

**Ho Chi Minh City Development
Joint Stock Commercial Bank**

Interim separate financial statements

For the six-month period ended 30 June 2021



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, initial Banking License No. 00019/NH-GP issued by the State Bank of Vietnam ("the SBV") on 6 June 1992 and replaced by License No. 26/GP-NHNN issued by the State Bank of Vietnam on 12 February 2020 and Decision amending and supplementing the establishment and operation License No. 26/GP-NHNN dated 12 February 2020.

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, Ho Chi Minh City. As at 30 June 2021, the Bank had one (1) Head Office, one (1) representative office in the North, one (1) representative office in Myanmar, sixty-seven (67) branches, two hundred and thirty-eight (238) 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:

Name	Position	Date of appointment/re-appointment
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	Vice Chairman	Appointment on 2 April 2020
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

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:

Name	Position	Date of appointment/re-appointment
Mr. Dao Duy Tuong	Chief Supervisor	Re-appointment on 21 April 2017
Ms. Nguyen Thi Tich	Member	Re-appointment on 21 April 2017
Ms. Duong Thi Thu	Member	Appointment on 13 June 2020

Ho Chi Minh City Development Joint Stock Commercial Bank

GENENRAL 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:

Name	Position	Date of appointment/re-appointment
Mr. Pham Quoc Thanh	Chief Executive Officer	Appointment on 2 April 2020
Ms. Nguyen Doan Duy Ai	Deputy Chief Executive Officer	Re-appointment on 2 January 2021
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 Van Hao	Deputy Chief Executive Officer	Appointment on 2 October 2020
Mr. Nguyen Dang Thanh	Deputy Chief Executive Officer	Appointment on 9 July 2020
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 2021
Mr. Pham Van Dau	Chief Financial Officer	Appointment on 16 September 2009
Ms. Ho Dang Hoang Quyen	Chief Accountant	Appointment on 7 July 2011

LEGAL REPRESENTATIVE

The legal representative of the Bank during the period and at the date of this report is Mr. Pham Quoc Thanh, Chief Executive Officer.

AUDITOR

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 2021.

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 its 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 2021 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 and the statutory requirements relevant to preparation and presentation of interim separate financial statements.

The Bank has also prepared the interim consolidated financial statements of the Bank and its subsidiaries for the six-month period ended 30 June 2021. 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.



Mr. Pham Quoc Thanh
Chief Executive Officer

Ho Chi Minh City, Vietnam

26 August 2021



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Ernst & Young Vietnam Limited
20th Floor, Bitexco Financial Tower
2 Hai Trieu Street, District 1
Ho Chi Minh City, S.R. of Vietnam

Tel: +84 28 3824 5252
Fax: +84 28 3824 5250
ey.com

Reference: 60752693/22716808-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 26 August 2021 and set out on pages 6 to 79 which comprise the interim separate balance sheet as at 30 June 2021, 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 statutory requirements relevant to preparation and presentation of 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.



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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 2021, 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



Ernst & Young Vietnam Limited
Deputy General Director
Audit Practicing Registration Certificate
No. 2071-2018-004-1

Ho Chi Minh City, Vietnam

26 August 2021

Ho Chi Minh City Development Joint Stock Commercial Bank

INTERIM SEPARATE BALANCE SHEET
as at 30 June 2021

B02a/TCTD

	Notes	30 June 2021 VND million	31 December 2020 VND million
ASSETS			
Cash and gold	4	2,194,626	2,257,088
Balances with the State Bank of Vietnam	5	9,523,703	7,678,215
Due from and loans to other credit institutions		44,566,791	44,602,885
Due from other credit institutions	6.1	43,496,381	44,302,885
Loans to other credit institutions	6.2	1,070,410	300,000
Securities held for trading	7	10,844,399	12,781,120
Securities held for trading		10,847,604	12,781,263
Provision for securities held for trading		(3,205)	(143)
Derivatives and other financial assets	8	83,075	-
Loans to customers		175,864,103	162,548,188
Loans to customers	9	177,447,648	164,092,877
Provision for loans to customers	10.1	(1,583,545)	(1,544,689)
Investment securities		55,512,346	59,631,806
Available-for-sale securities	11.1	29,905,781	31,538,484
Held-to-maturity securities	11.2	25,694,148	28,180,901
Provision for investment securities	11.4	(87,583)	(87,579)
Long-term investments		1,202,691	1,213,324
Investments in subsidiaries	12.1	1,059,688	1,059,688
Other long-term investments		166,421	185,117
Provision for long-term investments	12.2	(23,418)	(31,481)
Fixed assets		1,140,265	1,019,535
Tangible fixed assets	13.1	562,700	566,329
Cost		1,257,402	1,218,425
Accumulated depreciation		(694,702)	(652,096)
Intangible fixed assets	13.2	577,565	453,206
Cost		788,984	642,339
Accumulated amortization		(211,419)	(189,133)
Other assets		17,565,324	15,289,975
Receivables	14.1	12,776,738	11,012,411
Interest and fees receivables	14.2	3,390,083	2,900,180
Other assets	14.3	1,440,777	1,417,100
Provision for other assets	14.4	(42,274)	(39,716)
TOTAL ASSETS		318,497,323	307,022,136

Ho Chi Minh City Development Joint Stock Commercial Bank

INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2021

B02a/TCTD

	Notes	30 June 2021 VND million	31 December 2020 VND million
LIABILITIES			
Borrowings from the State Bank of Vietnam	15	117,309	142,771
Due to and borrowings from other credit institutions	16	56,699,762	73,697,222
Due to other credit institutions	16.1	32,051,765	39,708,416
Borrowings from other credit institutions	16.2	24,647,997	33,988,806
Due to customers	17	198,553,450	174,639,645
Derivatives and other financial liabilities	8	-	200,545
Grants, entrusted funds and loans exposed to risks	18	3,022,568	3,037,163
Valuable papers issued	19	28,402,209	27,504,257
Other liabilities		6,178,458	5,530,466
Interest and fees payable	20.1	4,556,768	4,296,399
Deferred corporate income tax liabilities	21.2	4,664	4,664
Other payables	20.2	1,617,026	1,229,403
TOTAL LIABILITIES		<u>292,973,756</u>	<u>284,752,069</u>
OWNERS' EQUITY			
Capital		16,211,085	16,211,085
Charter capital		16,088,488	16,088,488
Fund for capital expenditure		89	89
Share premium		535,956	535,956
Treasury shares		(413,448)	(413,448)
Reserves		2,235,398	1,589,525
Foreign exchange differences		37,952	-
Retained earnings		7,039,132	4,469,457
TOTAL OWNERS' EQUITY	22	<u>25,523,567</u>	<u>22,270,067</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>318,497,323</u>	<u>307,022,136</u>

Ho Chi Minh City Development Joint Stock Commercial Bank

INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2021

B02a/TCTD

OFF-BALANCE SHEET ITEMS

	Notes	30 June 2021 VND million	31 December 2020 VND million
Credit guarantees		13,225	12,213
Foreign exchange commitments		81,800,580	118,811,045
- Spot foreign exchange commitments - buy		10,381,896	6,868,263
- Spot foreign exchange commitments - sell		11,204,226	5,482,778
- Cross currency swap contracts		60,214,458	106,460,004
Letters of credit		5,891,292	5,299,190
Other guarantees		6,042,389	7,243,047
Other commitment		13,647,110	15,414,018
	35	107,394,596	146,779,513

Prepared by:

Ms. Ho Dang Hoang Quyen
Chief Accountant

Reviewed by:

Mr. Pham Van Dau
Chief Finance Officer



Approved by:
Mr. Pham Quoc Thanh
Chief Executive Officer

Ho Chi Minh City, Vietnam

26 August 2021

Ho Chi Minh City Development Joint Stock Commercial Bank

INTERIM SEPARATE INCOME STATEMENT
for the six-month period ended 30 June 2021

B03a/TCTD

	Notes	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Interest and similar income	23	10,453,103	8,726,075
Interest and similar expenses	24	(5,788,757)	(4,988,712)
Net interest and similar income		4,664,346	3,737,363
Fee and commission income		594,146	166,796
Fee and commission expenses		(82,679)	(60,918)
Net fee and commission income	25	511,467	105,878
Net gain from trading of foreign currencies	26	79,133	81,710
Net gain from securities held for trading	27	74,759	46,210
Net gain from investment securities	28	452,066	108,519
Other operating income		128,223	120,878
Other operating expenses		(58,044)	(12,513)
Net gain from other operating activities	29	70,179	108,365
Income from investments in other entities	30	350,000	260
TOTAL OPERATING INCOME		6,201,950	4,188,305
Personnel expenses		(1,242,085)	(891,104)
Depreciation and amortization charges		(66,288)	(41,977)
Other operating expenses		(805,984)	(674,998)
TOTAL OPERATING EXPENSES	31	(2,114,357)	(1,608,079)
Net profit before provision for credit losses		4,087,593	2,580,226
Provision expense for credit losses	10	(134,900)	(221,189)
PROFIT BEFORE TAX		3,952,693	2,359,037
Current corporate income tax expense	21.1	(724,011)	(472,631)
Deferred corporate income tax income	21.2	-	600
Corporate income tax expenses		(724,011)	(472,031)
PROFIT AFTER TAX		3,228,682	1,887,006

Prepared by:

Ms. Ho Dang Hoang Quyen
Chief Accountant

Reviewed by:

Mr. Pham Van Dau
Chief Finance Officer



Approved by:
Mr. Pham Quoc Thanh
Chief Executive Officer

Ho Chi Minh City, Vietnam

26 August 2021

Ho Chi Minh City Development Joint Stock Commercial Bank

INTERIM SEPARATE CASH FLOWS STATEMENT for the six-month period ended 30 June 2021

B04a/TCTD

	<i>Notes</i>	<i>For the six-month period ended 30 June 2021 VND million</i>	<i>For the six-month period ended 30 June 2020 VND million</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		10,029,180	9,086,411
Interest and similar payments		(5,534,146)	(4,541,526)
Net fee and commission receipts		435,488	105,878
Net receipts from trading of securities, gold and foreign currencies		619,720	293,640
Other income		39,171	54,118
Recoveries from bad debts written-off previously		68,233	54,260
Payments to employees and other operating expenses		(1,935,017)	(1,546,289)
Corporate income tax paid during the period	21	(335,147)	(286,372)
Net cash flows from operating profit before changes in operating assets and liabilities		3,385,482	3,220,120
Changes in operating assets			
(Increase)/decrease in due from and loans to other credit institutions		(770,410)	1,060,000
Decrease/(increase) in investment securities		5,908,448	(2,344,290)
(Increase)/decrease in derivatives and other financial assets		(83,075)	33,554
Increase in loans to customers		(13,354,771)	(13,136,677)
Utilization of provision to write-off loans to customers, securities, long-term investments and other assets		(96,044)	(438,646)
(Increase)/decrease in other assets		(1,789,356)	719,495
Changes in operating liabilities			
Decrease in borrowings from the State Bank of Vietnam		(25,462)	(27,384)
Decrease in due to and borrowings from other credit institutions		(16,997,460)	(17,145,656)
Increase in due to customers		23,913,805	23,652,575
(Decrease)/increase in other borrowed and entrusted funds		(14,595)	5,441
Increase in valuable papers issued		897,952	3,660,000
Decrease in derivatives and other financial liabilities		(200,545)	-
(Decrease)/increase in other liabilities		(17,038)	78,118
Utilization of funds	22	(3,134)	(2,228)
Net cash from/(used in) operating activities		753,797	(665,578)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(183,928)	(91,305)
Proceeds from disposal of fixed assets		5	2
Proceeds from investments in other entities		18,698	130,000
Dividends received from long-term investments	30	350,000	260
Net cash from investing activities		184,773	38,957

