



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

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER OF 2018**

For period from 1 January 2018 to 31 December 2018

**TRANSLATION**

# Ho Chi Minh City Development Joint Stock Commercial Bank

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# Ho Chi Minh City Development Joint Stock Commercial Bank

CONSOLIDATED BALANCE SHEET  
as at 31 December 2018

Form B02a/TCTD-HN  
(issued under Circular No.  
49/2014/TT-NHNN dated 31 December 2014)

	<u>Notes</u>	<i>31 December 2018</i> VND million	<i>31 December 2017</i> VND million
<b>ASSETS</b>			
<b>Cash and gold</b>		<b>2,096,395</b>	<b>1,511,629</b>
<b>Balances with the State Bank of Vietnam</b>		<b>5,385,604</b>	<b>1,922,256</b>
<b>Due from and loans to other credit institutions</b>		<b>32,425,544</b>	<b>21,861,168</b>
Due from other credit institutions		30,695,162	19,650,607
Loans to other credit institutions		1,730,382	2,210,561
Provision for loan to other credit institutions (*)		-	-
<b>Securities held for trading</b>	V.01	<b>2,596,626</b>	<b>4,690,398</b>
Securities held for trading		2,603,376	4,693,398
Provision for securities held for trading (*)		(6,750)	(3,000)
<b>Derivatives and other financial assets</b>	V.02	<b>208,294</b>	-
<b>Loans to customers</b>		<b>121,791,723</b>	<b>103,336,329</b>
Loans to customers	V.03	123,131,648	104,497,028
Provision for credit losses of loans to customers (*)	V.04	(1,339,925)	(1,160,699)
<b>Purchased debts</b>		-	<b>3,875</b>
Purchased debts		-	7,749
Provision for credit losses of purchased debts (*)		-	(3,874)
<b>Investment securities</b>	V.05	<b>42,694,913</b>	<b>45,802,141</b>
Available-for-sale securities		25,754,996	37,417,732
Held-to-maturity securities		17,888,621	9,614,647
Provision for investment securities (*)		(948,704)	(1,230,238)
<b>Long-term investments</b>	V.06	<b>164,931</b>	<b>378,237</b>
Investments in subsidiaries		-	-
Investments in joint ventures		-	-
Investment in associates		-	-
Other long-term investments		185,117	490,087
Provision for long-term investments (*)		(20,186)	(111,850)
<b>Fixed assets</b>		<b>1,615,456</b>	<b>1,526,617</b>
Tangible fixed assets		569,227	526,448
Cost		1,171,919	1,078,472
Accumulated depreciation (*)		(602,692)	(552,024)
Finance leases		-	-
Cost		-	-
Accumulated depreciation (*)		-	-
Intangible fixed assets		1,046,229	1,000,169
Cost		1,240,443	1,181,235
Accumulated amortization (*)		(194,214)	(181,066)
<b>Investment properties</b>		<b>51,955</b>	<b>45,769</b>
Cost		52,347	46,037
Accumulated amortization (*)		(392)	(268)
<b>Other assets</b>		<b>7,075,965</b>	<b>8,255,852</b>
Receivables		2,024,124	3,423,647
Interest and fees receivable		3,519,215	3,416,359
Deferred corporate income tax assets	V.12.2	-	21,238
Other assets		1,571,947	1,455,489
In which: Goodwill		27,852	33,614
Provision for other assets (*)		(39,321)	(60,881)
<b>TOTAL ASSETS</b>		<b>216,107,406</b>	<b>189,334,271</b>

# Ho Chi Minh City Development Joint Stock Commercial Bank

CONSOLIDATED BALANCE SHEET  
as at 31 December 2018

Form B02a/TCTD-HN  
(issued under Circular No.  
49/2014/TT- NHNN dated 31 December 2014)

	Notes	31 December 2018 VND million	31 December 2017 VND million
<b>LIABILITIES</b>			
<b>Due to the Government and the State Bank of Vietnam</b>	V.07	7,911,883	156,253
<b>Due to and borrowings from other credit institutions</b>	V.08	40,689,261	37,217,378
Due to other credit institutions		22,837,748	12,244,362
Borrowings from other credit institutions		17,851,513	24,973,016
<b>Due to customers</b>	V.09	128,060,094	120,537,469
<b>Derivatives and other financial liabilities</b>	V.02	-	70,098
<b>Grants, entrusted funds and loans exposed to risks</b>		3,045,666	2,927,741
<b>Valuable paper issued</b>	V.10	14,927,000	9,793,000
<b>Other liabilities</b>	V.11	4,645,362	3,873,226
Interest and fees payable		3,143,348	2,695,865
Deferred corporate income tax liabilities	V.12.2	1,585	-
Other payables		1,500,429	1,177,361
Other provision for liabilities (for contingent liabilities and off-balance sheet commitments)		-	-
<b>TOTAL LIABILITIES</b>		<b>199,279,266</b>	<b>174,575,165</b>
<b>OWNERS' EQUITY</b>			
<b>Capital</b>		11,852,342	11,852,342
Charter capital		9,810,000	9,810,000
Fund for capital expenditure		89	89
Share premium		2,042,255	2,042,255
Treasury shares (*)		(2)	(2)
Preference shares		-	-
Other owners' capital		-	-
<b>Reserves</b>		775,800	453,708
<b>Foreign exchange differences</b>		-	-
<b>Asset revaluation differences</b>		-	-
<b>Retained earnings</b>		3,007,022	1,769,506
<b>Non-controlling interest</b>		1,192,976	683,550
<b>TOTAL OWNERS' EQUITY</b>	V.13.1	<b>16,828,140</b>	<b>14,759,106</b>
<b>TOTAL LIABILITIES, OWNERS' EQUITY AND NON-CONTROL INTEREST</b>		<b>216,107,406</b>	<b>189,334,271</b>

# Ho Chi Minh City Development Joint Stock Commercial Bank

CONSOLIDATED BALANCE SHEET  
as at 31 December 2018

Form B02a/TCTD-HN  
(issued under Circular No.  
49/2014/TT- NHNN dated 31 December 2014)

## CONSOLIDATED OFF-BALANCE SHEET ITEMS

Notes	31 December 2018 VND million	31 December 2017 VND million
Credit guarantees	8,564	9,052
Foreign exchange commitments	74,523,122	41,764,910
- Spot foreign exchange commitments - buy	4,414,221	3,880,370
- Spot foreign exchange commitments - sell	3,471,919	3,166,761
- Cross currency swap contracts	66,636,982	34,717,779
- Future contract	-	-
Irrevocable lending commitments	-	-
Letters of credit	4,891,115	1,073,114
Other guarantees	3,337,898	3,392,157
Other commitments	2,022,000	-
<b>Total</b>	<b>84,782,699</b>	<b>46,239,233</b>

Prepared by:

Ms. Le Thi Thao  
Accountant

Reviewed by:

Ms. Ho Dang Hoang Quyen  
Chief Accountant

Approved by:



Mr. Pham Van Dau  
Chief Financial Officer

Ho Chi Minh City, Vietnam

29 January 2019



# Ho Chi Minh City Development Joint Stock Commercial Bank

## CONSOLIDATED INCOME STATEMENT

For the period from 1 January 2018 to 31 December 2018

Form B03a/TCTD-HN  
(issued under Circular No.  
49/2014/TT- NHNN dated 31 December 2014)

