

If accounting is the language of business and financial statement is its song, then 2019 was a stellar performance for Techcombank.

## Financial statements



**THE BANK**

Vietnam Technological and Commercial Joint Stock Bank (“the Bank”) is a commercial joint stock bank registered and incorporated in the Socialist Republic of Vietnam.

The Bank was incorporated pursuant to Business License No. 0038/GP-NHNN issued by the Governor of the State Bank of Vietnam (“the SBV”) on 6 March 2018 to replace Business License No. 0040/NH-GP on 6 August 1993 and Business Registration Certificate No. 0100230800 issued by the Hanoi Department of Planning and Investment on 12 November 2019. The operating duration is 99 years since 6 August 1993.

The principal activities of the Bank are mobilizing and receiving short, medium and long-term deposit funds from organizations and individuals, lending on short, medium and long-term basis up to the nature and ability of the Bank’s capital resources, conducting settlement and cash services and other banking services as approved by the SBV, conducting investments in subsidiaries, associates, joint-ventures, bonds and other companies and dealing in foreign exchange in accordance with applicable regulations.

**BOARD OF DIRECTORS**

Members of the Board of Directors of the Bank for the year ended 31 December 2019 and as at the date of these consolidated financial statements are as follows:

Name	Position
Mr. Ho Hung Anh	Chairman
Mr. Nguyen Dang Quang	The first Vice Chairman
Mr. Nguyen Thieu Quang	Vice Chairman
Mr. Nguyen Canh Son	Vice Chairman
Mr. Do Tuan Anh	Vice Chairman
Mr. Lee Boon Huat	Member
Mr. Nguyen Doan Hung	Independent Member (to 13 April 2019)
Mr. Saurabh Narayan Agarwal	Member (from 13 April 2019)
Mr. Nguyen Nhan Nghia	Independent Member (from 13 April 2019)

**BOARD OF SUPERVISION**

Members of the Board of Supervision of the Bank for the year ended 31 December 2019 and as at the date of these consolidated financial statements are as follows:

Name	Position
Mr. Hoang Huy Trung	Head of the Board of Supervision cum Member in charge
Mr. Mag Rec Soc Oec Romauch Hannes	Member
Ms. Nguyen Thu Hien	Member in charge (to 13 April 2019)
Ms. Bui Thi Hong Mai	Member

**BOARD OF MANAGEMENT**

Members of the Board of Management of the Bank for the year ended 31 December 2019 and as at the date of these consolidated financial statements are as follows:

Name	Position
Mr. Nguyen Le Quoc Anh	Chief Executive Officer
Mr. Phung Quang Hung	Standing Deputy Chief Executive Office cum Managing Director and Head of the Customer Service and Financial Advisory Division (from 15 Mar 2020)
Mr. Do Tuan Anh	Deputy Chief Executive Officer cum Head of Corporate Affairs Division (from 1 September 2019)
Mr. Pham Quang Thang	Deputy Chief Executive Officer cum Transformation Director (from 1 September 2019)
Mr. Phan Thanh Son	Deputy Chief Executive Officer cum Head of Global Transaction Banking (from 1 September 2019)
Mr. Le Ba Dung	Deputy Chief Executive Officer cum Head of Risk Management (to 5 May 2019)
Mr. Trinh Bang	Group Chief Finance Officer
Ms. Phan Thi Thanh Binh	Head of Wholesales Banking
Mr. Vishal Shah	Head of Business Banking
Ms. Le Thi Bich Phuong	Head of Personal Financial Services Banking cum Head of Insurance Division (from 18 October 2019)
Ms. Tran Thi Minh Lan	Head of Strategy and Corporate Development cum Head of Internal Strategy
Mr. Chester Gorski	Head of IT and Operations

## General information (continued)

### BOARD OF MANAGEMENT (continued)

Name	Position
Mr. Vu Minh Truong	Head of Treasury and Financial Markets - Finance and Planning Division (from 1 September 2019)
Ms. Nguyen Huong Giang	Head of Transaction Banking - Global Transaction Banking Division (from 1 September 2019)
Ms. Nguyen Thi Van Anh	Head of Marketing Division
Mr. Do Minh	Transformation Director - Transformation Office (from 1 July 2019)
Mr. Sam Sangkyuk Suh	Transformation Director - Personal Financial Services Transformation Office (from 16 April 2019)
Ms. Pham Vu Minh Dan	Head of Human Resources (to 19 August 2019)
Mr. Chung Ba Phuong	Head of Insurance Division (to 18 January 2019)
Mr. Ashish Sharma	Transformation Director - Transformation Office (to 1 July 2019)
Mr. De Leeuw Van Weenen Iwan	Transformation Director - Human Resources (to 6 August 2019)

### LEGAL REPRESENTATIVE

The legal representative of the Bank for the year ended 31 December 2019 and as at the date of these consolidated financial statements is Mr. Ho Hung Anh, the Chairman.

Mr. Phung Quang Hung is authorised by Mr. Ho Hung Anh to sign off operations management related reports and documents which comprise the accompanying consolidated financial statements for the year ended 31 December 2019 in accordance with Decision No. 0058/2020/UQ-CT HĐQT dated 6 February 2020.

### AUDITORS

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

## Report of the Board of Management

The Board of Management of Vietnam Technological and Commercial Joint Stock Bank (“the Bank”) is pleased to present its report and the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2019.

### MANAGEMENT’S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

### STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2019, and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of the Board of Management:



Mr. Phung Quang Hung  
Standing Deputy Chief Executive Office cum Managing Director  
and Head of the Customer Service and Financial Advisory Division

Hanoi, Vietnam, 18 March 2020

**TO: THE SHAREHOLDERS OF VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK**

We have audited the accompanying consolidated financial statements of Vietnam Technological and Commercial Joint Stock Bank (“the Bank”) and its subsidiaries, as prepared on 18 March 2020 and set out on pages 130 to 205 which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

**MANAGEMENT'S RESPONSIBILITY**

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

**AUDITORS' RESPONSIBILITY**

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

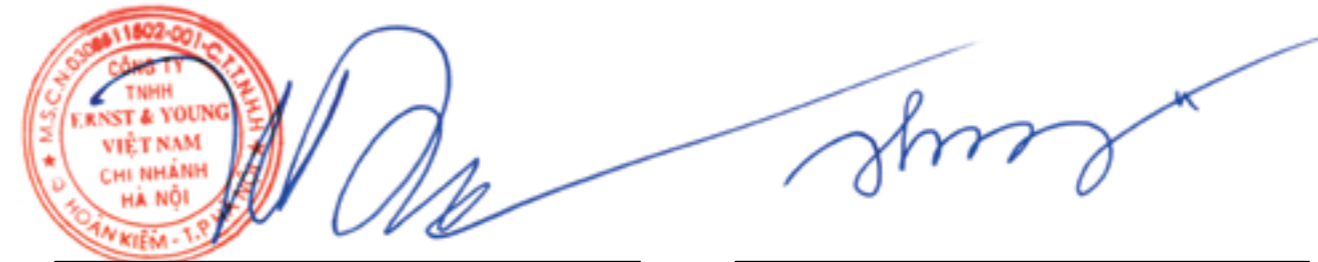
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements,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

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

**OPINION**

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2019, and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the consolidated financial statements.

**ERNST & YOUNG VIETNAM LIMITED**



**Dang Phuong Ha**  
Deputy General Director  
Audit Practising Registration  
Certificate No. 2400-2018-004-1

**Tran Thi Thu Hien**  
Auditor  
Audit Practising Registration  
Certificate No. 2487-2018-004-1

Hanoi, Vietnam, 18 March 2020

	Notes	31 December 2019 VND million	31 December 2018 VND million
<b>ASSETS</b>			
Cash and gold	5	4,820,627	2,606,467
Balances with the State Bank of Vietnam	6	3,192,256	10,555,483
Balances with and credit granting to other credit institutions	7	47,990,224	35,559,363
Balances with other credit institutions	7.1	38,596,420	24,169,512
Credit granting to other credit institutions	7.2	9,393,804	11,389,851
Securities held-for-trading	8	10,041,556	7,572,229
Securities held-for-trading		10,052,963	7,583,090
Provision for securities held-for-trading		(11,407)	(10,861)
Loans to customers		227,885,283	157,554,103
Loans to customers	9	230,802,027	159,939,217
Provision for loans to customers	10	(2,916,744)	(2,385,114)
Debts purchased	11	-	-
Debts purchased		1,682	1,682
Provision for debts purchased		(1,682)	(1,682)
Investment securities	12	66,054,597	86,512,348
Available-for-sale securities		66,158,709	66,625,261
Held-to-maturity securities		202,006	20,236,200
Provision for investment securities		(306,118)	(349,113)
Long-term investments	13	12,223	12,223
Other long-term investments		12,883	12,883
Provision for long-term investments		(660)	(660)
Fixed assets	14	3,207,777	1,718,596
Tangible fixed assets	14.1	793,484	788,016
Cost		1,761,468	1,835,272
Accumulated depreciation		(967,984)	(1,047,256)
Intangible fixed assets	14.2	2,414,293	930,580
Cost		3,086,148	1,540,037
Accumulated amortisation		(671,855)	(609,457)
Investment property	15	1,160,524	1,196,324
Cost		1,435,699	1,435,699
Accumulated depreciation		(275,175)	(239,375)
Other assets	16	19,334,394	17,701,805
Receivables		12,954,103	11,322,256
Accrued interest and fees receivables		5,553,724	5,737,907
Other assets		1,055,475	717,481
Provision for other assets		(228,908)	(75,839)
<b>TOTAL ASSETS</b>		<b>383,699,461</b>	<b>320,988,941</b>

	Notes	31 December 2019 VND million	31 December 2018 VND million
<b>LIABILITIES</b>			
Due from the government and the State Bank of Vietnam	17	-	6,025,027
Deposits and borrowings from other financial institutions and credit institutions	18	61,266,635	36,425,560
Deposits from other financial institutions and credit institutions	18.1	38,632,337	28,973,455
Borrowings from other financial institutions and credit institutions	18.2	22,634,298	7,452,105
Deposits from customers	19	231,296,761	201,414,532
Derivatives and other financial liabilities	20	434,008	310,313
Valuable papers issued	21	17,460,634	13,177,959
Other liabilities	22	11,168,656	11,852,845
Accrued interest and fee payables		3,479,310	3,424,068
Other liabilities		7,689,346	8,428,777
<b>TOTAL LIABILITIES</b>		<b>321,626,694</b>	<b>269,206,236</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		35,477,967	35,442,539
Charter capital		35,001,400	34,965,922
Share premium		476,567	476,617
Reserves		5,172,684	3,867,846
Retained earnings		21,131,391	12,403,003
Non-controlling interests		290,725	69,317
<b>TOTAL SHAREHOLDERS' EQUITY</b>	24	<b>62,072,767</b>	<b>51,782,705</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>383,699,461</b>	<b>320,988,941</b>

# Consolidated balance sheet (continued)

as at 31 December 2019

B02/TCTD-HN

## CONSOLIDATED OFF-BALANCE SHEET ITEMS

	31 December 2019 VND million	31 December 2018 VND million
<b>Contingent liabilities</b>		
Guarantees for borrowings	38,509	5,957
Commitments for currencies contracts	228,476,804	160,600,295
- Commitments to buy foreign currencies	1,108,119	3,305,927
- Commitments to sell foreign currencies	5,611,861	7,472,531
- Commitments to buy - currency swap contracts	110,730,891	74,815,387
- Commitments to sell - currency swap contracts	111,025,933	75,006,450
Letters of credit	21,909,553	12,163,321
Other guarantees	22,285,888	19,043,774
Valuable papers forward commitments	19,281,908	8,059,426
Other commitments	241,440,019	202,008,746
	<b>533,432,681</b>	<b>401,881,519</b>

Prepared by:

Ms. Bui Thi Khanh Van  
Chief Accountant

Approved by:

Ms. Thai Ha Linh  
Director of Accounting,  
Financial Policy and Tax,  
Finance and Planning Division

Approved by:

Mr. Phung Quang Hung  
Standing Deputy Chief  
Executive Office  
cum Managing Director and  
Head of the Customer Service  
and Financial Advisory Division

Hanoi, Vietnam, 18 March 2020

# Consolidated income statement

for the year ended 31 December 2019

B03/TCTD-HN

	Notes	2019 VND million	2018 VND million (reclassified)
Interest and similar income	25	25,016,341	21,413,626
Interest and similar expenses	26	(10,758,497)	(10,023,687)
<b>Net interest and similar income</b>		<b>14,257,844</b>	<b>11,389,939</b>
Fees and commission income		4,884,408	4,188,317
Fees and commission expenses		(1,631,055)	(915,737)
<b>Net fees and commission income</b>	27	<b>3,253,353</b>	<b>3,272,580</b>
<b>Net gain from trading foreign currencies</b>	28	<b>104,581</b>	<b>233,751</b>
<b>Net gain from securities held-for-trading</b>	29	<b>397,664</b>	<b>168,433</b>
<b>Net gain from investment securities</b>	30	<b>1,243,759</b>	<b>756,585</b>
Other income		4,425,079	3,147,169
Other expenses		(2,618,351)	(1,513,392)
<b>Net gain from other operating activities</b>	31	<b>1,806,728</b>	<b>1,633,777</b>
<b>Income from investments in other entities</b>	32	<b>4,216</b>	<b>894,703</b>
<b>Total operating income</b>		<b>21,068,145</b>	<b>18,349,768</b>
<b>Operating expenses</b>	33	<b>(7,312,509)</b>	<b>(5,842,507)</b>
<b>Net profit before provision for credit losses</b>		<b>13,755,636</b>	<b>12,507,261</b>
Provision expenses for credit losses	34	(917,368)	(1,846,245)
<b>Profit before tax</b>		<b>12,838,268</b>	<b>10,661,016</b>
Current corporate income tax expense	23.1	(2,612,059)	(2,185,246)
Deferred corporate income tax expense	23.3	-	(1,773)
<b>Corporate income tax expense</b>		<b>(2,612,059)</b>	<b>(2,187,019)</b>
<b>Profit after tax</b>		<b>10,226,209</b>	<b>8,473,997</b>
<b>Non-controlling interests</b>		<b>(151,070)</b>	<b>(11,222)</b>
<b>Basic earnings per share (VND/share)</b>	35	<b>2,871</b>	<b>3,816</b>

Prepared by:

Ms. Bui Thi Khanh Van  
Chief Accountant

Approved by:

Ms. Thai Ha Linh  
Director of Accounting,  
Financial Policy and Tax,  
Finance and Planning Division

Approved by:

Mr. Phung Quang Hung  
Standing Deputy Chief  
Executive Office  
cum Managing Director and  
Head of the Customer Service  
and Financial Advisory Division

Hanoi, Vietnam, 18 March 2020



# Consolidated cash flow statement

for the year ended 31 December 2019

B04/TCTD-HN

	Notes	2019 VND million	2018 VND million (reclassified)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest and similar receipts		25,677,175	20,445,343
Interest and similar payments		(10,865,013)	(9,797,235)
Net fees and commission receipts		3,170,716	2,966,562
Net receipts/payments from trading activities (foreign currencies and securities)		1,703,869	1,310,321
Other income receipts		485,024	151,294
Recovery of loans previously written-off	31	1,080,236	1,422,895
Payments for employees and other operating expenses		(5,565,179)	(4,432,019)
Current income taxation paid for the year	23.1	(2,678,919)	(2,140,758)
<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>		<b>13,007,909</b>	<b>9,926,403</b>
<i>Changes in operating assets</i>			
Decrease in balances with and credit granting to other credit institutions		2,033,530	2,576,067
Decrease/(increase) in securities held-for-trading		18,030,873	(35,935,551)
Decrease in derivatives instrument and other financial assets		-	36,292
(Increase)/decrease in loans to customers		(70,862,810)	909,820
Decrease in use of provision to write off loans, securities, long-term investments, receivables		(257,259)	(2,553,203)
Increase in other operating assets		(4,670,454)	(3,308,223)
<i>Changes in operating liabilities</i>			
(Decrease)/increase in due from the government and the State Bank of Vietnam		(4,024,907)	4,024,907
Increase/(decrease) in deposits and borrowings from other financial institutions and credit institutions		24,841,075	(9,898,265)
Increase in deposits from customers (including State Treasury)		27,882,109	31,443,819
Increase/(decrease) in valuable papers issued (excluding valuable papers issued classified into financing activities)		7,482,675	(1,762,011)
Increase in derivatives and other financial liabilities		123,695	310,313
(Decrease)/increase in other liabilities		(944,721)	4,528,623
Payments from reserves		(9,913)	(59)
<b>Net cash flows from operating activities</b>		<b>12,631,802</b>	<b>298,932</b>

