising, construction and real estate Co., Ltd	400,000	400,000	400,000	400,000
		800,000		1,200,000

Debt securities issued by domestic economic entities above are classified as current loan group.

The movements of provision for securities held for trading in current period are as follows:

	For the six-month period ended 30 June 2019 VND million	For the six-month period ended 30 June 2018 VND million
Opening balance	6,750	3,000
(Reversal)/provision in the period (Note 28)	(750)	5,742
Closing balance	6,000	8,742

9. DERIVATIVES AND OTHER FINANCIAL ASSETS/LIABILITIES

	Total contract value (using exchange rate at the contract date) VND million	Total carrying value (using exchange rate at reporting date)	
		Assets VND million	Liabilities VND million
Currency derivatives as at 30 June 2019			
Forward contracts	3,606,722	4,796	-
Swap contracts	20,255,065	6,044	-
	23,861,787	10,840	-
Net amount		10,840	
Currency derivatives as at 31 December 2018			
Forward contracts	2,884,973	-	1,142
Swap contracts	33,039,766	228,205	-
	35,924,739	228,205	1,142
Net amount		227,063	

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10. LOANS TO CUSTOMERS

	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Loans to domestic economic entities and individuals	121,497,383	106,832,512
Loans for discounted commercial notes and valuable papers	2,506,382	2,630,200
Loan by grants and entrusted funds	1,844,622	1,837,491
Overdraft and loans to credit card holders	1,111,650	1,039,162
Loans to foreign economic entities and individuals	287,643	131,789
Payments on behalf of customers	7,568	7,782
	127,255,248	112,478,936

10.1 Analysis of loans by quality

	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Current	124,596,082	110,295,969
Special mention	1,390,539	968,538
Substandard	260,410	271,842
Doubtful	193,767	235,526
Loss	814,450	707,061
	127,255,248	112,478,936

10.2 Analysis of loans by original terms

	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Short - term	70,273,407	61,941,387
Medium -term	17,649,240	19,270,026
Long - term	39,332,601	31,267,523
	127,255,248	112,478,936

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10. LOANS TO CUSTOMERS (continued)

10.3 Analysis of loans by type of customers and ownership

	30 June 2019		31 December 2018	
	VND million	%	VND million	%
Corporate loans	70,152,046	55.13	62,568,265	55.63
Other joint stock companies	37,453,717	29.43	33,584,239	29.86
Other private limited companies	26,478,706	20.81	24,016,754	21.35
One-member limited liability companies of which 100% charter capital is held by the State	1,967,997	1.55	2,137,205	1.90
State-owned companies	1,533,883	1.20	210,380	0.19
Business households	1,390,726	1.09	1,364,613	1.21
Foreign direct invested companies	697,825	0.55	383,636	0.34
The joint stock company of which over 50% of share capital or the total voting share capital is held or coordinated by the State under the company's charter	428,566	0.34	368,811	0.33
Cooperatives and inter-cooperatives	101,293	0.08	401,011	0.36
Private companies	24,312	0.02	36,838	0.03
Others	75,021	0.06	64,778	0.06
Loans to individuals	57,103,202	44.87	49,910,671	44.37
	127,255,248	100.00	112,478,936	100.00

10.4 Analysis of loans by currency

	30 June 2019		31 December 2018	
	VND million	%	VND million	%
In VND	116,033,355	91.18	102,372,967	91.02
In foreign currency	11,221,893	8.82	10,105,969	8.98
	127,255,248	100.00	112,478,936	100.00

Annual interest rate of loans to customers are as follows:

	30 June 2019	31 December 2018
	% p.a.	% p.a.
In VND	0.00 - 37.50	0.00 - 37.50
In foreign currencies	0.01 - 9.30	0.01 - 8.50

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10. LOANS TO CUSTOMERS (continued)

10.5 Analysis of loans by industry

	30 June 2019		31 December 2018	
	VND million	%	VND million	%
Activities of households as employers, undifferentiated goods and services producing activities of households for own use	37,211,661	29.24	35,718,085	31.76
Construction	14,280,197	11.22	13,504,461	12.01
Real estate trading	9,797,545	7.70	8,414,957	7.48
Manufacturing and processing	9,043,041	7.10	7,810,834	6.94
Electricity, gas, steam and air conditioning supply	8,113,310	6.38	3,233,808	2.88
Agriculture, forestry and fisheries	8,010,991	6.29	6,935,091	6.17
Hotels and accommodation services	5,836,488	4.59	6,977,653	6.20
Trading, repair of motor vehicles, motorcycles and other vehicles	3,722,862	2.93	4,009,915	3.57
Transportation and warehousing	2,795,322	2.20	2,541,493	2.26
Finance services, banking and insurance activities	1,585,436	1.25	1,396,710	1.24
Information and communication	1,263,039	0.99	1,235,420	1.10
Administrative activities and supporting service	587,784	0.46	170,462	0.15
Science and technology activities	297,404	0.23	200,449	0.18
Mining exploration	242,578	0.19	164,212	0.15
Education and training	115,505	0.09	129,755	0.12
Arts and entertainment	143,992	0.11	216,099	0.19
Health and social support activities	97,962	0.08	99,103	0.09
Water supply; sewerage, waste management and remediation activities	48,575	0.04	42,333	0.04
Others	24,061,556	18.91	19,678,096	17.47
	127,255,248	100.00	112,478,936	100.00

11. PROVISION FOR CREDIT LOSSES

Breakdown of provision for credit losses at the period-end are as follows:

	Note	30 June 2019	31 December 2018
		VND million	VND million
Provision for loans to customers	11.1	1,124,579	997,837
Provision for special bonds issued by VAMC	12.3	864,072	915,890
		1,988,651	1,913,727

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11. PROVISION FOR CREDIT LOSSES (continued)

Provision expenses during the period comprised of:

	Note	For the six-month period ended 30 June 2019 VND million	For the six-month period ended 30 June 2018 VND million
Provision expense for loans	11.1	126,742	177,666
Provision/(reversal) expense for special bonds issued by VAMC	12.5	2,361	(72,969)
Total provision expense charged for credit losses during the period		129,103	104,697

11.1 Provision for loans to customers

The loan classification as at 31 March 2019 and provision for credit losses of loans to customers as required by Circular 02/2013/TT-NHNN, Circular 09/2014/TT-NHNN, the Bank's policy on loan classification and provision are as follows:

Classification	Outstanding balance VND million	Specific provision VND million	General provision VND million	Total VND million
Current	122,557,332	-	919,180	919,180
Special mention	2,034,448	11,708	15,258	26,966
Sub standard	368,800	19,712	2,766	22,478
Doubtful	220,879	17,863	1,657	19,520
Loss	783,394	136,435	-	136,435
	125,964,853	185,718	938,861	1,124,579

The movements of provision for credit losses during the current period are as follows:

	Specific provision VND million	General provision VND million	Total VND million
31 December 2018	169,958	827,879	997,837
Addition during the period	15,760	110,982	126,742
30 June 2019	185,718	938,861	1,124,579

The movements of provision for credit losses during the previous period are as follows:

	Specific provision VND million	General provision VND million	Total VND million
31 December 2017	166,958	688,068	855,026
Addition during the period	51,627	126,039	177,666
Utilization during the period	(3,897)	-	(3,897)
30 June 2018	214,688	814,107	1,028,795

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12. INVESTMENT SECURITIES

12.1 Available-for-sale securities

	30 June 2019 VND million	31 December 2018 VND million
Debt securities	22,296,468	25,341,023
Government bonds (a)	11,598,989	15,074,784
Bonds and deposit certificates issued by other domestic credit institutions (b)	8,561,478	6,932,229
Bonds issued by domestic economic entities (c)	2,136,001	3,334,010
Equity securities	1,013,973	1,013,973
Equity securities issued by domestic economic entities	1,013,973	1,013,973
	23,310,441	26,354,996
Provision for available-for-sale securities	(17,672)	(32,814)
- General provision	(15,593)	(32,814)
- Specific provision	(2,079)	-
Net amount	23,292,769	26,322,182

(a) Government bonds have term from three (3) to fifteen (15) years and earn interest at rates from 2.90% to 11.10%, interest is paid annually. In which, the Bank used bonds amounting to VND 4,831,333 million as collaterals for borrowing from other credit institutions and for credit limit with State Bank of Vietnam.

(b) Bonds issued by other credit institutions have term from one (1) year to three (3) years and earn interest at rates ranging from 6.80% p.a. to 9.00% p.a., interest is paid annually. Deposit certificates and bills issued by other credit institutions have term from nine (9) months to two (2) years and earn interest at rates ranging from 6.60% p.a. to 10.30% p.a., interest is paid quarterly, semi-annually or annually.