Ho Chi Minh City Development Joint Stock Commercial Bank

INTERIM SEPARATE CASH FLOWS STATEMENT (continued)
for the six-month period ended 30 June 2021

B04a/TCTD

	Notes	<i>For the six-month period ended 30 June 2021 VND million</i>	<i>For the six-month period ended 30 June 2020 VND million</i>
CASH FLOWS FROM FINANCING ACTIVITY			
Payments to purchase treasury shares		-	(344,724)
Proceeds from sale of treasury shares		-	32,816
Net cash used in financing activities		(311,908)	
Net change of cash for the period		938,570	(938,529)
Cash and cash equivalents at the beginning of the period	32	54,238,188	29,514,152
Foreign exchange difference		37,952	15,159
Cash and cash equivalents at the end of the period	32	55,214,710	28,590,782

Prepared by:

Ms. Ho Dang Hoang Quyen
Chief Accountant

Reviewed by:

Mr. Pham Van Dau
Chief Finance Officer



Mr. Pham Quoc Thanh
Chief Executive Officer

Ho Chi Minh City, Vietnam

26 August 2021

Ho Chi Minh City Development Joint Stock Commercial Bank

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
as at 30 June 2021 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 and operates in accordance with Decision No. 47/QĐ-UB issued by the People's Committee of Ho Chi Minh City on 11 February 1989, initial Banking License No. 00019/NH-GP issued by the State Bank of Vietnam ("the SBV") on 6 June 1992 and replaced by License No. 26/GP-NHNN issued by the State Bank of Vietnam on 12 February 2020 and Decision amending and supplementing the establishment and operation License No. 26/GP-NHNN dated 12 February 2020.

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 2021 is VND16,088,488 million (as at 31 December 2020: VND16,088,488 million).

Operation network

The bank's Head Office is located at HD Tower, 25 Bis Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City. As at 30 June 2021, the Bank had one (1) Head Office, one (1) representative office in the North, one (1) representative office in Myanmar, sixty-seven (67) branches, two hundred and thirty-eight (238) transaction offices located in cities and provinces throughout Vietnam.

Subsidiaries

As at 30 June 2021, the Bank had two (2) subsidiaries:

Subsidiaries	Operating License No.	Nature of business	Ownership of the Bank
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 ninth (9) time on 5 February 2021	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 fifteenth (15) time on 19 February 2020	Finance/ Banking	50%

Employees

The Bank's total number of employees as at 30 June 2021 was 7,309 persons (as at 31 December 2020: 6,803 persons)

Ho Chi Minh City Development Joint Stock Commercial Bank

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

B05a/TCTD

2. BASIS OF PREPARATION

2.1 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.

2.2 Purpose of preparing the interim separate financial statements

The Bank has subsidiaries as disclosed in Note 1 and Note 12.1. 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.96/2020/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 2021.

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.

2.3 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; the financial reporting regime applicable to credit institutions required under Decision No. 16/2007/QD-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QD-NHNN, Vietnamese Accounting Standard No. 27 – Interim Financial Reporting and other Vietnamese Accounting Standard issued by the Ministry of Finance as per:

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

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.

Ho Chi Minh City Development Joint Stock Commercial Bank

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

B05a/TCTD

2. BASIS OF PREPARATION (continued)

2.4 *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.

2.5 *Accounting currency*

The interim separate financial statements are prepared in Vietnam dong ("VND"). For the presentation of the interim separate financial statements as at 30 June 2021, 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.

2.6 *Assumptions and uses of estimates*

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *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 Bank's annual separate financial statements for the year ended 31 December 2020 and the interim separate financial statements for the six-month period ended 30 June 2020.

3.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and 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 2021 and for the six-month period then ended

B05a/TCTD

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 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 3.5.

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

3.4 Loans to customers

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

Provision for credit losses of loans to customers is presented separately as one (1) line in the interim separate balance sheet.

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 3.5.

3.5 Loan 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 and other credit risk bearing assets

The classification of due from and loans to other credit institutions, direct and entrusted investments in unlisted corporate bond, and loans to customers and entrustments for credit granting and other credit risk bearing assets (collectively called "debts") is recognized on the basis of quantitative method as prescribed in Article 10 of Circular 02. Accordingly, loans to customers are classified according to the following levels of risk: Current, Special mention, Sub-standard, Doubtful and Loss based on status out of date. Debts classified as Sub-standard, Doubtful and Loss are considered bad debt.

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

3.5 *Loan 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 and other credit risk bearing assets* (continued)

The specific provision for debts as at 30 June 2021 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 2021. The specific provision rates for each group are presented as follows:

Loan group		Description	Specific provision rate
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 incompliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or▪ Debts made incompliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or▪ Debts made incompliance with Clauses 1, 2 and 5 under Article 128 of Law on Credit Institutions. (e) Debts are required to be recovered according to regulatory inspection conclusions.	20%

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 3.5 Loan 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 and other credit risk bearing assets (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%

For loans to customers in agricultural and rural sector, the Bank is allowed to restructure and keep debts group one time as prescribed in Circular 10/2015/TT-BTC dated 22 July 2015 guiding on implementation of some contents of Decree 55/2015/NĐ-CP dated 9 June 2015 issued by the Government on credit policies for agriculture and rural development.

If a customer has more than one debt with the Bank and any of the outstanding debts is classified into a higher risk group, the entire remaining debts of such customer should be classified into the corresponding higher risk group.

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.

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

3.5 *Loan 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 and other credit risk bearing assets* (continued)

The basis for determination of the value and discounted value for each type of collaterals is specified in Circular 02 and Circular 09.

When the Bank participates in a syndicated loan as a participant, it should classify loans (including syndicated loans) of the customer into the group of higher risk between the assessment of the leading bank and the Bank.

The Bank also applies the regulations for restructuring repayment terms then keeping the same debt group for loans which meet requirements of Circular No. 01/2020 TT-NHNN ("Circular 01") dated 13 March 2020 by the State Bank of Vietnam and Circular No. 03/2021 TT-NHNN ("Circular 03") dated 2 April 2021, effective from 17 May 2021, on amending and supplementing a number of articles of Circular 01, which specified that credit institutions, foreign bank's branches restructure loans, exempt or reduce interest and fees and keep the same debt group to assist the customers affected by Covid 19 pandemic.

Additional specific provision for loans which are eligible for debt restructuring as specified in Circular 03

The Bank determines the additional specific provision for all outstanding loans of customers which are restructured, granted interest exemption, interest reduction in accordance with Circular 03 as follows:

$$C = A - B$$

In which:

C: Additional provision;

A: Specific provision for all outstanding loans to customers according to the results of debt classification according to Circular 02 and Circular 09 (not applying the regulation of keeping the same debt group as specified in Circular 03);

B: Total specific provision for all the outstanding debts of borrowers whose groups were kept unchanged according to the results of debt classification of Circular 03 and outstanding debts of borrowers in accordance with regulations of Circular 02 and Circular 09.

The additional specific provision C shall be made additionally by the Bank at the end of each financial year to ensure the minimum provision amount as follows:

- + By 31/12/2021: At least 30% of the additional provision;
- + By 31/12/2022: At least 60% of the additional provision;
- + By 31/12/2023: 100% of the additional provision.

General provision

General provision as at 30 June 2021 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 2021.

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

3.6 Loans sold to Vietnam Asset Management Company ("VAMC")

The Bank sell loans to VAMC at the carrying amount in accordance with Decree No. 53/2013/NĐ-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", circulars amend and supplement Circular 19/2013/TT-NHNN and Official Letter No. 8499/NHNN-TCKT on "Accounting guidance on selling and purchasing of bad debts between VAMC and credit institutions". Accordingly, selling price equals to the outstanding loan balance minus (-) unused balance of specific provision. The bank then receives the 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 annual 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.

3.7 Securities held for trading

3.7.1 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.

3.7.2 Measurement

Securities held for trading are recognized at the lower of book value of the securities and its market value. Provision for diminution in value of securities held for trading is made when book value of the securities is higher than its market value determined in accordance to Circular 48/2019/TT-BTC ("Circular 48") issued by Ministry of Finance dated 8 August 2019. Provision for diminution is recognized to the interim separate income statement at "Net gain from securities held for trading".

For debts securities that have not yet been listed on the stock market or not registered on the unlisted public companies' market, the Bank recognized at cost minus provision made in accordance with Circular 02 and Circular 09 as described in Note 3.5.

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.

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

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

3.7.3 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 rewards of ownership of these securities.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Available-for-sale securities

3.8.1 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 of the Bank 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.

3.8.2 Measurement

Periodically, available-for-sale securities will be assessed for diminution in value.

Provision for diminution in value of equity securities is made when the carrying value is higher than the market value in compliance with Circular No. 48/2019/TT-BTC. Provision is recognized in the "Net gain/(loss) from investment securities" account of the interim separate income statement.

Debt securities which are not listed on the stock market or not registered on the unlisted public companies' market, the Bank made provision in accordance with Circular 02 and Circular 09 as described in Note 3.5.

3.9 Held-to-maturity investment securities

Held-to-maturity investment securities include special bonds issued by Vietnam Asset Management Company ("VAMC") and other investment securities held to maturity.

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 of special bonds, the Bank periodically calculates and makes allowance in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015, Circular No. 08/2016/TT-NHNN dated 16 June 2016, Circular 09/2017/TT-NHNN 14 August 2017 and Circular 32/2019/TT-NHNN amending and supplementing some articles of Circular No. 19/2013/TT-NHNN specified the purchase, sale and write-off bad debts of VAMC.

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

3.9 Held-to-maturity investment securities (continued)

As required by those regulations, 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 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 3.8.

3.10 Repurchase and reverse repurchase agreements

Securities sold under agreements to be 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.

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

3.11 Other long-term investments

3.11.1 Investments in 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 diminution in value 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".

3.11.2 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.

Provision for diminution in the value of other long-term investment is made when there is substantial evidence indicating a decline in the value of these investments at the interim separate balance sheet 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 average reference price within the last 30 trading days to interim separate balance sheet date announced by the Stock exchange is lower than the cost of the investment at the end of accounting period.

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.

Increase or decrease in provision for other long-term investments is recognized in "Net gain/(loss) from long-term investment" on the interim separate income statement.