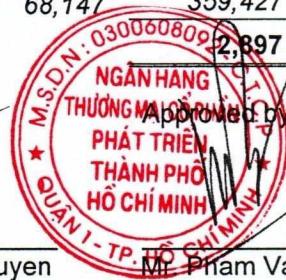
	Notes	Quarter IV		Accumulated for the period from 1 January to 31 December	
		Current period	Previous period	Current period	Previous period
		VND million	VND million	VND million	VND million
Interest and similar income	VI.14	4,742,202	3,937,743	16,948,302	14,959,081
Interest and similar expenses	VI.15	(2,581,037)	(2,192,925)	(9,302,609)	(8,584,257)
<b>Net interest and similar income</b>		<b>2,161,165</b>	<b>1,744,818</b>	<b>7,645,693</b>	<b>6,374,824</b>
Fee and commission income		132,926	98,893	541,049	277,782
Fee and commission expenses		(35,649)	(25,622)	(102,875)	(72,207)
<b>Net fee and commission income</b>		<b>97,277</b>	<b>73,271</b>	<b>438,174</b>	<b>205,575</b>
Net gain from trading of foreign currencies		169,545	7,481	298,315	129,913
Net gain from securities held for trading	VI.16	(1,885)	(1,972)	124,336	5,708
<b>Net gain from investment securities</b>	VI.17	<b>6,348</b>	<b>(18,323)</b>	<b>341,516</b>	<b>484,895</b>
Other operating income		229,745	147,223	546,790	325,197
Other operating expenses		(4,818)	(26,037)	(56,629)	(42,517)
<b>Net gain from other operating activities</b>		<b>224,927</b>	<b>121,186</b>	<b>490,161</b>	<b>282,680</b>
Income from investments in other entities	VI.18	-	250	102,160	43,881
<b>Total operating expenses</b>	VI.19	<b>(1,184,272)</b>	<b>(1,158,046)</b>	<b>(4,441,456)</b>	<b>(4,093,950)</b>
<b>Net operating profit before provision for credit losses</b>		<b>1,473,105</b>	<b>768,665</b>	<b>4,998,899</b>	<b>3,433,526</b>
Provision expenses for credit losses		(352,401)	(264,160)	(994,271)	(1,016,760)
<b>PROFIT BEFORE TAX</b>		<b>1,120,704</b>	<b>504,505</b>	<b>4,004,628</b>	<b>2,416,766</b>
Current corporate income tax expense		(205,816)	(91,593)	(780,294)	(466,301)
Deferred corporate income tax		(22,823)	3,927	(22,823)	3,927
<b>Corporate income tax expenses</b>		<b>(228,639)</b>	<b>(87,666)</b>	<b>(803,117)</b>	<b>(462,374)</b>
<b>PROFIT AFTER TAX</b>		<b>892,065</b>	<b>416,839</b>	<b>3,201,511</b>	<b>1,954,392</b>
<b>Attribute:</b>					
Common shareholders of the Bank		779,657	348,692	2,842,084	1,746,473
Non-controlling interest		112,408	68,147	359,427	207,919
<b>Earnings per share (VND/share)</b>				<b>2,897</b>	<b>1,966</b>

Prepared by:

Ms. Le Thi Thao  
Accountant

Reviewed by:

Ms. Ho Dang Hoang Quyen  
Chief Accountant



Mr. Pham Van Dau  
Chief Financial Officer

Ho Chi Minh City, Vietnam

29 January 2019

This translation is for informational purpose only, NOT an official version

# Ho Chi Minh City Development Joint Stock Commercial Bank

## CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 January 2018 to 31 December 2018

Form B04a/TCTD-HN  
(issued under Circular No.  
49/2014/TT- NHNN dated 31 December 2014)

<i>Notes</i>	<i>Current period</i> <i>VND million</i>	<i>Previous period</i> <i>VND million</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest and similar receipts	17,182,002	15,006,069
Interest and similar payments	(8,933,629)	(8,350,546)
Net fee and commission receipts	430,701	197,575
Net receipts from trading of securities, gold and foreign currencies	774,334	426,838
Other income	295,546	114,243
Recoveries from bad debts written-off previously	173,958	153,845
Payments to employees and other operating expenses	(4,443,134)	(3,988,648)
Corporate income tax paid during the period	(749,692)	(493,742)
<b>Net cash flows from operating profit before changes in operating assets and liabilities</b>	<b>4,730,086</b>	<b>3,065,634</b>
<i>Changes in operating assets</i>		
(Increase)/decrease in due from and loans to other credit institutions	(344,383)	(106,000)
(Increase)/decrease in investment securities	5,129,902	(16,356,326)
(Increase)/decrease in derivatives and other financial assets	(208,294)	60,772
(Increase)/decrease in loans to customers	(18,626,870)	(22,271,714)
Utilization of provision to write-off loans to customers, securities and long-term investments	(1,016,848)	(560,469)
(Increase)/decrease in other assets	1,427,866	1,949,209
<i>Changes in operating liabilities</i>		
Increase/(decrease) in due to Government and the State Bank of Vietnam	7,755,630	(21,382)
Increase/(decrease) in due to and borrowings from other credit institutions	3,471,883	17,532,713
Increase/(decrease) in due to customers	7,522,625	17,237,698
Increase/(decrease) in debt issued	5,134,000	(1,234,014)
Increase/(decrease) in grants, entrusted funds and loans exposed to risks	117,925	84,309
Increase/(decrease) in derivatives and other financial liabilities	(70,098)	-
Increase/(decrease) in other liabilities	575,698	213,271
Utilization of funds	(4,174)	(3,600)
<b>Net cash from operating activities</b>	<b>15,594,948</b>	<b>(409,898)</b>

# Ho Chi Minh City Development Joint Stock Commercial Bank

## CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 January 2018 to 31 December 2018

Form B04a/TCTD-HN  
(issued under Circular No.  
49/2014/TT-NHNN dated 31 December 2014)

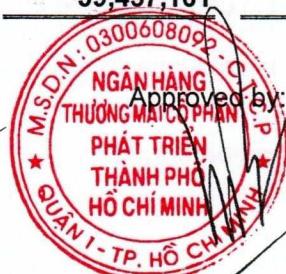
Notes	<i>Current period</i> <i>VND million</i>	<i>Previous period</i> <i>VND million</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(84,500)	(281,626)
Proceeds from disposal of fixed assets	15,003	14,079
Payment for disposal of fixed assets	-	-
Purchase of investment properties	-	-
Proceeds from disposal of investment properties	-	42,746
Payment for disposal of investment properties	-	-
Payments for investments in other entities	-	-
Proceeds from disposal of investments in other entities	65,796	5,858
Dividends received from long-term investments	102,160	193,881
<b>Net cash from investing activities</b>	<b>98,459</b>	<b>(25,062)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in charter capital from capital contribution and share issuance	-	3,018,656
Proceeds from issuing long term valuable papers eligible to be included in capital and other long term borrowings	-	-
Proceeds from disposals of long term valuable papers eligible to be included in capital and other long term borrowings	-	-
Dividends distributed to shareholders	(1,425,300)	-
Purchase of treasury shares	-	-
Proceeds from disposal of treasury shares	-	-
<b>Net cash from financing activities</b>	<b>(1,425,300)</b>	<b>3,018,656</b>
<b>Net increase in cash for the period</b>	<b>14,268,107</b>	<b>2,583,696</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>25,189,054</b>	<b>22,605,358</b>
<b>Foreign exchange difference</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>39,457,161</b>	<b>25,189,054</b>

Prepared by:

Ms. Le Thi Thao  
Accountant

Reviewed by:

Ms. Ho Dang Hoang Quyen  
Chief Accountant



Mr. Pham Van Dau  
Chief Financial Officer

Ho Chi Minh City, Vietnam

29 January 2019

# Ho Chi Minh City Development Joint Stock Commercial Bank

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018 and for the period then ended

Form B05a/TCTD-HN

(issued under Circular No.