(c) Bonds issued by domestic economic entities have terms from two (2) years and six (6) months to ten (10) years, interest is paid monthly, quarterly or annually. The interest rate ranges from 8.90% p.a. to 12.51% p.a. and is subject to change on a quarterly, semi-annually or annually basis depending on each type of bonds. Certain corporate bonds are secured by land use rights, real estate project and shares.

Listing status of available-for-sale securities are as follows:

	30 June 2019 VND million	31 December 2018 VND million
Debt securities	22,296,468	25,341,023
Listed	11,598,989	15,074,784
Unlisted	10,697,479	10,266,239
Equity Securities	1,013,973	1,013,973
Listed	1,013,973	1,013,973
	23,310,441	26,354,996

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

12.2 Held-to-maturity securities (excluding special bonds issued by VAMC)

	30 June 2019 VND million	31 December 2018 VND million
Government bonds (a)	5,309,754	7,845,362
Vietnam Development Bank bonds (b)	1,148,753	1,673,807
Bonds and deposit certificates issued by other domestic credit institutions (c)	3,862,668	5,002,845
Bonds issued by other domestic economic institutions (d)	3,561,103	1,958,759
	13,882,278	16,480,773
Provision for held-to-maturity securities		
General provision	(26,705)	-
	13,855,573	16,480,773

- (a) These are Government bonds that have term of three (3) to ten (10) years and earn interest at 2.90% to 8.70%, interest is paid annually.
- (b) These bonds issued by Development Bank of Vietnam have terms in range from five (5) to ten (10) and earn interest rate from 5.70% to 11.50% p.a., in which, interest is paid annually.
- (c) These are bonds and deposit certificates issued by other domestic credit institutions. In which, bonds have term from two (2) years to ten (10) years and earn interest at the rate ranging from 7.40% p.a. to 8.50% p.a., interest is paid annually; deposit certificates have term one (1) year and earn interest at the rate ranging from 6.76% p.a. to 7.70% p.a., interest is paid at matured date.
- (d) These are ten-years term bonds issued by other domestic economic entities that have terms in range from one (1) to five (10) and earn interest at rate of 9.00% p.a to 11.00% p.a., interest is paid annually or semi-annually.

Listing status of held-to-maturity securities (excluding special bonds issued by VAMC) are as follows:

	30 June 2019 VND million	31 December 2018 VND million
Debt securities		
Listed	6,458,507	9,519,169
Unlisted	7,423,771	6,961,604
	13,882,278	16,480,773

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12. INVESTMENT SECURITIES (continued)

12.3 Special bonds issued by VAMC

	30 June 2019 VND million	31 December 2018 VND million
Principle of VAMC bonds	1,275,714	1,407,848
Provision for VAMC bonds (Note 11)	(864,072)	(915,890)
	411,642	491,958

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 earn 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.

Increase/(decrease) movement of VAMC bonds during the period are as follows:

	For the six-month period ended 30 June 2019 VND million	For the six-month period ended 30 June 2018 VND million
Opening balance	1,407,848	1,838,855
Write-off during the period	(132,134)	(240,838)
Closing balance	1,275,714	1,598,017

12.4 Analysis of securities classified as credit risk assets by quality

	30 June 2019 VND million	31 December 2018 VND million
Other economic entities bonds		
- Standard	5,634,845	5,230,510
- Loss	62,259	62,259
	5,697,104	5,292,769

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12. INVESTMENT SECURITIES (continued)

12.5 Provision for investment securities

The movements of provision for investment securities during the period are as follows:

	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Opening balance		
Available-for-sale securities	32,814	354,161
Held-to-maturity securities (excluded special bonds issued by VAMC)	-	-
Special bond issued by VAMC	915,890	876,077
	948,704	1,230,238
Provision/(reversal) in the period		
Available for sale securities (Note 29)	(15,142)	(62,682)
Held to maturity securities (excluded special bonds issued by VAMC) (Note 29)	26,705	-
Special bonds issued by VAMC (Note 11)	2,361	(72,969)
	13,924	(135,651)
Provision used to resolve bad debts		
Available for sale securities	-	(237,741)
Special bonds issued by VAMC	(54,179)	(9,044)
	(54,179)	(246,785)
Closing balance		
Available for sale securities	17,672	53,738
Held to maturity securities (excluded special bonds issued by VAMC)	26,705	-
Special bonds issued by VAMC	864,072	794,064
	908,449	847,802

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13. CAPITAL CONTRIBUTION, LONG-TERM INVESTMENTS

	30 June 2019 VND million	31 December 2018 VND million
Subsidiaries investments	889,688	889,688
Other long-term investments	185,117	185,117
Provision for impairment value on long-term investment	(18,296)	(20,186)
	1,056,509	1,054,619

13.1 Investments in subsidiaries

Breakdown of investments in subsidiaries are as follow:

Nature of business	30 June 2019		31 December 2018	
	Cost VND million	Ownership of the Bank (%)	Cost VND million	Ownership of the Bank (%)
HD SAISON Finance Co., Ltd ("HD SAISON"), previously known as Ho Chi Minh City Development Commercial Joint Stock Bank Finance Co., Ltd	739,688	50.00	739,688	50.00
Ho Chi Minh City Development Commercial Joint Stock Bank Asset Management Company	150,000	100.00	150,000	100.00
	889,688		889,688	

13.2 Provision for long-term investments

	For the six-month period ended 30 June 2019 VND million	For the six-month period ended 30 June 2018 VND million
Opening balance	20,186	111,850
(Reversal)/arising during the period (Note 32)	(1,890)	100
Closing balance	18,296	111,950

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14. FIXED ASSETS

14.1 Tangible fixed assets

	<i>Buildings and structures VND million</i>	<i>Machinery and equipment VND million</i>	<i>Vehicles VND million</i>	<i>Office equipment VND million</i>	<i>Other fixed assets VND million</i>	<i>Total VND million</i>
Cost						
31 December 2018	464,759	153,535	252,558	204,843	10,752	1,086,447
Purchases	4,413	906	23,932	7,046	-	36,297
Disposal	(86,979)	(714)	(12,190)	(246)	(100)	(100,229)
30 June 2019	382,193	153,727	264,300	211,643	10,652	1,022,515
Accumulated depreciation						
31 December 2018	89,440	123,543	130,053	198,544	8,538	550,118
Charged for the period	8,704	4,435	15,469	2,157	500	31,265
Disposal	(6,960)	(714)	(12,137)	(223)	(100)	(20,134)
30 June 2019	91,184	127,264	133,385	200,478	8,938	561,249
Net book value						
31 December 2018	375,319	29,992	122,505	6,299	2,214	536,329
30 June 2019	291,009	26,463	130,915	11,165	1,714	461,266

Cost of fully depreciated tangible fixed assets that are still in use as at 30 June 2019 is VND364,046 million (31 December 2018: VND335,847 million).

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14. FIXED ASSETS (continued)

14.2 Intangible fixed assets

	<i>Definite-term land use rights VND million</i>	<i>Indefinite-term land use rights VND million</i>	<i>Computer software VND million</i>	<i>Other assets VND million</i>	<i>Total VND million</i>
Cost					
31 December 2018	90,743	946,180	163,630	351	1,200,904
Purchases	-	45,471	4,946	-	50,417
Disposal	-	(723,386)	-	-	(723,386)
30 June 2019	90,743	268,265	168,576	351	527,935
Accumulated amortization					
31 December 2018	4,329	-	154,546	351	159,226
Charged for the period	852	-	2,844	-	3,696
30 June 2019	5,181	-	157,390	351	162,922
Net book value					
31 December 2018	86,414	946,180	9,084	-	1,041,678
30 June 2019	85,562	268,265	11,186	-	365,013

Cost of fully depreciated intangible fixed assets that are still in use as at 30 June 2019 is VND148,791 million (31 December 2018: VND139,884 million).

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15 OTHER ASSETS

15.1 Receivables

	30 June 2019 VND million	31 December 2018 VND million
Fund transfer (i)	953,532	-
Receivables from disposals of assets (ii)	738,000	-
Advances for acquisitions of fixed assets (iii)	526,819	526,944
Constructions in progress	466,495	344,231
Receivables from sale of securities on credit (iv)	239,980	239,980
Advances for operating activities	222,372	162,348
Receivables from card organizations	151,653	104,719
Deposits for the rent of office, fixed assets and tools	44,466	78,876
Receivables related to overseas remittance activities	28,285	28,527
Advances for debt collateral resolution	24,934	23,699
Prepaid saving interest	14,271	13,571
Receivables from bond management services	10,333	-
Receivables from the State Budget	-	58,973
Others	278,648	159,458
	3,699,788	1,741,326

(i) This is money transferred from the deposit account at Commerzbank to the deposit account at Vietcombank at the end of 28 June 2019 but not yet received the notice from Vietcombank.

(ii) These are receivables related to the transfer of assets to an economic organization with a total value of VND 738,000 million, paid within 7 years bored interest rate at 7% per year. Principal and interest on deferred payment is paid annually.