3.12 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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 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 in "Other operating expenses" on a straight-line basis over the lease term.

Income from operating leases is recognized in "Other operating income" in the separate statement of income on a straight-line basis over the lease term.

3.14 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.

3.15 Other receivables

3.15.1 Receivables classified as credit risk assets

Receivables classified as credit-risk assets are recognized at cost. Doubtful receivables are classified and provided for allowance by the Bank in accordance with the regulations on recognition and use of provision presented in Note 3.5.

3.15.2 Other receivables

Receivables other than receivables from credit activities in the Bank's operations are recognized at cost and subsequently carried at cost during the holding period.

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 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.

For overdue debts, provision is made in accordance with the guidance of Circular No. 48/2019/TT-BTC as follows:

Overdue period	Provision rate
From 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%

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Prepaid expenses*

Prepaid expenses include the short-term prepaids or long-term prepaids on the interim separate balance sheet and 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.

3.17 *Debt to the State Bank, due to and borrowings from other credit institutions, due to customer, valuable papers issued and grants, entrusted funds and loans exposed to risks*

Debt to the State Bank, due to and borrowings from other credit institutions, due to customer, valuable papers issued and grants, entrusted funds and loans exposed to risks are presented at the principal amounts outstanding at the date of interim separate financial statements. At initial recognition, issuance costs are deducted from the cost of the valuable papers. These costs are allocated on a straight-line method during the lifetime of the valuable papers to "Interest and similar expenses".

3.18 *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.

3.19 *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 3.5.

According to Circular 02, the Bank does not have to make provisions for off-balance sheet commitments.

3.20 *Fiduciary assets*

Assets in entrusted assets management of the Bank are not recognized as the Bank's assets hence will not be included in the interim separate financial statements.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 *Derivative financial instruments*

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 periodically; the difference derived from revaluation is recognized in the "Foreign exchange differences" under "Owners' equity" and will be transferred to the interim separate income statement at the end of financial year. The premium or discount derived from the difference between spot rate and forward rate are recorded at contract date as assets if positive or liabilities if negative in interim separate balance sheet. The difference is amortized to the interim separate income statement on straight-line basis over the forward contract period.

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.

Interest rate swap contract

Interest rate swap contracts are commitments to pay a floating interest rate or a fixed interest rate charged on the same nominal principal. Differences arising from swap interest rates are recognized in the interim separate income statement on an accrual basis.

3.22 *Capital*

3.22.1 *Ordinary Share*

Ordinary shares are classified as equity.

3.22.2 *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.

3.22.3 *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.

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

3.22 Capital (continued)

3.22.4 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/NĐ-CP and the Bank's Charter as follows:

	Percentage of profit after tax	Maximum amount
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.

3.23 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 or restructured under Circular 01 and Circular 03 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.

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.

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

Other income

Other income is recognized on cash basis.

According to Circular 16/2018/TT-BTC dated 07 February 2018 of the Ministry of Finance guiding financial regulations applied to credit institutions and branches of foreign banks, with regard to accounts receivable which have been accounted for as income but then considered uncollectible or are not collected when due, the Bank shall revert such income if it is in the same accounting period or recognize an expenses if it is not in the same accounting period and monitor off-balance sheet for subsequent collection. When the receivables are collected, the Bank shall account for them as income in the interim separate income statement.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 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 interim separate 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.

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 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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 Corporate income tax (continued)

Deferred tax (continued)

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, to the extent that 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 that neither affect on the accounting profit nor taxable profit (or tax loss);
- ▶ in respect of deductible temporarily differences associated with investments in subsidiaries, 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 period 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 interim separate 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Bank to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Bank intends either settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.25 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 converted into VND using exchange rates ruling at the interim separate balance sheet (Note 45). 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 from foreign currency to VND in the period are recognized and followed in the "Foreign exchange differences" under "Owners' Equity" section and will be transferred to the interim separate income statement at the end of the financial year.

3.26 Offsetting

Financial assets and financial liabilities are offsets 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.

3.27 Employee benefits

3.27.1 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 Labor, 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 17.50% of an employee's basic salary on a monthly basis. Besides, the Bank has no further obligation of post-employee benefits.

3.27.2 Voluntary resignation benefits

Under Article 46 of Labor Code No. 45/2019/QH14 effective from 1 January 2021, the Bank has the obligation 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. Accordingly, the working time at the Bank for calculation voluntary resignation benefits shall be the total period which the employee actually worked for the Bank minus the period over which the employee participated in the unemployment insurance in accordance with unemployment insurance laws and the period for which voluntary resignation benefit has been paid.

3.27.3 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.

3.28 Segment reporting

A segment is a component determined separately by the Bank which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments. Bank's business segment is derived mainly from business segment.

3.29 Related parties

Parties are considered to be related parties of the Bank if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Bank and other party are under common control or under common significant influence. Related parties can be enterprises or individuals, including close members of their families.

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4. CASH AND GOLD

	30 June 2021 VND million	31 December 2020 VND million
Cash on hand in VND	1,570,480	1,444,883
Cash on hand in foreign currencies	601,271	787,304
Monetary gold	22,875	24,901
	2,194,626	2,257,088

5. BALANCES WITH THE STATE BANK OF VIETNAM

	30 June 2021 VND million	31 December 2020 VND million
In VND	4,347,421	6,807,323
In foreign currencies	5,176,282	870,892
	9,523,703	7,678,215

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.

The compulsory deposit rates are as follows:

	30 June 2021 % p.a.	31 December 2020 % p.a.
<i>For customers</i>		
Demand deposits and term deposits with maturity term less than 12 months in VND	3.00	3.00
Term deposits with maturity term from 12 months and above in VND	1.00	1.00
Demand deposits and term deposits with maturity term less than 12 months in foreign currencies	8.00	8.00
Term deposits with maturity term from 12 months and above 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:

	30 June 2021 % p.a.	31 December 2020 % p.a.
Within compulsory reserve in VND	0.50	0.50
Within compulsory reserve in foreign currencies	0.00	0.00
Over compulsory reserve in VND	0.00	0.00
Over compulsory reserve in foreign currencies	0.05	0.05

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6. DUE FROM AND LOANS TO OTHER CREDIT INSTITUTIONS

6.1 Due from other credit institutions

	30 June 2021 VND million	31 December 2020 VND million
Demand deposits	9,867,881	13,283,849
- In VND	522,378	22,431
- In foreign currencies	9,345,503	13,261,418
Term deposits	33,628,500	31,019,036
- In VND	33,053,000	26,020,000
- In foreign currencies	575,500	4,999,036
	43,496,381	44,302,885

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

	30 June 2021 % p.a.	31 December 2020 % p.a.
In VND	0.95 – 2.20	0.11 - 1.10
In foreign currencies	0.35 – 0.50	0.01 - 0.25

6.2 Loans to other credit institutions

	30 June 2021 VND million	31 December 2020 VND million
In VND	725,110	300,000
In foreign currencies	345,300	-
	1,070,410	300,000

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

	30 June 2021 % p.a.	31 December 2020 % p.a.
In VND	1.50 – 7.00	1.75 – 8.40
In foreign currencies	0.78	Not applicable

6.3 Analysis of term deposits and loans to other credit institutions by quality

	30 June 2021 VND million	31 December 2020 VND million
Current	34,698,910	31,319,036
Term deposit	33,628,500	31,019,036
Loans	1,070,410	300,000

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7. SECURITIES HELD FOR TRADING

	30 June 2021 VND million	31 December 2020 VND million
Debt securities		
Government bond	1,040,854	2,808,096
Bonds and deposit certificate issued by other domestic credit institutions	9,806,750	9,973,167
	10,847,604	12,781,263
Provision for securities held for trading		
Diminution provision	(3,205)	(143)
	10,844,399	12,781,120

The status of securities held for trading are as follows:

	30 June 2021 VND million	31 December 2020 VND million
Listed	1,040,854	2,808,096
Unlisted	9,806,750	9,973,167
	10,847,604	12,781,263

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

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Beginning balance	143	7,500
Provision charged in the period	3,062	14,198
Ending balance	3,205	21,698

Ho Chi Minh City Development Joint Stock Commercial Bank

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8. DERIVATIVES AND OTHER FINANCIAL ASSETS/LIABILITIES

	Total contract nominal value (at contractual exchange rate) VND million	Total carrying value (at exchange rate as at reporting date) Assets VND million	Liabilities VND million
As at 30 June 2021			
Currency derivative instruments			
Forward contracts	10,809,244	27,062	-
Swap contracts	30,145,040	53,233	-
Other derivative instruments			
Interest rate swap contracts	2,146,450	2,780	-
	43,100,734	83,075	-
Net amount		83,075	
As at 31 December 2020			
Currency derivative instruments			
Forward contracts	10,109,568	5,300	-
Swap contracts	53,187,095	-	208,395
Other derivative instruments			
Interest rate swap contracts	1,158,100	2,550	-
	64,454,763	7,850	208,395
Net amount			200,545

9. LOANS TO CUSTOMERS

	30 June 2021 VND million	31 December 2020 VND million
Loans to domestic economic entities and individuals	172,608,548	159,229,399
Loan by grants and entrusted funds	2,073,701	2,029,869
Loans for discounted commercial notes and valuable papers	1,692,385	1,699,053
Overdraft and loans to credit card holders	1,013,886	1,076,642
Loans to foreign economic entities and individuals	53,001	51,787
Payments on behalf of customers	6,127	6,127
	177,447,648	164,092,877

9.1 Analysis of loans by quality

	30 June 2021 VND million	31 December 2020 VND million
Current	174,378,004	161,145,590
Special mention	1,582,993	1,416,084
Substandard	210,682	404,638
Doubtful	452,430	398,143
Loss	823,539	728,422
	177,447,648	164,092,877

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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9. LOANS TO CUSTOMERS (continued)

9.2 Analysis of loans by original terms

	30 June 2021 VND million	31 December 2020 VND million
Short-term	101,243,241	92,724,954
Medium-term	18,005,754	18,687,086
Long-term	58,198,653	52,680,837
	177,447,648	164,092,877

9.3 Analysis of loans by type of customers and ownership

	30 June 2021 VND million	31 December 2020 VND million	%	30 June 2021 VND million	31 December 2020 VND million	%
Corporate loans						
Other joint stock companies	98,988,985	97,771,480	55.77	59.58		
Other private limited companies	47,953,876	51,901,680	27.02	31.63		
One-member limited liability companies of which 100% charter capital is held by the State	45,728,549	40,570,586	25.77	24.72		
Foreign direct invested companies	2,335,045	2,168,888	1.32	1.32		
Business households	1,477,769	1,675,933	0.83	1.02		
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	128,620	139,157	0.07	0.09		
State-owned companies	97,144	96,207	0.05	0.06		
Private companies	49,276	54,465	0.03	0.03		
Cooperatives and inter-cooperatives	26,072	34,124	0.01	0.02		
Others	19,788	24,940	0.01	0.02		
Loans to individuals	78,458,663	44.23	66,321,397	40.42		
	177,447,648	100.00	164,092,877	100.00		