49/2014/TT- NHNN dated 31 December 2014)

### I. GENERAL INFORMATION

#### 1. Establishment and Operations License, operating duration

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

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

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.

#### 2. Charter capital

The charter capital of the Bank as at 31 December 2018 is VND9,810,000 million (as at 31 December 2017: VND9,810,000 million).

#### 3. 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:

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

#### 4. 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:

Name	Position	Date of appointment/ re-appointment/resignation
Mr. Nguyen Huu Dang	Chief Executive Officer	Re-appointed on 22 October 2015
Ms. Nguyen Doan Duy Ai	Deputy Chief Executive Officer	Appointed on 15 August 2007
Mr. Pham Quoc Thanh	Deputy Chief Executive Officer	Re-appointed on 11 March 2016
Mr. Nguyen Minh Duc	Deputy Chief Executive Officer	Appointed on 30 December 2013
Mr. Le Thanh Tung	Deputy Chief Executive Officer	Appointed on 16 September 2009
Mr. Nguyen Thanh Phuong	Deputy Chief Executive Officer	Appointed on 22 January 2018
Mr. Le Thanh Trung	Deputy Chief Executive Officer	Re-appointed on 15 February 2016
Mr. Tran Hoai Nam	Deputy Chief Executive Officer	Re-appointed on 27 February 2016
Mr. Tran Thai Hoa	Deputy Chief Executive Officer	Appointed on 27 May 2015
Mr. Pham Thien Long	Deputy Chief Executive Officer	Resigned on 10 January 2018
Mr. Pham Van Dau	Chief Financial Officer	Appointed on 16 September 2009
Ms. Ho Dang Hoang Quyen	Chief Accountant	Appointed on 7 July 2011

# Ho Chi Minh City Development Joint Stock Commercial Bank

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018 and for the period then ended

Form B05a/TCTD-HN  
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### 5. Operation network

The Bank's Head Office is located at HD Tower, 25 Bis Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City. As at 31 December 2018, the Bank had one (1) Head Office, one (1) representative office in the North, sixty two (62) branches and two hundred and twenty one (221) transaction offices located in cities and provinces throughout Vietnam.

### 6. Subsidiaries

As at 31 December 2018, 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 sixth (6) time on 13 January 2015	Assets management	100%
HD SAISON Finance Co., Ltd. ("HD SAISON"), previously known as Ho Chi Minh City Development Joint Stock Commercial Bank Finance Co., Ltd.	0304990133 issued by Ho Chi Minh city Department of Planning and Investment dated 13 July 2007, amended for fourteenth (14) time on 4 December 2018	Finance/Banking	50%

### 7. Employees

The Bank and its subsidiaries' total number of employees as at 31 December 2018 was 14,340 persons (as at 31 December 2017: 13,728 persons).

## II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

### 1. Accounting period

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

The fourth quarter accounting period applicable for the presentation of consolidated financial statements of the Bank and its subsidiaries starts on 1 October and ends on 31 December.

### 2. Accounting currency

The Bank maintains its accounting records in Vietnam dong ("VND"). For the presentation of the consolidated financial statements as at 31 December 2018, 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 consolidated financial statements on the Bank's consolidated financial position, consolidated results of its operations and its consolidated cash flow.

## III. APPLIED ACCOUNTING STANDARDS AND SYSTEM

### 1. Statement of compliance

The Board of Management of the Bank confirms that the accompanying consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and other statutory requirements relevant to preparation and presentation of the consolidated financial statements from 1 Jan 2018 to 31 December 2018.

# Ho Chi Minh City Development Joint Stock Commercial Bank

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018 and for the period then ended

Form B05a/TCTD-HN  
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### 2. Basis of preparation of consolidated financial statements

The consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the Accounting System applicable to Credit Institutions required under Decision No. 479/2004/QD-NHNN issued on 29 April 2004, Circular No. 10/2014/TT-NHNN dated 20 March 2014 and Circular No. 22/2017/TT-NHNN dated 29 December 2017 amending and supplementing Decision No. 479/2004/QD-NHNN; Decision No. 16/2007/QD-NHNN dated 18 April 2007, Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of the financial reporting regime applicable to credit institutions under Decision No. 16/2007/QD-NHNN and the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QD-NHNN issued by the State Bank of Vietnam and other Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

The accompanying consolidated financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying consolidated financial statements and their utilizations 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 consolidated financial position, results of consolidated operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Items which are not presented in the consolidated financial statements in accordance with Decision No. 16/2007/QD-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the State Bank of Vietnam stipulating the financial reporting regime applicable to credit institutions indicate nil balance.

### 3. Assumptions and uses of estimates

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

### 4. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the financial period from 1 January 2018 to 31 December 2018. The financial statements of the subsidiaries are prepared for the same reporting period as the parent bank, using consistent accounting policies.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continued to be consolidated until the date that such control ceases.

All intra-company balances, income and expenses and unrealized gains or losses resulting from intra-company transactions are eliminated in full.

# Ho Chi Minh City Development Joint Stock Commercial Bank

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018 and for the period then ended

Form B05a/TCTD-HN  
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Non-controlling interests represent the portion of profit or loss and net assets not held by the Bank and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

## IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. Foreign currency transactions

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

### 2. Consolidation principles

The consolidated financial statements are prepared in VND in accordance with cost and matching principle of Vietnamese Accounting Standards and prevailing regulations applicable to Credit Institutions operating in Vietnam.

Subsidiaries are companies comprised followings:

- The Bank or the Bank and its related parties owing over 50% charter capital or over 50% voting share capital.
- The Bank has right to appoint majority or all member of Board of Directors, member of council or Chief Executive Officer of the subsidiaries directly or indirectly.
- The Bank has right to amend, supplement charter of the subsidiaries.
- The Bank and its related parties directly or indirectly approve Resolutions, Decision of Annual General Meeting, Board of Directors, and Board of Council of subsidiaries.

Subsidiaries are controlled by the Bank. Financial statements of subsidiaries is comprised in the consolidated financial statements from the date of acquisition, being the date on which the Bank obtains control, and continued to be consolidated until the date that such control ceases.

When there is a difference between the accounting policies of subsidiaries and the Bank, adjustments are necessary to ensure consistency in accounting policies for the purposes of the consolidated financial statements.

All intra-company balances, income and expenses and unrealized gains or losses resulting from intra-company transactions are eliminated in full.

### 3. Derivatives and hedging accounting

The Bank and its subsidiaries 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 and its subsidiaries.

#### *Currency forward contract*

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

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## *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 difference between spot rate and forward rate are recorded at contract date as assets or liabilities on consolidated balance sheet and are amortized to the consolidated income statement straight-line basis over the contract period.

## **4. Recognition and de-recognition of accrued interest income and expenses**

Interest income and interest expenses are recognized in the consolidated income statement on an accrual basis. The recognition of accrued interest income is suspended when a loan is classified in Groups 2 to 5 in accordance with Circular 02. Suspended interest income is reversed and monitored off-balance sheet and recognized in the consolidated income statement upon actual receipt.

## **5. Fees and commissions income**

### *Fees and commissions income*

Fees and commissions are recognized on accrued basis.

### *Income from investment*

Income from investment is recognized on the difference between the selling price and cost of the securities sold.

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

## **6. Loans to customers, purchased debts**

### **6.1 Loans to customers**

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

Short term loans are loans have maturities under one year from the loan disbursement date. Medium term loans are loans have maturities from one to five years from the loan disbursement date. Long term loans are loans have maturities over five years from the loan disbursement date.

The classification and provisioning of loans to customers is made in compliance with the Circular No. 02/2013/TT-NHNN (Circular 02) and Circular No. 09/2014/TT-NHNN which amends and supplements some articles of Circular 02 (Circular 09).