(iii) Advances for acquisitions of fixed assets comprise:

	30 June 2019 VND million	31 December 2018 VND million
Purchase of houses and offices	479,685	511,197
Software	44,143	12,500
Transportation vehicles	-	256
Purchase of other assets	2,991	2,991
	526,819	526,944

(iv) This is a receivable on credit related to a long-term investment transfer contract, due on 2022.

15.2 Interest and fees receivables

	30 June 2019 VND million	31 December 2018 VND million
Interest receivable from credit activities	1,921,400	1,870,920
Interest receivable from investment securities	1,444,024	1,471,329
Interest receivable from deposits	21,101	24,920
Other interest and fee receivables	29,006	8,523
	3,415,531	3,375,692

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15. OTHER ASSETS (continued)

15.3 Other assets

	30 June 2019 VND million	31 December 2018 VND million
Prepaid and deferred expenses (i)	632,438	625,337
Foreclosed assets awaiting resolution (ii)	389,013	389,548
Tools and supplies	55,237	43,023
Other asset	3,450	3,450
	1,080,138	1,061,358

(i) Prepaid and deferred expenses include costs of tools and supplies, repairing cost of fixed assets, office renovation and leasing offices and leased lines.

(ii) This account represents assets received from overdue borrowers and is being recovered by the Bank in accordance with the regulations of the SBV.

15.4 Provision for other assets

Provision for other assets includes provision for impairment of doubtful receivables and overdue advances in compliance with Circular No. 228/2009/TT-BTC. Change of provision for other assets in the period are as follows:

	For the six-month period ended 30 June 2019 VND million	For the six-month period ended 30 June 2018 VND million
Opening balance	39,321	60,881
Provision reversed in the period (Note 32)	(2,831)	(11,904)
Provision used to write-off bad debts	-	(11,456)
Closing balance	36,490	37,521

16. BORROWINGS FROM THE STATE BANK OF VIETNAM

	30 June 2019 VND million	31 December 2018 VND million
Borrowings from the SBV	167,416	5,911,883
Discount, rediscount of valuable papers	-	5,753,272
Other borrowings	167,416	158,611
- Japan Bank of International Cooperation (i)	166,094	157,049
- Development Fund for Small and Medium Enterprises (ii)	1,322	1,562
Deposits from the State Treasury	2,000,000	2,000,000
In VND	2,000,000	2,000,000
	2,167,416	7,911,883

(i) 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. Principals will be paid under contracts' schedule, interest paid quarterly.

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16. BORROWINGS FROM THE STATE BANK OF VIETNAM (continued)

- (ii) These borrowing were from Development Fund for small and medium enterprise (SMEDF) which earns interest of 7.00% per annum, having 5 years term. Principals and interest will be paid monthly.

17. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

17.1 Due to other credit institutions

	30 June 2019 VND million	31 December 2018 VND million
Demand deposits	12,548,539	12,599,349
In VND	12,193,962	12,113,002
In foreign currencies	354,577	486,347
Term deposits	6,576,720	10,936,750
In VND	4,272,000	10,357,000
In foreign currencies	2,304,720	579,750
	19,125,259	23,536,099

The annual interest rates applicable to due to other credit institutions at the period-end are as follows:

	30 June 2019 % p.a.	31 December 2018 % p.a.
Term deposits in VND	3.30 - 4.30	3.90 - 5.60
Term deposits in foreign currencies	2.60 - 2.80	2.55 - 2.75

17.2 Borrowings from other credit institutions

	30 June 2019 VND million	31 December 2018 VND million
Borrowings from local credit institutions in VND	9,551,977	13,487,733
<i>In which: discount, re-discount loans</i>	5,962,977	8,232,733
Borrowings from credit institutions in foreign currencies	3,003,120	2,434,950
	12,555,097	15,922,683

Borrowings from other credit institutions in VND have terms from 4 days to 62 days with interest rate ranging from 3.20% p.a. to 3.90% p.a.

There are borrowings from other credit institutions in USD that have term from 2 months to 5 years, earn interest from 2.75% p.a. to 5.18% p.a.

In which, there are deposits and borrowings with the amount of VND8,851,976 million (31 December 2018: VND 11,847,733 million) secured by available-for-sale securities amounted to VND9,298,333 million (31 December 2018: VND12,275,333 million).

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18. DUE TO CUSTOMERS

18.1 Analysis by type of deposits

	30 June 2019 VND million	31 December 2018 VND million
Demand deposits	12,735,126	10,700,002
Demand deposits in VND	10,079,372	9,722,426
Demand deposits in foreign currencies	2,564,756	851,210
Demand savings deposits in VND	2,620	7,299
Demand savings deposits in foreign currencies	88,378	119,067
Term deposits	116,661,108	116,480,585
Term deposits in VND	44,052,619	42,083,710
Term deposits in foreign currencies	269,499	268,457
Term savings deposits in VND	71,578,525	73,371,890
Term savings deposits in foreign currencies	760,465	756,528
Deposits for specific purposes	59,361	248,151
Deposits for specific purposes in VND	53,342	226,586
Deposits for specific purposes in foreign currencies	6,019	21,565
Margin deposits	456,642	530,088
Margin deposits in VND	427,962	456,645
Margin deposits in foreign currencies	28,680	73,443
Other amounts owing to customers	244,301	192,453
Other saving deposits	244,301	192,453
	130,156,538	128,151,279

Annual interest rates applicable to customer deposits at the period-end are as follows:

	30 June 2019 % p.a.	31 December 2018 % p.a.
Demand deposits in VND	0.00 - 1.00	0.00 - 1.00
Demand savings in VND	0.70	0.70
Demand deposits in foreign currencies	0.00 - 0.50	0.00 - 0.20
Demand savings in foreign currencies	0.00	0.00
Term deposits in VND	0.70 - 7.80	0.80 - 7.80
Term savings in VND	0.00 - 9.00	0.00 - 9.50
Term deposits in foreign currencies	0.00	0.00
Term savings in foreign currencies	0.00 - 1.80	0.00 - 1.60

In case term savings deposits are withdrawn before the maturity date, the demand interest rate shall be applied.

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18. DUE TO CUSTOMERS (continued)

18.2 Analysis of loans by customers and type of business

	30 June 2019 VND million	31 December 2018 VND million
Deposits from economic entities	54,389,343	51,214,534
Other joint stock companies	18,978,199	20,213,673
One-member limited liability companies of which 100% charter capital is held by the State	11,175,200	10,110,800
Other private limited companies	10,730,270	7,743,584
State-owned companies	8,420,418	7,464,863
Public administrative units, agencies of the Communist Party, unions and associations	1,834,894	1,239,612
The joint stock companies which have over 50% of share capital or the total voting share capital held by the State; or controlled by the State under the company's charter	1,060,855	1,144,567
Foreign invested companies	893,069	1,013,501
Limited liability companies with two or more members which have over 50% of the charter capital held by the State or controlled by the State	243,788	236,794
Foreign invested joint ventures	166,572	807,580
Cooperatives and inter-cooperatives	109,007	201,027
Partnership	13,764	8,269
Private companies	11,948	22,182
Business households	2,645	2,166
Others	748,714	1,005,916
Deposits from individuals	75,767,195	76,936,745
	130,156,538	128,151,279

19. GRANTS, ENTRUSTED FUNDS AND LOANS EXPOSED TO RISKS

	30 June 2019 VND million	31 December 2018 VND million
Other borrowed and entrusted funds in VND	691	691
Entrusted funds from Rural Development Fund	691	691
Other borrowed and entrusted funds in foreign currencies	3,058,986	3,044,975
Entrusted funds from Rural Development Fund	1,150	1,145
Entrusted funds of Nhon Trach water supplies construction program - Phase II	77,996	75,510
Entrusted funds of support and development program for reforming power sector - Phase III (i)	2,979,840	2,968,320
	3,059,677	3,045,666

(i) The borrowing amounting to USD128 million from the Ministry of Finance which is to support finance and development program for reforming power sector - Phase III for a period of 29 years from 4 August 2015 to 4 August 2043 and earns interest of six-month US Dollar LIBOR plus spread adjusted periodically by World Bank on 1 January and 1 July each year.