9.4 Analysis of loans by currency

	30 June 2021 VND million	31 December 2020 VND million	%	30 June 2021 VND million	31 December 2020 VND million	%
In VND	162,640,885	150,305,537	91.66	91.60		
In foreign currencies	14,806,763	13,787,340	8.34	8.40		
	177,447,648	100.00	164,092,877	100.00		

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9. LOANS TO CUSTOMERS (continued)

9.4 Analysis of loans by currency (continued)

The annual interest rate of loans to customers are as follows:

	30 June 2021 % p.a.	31 December 2020 % p.a.
In VND	0.00 - 37.50	0.00 - 37.50
In foreign currencies	0.01 - 8.50	0.01 - 8.50

9.5 Analysis of loans by industry

	30 June 2021		31 December 2020	
	VND million	%	VND million	%
Activities of households as employers, undifferentiated goods and services producing activities of households for own use	50,731,531	28.59	45,499,091	27.73
Real estate trading and consulting services	18,356,041	10.34	14,520,664	8.85
Agriculture, forestry and fisheries	18,277,151	10.30	13,094,647	7.98
Construction	16,031,375	9.03	21,127,284	12.87
Electricity, gas, steam and air conditioning supply	14,729,193	8.30	12,684,154	7.73
Manufacturing and processing	14,097,383	7.94	12,552,339	7.65
Trading, repair of motor vehicles, motorcycles and other vehicles	10,663,330	6.01	10,563,978	6.44
Hotels and accommodation services	5,081,375	2.86	5,715,502	3.48
Transportation and warehousing	3,003,731	1.69	3,750,825	2.29
Information and communication	1,186,884	0.67	1,275,450	0.78
Finance services, banking and insurance activities	878,855	0.50	1,459,744	0.89
Administrative activities and supporting service	391,780	0.22	294,431	0.18
Health and social support activities	295,630	0.17	283,511	0.17
Mining exploration	281,177	0.16	323,217	0.20
Education and training	204,499	0.12	192,880	0.12
Science and technology activities	153,353	0.09	320,488	0.19
Arts, entertainment and recreation	83,159	0.05	129,467	0.08
Water supply; sewerage, waste management and remediation activities	65,763	0.04	63,084	0.04
Others	22,935,438	12.92	20,242,121	12.33
	177,447,648	100.00	164,092,877	100.00

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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10. PROVISION FOR CREDIT LOSSES

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

	Note	30 June 2021 VND million	31 December 2020 VND million
Provision for loans to customers	10.1	1,583,545	1,544,689

Provision expenses during the period are as follow:

	Note	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Provision expense for loans	10.1	134,900	137,639
Provision expense for special bonds issued by VAMC	11.4	-	83,550
		134,900	221,189

10.1 Provision for loans to customers

Result of the loan classification as at 31 March 2021 and provision for credit losses of loans to customers as required by Circular 02/2013/TT-NHNN, Circular 09/2014/TT-NHNN and the Bank's policy on loan classification and provision.

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 2020	368,977	1,175,712	1,544,689
Provision (reversed)/charged during the period	(6,689)	141,589	134,900
Provision used to write-off bad debts during the period	(96,044)	-	(96,044)
30 June 2021	266,244	1,317,301	1,583,545

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10. PROVISION FOR CREDIT LOSSES (continued)

10.1 Provision for loans to customers (continued)

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 2019	270,023	981,731	1,251,754
Provision charged to during the period	57,155	80,484	137,639
30 June 2020	327,178	1,062,215	1,389,393

11. INVESTMENT SECURITIES

11.1 Available-for-sale securities

	30 June 2021 VND million	31 December 2020 VND million
Debt securities	28,891,808	30,524,511
Government bonds (a)	16,235,452	15,802,580
Bonds and deposit certificates issued by other domestic credit institutions (b)	10,286,737	9,374,957
Bonds issued by domestic economic entities (c)	2,369,619	5,346,994
Equity securities	1,013,973	1,013,973
Equity securities issued by domestic economic entities	1,013,973	1,013,973
	29,905,781	31,538,484
Provision for available-for-sale securities	(37,422)	(37,503)
Diminution provision	(15,742)	(2,748)
General provision	(21,680)	(34,755)
	29,868,359	31,500,981

- (a) Government bonds have term from five (5) years to fifteen (15) years and bear interest at rates from 1.10% p.a. to 9.50% p.a., interest is paid annually. In which, the Bank used some bonds amounting to VND4,632,000 million as collaterals for borrowing at other credit institutions and for credit limit with State Bank of Vietnam.
- (b) Bonds issued by other credit institutions have a term of 3 years, earn interest at rates ranging from 4.60% p.a. to 5.80% p.a., interest is paid annually. Deposit certificates issued by other credit institutions have term from one (1) year to two (2) years and earn interest at rates ranging from 2.80% p.a. to 8.00% p.a., interest is paid quarterly, semi-annually, annually or at the maturity date.

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11. INVESTMENT SECURITIES (continued)

11.1 Available-for-sale securities (continued)

- (c) Bonds issued by domestic economic entities have terms from one (1) year to ten (10) years, interest is paid monthly, quarterly, semi-annually, annually or at matured day of bonds. The interest rate ranges from 8.90% p.a. to 12.00% p.a. and is fixed or 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 2021 VND million	31 December 2020 VND million
Debt securities	28,891,808	30,524,511
Listed	16,235,452	15,903,452
Unlisted	12,656,356	14,621,059
Equity Securities	1,013,973	1,013,973
Listed	1,013,973	1,013,973
	29,905,781	31,538,484

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

	30 June 2021 VND million	31 December 2020 VND million
Government bonds (a)	8,889,924	11,320,487
Vietnam Development Bank bonds (b)	1,099,282	1,400,462
Bonds and deposit certificates issued by other domestic credit institutions (c)	10,752,443	10,901,552
Bonds issued by other domestic economic institutions (d)	4,952,499	4,558,400
	25,694,148	28,180,901

- (a) These are Government bonds that have term of five (5) years to fifteen (15) years and earn interest at 1.90% p.a. to 11.10% p.a., interest is paid annually.
- (b) These bonds issued by Development Bank of Vietnam have terms in range from three (3) years to ten (10) years and earn interest rate from 5.10% p.a. to 5.70% p.a., interest is paid annually.
- (c) These are bonds and deposit certificates issued by other domestic credit institutions. In which, bonds have term from one (1) year to ten (10) years and earn interest at the rate ranging from 5.10% p.a. to 8.00% p.a., interest is paid annually or at matured day of bonds; deposit certificates have term from one (1) year to three (3) years and bear interest at the rate ranging from 2.50% p.a. to 8.00% p.a., interest is paid quarterly, semi-annually, annually or end of period.
- (d) These are bonds that have terms from three (3) years to ten (10) years and earn interest rate ranging from 9.00% p.a. to 12.00% p.a., interest is paid semi-annually or annually.

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11. INVESTMENT SECURITIES (continued)

11.2 *Held-to-maturity securities (excluding special bonds issued by VAMC) (continued)*

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

	30 June 2021 VND million	31 December 2020 VND million
Debt securities		
Listed	9,989,206	12,720,949
Unlisted	15,704,942	15,459,952
	25,694,148	28,180,901

11.3 *Analysis of securities classified as credit risk assets by quality*

	30 June 2021 VND million	31 December 2020 VND million
Bonds issued by domestic economic entities		
Current	7,322,118	9,905,394
	7,322,118	9,905,394

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11. INVESTMENT SECURITIES (continued)

11.4 Provision for investment securities

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

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
31 December 2020		
Available-for-sale securities	37,503	17,321
Held-to-maturity securities (excluded special bonds issued by VAMC)	50,076	31,500
Special bond issued by VAMC	-	355,096
	87,579	403,917
Provision charged/(reversal) in the period		
Available for sale securities	(81)	104,696
Held to maturity securities (excluded special bonds issued by VAMC)	85	8,976
Special bonds issued by VAMC	-	83,550
	4	197,222
Provision used to write-off bad debts		
Available for sale securities	-	(62,259)
Special bonds issued by VAMC	-	(438,646)
	-	(500,905)
30 June 2021		
Available for sale securities	37,422	59,758
Held to maturity securities (excluded special bonds issued by VAMC)	50,161	40,476
	87,583	100,234

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12. LONG-TERM INVESTMENTS

	30 June 2021 VND million	31 December 2020 VND million
Investments in subsidiaries	1,059,688	1,059,688
Other long-term investments	168,421	185,117
Provision for long-term investment	(23,418)	(31,481)
	1,202,691	1,213,324

12.1 Investments in subsidiaries

Breakdown of investments in subsidiaries are as follow:

Nature of business	30 June 2021		31 December 2020	
	Cost VND million	Ownership (%)	Cost VND million	Ownership (%)
HD SAISON Finance Co. Ltd ("HD SAISON"), previously known as Ho Chi Minh City Development Commercial Joint Stock Bank Finance Co., Ltd	Finance/ Banking	1,039,688	50.00	1,039,688
Asset Management Company - Ho Chi Minh City Development Joint Stock Commercial Bank	Assets management	20,000	100.00	20,000
	1,059,688		1,059,688	

12.2 Provision for long-term investments

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Beginning balance	31,481	18,296
Provision (reversal)/charged during the period	(8,063)	11,934
Ending balance	23,418	30,230

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13. FIXED ASSETS

13.1 Tangible fixed assets

	Buildings and structures VND million	Machinery and equipment VND million	Vehicles VND million	Office equipment VND million	Other fixed assets VND million	Total VND million
Cost						
31 December 2020	423,310	223,861	317,308	242,116	11,830	1,218,425
Increase in period	162	34,443	-	5,768	-	40,373
Disposal	(198)	(452)	(49)	(697)	-	(1,396)
30 June 2021	423,274	257,852	317,259	247,187	11,830	1,257,402
Accumulated depreciation						
31 December 2020	112,136	134,269	179,333	216,236	10,122	652,096
Charged for the period	8,031	9,774	18,719	7,056	422	44,002
Disposal	(198)	(452)	(49)	(697)	-	(1,396)
30 June 2021	119,969	143,591	198,003	222,595	10,544	694,702
Net book value						
31 December 2020	311,174	89,592	137,975	25,880	1,708	566,329
30 June 2021	303,305	114,261	119,256	24,592	1,285	562,700

Cost of fully depreciated tangible fixed assets that are still in use as at 30 June 2021 is VND420,482 million (31 December 2020: VND411,583 million).

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13. FIXED ASSETS (continued)

13.2 Intangible fixed assets

	Definite-term land use rights VND million	Indefinite-term land use rights VND million	Computer software VND million	Other assets VND million	Total VND million
Cost					
31 December 2020	104,233	255,600	282,155	351	642,335
Increase in period	-	142,334	4,311	-	146,645
30 June 2021	104,233	397,934	286,466	351	788,984
Accumulated amortization					
31 December 2020	8,160	-	180,622	351	189,135
Charged for the period	1,027	-	21,259	-	22,286
30 June 2021	9,187	-	201,881	351	211,416
Net book value					
31 December 2020	96,073	255,600	101,533	-	453,206
30 June 2021	95,046	397,934	84,585	-	577,561

Cost of fully depreciated intangible fixed assets that are still in use as at 30 June 2021 is VND 160,785 million (31 December 2020: VND 157,030 million).

