

BE GREATER 

TECHCOMBANK 



THE JOURNEY OF HAPPINESS

2019 | ANNUAL
REPORT

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See digital Annual Report and other information from Techcombank at www.techcombank.com.vn



Mr Ho Hung Anh
Chairman of the Board of Directors

Chairman's letter

Dear valued shareholders and customers ...

Only a few months ago, the world cheerfully welcomed 2020 as the beginning of a new decade, full of hope and promise. However, the COVID-19 pandemic temporarily interrupted this exciting journey by causing untold suffering to people around the world and disrupting the economies of all nations. While quick action by the government has thus far spared Vietnam the most severe health crisis faced by a number of other countries, its domestic economy has not escaped impact.

At Techcombank, we have been through crises before and emerged stronger each time. We will tackle this latest tribulation by drawing on the foundations that have carried us successfully for over 26 years, including the outstanding achievements in our most recent fiscal year. In 2019, Techcombank continued its momentum with year-on-year (YoY) revenue growth of 24.7%¹. Our profit before tax reached VND 12,838 billion, making Techcombank Vietnam's second most profitable bank.

The relentless efforts of our employees in 2019 helped Techcombank maintain its position as both Vietnam's most operationally efficient bank and its most well-capitalised, with return on assets (ROA) of 2.9% and a capital adequacy ratio (CAR) of 15.5%. Such strong performance indicators and rankings provide clear testimony to the success of the Customer-Centric Strategy and digital transformation efforts that the Bank has consistently pursued.

Social distancing measures have required closing of the vast majority of physical stores and non-bank transaction outlets. The difficulty of transacting offline has underscored Techcombank's convenient, fast, secure and free digital channels and platforms as effective primary payment and transaction solutions for our customers in all environments. In 2020, we will continue our transformation and extend our lead in digitalisation of banking by focusing on the best customer experience journeys.

These challenging times will surely strain the best of strategies, but we believe that Techcombank's strategy of focusing on the most financially-sound customers, in key economic sectors with high growth potential and prioritised by government for development, will continue to hold true. Most of our customers have sufficient resources to weather the impacts of COVID-19 and will continue to grow post-crisis. For other customers temporarily impacted by the pandemic, Techcombank has committed to a support package of VND 30 trillion, including much needed credit to ensure businesses can stabilise and resume. From there, the Bank and our business customers will stand with the government to restore the economy and ensure its continued development.

I am confident the lessons acquired from our early, decisive responses to the COVID-19 pandemic, and the

sound risk management framework we have developed, will make us even stronger and evermore nimble in the face of future challenges. Techcombank's fortitude has been proven time and again during its 26-year history, repeatedly overcoming seemingly insurmountable challenges and emerging stronger each time. The 2008 global financial crisis distressed many enterprises, but Techcombank entered the crisis as a Tier 2 bank and emerged, post-crisis, as a solid Tier 1 organisation, joining Vietnam's most reputable joint stock commercial banks. During the 2011–2012 Vietnamese banking crisis, which witnessed significant liquidity and asset quality challenges, Techcombank transformed itself and emerged as one of the most efficient banks in Vietnam.

In summary, Techcombank will move ahead in 2020 with optimism, agility and conviction. The unfailing trust and support we have from you – our shareholders, customers and over 11,000 employees – will drive the Bank forward to be #1 in Vietnam, creating more value for the people of Vietnam and our nation as a whole.

Warmest regards,



Ho Hung Anh

¹ Excluding an one-off item in 2018 and recoveries.

Techcombank is a customer-centric bank that puts customers at the centre of everything it does.



About us

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➤ General information

Trading name

- **In Vietnamese** NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN KỸ THƯƠNG VIỆT NAM
- **In English** VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK
- **Trading as** TECHCOMBANK
- **Abbreviation** TECHCOMBANK
- **Certificate of Business** The State Bank of Vietnam (SBV) issued us with Banking Licence # 0038/GP-NHNN on 6 March 2018. (replaced # 0040/NH-GP issued 6 August 1993)

-
- Registration number** 0100230800
- First registration: 7 September, 1993
 - 51st amendment: 12 November, 2019

-
- Chartered capital** VND 35,001,399,620,000

Vietnamese dong thirty-five trillion, one billion three hundred and ninety-nine million, six hundred and twenty thousand.

-
- Address** Techcombank Tower – 191 Ba Trieu Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi, Vietnam

- **Phone number** +84 (24) 3944 6368
- **Fax** +84 (24) 3944 6395
- **Website** <http://www.techcombank.com.vn>
- **Stock code** TCB



Services and business

Our principal activities include:



Collecting short, medium and long-term deposits from organisations and individuals.



Granting short, medium and long-term loans.



Conducting SBV-approved settlement, cash and other banking services.



Investments in associates, joint-ventures, companies and bonds and foreign exchange.

Techcombank was established in 1993, just as Vietnam was beginning its transition from a centrally-planned to a more market-oriented economy. Techcombank has come a long way since our modest beginnings 26 years ago, when we started with charter capital of only VND 20 billion. Today we are Vietnam's third largest bank as measured by chartered capital – a success driven by our strategy of focusing on customers and meeting their evolving needs.

We provide a broad range of products and services to over 7 million retail and corporate customers in Vietnam. Our constant innovation to improve and expand our service and product offerings satisfy all our customers' needs in daily personal and corporate banking, protection, investments and wealth management, in order to be their 'one-stop shop' for financial solutions and help them achieve their financial security objectives. Our extensive network – including one head office, two representative offices and 311 transaction offices across 45 cities and provinces

– provides convenient service anywhere they may be in Vietnam, while our significant investment in technology furthers that convenience 24 hours-a-day with unmatched security. Our customers have embraced our offerings to make us the #1 bank in online and mobile transactions.

Our mission is to be Vietnam's #1 bank – catering to the daily and long-term financial needs of the Vietnamese people, so we can help them achieve their financial dreams.

Consolidated total assets as of
31/12/2019



VND **383,699** bn
▲ 19.5% YoY

➤ Our vision, mission, core values

VISION

“To be the best bank and a leading enterprise in Vietnam.”

MISSION

To be the trusted financial partner of those who bank with us – always providing an innovative and diverse range of customer-centric financial products and services.

To create a positive working environment for employees – with opportunities to make valuable contributions, experience professional growth and enjoy a successful career.

To deliver attractive, ongoing shareholder returns – driven by sound business strategy, underpinned by rigorous, internationally-recognised governance and risk management practices.



CORE VALUES



Customer centricity

“Because we only succeed when our customers succeed”



Innovation and creativeness

“To always lead”



Collaboration for common objectives

“To create collective strength to bring outstanding results to both individuals and the organisation”



Self-development

“To be able to grasp development opportunities within the organisation”



Work efficiency

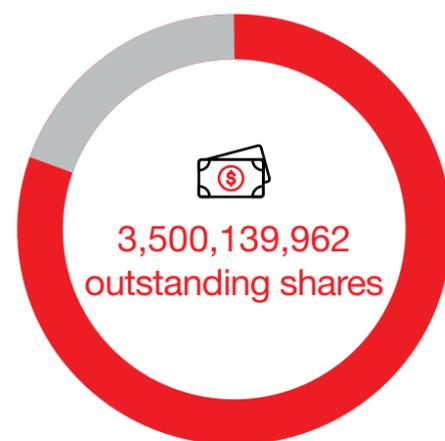
“To bring greater success with appropriate resources”

Shareholder structure and changes in shareholders' equity

Shareholding structure

Shares

The total number of common shares issued by TCB as at 31 December 2019 is 3,500,139,962 (equivalent to VND 35,001,399,620,000 of charter capital), where:



■ Number of unrestricted shares:
2,866,892,504

■ Number of restricted shares:
633,247,458

Changes in shareholders' equity

In 2019, Techcombank's share capital increased from VND 34,965,921,600,000 to VND 35,001,399,620,000.

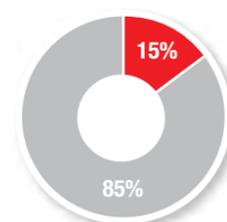
Transaction of treasury shares

In 2019, Techcombank had no treasury shares transactions.

Techcombank holds no treasury shares as at 31 December 2019.

Shareholding structure

Major and other shareholders

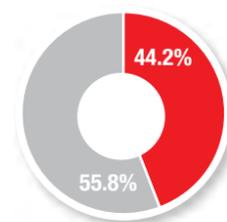


■ Major shareholders:
524,315,499 shares

■ Other shareholders:
2,975,824,463 shares

Under Article 4.26, Law of Credit Institutions, issued in 2010, 'major shareholders of credit institutions are those who own directly or indirectly more than 5% share capital with voting rights of the credit institution'.