	Notes	2019 VND million	2018 VND million (reclassified)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchases of fixed assets		(257,620)	(401,574)
Proceeds from disposal of fixed assets		31,428	6,097
Payments for disposal of fixed assets		(268)	(89)
Payments for investments in other entities		-	(799)
Proceeds from investments in other entities		-	915,560
Dividends received from long-term investments	32	4,216	275
<b>Net cash flows (used in)/from investing activities</b>		<b>(222,244)</b>	<b>519,470</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in charter capital from share issuance		35,428	-
Proceeds from long-term valuable papers issued classified into owners' equity and other long-term borrowings		-	310,000
Payments for long-term valuable papers qualified to classify into owners' equity and other long-term borrowings		(3,200,000)	(3,010,000)
Proceeds from selling treasury shares		-	16,341,177
Increase in charter capital from capital contribution by non-controlling shareholders		70,338	58,201
<b>Net cash flows (used in)/from financing activities</b>		<b>(3,094,234)</b>	<b>13,699,378</b>
<b>Net cash flows during the year</b>		<b>9,315,324</b>	<b>14,517,780</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>37,198,979</b>	<b>22,681,199</b>
<b>Cash and cash equivalents at the end of the year</b>	36	<b>46,514,303</b>	<b>37,198,979</b>
<b>SIGNIFICANT NON-CASH TRANSACTIONS DURING THE YEAR</b>			
Increase in charter capital from owners' equity		-	23,310,615

Prepared by:

Ms. Bui Thi Khanh Van  
Chief Accountant

Approved by:

Ms. Thai Ha Linh  
Director of Accounting,  
Financial Policy and Tax,  
Finance and Planning Division

Approved by:

Mr. Phung Quang Hung  
Standing Deputy Chief  
Executive Office  
cum Managing Director and  
Head of the Customer Service  
and Financial Advisory Division

Hanoi, Vietnam, 18 March 2020



# Notes to the consolidated financial statements

as at 31 December 2019 and for the year then ended

B05/TCTD-HN

## 1. GENERAL INFORMATION

Vietnam Technological and Commercial Joint Stock Bank (“the Bank”) is a commercial joint stock bank registered and incorporated in the Socialist Republic of Vietnam.

### Establishment and operations

The Bank was incorporated pursuant to Business License No. 0038/GP-NHNN issued by the Governor of the State Bank of Vietnam (“the SBV”) on 6 March 2018 to replace Business License No. 0040/NH-GP on 6 August 1993 and Business Registration Certificate No. 0100230800 issued by the Hanoi Department of Planning and Investment on 12 November 2019. The operating duration is 99 years since 6 August 1993.

The principal activities of the Bank are mobilizing and receiving short, medium and long-term deposit funds from organizations and individuals, lending on short, medium and long-term basis up to the nature and ability of the Bank’s capital resources, conducting settlement and cash services and other banking services as approved by the SBV, conducting investments in subsidiaries, associates, joint-ventures, bonds and other companies and dealing in foreign exchange in accordance with applicable regulations.

### Charter capital

As at 31 December 2019, the charter capital of the Bank is VND 35,001,399,620,000 (31 December 2018: VND 34,965,921,600,000).

### Network

The Bank’s Head Office is located at 191 Ba Trieu, Hai Ba Trung District, Hanoi. As at 31 December 2019, the Bank has one (1) Head Office, two (2) representative offices, three hundred and eleven (311) transaction offices nationwide and three (3) subsidiaries.

### Subsidiaries

As at 31 December 2019 and as at the date of consolidated financial statements, the Bank has three (3) subsidiaries as follows:

No.	Name	Business License No.	Industry	% owned by the Bank
1	Techcom Securities Joint Stock Company	37/GPDC-UBCK dated 13 June 2019 granted by the State Securities Commission	Securities activities	88.99999%
2	Vietnam Technological and Commercial Joint Stock Bank - Asset Management Company Limited	0102786255 dated 18 June 2008 granted by the Hanoi Department of Planning and Investment which was amended for the 22th time on 3 May 2019	Debt and asset management	100%
3	Techcom Capital Management Joint Stock Company	33/GPDC-UBCK dated 5 June 2019 granted by the State Securities Commission	Fund management	88.99956%

### Employees

As at 31 December 2019, the Bank and its subsidiaries have 11,156 employees (31 December 2018: 9,757 employees).

## 2. ACCOUNTING PERIOD AND CURRENCY

### 2.1 Accounting period

The annual accounting period of the Bank starts on 1 January and ends on 31 December.

### 2.2 Accounting currency

Currency used in accounting of the Bank is Vietnam dong (“VND”) and is rounded to the nearest VND million for presentation of consolidated financial statements.

## 3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

### 3.1 Statement of compliance

The Board of Management of the Bank confirmed that it has complied with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of consolidated financial statements.

Accordingly, the accompanying consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement and notes to the consolidated financial statements, including their utilization are not designed for those who are not informed about Vietnamese accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position of the Bank and its subsidiaries, the consolidated results of their operations and their consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

### 3.2 Basis of preparation

The consolidated 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 and the chart of account system for credit institutions issued in connection with Decision No. 479/2004/QD-NHNN by the State Bank of Vietnam and 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).

### 3.3 Basic of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the year then ended 31 December 2018. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date that such control ceases. In case the Bank divests its equity interest in a subsidiary resulting in loss of control over the subsidiary, the Bank only consolidates the financial result of the subsidiary from the beginning of the year up to the date of the divestment without consolidating the net assets of the subsidiary. Furthermore, the Bank makes adjustments of indirect impact of the divestment transactions on the consolidated cash flow statement.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.





## Notes to the consolidated financial statements (continued)

as at 31 December 2019 and for the year then ended

B05/TCTD-HN

### 3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

#### 3.3 Basic of consolidation (continued)

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

#### 3.4 Basis of assumptions and uses of estimates

The preparation of the consolidated financial statements requires the Board of Management 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. Therefore, actual results may differ resulting in future changes in such provision.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Changes in accounting policies and disclosures

The accounting policies adopted by the Bank in preparation of the separate financial statements are consistent with those followed in the preparation of the Bank's separate financial statements for the year ended 31 December 2018, except for the following changes in the accounting policies:

*Circular No. 48/2019/TT-BTC providing guidance to the appropriation and use of provisions for devaluation of inventories, financial investments, bad receivable debts and warranty for products, goods, services and construction works at enterprises.*

On 8 August 2019, the Ministry of Finance issued Circular No. 48/2019/TT-BTC ("Circular 48") providing guidance to the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad receivable debts and warranty for products, goods and construction works as a basis for determining deductible expenses when determining taxable income corporate income.

Key contents in Circular 48 are as below:

- » Provisions for devaluation of inventories;
- » Provisions for devaluation of financial investments;
- » Provisions for bad receivable debts;
- » Provisions for warranty for products, goods, services and construction works.

Circular 48 has taken effect since 10 October 2019, applied from fiscal year 2019 and replaced Circular No. 228/2009/TT-BTC dated 7 December 2009, Circular No. 34/2011/TT-BTC dated 14 March 2011 and Circular No. 89/2013/TT-BTC dated 28 June 2013.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash, gold, balances with the SBV, treasury bills and other short-term valuable papers eligible for rediscount with the SBV; balances with other credit institutions that have maturity of three months or less from the transaction date and securities with recovery or maturity of three months or less from date of purchase.

#### 4.3 Balances with and credit granting to other credit institutions

Balances with and credit granting to other credit institutions are presented at the principal amounts outstanding at the end of the year.

The credit risk classification of balances 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 balances with (except for current accounts at other local credit institutions or at foreign bank branches in Vietnam) and credit granting to other credit institutions according to the method as described in Note 4.6.

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

#### 4.4 Securities held-for-trading

##### 4.4.1 Classification and recognition

Trading securities are securities which the Bank purchases and intends to sell in the short term for a profit that it expects to generate from increases in the price of the securities. Securities held for trading are initially recognised at cost.

##### 4.4.2 Measurement

Listed debt securities held for trading are recognised at cost less provision for diminution in value of securities.

For listed debt securities, provision for diminution in value is based on the actual market price of securities which is the closing price on a nearest date having transactions up to the date of financial statements. In case listed debt securities have no transactions made within 30 latest trading days up to the date of financial statements, no provision is calculated.

For government bonds and government - guaranteed bonds, provision for diminution in value is based on the actual market price of bonds which is the price on the nearest transaction price within 10 days up to the date of financial statements. In case these bonds have no transactions made within 10 latest trading days up to the date of financial statements, no provision is calculated.



# Notes to the consolidated financial statements (continued)

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## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.4 Securities held-for-trading (continued)

#### 4.4.2 Measurement (continued)

Provision for credit losses on corporate bonds which are not listed on the stock market or not registered on the unlisted public companies market is made in accordance with Circular 02 and Circular 09 as described in Note 4.6.

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

Gains or losses from the sales of securities held-for-trading are recognised in the consolidated income statement.

#### 4.4.3 De-recognition

Securities held-for-trading are derecognised 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.

### 4.5 Loans to customers

Loans to customers are presented at the principal amounts outstanding as at the end of the year less any provision made for loans to customers.

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

Loan classification and provision for credit losses are made according to Circular 02 and Circular 09 as presented in Note 4.6.

### 4.6 Asset classification and provisioning rate, risk provisioning method for balances with and credit granting to other credit institutions, investments and trusted investments in unlisted corporate bonds, loans to customers, entrustments for credit granting and other receivables bearing credit risk

Asset classification for balances with and loans to other credit institutions, investments and trusted investments in unlisted corporate bonds, loans to customers, entrustments for credit granting and other receivables bearing credit risk (here refer as "debts") is made in compliance with the quantitative method as prescribed in Article 10 of Circular 02.

Specific provision as at 31 December is made based on the outstanding principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the debt classification as at 30 November. The basis to determine the value and discounted value for each type of collateral is specified in Circular 02.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.6 Asset classification and provisioning rate, risk provisioning method for balances with and credit granting to other credit institutions, investments and trusted investments in unlisted corporate bonds, loans to customers, entrustments for credit granting and other receivables bearing credit risk (continued)

The debt classification and specific provision rates for each group are presented as follows:

Group	Description	Provision rate
1	Current (a) Current debts that are assessed as fully and timely recoverable for both principals and interests; or (b) Debts which 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 which 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 which 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: » Debts violating Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or » Debts violating Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or » Debts violating Clauses 1, 2 and 5 under Article 128 of Law on Credit Institutions. (e) Debts required to be recovered under inspection conclusions.	20%
4	Doubtful (a) Debts which 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 which are specified in point (d) of Group 3 overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts required to be recovered under inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions.	50%



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## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Asset classification and provisioning rate, risk provisioning method for balances with and credit granting to other credit institutions, investments and trusted investments in unlisted corporate bonds, loans to customers, entrustments for credit granting and other receivables bearing credit risk (continued)

Group	Description	Provision rate
5	(a) Debts which are overdue for a period of more than 360 days; or	100%
	(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 which 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 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 of which capital and assets are blocked.	

Where a customer has more than one debt with the Bank and one of the outstanding debts is classified into a higher risk group, the Bank is required to classify the entire remaining debts of such customer into the higher risk group.

When participating in a syndicated loan as a participant, the Bank classifies loans (including syndicated loans) of the customer into the higher risk group between the assessment of the leading banks and its own assessment.

If a customer is classified by the bank into the risk group which is lower than the risk group provided by CIC, the Bank is required to adjust the risk group of such customer following the risk group provided by CIC.

In accordance with the requirements of Circular 02, General provision as at 31 December is made at 0.75% of total outstanding debt balances excluding placements with and credit granting to other credit institutions and debts classified as loss (group 5) as at 30 November.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.7 Investment securities

#### 4.7.1 Classification

Investment securities include available-for-sale investment securities and held-to-maturity investment securities. The Bank initially recognises investment securities at cost and classifies investment securities into proper groups at purchase date. According to Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, the Bank is allowed to reclassify investment securities for maximum one time after purchase.

#### Held-to-maturity investment securities

Held-to-maturity investment securities are debt securities with fixed maturities and fixed or determinable payments, where the Bank has the positive intention and ability to hold until maturity.

#### Available-for-sale investment securities

Available-for-sale investment securities are debt or equity securities which are held for an indefinite period and may be sold at any time.

#### 4.7.2 Recognition

The Bank recognises investment securities on the date that it acquires substantially all the risks and rewards of owning these securities.

#### 4.7.3 Measurement

#### Equity securities

Listed available-for-sale equity securities are recorded at cost less provision for diminution in value of securities determined based on closing prices of securities on Ho Chi Minh City Stock Exchange and Hanoi Stock Exchange as at the consolidated balance sheet date.

For unlisted available-for-sale equity securities which are actively traded on the unlisted public company market (UPCoM), provision for diminution in value is determined by the average trading price at the reporting date.

For unlisted available-for-sale equity securities which are not registered on UPCoM, provision for diminution in value is calculated based on the average quoted prices of three securities companies with their share capital of above VND 300 billion. In case the quoted prices of three securities companies cannot be obtained, these securities are recorded at cost.



# Notes to the consolidated financial statements (continued)

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## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.7 Investment securities (continued)

#### 4.7.3 Measurement (continued)

##### Debt securities

Debt securities are initially stated at cost, including transaction costs and other directly attributable costs. They are subsequently recognised at amortised cost (affected by premium/discount amortisation) less provision for impairment. Premium and discounts arising from purchases of debt securities are amortised to the consolidated income statement on a straight-line basis from the acquisition date to the maturity date.

Post-acquisition interest income of available-for-sale debt securities and held-to-maturity debt securities is recognised in the consolidated income statement on an accrual basis.

Provision for diminution in value of securities is made when the carrying value is higher than the market value as presented in Note 4.4.2. In case market prices of securities are not available or cannot be determined reliably, no provision is calculated. Provision is recognised in the "Net gain/(loss) from investment securities" account of the consolidated income statement.

Provision for credit losses on corporate bonds which are not listed on the stock market or not registered on the unlisted public companies market is made in accordance with Circular 02 and Circular 09 as presented in Note 4.6.

### 4.8 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specific date in the future are not derecognised from the consolidated financial statements. The corresponding cash received is recognised as a borrowing in the consolidated balance sheet. The difference between the sale price and repurchase price is recognised in the consolidated income statement based on the interest rate stipulated in the contract.

Conversely, securities purchased under agreements to resell at a specific date in the future are not recognised in the consolidated financial statements. The corresponding cash payment is recognised as an investment in the consolidated balance sheet and the difference between the purchase price and resale price is recognised in the consolidated income statement based on the interest rate stipulated in the contract.

### 4.9 Long-term investments

#### 4.9.1 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.

#### 4.9.2 Provision for impairment of long-term investments

For listed securities or unlisted but registered for trading securities on unlisted public company market (UPCoM), provision for diminution in value is made when their listed/registered price for trading is lower than the carrying value of the securities at year end.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.9 Long-term investments (continued)

#### 4.9.2 Provision for impairment of long-term investments (continued)

In other cases, provision for diminution in the value of other long-term investment is made when the investee suffers loss, except that such loss had been forecasted in the investee's business plan before the investment. Provision for impairment is determined as the total actual contributed capital of parties to the investee company (par value) less (-) the actual owner's equity multiplied (x) by the Bank's ownership percentage (par value) in the investee company. Provision is reserved when the recoverable amount of the investments increases after the provision is made. A provision is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no provision had been recognised.