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20. VALUABLE PAPERS ISSUED

	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Certificate of deposits		
Less than 12 months	133,000	232,000
Straight bonds		
From 12 months to 5 years	11,000,000	6,000,000
Over 5 years	3,000,000	3,000,000
	14,133,000	9,232,000

The annual interest rates applicable to valuable papers issued at the end of the period are as follows:

	<i>30 June 2019</i> <i>% p.a.</i>	<i>31 December 2018</i> <i>% p.a.</i>
Certificate of deposits	5.50	5.50
Straight bonds from 12 months to 5 years	6.30 - 6.90	6.30 - 6.80
Straight bonds over 5 years	7.70 - 8.50	7.70 - 8.50

21. OTHER LIABILITIES

21.1 Interest and fees payable

	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Interest on saving deposits in VND	1,590,084	1,663,962
Interest on deposits in VND	1,025,476	819,590
Interest on valuable papers in VND	374,963	341,940
Interest on entrusted funds from international entities	32,224	30,088
Interest on borrowings in foreign currencies	27,508	20,861
Interest on borrowings in VND	20,699	21,987
Foreign currency swap contracts	20,387	89,121
Foreign currency forward contracts	5,781	1,387
Interest on deposits in foreign currencies	5,058	187
Interest on saving deposits in foreign currencies	354	308
	3,102,534	2,989,431

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21. OTHER LIABILITIES (continued)

21.2 Other payables

	30 June 2019 VND million	31 December 2018 VND million
Internal payables	88,032	106,688
Payables to employees	71,261	93,642
Bonus and welfare fund	16,771	13,046
External payables	323,119	158,693
Cash held in trust and awaiting for settlement	142,635	52,500
Current income tax payables (Note 22)	180,484	106,193
Other payables	243,331	228,229
Unearned income	54,863	49,139
Payables to construction in progress	5,329	8,017
Other payables	183,139	171,073
	654,482	493,610

Movements of the bonus and welfare fund during the period are as follows:

	For the six-month period ended 30 June 2019 VND million	For the six-month period ended 30 June 2018 VND million
Opening balance	13,046	11,079
Addition (Note 23.1)	5,000	3,000
Utilization during the period	(1,275)	(148)
Closing balance	16,771	13,931

22. STATUTORY OBLIGATIONS

	31 December 2018 VND million	<i>Movement during the period</i>		30 June 2019 VND million
		<i>Payables</i> VND million	<i>Paid</i> VND million	
Value added tax	6,394	27,201	(20,765)	12,830
Corporate income tax	36,962	340,396	(217,390)	159,968
Other taxes	3,864	39,825	(36,003)	7,686
Personal income tax	3,579	33,145	(30,969)	5,755
Foreign contractor tax	285	6,061	(4,415)	1,931
License tax	-	288	(288)	-
Others	-	331	(331)	-
	47,220	407,422	(274,158)	180,484

In which:

Receivables from the State Budget (Note 15.1)	(58,973)		-
Taxes payable to the State Budget (Note 21.2)	106,193		180,484
Taxes refund in the period		59,607	

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22. STATUTORY OBLIGATIONS (continued)

22.1 Current corporate income tax

The Bank has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits for the current period (previous period: 20%).

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

The current tax payable is based on taxable profit for the current period. Taxable income differs from profit as reported in the interim separate income statement since it excludes taxable income or deductible expenses in prior years due to the differences between the Bank's accounting policies and the current income tax policies, and also excludes non-taxable income or non-deductible expenses. The current CIT payables are calculated based on the statutory tax rates applicable at the interim separate balance sheet date.

Current CIT during the period is calculated as follows:

	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Profit before tax	1,735,222	1,660,327
At applicable CIT tax rate of 20%	347,044	332,065
<i>Decrease adjustments:</i>		
- Income from untaxable dividends	(5,414)	(9,708)
<i>Increase adjustments:</i>		
- Non-deductible expenses	86	238
- Others	(1,320)	2,105
Estimated CIT expense	340,396	324,700

22.2 Deferred CIT

	<i>Interim separate balance sheet</i>		<i>Effect on the interim separate income statement</i>	
	<i>30 June 2019 VND million</i>	<i>31 December 2018 VND million</i>	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Deferred tax assets				
Differences interest income	734	-	734	-
Deferred corporate income tax payable				
Unrealized gain on foreign exchange differences	(1,585)	(1,585)	-	-
Deferred corporate income tax payable	(851)	(1,585)		
Net deferred CIT income			734	-

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23. OWNERS' EQUITY

23.1 Statement of changes in owners' equity

<i>Items</i>	<i>Charter capital VND million</i>	<i>Share premium VND million</i>	<i>Treasury shares VND million</i>	<i>Development and investment reserve VND million</i>	<i>Reserves of credit institutions VND million</i>	<i>Foreign currency translation reserve VND million</i>	<i>Retained earnings VND million</i>	<i>Total VND million</i>
31 December 2018	9,810,000	2,042,255	(2)	89	639,514	-	2,636,287	15,128,143
Net profit for the period	-	-	-	-	-	-	1,395,560	1,395,560
Appropriation to reserves for the previous year	-	-	-	-	414,661	-	(414,661)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	(5,000)	(5,000)
Utilization of reserves during the period	-	-	-	-	(1,764)	-	-	(1,764)
Foreign exchange differences	-	-	-	-	-	7,244	-	7,244
Balance as at 30 June 2019	9,810,000	2,042,255	(2)	89	1,052,411	7,244	3,612,186	16,524,183

The movements of the Bank's reserves during the period are presented below:

<i>Items</i>	<i>Development reserve VND million</i>	<i>Financial reserve VND million</i>	<i>Supplementary capital reserve VND million</i>	<i>Other reserve VND million</i>	<i>Total VND million</i>
31 December 2018	70	475,267	103,639	60,538	639,514
Appropriation to reserves for the previous year	-	263,107	131,554	20,000	414,661
Utilization during the period	-	-	-	(1,764)	(1,764)
30 June 2019	70	738,374	235,193	78,774	1,052,411

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23. OWNER'S EQUITY (continued)

23.1 Statement of changes in owners' equity (continued)

Details of the Bank's shares are as follows:

	<i>30 June 2019</i> <i>Shares</i>	<i>31 Dec 2018</i> <i>Shares</i>
Number of shares registered for issuance	980,999,979	980,999,979
Number of shares sold to the public		
- <i>Common shares</i>	980,999,979	980,999,979
Number of shares acquired		
- <i>Common shares</i>	208	208
Number of outstanding shares		
- <i>Common shares</i>	980,999,771	980,999,771

23.2 Statutory reserves of the Bank

The Bank makes the statutory reserves in compliance with Law on Credit Institutions No. 47/2010/QH12, Decree No. 93/2017/ND-CP and the Charter of the Bank:

	<i>Basis for calculation</i>	<i>Maximum balance</i>
Supplementary capital reserve	5% of profit after tax	100% of charter capital
Financial reserve	10% of profit after tax	Not defined
Other reserves	Subject to resolution of the Annual general meeting of shareholders	Not defined

24. INTEREST AND SIMILAR INCOME

	<i>For the six-month</i> <i>period ended</i> <i>30 June 2019</i> <i>VND million</i>	<i>For the six-month</i> <i>period ended</i> <i>30 June 2018</i> <i>VND million</i>
Interest income from loans to credit institutions and customers	5,594,291	4,608,410
Interest income from trading and investing debt securities	1,244,663	1,151,428
- <i>Interest income from investing securities</i>	1,216,881	1,151,428
- <i>Interest income from securities held for trading</i>	27,782	-
Interest income from deposits	140,929	95,480
Interest income from guarantee services	68,159	26,670
Other income from credit activities (*)	304,887	187,969
	7,352,929	6,069,957

(*) Income from other credit activities for the six-month period ended 30 June 2018 includes interest from deferred securities selling contracts with amount of VND67,943 million. This type of income was not incurred in the six-month period ended 30 June 2019.

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25. INTEREST AND SIMILAR EXPENSES

	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Interest expense on deposits	3,815,801	3,443,017
Interest expense on borrowings	389,310	196,190
Interest expense on valuable papers	360,902	202,829
Expenses for other credit activities	6,330	178
	4,572,343	3,842,214

26. NET FEES AND COMMISSION INCOME

	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Fees and commission income	163,885	119,700
Settlement services	120,840	82,602
Treasury services	8,878	8,055
Asset preservation services	92	3,494
Trust and agent services	98	124
Others	33,977	25,425
Fees and commission expenses	(80,766)	(38,940)
Settlement services	(67,836)	(23,557)
Treasury services	(5,236)	(4,562)
Postal and telecommunication	(2,777)	(2,609)
Trust and agent services	(26)	(33)
Brokerage services	(22)	(57)
Others	(4,869)	(8,122)
	83,119	80,760

27. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Income from foreign exchange	721,111	318,765
Income from gold trading	67	344
Income from spot foreign exchange	530,142	214,002
Income from currency derivatives	190,902	104,419
Expense from foreign exchange	(559,430)	(236,762)
Expense from gold trading	(64)	(2)
Expense from spot foreign exchange	(488,623)	(173,089)
Expense from currency derivatives	(70,743)	(63,671)
	161,681	82,003

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28. NET GAIN FROM SECURITIES HELD FOR TRADING

	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Income from dealing of securities held for trading	27,616	110,684
Expenses from dealing of securities held for trading	(1,235)	(532)
Reversed/(charged) general provision for securities held for trading (Note 8)	750	(5,742)
Net gain from dealing of securities held for trading	27,131	104,410

29. NET GAIN FROM INVESTMENT SECURITIES

	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Income from dealing of investment securities (*)	182,772	377,777
Income from disposal of long-term investments	-	806
Expenses from dealing of investment securities (*)	(9,598)	(108,481)
Reversed general provision for available-for-sale securities (Note 12.5)	15,142	62,682
Charged general provision for held-to-maturity securities (Note 12.5)	(26,705)	-
	161,611	332,784

(*) Difference between net income from investments in Government bonds (including interest income and income/expense from trading) and the average mobilization expenses from term deposits for purchasing Government bonds is VND145,527 million (for the six-month period ended 30 June 2018 is VND 193,605 million).