The specific provision for debts as at 31 December 2018 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 30 November 2018. The specific provision rates for each group are presented as follows:

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<i>Loan group</i>	<i>Classification criteria</i>	<i>Specific provision rate</i>
1 Current	<p>(a) Current debts are assessed as fully and timely recoverable for both principals and interests; or</p> <p>(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.</p>	0%
2 Special mention	<p>(a) Debts are overdue for a period of between 10 days and 90 days; or</p> <p>(b) Debts of which the repayment terms are restructured for the first time.</p>	5%
3 Sub-standard	<p>(a) Debts are overdue for a period of between 91 days and 180 days; or</p> <p>(b) Debts of which the repayment terms are extended for the first time; or</p> <p>(c) Debts of which interests are exempted or reduced because customers do not have sufficient capability to pay all interests under credit contracts; or</p> <p>(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:</p> <ul style="list-style-type: none"> <li>▪ Debts made incompliance with Clauses 1, 3, 4, 5, 6, Article 126 of the Law on Credit Institutions ; or</li> <li>▪ Debts made incompliance with Clauses 1, 2, 3, 4, Article 127 of the Law on Credit Institutions; or</li> <li>▪ Debts made incompliance with Clauses 1, 2 and 5 of Article 128 of the Law on Credit Institutions.</li> </ul> <p>(e) Debts are required to be recovered according to regulatory inspection conclusions.</p>	20%
4 Doubtful	<p>(a) Debts are overdue for a period of between 181 days and 360 days; or</p> <p>(b) Debts of 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</p> <p>(c) Debts of which the repayment terms are restructured for the second time; or</p> <p>(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</p> <p>(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.</p>	50%

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<i>Loan group</i>	<i>Classification criteria</i>	<i>Specific provision rate</i>
5 Loss	<ul style="list-style-type: none"> <li>(a) Debts are overdue for a period of more than 360 days; or</li> <li>(b) Debts of 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</li> <li>(c) Debts of which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or</li> <li>(d) Debts of which the repayment terms are restructured for the third time or more, regardless of being overdue or not; or</li> <li>(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</li> <li>(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</li> <li>(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.</li> </ul>	100%

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

If a customer is classified into debt group with lower risk than debt group in CIC list, the Bank and its subsidiaries must adjust the debt classification results according to CIC list. The basis for determination of value and discounted value of collaterals is regulated in Circular 02.

General provision as at 31 December 2018 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 30 November 2018.

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

The Bank and its subsidiaries sell loans to VAMC at the carrying amount in accordance with Decree No. 53/2013/ND-CP effective from 9 July 2013 on "Establishment, structure and operations of Vietnam Asset Management Company", Circular No. 19/2013/TT-NHNN "Regulations on purchasing, selling and writing-off of bad debts of Vietnam Asset Management Company", Circular No. 14/2015/TT-NHNN and Circular No 08/2016/TT-NHNN 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.

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Upon the sale of loans to VAMC, the Bank and its subsidiaries write off loan balances and corresponding specific provisions and recognizes special bonds issued by VAMC at par value deduct specific provision. When receiving loans previously sold to VAMC, the Bank and its subsidiaries uses annual specific provisions for special bonds to write off bad debts and recognize the difference between provision for credit losses and the remaining outstanding loan balance/bond value in "*Other operating income*" of the consolidated income statement.

### 6.2 **Purchased debts**

Purchased debts are recorded at the purchasing price on the contract and classified to the group with risk level is not lower than its original group classified before purchase. If the interest receipt thereafter includes the accrued interest before purchase date, the interest recognition is made as follows: (i) reduce the value of purchased debts by the interest incurred before the purchase date; (ii) record the interest income in the year by the amount incurred after the purchase date.

The Bank classify and make provision for purchased debts in accordance with regulations on loan classification and provision for credit loss.

## 7. Held for trading and investment securities

### 7.1 **Securities held for trading**

#### *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.

#### *Measurement*

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

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

Equity securities are initially recognized at the cost on transaction date and subsequently measured at cost. Equity securities held for trading are subject to impairment review on a periodical basis. Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. In case market prices of securities are not available or cannot be determined reliably, no provision is calculated.

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.

Gain or loss from disposal held for trading securities was recorded in consolidated income statement.

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

#### *De-recognition*

Securities held for trading are derecognized 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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## 7.2 Available-for-sale securities

### *Classification and recognition*

Available-for-sale securities include debt and equity securities that are acquired by the Bank and subsidiaries 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 and subsidiaries 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 (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 income statement on a straight-line basis over the remaining term of securities. Interest received in arrears is recorded as follows: Cumulative interest incurred before the purchasing date is recorded as a decrease in the accrued interest; cumulative interest incurred after the purchasing date is recognized as income based on the accumulated method. Interest received in advance is amortized into the securities investment interest income on a straight-line basis over the term of securities investment.

### *Measurement*

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

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

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

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

## 7.3 Held-to-maturity securities

### *Special bonds issued by VAMC*

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

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During the holding period, the Bank annually calculates and makes specific provision in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 issued by the SBV amending and supplementing some articles of Circular No. 19/2013/TT-NHNN which stimulates the purchase, sale and write-off bad debts of VAMC.

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

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

In which:

- $X_{(m)}$  is minimum provision for special bonds in the  $m^{\text{th}}$  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 ( $m^{\text{th}}$  year).

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 consolidated income statement in "*Provision expense for credit losses*" for period from 1 January 2018 to 31 December 2018. 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 securities*

Held-to-maturity securities are debt securities purchased by the Bank and its subsidiaries for the investment purpose of earning dividend and the Bank and its subsidiaries 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.

## **8. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, gold, balances with the State Bank of Vietnam, demand deposits, due from and loans to other credit institutions 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.

## **9. Provision, contingent liabilities and assets**

Off-balance sheet commitments include guarantees, letter of credit and irrevocable lending 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.

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### 10. 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 consolidated balance sheet date.

Current income tax is charged or credited to the consolidated 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 and its subsidiaries intends to settle its current tax assets and liabilities on a net basis.

Tax declarations of the Bank and its subsidiaries is subjected to examination by the tax authorities. Due to the ambiguity associated with the applicability of tax laws and regulations in Vietnam, amounts reported in the consolidated 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 consolidated balance sheet date between the tax base of assets and liabilities and their carrying amount recorded in the consolidated financial statements reporting purposes.

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

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

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

- ▶ Deferred tax assets 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.
- ▶ In respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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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 recognized at the balance sheet date and are recognized when it is probable that future taxable profits will be available to utilize these unrecognized deferred tax assets.

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

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

### 11. Borrowings, debt securities issued, equity instruments

The discounted, re-discount valuable paper at SBV are recognized at cost at balance sheet date. Borrowings interest is recognized in income statement based on accrual basic under Circular No. 12/2006/TT-NHNN dated 21 February 2006.

Valuable papers issued are recognized at cost. Cost of valuable papers issued include proceed from issuing minus direct expense related to issuing valuable papers.

### 12. Capital

#### *Ordinary Share*

Ordinary shares are recognized as charter capital.

#### *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.

#### *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 profit and loss upon purchase, sale, issue or cancellation of the Bank's own equity instruments.

#### *Funds and reserves*

##### *Funds and reserves of the Bank*

The Bank has set up the following reserves 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:

	<i>Percentage of profit after tax</i>	<i>Maximum amount</i>
Capital supplementary reserve	5% of profit after tax	100% share capital
Financial reserve	10% of profit after tax	Not specified

Other funds will be allocated from profit after tax. The allocation from profit after tax and utilization of funds must be approved by the Annual General Meeting of Shareholder. These reserves are not regulated by statutory and allowed to be fully allocated.