### 4.10 Tangible fixed assets

#### 4.10.1 Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and the cost of dismantling and removing the asset and restoring the site on which they are located. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated income statement for the period in which the costs are incurred. Where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

#### 4.10.2 Depreciation

Depreciation of fixed assets is computed on a straight-line basis over the estimated useful lives of tangible fixed assets which are as follows:

» buildings and building improvements	8 - 50 years
» machines and equipment	3 - 10 years
» vehicles	6 - 10 years
» other fixed assets	4 - 10 years

### 4.11 Intangible fixed assets

#### 4.11.1 Computer software

The cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis for the period from 4 to 8 years.



# Notes to the consolidated financial statements (continued)

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## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.11 Intangible fixed assets (continued)

#### 4.11.2 Land use rights

##### Definite land use rights

Definite land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises its purchase price in conjunction with securing the land use right and expenses for compensation for site clearance, ground leveling and registration fees. Amortisation is computed on a straight-line basis over the leasing period.

##### Indefinite land use rights

Indefinite land use rights are stated at cost and are not amortised. The initial cost of land use rights comprises its purchase price in conjunction with securing the land right and expenses for compensation for site clearance, ground leveling and registration fees.

#### 4.11.3 Other intangible fixed assets

Other intangible fixed assets are stated at cost less accumulated amortisation. Amortisation is computed on a straight-line basis for the period from 4 to 8 years.

### 4.12 Investment property

#### 4.12.1 Cost

Investment property is stated at cost less accumulated depreciation. The initial cost of an investment property comprises its purchase price, cost of land use rights and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating. Expenditure incurred after investment property has been put into operation, such as repairs and maintenance, is charged to the consolidated income statement for the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property, the expenditure is capitalised as an additional cost of investment property.

#### 4.12.2 Depreciation

Depreciation of investment property is computed on a straight-line basis over the estimated useful life of investment property which is as follows:

- » building 10 - 40 years

### 4.13 Operating lease payments

Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated income statement as an integral part of the total lease expense.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.14 Other receivables

Accounts receivable other than receivables from credit activities of the Bank are initially recognised at cost and subsequently presented at cost less provision.

Receivables are subject to review for impairment based on the number of overdue months from the original maturity date of receivables or expected loss of current debts in case the debts are not due for payment yet but the corporate debtors have fallen into bankruptcy or are in the process of dissolution, or of individual debtors who are missing, escaped, prosecuted, on trial or deceased. Provision expense incurred is recorded in "Other operating expenses" of the consolidated income statement in the year

For overdue receivables, the Bank uses provision rates based on the overdue months as below:

<i>Status of aging</i>	<i>Provision rate</i>
From six (06) months up to under one (01) year	30%
From one (01) year up to under two (02) years	50%
From two (02) years up to under three (03) years	70%
From three (03) years and above	100%

#### Classification and provisioning for debts which have been sold but not yet collected

The Bank reclassifies and makes provision for the debts which have been sold but not yet collected based on the debt classification results and collateral value right before the debts were sold in accordance with Circular 02 and Circular 09.

### 4.15 Business combination and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill is amortised over five-year period on a straight-line basis.

### 4.16 Share capital

#### 4.16.1 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.



# Notes to the consolidated financial statements (continued)

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## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.16 Share capital (continued)

#### 4.16.2 Share premium

On receipt of capital from shareholders, the difference between the issue price and the par value of the shares is recorded as share premium in equity.

#### 4.16.3 Treasury shares

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

#### 4.16.4 Reserves and funds

##### Reserves and funds of the Bank:

The Bank is required to make the following reserves before distribution of profits in accordance with Law on Credit Institutions No. 47/2010/QH12 and Decree No. 93/2017/ND-CP and Charter of the Bank:

	Percentage of profit after tax	Maximum balance
Capital supplementary reserve	5% of profit after tax	100% charter capital
Financial reserve	10% of profit after tax	Not regulated

Other funds are appropriated from profit after tax. The allocation from profit after tax and utilization of the other equity funds are approved by the shareholders in the Annual General Meeting. These funds are not required by law and are fully distributable.

##### Reserves and funds of subsidiaries:

##### Vietnam Technological and Commercial Joint Stock Bank - Asset Management Company Limited:

According to Circular No. 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance, the appropriation to reserves is made in a similar way to the Bank.

##### Techcom Securities Joint Stock Company and Techcom Capital Management Joint Stock Company:

According to Circular No. 146/2014/TT-BTC issued by the Ministry of Finance issued on 6 October 2014 guiding the financial regime for securities and fund management companies, realised profit of the Company shall be distributed as follows:

	Percentage of profit after tax	Maximum
Capital supplementary reserve	5% of profit after tax	10% charter capital
Financial reserve	5% of profit after tax	10% charter capital

Financial reserve is used to compensate the damages incurred in business activities. These statutory reserves are made at year-end, non-distributable and considered as equity of the Bank.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.17 Revenue and expense recognition

#### 4.17.1 Interest income

Interest income is recognised in the consolidated income statement on an accrual basis, except for interest of debts which are classified in groups 2 to 5 which is recognised upon receipt.

#### 4.17.2 Fees and commission income

Fees and commissions are recognised in the consolidated income statement on an accrual basis.

#### 4.17.3 Dividend income

Dividends receivable in cash are recognised in the consolidated income statement when the Bank's right to receive dividends is established.

In accordance with Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance, dividends received in the form of shares, bonus shares and rights to purchase shares of the existing shareholders, shares distributed from retained earnings are not recognised as an increase in the value of the investment and income is not recognised in the consolidated income statement. Instead only changes in number of shares held by the Bank are updated and monitored.

#### 4.17.4 Income and expenses from the sale of debts

Income and expenses from the sale of debts are recognised in accordance with Circular No. 09/2015/TT-NHNN providing guidance on the sale of debts of credit institutions and foreign bank branches.

According to Circular No. 09/2015/TT-NHNN, the difference between the prices of debts purchased or sold and their book value are recorded as follows:

- » For debts recorded in the consolidated balance sheet:
  - If the sale price is higher than the book value of the debt, the difference shall be recorded as income of the Bank in the year.
  - If the sale price is lower than the book value of the debt, the difference shall be used to offset against the indemnity paid by an individual or guarantor (in case such individual or guarantor is determined to be responsible for the damage and obliged to make indemnity under prevailing regulations), or the compensation paid by the insurer, or use of outstanding provision recognised as expense previously. The remaining balance (if any) shall be recognised as an operating expense of the Bank in the year.
- » For debts written-off and monitored off-balance sheet, the proceeds from sale of debts shall be recognised as other income of the Bank.

Book value of debts purchased or sold is the book value of the principal, interest and related financial obligations (if any) of debts recorded in the consolidated balance sheet or off-balance sheet at the date of debts purchased or sold; or the book value at the date of writing-off of debts; or the book value of debts written-off previously at the date of debts purchased or sold.

The purchasing or selling price is the sum of consideration to be paid by a debt buyer to a debt seller under a debt purchase or sale contract.



## Notes to the consolidated financial statements (continued)

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### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.17 Revenue and expense recognition (continued)

##### 4.17.5 Interest expenses

Interest expenses are recognised in the consolidated income statement on an accrual basis.

#### 4.18 Foreign currency transactions

The Bank maintains its accounting system and records all transactions in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the consolidated balance sheet date. Non-monetary items arising in foreign currencies during the year are converted into VND at rates ruling on the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities into VND in the year are recognised and followed in the “Differences in foreign exchange” under “Shareholders’ equity” in the consolidated balance sheet and will be transferred to the consolidated income statement at year-end.

#### 4.19 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated income statement.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 4.20 Fiduciary assets

Assets held in a fiduciary capacity are not reported in the consolidated financial statements as they are not assets of the Bank.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.21 Commitments and contingent liabilities

At any time, the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans and overdraft facilities. The Bank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore, the amounts do not represent firm commitment of future cash flows.

Off-balance sheet commitments include guarantees, payment acceptances and irrevocable unconditional loan commitments with specific implementing time.

The classification of off-balance sheet commitments is made only for the purpose of managing and monitoring the credit quality under the policy applied to debt classification as described in Note 4.6.

In accordance with Circular 02, no provision is required for off-balance sheet commitments.

#### 4.22 Derivative financial instruments

##### 4.22.1 Foreign exchange contracts

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

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 recognised 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 realised or unrealised are recognised in the consolidated income statement.

The currency 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 discount or premium arising from difference between spot exchange rate at the effective date of the contract and the forward rate is recognised at the effective date of the contract as an asset if positive or a liability if negative in the consolidated balance sheet. This difference will be amortised on a straight-line basis to the consolidated income statement over the term on the contract.

##### 4.22.2 Interest rate swap contracts

Commitment value in interest rate swap contracts is not recognised in the consolidated balance sheet. Differences in interest rate swaps are recognised in the consolidated income statement on an accrual basis.

##### 4.22.3 Commodity futures contracts

The Bank provides brokerage services for clients enter into the commodity future contracts, and accordingly the value of those contracts is not recognised in the consolidated balance sheet. Income arising from the brokerage transactions is recognised in the consolidated income statement.



## Notes to the consolidated financial statements (continued)

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### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.23 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a 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 asset and settle the liability simultaneously.

#### 4.24 Employee benefits

##### 4.24.1 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, Invalids and Social Affairs. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.5% of employees' basic salary plus other allowances. The Bank has no further obligation.

##### 4.24.2 Voluntary resignation

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

##### 4.24.3 Unemployment allowance

According to Circular No. 28/2015/TT-BLDTBXH on guidelines for Article 52 of the Law on Employment and Decree No. 28/2015/ND-CP dated 12 March 2015 of the government providing guidelines for the Law on Employment in term of unemployment insurance, the Bank is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance.

#### 4.25 Financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the consolidated financial position, consolidated results of operations and the nature and extent of risk arising from financial instruments in compliance with Circular No. 210/2009/TT-BTC, the Bank classifies its financial instruments as follows:

##### 4.25.1 Financial assets

###### Financial assets recognised at fair value through profit or loss:

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- » It is considered by management as held-for-trading. A financial asset is considered as held-for-trading if:
  - it is acquired principally for the purpose of selling it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or
  - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- » Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.25 Financial instruments (continued)

##### 4.25.1 Financial assets (continued)

###### Held-to-maturity investments

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

- » financial assets that, upon initial recognition, were categorised as such recognised at fair value through profit or loss statements;
- » financial assets already categorised as available-for-sale;
- » financial assets that meet the definitions of loans and receivables.

###### Loans and receivables

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

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

###### Available-for-sale investments

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

- » financial assets at fair value through profit or loss;
- » held-to-maturity investments; or
- » loans and receivables.

##### 4.25.2 Financial liabilities

###### Financial liabilities at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- » It is considered by management as held-for-trading. A financial liability is considered as held-for-trading if:
  - it is incurred principally for the purpose of repurchasing it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or
  - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- » Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.





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## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.25 Financial instruments (continued)

#### 4.25.2 Financial liabilities (continued)

##### Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

#### 4.26 Items which have no balance

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

#### 4.27 Segment reports

A segment is a component determined separately by the Bank which is engaged in providing related products or 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.

For management purpose, the Bank and its subsidiaries have established their operation into the following business segments:

- » Banking activities: Products and services provided to customers include:
  - Mobilizing deposits;
  - Providing credit;
  - Providing settlement and card services; and
  - Providing other banking services.
- » Asset management activities;
- » Securities trading activities;
- » Fund management activities; and
- » Other finance activities.

The Bank and its subsidiaries' principal activities are mainly conducted within Vietnam territory. Therefore, the Bank and its subsidiaries' risks and returns are not impacted by the Bank's operations that are taken place in different locations. Hence, the Bank's management is of the view that the Bank has only one geographical segment. Accordingly, the presentation of geographical segment information is not required.

## 5. CASH AND GOLD

	31 December 2019 VND million	31 December 2018 VND million
Cash on hand in VND	4,396,424	2,121,147
Cash on hand in foreign currencies	411,367	472,445
Gold on hand	12,836	12,875
	<b>4,820,627</b>	<b>2,606,467</b>

## 6. BALANCES WITH THE STATE BANK OF VIETNAM

	31 December 2019 VND million	31 December 2018 VND million
Balances with the SBV		
- In VND	3,190,934	10,554,041
- In foreign currencies	1,322	1,442
	<b>3,192,256</b>	<b>10,555,483</b>

Balances with the SBV include settlement and compulsory deposits.

Under the SBV's regulations on compulsory reserve, banks are permitted to maintain a floating balance for the compulsory reserve requirement ("CRR"). The monthly average balance of the reserve must not be less than the preceding month's average balances of deposits in scope multiplied by the CRR rates as follows:

	CRR rates	
	31 December 2019	31 December 2018
Deposits in foreign currencies with term of less than 12 months	8.00%	8.00%
Deposits in foreign currencies with term of 12 months and above	6.00%	6.00%
Deposits in VND with term of less than 12 months	3.00%	3.00%
Deposits in VND with term of 12 months and above	1.00%	1.00%



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

Interest rates per annum at the reporting date are as follows:

	31 December 2019	31 December 2018
<b>Deposits in VND</b>		
Compulsory deposits	0.80%	1.20%
Amount over compulsory deposits	0.00%	0.00%
<b>Deposits in foreign currencies</b>		
Compulsory deposits	0.00%	0.00%
Amount over compulsory deposits	0.05%	0.05%

## 7. BALANCES WITH AND CREDIT GRANTING TO OTHER CREDIT INSTITUTIONS

### 7.1 Balances with other credit institutions

	31 December 2019 VND million	31 December 2018 VND million
<b>Current accounts</b>	<b>15,173,807</b>	<b>8,956,056</b>
- In VND	6,117,336	5,042,183
- In foreign currencies	9,056,471	3,913,873
<b>Term deposits</b>	<b>23,422,613</b>	<b>15,213,456</b>
- In VND	19,657,000	6,258,483
- In foreign currencies	3,765,613	8,954,973
	<b>38,596,420</b>	<b>24,169,512</b>

Interest rates per annum of balances with other credit institutions at the reporting date are as follows:

	31 December 2019	31 December 2018
<b>Current accounts</b>		
- In VND	0.00%	0.00% - 0.20%
- In foreign currencies	0.00%	0.00%
<b>Term deposits</b>		
- In VND	1.20% - 6.80%	4.40% - 9.60%
- In foreign currencies	1.55% - 2.10%	2.00% - 3.40%

## 7. BALANCES WITH AND CREDIT GRANTING TO OTHER CREDIT INSTITUTIONS (continued)

### 7.2 Credit granting to other credit institutions

	31 December 2019 VND million	31 December 2018 VND million
In VND	7,695,397	9,589,218
In foreign currencies	1,698,407	1,800,633
	<b>9,393,804</b>	<b>11,389,851</b>

Interest rates per annum of credit granting to other credit institutions at the reporting date are as follows:

	31 December 2019	31 December 2018
In VND	3.50% - 6.00%	3.00% - 7.60%
In foreign currencies	3.09% - 3.94%	2.70% - 4.18%

### 7.3 Credit quality for balances with and credit granting to other credit institutions

Analysis of credit quality for balances (excluding current accounts) with and credit granting to other credit institutions at the reporting date are as follows:

Group	31 December 2019 VND million	31 December 2018 VND million
Current	32,816,417	26,603,307