Institutional and individual shareholders



■ Institutional shareholders:
1,545,919,456 shares

■ Individual shareholders:
1,954,220,506 shares

Domestic and foreign shareholders



■ Domestic shareholders:
2,712,779,978 shares

■ Foreign shareholders:
787,359,984 shares

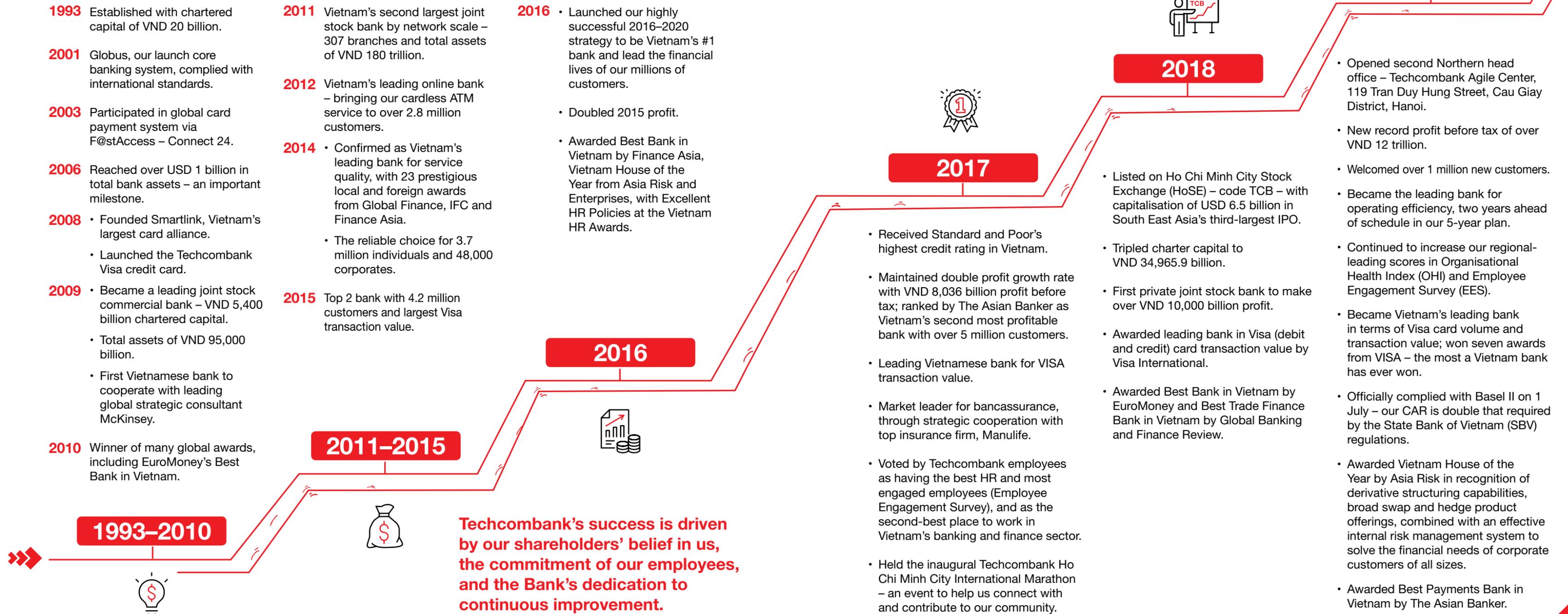
The Techcombank journey

Techcombank was established in 1993, during the Doi Moi period of economic reform. Like Vietnam's economy, we've passed through various stages of development in our 26-year journey; going from strength to strength. Excitingly, Vietnam's domestic economy and financial system are still maturing and our nation presents great opportunity and promise. Around 70% of our largely youthful population of 95 million people are unbanked, offering tremendous ongoing growth potential.

Our success will be measured by how well we complete our transformation and hit our milestones. Continuing our great achievements in 2018, Techcombank continued to affirm its leading position by reaching a new record profit before tax of over VND 12 trillion, welcoming over 1 million new customers, and becoming the leading bank for operating efficiency. We are confidently moving toward our 2020 targets and firmly continuing our transformation to become the best bank in Vietnam.



The Techcombank journey (continued)



Branch network and subsidiaries

Our branch network

At 31 December 2019, our current branch network consists of:



01 one head office



02 two representative offices



311 transaction offices



03 subsidiaries

Operating across 45 out of 64 cities and provinces including:

- ▶ 128 in the Red River Delta
- ▶ 4 in the Northwest
- ▶ 16 in the Northeast
- ▶ 10 in the North Central
- ▶ 18 in the South Central
- ▶ 3 in the Central Highlands
- ▶ 117 in the Southeast
- ▶ 15 in the Mekong River Delta.



Subsidiaries

TECHCOM SECURITIES JOINT STOCK COMPANY – TECHCOM SECURITIES (TCBS)

Operating licence	:	37/GPĐC-UBCK, granted by State Securities Commission on 13/06/19
Address	:	Floors 10 and 21, Techcombank Tower, 191 Ba Trieu Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi
Nature of business	:	Securities
Chartered capital	:	VND 1,123,595,510,000
% owned by Techcombank	:	89%

With its two core business lines, **Corporate Advisory and Wealth Management**, Techcom Securities (TCBS) has become the market's largest securities company in terms of profit. A very successful Wealthtech, TCBS boasts a large, highly-skilled tech development workforce and the driving ambition to be a leading global player in the high tech space.

TCBS maintained HoSE's leading position in bond brokerage with an 82.4% market share, up 0.7% YoY.

Techcom Bond Fund (TCBF), distributed by TCBS, continued to be Vietnam's largest domestic open-ended bond fund, with 93.5% market share.

2019 Highlights

TCBS had impressive investment product revenue growth of 53%. Bond investors and fund unit investors rose 37% and 106%, respectively, with 183% growth in new securities accounts.

TCBS continued winning prestigious awards including Best Bond House in Vietnam from 2017 to 2019 from Alpha Southeast Asia magazine; Best DCM House in Vietnam by Finance Asia magazine; and Best Domestic Bond House from The Asset.

Branch network and subsidiaries (continued)

Subsidiaries (continued)

Strong and healthy financial ratios

In 2019, TCBS's key financial ratios were stable and prudent, with total assets and revenue growing steadily between 2015 and 2019.

TCBS's 39% return on equity (ROE) put it in the ranks of Asia's top securities companies. Profit before tax hit VND 1,819 billion, up 19% YoY, while total assets soared 45%, driven by strengthening personal investment products including stocks, bonds and investment funds. Net profit margin remained stable at 67% in 2019.

Wealth Management – outstanding achievements and growth

iBond remains a market favourite

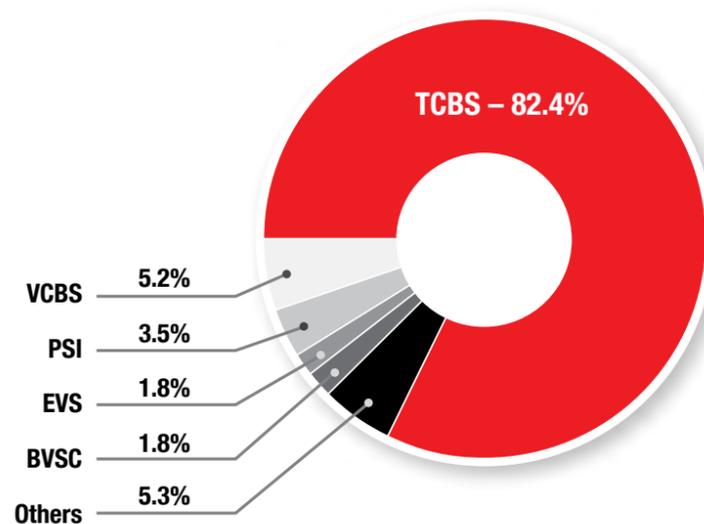
Leading the corporate bond market in Vietnam, in 2019, TCBS successfully advised and issued VND 60 trillion. Specifically, more than VND 30 trillion in bonds was distributed to individual investors, amounting to 47% YoY growth.

Incredibly, from 2014–2019, TCBS distributed over VND 80 trillion iBond products to the retail market. It's Vietnam's dominant player with 82.4% market share of corporate bonds in the HoSE, helping issue 95% of Vietnam's listed corporate bonds.

TCBF - stable growth despite volatility

TCBF's iFund distribution volume multiplied 2.7 times from 2018, to VND 18,801 trillion, representing 60% of Vietnam's domestic investment funds.

Market share of corporate bonds in 2019



Source: HoSE

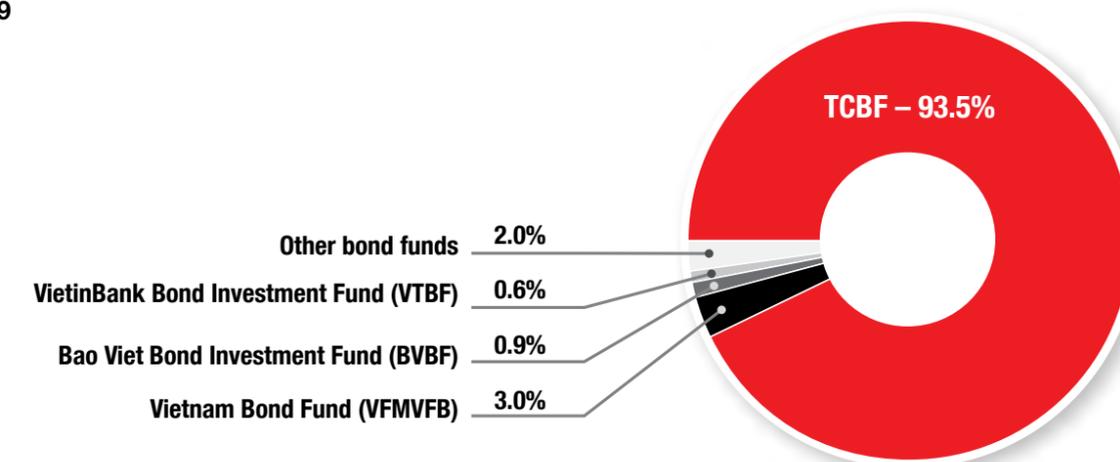
With over 22,720 investors, TCBF grew its assets under management (AUM) by 132% to VND 15,360 billion, and continued to top domestic open-ended funds in Vietnam with 93.5% market share.

TCBF maintained a stable bond yield focused on low market risk corporate bonds, unlike other funds that invested mainly in stocks and government bonds. Over the past three years, TCBF's unique strategy secured stable bond yields of:

- 8.2% for one year
- 17% over two years
- 26.7% over three years.

TCBF's rapidly expanding customer base is expected to attract more investors and grow AUM to USD 1 billion.