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14 OTHER ASSETS

14.1 Receivables

	30 June 2021 VND million	31 December 2020 VND million
Receivables from deferred of letter of credit	8,670,699	5,305,252
Receivables from card organizations	737,276	431,320
Constructions in progress	694,048	632,408
Receivables from disposals of assets (i)	596,000	656,000
Advances for acquisitions of fixed assets (ii)	524,639	527,728
Dividend receivables	300,000	300,000
Receivables from sale of securities on credit (iii)	265,497	2,375,065
Advances for operating activities	170,378	169,827
Derivatives trading deposit	121,027	105,852
Receivables from bond management services	110,000	29,258
Deposits for the rent of office, fixed assets and tools	60,305	58,555
Prepaid saving interest	53,337	14,425
Receivables insurance agency services	44,285	58,383
Advances for debt collateral resolution	31,516	28,155
Others	397,731	320,183
	12,776,738	11,012,411

(i) These are receivables related to the transfer of assets to an economic organization with a total value of VND738,000 million, which are expected to be paid within 7 years at an interest rate of 7% per annum. Principal and interest on deferred payment is paid annually.

(ii) Advances for acquisitions of fixed assets comprise:

	30 June 2021 VND million	31 December 2020 VND million
Purchase of houses and offices	437,593	437,593
Transportation vehicles	46,818	46,571
Software	24,134	26,886
Purchase of other assets	16,094	16,678
	524,639	527,728

(iii) Included in the balance as of 30 June 2021 is receivables from sale of securities with deferred payment with total amount of VND239,980 million, interest free from transfer contracts of long-term investments, maturing in 2022.

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14. OTHER ASSETS (continued)

14.2 Interest and fees receivables

	30 June 2021 VND million	31 December 2020 VND million
Interest receivable from credit activities	1,800,598	1,489,381
Interest receivable from investment securities	1,523,005	1,374,008
Interest receivable from deposits	42,386	6,752
Other interest and fee receivables	24,094	30,039
	3,390,083	2,900,180

14.3 Other assets

	30 June 2021 VND million	31 December 2020 VND million
Prepaid and deferred expenses (i)	1,040,109	1,083,289
Foreclosed assets awaiting resolution (ii)	323,773	269,059
Tools and supplies	73,445	61,302
Other asset	3,450	3,450
	1,440,777	1,417,100

(i) Prepaid and deferred expenses include costs of tools and supplies, prepaid services, assets rental, data transmission line rentals, assets maintenance and repair expenses.

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

14.4 Provision for other assets

Provision for other assets include provision for impairment of doubtful receivables and overdue advances in compliance with Circular No. 48/2019/TT-BTC. Changes of provision for other assets in the period are as follows:

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Beginning balance	39,716	39,593
Provision charged in the period	2,558	123
Ending balance	42,274	39,716

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15. BORROWINGS FROM THE STATE BANK OF VIETNAM

	30 June 2021 VND million	31 December 2020 VND million
Borrowings from the SBV		
- Japan Bank of International Cooperation (i)	117,276	142,771
- Development Fund for Small and Medium Enterprises (ii)	116,916	142,170
	360	601
Borrowings from State Treasury	33	-
	117,309	142,771

- (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 is paid quarterly.
- (ii) These borrowing were from Development Fund for Small and Medium Enterprise (SMEDF) with interest rate of 7.00% p.a., having 61 months term. Principals and interest will be paid monthly.

16. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

16.1 Due to other credit institutions

	30 June 2021 VND million	31 December 2020 VND million
Demand deposits		
In VND	272,867	742,296
In foreign currencies	263,806	530,894
	9,061	211,402
Term deposits	31,778,898	38,966,120
In VND	30,400,000	37,396,000
In foreign currencies	1,378,898	1,570,120
	32,051,765	39,708,416

The annual interest rates applicable to due to other credit institutions are as follows:

	30 June 2021 % p.a.	31 December 2020 % p.a.
Term deposits in VND	1.00 - 1.75	0.12 - 1.00
Term deposits in foreign currencies	0.14 - 0.40	0.20 - 0.25

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16. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS (continued)

16.2 Borrowings from other credit institutions

	30 June 2021 VND million	31 December 2020 VND million
Payables arising from usance letters of credit		
In VND	4,622,657	1,314,521
In foreign currencies	4,047,809	3,990,731
Borrowings from other credit institutions		
In VND	8,646,940	23,217,124
In foreign currencies	7,330,591	5,466,430
	24,647,997	33,988,806

Borrowings from other credit institutions in VND have terms from 10 days to 33 days with interest rate ranging from 0.80% p.a. to 1.70% p.a., interest is paid at the end of period.

Borrowings from other credit institutions in USD have term from 6 months to 61 months, bear interest from 0.69% p.a. to 2.85% p.a., interest is paid annually.

Included in borrowings from other credit institutions was the amount of VND7,888,940 million (31 December 2020: VND22,071,624 million) secured by available-for-sale securities amounted to VND8,847,000 million (31 December 2020: VND22,028,000 million).

17. DUE TO CUSTOMERS

17.1 Analysis by type of deposits

	30 June 2021 VND million	31 December 2020 VND million
Demand deposits	19,726,785	21,040,830
Demand deposits in VND	18,633,534	19,859,249
Demand deposits in foreign currencies	1,076,615	1,160,209
Demand savings deposits in VND	577	2,815
Demand savings deposits in foreign currencies	16,059	18,557
Term deposits	176,591,864	152,720,469
Term deposits in VND	80,811,968	69,834,665
Term deposits in foreign currencies	1,611,515	1,639,505
Term savings deposits in VND	93,680,267	80,692,075
Term savings deposits in foreign currencies	488,114	554,224
Deposits for specific purposes	125,379	42,079
Deposits for specific purposes in VND	79,481	40,362
Deposits for specific purposes in foreign currencies	45,898	1,717
Margin deposits	940,871	595,949
Margin deposits in VND	867,735	506,708
Margin deposits in foreign currencies	73,136	89,241
Other amounts owing to customers	1,168,551	240,318
Other saving deposits	1,168,551	240,318
	198,553,450	174,639,645

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17. DUE TO CUSTOMERS (continued)

17.1 Analysis by type of deposits (continued)

Annual interest rates applicable to customer deposits are as follows:

	30 June 2021 % p.a.	31 December 2020 % p.a.
Demand deposits in VND	0.00 - 0.20	0.00 - 0.20
Demand savings deposits in VND	0.10	0.10
Demand deposits in foreign currencies	0.00 - 0.20	0.00 - 0.20
Demand savings deposits in foreign currencies	0.00	0.00
Term deposits in VND	0.10 - 8.20	0.10 - 8.20
Term savings deposits in VND	0.00 - 9.00	0.00 - 9.00
Term deposits in foreign currencies	0.00	0.00
Term savings deposits in foreign currencies	0.00 - 1.80	0.00 - 2.00

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

17.2 Analysis by customers and type of business

	30 June 2021 VND million	31 December 2020 VND million
Deposits from economic entities	97,167,016	88,077,076
Other joint stock companies	31,224,705	32,092,592
Other private limited companies	23,388,649	17,829,491
One-member limited liability companies of which 100% charter capital is held by the State	13,461,319	13,034,544
State-owned companies	13,040,251	12,035,698
Cooperatives and inter-cooperatives	3,834,330	3,790,016
Foreign invested companies	3,750,079	2,462,874
Public administrative units, agencies of the Communist Party, unions and associations	3,408,059	2,843,527
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	2,435,340	1,963,889
Foreign-invested joint ventures	1,582,566	780,021
Limited liability companies with two or more members of which more than 50% of the charter capital is held or coordinated by the State	93,579	162,735
Private companies	9,460	9,718
Partnership	8,277	17,897
Business households	706	777
Others	929,696	1,053,297
Deposits from individuals	101,386,434	86,562,569
	198,553,450	174,639,645

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18. GRANTS, ENTRUSTED FUNDS AND LOANS EXPOSED TO RISKS

	30 June 2021 VND million	31 December 2012 VND million
Grants, entrusted funds and loans in foreign currencies		
Entrusted funds from Rural Development Fund	966	969
Entrusted funds of Nhon Trach water supplies construction program - Phase II	75,042	80,674
Entrusted funds of support and development program for reforming power sector - Phase III (i)	2,946,560	2,955,520
	3,022,568	3,037,163

- (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 bears interest of six-month US Dollar LIBOR plus spread adjusted periodically by World Bank on 1 January and 1 July each year.

19. VALUABLE PAPERS ISSUED

	30 June 2021 VND million	31 December 2020 VND million
Certificate of deposits		
Less than 12 months	520,000	484,000
From 12 months to 5 years	2,910,000	2,620,000
Straight bonds		
Less than 12 months	-	-
From 12 months to 5 years	15,778,000	16,678,000
Over 5 years	5,532,063	4,032,063
Convertible bonds (*)		
Over 5 years	3,683,200	3,694,400
Expense issuing valuable papers	(21,054)	(4,206)
	28,402,209	27,504,257

(*) On 4 November 2020 and 24 December 2020, the Bank issued 1,600 convertible bonds to foreign investors with par value of USD 100,000 per convertible bond. These are convertible bonds with no collateral and no warrants attached, issued separately to foreign investors with a term of 5 years and a day, bearing interest at 4.5%/year, interest paid annually, principal paid at maturity date if the bond will not be converted. Bondholders can convert (in whole, but not in part) into HD Bank shares at any time after 12 months and 1 day and no later than 59 months from the issuance date. The expected conversion price is determined at 41,800VND/share and may be adjusted for future dilution events in accordance with regulations.