## 8. SECURITIES HELD-FOR-TRADING

	31 December 2019 VND million	31 December 2018 VND million
<b>Debt securities</b>	<b>10,052,963</b>	<b>7,583,090</b>
Government bonds	6,688,778	3,723,271
Bonds issued by local credit institutions	3,364,185	2,724,819
<i>In which: Bonds guaranteed by the government for settlement</i>	<i>185,821</i>	<i>1,711,904</i>
Bonds issued by local economic entities	-	1,135,000
<b>Provision for securities held-for-trading</b>	<b>(11,407)</b>	<b>(10,861)</b>
Provision for credit risk of unlisted corporate bonds	(8,184)	(10,544)
Provision for diminution of securities held-for-trading	(3,223)	(317)
	<b>10,041,556</b>	<b>7,572,229</b>



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## 8. SECURITIES HELD-FOR-TRADING (continued)

Movements in provision for securities held-for-trading for year ended 31 December 2019 are as follows:

	General provision VND million	Provision for diminution VND million	Total VND million
As at 1 January 2019	10,544	317	10,861
Provision (reversed)/made for the year (Note 29)	(2,360)	3,220	860
Use of provision	-	(314)	(314)
<b>Balance as at 31 December 2019</b>	<b>8,184</b>	<b>3,223</b>	<b>11,407</b>

Movements in provision for securities held-for-trading for the year ended 31 December 2018 are as follows:

	General provision VND million	Provision for diminution VND million	Total VND million
As at 1 January 2018	14,246	2,778	17,024
Provision reversed for the year (Note 29)	(3,702)	(2,461)	(6,163)
<b>Balance as at 31 December 2018</b>	<b>10,544</b>	<b>317</b>	<b>10,861</b>

The listing status of securities held-for-trading is as follows:

	31 December 2019 VND million	31 December 2018 VND million
<b>Debt securities</b>		
- Listed	6,874,599	5,435,175
- Unlisted	3,178,364	2,147,915
	<b>10,052,963</b>	<b>7,583,090</b>

## 9. LOANS TO CUSTOMERS

	31 December 2019 VND million	31 December 2018 VND million
Loans to local economic entities and individuals	229,188,137	158,971,627
Discounted bills and valuable papers	1,265,636	361,280
Loans financed by trusted funds	254,269	472,609
Payments on behalf of customers	93,575	94,473
Loans to foreign economic entities and individuals	410	39,228
	<b>230,802,027</b>	<b>159,939,217</b>

## 9. LOANS TO CUSTOMERS (continued)

Interest rates per annum of loans to customers at the reporting date are as follows:

	31 December 2019	31 December 2018
Loans to customers in VND	0.00% - 19.55%	0.00% - 19.45%
Loans to customers in foreign currencies	2.50% - 8.69%	2.23% - 6.59%

### 9.1 Loan portfolio by quality

	31 December 2019		31 December 2018	
	VND million	%	VND million	%
Current	225,601,458	97.75	154,548,122	96.63
Special mention	2,122,693	0.92	2,587,646	1.62
Substandard	218,128	0.09	237,758	0.15
Doubtful	305,230	0.13	862,510	0.54
Loss	2,554,518	1.11	1,703,181	1.06
	<b>230,802,027</b>	<b>100.00</b>	<b>159,939,217</b>	<b>100.00</b>

In accordance with the Bank's report to the SBV as at 31 December 2019, the outstanding restructured loans which are maintained in the same group as before the restructuring in accordance with Clause 3a, Article 10 of Circular 02/2013/TT-NHNN and Decision 780/QD-NHNN are as follows:

	31 December 2019 VND million	31 December 2018 VND million
Rescheduled or extended portions of loans maintained in Group 1 (Current)	4,592	18,305
Rescheduled or extended portions of loans maintained in Group 2 (Special mention)	830	582
	<b>5,422</b>	<b>18,887</b>

### 9.2 Loan portfolio by term

	31 December 2019		31 December 2018	
	VND million	%	VND million	%
Short term	85,584,018	37.08	60,381,950	37.76
Medium term	47,443,165	20.56	36,774,904	22.99
Long term	97,774,844	42.36	62,782,363	39.25
	<b>230,802,027</b>	<b>100.00</b>	<b>159,939,217</b>	<b>100.00</b>



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## 9. LOANS TO CUSTOMERS (continued)

### 9.3 Loan portfolio by industrial sectors

	31 December 2019		31 December 2018	
	VND million	%	VND million	%
<b>Loans to economic entities</b>	<b>125,554,677</b>	<b>54.40</b>	<b>87,555,538</b>	<b>54.74</b>
Agriculture, forestry and aquaculture	16,855	0.01	260,998	0.16
Mining and quarrying	1,418,239	0.61	1,590,134	0.99
Manufacturing and processing	20,431,391	8.85	19,076,386	11.94
Electricity, petroleum and hot water manufacturing and distributing	2,858,783	1.24	2,409,681	1.51
Water supply; waste and wastewater management and processing	31,413	0.01	23,526	0.01
Construction	6,957,444	3.01	8,095,573	5.06
Wholesale and retail trade; repair of motor vehicles, motorcycles	27,075,217	11.73	21,171,980	13.24
Transportation and warehousing	2,822,942	1.22	2,853,511	1.78
Accommodation and foods services	1,876,083	0.81	927,745	0.58
Information and communication	1,002,211	0.43	147,061	0.09
Banking, finance and insurance	662,780	0.29	9,468,647	5.92
Real estates	50,421,549	21.85	13,554,781	8.47
Science and technology	842,877	0.37	791,378	0.49
Administration activities and supportive services	800,483	0.35	201,007	0.13
Political activity	1,178	0.00	-	0.00
Education and training	242,994	0.11	154,973	0.10
Health care and social work	29,948	0.01	37,304	0.02
Arts and entertainment	62,876	0.03	127,065	0.08
Household businesses	184,851	0.08	95,172	0.06
Other services	7,814,563	3.39	6,568,616	4.11
<b>Loans to individuals</b>	<b>105,247,350</b>	<b>45.60</b>	<b>72,383,679</b>	<b>45.26</b>
	<b>230,802,027</b>	<b>100.00</b>	<b>159,939,217</b>	<b>100.00</b>

## 9. LOANS TO CUSTOMERS (continued)

### 9.4 Loan portfolio by ownership

	31 December 2019		31 December 2018	
	VND million	%	VND million	%
<b>Loans to economic entities</b>	<b>125,554,677</b>	<b>54.40</b>	<b>87,555,538</b>	<b>54.74</b>
State-owned limited companies	5,566,486	2.41	6,902,256	4.32
Other limited companies	47,003,186	20.37	34,575,025	21.62
Joint-stock state-owned companies	297,929	0.13	76,316	0.05
Other joint-stock companies	69,763,527	30.22	43,234,058	27.01
Private companies and partnership companies	442,319	0.19	322,237	0.20
Foreign-invested companies	2,104,387	0.91	2,039,895	1.28
Cooperatives and cooperative unions	37,405	0.02	25,637	0.02
Administration units, Party, unions, associations	339,438	0.15	380,055	0.24
Others	-	0.00	59	0.00
<b>Loans to individuals</b>	<b>105,247,350</b>	<b>45.60</b>	<b>72,383,679</b>	<b>45.26</b>
	<b>230,802,027</b>	<b>100.00</b>	<b>159,939,217</b>	<b>100.00</b>

## 10. PROVISION FOR LOANS TO CUSTOMERS

Provision for loans to customers are as follows:

	31 December 2019 VND million	31 December 2018 VND million
General provision	1,651,666	1,225,265
Specific provision	1,265,078	1,159,849
	<b>2,916,744</b>	<b>2,385,114</b>

Movements in provision for loans to customers for the year ended 31 December 2019 are as follows:

	Specific provision VND million	General provision VND million	Total VND million
As at 1 January 2019	1,159,849	1,225,265	2,385,114
Provision made for the year (Note 34)	362,060	425,586	787,646
Use of provision	(256,875)	-	(256,875)
Reclassified from provision for other assets (Note 16)	44	815	859
<b>As at 31 December 2019</b>	<b>1,265,078</b>	<b>1,651,666</b>	<b>2,916,744</b>



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## 10. PROVISION FOR LOANS TO CUSTOMERS (continued)

Movements in provision for loans to customers for the year ended 31 December 2018 are as follows:

	Specific provision VND million	General provision VND million	Total VND million
As at 1 January 2018	823,500	1,061,081	1,884,581
Provision made for the year (Note 34)	2,889,508	164,184	3,053,692
Use of provision	(2,553,159)	-	(2,553,159)
<b>As at 31 December 2018</b>	<b>1,159,849</b>	<b>1,225,265</b>	<b>2,385,114</b>

## 11. DEBTS PURCHASED

	31 December 2019 VND million	31 December 2018 VND million
Debts purchased in VND	1,682	1,682
Provision for debts purchased	(1,682)	(1,682)
	-	-

Breakdown of principals and interest of debts purchased is as follows:

	31 December 2019 VND million	31 December 2018 VND million
Interest of debts purchased	1,682	1,682
	<b>1,682</b>	<b>1,682</b>

Movements in provision for debts purchased are as follows:

	2019 VND million	2018 VND million
Opening balance	1,682	1,760
Provision reversed for the year (Note 34)	-	(78)
<b>Closing balance</b>	<b>1,682</b>	<b>1,682</b>

## 12. INVESTMENT SECURITIES

Investment securities at the reporting date include:

	31 December 2019 VND million	31 December 2018 VND million
<b>Available-for-sale securities</b>	<b>66,158,709</b>	<b>66,625,261</b>
- Debt securities	65,503,185	66,625,257
- Equity securities	655,524	4
<b>Held-to-maturity securities</b>	<b>202,006</b>	<b>20,236,200</b>
- Debt securities	202,006	20,236,200
<b>Provision for investment securities</b>	<b>(306,118)</b>	<b>(349,113)</b>
- Provision for available-for-sale securities	(242,368)	(189,691)
- Provision for held-to-maturity securities	(63,750)	(159,422)
	<b>66,054,597</b>	<b>86,512,348</b>

### 12.1 Available-for-sale securities

	31 December 2019 VND million	31 December 2018 VND million
<b>Debt securities</b>	<b>65,503,185</b>	<b>66,625,257</b>
Government bonds	14,807,620	8,793,593
Bonds issued by other local credit institutions	20,299,324	19,516,788
<i>In which:</i>		
<i>Bonds guaranteed by the government for settlement</i>	12,313,699	11,114,162
Bonds issued by local economic entities	30,396,241	38,314,876
<b>Equity securities</b>	<b>655,524</b>	<b>4</b>
Equity security issued by local credit institutions	200,000	-
Equity security issued by local economic entities	455,524	4
<b>Provision for available-for-sale securities</b>	<b>(242,368)</b>	<b>(189,691)</b>
Provision for credit risk of unlisted corporate bonds	(240,185)	(185,894)
Provision for diminution of available-for-sale securities	(2,183)	(3,797)
	<b>65,916,341</b>	<b>66,435,570</b>



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## 12. INVESTMENT SECURITIES (continued)

### 12.2 Held-to-maturity securities

	31 December 2019 VND million	31 December 2018 VND million
<b>Debt securities</b>	<b>202,006</b>	<b>20,236,200</b>
Bonds issued by other local credit institutions	-	30,000
<i>In which:</i>		
<i>Bonds guaranteed by the government for settlement</i>	-	30,000
Bonds issued by local economic entities	202,006	20,206,200
<b>Provision for held-to-maturity securities</b>	<b>(63,750)</b>	<b>(159,422)</b>
Provision for credit risk of unlisted corporate bonds	(63,750)	(159,422)
	<b>138,256</b>	<b>20,076,778</b>

### 12.3 Analysis of credit quality

Analysis of credit quality for securities which are classified as credit risk bearing assets is as follows:

	31 December 2019 VND million	31 December 2018 VND million
Current	32,326,671	61,052,464

### 12.4 Provision for investment securities

	31 December 2019 VND million	31 December 2018 VND million
Provision for credit risk of unlisted corporate bonds	303,935	345,316
Provision for diminution of investment Securities	2,183	3,797
	<b>306,118</b>	<b>349,113</b>

Movements in provision for investment securities for the year ended 31 December 2019 are as follows:

	General provision VND million	Provision for diminution VND million	Total VND million
As at 1 January 2019	345,316	3,797	349,113
Provision reversed for the year (Note 30)	(41,381)	(1,614)	(42,995)
<b>As at 31 December 2019</b>	<b>303,935</b>	<b>2,183</b>	<b>306,118</b>

## 12. INVESTMENT SECURITIES (continued)

### 12.4 Provision for investment securities (continued)

Movements in provision for investment securities for the year ended 31 December 2018 are as follows:

	General provision VND million	Provision for diminution VND million	Total VND million
As at 1 January 2018	175,582	15,816	191,398
Provision made/(reversed) for the year (Note 30)	169,734	(12,019)	157,715
<b>As at 31 December 2018</b>	<b>345,316</b>	<b>3,797</b>	<b>349,113</b>

## 13. LONG-TERM INVESTMENTS

	31 December 2019 VND million	31 December 2018 VND million
Other long-term investments - cost	12,883	12,883
Provision for long-term investments	(660)	(660)
	<b>12,223</b>	<b>12,223</b>

### 13.1 Other long-term investments

	31 December 2019		31 December 2018	
	Ownership %	At cost VND million	Ownership %	At cost VND million
Vietnam Airlines Corporation	0.00	417	0.00	417
Vietnam Real Estate Exchange JSC	11.00	660	11.00	660
PCB Investment JSC	6.64	7,962	6.64	7,962
Society for Worldwide Interbank Financial Telecommunication	0.00	1,804	0.00	1,804
Banking Operations Training and Advisory JSC	10.93	1,040	10.93	1,040
National Payment Corporation of Vietnam	0.42	1,000	0.42	1,000
		<b>12,883</b>		<b>12,883</b>



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## 13. LONG-TERM INVESTMENTS (continued)

### 13.2 Provision for long-term investments

	2019 VND million	2018 VND million
Opening balance	660	2,401
Provision reversed for the year (Note 33)	-	(1,741)
<b>Closing balance</b>	<b>660</b>	<b>660</b>

## 14. FIXED ASSETS

### 14.1 Tangible fixed assets

Movements in tangible fixed assets for the year ended 31 December 2019 are as follows:

	VND million				
	Buildings & building improvements	Machines and equipment	Vehicles	Others	Total
<b>Cost</b>					
As at 1 January 2019	451,403	1,217,801	164,463	1,605	1,835,272
Addition	11,231	85,142	42,702	325	139,400
Transfer from advances for construction in progress	110,606	191,960	23,020	-	325,586
Disposals	(15,098)	(177,784)	(19,966)	(256)	(213,104)
Other decreases	(325,446)	(240)	-	-	(325,686)
As at 31 December 2019	232,696	1,316,879	210,219	1,674	1,761,468
<b>Accumulated depreciation</b>					
As at 1 January 2019	37,106	906,342	102,408	1,400	1,047,256
Charge for the year	5,362	102,639	18,507	131	126,639
Disposals	(2,757)	(177,418)	(18,912)	(256)	(199,343)
Other decreases	(6,564)	(4)	-	-	(6,568)
As at 31 December 2019	33,147	831,559	102,003	1,275	967,984
<b>Net book value</b>					
As at 1 January 2019	414,297	311,459	62,055	205	788,016
As at 31 December 2019	199,549	485,320	108,216	399	793,484

## 14. FIXED ASSETS (continued)

### 14.1 Tangible fixed assets (continued)

Movements in tangible fixed assets for the year ended 31 December 2018 are as follows:

	VND million				
	Buildings & building improvements	Machines and equipment	Vehicles	Others	Total
<b>Cost</b>					
As at 1 January 2018	336,742	1,115,220	148,850	2,144	1,602,956
Addition	117,122	198,398	10,795	-	326,315
Transfer from advances for construction in progress	102,790	3,711	6,920	-	113,421
Other increases	5,681	-	-	-	5,681
Disposals	(106,289)	(98,623)	-	(402)	(205,314)
Other decreases	(4,643)	(905)	(2,102)	(137)	(7,787)
As at 31 December 2018	451,403	1,217,801	164,463	1,605	1,835,272
<b>Accumulated depreciation</b>					
As at 1 January 2018	32,940	907,879	90,571	1,777	1,033,167
Charge for the year	13,557	93,492	13,939	156	121,144
Other increases	1,338	-	-	-	1,338
Disposals	(10,719)	(94,142)	-	(396)	(105,257)
Other decreases	(10)	(887)	(2,102)	(137)	(3,136)
As at 31 December 2018	37,106	906,342	102,408	1,400	1,047,256
<b>Net book value</b>					
As at 1 January 2018	303,802	207,341	58,279	367	569,789
As at 31 December 2018	414,297	311,459	62,055	205	788,016

Additional information of tangible fixed assets:

	31 December 2019 VND million	31 December 2018 VND million
Cost of tangible fixed assets which have been fully depreciated but still in active use	614,338	700,900



## Notes to the consolidated financial statements (continued)

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### 14. FIXED ASSETS (continued)

#### 14.2 Intangible fixed assets

Movements in intangible fixed assets for the year ended 31 December 2019 are as follows:

	VND million			
	Computer software	Definite land use rights	Others	Total
<b>Cost</b>				
As at 1 January 2019	887,850	647,826	4,361	1,540,037
Addition	113,446	4,289	485	118,220
Transfer from advances for construction in progress	15,476	1,420,528	-	1,436,004
Other increases	31	-	-	31
Disposals	-	(8,144)	-	(8,144)
As at 31 December 2019	1,016,803	2,064,499	4,846	3,086,148
<b>Accumulated amortisation</b>				
As at 1 January 2019	576,469	30,567	2,421	609,457
Charge for the year	92,463	29	55	92,547
Other decreases	-	(30,149)	-	(30,149)
As at 31 December 2019	668,932	447	2,476	671,855
<b>Net book value</b>				
As at 1 January 2019	311,381	617,259	1,940	930,580
As at 31 December 2019	347,871	2,064,052	2,370	2,414,293

### 14. FIXED ASSETS (continued)

#### 14.2 Intangible fixed assets (continued)

Movements in intangible fixed assets for the year ended 31 December 2018 are as follows:

	VND million			
	Computer software	Definite land use rights	Others	Total
<b>Cost</b>				
As at 1 January 2018	828,990	616,223	4,403	1,449,616
Addition	52,335	22,924	-	75,259
Transfer from advances for construction in progress	7,888	4,050	-	11,938
Other increases	-	4,629	-	4,629
Disposals	(339)	-	(42)	(381)
Other decreases	(1,024)	-	-	(1,024)
As at 31 December 2018	887,850	647,826	4,361	1,540,037
<b>Accumulated amortisation</b>				
As at 1 January 2018	487,127	18,447	2,385	507,959
Charge for the year	90,345	12,120	78	102,543
Disposals	(243)	-	(42)	(285)
Other decreases	(760)	-	-	(760)
As at 31 December 2018	576,469	30,567	2,421	609,457
<b>Net book value</b>				
As at 1 January 2018	341,863	597,776	2,018	941,657
As at 31 December 2018	311,381	617,259	1,940	930,580

Additional information on intangible fixed assets:

	31 December 2019 VND million	31 December 2018 VND million
Cost of intangible fixed assets which have been fully amortised but still in active use	275,271	203,520





# Notes to the consolidated financial statements (continued)

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## 15. INVESTMENT PROPERTY

Movements in investment properties for the year ended in 31 December 2019 are as follows:

	Building VND million
<b>Cost</b>	
As at 1 January 2019	1,435,699
As at 31 December 2019	1,435,699
<b>Accumulated depreciation</b>	
As at 1 January 2019	239,375
Charge for the year	35,800
As at 31 December 2019	275,175
<b>Net book value</b>	
As at 1 January 2019	1,196,324
As at 31 December 2019	1,160,524

Movements in investment properties for the year ended 31 December 2018 are as follows:

	Building VND million
<b>Cost</b>	
As at 1 January 2018	1,442,827
Other decreases	(7,128)
As at 31 December 2018	1,435,699
<b>Accumulated depreciation</b>	
As at 1 January 2018	204,797
Charge for the year	35,916
Other decreases	(1,338)
As at 31 December 2018	239,375
<b>Net book value</b>	
As at 1 January 2018	1,238,030
As at 31 December 2018	1,196,324

Investment property mainly includes Techcombank Building with cost and accumulated depreciation amounting to VND 1,435,699 million and VND 275,175 million respectively, as at 31 December 2019.

The Bank does not present its investment property at fair value for the following reason: The building is mostly used as the Bank and its subsidiaries' office, and the subsidiary's rental revenue and the Bank's rental expense related to the building have been eliminated in the consolidated financial statements. With the building being utilised internally, the Bank is more concerned about the building's historical cost and its useful life (presented in the consolidated financial statements) rather than the building's fair value.

## 16. OTHER ASSETS

	31 December 2019 VND million	31 December 2018 VND million
<b>Other receivables</b>	<b>12,954,103</b>	<b>11,322,256</b>
Internal receivables	60,256	76,332
External receivables	12,893,847	11,245,924
- Deposits for office rental (i)	101,714	106,861
- Deposit for purchase of office (ii)	377,397	377,467
- Receivables related to Interest Subsidy Program	20,006	20,006
- Prepaid to suppliers	117,826	90,734
- Deposits for gold, commodity and foreign currencies trading in future markets	44,763	77,349
- Advances for fixed asset purchase and construction in progress (iii)	2,792,672	3,459,747
- Receivables from loans sold contract (iv)	567,348	-
- Receivables from UPAS Letters of credit (v)	8,634,519	4,240,462
- Receivables from other credit institutions	-	2,259,597
- Receivables from bond principal and interest due on holiday	-	231,486
- Other external receivables	237,602	382,215
<b>Interest and fee receivables</b>	<b>5,553,724</b>	<b>5,737,907</b>
<b>Other assets</b>	<b>1,055,475</b>	<b>717,481</b>
- Materials	12,916	10,735
- Prepaid expenses	1,037,910	706,746
- Other assets	4,649	-
<b>Provision for other assets (vi)</b>	<b>(228,908)</b>	<b>(75,839)</b>
	<b>19,334,394</b>	<b>17,701,805</b>

(i) These are deposits for office rental of the Bank's headquarter and branches.

(ii) These are deposits to purchase the Bank's offices in Hanoi City.

(iii) These are payments to purchase fixed assets and construct the Bank's offices.

(iv) Receivables from loans sold are outstanding receivables from licensed debts purchasing companies

Analysis of credit quality for receivables from loans sold contract:

Group	31 December 2019 VND million	31 December 2018 VND million
Doubtful	567,348	-



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## 16. OTHER ASSETS (continued)

(v) Receivables from UPAS letters of credit (UPAS L/C) are receivables from importers who are the Bank's customers for usance payable at sight (UPAS) imported letter of credit. Accordingly, the Bank made payment to the beneficiaries (exporters) of UPAS L/C prior to those letter of credits' matured dates and earned fees for advanced settlement services.

(vi) Provision for other assets, comprising of provision for inventories, overdue receivables, receivables from loans sold and other credit risk bearing assets, is as follows:

	31 December 2019 VND million	31 December 2018 VND million
Provision for credit risk of loans sold contract	100,679	-
- General provision	4,255	-
- Specific provision	96,424	-
Provision for other assets bearing credit risk	63,134	34,950
- General provision	63,063	34,906
- Specific provision	71	44
Other provision	65,095	40,889
	<b>228,908</b>	<b>75,839</b>

Movements in provision for other assets during the year are as follows:

	2019 VND million	2018 VND million
Opening balance	75,839	1,311,569
Provision made/(reversed) for outstanding receivables from loans sold (Note 34)	100,679	(1,220,903)
- General provision	4,255	(712)
- Specific provision	96,424	(1,220,191)
Provision made for other assets bearing credit risk (Note 34)	29,043	13,534
Provision made for other assets (Note 33)	24,276	44
Use of provision	(70)	(44)
Provision reversed for inventories (Note 33)	-	(1,498)
Reclassification from Provision made for other assets bearing credit risk into Provision for loans to customers (Note 10)	(859)	-
Effects of consolidation	-	(26,863)
Closing balance	<b>228,908</b>	<b>75,839</b>

## 17. DUE FROM THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	31 December 2019 VND million	31 December 2018 VND million
Deposits from the State Treasury of Vietnam	-	2,000,120
Borrowings from the State Bank of Vietnam	-	4,024,907
	-	<b>6,025,027</b>

## 18. DEPOSITS AND BORROWINGS FROM OTHER FINANCIAL INSTITUTIONS AND CREDIT INSTITUTIONS

### 18.1 Deposits from other financial institutions and credit institutions

	31 December 2019 VND million	31 December 2018 VND million
<b>Demand deposits</b>	<b>6,416,010</b>	<b>5,037,660</b>
- In VND	6,415,253	5,036,111
- In foreign currencies	757	1,549
<b>Term deposits</b>	<b>32,216,327</b>	<b>23,935,795</b>
- In VND	23,399,000	22,057,000
- In foreign currencies	8,817,327	1,878,795
	<b>38,632,337</b>	<b>28,973,455</b>

Interest rates per annum of deposits from other financial institutions and credit institutions at the reporting date are as follows:

	31 December 2019	31 December 2018
In VND	1.20% - 5.10%	3.50% - 5.50%
In foreign currencies	1.60% - 2.20%	2.42% - 3.40%

### 18.2 Borrowings from other financial institutions and credit institutions

	31 December 2019 VND million	31 December 2018 VND million
In VND	4,472,179	1,839,199
In foreign currencies	18,162,119	5,612,906
	<b>22,634,298</b>	<b>7,452,105</b>



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## 18. DEPOSITS AND BORROWINGS FROM OTHER FINANCIAL INSTITUTIONS AND CREDIT INSTITUTIONS (continued)

### 18.2 Borrowings from other financial institutions and credit institutions (continued)

Interest rates per annum of borrowings from other financial institutions and credit institutions at the reporting date are as follows:

	31 December 2019	31 December 2018
In VND	3.00% - 8.50%	3.50% - 8.00%
In foreign currencies	0.06% - 3.99%	0.70% - 4.17%

## 19. DEPOSITS FROM CUSTOMERS

### 19.1 Analysis by category of deposits

	31 December 2019 VND million	31 December 2018 VND million
<b>Current accounts</b>	<b>76,053,396</b>	<b>54,612,613</b>
Current accounts in VND	70,297,064	48,125,562
Current accounts in foreign currencies	5,756,332	6,487,051
<b>Term deposits</b>	<b>151,581,145</b>	<b>143,613,379</b>
Term deposits in VND	145,641,213	136,635,672
Term deposits in foreign currencies	5,939,932	6,977,707
<b>Marginal deposits</b>	<b>3,662,220</b>	<b>3,188,540</b>
Marginal deposits in VND	3,510,647	3,080,503
Marginal deposits in foreign currencies	151,573	108,037
	<b>231,296,761</b>	<b>201,414,532</b>

Interest rates per annum of deposits from customers at the reporting date are as follows:

	31 December 2019	31 December 2018
Demand deposits in VND	0.00% - 0.80%	0.00% - 0.80%
Demand deposits in foreign currencies	0.00% - 0.10%	0.00% - 0.10%
Term deposits in VND	0.03% - 7.60%	0.30% - 7.60%
Term deposits in foreign currencies	0.00% - 0.60%	0.00% - 0.60%

## 19. DEPOSITS FROM CUSTOMERS (continued)

### 19.2 Analysis of deposits portfolio by ownership

	31 December 2019		31 December 2018	
	VND million	%	VND million	%
<b>Deposits from organizations</b>	<b>64,084,783</b>	<b>27.71</b>	<b>59,358,072</b>	<b>29.47</b>
State-owned limited companies	5,717,986	2.47	3,720,237	1.85
Other limited companies	22,375,849	9.67	25,735,319	12.78
Joint-stock state-owned companies	93,074	0.04	126,038	0.06
Other joint-stock companies	28,612,952	12.37	23,263,620	11.55
Private enterprises and partnership companies	62,483	0.03	54,135	0.03
Foreign-invested enterprises	3,746,288	1.62	2,898,416	1.44
Cooperatives and cooperative unions	15,425	0.01	6,269	0.00
Administration units, Party, unions, associations	2,018,720	0.87	1,882,692	0.93
Others	1,442,006	0.63	1,671,346	0.83
<b>Deposits from individuals</b>	<b>167,211,978</b>	<b>72.29</b>	<b>142,056,460</b>	<b>70.53</b>
	<b>231,296,761</b>	<b>100.00</b>	<b>201,414,532</b>	<b>100.00</b>

## 20. DERIVATIVES AND OTHER FINANCIAL LIABILITIES

	VND million			
	31 December 2019		31 December 2018	
	Total contract nominal value	Total carrying value	Total contract nominal value	Total carrying value
Foreign exchange forward contracts	33,248,703	(56,734)	64,416,164	(64,693)
Foreign exchange currency swap contracts	111,288,148	(295,034)	75,166,996	(191,614)
Foreign exchange interest rate swap contracts	50,662,360	(82,240)	11,386,132	(54,006)
	<b>195,199,211</b>	<b>(434,008)</b>	<b>150,969,292</b>	<b>(310,313)</b>

Total contract nominal value is translated at the contractual exchange rates.

Total net carrying value is translated at the foreign exchange rates as at the reporting date.



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## 21. VALUABLE PAPERS ISSUED

Valuable papers issued categorised by terms are as follows:

	31 December 2019 VND million	31 December 2018 VND million
From 12 months to 5 years (i)	16,602,921	9,120,246
Over 5 years (ii)	857,713	4,057,713
	<b>17,460,634</b>	<b>13,177,959</b>

(i) These bonds and certificates of deposits bear interest rates ranging from 5.50% to 8.50% per annum (2018: 5.50% to 8.20%).

(ii) These bonds bear interest rates ranging from 8.20% to 15.00% per annum (2018: 8.20% to 15.00%).

## 22. OTHER LIABILITIES

	31 December 2019 VND million	31 December 2018 VND million
<b>Accrued interest and fee payables</b>	<b>3,479,310</b>	<b>3,424,068</b>
<b>Other liabilities</b>	<b>7,689,346</b>	<b>8,428,777</b>
Internal payables	13,038	12,582
External payables	7,676,308	8,416,195
- Remittance payables	3,087,402	5,059,137
- Payables to employees	926,704	686,126
- Taxes payable (i)	934,024	980,062
- Deferred income	226,397	119,832
- Advance from customers	-	1,798
- Salary accrued expenses	286,394	303,727
- Other accrued expenses	605,025	539,154
- Bonus and welfare funds	10,226	7,062
- Disbursements awaiting settlement	30,284	19,577
- Deposit certificates of customers awaiting settlement	19,343	137,805
- Deferred proceeds from the sale of collaterals	50,946	83,833
- Deposits of customers awaiting settlement	16,459	85,103
- Others awaiting settlement	783,971	149,987
- Settlement on behalf of other credit institutions	370,161	-
- Other payables	328,972	242,992
	<b>11,168,656</b>	<b>11,852,845</b>

## 22. OTHER LIABILITIES (continued)

(i) Taxes payable

	31 December 2019 VND million	31 December 2018 VND million
Value added tax ("VAT")	24,327	16,080
Corporate income tax ("CIT")	848,194	915,054
Other taxes	61,503	48,928
	<b>934,024</b>	<b>980,062</b>

## 23. OBLIGATIONS TO THE STATE BUDGET

	Opening balance	Incurred during the year			Closing balance
		Payables	Adjustment	Paid	
Value added tax	16,080	221,110	568	(213,431)	24,327
Corporate income tax	915,054	2,612,059	-	(2,678,919)	848,194
Other taxes	48,928	734,385	(559)	(721,251)	61,503
<b>Taxes payable</b>	<b>980,062</b>	<b>3,567,554</b>	<b>9</b>	<b>(3,613,601)</b>	<b>934,024</b>

### 23.1 Current corporate income tax

Current corporate income tax payables are determined based on taxable income of the current year. Taxable income may be different from the amount reported in the consolidated income statement since taxable income excludes income which are eligible for tax or expenses which are subtracted in prior years due to the differences between the Bank's accounting policies and the current tax policies, and 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 year.