30. NET GAIN FROM OTHER OPERATING ACTIVITIES

	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Other operating income	92,561	84,577
Income from recovery of written-off debts	32,383	43,589
Income from offering office rental services	20,856	20,173
Income from disposals of fixed assets	32,707	992
Other income	6,615	19,823
Other operating expenses	(8,111)	(17,173)
Disposals of fixed assets	(5,309)	-
Sponsoring expense	(2,324)	(2,865)
Other expenses	(478)	(14,308)
	84,450	67,404

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31. INCOME FROM CAPITAL INVESTMENTS IN OTHER ENTITIES

	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Dividend received:		
- <i>From equity securities (i)</i>	26,809	44,772
- <i>From long-term investments</i>	260	3,770
	27,069	48,542

(i) This represents dividend received from investing in listed available-for-sales securities. During the period, the Bank received from Vietjet Aviation Joint Stock Company a dividend amount of VND26,809 million.

32. OPERATING EXPENSES

	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Tax payments and other fees	1,327	1,338
Personnel expenses	721,624	591,076
- Salary and allowances	612,860	524,466
- Allowances	54,903	29,997
- Salary-related allowances	53,861	36,613
Fixed asset expenses	260,627	213,552
- Office rental	129,477	113,357
- Repair and maintenance	66,806	46,000
- Depreciation expenses on fixed assets	34,961	40,918
- Other expenses	29,383	13,277
Administrative expenses	425,513	327,366
- Advertising, marketing, promotion and entertainment	204,834	157,888
- Business trips expenses	16,410	16,204
- Union expenses of credit institutions	199	157
- Other expenses	204,070	153,117
Insurance expenses for customer deposits	56,952	57,094
(Reversal of)/ additional provision expenses (excluding provision for credit losses, investment)	(4,721)	(11,804)
- Reversal of provision for other assets (Note 15.4)	(2,831)	(11,904)
- (Reversal of)/ additional provision expenses for long-term investments (Note 13.2)	(1,890)	100
	1,461,322	1,178,622

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33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim separate cash flows statement comprises the following balances in the interim separate balance sheet:

	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Cash and gold	1,949,506	2,096,192
Balances with the State Bank of Vietnam	1,639,910	5,310,253
Demand deposits in other credit institutions	13,648,450	20,353,470
Due from and loans to other credit institutions with term of less than 3 months	6,256,025	11,450,700
	23,493,891	39,210,615

34. EMPLOYEES' INCOME

	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
I. Total number of employees (persons)	6,118	5,457
II. Employees' income (VND million)		
1. Total salary	582,812	507,186
2. Other income	30,048	17,280
3. Total income (1+2)	612,860	524,466
4. Average monthly salary (VND million/person)	15.88	15.49
5. Average monthly income (VND million/person)	16.70	16.02

35. TYPES AND BOOK VALUE OF COLLATERALS

35.1 *Assets and valuable papers mortgaged, pledged and discounted, re-discounted*

Types and book value of collaterals of customers at the end of the period are as follows:

	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Real estate properties	174,310,874	146,538,706
Valuable papers	53,970,556	39,109,574
Movable assets	21,399,448	18,628,968
Other assets	57,666,591	45,546,815
	307,347,469	249,824,063

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35. TYPES AND BOOK VALUE OF COLLATERALS (continued)

35.1 *Assets and valuable papers mortgaged, pledged and discounted, re-discounted* (continued)

Assets and valuable papers of other credit institutions mortgaged, pledged and discounted at the end of the period are as follows:

	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Right on receivables	2,100,000	1,900,000
Valuable papers	-	250,000
	2,100,000	2,150,000

35.2 *Assets and valuable papers of the Bank mortgaged, pledged and discounted, re-discounted*

Breakdown of the Bank's financial assets mortgaged, pledged for granting credit limit or loans transferred under purchase and repurchases agreements with SBV and other credit institutions as at 30 June 2019 and 31 December 2018 are as follows:

	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Valuable papers	10,804,333	19,956,249

36. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank is parties to financial instruments which are recorded as off- interim separate balance sheet items. These financial instruments mainly comprise guarantee commitments and commercial letters of credit. These instruments involve elements of credit risk out of the items recognized in the interim 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, and performing contracts and bidding. The credit risk involved in issuing guarantees is essentially the same as that involved in extending loans to other customers.

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

Deferred payment letters of credits represent the amounts at risk should the contract be fully effected but the client defaults in repayment to the beneficiary. Deferred payment letters of credit that defaulted by clients are recognized 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 fulfil the guarantor obligation.

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36. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

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

Currency trading commitments including spot buy and sale commitments and swap contracts. Spot commitments are commitments to purchase, sell currency according to exchange rate agreed in the contract and the payment is made within 2 (two) days since transaction date. Currency swap commitments are commitments to purchase and sell with the same notional principal amount (only two currencies used for transaction) to one client, including one transaction on spot and one transaction in the future with the exchange rate of both transactions determined at spot transaction date.

Details of outstanding commitments and contingent liabilities at the end of the period are as follows:

	<i>30 June 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million</i>
Credit guarantees	54,936	8,565
Foreign exchange commitments	51,567,378	74,115,137
- <i>Spot foreign exchange commitments - buy</i>	5,705,132	4,414,221
- <i>Spot foreign exchange commitments - sell</i>	5,373,516	3,471,919
- <i>Cross currency swap contracts</i>	40,488,730	66,228,997
Letters of credit	6,545,743	5,025,160
- <i>At sight letters of credit</i>	682,937	1,528,934
- <i>Deferred letters of credit</i>	5,862,806	3,496,226
Other guarantees	3,514,549	3,617,557
- <i>Settlement guarantee</i>	1,463,015	1,446,789
- <i>Contract performance guarantee</i>	558,892	668,807
- <i>Bid guarantee</i>	33,662	35,161
- <i>Other guarantees</i>	1,458,980	1,466,800
Other commitments	1,575,693	2,698,939
	63,258,299	85,465,358
Less: Margin deposits	(258,531)	(413,704)
Contingent liabilities and commitments	62,999,768	85,051,654

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37. 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 (including parents and subsidiaries);
 - ▶ has an interest (owing 5% or more of the charter capital or voting share capital) 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 are ventures (owning over 11% of the charter capital or voting share capital but is not a subsidiary of the Bank);
- (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).

Significant transactions with related parties in the current period are as follows:

<i>Related party</i>	<i>Transactions</i>	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Major shareholders and related parties of major shareholders	Deposits and interest paid	13,589,996	12,462,082
	Withdraw	14,529,407	16,308,238
	Principal from loans	3,930	3,930
	Interest from corporate bonds	34,693	31,500
Companies in which the Bank has long-term investments	Deposits and interest paid	48,438,898	58,630,560
	Withdraw	49,106,713	58,182,634
	Loans, guarantee and mortgage	3,077,199	5,558,889
	Principal from loans	2,973,497	5,104,880
	Interest from loans	17,344	13,518
Subsidiaries	Dividend received	26,809	44,682
	Deposits and interest paid	26,601,404	15,556,236
	Withdraw	26,676,695	14,420,652
	Capital contribution	-	150,000
	Loans, guarantee and mortgage	650,000	380,000
	Principal from loans	380,000	180,000
	Interest from loans	26,242	50,139
Member of Board of Directors and Board of Managements and other related parties to these individuals	Interest from value papers	22,926	6,108
	Interest from swap contracts	17,488	4,286
	Deposits and interest paid	11,308,862	13,344,996
	Withdraw	11,294,314	13,568,118
	Loan	124,444	264,068
	Principal from loans	130,850	264,523
	Interest from loans	404	3,353
	Salary and bonus	27,480	28,124

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37. RELATED PARTY TRANSACTIONS (continued)

Receivables and payables with related parties at the end of the period as follow:

<i>Related party</i>	<i>Transactions</i>	<i>Receivables/(Payables)</i>	
		<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Major shareholders and related parties of major shareholders	Demand deposits	(49,762)	(189,689)
	Term deposits	(88,914)	(964,617)
	Margin deposits	(76,292)	(47)
	Loans	1,007,690	1,011,620
	Accrual interest income from loans	74,645	26,633
	Available-for-sale securities	-	350,000
	Accrual interest income from available-for-sale securities	-	23,905
Companies in which the Bank has long-term investment	Demand and specific purpose deposit	(280,043)	(416,341)
	Term deposits	(978,545)	(1,509,628)
	Margin deposits	(2)	(2)
	Loans	1,343,476	1,224,055
	Accrual interest income from loans	739	699
Subsidiaries	Demand and specific purpose deposit	(420,532)	(500,436)
	Term deposits	(95,600)	(289,100)
	Accrual interest expense	(641)	(879)
	Loans	650,000	380,000
	Accrual interest income from loans	23,312	30,778
	Invest to value papers	900,000	600,000
	Accrual interest income from value papers	12,730	2,825
	Currency swap contracts	1,149,733	463,800
	Accrual interest expense from currency swap contracts	13,038	11,469
Member of Board of Directors and Board of Managements and other related parties to these individuals	Demand deposits	(125,876)	(80,135)
	Term deposits	(912,054)	(901,526)
	Saving deposits	(304,648)	(426,405)
	Accrual interest expenses	(45,460)	(29,343)
	Loans	11,037	17,342
	Accrual interest income	111	98

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38. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY GEOGRAPHICAL REGIONS

	<i>Domestic VND million</i>	<i>Overseas VND million</i>	<i>Total VND million</i>
Assets as at 30 June 2019			
Due from and loans to other credit institutions	21,624,559	429,916	22,054,475
Derivative and financial instruments (Total transaction value amount to contract)	23,861,787	-	23,861,787
Loans to customers - gross	127,255,248	-	127,255,248
Trading and investment securities - gross	40,566,331	-	40,566,331
Long-term investments - gross	1,074,805	-	1,074,805
Liabilities as at 30 June 2019			
Due to and borrowings from other credit institutions	28,770,356	2,910,000	31,680,356
Due to customers	130,156,538	-	130,156,538
Grants, entrusted funds and loans exposed to risks	3,059,677	-	3,059,677
Valuable papers issued	14,133,000	-	14,133,000
Off-balance-sheet commitments as at 30 June 2019	63,258,299	-	63,258,299

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39. INFORMATION BY GEOGRAPHICAL REGIONS

Information on income, expenses and assets and liabilities of each segment by geographical area of the Bank as at 30 June 2019 and for the six-month period then ended as follows:

	<i>Northern VND million</i>	<i>Central VND million</i>	<i>South VND million</i>	<i>Total segment reported VND million</i>	<i>Eliminations VND million</i>	<i>Total VND million</i>
Interest and similar income	2,886,225	1,373,530	13,106,196	17,365,951	(10,013,022)	7,352,929
Interest and similar expenses	(2,240,791)	(1,017,711)	(11,326,863)	(14,585,365)	10,013,022	(4,572,343)
Net interest income	645,434	355,819	1,779,333	2,780,586	-	2,780,586
Non-interest income	15,264	12,867	516,930	545,061	-	545,061
TOTAL OPERATING INCOME	660,698	368,686	2,296,263	3,325,647	-	3,325,647
TOTAL OPERATING EXPENSES	(258,015)	(153,875)	(1,049,432)	(1,461,322)	-	(1,461,322)
Net operating profit before provision for credit losses	402,683	214,811	1,246,831	1,864,325	-	1,864,325
Provision for credit losses	(32,519)	(46,893)	(49,691)	(129,103)	-	(129,103)
PROFIT BEFORE TAX	370,164	167,918	1,197,140	1,735,222	-	1,735,222
ASSETS						
Cash and gold	537,391	289,757	1,122,358	1,949,506	-	1,949,506
Due from and loans to the State Bank of Vietnam and other credit institutions	66,081	87,829	23,540,475	23,694,385	-	23,694,385
Loans to customers - gross	28,608,510	21,920,041	76,726,697	127,255,248	-	127,255,248
Investments - gross	4,154,631	7,611	37,478,894	41,641,136	-	41,641,136
Other assets - gross	7,956,598	622,428	10,532,433	19,111,459	(10,078,883)	9,032,576
Total assets	41,323,211	22,927,666	149,400,857	213,651,734	(10,078,883)	203,572,851
LIABILITIES						
Borrowing from State Bank of Vietnam	-	-	2,167,416	2,167,416	-	2,167,416
Due to and borrowings from other credit institutions	3,730	652	31,675,974	31,680,356	-	31,680,356
Due to customers	39,420,632	12,236,213	78,499,693	130,156,538	-	130,156,538
Other liabilities	1,040,294	10,343,513	19,645,620	31,029,427	(10,078,883)	20,950,544
Total liabilities	40,464,656	22,580,378	131,988,703	195,033,737	(10,078,883)	184,954,854

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40. FINANCIAL RISK MANAGEMENT

Risk is inherent in the Bank's activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk prevention within his or her responsibilities. The Bank are exposed to credit risk, liquidity risk and market risk (then being subdivided into trading and non-trading risks). The Bank is also subject to various operational risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank's policy is to monitor those business risks through the Bank's strategic planning process.

(i) Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks. However, each separate member shall be responsible for managing and monitoring risks.

(ii) Board of Directors

The Board of Directors is responsible for monitoring the overall risk management process within the Bank.

(iii) Risk Management Committee

Risk Management Committee advises the Board of Directors in the promulgation of procedures and policies under their jurisdiction relating to risk management in the Bank's activities.

Risk Management Committee analyses and provides warnings on the potential risks that may affect the Bank's operation and preventive measures in the short term as well as long term.

Risk Management Committee reviews and evaluates the appropriateness and effectiveness of the risk management of procedures and policies of the Bank to make recommendations to the Board of Directors on the improvement of procedures, policies and operational strategies.

(iv) Board of Supervision

The Board of Supervision has the responsibility to control the overall risk management process within the Bank.

(v) Internal Audit

According to the annual internal audit plan, business processes throughout the Bank is audited annually by the internal audit function, which examines both the adequacy of the procedures and compliance with the Bank's procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Board of Supervision.

(vi) Risk measurement and reporting systems

The Bank's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models.

Monitoring and controlling of risks is primarily performed based on limits established by the Bank in compliance with the State Bank of Vietnam's regulations. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept.

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40. FINANCIAL RISK MANAGEMENT (continued)

(vi) Risk measurement and reporting systems (continued)

Information compiled from all business activities is examined and processed in order to analyse, control and early identify risks. This information is presented and explained to the Board of Management, Board of Directors, and the department heads. The report includes aggregate credit exposure, credit metric forecasts, limit exceptions, liquidity ratios and risk profile changes. The Board of Directors assesses the appropriateness of the allowance for credit losses on a quarterly basis. The Board of Directors receives a comprehensive risk report quarterly which is designed to provide all the necessary information to assess and conclude on the risks of the Bank.

For all levels throughout the Bank, specifically tailored risk reports are prepared and distributed in order to ensure that all business departments have access to *extensive, necessary and up-to-date information*.

(vii) Risk reduction

The Bank has actively used collateral to mitigate credit risk.

(viii) Excessive risk concentration

Concentrations arise when a number of counterparties of the Bank is engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would affect the group of customers' payment obligations or payment receipt rights when due under changes in economic, political or other conditions.

These above concentrations indicate the relative sensitivity of the Bank's performance to the developments of a particular industry or geographic allocation.

In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risk are controlled and managed accordingly. Selective hedging is used within the Bank in respect of the industries and other related factors

41. CREDIT RISK

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations.

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the financial position and creditworthiness of counterparties based on qualitative and quantitative indicators. Counterparty's limits are established by the use of a credit rating system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

The effective interest rates on deposits with the SBV, placements with and loans to other banks, loans and advances to customers in currencies are presented in *Notes 6, 7, 10 and 18*.

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41. CREDIT RISK (continued)

41.1 *Maximum exposure to credit risk before collateral held or other credit enhancements*

The maximum exposures to credit risk relating to each group of financial assets, which are equivalent to their book values on the interim separate balance sheet, are listed below:

	<u>30 June 2019</u> VND million	<u>31 December 2018</u> VND million
Credit risk exposures of balance sheet items		
Due from and loans to other credit institutions	22,054,475	32,634,552
Securities held for trading - Debt securities	1,201,623	1,601,623
Derivative financial instruments	10,840	227,063
Loans to customers		
- Individuals	57,103,202	49,910,671
- Corporates	70,152,046	62,568,265
Investment securities		
- Debt securities - available-for-sale	10,697,479	10,266,239
- Debt securities - held-to-maturity	8,699,485	8,369,452
Other financial assets	5,442,522	3,732,148
Credit risk exposures of off-balance sheet items		
Financial guarantees	3,569,485	3,626,122
Letters of credit	6,545,743	5,025,160

This table presents the worst scenario which the Bank will incur the maximum credit exposures as at 30 June 2019 and 31 December 2018, without taking into account of any collateral held or their credit enhancements.