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19. VALUABLE PAPERS ISSUED (continued)

The annual interest rates applicable to valuable papers issued are as follows:

	30 June 2021 %/p.a.	31 December 2020 %/p.a.
Certificate of deposits less than 12 months	3.20 - 5.10	3.20 - 6.40
Certificate of deposits from 12 months to 5 years	3.00 - 6.70	5.55 - 7.60
Bonds having term from 12 months to 5 years	4.00 - 6.90	5.70 - 6.90
Bonds having term over 5 years	4.50 - 8.70	4.50 - 8.70

20. OTHER LIABILITIES

20.1 Interest and fees payable

	30 June 2021 VND million	31 December 2020 VND million
Interest on saving deposits in VND	2,060,759	1,907,760
Interest on deposits in VND	1,749,180	1,623,311
Interest on valuable papers in VND	575,641	686,334
Interest on valuable papers in foreign currencies	90,081	7,914
Interest on swap contracts	34,662	26,649
Interest on borrowings in foreign currencies	27,212	22,259
Interest on grants and entrusted funds	10,340	12,676
Interest on forward contracts	3,030	6,294
Interest on borrowings in VND	5,049	2,261
Interest on saving deposits in foreign currencies	673	801
Interest on deposits in foreign currencies	141	140
	4,556,768	4,296,399

20.2 Other payables

	30 June 2021 VND million	31 December 2020 VND million
Internal payables	260,184	178,966
Payables to employees	229,465	155,728
Bonus and welfare fund	30,719	23,238
External payables	1,230,151	809,124
Cash held in trust and waiting for settlement	179,790	125,351
Tax payable to the State Budget	672,203	287,023
Payables to fast remittance transaction through cards	317,757	201,450
Wait for another payment	60,401	195,300
Other payables	126,691	241,313
Unearned income	32,967	99,660
Payables to construction in progress	14,736	15,785
Other payables	78,988	125,868
	1,617,026	1,229,403

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20. OTHER LIABILITIES (continued)

20.2 Other payables (continued)

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

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Beginning balance	23,238	14,999
Appropriation in period	10,000	10,000
Utilization during the period	(2,519)	(195)
Ending balance	30,719	24,804

21. STATUTORY OBLIGATIONS

	31 December 2020 VND million	Movement during the period		30 June 2021 VND million
		Payables VND million	Paid VND million	
Value added tax	13,502	42,635	(28,215)	27,922
Corporate income tax	234,405	724,011	(335,147)	623,269
Other taxes	39,116	92,204	(110,308)	21,012
<i>Personal income tax</i>	37,643	85,427	(103,428)	19,642
<i>Withholding tax</i>	1,473	6,235	(6,338)	1,370
License tax	-	309	(309)	-
Others	-	233	(233)	-
	287,023	858,850	(473,670)	672,203

21.1 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 separate financial statements could be changed at a later date upon final determination by the taxation authorities.

Current corporate income tax payables are determined based on taxable income of the year. Taxable income differs from the one reported in the interim separate income statement since taxable income excludes incomes which are taxable or expenses which are deducted in prior years due to the differences between the Bank's accounting policies and the tax regulations. It also excludes tax exempted income and non-deductible expenses. The current corporate income tax payable of the Bank is calculated based on the statutory tax rates applicable at the end of the period.

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21. STATUTORY OBLIGATIONS (continued)

21.1 Current corporate income tax (continued)

Current CIT during the period is calculated as follows.

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Profit before tax	3,952,693	2,359,037
At applicable CIT tax rate of 20%	790,539	471,807
<i>Adjustments to decrease:</i>		
- Income from untaxable dividends	(70,000)	(52)
<i>Adjustments to increase:</i>		
- Non-deductible expenses	2,731	137
- Others	741	739
Estimated CIT expenses for the period	724,011	472,631

21.2 Deferred CIT

	Interim separate balance sheet		Effect on the interim separate income statement	
			For the six-month period ended 30 June 2021	For the six-month period ended 30 June 2020
	30 June 2021 VND million	31 December 2020 VND million	VND million	VND million
Deferred tax assets				
Differences interest income	-	-	-	600
	-	-	-	600
Deferred corporate income tax payable				
Gain on foreign exchange differences	(4,664)	(4,664)	-	-
	(4,664)	(4,664)	-	-
Net deferred CIT income	-	-	-	600

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22. OWNERS' EQUITY

The movements of the equity are presented below:

Items	Charter capital VND million	Share premium VND million	Treasury shares VND million	Fund for capital expenditure VND million	Foreign currency conversion reserve VND million	Reserves VND million	Retained earnings VND million	Total/ VND million
31 December 2020								
Net profit for the period	16,088,488	535,956	(413,448)	89	-	1,589,525	4,469,457	22,270,067
Appropriation to reserves	-	-	-	-	-	-	3,228,682	3,228,682
Appropriation to bonus and welfare funds	-	-	-	-	-	649,007	(649,007)	-
Utilization of reserves during the period	-	-	-	-	-	(10,000)	(10,000)	
Foreign exchange differences	-	-	-	-	(3,134)	-	-	(3,134)
30 June 2021								
	16,088,488	535,956	(413,448)	89	37,952	37,952	2,235,398	7,039,132
								25,523,567

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22. OWNER'S EQUITY (continued)

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

Items	<i>Development and investment reserve VND million</i>	<i>Financial reserve VND million</i>	<i>Capital supplementary reserve VND million</i>	<i>Other reserve VND million</i>	<i>Total VND million</i>
31 December 2020	70	1,085,714	408,862	94,879	1,589,525
Appropriation to reserves	-	416,005	208,002	25,000	649,007
Utilization during the period	-	-	-	(3,134)	(3,134)
30 June 2021	70	1,501,719	616,864	116,745	2,235,398

Details of the Bank's shares are as follows:

	<i>30 June 2021 Shares</i>	<i>31 Dec 2020 Shares</i>
Number of registered shares	1,608,848,818	1,608,848,818
Number of shares issued		
- Ordinary shares	1,608,848,818	1,608,848,818
Number of shares repurchased		
- Ordinary shares	15,081,522	15,081,522
Number of outstanding shares		
- Ordinary shares	1,593,767,296	1,593,767,296

23. INTEREST AND SIMILAR INCOME

	<i>For the six-month period ended 30 June 2021 VND million</i>	<i>For the six-month period ended 30 June 2020 VND million</i>
Interest income from loans to customer and other credit institutions	8,024,732	6,881,630
Interest income from trading and investing debt securities	1,447,303	1,214,031
- Interest income from investing securities	1,439,325	1,189,782
- Interest income from securities held for trading	7,978	24,249
Interest income from deposits	102,143	64,790
Interest income from guarantee services	189,263	145,186
Interest income from other credit activities	689,662	420,438
	10,453,103	8,726,075

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24. INTEREST AND SIMILAR EXPENSES

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Interest expense on deposits	4,771,099	4,017,807
Interest expense on borrowings	171,984	313,347
Interest expense on valuable papers	827,526	656,071
Expenses for other credit activities	18,148	1,487
	5,788,757	4,988,712

25. NET FEES AND COMMISSION INCOME

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Fees and commission income	594,146	166,796
Settlement services	276,469	118,878
Treasury services	10,152	8,261
Asset preservation services	154	187
Trustee and agency services	54	126
Insurance brokerage services	227,645	459
Others	79,672	38,885
Fees and commission expenses	(82,679)	(60,918)
Settlement services	(54,739)	(41,701)
Treasury services	(6,090)	(5,350)
Brokerage services	(4,866)	(3,342)
Postal and telecommunication	(4,086)	(3,262)
Others	(12,898)	(7,263)
	511,467	105,878

26. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Income from foreign exchange	351,645	484,060
Income from spot foreign exchange	274,869	362,255
Income from currency derivatives	76,723	118,912
Income from gold trading	53	2,893
Expense from foreign exchange	(272,512)	(402,350)
Expense from spot foreign exchange	(193,617)	(306,656)
Expense from currency derivatives	(78,576)	(95,694)
Expense from gold trading	(319)	-
	79,133	81,710

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27. NET GAIN FROM SECURITIES HELD FOR TRADING

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Income from trading securities	102,853	98,449
Expenses from trading securities	(25,032)	(38,041)
Provision charged for trading securities	(3,062)	(14,198)
	74,759	46,210

28. NET GAIN FROM INVESTMENT SECURITIES

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Income from dealing of investment securities (*)	480,605	258,830
Expenses from dealing of investment securities (*)	(28,535)	(36,639)
Provision reversed/(charged) for available-for-sale securities	81	(104,696)
Provision charged for held-to-maturity securities	(85)	(8,976)
	452,066	108,519

(*) Difference between net income from investments in Government bonds (including interest income and net income from trading) and the average mobilization expenses from term deposits for purchasing Government bonds is VND295,834 million (for the six-month period ended 30 June 2020 is VND173,904 million).

29. NET GAIN FROM OTHER OPERATING ACTIVITIES

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Other operating income	128,223	120,878
Income from recovery of written-off debts	52,942	54,260
Income from interest rate and commodity derivatives	48,092	9,070
Interest from defer income of disposals of fixed assets	22,587	52,047
Income from offering office rental services	2,253	2,213
Income from disposals of fixed assets	5	-
Other income	2,344	3,288
Other operating expenses	(58,044)	(12,513)
Expenses from interest rate and commodity derivatives	(55,219)	(6,936)
Sponsoring expense	(1,875)	(4,163)
Expenses from disposal of other assets	-	(2)
Other expenses	(950)	(1,412)
	70,179	108,365

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30. INCOME FROM CAPITAL INVESTMENTS IN OTHER ENTITIES

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Dividend received:		
- From equity securities, long-term investments	350,000	260
	<u>350,000</u>	<u>260</u>

31. OPERATING EXPENSES

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Taxes and other fees	1,337	1,577
Personnel expenses	1,242,085	891,104
- Salary and allowances	1,112,759	793,472
- Salary-related allowances	63,652	58,518
- Allowances	65,674	39,114
Asset expenses	325,941	268,802
- Office rental	158,636	144,984
- Repair and maintenance	71,175	60,224
- Depreciation expenses on fixed assets	66,288	41,977
- Other expenses	29,842	21,617
Administrative expenses	484,419	381,383
- Advertising, marketing, promotion and entertainment	190,869	162,599
- Business trips expenses	19,744	15,630
- Union expenses	282	-
- Other expenses	273,524	203,154
Insurance expenses for customer deposits	66,080	53,156
(Reversal)/provision expenses (excluding provision for credit losses, investment)	(5,505)	12,057
- Provision expenses for other assets	2,558	123
- (Reversal of)/additional provision expenses for long-term investments	(8,063)	11,934
	<u>2,114,357</u>	<u>1,608,079</u>

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32. 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:

	30 June 2021 VND million	31 December 2020 VND million
Cash and gold	2,194,626	2,257,088
Balances with the State Bank of Vietnam	9,523,703	7,678,215
Demand deposits in other credit institutions	9,867,881	13,283,849
Due from and loans to other credit institutions with term of less than 3 months	33,628,500	31,019,036
	55,214,710	54,238,188

33. EMPLOYEES' INCOME

	For the six-month period ended 30 June 2021	For the six-month period ended 30 June 2020
I. Total number of employees (persons)	7,072	6,536
II. Employees' income (VND million)		
1. Total salary	1,080,068	763,114
2. Other income	32,671	30,358
3. Total income (1+2)	1,112,759	793,472
4. Average monthly salary (VND million/person)	25.46	19.46
5. Average monthly income (VND million/person)	26.23	20.23

34. TYPES AND BOOK VALUE OF COLLATERALS

34.1 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:

	30 June 2021 VND million	31 December 2020 VND million
Real estate properties	262,667,357	247,496,722
Valuable papers	36,585,755	37,724,673
Movable assets	24,794,519	27,485,508
Other assets	98,749,062	137,756,450
	422,796,693	450,463,353

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34. TYPES AND BOOK VALUE OF COLLATERALS (continued)

34.1 *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:

	30 June 2021 VND million	31 December 2020 VND million
Right on receivables	2,795,000	2,535,000
	<u>2,795,000</u>	<u>2,535,000</u>

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

Breakdown of the Bank's financial assets mortgaged, pledged for credit granting for activities with State Bank of Vietnam and discounted for borrowings or securities transferred under purchase and repurchases agreements with SBV and other credit institutions is as follows:

	30 June 2021 VND million	31 December 2020 VND million
Valuable papers	10,382,000	23,556,000
	<u>10,382,000</u>	<u>23,556,000</u>

35. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank is parties to financial instruments which are recorded as off-balance sheet items. These financial instruments mainly comprise foreign exchange commitments, 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 performed 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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35. 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.