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



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## 23. OBLIGATIONS TO THE STATE BUDGET (continued)

### 23.1 Current corporate income tax (continued)

Provision for current corporate income tax for the year ended 31 December 2019 is computed as follows:

	2019 VND million	2018 VND million
<b>Profit before tax</b>	<b>12,838,268</b>	<b>10,661,016</b>
<i>Minus:</i>		
- Non-taxable dividend income	(4,216)	(275)
- Income transferred from previous year	-	(144,636)
- Other non-taxable income	(24,198)	-
- Prior year non-deductible expense reverted or deductible this year	-	(190,213)
<i>Add:</i>		
- Non-deductible expenses	326,780	548,123
- Adjustment to profit for consolidation purpose	17,434	12,304
<b>Taxable corporate income</b>	<b>13,154,068</b>	<b>10,886,319</b>
- Corporate income tax expense calculated on taxable income of current year	2,630,814	2,177,264
- Adjustment for under provision of corporate in-come tax expense in prior year	(18,755)	7,982
<b>Current corporate income tax expense for the year</b>	<b>2,612,059</b>	<b>2,185,246</b>
<b>Opening corporate income tax payable</b>	<b>915,054</b>	<b>866,900</b>
Corporate income tax adjusted for prior years	-	3,666
Corporate income tax paid for the year	(2,678,919)	(2,140,758)
<b>Closing corporate income tax payable</b>	<b>848,194</b>	<b>915,054</b>

### 23.2 Applicable tax rate

The Bank's income tax rate for this year is 20% (2018: 20%).

### 23.3 Deferred corporate income tax

	2019 VND million	2018 VND million
Deferred corporate income tax expense arising from:		
- Deductible temporary tax differences	-	(1,773)

## 24. CAPITAL AND RESERVES

### 24.1 Statement of changes in equity

For the year ended 31 December 2019:

	VND million								
	Charter capital	Shares premium	Charter capital supplementary reserve	Financial reserve	Other reserves	Total reserves	Retained earnings	Non-controlling interests	Total
As at 1 January 2019	34,965,922	476,617	892,289	2,975,083	474	3,867,846	12,403,003	69,317	51,782,705
Capital increase	35,478	(50)	-	-	-	-	-	70,338	105,766
Net profit for the year	-	-	-	-	-	-	10,075,139	151,070	10,226,209
Appropriation to reserves	-	-	440,602	874,149	-	1,314,751	(1,314,751)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	(32,000)	-	(32,000)
Utilisation of reserves	-	-	-	(9,913)	-	(9,913)	-	-	(9,913)
<b>As at 31 December 2019</b>	<b>35,001,400</b>	<b>476,567</b>	<b>1,332,891</b>	<b>3,839,319</b>	<b>474</b>	<b>5,172,684</b>	<b>21,131,391</b>	<b>290,725</b>	<b>62,072,767</b>

For the year ended 31 December 2018:

	VND million									
	Charter capital	Shares premium	Treasury shares	Charter capital supplementary reserve	Financial reserve	Other reserves	Total reserves	Retained earnings	Non-controlling interests	Total
As at 1 January 2018	11,655,307	2,165,058	(4,043,249)	3,983,752	2,172,702	474	6,156,928	10,996,701	-	26,930,745
Capital increase	23,310,615	(13,986,369)	-	(3,496,592)	-	-	(3,496,592)	(5,827,654)	58,201	58,201
Net profit for the year	-	-	-	-	-	-	-	8,462,775	11,222	8,473,997
Sale of treasury shares	-	12,297,928	4,043,249	-	-	-	-	-	-	16,341,177
Appropriation to reserves	-	-	-	408,270	808,721	-	1,216,991	(1,216,885)	(106)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	-	(20,000)	-	(20,000)
Utilisation of reserves	-	-	-	-	(59)	-	(59)	-	-	(59)
Other movements	-	-	-	(3,141)	(6,281)	-	(9,422)	8,066	-	(1,356)
<b>As at 31 December 2018</b>	<b>34,965,922</b>	<b>476,617</b>	<b>-</b>	<b>892,289</b>	<b>2,975,083</b>	<b>474</b>	<b>3,867,846</b>	<b>12,403,003</b>	<b>69,317</b>	<b>51,782,705</b>



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## 24. CAPITAL AND RESERVES (continued)

### 24.2 Share capital

Breakdown of share capital at the reporting date:

	31 December 2019 VND million	31 December 2018 VND million
Charter capital	35,001,400	34,965,922
Share premium	476,567	476,617
	<b>35,477,967</b>	<b>35,442,539</b>

Number of shares at the reporting date:

	31 December 2019	31 December 2018
Registered share capital	3,500,139,962	3,496,592,160
Issued share capital		
Ordinary shares	3,500,139,962	3,496,592,160

Movement of number of shares in the year:

	2019	2018
<b>Shares in circulation</b>		
Ordinary shares at 1 January	3,496,592,160	993,177,375
Ordinary shares issued in the year	3,547,802	2,331,061,440
Sell treasury share in the year	-	172,353,345
<b>Ordinary shares at 31 December</b>	<b>3,500,139,962</b>	<b>3,496,592,160</b>

Nominal value of the Bank's ordinary share is VND 10,000. Each share is entitled to one vote at General Shareholders Meetings of the Bank. All shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Bank's residual assets.

During the year, the Bank sold 3,547,802 shares to their employees under Employee Stock Ownership Plan program.

### 24.3 Dividends

Dividends payout shall be decided at Annual General Shareholders Meeting.

## 25. INTEREST AND SIMILAR INCOME

	2019 VND million	2018 VND million (reclassified)
Interest income from deposits	720,639	606,159
Interest income from loans	16,727,930	15,460,433
Income from debt investment securities	6,794,537	4,140,607
Income from guarantee services	414,244	312,998
Other income from credit activities	358,991	893,429
	<b>25,016,341</b>	<b>21,413,626</b>

## 26. INTEREST AND SIMILAR EXPENSES

	2019 VND million	2018 VND million
Interest expenses for deposits	9,421,181	8,233,723
Interest expenses for borrowings	370,407	436,842
Interest expenses for valuable papers issued	966,909	1,353,122
	<b>10,758,497</b>	<b>10,023,687</b>



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### 27. NET FEES AND COMMISSION INCOME

	2019 VND million	2018 VND million (reclassified)
<b>Fees and commission income from</b>	<b>4,884,408</b>	<b>4,188,317</b>
Settlement and cash services	2,274,253	1,763,054
Cashiering services	4,566	2,523
Trustee and agency services	195,281	212,520
Consulting services	1,650	35,469
Bancassurance services	931,882	722,481
Securities issuance guarantee services	970,323	1,160,413
Brokerage services	120,524	118,572
Fund management	206,040	64,025
Other services	179,889	109,260
<b>Fees and commission expenses for</b>	<b>(1,631,055)</b>	<b>(915,737)</b>
Settlement and cash services	(1,156,493)	(517,780)
Cashiering services	(65,716)	(58,102)
Brokerage services	(11,484)	(30,526)
Consulting services	(31,737)	(5,564)
Other services	(365,625)	(303,765)
	<b>3,253,353</b>	<b>3,272,580</b>

### 28. NET GAIN FROM TRADING FOREIGN CURRENCIES

	2019 VND million	2018 VND million
<b>Income from trading of foreign currencies</b>	<b>2,335,970</b>	<b>1,879,317</b>
Income from foreign exchange trading	1,014,049	1,030,351
Income from currency derivatives	1,321,921	848,966
<b>Expenses for trading of foreign currencies</b>	<b>(2,231,389)</b>	<b>(1,645,566)</b>
Expenses for foreign exchange trading	(642,943)	(154,420)
Expenses for currency derivatives	(1,588,446)	(1,491,146)
	<b>104,581</b>	<b>233,751</b>

### 29. NET GAIN FROM SECURITIES HELD-FOR-TRADING

	2019 VND million	2018 VND million
Income from trading of securities held-for-trading	592,871	350,135
Expenses for trading of securities held-for-trading	(194,347)	(187,865)
Provision reversed for credit risk of unlisted corporate bonds (Note 8)	2,360	3,702
Provision (made)/reversed for diminution in value of securities held-for-trading (Note 8)	(3,220)	2,461
	<b>397,664</b>	<b>168,433</b>

### 30. NET GAIN FROM INVESTMENT SECURITIES

	2019 VND million	2018 VND million
Income from trading of investment securities	1,526,258	1,303,955
Expenses for trading of investment securities	(325,494)	(389,655)
Provision reversed/(made) for credit risk of unlisted corporate bonds (Note 12.4)	41,381	(169,734)
Provision reversed for diminution in value of investment securities (Note 12.4)	1,614	12,019
	<b>1,243,759</b>	<b>756,585</b>

### 31. NET GAIN FROM OTHER OPERATING ACTIVITIES

	2019 VND million	2018 VND million
<b>Other operating income</b>	<b>4,425,079</b>	<b>3,147,169</b>
Income from other derivatives	3,159,510	1,544,089
Recovery of loans previously written-off	1,080,236	1,422,895
Income from entrusted debt collection	3,572	25,826
Other income	181,761	154,359
<b>Other operating expenses</b>	<b>(2,618,351)</b>	<b>(1,513,392)</b>
Expenses for other derivatives	(2,493,050)	(1,228,491)
Other expenses	(125,301)	(284,901)
	<b>1,806,728</b>	<b>1,633,777</b>



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## 32. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	2019 VND million	2018 VND million
Dividends received for the year from other long-term investment	4,216	275
Proceeds from the liquidation of the subsidiary (*)	-	894,428
	<b>4,216</b>	<b>894,703</b>

(\*) This is the income from the divestment of the Bank's entire capital in Techcom Finance Limited One Member Company in 2018.

## 33. OPERATING EXPENSES

	Notes	2019 VND million	2018 VND million
Salaries and related expenses		4,261,656	3,239,958
Publication, marketing and promotion		440,670	300,951
Office and asset rental		509,450	461,748
Depreciation and amortisation of fixed assets		254,986	259,603
Tax, duties and fees		113,109	102,603
Tools and equipment expenses		122,569	87,907
Telecommunication expenses		46,821	39,694
Expenses for maintenance and repair of assets		226,094	210,795
Utilities expenses		80,323	67,513
Expenditure on payment of insurance premium for customers' deposits		228,831	193,813
Per diem expenses		98,577	99,747
Provision reversed for long-term investments	13.2	-	(1,741)
Provision made for other assets		24,276	(1,454)
- Provision reversed for diminution of inventories	16	-	(1,498)
- Provision made for other assets	16	24,276	44
Consultancy expenses		231,004	151,611
Training and education expenses		57,277	34,930
Conference expenses		54,803	75,687
Other operating expenses		562,063	519,142
		<b>7,312,509</b>	<b>5,842,507</b>

## 34. PROVISION EXPENSES FOR CREDIT LOSSES

	Notes	2019 VND million	2018 VND million
General provision made for loans to customers	10	425,586	164,184
Specific provision made for loans to customers	10	362,060	2,889,508
Provision reversed for loan purchases	11	-	(78)
Provision made/(reserved) for receivables from loans sold contract	16	100,679	(1,220,903)
Provision made for other assets bearing credit risk	16	29,043	13,534
		<b>917,368</b>	<b>1,846,245</b>

## 35. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit or loss after tax which is attributable to shareholders holding ordinary shares of the Bank (after adjusting for appropriation to bonus and welfare fund) by the weighted average of the number of common shares outstanding for the year.

The Bank uses the following information to calculate basic earnings per share:

	2019	2018
Profit after tax attributable to ordinary share-holders (VND million)	10,075,139	8,462,775
Adjusted for appropriation to bonus and welfare fund	(32,000)	(20,000)
<b>Profit after tax attributable to ordinary shareholders (VND million)</b>	<b>10,043,139</b>	<b>8,442,775</b>
<b>Weighted average number of ordinary shares</b>	<b>3,497,603,041</b>	<b>2,212,707,968</b>
<b>Earnings per share (VND)</b>	<b>2,871</b>	<b>3,816</b>

## 36. CASH AND CASH EQUIVALENTS

	31 December 2019 VND million	31 December 2018 VND million
Cash and gold	4,820,627	2,606,467
Balances with the State Bank of Vietnam	3,192,256	10,555,483
Balances with other credit institutions with original terms of three months or less	38,501,420	24,037,029
	<b>46,514,303</b>	<b>37,198,979</b>





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## 37. EMPLOYEE BENEFITS

	2019 VND million	2018 VND million
I. Average number of employees for the year (person)	10,457	9,043
II. Employees' remuneration		
1. Basic salaries	3,628,394	2,710,518
2. Allowances and other income	633,262	529,440
3. Total (1+2)	4,261,656	3,239,958
4. Average salary/month	29	25
5. Average remuneration/month	34	30

## 38. ASSETS, VALUABLE PAPERS, MORTGAGED, PLEDGED, DISCOUNTED AND REDISCOUNTED

### 38.1 Assets, valuable papers, mortgaged, pledged, discounted and rediscounted to the Bank

	31 December 2019 VND million	31 December 2018 VND million
<b>From customers</b>	<b>594,089,422</b>	<b>524,374,576</b>
Real estate	304,248,231	222,246,316
Movable assets	55,415,576	52,218,872
Valuable papers	112,325,000	122,795,518
Other collaterals	122,100,615	127,113,870
<b>From other credit institutions</b>	<b>6,150,634</b>	<b>4,282,349</b>
Valuable papers	5,512,700	4,273,905
Other collaterals	637,934	8,444
	<b>600,240,056</b>	<b>528,656,925</b>

### 38.2 Assets, valuable papers, mortgaged, pledged, discounted and rediscounted by the Bank

	31 December 2019 VND million	31 December 2018 VND million
Investment securities	-	2,010,000
Other assets	6,463,460	-
	<b>6,463,460</b>	<b>2,010,000</b>

## 39. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Related party transactions are transactions undertaken with other entities to which the Bank is related. A party is considered to be related to the Bank if:

- (a) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting Bank (including holding companies, subsidiaries and fellow subsidiaries);
- (b) Associates (see Vietnamese Accounting Standards No. 07 "Accounting for Investments in Associates");
- (c) Individuals owning, directly or indirectly, an interest in the voting power of the reporting Bank that gives them significant influence over the Bank, and close members of the family of any such individual. Close members of the family of an individual are those that may be expected to influence, or be influenced by, that person in their dealings with the Bank, for examples: parent, spouse, progeny, siblings, etc;
- (d) Key management personnel having authority and responsibility for planning, directing and controlling the activities of the reporting Bank, including directors and officers of the Bank and close members of the families of such individuals
- (e) Enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting Bank and enterprises that have a member of key management in common with the reporting Bank.