The Bank will make reserves based on separate results of its operation at the end of financial year.

#### *Funds and reserves of the Asset Management Company Limited - Ho Chi Minh City*

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According to the Circular No. 27/2002/TT-BTC dated 22 March 2002, the distribution of profits, making appropriation of profit to reserves and reserves utilization of the Company is implemented in accordance with current regulations applicable to the Bank by which the Company was established

*Funds and reserves of the HD SAISON Finance Co., Ltd. ("HD SAISON")*

According to the Decree No. 93/2017/NĐ-CP issued by the Government on 7 August 2017 in replacement of the Decree 57/2012/NĐ-CP dated 20 July 2012, the Company has set up funds and reserves similar to the Bank.

**13. Restatement corresponding figures:** None

**V. SUPPLEMENT ITEMS PRESENTED ON BALANCE SHEET**

**1. Securities held for trading**

	<i>31 December 2018 VND million</i>	<i>31 December 2017 VND million</i>
<b>1.1 Debt securities</b>		
Government and municipal bonds	1,001,753	3,893,398
Debt securities issued by other domestic credit institutions	401,623	400,000
Debt securities issued by domestic economic entities	1,200,000	400,000
Debt securities issued by foreign entities	-	-
<b>1.2 Equity securities</b>		
Equity securities issued by domestic credit institutions	-	-
Equity securities issued by domestic economic entities	-	-
Equity securities issued by foreign entities	-	-
<b>1.3 Other securities held for trading</b>	-	-
<b>1.4 Provision for securities held for trading</b>	<u>(6,750)</u>	<u>(3,000)</u>
<b>Total</b>	<b><u>2,596,626</u></b>	<b><u>4,690,398</u></b>

**2. Derivatives and other financial assets**

	<i>Total contract value (using exchange rate at the contract date) VND million</i>	<i>Total carrying value (using exchange rate at reporting date)</i>	
		<i>Assets VND million</i>	<i>Liabilities VND million</i>
<b>Currency derivatives as at 31 December 2018</b>			
Forward contracts	2,884,973	-	1,141
Swap contracts	<u>33,242,954</u>	<u>228,204</u>	<u>18,769</u>
<b>Total</b>	<b><u>36,127,927</u></b>	<b><u>228,204</u></b>	<b><u>19,910</u></b>
<b>Net amount</b>		<b><u>208,294</u></b>	
<b>Currency derivatives as at 31 December 2017</b>			
Forward contracts	3,000,000	-	12,048
Swap contracts	<u>17,369,172</u>	<u>-</u>	<u>58,050</u>
<b>Total</b>	<b><u>20,369,172</u></b>	<b><u>-</u></b>	<b><u>70,098</u></b>
<b>Net amount</b>		<b><u>70,098</u></b>	

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### 3. Loans to customers

	31 December 2018 VND million	31 December 2017 VND million
Loans to domestic economic entities and individuals	119,330,498	100,686,906
Discounted bills and valuable papers	2,630,200	1,491,581
Overdraft and credit card	1,039,162	2,298,173
Loans to foreign economic entities and individuals	131,788	20,368
<b>Total</b>	<b>123,131,648</b>	<b>104,497,028</b>

#### *Analysis of loans by quality*

	31 December 2018 VND million	31 December 2017 VND million
Current	119,646,948	101,103,362
Special mention	1,599,751	1,810,425
Substandard	525,191	513,992
Doubtful	626,723	548,566
Loss	733,035	520,683
<b>Total</b>	<b>123,131,648</b>	<b>104,497,028</b>

#### *Analysis of loans by original terms*

	31 December 2018 VND million	31 December 2017 VND million
Short-term	67,115,640	56,070,884
Medium-term	24,748,486	24,238,532
Long-term	31,267,522	24,187,612
<b>Total</b>	<b>123,131,648</b>	<b>104,497,028</b>

### 4. Provision for credit losses of loans to customers

Changes in provision for credit losses of loans to customers during the current period are as follows:

	Specific provision VND million	General provision VND million	Total VND million
01 January 2018	401,804	758,895	1,160,699
Provision for credit loss during period/(Reversal provision during period)	764,655	148,684	913,339
Utilization during period	(734,113)	-	(734,113)
<b>31 December 2018</b>	<b>432,346</b>	<b>907,579</b>	<b>1,339,925</b>

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Changes in provision for credit losses of loans to customers during the previous period are as follows:

	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total</i>
01 January 2017	327,570	592,827	920,397
Provision for credit loss during period/(Reversal provision during period)	628,494	166,068	794,562
Utilization during period	(554,260)	-	(554,260)
31 December 2017	<u>401,804</u>	<u>758,895</u>	<u>1,160,699</u>

## 5. Investment securities

### 5.1 Available-for-sale securities

	<i>31 December 2018 VND million</i>	<i>31 December 2017 VND million</i>
<b>a. Debt securities</b>		
Government and municipal bonds	15,074,784	30,323,311
Debt securities issued by other domestic credit institutions	6,332,229	800,000
Debt securities issued by domestic economic entities	3,334,010	5,162,202
Debt securities issued by foreign entities	-	-
	<b><u>24,741,023</u></b>	<b><u>36,285,513</u></b>
<b>b. Equity securities</b>		
Equity securities issued by other domestic credit institutions	-	-
Equity securities issued by domestic economic entities	1,013,973	1,132,219
Equity securities issued by foreign entities	-	-
	<b><u>1,013,973</u></b>	<b><u>1,132,219</u></b>
	<b><u>25,754,996</u></b>	<b><u>37,417,732</u></b>
<b>c. Provision for available-for-sale securities</b>		
Diminution provision	-	(76,093)
General provision	(32,814)	(40,327)
Specific provision	-	(237,741)
	<b><u>(32,814)</u></b>	<b><u>(354,161)</u></b>
<b>Net amount</b>	<b><u>25,722,182</u></b>	<b><u>37,063,571</u></b>

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### **5.2 Held-to-maturity securities (excluding special bonds issued by VAMC)**

	31 December 2018 VND million	31 December 2017 VND million
Government and municipal bonds	9,519,169	1,977,969
Debt securities issued by other domestic credit institutions	5,002,845	5,797,823
Debt securities issued by domestic economic entities	1,958,759	-
Debt securities issued by foreign entities	-	-
	<b>16,480,773</b>	<b>7,775,792</b>
Provision for held-to-maturity securities		
- Diminution provision	-	-
- General provision	-	-
- Specific provision	-	-
<b>Net amount</b>	<b>16,480,773</b>	<b>7,775,792</b>

### **5.3 Special bonds issued by VAMC**

	31 December 2018 VND million	31 December 2017 VND million
Special bonds	1,407,848	1,838,855
Provision for special bonds	(915,890)	(876,077)
	<b>491,958</b>	<b>962,778</b>

## **6. Long-term investments**

### *Analysis of securities classified by type*

	31 December 2018 VND million	31 December 2017 VND million
Investment in subsidiaries (*)	-	-
Investment in joint ventures	-	-
Investment in associates	-	-
Other long-term investments	185,117	490,087
Provision for long-term investments	(20,186)	(111,850)
<b>Total</b>	<b>164,931</b>	<b>378,237</b>

## **7. Due to the Government and the State Bank of Vietnam**

	31 December 2018 VND million	31 December 2017 VND million
Borrowings from SBV	-	-
Due to State Treasury	2,000,000	-
Others	5,911,883	156,253
<b>Total</b>	<b>7,911,883</b>	<b>156,253</b>

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## 8. Due to and borrowings from other credit institutions