The currency trading commitments are commitments to purchase, sell at spot and currency swap commitments. Commitments to purchase, sell at spot are commitments to purchase, sell currency according to exchange rate dealt and payment 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 for term payment at spot and one transaction for term payment 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:

	30 June 2021 VND million	31 December 2020 VND million
Credit guarantees	13,225	12,213
Foreign exchange commitments	81,800,580	118,811,045
- Spot foreign exchange commitments - buy	10,381,896	6,868,263
- Spot foreign exchange commitments - sell	11,204,226	5,482,778
- Cross currency swap contracts	60,214,458	106,460,004
Letters of credit	6,200,737	5,465,773
- At sight letters of credit	451,784	840,408
- Deferred letters of credit	5,748,953	4,625,365
Other guarantees	6,438,734	7,438,393
- Settlement guarantee	3,492,399	4,639,052
- Contract performance guarantee	393,271	422,693
- Bid guarantee	72,995	128,253
- Other guarantees	2,480,069	2,248,395
Other commitments	13,647,110	15,414,018
	108,100,386	147,141,442
Less: Margin deposits	(705,790)	(361,929)
Contingent liabilities and commitments	107,394,596	146,779,513

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36. 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 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 Bank (comprise Chief Financial Officer and Chief Accountant);
- (d) The party is a close member of the family of any person referred to in (a) or (c); or
- (e) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any person referred to in (c) or (d).

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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36. RELATED PARTY TRANSACTIONS (continued)

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

Related party	Transactions	For the six-month period ended	For the six-month period ended
		30 June 2021 VND million	30 June 2020 VND million
Major shareholders and related parties of major shareholders	Deposits and interest paid	8,737,022	22,210,381
	Withdrawals	9,778,013	21,218,169
	Income from insurance service	706	-
	Income from consulting services related to insurance companies	492	-
Companies in which the Bank has long-term investments	Deposits and interest paid	27,132,378	31,051,123
	Withdrawals	28,548,510	32,332,406
	Loan disbursement	1,918,680	2,956,729
	Loan principal collection	1,841,506	2,595,042
	Interest income from loans receipts	30,526	25,228
Subsidiaries	Deposits and interest paid	35,209,192	39,159,782
	Withdrawals	35,691,479	39,020,141
	Capital contribution	-	300,000
	Dividend received	350,000	-
	Loan disbursement	255,000	200,000
	Loan principal collection	200,000	450,000
	Interest income from loans receipts	8,504	8,354
	Interest expense for deposits	1,210	4,244
	Interest from value papers	61,836	66,010
	Interest from swap contracts	4,184	12,319
Member of Board of Directors and Board of Managements and other related parties to these individuals	Deposits and interest paid	57,723,406	47,329,764
	Withdrawals	57,681,852	46,958,778
	Loan disbursement	90,195	5,774
	Loan principal collection	83,870	4,018
	Interest income from loans receipts	1,919	532
	Income from bond management services	100,000	-
	Salary and bonus	36,710	27,442

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36. RELATED PARTY TRANSACTIONS (continued)

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

Related party	Transactions	Receivables/(Payables)	
		30 June 2021 VND million	31 December 2020 VND million
Major shareholders and related parties of major shareholders	Demand deposits	(118,337)	(309,328)
	Term deposits	(252,500)	(1,102,500)
	Margin deposits	(14,000)	(14,000)
	Receivables from insurance service	478	-
	Receivables from consulting services related to insurance companies	395	-
Companies in which the Bank has long-term investment	Demand and specific purpose deposit	(531,854)	(613,294)
	Term deposits	(38,732)	(1,373,523)
	Margin deposits and guarantee for settlements	(23,662)	(23,722)
	Loans	1,991,030	1,919,651
	Accrual interest income from loans	1,369	1,326
Subsidiaries	Demand deposits	(231,801)	(716,324)
	Term deposits	(18,600)	(17,000)
	Accrual interest expense	(21)	(22)
	Loans	255,000	200,000
	Accrual interest income from loans	7,629	15,879
	Dividend receivables	300,000	300,000
	Invest to value papers	1,445,000	1,695,000
	Accrual interest income from value papers	17,888	17,696
	Currency swap contracts	768,229	563,688
	Accrual interest expense from currency swap contracts	(5,553)	(4,133)
	Receivables from information technology support cooperation contracts	-	11,520
Member of Board of Directors and Board of Managements and other related parties to these individuals	Demand deposits	(138,643)	(488,162)
	Saving deposits	(288,135)	(389,538)
	Term deposits	(2,000,115)	(1,492,741)
	Loans	13,643	7,036
	Accrual interest income from loans	57	23
	Receivable from bond management services	110,000	29,258

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

	Domestic VND million	Overseas VND million	Total VND million
Assets as at 30 June 2021			
Due from and loans to other credit institutions	40,161,976	4,404,815	44,566,791
Loans to customers - gross	177,447,648	-	177,447,648
Derivative and financial instruments			
(Total contractual amount)	43,100,734	-	43,100,734
Trading and investment securities - gross	66,447,533	-	66,447,533
Long-term investments - gross	1,226,109	-	1,226,109
Liabilities as at 30 June 2021			
Due to and borrowings from other credit institutions	48,267,188	8,432,574	56,699,762
Due to customers	198,553,450	-	198,553,450
Grants, entrusted funds and loans exposed to risks	3,022,568	-	3,022,568
Valuable papers issued	28,402,209	-	28,402,209
Off-balance-sheet commitments as at 30 June 2021	108,100,386	-	108,100,386

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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38. 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 2021 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	3,944,911 (2,984,748)	2,130,635 (1,479,416)	17,385,799 (14,332,835)	23,461,345 (18,796,999)	(13,008,242) 13,008,242	10,453,103 (5,788,757)
Interest and similar expenses	960,163 51,533	651,219 20,506	3,052,864 1,465,565	4,664,346 1,537,604	-	4,664,346 1,537,604
Net interest income					-	
TOTAL OPERATING INCOME	1,011,696 (300,493)	671,725 (210,969)	4,518,529 (1,602,895)	6,201,950 (2,114,357)	-	6,201,950 (2,114,357)
Net operating profit before provision for credit losses	711,203 (52,564)	460,756 (31,135)	2,915,634 (51,201)	4,087,593 (134,900)	-	4,087,593 (134,900)
Provision for credit losses					-	
PROFIT BEFORE TAX	658,639	429,621	2,864,433	3,952,693	-	3,952,693
ASSETS						
Cash and gold	594,654	303,639	1,296,333	2,194,626	-	2,194,626
Due from and loans to the State Bank of Vietnam and other credit institutions	136,504 34,538,479	112,492 30,339,147	53,841,498 112,570,022	54,090,494 177,447,648	-	54,090,494 177,447,648
Loans to customers - gross	5,100,000	-	62,573,642	67,673,642	-	67,673,642
Investments - gross	28,136,464	687,843	17,041,569	46,865,876	(27,034,938)	18,830,938
Other assets - gross					-	
TOTAL ASSETS	68,506,101	31,443,121	247,323,064	347,272,286	(27,034,938)	320,237,348
LIABILITIES						
Borrowing from State Bank of Vietnam			117,309	117,309	-	117,309
Due to and borrowings from other credit institutions	27,774	-	56,671,988	56,699,762	-	56,699,762
Due to customers	64,820,949	17,844,189	115,888,312	198,553,450	-	198,553,450
Other liabilities	2,616,895	12,913,001	49,108,277	64,638,173	(27,034,938)	37,603,235
TOTAL LIABILITIES	67,465,618	30,757,190	221,785,886	320,008,694	(27,034,938)	292,973,756

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39. 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 Board of Directors 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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39. FINANCIAL RISK MANAGEMENT (continued)

(vi) *Risk measurement and reporting systems (continued)*

Information compiled from all business activities is examined and processed in order to analyze, 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.

40. 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 balances with the SBV, due from and loans to other credit institutions, loans to customers and due to customers in currencies are presented in Notes 5, 6, 9 and 17.

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40. CREDIT RISK (continued)

40.1 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:

	30 June 2021 VND million	31 December 2020 VND million
Credit risk exposures of balance sheet items		
Due from and loans to other credit institutions	44,566,791	44,602,885
Securities held for trading - Debt securities	9,806,750	9,973,167
Derivatives and other financial assets	83,075	-
Loans to customers		
- Individuals	78,458,663	66,321,397
- Corporates	98,988,985	97,771,480
Investment securities		
- Debt securities - available-for-sale	12,656,356	14,721,951
- Debt securities - held-to-maturity	15,704,942	15,459,952
Other financial assets	14,442,517	12,392,258
Credit risk exposures of off-balance sheet items		
Financial guarantees	6,451,959	7,450,606
Letters of credit	6,200,737	5,465,773

This table presents the worst scenario where the Bank will incur the maximum credit exposures as at 30 June 2021 and 31 December 2020, without taking into account of any collateral held or their credit enhancements.

40.2 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 dues and no provision is required in accordance with Circular No. 48/2019/TT-BTC.

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

40.3 Financial assets past due but not impaired

The age of financial assets past due but not impaired as at 30 June 2021 is presented below:

	<i>Past due</i>				
	Less than 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	More than 360 days VND million	Total VND million
Loans to customers	825,172	55,175	74,444	175,472	1,130,263

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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41. MARKET RISK

41.1 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.

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 or the remaining term applicable to assets and equity, whichever is earlier.