### Bond transactions

Related party	Relationship	2019			2018			Closing balance	
		Opening balance	Increase	Decrease	Opening balance	Increase	Decrease		
<b>Masan Group Corporation Joint Stock Company</b>	(i)								
Face value		38,492	1,064,823	(1,080,055)	23,260	274,155	913,109	(1,148,772)	38,492
Interest receivables		374	3,617	(3,424)	567	2,864	8,294	(10,784)	374
<b>Masan Corporation Joint Stock Company</b>	(ii)								
Face value		-	-	-	-	6,012	2,847,892	(2,853,904)	-
Interest receivables		-	-	-	-	16	3,225	(3,241)	-
<b>Nui Phao Mining Company Limited</b>	(ii)								
Face value		547,298	2,481,611	(2,856,843)	172,066	-	1,725,319	(1,178,021)	547,298
Interest receivables		19,641	3,909	(22,328)	1,222	-	20,439	(798)	19,641
<b>Masan Resources Joint Stock Company</b>	(ii)								
Face value		282,090	684,623	(829,729)	136,984	-	1,346,161	(1,064,071)	282,090
Interest receivables		1,164	778	(1,175)	767	-	1,636	(472)	1,164



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## 39. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (continued)

### Loans to customers

		VND million							
		2019				2018			
Related party	Relationship	Opening balance	Increase	Decrease	Closing balance	Opening balance	Increase	Decrease	Closing balance
The European Plastic Window Joint Stock Company	(ii)								
Loans to customers		487,336	698,631	(676,040)	509,927	394,097	652,705	(559,466)	487,336
Interest receivables		2,129	44,713	(44,614)	2,228	1,978	41,343	(41,192)	2,129
Nui Phao Mining Company Limited	(ii)								
Loans to customers		1,158,160	1,366,955	(1,512,613)	1,012,502	890,802	1,648,913	(1,381,555)	1,158,160
Interest receivables		859	52,982	(52,983)	858	696	47,421	(47,258)	859
Vietnam Investment T&M Joint Stock Company	(iii)								
Loans to customers		590,000	66,000	-	656,000	590,000	-	-	590,000
Interest receivables		2,898	62,904	(63,016)	2,786	3,278	61,314	(61,694)	2,898

### Term deposits from customers

		VND million							
		2019				2018			
Related party	Relationship	Opening balance	Increase	Decrease	Closing balance	Opening balance	Increase	Decrease	Closing balance
Masan Group Corporation Joint Stock Company and a group of related companies	(iv)								
Term deposits from customers		652,922	1,410,303	(652,922)	1,410,303	2,231,676	16,999,304	(18,578,058)	652,922
Interest payables		2,190	41,505	(42,002)	1,693	4,058	98,283	(100,151)	2,190
Members of the Board of Directors, Supervision, Management and other related individuals	(i), (iii)								
Term deposits from customers		1,046,110	442,222	(937,973)	550,359	396,937	6,148,743	(5,499,570)	1,046,110
Interest payables		12,068	39,476	(39,628)	11,916	8,259	68,329	(64,520)	12,068

### Derivative, foreign currency contracts

VND million

Related party	Relationship	31 December 2019	31 December 2018
The European Plastic Window Joint Stock Company	(ii)	49,482	98,965

## 39. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (continued)

### Guarantee, letter of credit contracts

		VND million	
Related party	Relationship	31 December 2019	31 December 2018
The European Plastic Window Joint Stock Company	(ii)	35,384	21,323
Masan Group Corporation Joint Stock Company and a group of related companies	(iv)	67,342	166,771

### Demand deposits from customers

		VND million	
Related party	Relationship	31 December 2019	31 December 2018
The European Plastic Window Joint Stock Company	(ii)	11,042	10,670
One Mount Group	(iii)	16,041	-
For Children Education VietNam Joint Stock Company	(iii)	2,578	1,201
T&M Vietnam Investment Joint Stock Company	(iii)	1,336	963
Masan Group Corporation Joint Stock Company and a group of related companies	(iv)	752,246	67,984
Members of the Board of Directors, Supervision, Management and other related individuals	(i), (iii)	103,162	200,648

### Remuneration of Board of Directors, Supervision and Management

		VND million	
Related party	Amount	2019	2018
<b>Remuneration of Board of Directors, Supervision and Management</b>			
Remuneration of Board of Directors and Supervision		32,133	31,099
Remuneration of Board of Management		145,317	154,886

- (i) Shareholder has its representative in the Board of Directors of the Bank
- (ii) Related party has its representative in the Board of Directors of the Bank
- (iii) Related party has its representative in the Board of Directors, or Board of Management, or Board of Supervision or majority shareholders related to members of the Board of Directors, or Board of Management or Board of Supervision of the Bank
- (iv) Masan Group Corporation Joint Stock Company and a group of related companies of Masan Group Corporation Joint Stock Company have their representative in the Board of Directors of the Bank or their representative related to members of the Board of Directors, or Board of Management or Board of Supervision of the Bank



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## 40. GEOGRAPHICAL DISPERSION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS

Concentration of assets, liabilities and off-balance sheet items by geographical region of the Bank's partners as at 31 December 2019 are as follows:

	Total loans VND million	Total deposits VND million	Contingent liabilities VND million	Derivatives (*) VND million	Trading and investment securities VND million
Domestic	240,195,421	267,383,576	172,287,226	184,153,065	76,413,678
Overseas	410	2,545,522	39,550	11,046,146	-
	<b>240,195,831</b>	<b>269,929,098</b>	<b>172,326,776</b>	<b>195,199,211</b>	<b>76,413,678</b>

(\*) Nominal contract value

## 41. RISK MANAGEMENT DISCLOSURE

This section provides details of the Bank's exposure to risks and describes the policies, the methods used by management to control risks. The most important types of financial risks to which the Bank is exposed are credit risk, liquidity risk and market risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's financial risk management framework to facilitate its business activities to thrive safely and sustainably.

Having taken that responsibility, the Board of Directors appropriately promulgates risk management policies and strategies, establishes business limit, directly approves high-value business transactions in accordance with both legal and internal requirement, and determine organizational structure and key managing directors.

Risk management strategies and policies are adhered to the Bank's Charter and General Shareholders' Meeting resolution.

Audit and Risk Committee ("ARCO") is established by the Board of Directors for the purpose of undertaking a number of functions and tasks related to the audit, supervising and monitoring risk management of the Bank's operation which are assigned/ authorised by the Board of Directors.

ARCO is responsible for promulgating and monitoring risk management framework, risk appetites and risk management policies in the Bank's operation activities and approving market risk limit, credit risk limit for each industry, business line and other general risk limits of the Bank.

## 42. CREDIT RISK

The Bank is subject to credit risk through its lending, investing activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. The risk that counterparties might default on their obligations is monitored on an ongoing basis. To manage the level of credit risk, the Bank attempts to deal with counterparties with good credit standing, and, when appropriate, obtains collateral. The Bank's primary exposure to credit risk arises through its loans. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the consolidated balance sheet. In addition, the Bank is exposed to off-balance sheet credit risk through commitments to extend credit and guarantees issued.

The Bank manages credit risk by using various tools: development and issuance of internal policies and regulations on credit risk management; development of credit procedures and manuals; regular review of credit risk; development of a credit rating system and loan classification; setting up authorization levels within the credit approval process.

The following table presents the maximum exposure to credit risk from balance sheet, before taking account of any collaterals held or other credit risk enhancements:

	31 December 2019 VND million	31 December 2018 VND million
Balances with and credit granting to other credit institutions - gross	47,990,224	35,559,363
Securities held-for-trading - gross	10,052,963	7,583,090
Loans to customers - gross	230,802,027	159,939,217
Debts purchased - gross	1,682	1,682
Investment securities - gross (*)	65,705,191	86,861,457
Others financial assets - gross	15,139,670	13,035,877
	<b>369,691,757</b>	<b>302,980,686</b>

(\*) Excluding equity securities

### 42.1 Financial assets that are neither past due nor impaired

Information about credit quality of financial assets that are neither past due nor impaired is as follows:

	31 December 2019 VND million	31 December 2018 VND million
Balances with and credit granting to other credit institutions - gross	47,990,224	35,559,363
Securities held-for trading - gross	10,052,963	7,583,090
Loans to customers - gross	225,601,458	154,548,122
Investment securities - gross	65,579,773	86,610,620
Others financial assets - gross	14,483,999	12,785,103
	<b>363,708,417</b>	<b>297,086,298</b>



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## 42. CREDIT RISK (continued)

### 42.1 Financial assets that are neither past due nor impaired (continued)

The Bank's financial assets, which are neither past due nor impaired, include loans in Group 1 (current); securities, receivables and other financial assets which are not overdue.

The Bank believes that those financial assets can be fully and timely recovered in the future.

### 42.2 Financial assets that are past due but not impaired

Information about financial assets that are past due but not impaired as at 31 December 2019 is as follows:

	Overdue					Total
	Under 90 days	From 91-180 days	From 181-360 days	Over 360 days		
Loans to customers	268,157	40,820	55,426	741,528		1,105,931
Investment securities	62,709	-	62,709	-		125,418
	<b>330,866</b>	<b>40,820</b>	<b>118,135</b>	<b>741,528</b>		<b>1,231,349</b>

These past-due loans are not impaired due to they are secured by adequate collateral assets.

Information about financial assets that are past due but not impaired as at 31 December 2018 is as follows:

	Overdue					Total
	Under 90 days	From 91-180 days	From 181-360 days	Over 360 days		
Loans to customers	341,517	46,305	57,952	366,114		811,888
Investment securities	62,709	-	125,419	62,709		250,837
Other financial assets	-	-	-	211,054		211,054
	<b>404,226</b>	<b>46,305</b>	<b>183,371</b>	<b>639,877</b>		<b>1,273,779</b>

## 42. CREDIT RISK (continued)

### 42.3 Financial assets that are impaired

Information about financial assets which are impaired as at 31 December 2019 is as follows:

	Overdue					Total
	Not past due yet	Under 90 days	From 91-180 days	From 181-360 days	Over 360 days	
Loans to customers	-	1,854,536	177,308	249,804	1,812,990	4,094,638
Debts purchased	-	-	-	-	1,682	1,682
Other financial assets	567,348	-	-	-	88,323	655,671
	<b>567,348</b>	<b>1,854,536</b>	<b>177,308</b>	<b>249,804</b>	<b>1,902,995</b>	<b>4,751,991</b>

Information about financial assets which are impaired as at 31 December 2018 is as follows:

	Overdue					Total
	Not past due yet	Under 90 days	From 91-180 days	From 181-360 days	Over 360 days	
Loans to customers	-	2,246,129	191,453	804,558	1,337,067	4,579,207
Debts purchased	-	-	-	-	1,682	1,682
Other financial assets	-	-	-	-	39,720	39,720
	<b>-</b>	<b>2,246,129</b>	<b>191,453</b>	<b>804,558</b>	<b>1,378,469</b>	<b>4,620,609</b>

## 43. MARKET RISK

### 43.1 Interest rate risk

Interest rate risk arises when there is a difference of term in repricing of interest rate between assets and liabilities. All loan activities, mobilization activities, investment activities of the Banks create interest rate risk.

On the basis of the state of "interest rate sensitivity" according to periodic changes in interest rates, the items which are assets, equity and off-balance sheet assets are classified by terms into the table "interest gap" of the whole Bank.

Interest rate repricing terms for items with fixed interest rates are the remaining period until maturity date of assets, as for floating interest rates are the remaining period until the nearest repricing date.

The followings assumptions and conditions are applied when constructing "interest gap" table:



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## 43. MARKET RISK (continued)

### 43.1 Interest rate risk (continued)

- » Cash and gold, capital contribution, long-term investments, fixed assets, other receivables and other liabilities are classified as “Non-interest bearing items”;
- » Balances with the State Bank of Vietnam, demand balances with other credit institutions, demand deposits are classified as “Non-interest bearing items”;
- » Interest rate repricing terms of securities held-for-trading and investment securities are based on the actual maturity date at the reporting date if such securities have a fixed interest rate or based on the nearest repricing date if such securities have a floating interest rate;
- » Interest rate repricing of balances with and credit granting to other credit institutions; loans to customers; deposits and borrowings from the government and the State Bank of Vietnam; deposits and borrowings from other financial institutions and credit institutions, deposits from customers are identified as follows:
  - Items with fixed interest rates for the duration of contract: interest rate repricing terms based on actual maturity date since reporting date of the consolidated financial statements;
  - Items with floating interest rates: interest rate repricing terms based on the nearest repricing date since the reporting date of the consolidated financial statements;
- » Interest rate repricing of valuable papers issued based on the actual maturity date of each type of valuable papers if there is a fixed interest rate or the nearest repricing date if there is a floating interest rate;
- » Interest rate repricing of other borrowed and entrusted funds are based on actual maturity date at the reporting date of consolidated financial statement of each other borrowed and entrusted funds if the interest rate is fixed or based on the nearest repricing date if the interest rate is floating.

#### Interest rate sensitivity

Assuming that all other variables remain constant, the effects of fluctuation in interest rates of the items with floating interest rates on profit before tax and shareholders' equity of the Bank is as follows:

	Effect on		
	Increase in interest rate	Profit before tax VND million	Equity VND million
<b>As at 31 December 2019</b>			
USD	1.5%	(107,159)	(85,727)
VND	3%	3,626,285	2,901,028

The following table presents the assets and liabilities of the Bank based on “interest gap” at 31 December 2019:

## 43. MARKET RISK (continued)

### 43.1 Interest rate risk (continued)

VND million

	Interest re-pricing for the year								Total
	Overdue	Non-interest bearing	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 to 5 years	Over 5 years	
<b>Assets</b>									
Cash and gold	-	4,820,627	-	-	-	-	-	-	4,820,627
Balances with the SBV	-	3,192,256	-	-	-	-	-	-	3,192,256
Balances with and credit granting to other credit institutions (*)	-	15,173,787	20,084,018	11,587,933	1,005,544	138,942	-	-	47,990,224
Securities held-for-trading (*)	-	-	535,821	157,927	779,559	960,729	1,015,647	6,603,280	10,052,963
<i>In which:</i>									
<i>Government bonds and bonds guaranteed by the government for settlement</i>	-	-	185,821	-	-	-	85,498	6,603,280	6,874,599
Loans to customers (*)	5,200,569	-	101,225,542	44,068,564	18,592,697	32,081,861	26,952,364	2,680,430	230,802,027
Debts purchased (*)	1,682	-	-	-	-	-	-	-	1,682
Investment securities (*)	125,418	1,943,751	14,716,451	14,839,304	3,689,782	5,336,209	11,791,612	13,918,188	66,360,715
<i>In which:</i>									
<i>Government bonds and bonds guaranteed by the government for settlement</i>	125,418	1,296,179	350,000	305,714	2,052,709	1,520,160	7,640,228	13,911,110	27,201,518
Long-term investments (*)	-	12,883	-	-	-	-	-	-	12,883
Fixed assets and investment property	-	4,368,301	-	-	-	-	-	-	4,368,301
Other assets (*)	88,323	19,474,979	-	-	-	-	-	-	19,563,302
<b>Total assets</b>	<b>5,415,992</b>	<b>48,986,584</b>	<b>136,561,832</b>	<b>70,653,728</b>	<b>24,067,582</b>	<b>38,517,741</b>	<b>39,759,623</b>	<b>23,201,898</b>	<b>387,164,980</b>
<b>Liabilities</b>									
Deposits and borrowings from other financial institutions and credit institutions	-	6,416,010	28,190,526	17,118,946	8,584,377	308,630	645,085	3,061	61,266,635
Deposits from customers	-	81,380,029	61,838,034	35,762,392	32,233,184	16,871,104	3,197,347	14,671	231,296,761
Derivatives and financial liabilities	-	-	19,722,421	4,713,084	(2,222,793)	(3,127,042)	(18,651,662)	-	434,008
Valuable papers issued	-	-	1,727,600	2,642,900	1,584,300	177,212	11,328,622	-	17,460,634
Other liabilities	-	11,168,656	-	-	-	-	-	-	11,168,656
<b>Total liabilities</b>	<b>-</b>	<b>98,964,695</b>	<b>111,478,581</b>	<b>60,237,322</b>	<b>40,179,068</b>	<b>14,229,904</b>	<b>(3,480,608)</b>	<b>17,732</b>	<b>321,626,694</b>
<b>Interest sensitivity gap</b>	<b>5,415,992</b>	<b>(49,978,111)</b>	<b>25,083,251</b>	<b>10,416,406</b>	<b>(16,111,486)</b>	<b>24,287,837</b>	<b>43,240,231</b>	<b>23,184,166</b>	<b>65,538,286</b>

(\*) These amounts exclude provisions



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## 43. MARKET RISK (continued)

### 43.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank was incorporated and operates in Vietnam with VND as its reporting currency. The major currency in which the Bank transacts is VND. The Bank's asset - liabilities structure included different types of currencies (such as USD, EUR, AUD, ect), which is the main cause of currency risk. The Bank has set limits on positions by currency based on internal risk assessment process and regulations of the SBV. Currency positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

#### Exchange rate sensitivity

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

	Effects on		
	Level of increase	Profit before tax VND million	Equity VND million
<b>As at 31 December 2019</b>			
USD	1.00%	(39,426)	(31,541)
EUR	1.00%	40	32
Gold	3.00%	385	308

The table in the next page shows the analysis of assets and liabilities in foreign currencies translated into VND at 31 December 2019.