AUM of bond funds in 2019



A Wealthtech pioneer comprehensively upgrading customer service and experience

The strategy of adopting Wealthtech across the business secured TCBS first place in the digital transformation race. Simpler processes, procedures and paperwork, alongside constantly improving service quality and customer experience, have enticed many new customers. During 2019, innovation was key to modernising customer care:

- **e-KYC:** Using cutting edge technology to verify personal ID via biometrics, signature and ID – opening an account has never been easier.
- **e-Voting:** TCBS customers can get meeting invitations from the TCInvest system, obtain remote authorisation, and vote and elect – all online!

- **e-Learning system:** Manages online training for TCBS's Vietnamese business development partners, iWealth, and RMs/RBOs/CSOs.
- **iXu system:** Gives customers access to numerous services, financial utilities, iXu points and loyalty benefits.
- **iWealth Chatbot:** This AI innovation serves customers 24/7, advising them on investment products and responding quickly to enquiries.

➤ Branch network and subsidiaries (continued)

Subsidiaries (continued)

VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK – ASSET MANAGEMENT COMPANY LIMITED (AMC)

Operating licence	:	#0102786255, granted by Hanoi Department of Planning and Investment on 18/6/08, 22 nd amendment on 03/05/19
Address	:	Techcombank Tower, 191 Ba Trieu Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi
Nature of business	:	Asset management
Chartered capital	:	VND 410,000,000,000
% owned by Techcombank	:	100%

Vietnam Technological and Commercial Joint Stock Bank – Asset Management Company Limited (Techcombank AMC) takes over the Bank’s bad or overdue debts. With a 300-strong team of young, highly-skilled professionals, it’s a market leader in debt settlement and asset management. Techcombank AMC’s remarkable 2019 result with VND 1,080 billion of recoveries made a significant contribution to our stellar overall performance.

This year Techcombank AMC launched a People Excellence project focused on developing human resources, and worked on upgrading our debt management system to optimise settlement processes. In 2020, on top of hitting its financial targets, these will remain Techcombank AMC objectives.



TECHCOM CAPITAL JOINT STOCK COMPANY – TECHCOM CAPITAL (TCC)

Operating licence	:	33/GPĐC-UBCK, granted by State Securities Commission on 05/06/19
Address	:	Floor 10, Techcombank Tower, 191 Ba Trieu Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi
Nature of business	:	Fund management
Chartered capital	:	VND 44,943,820,000
% owned by Techcombank	:	89%

Established in 2008, Techcom Capital (TCC) provides portfolio management and corporate finance advisory services including corporate restructuring, fundraising, and Mergers and Acquisitions (M&A).

TCC’s profit after tax hit VND 149 billion, well above 2019 targets.

TCCF enjoyed 93.5% of Vietnamese market share.

2019 Highlights

TCC had VND 15,482 billion in AUM, equal to 58% market share of domestic open-ended funds, maintaining the leading position in Vietnam.

VND 588 billion units were sold in the FlexiCA\$H fund, 11.7 times higher than the end of 2018 launch.

Branch network and subsidiaries (continued)

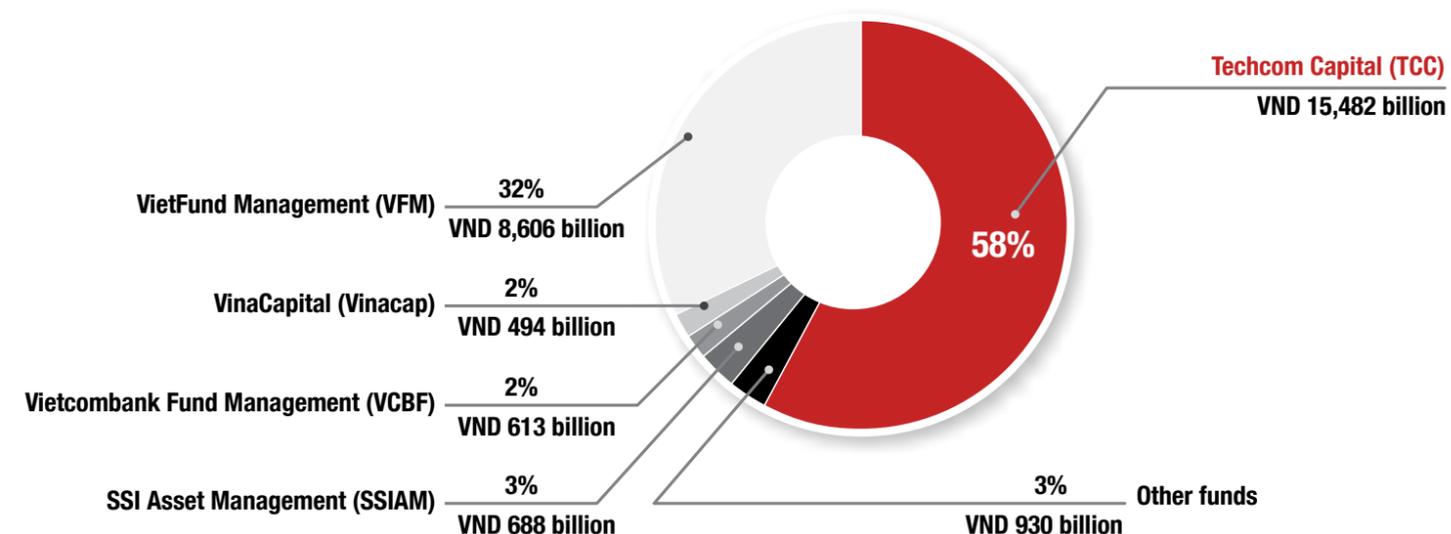
Subsidiaries (continued)

Meeting market challenges

2019 was a volatile and challenging year for fund management. Despite this, TCC maintained its investment objectives. Our strategy kept us focused on Vietnam's key economic sectors, particularly sustainably developing enterprises. In 2019, TCBF, managed by TCC, recorded growth well above the VN-Index with over 8% net asset value (NAV) per fund unit.

At the end of 2019, TCC had profit before tax of VND 185 billion, 3.7 times higher than 2018. In Q4 of 2019, profit before tax grew by 204% to VND 63 billion. In 2019, ROE soared from 45% to 80%. From 2017–2019, profit after tax grew at an average of 174%.

AUM of domestic open-ended funds in 2019



Investment fund management

Techcom Bond Fund (TCBF)

Fund type: Open-ended, established in Vietnam

Total AUM: VND 15,360 billion as at 31 December 2019

Investment strategy: TCBF aims to create long-term profit via principal and yield growth by investing in fixed-income assets, e.g. corporate bonds issued by enterprises with a high credit rating, and bonds guaranteed by prestigious banks.

Performance: TCBF remained Vietnam's top domestic investment fund in 2019 with 93.5% market share. TCBF's NAV soared 132% YoY to VND 15,360 billion at 30 September 2019.

NAV/fund unit

Year	2018	2019	Growth (%)
NAV/ fund unit (VND)	12,726	13,765	8%

Established: 8 September 2015

Techcombank's Flexible Bond Fund (FlexiCA\$H)

Fund type: Open-ended, established in Vietnam

Total AUM: VND 31 billion as at 31 December 2019

Investment strategy: FlexiCA\$H aims to maximise profit from short-term corporate and individual customer cash flow. Investors get a 6% yield from 'idle money', commonly deposited at banks at the demand interest rate of 0.5% per year, for one or more weeks.

Performance: FlexiCA\$H focuses on highly liquid assets, e.g. term deposits, government bonds and short-term corporate bonds. VND 588 billion worth of FlexiCA\$H fund units were sold over 2019, 11.7 times higher than at the end of 2018 launch.

NAV/fund unit

Year	2018	2019	Growth (%)
NAV/ fund unit (VND)	10,065	10,642	6%

Established: 5 December 2018

Techcom Equity Fund (TCEF)

Fund type: Open-ended, established in Vietnam

Total AUM: VND 90 billion as at 31 December 2019

Investment strategy: TCEF aims for long-term investor profit through principal and yield growth of (i) securities of industry leaders or potential leaders (including those with large market capitalisation) and securities issued by enterprises with a high credit rating or guaranteed by prestigious banks, (ii) potential long-term growth securities and/or securities of strong players, (iii) high-value securities, and (iv) securities with a high, stable yield.

Performance: TCEF's active, flexible investment strategy to counter the fall in the VN-index rewarded it with 6.1% growth in 2019. Its profit ratios ranked sixth out of Vietnam's 14 open funds.

NAV/fund unit

Year	2018	2019	Growth (%)
NAV/ fund unit (VND)	12,580	13,293	6%

Established: 8 September 2015

Techcom Vietnam Real Estate Investment Trust (TCREIT)

Fund type: Listed closed-end, established in Vietnam

Total AUM: VND 61 billion as at 31 December 2019

Investment strategy: TCREIT aims for long-term investor profit via regular and stable income from real estate and long-term real estate capital growth, based on a flexible, effective real estate strategy. TCREIT invests in fixed-income assets with good quality credit such as bank deposits, government bonds, corporate bonds, municipal bonds, top listed HoSE and HNX stocks.

Performance: As at 31 December 2019, the Fund's NAV changed by 2.1% compared to September 30, 2019.

NAV/fund unit

Year	2018	2019	Growth (%)
NAV/ fund unit (VND)	10,957	12,261	11.9%

Established: 29 June 2016



Mr Nguyen Le Quoc Anh
CEO

➤ CEO's story – The journey of happiness

A journey of a thousand miles begins with a single step ...

Walking along the street recently, I came across a man. He didn't look particularly sophisticated and his clothing was somewhat frayed. But, from the corner of my eye I noticed, astonished, that he was busily using the Techcombank app. It would have been remiss of me to saunter past such an extraordinary market research opportunity, so I politely engaged him and asked what he thought about it.

"I think it's great," said my new acquaintance. "It's really fast and easy for me to use and I can now bank from anywhere, anytime. So much time and hassle saved. And there's no fees." Needless to say, his response both delighted me and provided reassurance that Techcombank is on the right track.