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 bearing 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 - debt securities (excluded special bonds issued by VAMC), loans to customers, due from and loans to other credit institutions; grants, entrusted funds and loans exposed to risks; due to the SBV; valuable papers issued, due to and borrowings from other credit and due to customers are determined as follows:
 - Items which bear 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 bear 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 following table presents the interest re-pricing period of the Bank's assets and liabilities as at 30 June 2021:

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41. MARKET RISKS (continued)

41.1 Interest rate risk (continued)

Interest re-pricing period

	Overdue VND million	Non-interest bearing VND million	Up to 1 month VND million			1 - 3 months VND million			3 - 6 months VND million			6 - 12 months VND million			Over 5 years VND million			Total VND million
			1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	
Assets																		
Cash and gold	-	2,194,626	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,194,626
Balances with the State Bank of Vietnam	-	-	9,523,703	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,523,703
Due from and loans to other credit institutions	-	-	34,856,091	9,455,700	-	-	-	-	-	255,000	-	-	-	-	-	-	-	44,566,791
Securities held for trading - gross	-	10,847,604	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,847,604
Derivative and other financial assets	-	83,075	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83,075
Loans to customers - gross	3,069,644	-	41,253,490	74,318,129	41,849,928	16,170,664	738,590	-	-	-	-	-	-	-	-	-	-	177,447,648
Investment securities - gross	-	1,013,973	1,890,548	5,417,452	8,388,166	6,215,095	15,798,901	16,875,794	-	-	-	-	-	-	-	-	-	55,599,929
Long-term investments - gross	-	1,226,109	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,226,109
Fixed assets	-	1,140,265	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,140,265
Other assets - gross	44,897	8,296,002	1,490,850	2,408,479	3,959,780	915,590	492,000	-	-	-	-	-	-	-	-	-	-	17,607,598
Total assets	3,114,541	24,801,654	89,014,682	91,599,760	54,197,874	23,556,349	17,029,491	16,922,997	16,922,997	16,922,997	16,922,997	16,922,997	16,922,997	16,922,997	16,922,997	16,922,997	16,922,997	320,237,348
Liabilities																		
Borrowings from the State Bank of Vietnam	-	-	-	33	116,916	-	-	-	-	360	-	-	-	-	-	-	-	117,309
Due to and borrowings from other credit institutions	-	34,167,321	14,805,299	5,742,552	1,984,590	-	-	-	-	-	-	-	-	-	-	-	-	56,699,762
Due to customers	-	441,823	51,922,606	39,031,176	50,345,216	50,865,545	5,945,752	-	-	-	-	-	-	-	-	-	-	198,553,450
Grants, entrusted funds and loans exposed to risks	-	-	966	2,946,560	-	-	-	-	-	-	-	-	-	-	-	-	-	75,042
Valuable papers issued	-	55,000	2,050,000	2,334,957	4,319,708	16,642,765	-	-	-	-	-	-	-	-	-	-	-	3,022,568
Other liabilities	-	6,178,458	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,178,458
Total liabilities	-	6,620,281	86,145,926	58,949,951	58,422,725	57,170,203	22,588,517	3,076,153	3,076,153	3,076,153	3,076,153	3,076,153	3,076,153	3,076,153	3,076,153	3,076,153	3,076,153	292,973,756
On-balance sheet interest sensitivity gap	3,114,541	18,181,373	2,868,756	32,649,809	(4,224,851)	(33,613,854)	(5,559,026)	13,846,844	13,846,844	13,846,844	13,846,844	13,846,844	13,846,844	13,846,844	13,846,844	13,846,844	13,846,844	27,263,592

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

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41. MARKET RISKS (continued)

41.1 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:

As at 30 June 2021	Assumed level of change %	Effects on increase/(decrease) profit after tax VND million	
VND	0.2%		1,970
VND	(0.2%)		(1,970)
USD	0.2%		12,996
USD	(0.2%)		(12,996)

41.2 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. Financial assets and financial liabilities of the Bank are denominated in VND, some 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 45.

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41. MARKET RISKS (continued)

41.2 Currency risk (continued)

The following table presents assets and liabilities in foreign currencies converted into VND as at 30 June 2021:

	EUR equivalent VND million	USD equivalent VND million	Gold equivalent VND million	Other currencies equivalent VND million	Total VND million
Assets					
Cash and gold	34,813	344,551	22,875	221,907	624,146
Balances with the State Bank of Vietnam	548	5,175,734	-	-	5,176,282
Due from and loans to other credit institutions	176,111	6,472,243	-	3,617,949	10,266,303
Loans to customers - gross	-	14,731,721	-	75,042	14,806,763
Other assets - gross	4,257	4,289,552	-	126	4,293,935
Total assets	215,729	31,013,801	22,875	3,915,024	35,167,429
Liabilities					
Borrowings from the State Bank of Vietnam	21	-	-	-	21
Due to and borrowings from other credit institutions	4,257	12,762,102	-	-	12,766,359
Due to customers	71,216	3,061,930	-	178,191	3,311,337
Derivatives and other financial liabilities	137,055	14,129,860	-	3,655,262	17,922,177
Grants, entrusted funds and loans exposed to risks	-	2,947,526	-	75,042	3,022,568
Valuable papers issued	-	3,683,200	-	-	3,683,200
Other liabilities	2,957	198,733	321	3,856	205,867
Total liabilities	215,506	36,783,351	321	3,912,351	40,911,529
Foreign exchange position on-balance sheet	223	(5,769,550)	22,554	2,673	(5,744,100)
Foreign exchange position off-balance sheet	-	3,919,608	-	5,403	3,925,011
Foreign exchange position on and off- balance sheet	223	(1,849,942)	22,554	8,076	(1,819,089)

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41. MARKET RISK (continued)

41.2 *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 2021	Assumed level of change %	Effects on increase/(decrease) profit after tax VND million	
EUR	3%	5	
EUR	(3%)	(5)	
USD	3%	(44,399)	
USD	(3%)	44,399	
SJC	3%	541	
SJC	(3%)	(541)	

41.3 *Liquidity risk*

Liquidity risk is the risk which the Bank has difficulties in meeting the obligations of financial liabilities. Liquidity risk occurs when the Bank cannot afford to settle debt obligations at the due dates in the normal or stress conditions. To manage the liquidity risk exposure, the Bank has diversified the 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 considered within one (1) month, include compulsory deposits;
- ▶ The maturity term of securities held for trading; investment securities - debt securities is calculated based on the maturity date of each kind of securities; investment securities - listed equity securities is considered within one (1) month because of their high liquidity;
- ▶ The maturity term of due to the SBV; grants, entrusted funds and loans exposed to risks; 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 (5) years because these investments do not have specific maturity date;
- ▶ The maturity term of due to and borrowings from other credit institutions, derivatives, other financial liabilities and 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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41. MARKET RISK (continued)

41.3 Liquidity risk (continued)

The following table presents assets and liabilities maturity from the Bank at 30 June 2021.

	Current						Above 5 years VND million	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		
Assets								
Cash and gold	-	-	2,194,626	-	-	-	-	2,194,626
Balances with the State Bank of Vietnam	-	-	9,523,703	-	-	-	-	9,523,703
Due from and loans to other credit institutions	-	-	34,856,091	9,455,700	255,000	2,000,247	1,040,854	44,566,791
Securities held for trading - gross	-	-	600,115	1,209,526	5,996,862	(875)	10,847,604	10,847,604
Derivatives and other financial assets	-	-	43,532	11,449	28,969	-	-	83,075
Loans to customers - gross	1,486,651	1,582,993	9,242,952	19,823,642	80,386,220	34,706,929	30,218,261	177,447,648
Investment securities - gross	-	-	2,877,620	1,800,427	11,725,022	19,321,066	19,875,794	55,599,929
Long-term investments - gross	-	-	-	-	-	-	1,226,109	1,226,109
Fixed assets	-	-	423,184	11,791	5,936	215,612	483,742	1,140,265
Other assets - gross	44,897	-	3,888,503	3,378,523	6,713,004	1,513,152	2,069,519	17,607,598
Total assets	1,531,548	1,582,993	63,650,326	35,691,058	105,111,013	57,756,131	54,914,279	320,237,348
Liabilities								
Borrowings from the State Bank of Vietnam	-	-	33	193	1,646	86,846	28,591	117,309
Due to and borrowings from other credit institutions	-	-	33,706,922	10,868,879	6,634,970	5,488,991	-	56,699,762
Due to customers	-	-	52,364,430	39,031,176	101,210,760	5,945,752	1,332	198,553,450
Grants, entrusted funds and loans exposed to risks	-	-	-	-	-	-	3,022,568	3,022,568
Valuable papers issued	-	-	55,001	1,050,000	6,654,664	16,642,765	3,999,779	28,402,209
Other liabilities	-	-	1,748,738	1,393,162	2,997,317	39,007	234	6,178,458
Total liabilities	-	87,875,124	52,343,410	117,499,357	28,203,361	7,052,504	292,973,766	
Net liquidity gap	1,531,548	1,582,993	(24,224,798)	(16,652,352)	(12,388,344)	29,552,770	47,861,775	27,263,592

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41. MARKET RISK (continued)

41.4 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.

42. OPERATING LEASE COMMITMENTS

	30 June 2021 VND million	31 December 2020 VND million
Operating lease commitments	1,471,932	1,303,726
<i>In which:</i>		
- Due within one year	22,331	17,186
- Due from one to five years	490,360	509,662
- Due after five years	959,241	776,878

43. 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.

The 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 as requirements of Circular 210. 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.

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).

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

Financial assets (continued)

- 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.

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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43. 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 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 SEPARATE FINANCIAL STATEMENTS (continued)
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43. 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 2021 as follows:

	Book Value				Fair Value VND million	
	Financial assets at fair value through profit and loss VND million	Held-to-maturity VND million	Loans and receivable VND million	Available-for-sale VND million	Other assets and liabilities recorded at amortized cost VND million	Total book value VND million
Financial assets						
Cash and gold	-	-	-	-	2,194,626	2,194,626
Balances with the State Bank of Vietnam	-	-	-	-	9,523,703	9,523,703
Due from and loans to other credit institutions	10,844,399	1,070,410	-	-	43,496,381	44,566,791
Securities held for trading	-	-	-	-	-	(C)
Derivatives and other financial assets	-	-	-	-	83,075	83,075
Loans to customers	25,643,987	175,864,103	-	29,868,359	-	175,864,103
Investment securities	-	-	-	1,202,691	-	55,512,346
Long-term investments	-	-	14,442,517	-	-	1,202,691
Other financial assets	-	-	-	-	-	14,442,517
10,844,399	25,643,987	191,377,030	31,071,050	55,297,785	314,234,251	
Financial liabilities						
Borrowings from the State Bank of Vietnam	-	-	-	-	117,309	117,309
Due to and borrowings from other credit institutions	-	-	-	-	56,699,762	56,699,762
Due to customers	-	-	-	-	198,553,450	198,553,450
Grants, entrusted funds and loans exposed to risks	-	-	-	-	3,022,568	3,022,568
Valuable papers issued	-	-	-	-	28,402,209	28,402,209
Other financial liabilities	-	-	-	-	4,736,558	4,736,558
-	-	-	-	-	291,531,856	291,531,856

(*) 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 for Credit and the statutory requirements relevant stipulated by SBV.

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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44. EVENTS AFTER THE INTERIM SEPARATE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since 30 June 2021 that requires adjustment or disclosure in the interim separate financial statements of the Bank.

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

	30 June 2021 VND	31 December 2020 VND
USD	23,020	23,090
EUR	27,411	28,407
GBP	31,900	31,503
CAD	18,579	18,119
SGD	17,120	17,459
AUD	17,313	17,778
CNY	3,566	3,541
JPY	208.24	223.88
Gold SJC (ounce)	56,350,000	55,750,000

Prepared by:

Ms. Ho Dang Hoang Quyen
Chief Accountant

Reviewed by:

Mr. Pham Van Dau
Chief Financial Officer



Mr. Pham Quoc Thanh
Chief Executive Officer

Ho Chi Minh City, Vietnam

26 August 2021