## 43. MARKET RISK (continued)

### 43.2 Currency risk (continued)

	VND million				
	USD equivalent	EUR equivalent	Gold equivalent	Other currencies equivalent	Total
<b>Assets</b>					
Cash and gold	239,241	64,143	12,836	107,983	424,203
Balances with the SBV	1,322	-	-	-	1,322
Balances with and credit granting to other credit institutions (*)	13,748,109	467,767	-	304,615	14,520,491
Loans to customers (*)	11,912,935	-	-	-	11,912,935
Other assets (*)	5,760,921	540,759	-	2,650,140	8,951,820
<b>Total assets</b>	<b>31,662,528</b>	<b>1,072,669</b>	<b>12,836</b>	<b>3,062,738</b>	<b>35,810,771</b>
<b>Liabilities</b>					
Deposits and borrowings from other financial institutions and credit institutions	23,801,711	540,740	-	2,637,752	26,980,203
Deposits from customers	10,720,334	530,572	-	596,931	11,847,837
Derivatives and other financial liabilities	(4,873,955)	(7,281)	-	(208,188)	(5,089,424)
Other liabilities	1,428,930	4,663	-	43,403	1,476,996
<b>Total liabilities</b>	<b>31,077,020</b>	<b>1,068,694</b>	<b>-</b>	<b>3,069,898</b>	<b>35,215,612</b>
FX position on balance sheet	585,508	3,975	12,836	(7,160)	595,159
FX position off-balance sheet	(4,528,156)	-	-	24,413	(4,503,743)
<b>Total FX position on and off-balance sheet</b>	<b>(3,942,648)</b>	<b>3,975</b>	<b>12,836</b>	<b>17,253</b>	<b>(3,908,584)</b>

(\*) These amounts exclude provisions



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## 43. MARKET RISK (continued)

### 43.3 Liquidity risk

Liquidity risk arises in the general funding of the Bank's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and interest rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The maturity term of assets and liabilities represents the remaining period from the date of the consolidated financial statements to the contractual maturity date of assets and liabilities.

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

- » Balances with the State Bank of Vietnam are classified as demand deposits which include compulsory deposits. The balance of compulsory deposits depends on the proportion and terms of the Bank's deposits from customers;
- » The maturity term of investment securities is calculated based on the maturity date of each category of securities. In which, securities issued/guaranteed by the government, despite the classification based on residual maturity, they are considered as liquid assets in the market that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value;
- » The maturity term of balances with and credit granting to other credit institutions; and loans to customers is determined on the maturity date as stipulated in contracts. The actual maturity term may be altered because loan contracts may be extended/prepaid;
- » The maturity term of equity investments is considered as more than five years because these investments do not have specific maturity date;
- » The maturity term of deposits and borrowings from financial institutions and credit institutions and deposits from customers is determined based on features of these items or the maturity date as stipulated in contracts. Demand deposits are transacted as required by customers and therefore being classified as current accounts, however, a large proportion of these deposit types of customers remain stable at the Bank over one year. The maturity term of borrowings and term deposits is determined based on the maturity date in contracts. In fact, these amounts may be rotated and therefore they last beyond the original maturity date;
- » The maturity term of fixed assets is determined on the remaining useful life of assets;
- » The maturity term of valuable papers issued is calculated based on the maturity date of each category of valuable papers;
- » The maturity term of other borrowed and entrusted funds is determined on the maturity date as stipulated in contracts as at the reporting date of each contract;
- » The maturity term of other liabilities is determined on the actual maturity date of each liability.

The table in the next page shows the analysis of assets and liabilities of the Bank according to their maturities as at 31 December 2019:

## 43. MARKET RISK (continued)

### 43.3 Liquidity Risk (continued)

VND million

	Overdue		Current					Total
	Up to 3 months	Over 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	
<b>Assets</b>								
Cash and gold	-	-	4,820,627	-	-	-	-	4,820,627
Balances with the SBV	-	-	3,192,256	-	-	-	-	3,192,256
Balances with and credit granting to other credit institutions (*)	-	-	35,257,804	11,687,934	1,044,486	-	-	47,990,224
Securities held-for-trading (*)	-	-	535,821	157,927	1,227,868	1,327,507	6,803,840	10,052,963
<i>In which:</i>								
<i>Government bonds and bonds guaranteed by the government for settlement</i>	-	-	185,821	-	-	85,498	6,603,280	6,874,599
Loans to customers (*)	2,122,693	3,077,876	4,622,890	19,193,145	62,408,895	46,741,699	92,634,829	230,802,027
Debts purchased (*)	-	1,682	-	-	-	-	-	1,682
Investment securities (*)	62,709	62,709	541,214	646,287	21,827,267	25,098,719	18,121,810	66,360,715
<i>In which:</i>								
<i>Government bonds and bonds guaranteed by the government for settlement</i>	62,709	62,709	350,545	306,288	3,592,940	8,056,297	14,770,030	27,201,518
Long-term investments (*)	-	-	-	-	-	-	12,883	12,883
Fixed assets and investment property	-	-	644,696	976	14,658	415,131	3,292,840	4,368,301
Other assets (*)	-	88,323	4,707,744	3,990,470	6,469,378	3,731,948	575,439	19,563,302
<b>Total assets</b>	<b>2,185,402</b>	<b>3,230,590</b>	<b>54,323,052</b>	<b>35,676,739</b>	<b>92,992,552</b>	<b>77,315,004</b>	<b>121,441,641</b>	<b>387,164,980</b>
<b>Liabilities</b>								
Deposits and borrowings from other financial and credit institutions	-	-	34,606,537	17,118,946	8,893,006	645,085	3,061	61,266,635
Deposits from customers	-	-	141,111,010	35,947,167	49,903,273	4,274,210	61,101	231,296,761
<i>In which:</i>								
<i>Current accounts and marginal deposits</i>	-	-	79,003,002	163,158	495,159	54,297	-	79,715,616
Derivatives and other financial liabilities	-	-	62,233	137,742	196,801	37,232	-	434,008
Valuable papers issued	-	-	-	-	4,128,710	13,331,924	-	17,460,634
Other liabilities	-	-	8,013,377	1,027,636	1,311,874	811,322	4,447	11,168,656
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>183,793,157</b>	<b>54,231,491</b>	<b>64,433,664</b>	<b>19,099,773</b>	<b>68,609</b>	<b>321,626,694</b>
<b>Net liquidity gap</b>	<b>2,185,402</b>	<b>3,230,590</b>	<b>(129,470,105)</b>	<b>(18,554,752)</b>	<b>28,558,888</b>	<b>58,215,231</b>	<b>121,373,032</b>	<b>65,538,286</b>

(\*) These amounts exclude provisions



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### 43. MARKET RISK (continued)

#### 43.4 Other market price risk

Securities held by the Bank are affected by market price risk arising from the uncertainty of future value of investment securities.

Information about securities diminution at the reporting date as follows:

	31 December 2019 VND million	31 December 2018 VND million
Securities held-for-trading - gross	320,496	148,825
Investment securities - gross	337,315	350,584
	<b>657,811</b>	<b>499,409</b>

(\*) Listed securities held-for-trading and investment securities were devalued at the reporting date, which provision for diminution was made by the Bank in accordance with Circular 48 as described in Note 4.4 and Note 4.7.

### 44. FINANCIAL ASSETS AND LIABILITIES

Book value and fair value of financial assets of the Bank and its subsidiaries as at 31 December 2019 are as follows:

	Book value						VND million	
	Fair value through Profit & Loss statement	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial assets/ (liabilities) at amortised cost	Total book value	Fair value	
Cash and gold	-	-	4,820,627	-	-	4,820,627	4,820,627	
Balances with the SBV	-	-	3,192,256	-	-	3,192,256	(*)	
Balances with and credit granting to other credit institutions	-	-	47,990,224	-	-	47,990,224	(*)	
Securities held-for-trading	10,052,963	-	-	-	-	10,052,963	(*)	
Loans to customers	-	-	230,802,027	-	-	230,802,027	(*)	
Debts purchased	-	-	1,682	-	-	1,682		
Available-for-sale securities	-	-	-	66,158,709	-	66,158,709	(*)	
Held-to-maturity securities	-	202,006	-	-	-	202,006	(*)	
Long-term investments	-	-	-	12,883	-	12,883	(*)	
Other financial assets	-	-	15,139,670	-	-	15,139,670	(*)	
	<b>10,052,963</b>	<b>202,006</b>	<b>301,946,486</b>	<b>66,171,592</b>	<b>-</b>	<b>378,373,047</b>		
Deposits and borrowings from other financial institutions and credit institutions	-	-	-	-	61,266,635	61,266,635	(*)	
Deposits from customers	-	-	-	-	231,296,761	231,296,761	(*)	
Derivatives and other financial liabilities	434,008	-	-	-	-	434,008	(*)	
Valuable paper issued	-	-	-	-	17,460,634	17,460,634	(*)	
Other financial liabilities	-	-	-	-	8,115,902	8,115,902	(*)	
	<b>434,008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>318,139,932</b>	<b>318,573,940</b>		

(\*) The Bank has not determined the fair value of these items due to insufficient information and lack of detailed guidance on fair value under Vietnamese Accounting Standards and Vietnamese Accounting System for Credit Institutions.





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## 45. SEGMENT REPORT

Segment report by operating activities for the year ended 31 December 2019:

Criteria	VND million					
	Bank	Assets Management	Trading securities	Fund Management	Fund Elimination (*)	Total
<b>I. Revenue</b>	<b>65,365,680</b>	<b>192,704</b>	<b>2,174,856</b>	<b>220,350</b>	<b>(233,067)</b>	<b>67,720,523</b>
1. Interest revenue	53,662,724	6,657	255,742	14,310	12,288	53,951,721
Interest income from external	24,727,344	6,657	255,742	14,310	12,288	25,016,341
Interest income from internal	28,935,380	-	-	-	-	28,935,380
2. Operating revenue	3,361,680	-	1,320,584	206,040	(3,896)	4,884,408
3. Other revenue	8,341,276	186,047	598,530	-	(241,459)	8,884,394
<b>II. Expense</b>	<b>(53,571,858)</b>	<b>(222,758)</b>	<b>(355,375)</b>	<b>(34,609)</b>	<b>219,713</b>	<b>(53,964,887)</b>
1. Interest expense	(39,660,174)	(39,655)	(44,255)	-	50,207	(39,693,877)
Interest expenses to external	(10,724,794)	(39,655)	(44,255)	-	50,207	(10,758,497)
Interest expenses to internal	(28,935,380)	-	-	-	-	(28,935,380)
2. Depreciation and amortisation expenses	(204,791)	(39,247)	(10,705)	(47)	(196)	(254,986)
3. Operating expenses	(13,706,893)	(143,856)	(300,415)	(34,562)	169,702	(14,016,024)
<b>Profit before provision expenses for credit losses</b>	<b>11,793,822</b>	<b>(30,054)</b>	<b>1,819,481</b>	<b>185,741</b>	<b>(13,354)</b>	<b>13,755,636</b>
Provision expenses for credit losses	(912,833)	5	-	-	(4,540)	(917,368)
<b>Segment profit</b>	<b>10,880,989</b>	<b>(30,049)</b>	<b>1,819,481</b>	<b>185,741</b>	<b>(17,894)</b>	<b>12,838,268</b>
<b>III. Assets</b>	<b>379,598,492</b>	<b>1,291,671</b>	<b>6,301,696</b>	<b>289,597</b>	<b>(3,781,995)</b>	<b>383,699,461</b>
1. Cash and gold	4,820,627	-	-	-	-	4,820,627
2. Fixed assets	3,156,993	3,083	49,558	4	(1,861)	3,207,777
3. Other assets	371,620,872	1,288,588	6,252,138	289,593	(3,780,134)	375,671,057
<b>IV. Liabilities</b>	<b>321,643,993</b>	<b>573,289</b>	<b>1,674,518</b>	<b>27,913</b>	<b>(2,293,019)</b>	<b>321,626,694</b>
1. External liabilities	321,630,955	573,289	1,674,518	27,913	(2,293,019)	321,613,656
2. Internal liabilities	13,038	-	-	-	-	13,038

(\*) Elimination of internal transactions

## 46. CORRESPONDING FIGURES

Certain corresponding figures reported in the prior year have been reclassified to conform to the current year's presentation:

	Note	2018 (as previously reported) VND million	Reclassification VND million	2018 (reclassified) VND million
<b>CONSOLIDATED PROFIT AND LOSS</b>				
Net interest and similar income	(i)	11,126,535	263,404	11,389,939
Net fee and commission income	(i)	3,535,984	(263,404)	3,272,580
<b>CONSOLIDATED CASH FLOW STATEMENT</b>				
Interest and similar receipts	(i)	20,181,939	263,404	20,445,343
Net fees and commission receipts	(i)	3,229,966	(263,404)	2,966,562

(i) According to the SBV's guidance, the Bank reclassified incomes related to credit activities (financial arrangement fees, financial arrangement commitment fees, penalty fees from earlier and late payments of loans) from "Net fee and commission income" to "Net interest and similar income".

## 47. CHANGE IN PROFIT BEFORE TAX FOR THE YEAR

The consolidated profit before tax for the year ended 31 December 2019 of the Bank and its subsidiaries increases by VND 2,177,152 million compared to that for the year ended 31 December 2018, equivalent to 20.42% due to the following reasons:

	Profit before tax VND million
<b>Profit increase/(decrease) due to:</b>	
Increase in net interest and similar income	2,867,905
Decrease in net fees and commission income	(19,227)
Decrease in net gain from trading of foreign currencies	(129,170)
Increase in net gain from securities held for trading	229,231
Increase in net gain from investment securities	487,174
Increase in net gain from other operating activities	172,951
Decrease in income from investments in other entities	(890,487)
Increase in operating expenses	(1,470,002)
Decrease in provision expenses for credit losses	928,877
<b>Profit before tax increased by:</b>	<b>2,177,252</b>



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## 48. SIGNIFICANT EVENTS DURING THE YEAR

On 30 January 2019, Techcom Capital Management Company Limited transformed its legal form from a limited company to a joint stock company under Establishment and Operating License No. 57/GP-UBCK issued by the State Security Commission of Vietnam dated 30 January 2019, replacing Establishment and Operating License No. 40/UBCK-GP issued by the State Security Commission of Vietnam on 21 October 2008. There is no difference in term of permitted operating activities between these 2 official documents. Accordingly, the Company's name is changed to Techcom Capital Management Joint Stock Company.

## 49. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

There is no other matter or circumstance that has arisen since the consolidated balance sheet date that has affected or may significantly affect the operations of the Bank, the results of those operations or the state of affairs of the Bank that requires disclosure in consolidated financial statements.

## 50. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAM DONG

	31 December 2019 VND	31 December 2018 VND
AUD	16,006	16,378
CAD	17,760	17,039
CHF	23,927	23,553
CNY	3,328	3,372
DKK	3,477	3,553
EUR	25,976	26,529
GBP	30,452	29,548
HKD	2,976	2,962
JPY	213	211
NOK	2,635	2,669
SEK	2,481	2,593
SGD	17,002	17,025
THB	755	716
USD	23,173	23,195
XAU	4,235,000	3,641,000

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Hanoi, Vietnam, 18 March 2020