Just before our chance encounter ended, the good man left me with a final anecdote that really touched my heart. "With the money I save on fees, I can now buy my beloved son an ice-cream every day."

This transformative story is literally one of millions that forms part of Techcombank's rapid and proud ascent toward becoming a customer-centric organisation. Our customer-centric pivot, to better understand and deliver what's important to Vietnamese people, is driven by our 5-year transformation plan. We want our customers to know they're at the centre of everything we do. They deserve the comfort that comes with choosing a bank that offers them financial tools to provide for their family and plan a life closer to their dreams.

C Customers

E Employees

O Owners

I'm proud to say we are a CEO-focused organisation. And no, that does not mean a focus on me. CEO is an acronym that refers to our focus on our Customers, our Employees and our Organisation.

Our focus on meeting people's needs and the power of digitalisation are helping change the face of Vietnamese banking. We've been targeting six consumption-led economic sectors that account for nearly half of Vietnam's GDP. And, our customer centricity is bearing fruit for shareholders too – 2019 was our fourth straight year of strong, sustainable growth.

“Our focus on meeting people's needs and the power of digitisation are helping change the face of Vietnamese banking.”

➤ CEO's story – The journey of happiness (continued)

Life in Vietnam is busy, whether you're farming in village fields or dodging motorbikes on your way to a city office. Everyone is more rushed than ever – up early and working hard all day – with few moments to spare. Yet, more and more, technology is offering people a little extra precious time. Cutting-edge solutions and innovations are bringing convenience, ease and simplicity to our crazy busy lives.

Ms Bui Thi Thi
Individual customer of Techcombank

“With F@st Mobile, I can pay a bill in five seconds flat!”



Ms Thi works for Vinhomes, a subsidiary of Vingroup. On the go from early in the morning, this busy working mum has little time to go out for dinner with friends, see a movie or spend special time with her husband and family. Even getting to the markets can be a challenge. The last thing she wants to do is fight her way through traffic to get her banking done. And that's where Techcombank's F@st Mobile has quickly become her friend.

Before coming to Techcombank, Ms Thi would have to go to 10 different ATMs to get cash. There had to be a better way. “With F@st Mobile, I can pay a bill in five seconds flat!” she beams. Mobile banking is quick and convenient, and Ms Thi can use it from the comfort of her desk during a work break or at home while her kids are doing their school revision.

It means she only needs to enter one of Techcombank's friendly branches when she needs specific assistance. She says, “When I do bank face-to-face, no matter how late in the day it is; if I need help, I can always rely on Techcombank staff. They're always smiling, full of energy and radiating positivity.” Even so, she still prefers online!



The dream of all Vietnamese people is to own their own home and enjoy a new, better life. At Techcombank, we work hard every day to make home ownership a reality for our deserving customers. We're there at each stage creating a feeling of ease and ensuring the process is as smooth as possible. So many Techcombank customers now have a place to call home. Their home.

Mr Nguyen Dinh Thi & Mrs Nguyen Hai Yen
M+ customer of Techcombank

“We love our new home, new land and new life.”



Starting a new life is a brave decision and it isn't always easy. But, with Techcombank on your side, you're off to a good start.

Mr Thi and Mrs Yen were living in Hai Phong when they saw some incredible photos of their perfect apartment in Vinhomes Ocean Park. As one of Vietnam's most modern and exciting new developments, the beautifully landscaped Vinhomes Ocean Park lies at the centre of an envied, cosmopolitan lifestyle. “We fell in love with it straight away,” explains Mr Thi. “I looked at my wife and asked, ‘Why don't we buy this luxurious condo and move?’ ”

“So, after a bit of haggling, we decided to do it. Techcombank emailed us with the documents we needed to begin the review process, and the entire loan was

approved within two days!” It was the first time Mr Thi had ever experienced a service that told him what documents to submit, advised him how long the process would take and, let him check how his application was going, online. “Before this kind of cutting-edge technology, I'd have had to muck about calling branches or consultants for updates. And, if they didn't respond right away, I'd have got nervous,” he states contentedly. “With Techcombank, I could check online whenever!”

Mr Thi and Mrs Yen love their new home, new land and new life. But most importantly, for them, it provides a whole different future for their family. Their kids will have experiences that wouldn't have been possible before and the new home offers them a much better place to grow up. The family have never been so happy.

➤ CEO's story – The journey of happiness (continued)

“If people don't move in the same direction, they get confused, and there are gaps and overlaps; causing frustration and inefficiency.”



Never-ending transformation

With phase one of our successful transformation scheduled to finish in 2020, momentum is already gathering for phase two. As they say, 'it's the journey not the destination', and our transformation is an ongoing, constant improvement process. Techcombank's 2021–2025 plan will build on everything we've achieved so far, until everyone recognises us as Vietnam's #1 bank.

We'll keep making people's lives easier and simpler. Whether it's a mobile or online transaction, we want to save them time and money. We'll offer opportunities for customers to transact when and wherever they want, with lower fees. But, seamless transactions are not our endgame – we're about developing long-term, trusted relationships. Through high levels of customer service, being trustworthy and providing security, we'll guarantee customers stay with us for the long haul.

Part of our transformation program means inspiring more than 11,000 employees to work together strategically towards shared goals. If people don't move in the same direction, they get confused and there are gaps and overlaps; causing frustration and inefficiency. By uniting our workforce around a common purpose, we create the magical synergy we need to produce customer-centric outcomes – today, tomorrow and always.



Whatever we do – whether it's an email, a phone call or a branch transaction, the question we always ask is, "Will our customer be better off for this?" It just makes good business sense, because if a customer succeeds, so do we. Their success is our success.

We're really excited about our progress, but there's always more to do. Our customers can expect us to continue listening, making changes and

providing the best possible experiences, no matter how they bank with us.

To ensure we win the battle for talent, we're developing and retaining only the best candidates. Providing our more than 11,000 staff with clear career paths motivates them to give 100%. Competitive salary increases and excellent technical and leadership training are worthy investments in both the future of our valued staff and the Bank itself.

➤ CEO's story – The journey of happiness (continued)

In September 2019, Techcombank won Employer of the Year – Banking at the Stevie Awards. This prestigious international award is the business equivalent of an Oscar and reflects our commitment to outstanding employment policies, individual satisfaction and inspiration.

Ms Phan Thi Hong Loan

Relation Manager
Customer Services and Financial Advisory Division

“Techcombank actively encourages me to be clear about my career aspirations and what I need to achieve them.”

“Over the 10 years I've been with Techcombank, I've always felt really supported,” starts Ms Loan. When she joined Techcombank, Ms Loan was a one-woman team but the cooperation and help she got from other staff members made her feel at home immediately. Seamless coordination with branches ensures her retail and corporate customers always get the most comprehensive, tailored service solutions.

Importantly, Techcombank actively encourages Ms Loan to be clear about her career aspirations and what she needs to achieve them. Ms Loan's managers also pay close attention to her work so they know what coaching they can offer her. “Having clearly mapped career development stages motivates staff to devote ourselves to the company and work really hard,” says Ms Loan, who just graduated the TechcomLead course. At first, Ms Loan wondered why her boss was making her attend when she had so many other things to do. “But it was so worth it! It taught me how to better manage my workload to hit targets and goals. I also learnt a lot about leadership, and how a positive approach creates great outcomes,” she explains.



Even after a decade with Techcombank, Ms Loan is as enthusiastic as she was when she started. She still loves her workplace. “Techcombank just never sits still. It's always transforming itself for the betterment of customers. When I graduated, I got two really good job offers. My uni mentor urged me to take up the Techcombank position because of its reputation as innovative and dynamic,” Ms Loan reveals. According to Ms Loan, Techcombank's innovative services, digital options and smarter workflow also free her up to focus on customer needs.

The Bank's commitment to making a positive contribution to communities through philanthropy, advancing diversity and inclusion, and creating economic opportunity is really import to Ms Loan. The dedicated Ms Loan works closely with a wealthy philanthropist, who brought all her money to Techcombank because of the Zero Fee program. Now Ms Loan gets to see what good can be done, first hand. “It's simple maths. The money our charitable customer saves on fees, she can give to people in need. I feel like I've played a role helping my client assist those in need. It's so rewarding.”

Ms Mai Thu Thao has been with Techcombank for 14 years and currently heads our Centre of Credit Administration (CCA) within the Business Banking Division. “To me, Techcombank is my second home”, Ms Thao says. “During my time with the Bank, I've enjoyed a front row seat as we've journeyed towards becoming a leading Vietnamese business.”

Ms Mai Thu Thao

Head of Centre of Credit Administration
in Business Banking Division

“Techcombank offers lots of things other companies can't.”

The seamless coordination between Ms Thao's team and the bricks-and-mortar branches generates great outcomes for customers and the Bank every day. Her team also works closely with Relationship and Customer Service managers to understand what our customers need and how we can give it to them.

During 2019, the CCA team was busy automating operations, building data sources, optimising data and making various other efforts to simplify operational processes. “For me, a highlight in 2019 was the team's work with the Business Banking Centre (BBC) to reduce the time it takes to complete a guarantee service-level agreement from 105 minutes to an hour.” CCA initiatives have grown Techcombank's efficiency and productivity, shortened customer transaction time, and provided many other advantages.



Does Ms Thao believe Techcombank is a good place to work?

“Definitely! Techcombank offers lots of things other companies can't. We're encouraged to be creative in deciding how best to serve our customers, the leadership here is inspiring and celebrates dynamism and innovation, and my work colleagues are devoted and friendly.” Ms Thao thinks for a minute, then adds, “And we're actively encouraged to enjoy a good work-life balance.”