### 8.1 Due to other credit institutions

	31 December 2018 VND million	31 December 2017 VND million
<b>Demand deposits</b>		
In VND	<b>12,100,998</b>	<b>5,070,339</b>
	12,100,998	5,070,339
<b>Term deposits</b>		
In VND	<b>10,736,750</b>	<b>7,174,023</b>
In foreign currencies	10,157,000	6,508,000
	579,750	666,023
<b>Total</b>	<b><u>22,837,748</u></b>	<b><u>12,244,362</u></b>

### 8.2 Borrowings from other credit institutions

	31 December 2018 VND million	31 December 2017 VND million
<b>By VND</b>		
Discount, re-discount valuable papers	<b>14,094,733</b>	<b>22,087,916</b>
Mortgaged and pledged borrowings	8,232,733	20,290,116
	5,862,000	1,797,800
<b>By foreign currencies</b>		
Discount, re-discount valuable papers	<b>3,756,780</b>	<b>2,885,100</b>
Mortgaged and pledged borrowings	-	-
<b>Total</b>	<b><u>17,851,513</u></b>	<b><u>24,973,016</u></b>

## 9. Due to customers

### Analysis by products

	31 December 2018 VND million	31 December 2017 VND million
<b>Demand deposits</b>		
Demand deposits in VND	<b>10,697,916</b>	<b>14,570,147</b>
Demand deposits in foreign currencies	9,727,639	13,207,286
	970,277	1,362,861
<b>Term deposits</b>		
Term deposits in VND	<b>116,583,938</b>	<b>105,181,448</b>
Term deposits in foreign currencies	115,558,954	102,969,487
	1,024,984	2,211,961
<b>Deposits for specific purposes</b>	<b>248,152</b>	<b>537,286</b>
<b>Margin deposits</b>	<b>530,088</b>	<b>248,588</b>
<b>Total</b>	<b><u>128,060,094</u></b>	<b><u>120,537,469</u></b>

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### 10. Valuable papers issued (excluding complex financial instruments)

	31 December 2018 VND million	31 December 2017 VND million
<b>Certificates of deposits</b>		
Less than 12 months	5,927,000	5,333,000
From 12 months to under 5 years	779,000	1,035,000
From 5 years	5,011,000	4,206,000
	137,000	92,000
<b>Straight bonds</b>		
From 12 months to under 5 years	9,000,000	4,460,000
From 5 years	6,000,000	1,460,000
	3,000,000	3,000,000
<b>Total</b>	<b>14,927,000</b>	<b>9,793,000</b>

### 11. Other liabilities

	31 December 2018 VND million	31 December 2017 VND million
Internal payables	159,395	78,373
External payables	4,472,921	3,783,774
Provisions	-	-
- Provision for commitments given	-	-
- Provision for payment services	-	-
- Other provisions ( <i>provision for operating risk excluding provision for other assets</i> )	-	-
Bonus and welfare fund	13,046	11,079
<b>Total</b>	<b>4,645,362</b>	<b>3,873,226</b>

### 12. Statutory obligations and deferred income tax

#### 12.1 Statutory obligations

	1 January 2018 VND million	Movement during the period		31 December 2018 VND million
	Payable VND million	Paid VND million	VND million	VND million
Value added tax	30,500	56,320	(77,489)	9,331
Corporate income tax	65,072	780,295	(749,692)	95,675
Property tax	-	36	(36)	-
Land rental tax	-	61	(61)	-
Other taxes	10,583	108,015	(110,213)	8,385
- License tax	-	280	(280)	-
- Personal income tax	10,174	101,578	(103,652)	8,100
- Withholding tax	409	6,157	(6,281)	285
Other taxes	-	1,527	(1,527)	-
<b>Total</b>	<b>106,155</b>	<b>946,254</b>	<b>(939,018)</b>	<b>113,391</b>

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### 12.2. Deferred income tax

#### a. Deferred income tax assets

	31 December 2018 VND million	31 December 2017 VND million
Deferred income tax assets related to deductible temporary differences	-	21,238
Deferred income tax assets related to unused tax losses	-	-
Deferred income tax assets related to unused incentive	-	-
Deferred income tax assets related to recorded in previous period	-	-
<b>Deferred income tax assets</b>	<b>-</b>	<b>21,238</b>

#### b. Deferred income tax liabilities

	31 December 2018 VND million	31 December 2017 VND million
Deferred income tax liabilities incurred from temporary differences	1,585	-
Deferred income tax liabilities incurred recorded in previous period	-	-
<b>Deferred income tax liabilities</b>	<b>1,585</b>	<b>-</b>

### 13. Owners' equity

#### 13.1. Statement of changes in owners' equity

	Beginning balance	Increase in period	Decrease in period	Ending balance
Contributed capital/ charter capital	9,810,000	-	-	9,810,000
Shares premium	2,042,255	-	-	2,042,255
Fund for capital expenditure	89	-	-	89
Treasury shares	(2)	-	-	(2)
Assets revaluation differences	-	-	-	-
Foreign exchange differences	-	-	-	-
Development and investment reserve	70	-	-	70
Financial reverse	361,111	203,578	-	564,689
Capital supplementary reserve	47,816	102,688	-	150,504
Other reserves	44,711	20,000	(4,174)	60,537
Retained earnings	1,769,506	2,842,084	(1,604,568)	3,007,022
Non-controlling interest	683,550	509,426	-	1,192,976
Other owners' capital	-	-	-	-
<b>Total</b>	<b>14,759,106</b>	<b>3,677,776</b>	<b>(1,608,742)</b>	<b>16,828,140</b>

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### 13.2 Shares

	31 December 2018 VND million	31 December 2017 VND million
Number of registered shares	980,999,979	980,999,979
Number of shares issued		
- Ordinary shares	980,999,979	980,999,979
- Preference shares	-	-
Number of treasury shares		
- Ordinary shares	208	208
- Preference shares	-	-
Number of outstanding shares		
- Ordinary shares	980,999,771	980,999,771
- Preference shares	-	-
* Par value of outstanding share (VND/share)	10,000	10,000

## VI. SUPPLEMENT ITEMS PRESENTED ON INCOME STATEMENT

### 14. Interest and similar income

	Current period VND million	Previous period VND million
Interest income from deposits	223,602	197,359
Interest income from loans	13,443,822	11,589,319
Interest income from debt securities	2,266,253	2,314,151
- Interest income from trading securities	38,528	77,161
- Interest income from investment securities	2,227,725	2,236,990
Income from guarantee services	77,939	52,513
Other income from credit activities (*)	936,686	805,739
<b>Total</b>	<b>16,948,302</b>	<b>14,959,081</b>

### 15. Interest and similar expense

	Current period VND million	Previous period VND million
Interest expenses for deposits	7,331,952	6,812,155
Interest expenses for borrowings	710,331	350,908
Interest expenses for valuable papers issued	1,079,402	1,053,005
Other expenses for credit activities	180,924	368,189
<b>Total</b>	<b>9,302,609</b>	<b>8,584,257</b>

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## 16. Net gain/(loss) from securities held for trading

	Current period VND million	Previous period VND million
Income from dealing securities held for trading	133,139	12,474
Expense for dealing securities held for trading	(5,053)	(6,829)
Provision (expense)/reversal for securities held for trading	(3,750)	63
<b>Net gain from securities held for trading</b>	<b>124,336</b>	<b>5,708</b>

## 17. Net gain/(loss) from investment securities

	Current period VND million	Previous period VND million
Income from dealing investment securities	391,228	504,650
Expense for dealing investment securities	(133,318)	(31,528)
Provision reversal for investment securities	83,606	11,773
<b>Net gain from investment securities</b>	<b>341,516</b>	<b>484,895</b>

## 18. Income from long-term investments

	Current period VND million	Previous period VND million
Dividend from equity securities	98,390	43,024
Dividend from long-term investment	3,770	857
<b>Total</b>	<b>102,160</b>	<b>43,881</b>