41.2 *Financial assets neither past due nor impaired*

The Bank's financial assets which are neither past due nor impaired comprise loans to customers classified as Group 1 (Current) loans in accordance with Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN; securities, receivables and other financial assets which are not past due and no provision is required in accordance with Circular No. 228/2009/TT-BTC and Circular No. 89/2013/TT-BTC issued at 28 June 2013.

The Bank determines that the Bank has absolutely capacity to fully and timely recover these financial assets in the futures.

41.3 *Financial assets past due but not impaired*

The age of financial assets past due but not impaired as at 30 June 2019 is presented below:

	<i>Past due</i>				<i>Total</i> VND million
	<i>Less than</i> 90 days VND million	<i>From 91 to</i> 180 days VND million	<i>From 181 to</i> 360 days VND million	<i>More than</i> 360 days VND million	
Loans to customers	1,155,788	61,362	22,256	339,731	1,579,137

Loans that are overdue but not impaired are overdue loans but not required to make provisions as the Bank holds all collaterals in the form of counterparty deposits, real estate, movable assets, valuable papers and other types of collateral.

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42. MARKET RISK

42.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair values of financial instruments. The Bank are exposed to interest rate risk as a result of mismatches of maturity dates or dates of interest rate re-pricing in respect of assets, liabilities and off-balance sheet instruments over a certain period. The Bank manage this risk by matching the dates of interest rate re-pricing of assets and liabilities through risk management strategies.

Analysis of assets and liabilities based on interest rate re-pricing date

Re-pricing term of the effective interest rate is the remaining period from the date of the interim separate financial statements to the nearest re-pricing date of interest rate applicable to assets and equity.

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 and gold; trading securities, investment securities, equity securities and special bond issued by VAMC; long-term investment and other assets (including fixed assets and other assets) and other liabilities are classified as non-interest earning items;
- ▶ The re-pricing term of balances with the State Bank of Vietnam is considered as up to 1-month;
- ▶ The re-pricing term of investment securities (excluding special bond issued by VAMC) is calculated based on the time to maturity from the interim separate balance sheet date for each type of securities;
- ▶ The re-pricing term of placements with other banks and loans to other credit institutions; loans to customers; entrusted funds; placements from other credit institutions and borrowings from other credit institutions; due to customers are determined as follows:
 - Items which earn fixed interest rate during the contractual term: The re-pricing term is determined based on the time to maturity from the interim separate balance sheet date.
 - Items which earn floating interest rate: The re-pricing term is determined based on the time to the nearest interest rate re-pricing date from the interim separate balance sheet date.
- ▶ The re-pricing term of valuable papers is determined based on the actual maturity date of each valuable paper.

The following table presents the interest re-pricing period of the Bank's assets and liabilities as at 30 June 2019:

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42. MARKET RISKS (continued)

42.1 Interest rate risk (continued)

	<i>Interest re-pricing period</i>								<i>Total VND million</i>
	<i>Overdue VND million</i>	<i>Non-interest bearing VND million</i>	<i>Up to 1 month VND million</i>	<i>1 - 3 months VND million</i>	<i>3 - 6 months VND million</i>	<i>6 - 12 months VND million</i>	<i>1 - 5 years VND million</i>	<i>Over 5 years VND million</i>	
Assets									
Cash and gold	-	1,949,506	-	-	-	-	-	-	1,949,506
Balances with the State Bank of Vietnam	-	-	1,639,910	-	-	-	-	-	1,639,910
Due from and loans to other credit institutions	-	-	18,707,170	2,897,305	-	450,000	-	-	22,054,475
Securities held for trading - gross	-	2,097,898	-	-	-	-	-	-	2,097,898
Derivative and other financial assets	-	10,840	-	-	-	-	-	-	10,840
Loans to customers - gross	2,659,166	-	8,746,881	115,849,201	-	-	-	-	127,255,248
Investment securities - gross	62,259	2,289,686	1,882,885	3,730,573	8,178,049	6,517,853	11,767,226	4,039,902	38,468,433
Long-term investments - gross	-	1,074,805	-	-	-	-	-	-	1,074,805
Fixed assets	-	826,279	-	-	-	-	-	-	826,279
Other assets - gross	42,860	7,414,597	-	-	-	-	-	738,000	8,195,457
Total assets	2,764,285	15,663,611	30,976,846	122,477,079	8,178,049	6,967,853	11,767,226	4,777,902	203,572,851
Liabilities									
Borrowings from the State Bank of Vietnam	-	-	2,000,000	166,093	-	-	1,323	-	2,167,416
Due to and borrowings from other credit institutions	-	-	28,397,876	2,002,080	1,280,400	-	-	-	31,680,356
Due to customers	-	-	47,235,708	22,669,021	28,064,714	24,858,119	7,327,264	1,712	130,156,538
Grants, entrusted funds and loans exposed to risks	-	-	1,841	2,979,840	-	-	-	77,996	3,059,677
Valuable papers issued	-	-	2,633,000	1,000,000	-	10,500,000	-	-	14,133,000
Other liabilities	-	3,757,867	-	-	-	-	-	-	3,757,867
Total liabilities	-	3,757,867	80,268,425	28,817,034	29,345,114	35,358,119	7,328,587	79,708	184,954,854
On-balance sheet interest sensitivity gap	2,764,285	11,905,744	(49,291,579)	93,660,045	(21,167,065)	(28,390,266)	4,438,639	4,698,194	18,617,997

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42. MARKET RISKS (continued)

42.1 Interest rate risk (continued)

Interest rate sensitivity

Assuming that all other variables remain constant, the effects of fluctuation in interest rates of interest-bearing assets and liabilities (including assets and liabilities with fixed interest rates) on profit before tax and shareholders' equity of the Bank are as follows:

	<u>Assumed level of increase</u>	<u>Effects to increase/(decrease) profit after tax and equity VND million</u>
As at 30 June 2019		
VND	0.5%	15,466
VND	(0.5%)	(15,466)
USD	0.5%	2,090
USD	(0.5%)	(2,090)

42.2 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Bank is incorporated and operating in Vietnam with reporting currency as VND, the major currency of its transaction is also VND. Some transactions are denominated in USD, EUR and gold. The Bank have set limits to control the positions of the currencies. Positions are monitored on a daily basis and hedging strategies are used to ensure positions of the currencies are maintained within the established limits.

The exchange rates of key foreign currencies to VND at the reporting date are presented at Note 46.

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42. MARKET RISKS (continued)

42.2 Currency risk (continued)

The following table presents assets and liabilities in foreign currencies translated into VND as at 30 June 2019:

	<i>EUR equivalent VND million</i>	<i>USD equivalent VND million</i>	<i>Gold equivalent VND million</i>	<i>Other currencies equivalent VND million</i>	<i>Total VND million</i>
Assets					
Cash and gold	170,199	392,392	16,054	241,545	820,190
Balances with the State Bank of Vietnam	-	7,796	-	-	7,796
Due from and loans to other credit institutions	675,551	883,878	-	888,392	2,447,821
Derivatives and other financial liabilities	-	554,766	-	-	554,766
Loans to customers - gross	2,167	11,141,730	-	77,996	11,221,893
Other assets - gross	953,611	182,165	-	3,130	1,138,906
Total assets	1,801,528	13,162,727	16,054	1,211,063	16,191,372
Liabilities					
Due to and borrowings from other credit institutions	-	5,662,417	-	-	5,662,417
Due to customers	60,813	3,539,278	-	117,706	3,717,797
Grants, entrusted funds and loans exposed to risks	-	2,980,990	-	77,996	3,058,986
Derivatives and other financial liabilities	1,764,034	-	-	996,603	2,760,637
Other liabilities	449	162,914	200	9,086	172,649
Total liabilities	1,825,296	12,345,599	200	1,201,391	15,372,486
Foreign exchange position on-balance sheet	(23,768)	817,128	15,854	9,672	818,886
Foreign exchange position off-balance sheet	37,082	(362,021)	-	(24,195)	(349,134)
Foreign exchange position on and off- balance sheet	13,314	455,107	15,854	(14,523)	469,752

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42. MARKET RISK (continued)

42.2 Currency risk (continued)

Exchange rate sensitivity

Assuming that all variables remain constant, the following table shows the effects on profit after tax and equity of the Bank due to changes in exchange rates. Risk due to changes of exchange rates to other currencies of the Bank is not significant.

As at 30 June 2019	<i>Assumed level of increase</i>	<i>Effects on profit after tax and equity</i> <i>VND million</i>
EUR	2%	(380)
EUR	(2%)	380
USD	2%	13,074
USD	(2%)	(13,074)
SJC	2%	254
SJC	(2%)	(254)

42.3 Liquidity risk

Liquidity risk is the risk that 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 mobilization 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 maturity term of assets and liabilities is the remaining period of assets and liabilities as calculated from the interim 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 maturity term of trading and investment securities is calculated based on the maturity date of each kind of securities; except for investment securities – equity securities is considered within one month because of their high liquidity;
- ▶ The maturity term of borrowings from SBV; grant, entrusted funds and loans exposed to risk, valuable papers issued due from and loans to other credit institutions, loans to customers is determined based 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 five years because these investments do not have specific maturity date;
- ▶ The maturity term of due to and borrowings from other credit institutions, derivatives and other financial liabilities, due to customers 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, classified as current accounts. The maturity term of borrowings and term deposits is determined based on the maturity date in contracts. In practice, these amounts may be rolled over, and therefore, they may last beyond the original maturity date;
- ▶ The maturity term of fixed assets is determined based on the remaining useful life of the asset.