➤ CEO's story - The journey of happiness (continued)

Helping businesses be better

Small to medium enterprises (SMEs) are the engine room of the Vietnamese economy – when they thrive, we all thrive. But to succeed in business, you must be able to act fast, and adapt to evolving consumer needs. With that in mind, we've streamlined numerous SME processes – simplifying credit approvals, letters of credit, letters of guarantee and loan disbursement to within three hours. Making banking easier for SMEs improves business efficiency and productivity.

We're always looking at how to help businesses reduce operating costs. Our Zero Fees policy for electronic account transfers has been in place for over three years. By September 2019, three years into the program, over

18,000 customers had benefited from Zero Fees. Incredibly half these customers were added since September 2018. Other banks are inspired by what we do – many of them are following our lead and also waiving transfer fees.

Just to prove how dedicated we are to market leadership ... Since February 2020, all SME and corporate customers using our digital banking solutions, have been enjoying preferential foreign exchange rates and overseas remittance fees interest on their current account balances. This offers businesses more freedom to run things the way they'd like to, and is a big encouragement to those operating in government priority industries. This tiered interest rate offering is in addition to Zero Fees.



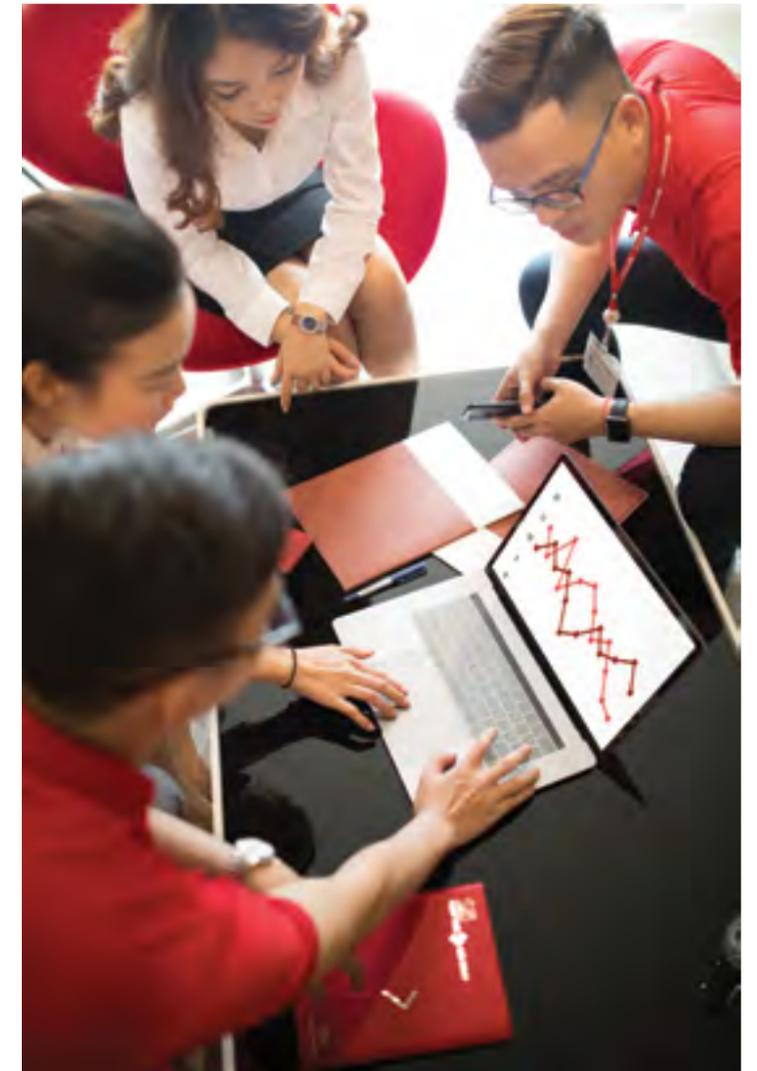
Digitalising and automating

Businesses have been facing technological challenges for centuries. Even before Alexander Graham Bell won the first US patent for the telephone in 1876, companies grappled with the relentless march of technology – transforming processes, products, and customers' expectations of convenience. For 21st century banks, the underlying theme of the disruptions and challenges is digitisation and automation. Techcombank's survival will depend on how we deal with these.

We know we must adapt to a rapidly digitalising world or perish. But, it's even more important that Techcombank provides customers with solutions and tools to transact online, because limiting cash transactions is SBV policy. So, we've been doing everything we can to accommodate the digital shift in the way people transact. For us the future is here – the environment is dynamic and we're well placed to ride the technological wave, making customers' lives easier.

Going digital means an opportunity to really rethink things, and we've reinvented the entire customer experience journey from start to finish. Before our mobile app, you had to visit a branch, using time you never get back! We've made it possible for people to stay home and make a phone call, or sip tea while they bank. It's all part of making customers' financial lives easier, smoother, more convenient and lower cost. No wonder we're seeing significantly improved customer experience and satisfaction.

Our M+ product brings together a retail mortgage and loan application and was one of the first innovative things we did as part of our early digitisation and automation phase. M+ has shortened the application process to 200 minutes; loans can be approved within four days and customers can access and manage their loan profiles online. They can even get a credit card approved online within 15 minutes! In the past three years, there's been a twentyfold increase in



Techcombank's e-channel transactions – an astonishing shift in customer behaviour. And, we're attracting about 200,000 new retail customers a month.

Advanced technology allows millions of transactions to be processed in a matter of seconds. Our goal now is to digitise and automate all customer experiences so they're faster, better and more convenient. This stretches across the decision-making process, risk management, customer service and more. We commit at least 10% of our budget each year to making sure our equipment is always cutting edge and that we're leading Vietnam's banking revolution.

➤ CEO's story - The journey of happiness (continued)

A lot of us are committed to jobs that involve intense, long hours. A full weekend to do nothing but relax can seem like a distant, unachievable dream. But at Techcombank, technology is actively freeing-up precious moments for our busy customers. Our time-saving solutions make lives easier and transactions more convenient. And all this via our app!

Ms Cao Thi Mai Tram

Director of Le Ngoc Logistics Joint Stock Company

“While Techcombank is undeniably a leader in so many ways, it's my digital experience with the Bank that makes it a winner in my eyes.”

Ms Tram, a business woman, has been with us since 2010. She's had the unique experience of seeing Techcombank from both sides – as an individual and a corporate. “I couldn't be happier with the service, especially when it comes to the amazing digital innovations,” reveals Ms Tram.

“Transacting with Techcombank is almost seamless,” smiles Ms Tram. “Techcombank staff will prepare all the documents in advance, saving me heaps of time and hassle. Things are always fast and efficient.”

By consulting customers at every turn, the Techcombank team has developed an impressive number of product offerings with a strong value proposition. Ms Tram uses several different products and services – from credit, to our savings accounts and even our bond investment service. Every single choice she makes is available on our app!

According to Ms Tram, since joining Techcombank, she's seen significant improvement in the Bank's relationship managers and processes. “Manual procedures have become digital and



are now very fast and convenient,” says Ms Tram. For her, the Bank's greatest strength is its customers focus. “This is best demonstrated by things like the Zero Fee program. Hardly any other lender has been able to offer this! I rarely need to visit a branch, and I'm always notified of new, useful solutions,” effuses Ms Tram.

Ms Tram mainly deals with Ms Loan, a Relation Manager at Techcombank, who she says takes great care of her. “If I have some idle money, Loan will quickly direct me to a Techcombank product that maximises my return.” Needless to say, Ms Tram has happily referred Techcombank to lots of her friends. They've also made the shift and felt satisfied.

While Techcombank is undeniably a leader in so many ways, it's Ms Tram's digital experience with us that makes us a winner in her eyes. Ms Tram sums up her satisfaction, “Techcombank's technology is leading-edge stuff and helps me with notifications and alerts. I can access all the services I need on the app and make immediate transfers no matter where I am in the world.”

Over the past 15 years, Thien Thao Pharmacy has grown rapidly, in parallel with the steady rise of Techcombank as a leading Vietnamese bank. Our swift digital transformation has gifted our many business customers multiple opportunities for efficiencies they could not achieve with other banks.

Mr To Truong Quyen

CEO of Thien Thao Pharmacy

“Online payment makes things so convenient. In the past, I had to sign cheques every day, while my staff went back and forth to the bank – it was time-consuming stuff.”

Thien Thao Pharmacy began trading in 1995 and has had an incredibly successful growth trajectory. Its CEO, Mr Quyen, started with around 10 people, and today has about 200 employees. In the next five years, Thien Thao Pharmacy wants to become a leading company in the distribution and marketing of pharmaceuticals; both domestically and internationally. Mr Quyen also plans to expand into, other sectors.

As Thien Thao Pharmacy grows, being able to take out loans with reasonable fees supports them in bid guarantee and salaries. “Techcombank understands our credit needs and, in cases where we've overstretched a bit and exceeded credit limits, we've resolved it together. It's a great feeling to know that Techcombank staff listen to customers and do all they can to reach mutually acceptable solutions,” says Mr Quyen.

“Online payment makes things so convenient. In the past, I had to sign cheques every day, while my staff went back and forth to the bank – it was time - consuming stuff. And, we no longer have to wait for the branch manager to be free to handle every single payment!”



Thien Thao Pharmacy has worked with a few banks, but at 15 years, its relationship with Techcombank is by far the longest and best. For Thien Thao Pharmacy, the success of a bank is determined by the excellence of its services, and the quality of its smart and capable staff.

Looking ahead Mr Quyen expects to maintain a close relationship with Techcombank, creating greater value for both parties, in the perfect win-win scenario.



CEO's story – The journey of happiness (continued)

Financial highlights for 2019

As the Vietnamese proverb goes, 'if you put in the work to sharpen the steel, it will eventually turn into needles'. In other words, patience and persistence are key to achieving your goals.