## 19. Operating expenses

	Current period VND million	Previous period VND million
<b>1. Tax payment and other fees</b>	<b>2,745</b>	<b>2,913</b>
<b>2. Personnel expenses</b>	<b>2,376,729</b>	<b>2,003,356</b>
Employees remuneration	2,121,318	1,811,596
Salary related allowance	197,980	153,802
Allowance	39,467	28,075
Other expense	17,964	9,883
<b>3. Fixed asset expenses</b>	<b>566,012</b>	<b>544,029</b>
<i>In which:</i> depreciation and amortization of fixed assets	89,986	104,991
<b>4. Administrative expenses</b>	<b>1,484,423</b>	<b>1,395,624</b>
<i>In which:</i>		
Expense relating to business trips	56,106	43,982
Union activities	2,092	3,467
<b>5. Insurance expenses, insurance for customers' deposits</b>	<b>113,315</b>	<b>110,839</b>
<b>6. Provision expense (excluding provision expense for credit losses, provision expense for investment securities)</b>	<b>(101,768)</b>	<b>37,189</b>
<b>7. Other expenses</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4,441,456</b>	<b>4,093,950</b>

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## VII. OTHER INFORMATION

### 20. Related parties

Related party transactions include all transactions undertaken with other entities to which the Bank and its subsidiaries are 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 and its subsidiaries 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 (owning 5% or more of the charter capital or voting share capital) in the Bank and its subsidiaries that gives it significant influence over the Bank and its subsidiaries;
  - has joint control over the Bank and its subsidiaries;
- (b) The party is a joint venture in which the Bank and its subsidiaries are ventures (owning over 11% of the charter capital or voting share capital but is not a subsidiary of the Bank and its subsidiaries);
- (c) The party is a member of the key management personnel (including Chief Financial Officer and Chief Accountant) of the Bank and its subsidiaries or its parent Company;
- (d) The party is a close member of the family of any person referred to in (a) or (c); or
- (e) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any person referred to in (c) or (d).

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

<i>Related party</i>	<i>Transactions</i>	<i>Current period VND million</i>
Major shareholders and related parties of major shareholders	Deposits	22,450,143
	Withdraw	22,077,851
Companies in which the Bank has long-term investments	Deposits	120,891,802
	Withdraw	122,415,793

Receivables and payables with related parties at period-ending are as follows:

<i>Related party</i>	<i>Transactions</i>	<i>31 December 2018 VND million</i>	
		<i>Receivables</i>	<i>Payables</i>
Major shareholders and related parties of major shareholders	Term deposits	-	(963,177)
	Demand deposits	-	(19,791)
	Margin deposits	-	(47)
	Loans	361,620	-
Companies in which the Bank has long-term investments	Term deposits	-	(1,509,628)
	Demand deposits	-	(416,257)
	Margin deposits	-	(2)
	Loans	1,224,055	-

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### 21. Concentration of assets, liabilities and off-balance sheet items by geographical regions

	Loans	Deposits	Credit commitment	Derivatives	Trading and investment securities
Domestic	123,131,648	35,490,102	8,651,281	36,127,927	46,246,993
Oversea	-	590,664	-	-	-

## VIII. FINANCIAL RISK MANAGEMENT

### 22. Risk management related to derivatives

Risk is inherent in the Bank and its subsidiaries' 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 and its subsidiaries' continuing profitability and each individual within the Bank and its subsidiaries is accountable for the risk prevention within his or her responsibilities. The Bank and its subsidiaries 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 and its subsidiaries' 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 and its subsidiaries.

#### (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 and its subsidiaries' activities.

Risk Management Committee analyses and provides warnings on the potential risks that may affect the Bank and its subsidiaries' 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 and its subsidiaries 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 and its subsidiaries.

#### (v) Internal Audit

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

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

The Bank and its subsidiaries' risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which is 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 and its subsidiaries in compliance with the State Bank of Vietnam's regulations. These limits reflect the business strategy and market environment of the Bank and its subsidiaries as well as the level of risk that the Bank and its subsidiaries are willing to accept.

Information compiled from all business activities is examined and processed in order to analyses, 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 and its subsidiaries.

For all levels throughout the Bank and its subsidiaries, 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 and its subsidiaries have actively used collateral to mitigate credit risk.

### (viii) *Excessive risk concentration*

Concentrations arise when a number of counterparties of the Bank and its subsidiaries are 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 and its subsidiaries' performance to the developments of a particular industry or geographic allocation.

In order to avoid excessive concentrations of risk, the Bank and its subsidiaries' 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 and its subsidiaries in respect of the industries and other related factors.

## 23. Credit risk

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

The Bank and its subsidiaries 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 and its subsidiaries 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, including frequently review collateral. 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 in currencies.

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### 24. Market risk

#### 24.1 Interest risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair values of financial instruments. The Bank and its subsidiaries 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 and its subsidiaries 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*

The repricing period of interest rate of assets and liabilities is the term calculated from the balance sheet date to the nearest repricing date of interest rate or remaining contractual term whichever is earlier.

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

- ▶ Cash and gold; long-term investments and other assets (including fixed assets and other assets), derivatives and other financial assets are classified as non-interest bearing items;
- ▶ The re-pricing term of balances with the State Bank of Vietnam is considered as up to one-month;
- ▶ The re-pricing term of investment securities and held-for-trading securities is calculated based on the time to maturity from the balance sheet date for each type of securities;
- ▶ The re-pricing term of due to the SBV, due from and loans to other credit institutions; loans to customers; grants, entrusted funds and loans exposure to risks; due to and loan from other credit institutions 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 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 balance sheet date.
- ▶ The re-pricing term of valuable papers issued is determined based on the time to the nearest interest rate re-pricing date from the balance sheet date.

The following table presents the interest re-pricing period of the Bank and its subsidiaries' assets and liabilities as at 31 December 2018.

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Items	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	1 - 5 years VND million	Over 5 years VND million	Total VND million
		VND million	VND million							
<b>Assets</b>										
Cash and gold	-	2,096,395		-	-	-	-	-	-	2,096,395
Balances with the State Bank of Vietnam	-	-	5,385,604	-	-	-	-	-	-	5,385,604
Due from and loans to other credit institutions (*)	-	-	27,822,204	4,603,340	-	-	-	-	-	32,425,544
Securities held for trading (*)	-	2,603,376	-	-	-	-	-	-	-	2,603,376
Derivatives and other financial assets		208,294	-	-	-	-	-	-	-	208,294
Loans to customers (*)	3,484,700	-	6,360,598	104,800,222	2,102,261	3,728,509	2,655,358	-	-	123,131,648
Purchased debts (*)										-
Investment securities (*)	62,259	2,421,822	2,228,117	3,123,103	3,259,773	10,902,833	16,277,208	5,368,502	43,643,617	
Long-term investments (*)	-	185,117	-	-	-	-	-	-	-	185,117
Fixed assets	-	1,667,411	-	-	-	-	-	-	-	1,667,411
Other assets (*)	43,891	7,037,243	26,210	7,942	-	-	-	-	-	7,115,286
<b>Total assets</b>	<b>3,590,850</b>	<b>16,219,658</b>	<b>41,822,733</b>	<b>112,534,607</b>	<b>5,362,034</b>	<b>14,631,342</b>	<b>18,932,566</b>	<b>5,368,502</b>	<b>218,462,292</b>	
<b>Liabilities</b>										
Due to and borrowings from the SBV and other credit institutions	-	-	42,771,753	2,234,411	-	742,610	2,736,420	115,950	48,601,144	
Due to customers	-	530,222	45,394,779	21,405,328	26,437,519	29,242,236	5,047,892	2,118	128,060,094	
Grants, entrusted funds and loans exposed to risks	-	-	1,836	2,968,320	-	-	-	75,510	3,045,666	
Valuable papers issued	-	-	552,000	1,219,000	916,000	2,474,000	7,129,000	2,637,000	14,927,000	
Other liabilities (*)	-	4,578,330	30,707	15,467	-	-	20,768	90	4,645,362	
<b>Total liabilities</b>	<b>-</b>	<b>5,108,552</b>	<b>88,751,075</b>	<b>27,842,526</b>	<b>27,353,519</b>	<b>32,458,846</b>	<b>14,934,080</b>	<b>2,830,668</b>	<b>199,279,266</b>	
On-balance sheet interest sensitivity gap	3,590,850	11,111,106	(46,928,342)	84,692,081	(21,991,485)	(17,827,504)	3,998,486	2,537,834	19,183,026	
Off-balance sheet interest sensitivity gap	-	(8,651,281)	-	-	-	-	-	-	-	(8,651,281)
Interest sensitivity gap (on, off-balance sheet)	3,590,850	2,459,825	(46,928,342)	84,692,081	(21,991,485)	(17,827,504)	3,998,486	2,537,834	10,531,745	