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42. MARKET RISK (continued)

42.3 Liquidity risk (continued)

The following table presents assets and liabilities maturity from the Bank at 30 June 2019.

	Overdue			Current				Total VND million
	Above 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	1 - 3 months VND million	3 - 12 months VND million	1 - 5 years VND million	Above 5 years VND million	
Assets								
Cash and gold	-	-	1,949,506	-	-	-	-	1,949,506
Balances with the State Bank of Vietnam	-	-	1,639,910	-	-	-	-	1,639,910
Due from and loans to other credit institutions	-	-	18,707,170	2,897,305	450,000	-	-	22,054,475
Securities held for trading - gross	-	-	106,423	-	401,623	1,132,933	456,919	2,097,898
Derivatives and other financial assets	-	-	7,501	515	2,824	-	-	10,840
Loans to customers - gross	1,268,627	1,390,539	8,746,881	14,334,862	45,955,075	20,038,885	35,520,379	127,255,248
Investment securities - gross	62,259	-	1,878,283	1,914,137	12,587,081	14,225,668	7,801,005	38,468,433
Long-term investments - gross	-	-	-	-	-	-	1,074,805	1,074,805
Fixed assets	-	-	303,454	-	-	26,393	496,432	826,279
Other assets - gross	42,860	-	1,667,664	891,912	1,456,394	2,528,228	1,608,399	8,195,457
Total assets	1,373,746	1,390,539	35,006,792	20,038,731	60,852,997	37,952,107	46,957,939	203,572,851
Liabilities								
Borrowings from the SBV	-	-	2,000,116	1,166	5,178	144,878	16,078	2,167,416
Due to and borrowings from other credit institutions	-	-	27,932,276	838,080	-	2,910,000	-	31,680,356
Due to customers	-	-	47,235,708	22,669,021	52,922,833	7,327,264	1,712	130,156,538
Grants, entrusted funds and loans exposed to risks	-	-	-	691	-	-	3,058,986	3,059,677
Valuable papers issued	-	-	133,000	-	1,600,000	9,900,000	2,500,000	14,133,000
Other liabilities	-	-	1,409,916	791,965	1,406,202	101,701	48,083	3,757,867
Total liabilities	-	-	78,711,016	24,300,923	55,934,213	20,383,843	5,624,859	184,954,854
Net liquidity gap	1,373,746	1,390,539	(43,704,224)	(4,262,192)	4,918,784	17,568,264	41,333,080	18,617,997

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NOTES TO THE INTERIM SEPARATED FINANCIAL STATEMENTS (continued)
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42. MARKET RISK (continued)

24 Market price risk

Except for the assets and liabilities presented above, the Bank has no other market price risks which have risk level accounting for 5% or more of net profit or the value of assets, liabilities accounting for 5% or more of total assets.

43. OPERATING LEASE COMMITMENTS

	30 June 2019 VND million	31 December 2018 VND million
Operating lease commitments	1,151,191	1,267,765
<i>In which:</i>		
- Due within one year	24,579	8,825
- Due from one to five years	450,581	364,142
- Due after five years	676,031	894,798

44. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") which is effective for financial years beginning on or after 1 January 2011.

Circular 210 only provides 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. Assets, liabilities and equity of the Bank have been recognized and measured in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to preparation and presentation of the interim separate financial statements.

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NOTES TO THE INTERIM SEPARATED FINANCIAL STATEMENTS (continued)
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44. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial assets

Financial assets of the Bank within the scope of Circular 210 comprise cash and gold, balances with the State Bank of Vietnam, due from and loans to other credit institutions, loans to customers, held-for-trading and investment securities, receivables and other financial assets.

According to Circular 210, financial assets are classified appropriately, for the purpose of disclosure in the interim separate financial statements, into one of the following categories:

- ▶ *A financial asset at fair value through the interim separate statement of income*

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. 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;
 - ✓ There is evidence of 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 entity as at fair value through interim separate income statement.
- ▶ *Held-to-maturity investments:*

Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank intends and is able to hold to maturity, except:

 - a) Financial assets that, at the time of initial recognition, have been classified as a recognized group at their fair value through the interim separate statement of income;
 - b) Financial assets are classified as available-for-sale;
 - c) Financial assets are satisfied 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, not includes:

 - a) Those that the Bank intend to sell immediately or in the near term, which shall be classified as held for trading, and those that the Bank upon initial recognition designate as at fair value through interim separate income statement;
 - b) Those that the Bank upon initial recognition designate 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 interim separate income statement.

44. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial liabilities

Financial liabilities of the Bank under the Circular 210 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 210/2009/TT-BTC, financial liabilities are classified appropriately, for the purpose of disclosure in the interim separate financial statements, into one of the following categories:

► *Financial liabilities at fair value through interim separate income statement*

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;
 - ✓ 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 designated and effective hedging instrument).
- b) Upon initial recognition it is designated by the Bank as at fair value through interim separate income statement.

► *Financial liabilities at amortized cost.*

Financial liabilities which are not categorized as at fair value through interim separate income statement will be classified as financial liabilities at amortised cost.

Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and reported at the net amount in the interim 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 realization of the assets and settlement of liabilities is made simultaneously.

Determine the fair value of financial instruments

The fair value of cash and short-term deposits approximate their carrying value due to short term maturity of these items.

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NOTES TO THE INTERIM SEPARATED FINANCIAL STATEMENTS (continued)
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44. SUPPLEMENTARY NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The carrying amount and fair value of the Bank's financial assets and liabilities are presented as at 30 June 2019 as follows:

	<i>Book Value</i>					<i>Total book value VND million</i>	<i>Fair Value VND million</i>
	<i>Trading VND million</i>	<i>Keep up to maturity VND million</i>	<i>Lend and receivable VND million</i>	<i>Available for sale VND million</i>	<i>Other assets and financial liabilities are accounted according to the distribution value VND million</i>		
Financial assets							
Cash and gold	-	-	-	-	1,949,506	1,949,506	1,949,506
Balances with the State Bank of Vietnam	-	-	-	-	1,639,910	1,639,910	1,639,910
Due from and loans to other credit institutions	-	-	2,150,000	-	19,904,475	22,054,475	(*)
Securities held for trading	2,091,898	-	-	-	-	2,091,898	(*)
Derivatives and other financial assets	10,840	-	-	-	-	10,840	(*)
Loans to customers	-	-	126,130,669	-	-	126,130,669	(*)
Investment securities	-	14,267,215	-	23,292,769	-	37,559,984	(*)
Long-term investments	-	-	-	166,821	-	166,821	(*)
Other financial assets	-	-	5,442,522	-	-	5,442,522	(*)
	2,102,738	14,267,215	133,723,191	23,459,590	23,493,891	197,046,625	
Financial liabilities							
Borrowings from the State Bank of Vietnam	-	-	-	-	2,167,416	2,167,416	(*)
Due to and borrowings from other credit institutions	-	-	-	-	31,680,356	31,680,356	(*)
Due to customers	-	-	-	-	130,156,538	130,156,538	(*)
Grants, entrusted funds and loans exposed to risks	-	-	-	-	3,059,677	3,059,677	(*)
Valuable papers issued	-	-	-	-	14,133,000	14,133,000	(*)
Other financial liabilities	-	-	-	-	3,245,169	3,245,169	(*)
Total	-	-	-	-	184,442,156	184,442,156	

(*) The fair value of these financial assets and liabilities cannot be determined because there is no specific guidance on determination of fair value under Vietnamese Accounting Standards and Accounting System.

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45. EVENTS AFTER THE INTERIM SEPARATE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the interim balance sheet date that requires adjustment or disclosure in the interim separate financial statements of the Bank.

46. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE END OF THE PERIOD

	30 June 2019 VND	31 December 2018 VND
USD	23,280	23,190
EUR	26,487	26,560
GBP	29,517	29,366
CAD	17,791	17,030
SGD	17,210	16,943
AUD	16,317	16,342
CNY	3,390	3,385
JPY	216.48	209.59
Gold SJC (ounce)	38,800,000	36,460,000

Prepared by: 

Ms. Ho Dang Hoang Quyen
Chief Accountant

Reviewed by: 

Mr. Pham Van Dau
Chief Financial Officer

Approved by: 

Mr. Nguyen Huu Dang
General Officer



Ho Chi Minh City, Vietnam

29 August 2019