Exposure demographics are everything in the Vietnam story: 95 million (mostly young) people, a trend to urbanisation, and a growing middle class. Techcombank has strategically moved from commercial to retail lending services and meeting key customer needs. It's a good way of gaining exposure to this macro theme. A large percentage of our customers don't need to borrow, so a lending relationship isn't necessary – it's more transactional. But everyone needs to transact, so we're increasing transactional relationships, focusing more on services. Over the next two to three years we expect retail lending to grow from 40% of total loans to 50%.

Credit in Vietnam has been growing at nearly 14% annually for the past two years, driving strong profit growth for banks. Private banks can pick and choose which sectors and regions they enter. We're taking strategic advantage of these growth opportunities and entering sectors that touch people every day – fulfilling specific customer needs. Our success is reflected in our results. Among Vietnamese banks we are sixth in total assets, second for profit, and first in ROA. We've achieved our goal of being Vietnam's most efficient bank two years ahead of schedule. We also enjoy a compound annual growth rate (CAGR) of 20–30% per year.

Some of our 2019 financial highlights include:

 **ROA: 2.9%**

 **Total operating income: VND 21,068,145 million**

 **Profit before tax: VND 12,838,268 million**

 **Profit after tax : VND 10,226,209 million**

 **Current and savings account ratio: 34.5%**

For our many investors, Techcombank offers a leading opportunity to ride the wave of Vietnam's stellar GDP trajectory. We're ahead of the sector on most metrics and are the cleanest bank to get into. Corporate governance is also a priority and we've been a pioneer in transparency. We became Basel II compliant on 1 July 2019 and have been IFRS9 compliant since June 2018. Our CAR is always twice the level required by the SBV. Few banks in Vietnam are as advanced.

Looking ahead

Vietnam's developing economy is improving everyone's well-being. As a core element of the economy, the banking system in general and Techcombank in particular have a responsibility to lead the changes that drive economic success. And to us, success means the happiness of our customers, their families and the community. It's the result of concerted efforts – nothing extraordinary comes from half-hearted attempts. We want to be there with every one of our customers, step by step, as they take their own financial journey to success. Importantly, our focus on in-country consumption, combined with Vietnam's rapid growth, will continue to protect Techcombank from the fluctuations of foreign economies and the fall-out from trade wars.

'One swallow doesn't make a spring'. I would like to thank the Board, the management team, and all our staff for the enormous and ongoing efforts they make to secure Techcombank's growth and future. It's a privilege to have served throughout phase one of our transformation and we're excited to be laying-out our forthcoming 2021–2025 transformation plan. We're committed to being Vietnam's best bank.

Techcombank's next transformation plan will be rolled out between 2021 and 2025. Our aim, as always, is to be the #1 bank in Vietnam – empowering our customers, minimising



“Nothing extraordinary comes from half-hearted attempts.”

their costs and saving them time. To get there, we must 'Be Greater' everyday.

Finally, I would like to thank our shareholders for their unyielding support. We remain optimistic about the Bank's prospects and will continue to strengthen our capabilities, and to invest in technology and human resources to deliver growth, performance, and value creation.

Whatever we do, whether it's an email,
a phone call or a branch transaction, we'll always ask,
“Will our customer be better off for this?”



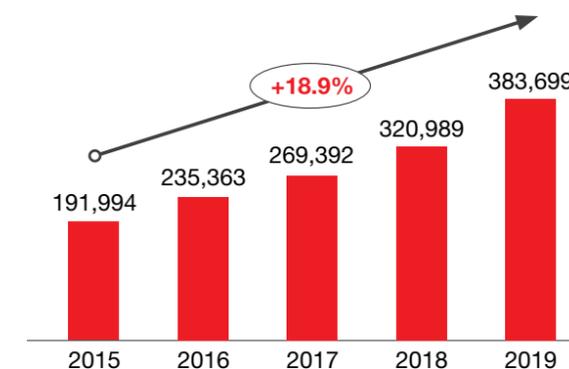
Techcombank results in 2019

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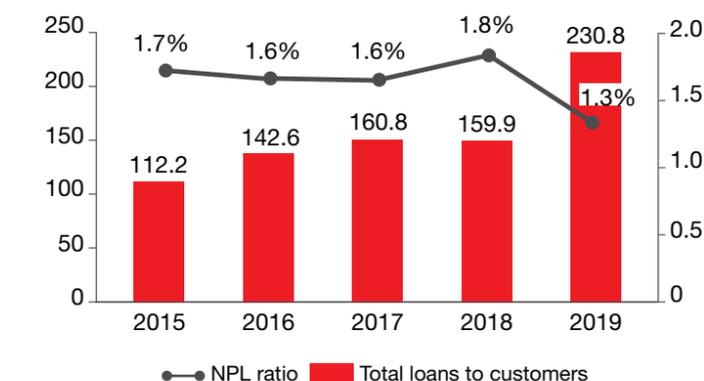
Financial highlights

Indicator (VND million)	2015	2016	2017	2018	2019
Balance sheet					
Total deposits	142,239,546	173,448,929	170,970,833	201,414,532	231,296,761
Total loans to customers	112,179,889	142,616,004	160,849,037	159,939,217	230,802,027
Total assets	191,993,602	235,363,136	269,392,380	320,988,941	383,699,461
Total shareholders' equity	16,457,566	19,586,476	26,930,745	51,782,705	62,072,767
Profit or losses					
Net interest income	7,213,680	8,142,221	8,930,412	11,389,939	14,257,844
Net fee and commission income	1,272,138	1,955,764	3,926,084	3,272,580	3,253,353
Total operating income	9,343,942	11,833,153	16,457,988	18,349,768	21,068,145
Profit before tax	2,037,205	3,996,640	8,036,297	10,661,016	12,838,268
Provision expenses	(3,627,889)	(3,661,091)	(3,609,226)	(1,846,245)	(917,368)
Profit after tax	1,529,188	3,148,846	6,445,595	8,473,997	10,226,209
Profitability					
CASA ratio	20.6%	22.7%	24.1%	28.7%	34.5%
Net interest margin (NIM)	4.4%	4.1%	4.0%	3.7%	4.2%
Cost to income ratio (CIR)	39.4%	35.3%	29.2%	31.8%	34.7%
ROA	0.8%	1.5%	2.6%	2.9%	2.9%
ROE	9.7%	17.5%	27.7%	21.5%	17.8%
Capital adequacy and asset quality					
CAR (Basel II)			9.4%	14.6%	15.5%
Non-performing loan (NPL) ratio	1.7%	1.6%	1.6%	1.8%	1.3%
Liquidity					
Loan to deposit ratio (LDR)	70.0%	71.8%	76.6%	65.5%	76.3%
Short-term funding to medium and long-term loans	45.9%	41.5%	43.0%	31.5%	38.4%

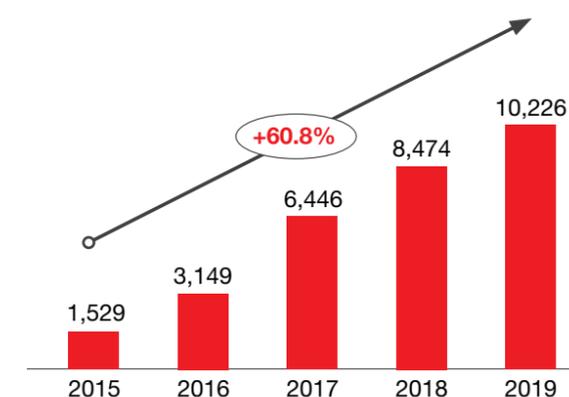
Total assets (VND billion)



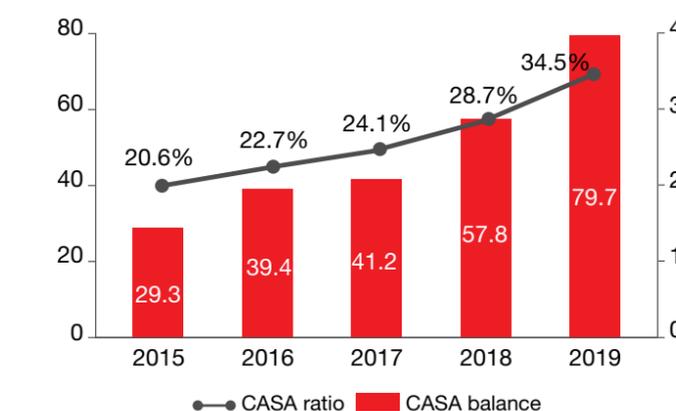
Total loans to customers (VND trillion)



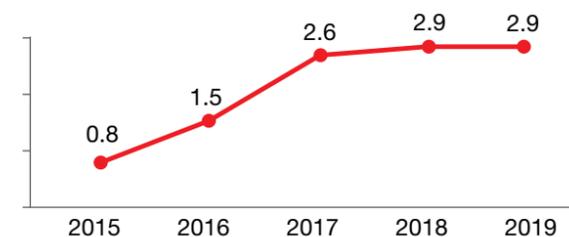
Profit after tax (VND billion)



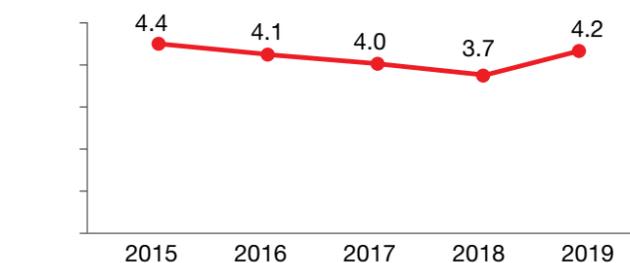
CASA balance (VND trillion)



ROA (%)



NIM (%)



➤ How Techcombank performed in 2019

“ Techcombank’s stunning growth trajectory led to us being the only bank to place in the Vietnam Report’s Top 3 Vietnam Profit500. We were also awarded Vietnam House of the Year by Asia Risk. Techcombank continues to be the #1 bank for operational efficiency. ”



#1 Most profit before tax for a joint stock bank

During our second wave of transformation, 2019 saw Techcombank record:

- Total operating income (TOI) of VND 21.1 trillion with YoY TOI growth of 24.7% ⁽¹⁾.
- Profit before tax (PBT) of VND 12.8 trillion with PBT growth of 31.5% ⁽²⁾. Improved asset quality led to strong growth across all business lines, with 18.8% bank-wide credit growth and a 2019 year-end NPL ratio of just 1.3%. Our low-risk, high-return strategy has successfully moved our TOI structure to less reliance on lending, reducing

Profit before tax
 VND **12,838** bn
 ▲ 31.5%⁽²⁾ YoY

expected loss and credit cost. The reward is our position as the #1 bank for operational efficiency. We have a ROE of 17.8% and a ROA of 2.9%.