(\*) These items exclude provision.

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## 24.2 *Currency risk*

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

The Bank and its subsidiaries are 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 and its subsidiaries are almost denominated in VND and a proportion in USD, EUR and gold. The Bank and its subsidiaries have set limits to control the positions of the currencies. Positions are monitored on a daily basis and hedging strategies are used to ensure that the positions of the currencies are maintained within the established limits.

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The following table presents assets and liabilities in foreign currencies translated into VND as at 31 December 2018:

Items	EUR equivalent VND million	USD equivalent VND million	Gold equivalent VND million	Other currencies equivalent VND million	Total VND million
<b>Assets</b>					
Cash and gold	152,696	584,584	16,212	225,147	978,639
Balances with the State Bank of Vietnam	-	12,491	-	-	12,491
Due from and loans to other credit institutions (*)	9,846,523	940,599	-	116,033	10,903,155
Derivatives and other financial assets	-	-	-	-	-
Loans to customers (*)	-	10,030,459	-	75,510	10,105,969
Other assets (*)	14	147,821	-	2,462	150,297
<b>Total assets</b>	<b>9,999,233</b>	<b>11,715,954</b>	<b>16,212</b>	<b>419,152</b>	<b>22,150,551</b>
<b>Liabilities</b>					
Due to and borrowings from other credit institutions	-	4,336,530	-	-	4,336,530
Due to customers	87,592	1,905,529	-	97,148	2,090,269
Grants, entrusted funds and loans exposed to risks	9,904,243	1,512,921	-	352,221	11,769,385
Derivatives and other financial liabilities	-	2,969,466	-	75,510	3,044,976
Other liabilities	37	146,713	186	1,494	148,430
<b>Total liabilities</b>	<b>9,991,872</b>	<b>10,871,159</b>	<b>186</b>	<b>526,373</b>	<b>21,389,590</b>
<b>Foreign exchange position on-balance sheet</b>	<b>7,361</b>	<b>844,795</b>	<b>16,026</b>	<b>(107,221)</b>	<b>760,961</b>
<b>Foreign exchange position off-balance sheet</b>	<b>-</b>	<b>(118,631)</b>	<b>-</b>	<b>118,742</b>	<b>111</b>
<b>Foreign exchange position on and off-balance sheet</b>	<b>7,361</b>	<b>726,164</b>	<b>16,026</b>	<b>11,521</b>	<b>761,072</b>

(\*) These items exclude provision.

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### 24.3 *Liquidity risk*

Liquidity risk is the risk which the Bank and its subsidiaries have difficulties in meeting the obligations of financial liabilities. Liquidity risk occurs when the Bank and its subsidiaries cannot afford to settle debt obligations at the due dates in the normal or stress conditions. To manage the liquidity risk exposure, the Bank and its subsidiaries have 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 and its subsidiaries have 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 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 and its subsidiaries' assets and liabilities:

- ▶ Balances with the SBV are classified as demand deposits which include compulsory deposits;
- ▶ The maturity term of investment securities is calculated based on the maturity date of each kind of securities; except for the maturity term of investments in Government bonds and bonds issued by the Vietnam Development Bank is considered within one month because of their high liquidity;
- ▶ The maturity term of due to the SBV, 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 one year because these investments do not have specific maturity date;
- ▶ The maturity term of due to and borrowings from other credit institutions, 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 a fixed assets are determined based on remaining useful life of assets.

The following table presents assets and liabilities maturity from the Bank at 31 December 2018.

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Items	Overdue			Current				Total VND million
	Above 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	1 - 3 months VND million	3 - 12 months VND million	1 - 5 years VND million	Above 5 years VND million	
<b>Assets</b>								
Cash and gold	-	-	2,096,395	-	-	-	-	2,096,395
Balances with the State Bank of Vietnam	-	-	5,385,604	-	-	-	-	5,385,604
Due from and loans to other credit institutions (*)	-	-	27,822,204	4,603,340	-	-	-	32,425,544
Securities held for trading (*)	-	-	51,419	-	508,045	1,633,034	410,878	2,603,376
Derivatives and other financial assets	-	-	94,273	112,812	1,209	-	-	208,294
Loans to customers (*)	1,884,949	1,599,751	7,543,972	17,848,780	44,729,466	20,927,140	28,597,590	123,131,648
Purchased debts (*)	-	-	-	-	-	-	-	-
Investment securities (*)	62,259	-	3,073,045	2,117,744	11,460,920	16,172,388	10,757,261	43,643,617
Long-term investments (*)	-	-	-	-	-	-	185,117	185,117
Fixed assets	-	-	985,963	-	-	57,222	624,226	1,667,411
Other assets (*)	43,891	-	7,063,453	7,942	-	-	-	7,115,286
<b>Total assets</b>	<b>1,991,099</b>	<b>1,599,751</b>	<b>54,116,328</b>	<b>24,690,618</b>	<b>56,699,640</b>	<b>38,789,784</b>	<b>40,575,072</b>	<b>218,462,292</b>
<b>Liabilities</b>								
Due to and borrowings from the SBV and other credit institutions	-	-	42,771,792	2,075,856	750,262	2,861,656	141,578	48,601,144
Due to customers	-	-	45,925,001	21,405,328	55,679,755	5,047,892	2,118	128,060,094
Derivatives and other financial liabilities	-	-	-	-	-	-	-	-
Grants, entrusted funds and loans exposed to risks	-	-	-	-	691	-	3,044,975	3,045,666
Valuable papers issued	-	-	552,000	1,219,000	3,390,000	7,129,000	2,637,000	14,927,000
Other liabilities (*)	-	-	4,479,629	86,295	28,323	20,906	30,209	4,645,362
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>93,728,422</b>	<b>24,786,479</b>	<b>59,849,031</b>	<b>15,059,454</b>	<b>5,855,880</b>	<b>199,279,266</b>
<b>In-balance sheet interest sensitivity gap</b>	<b>1,991,099</b>	<b>1,599,751</b>	<b>(39,612,094)</b>	<b>(95,861)</b>	<b>(3,149,391)</b>	<b>23,730,330</b>	<b>34,719,192</b>	<b>19,183,026</b>

(\*) These items exclude provision.

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Prepared by:

Ms. Le Thi Thao  
Accountant

Reviewed by:

Ms. Ho Dang Hoang Quyen  
Chief Accountant

Approved by:



Mr. Pham Van Dau  
Chief Finance Officer

Ho Chi Minh City, Vietnam

29 January 2019