Items	2019	2018	Growth	
	VND bn	VND bn	VND bn	%
Total operating income (TOI)	21,068	18,350	2,718	24.7% ⁽¹⁾
• Net interest income	14,258	11,390	2,868	25.2%
• Net fee and commission income	3,253	3,273	(20)	-0.6%
• Other non-interest income	3,557	3,687	(130)	-3.5%
Operating expenses	(7,313)	(5,843)	(1,470)	25.2%
Provision expenses for credit loss	(917)	(1,846)	(929)	-50.3%
Profit before tax (PBT)	12,838	10,661	2,177	31.5%⁽²⁾

Notes:

⁽¹⁾ Excluding an one-off item in 2018 and recoveries.

⁽²⁾ Excluding an one-off item in 2018.

➤ How Techcombank performed in 2019 (continued)

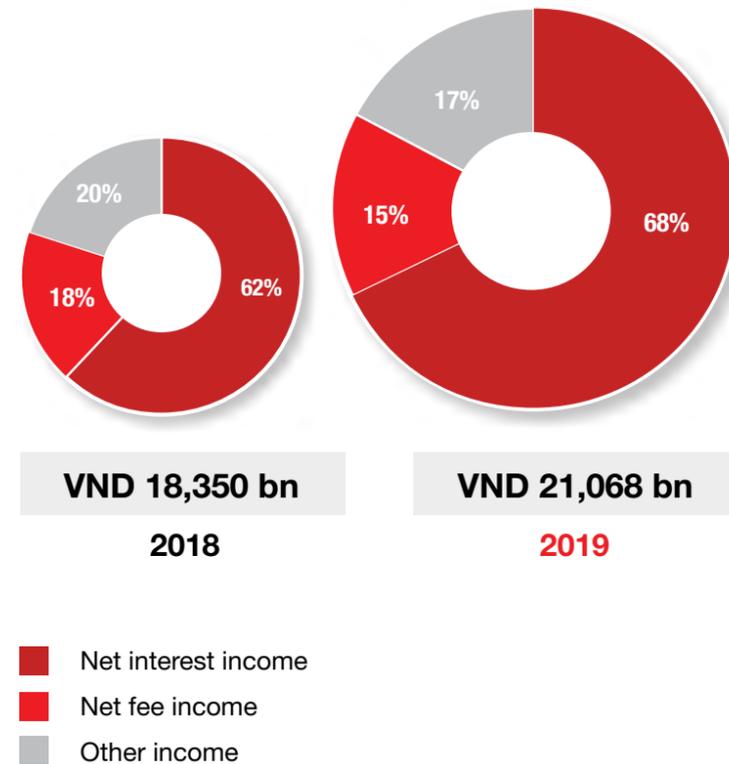
Sustainable income growth from net interest income and net non-interest income

In 2019, our TOI reached VND 21,068 billion, recording YoY growth of 24.7%⁽¹⁾, thanks to strong income growth from interest (25.2%) and non-interest (23.4%)⁽¹⁾ income. Impressive growth in our CASA balance – 37.9% between 2018 and 2019 – plus the additional credit growth to

18.8% permitted by SBV in 2019, helped drive the Bank's net interest income (NII) to a three-year record rate. NII contributed 68% of this year's TOI.



TOI structure 2018–2019



Note: ⁽¹⁾ Excluding an one-off item in 2018 and recoveries.

A growing credit portfolio focusing on retail and SMEs

“ In line with our strategy, SME segments recorded an increase of 50% in short-term loans for working capital. ”

At the end of 2019, Techcombank's separate credit balance was VND 258,041 billion, equal to a credit growth rate of 18.8%. SBV approved this credit growth rate because we were early adapters of Circular 41/2016/TT-NHNN on Capital Adequacy Ratio for commercial banks and branches of foreign banks, as per Basel II.

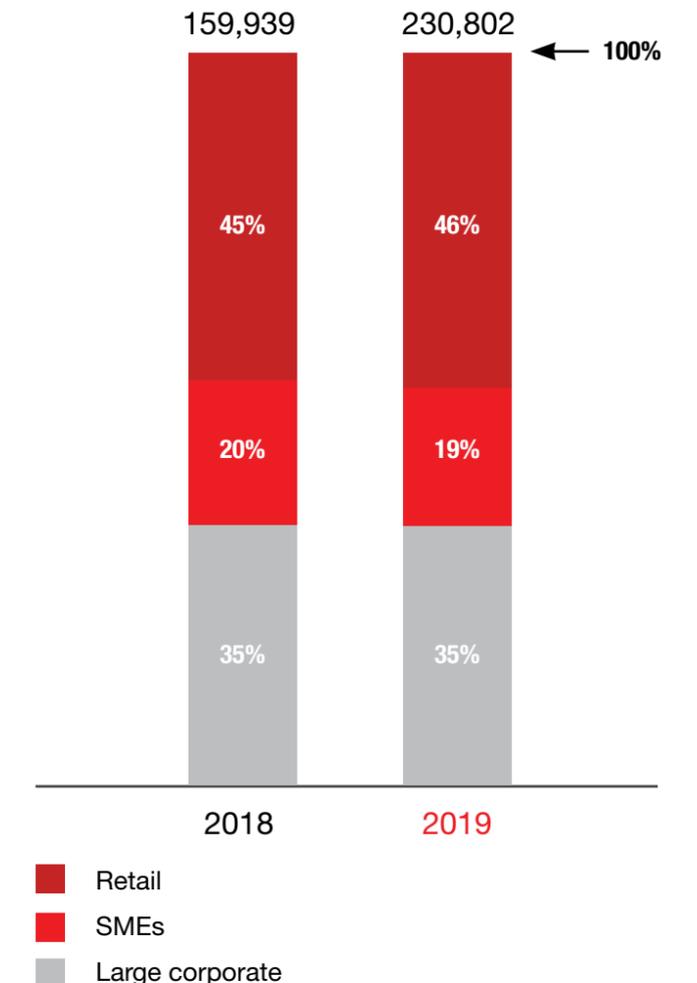
The Bank continued to focus on individual customers and SMEs with loan growth of 45% and 43%, respectively, in 2019, which accounted for 46% and 19% of our total loan portfolio. The retail segment maintained its shift to secured loans with stable growth of 60% for mortgages and 9% in auto loans. In line with our strategy, SME segments recorded an increase of 50% in short-term loans for working capital.

These impressive achievements resulted from a range of initiatives to:

- Improve customer experience
- Develop employee capabilities
- Streamline operational processes
- Improve credit risk management.

Separate credit balance in 2019
 VND **258,041** bn
 ▲ 18.8% YoY

Customer loan composition (VND bn, %)



➤ How Techcombank performed in 2019 (continued)

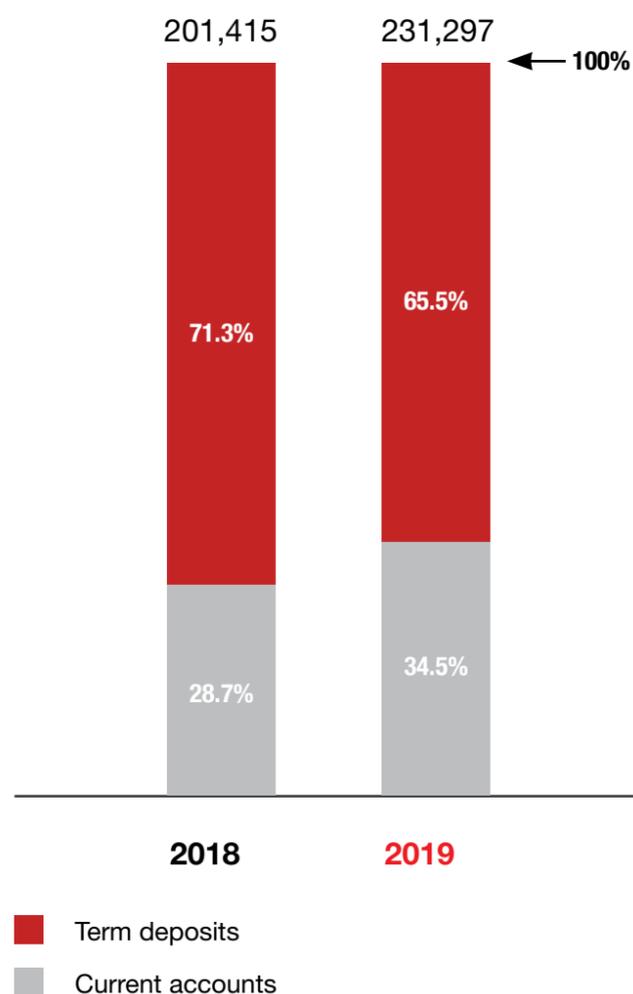
Deposits Growing – CASA ratio at 34.5%

Our shift to low-risk assets was only one aspect of our strategy. The main driver of our record ROA was our focus on CASA deposits as a way to mobilise low-cost funds. The hugely successful Zero Fees program which waived transfer fees for corporate and individual customers, and the Unlimited 1% Cashback program, helped us sign over 1 million new customers, changing cash-use habits in the process. This gave us 40% growth in the retail and corporate segments.

Rapid growth in digital banking has allowed us to continue investing in improving customer convenience and quality. In 2019, digital transactions went up nearly three times in both value and volume through e-banking channels. The combination of preferences for online and excellent customer experience grew our total CASA deposits by a record 37.9% and raised our CASA ratio from 28.7% to 34.5%. Individual CASAs grew significantly to 83%, accounting for 58% of total current deposits, while CASA growth improved our net interest margin to 4.2%, up 0.5% from 2018.

We'll continue investing in technology, automating and digitalising the customer journey, and improving banking functionalities to maintain sustainable CASA growth.

Customer deposit composition (VND bn, %)



Deposit composition by customer segment	31/12/2019		31/12/2018	
	VND bn	%	VND bn	%
Term deposits	151,581	100%	143,613	100%
<i>Individual</i>	121,187	80%	116,844	81%
<i>Institutional</i>	30,394	20%	26,769	19%
Current accounts⁽¹⁾	79,716	100%	57,801	100%
<i>Individual</i>	46,025	58%	25,212	44%
<i>Institutional</i>	33,691	42%	32,589	56%

Note:

⁽¹⁾ Inclusive of marginal deposits.

Fee income stabilised at 15% of total operating income

Fees from guarantee for securities issuance of 30% and bancassurance fees of 29% accounted for the largest share of fee income. This reflects continued need for corporate credit and the community's growing demand for

bancassurance products. Strong growth in non-interest income in general, and fee income specifically, grew our ROA. The Bank can earn strong profits while prudently managing our balance sheet.

Net fee and commission income structure	2019		2018	
	VND bn	%	VND bn	%
Income from guarantee for securities issuance	970	30%	1,160	35%
Income from bancassurance	932	29%	722	22%
Card services	443	14%	497	15%
Payment and cash services (excluding card services)	675	21%	748	23%
Other services	233	6%	145	5%
Net fee and commission income	3,253	100%	3,273	100%

➤ How Techcombank performed in 2019 (continued)

Fee income stabilised at 15% of total operating income (continued)

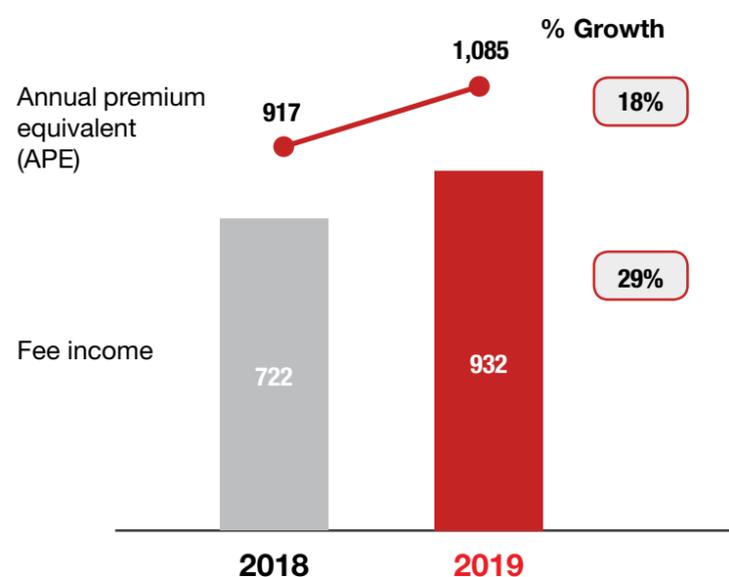
Helping corporate clients raise funds via the capital market is important to Techcombank's balance sheet conversion strategy. We continued to lead Vietnam's corporate bond market, issuing bonds worth over VND 60 trillion and earning VND 970 billion in guarantee for securities issuance fees.

We retained the growth rate in bancassurance and have worked hard this year to set up a direct sales model. This model will not only boost our annual premium equivalent (APE) but also strengthen cross-selling to customers. Bancassurance's fee income reached VND 932 billion, up by 29% YoY.

Our extensive network of one head office, two representative offices and 311 transaction offices across provinces and cities currently serves the financial needs of over 7 million individual and corporate customers with:

- Convenient credit card issue
- Free online banking services
- Cash-back programs
- Tailored mortgage products that help people into their dream home.

We want to lead the change in the lives of Vietnamese consumers. In line with SBV policy for limiting the use of cash, Techcombank's cutting edge solutions and tools for online banking have grown transactions on our e-channels twentyfold. We're proud to have played an integral part in this profound Vietnamese consumer behaviour change. We've had a doubling of cards & new retail customers over three years, along with robust growth in active customers (around 3.5 times) and an increase in transaction volumes (approximately 7.1 times) via the e-banking channel.



Extensive network across provinces and cities

311 transaction offices

Serves the financial needs of over

7 million customers

Cost to income ratio strong at 34.7%

Item	31/12/2019		31/12/2018		Change	
	VND bn	%	VND bn	%	VND bn	%
Salaries and related expenses	4,262	58.3%	3,240	55.5%	1,022	31.5%
Office and asset rental, tools and equipment, utilities, depreciation and amortisation expenses	1,193	16.3%	1,088	18.6%	105	9.7%
Publication, marketing and promotion	441	6.0%	301	5.2%	140	46.5%
Expenditure on payment of insurance premium, preservation fee for customers' deposits	229	3.1%	194	3.3%	35	18.0%
Per diem expenses	99	1.4%	100	1.7%	-1	-1.0%
Training and education expenses	57	0.8%	35	0.6%	22	62.9%
Conference expenses	55	0.8%	76	1.3%	-21	-27.6%
Consulting expenses	231	3.2%	152	2.6%	79	52.0%
Other operating expenses	746	10.1%	657	11.2%	89	13.5%
Total operating expenses	7,313	100%	5,843	100%	1,470	25.2%
Average number of employees (person)	10,457		9,043		1,414	15.6%
Revenue/employee/year	2.01		2.03		-0.01	-0.7%
Cost/employee/year	0.70		0.65		0.05	8.2%
CIR (%)	34.7%		31.8%		2.9%	

Also, contributing to 2019's tremendous financial performance was our:

- Tight control of CIR
- Cost management improvements
- Resource optimisation.

Techcombank's operating expenses were up 25.2% from 2018, 6% lower than the 2019 budget. At 34.7%, our 2019 CIR was in the Top 3 lowest of all joint stock commercial banks, with staff costs making up 58.3% of operating expenses.

A major pillar of our 2016–2020 transformation was building strong foundations in people excellence. We're very proud to say that over 11,000 employees share common goals and objectives that are boosting our rapid growth. To ensure we win the battle for talent, we're developing and retaining the best candidates. Competitive salary increases and excellent technical and leadership training are investments in our company's future. Accordingly, average costs per employee have increased by around 8% and training costs by 62.9%, since 2018.

➤ How Techcombank performed in 2019 (continued)

Cost to income ratio strong at 34.7% (continued)

On top of efforts to strengthen our human resources, Techcombank has prioritised programs to make us a leading bank, while still adding value for our millions of customers and optimising operational expenses. Digital banking is cheaper to operate than traditional over-the counter service but also offers customers much greater flexibility.

Techcombank remains a strong corporate citizen by continuing to sponsor numerous sporting events and grant

learning scholarships. Other banks and companies have followed our lead and there is now a mass sports event most weekends; connecting people, promoting a healthy lifestyle, and spreading the Be Greater spirit. Our marketing and promotional expenses grew by 46.5% YoY.

We've strategically managed costs in line with our long-term objectives, recording an impressive profit for 2019 while maintaining a sustainable development trajectory.

Balance sheet management

2019 saw effective and well-managed balance sheet growth:

- Total assets reached VND 383,699 billion, a YoY increase of 19.5% or VND 62,710 billion
- Primary market consolidated lending and corporate bond investment rose 19.0% or VND 41,805 billion
- Deposits and valuable papers grew by 15.9% or VND 34,164 billion.

Strong and stable growth for demand deposits optimised our funding costs. Resulting profit increases lifted Techcombank's 2019 equity and reserves by 19.9% from 2018, equivalent to VND 10,290 billion.

Capital management

In 2019, the SBV allowed Techcombank to apply Basel II. According to Circular 41, on 31 December 2019, our CAR was 15.5%. Significantly higher than the required 8%, this impressive figure was driven by strong equity growth following 2018's IPO, 2019's outstanding performance, our no-dividend payout in cash policy, and our focus on lending to low-risk business sectors.

The Bank's high CAR gave us a competitive edge, allowing proactive balance sheet management and giving us the ability to provide the best benefits to customers, shareholders and staff.

Liquidity management

Techcombank maintained our compliance with SBV's liquidity requirements prescribed in Circular 36/2014/TT-NHNN and amended by Circular 22/2019/TT-NHNN. We further developed our internal liquidity ratios and enhanced liquidity management forecasts.

Techcombank has strong policies and regulations to manage internal liquidity risks. Our Audit and Risk Committee (ARCO) has developed a framework setting out the Bank's risk appetite, with defined limits and thresholds, and the Asset and Liability Committee (ALCO) implements and supervises processes to ensure compliance.

Item	2019	2018	Change	
	VND bn	VND bn	VND bn	%
Loans to customer and corporate bond	261,400	219,595	41,805	19.0%
Loans to customer	230,802	159,939	70,863	44.3%
Corporate bonds	30,598	59,656	(29,058)	-48.7%
Deposits from customers and valuable papers issued	248,758	214,593	34,165	15.9%
<i>Deposits from customers</i>	<i>231,297</i>	<i>201,415</i>	<i>29,882</i>	<i>14.8%</i>
<i>Valuable papers issued</i>	<i>17,461</i>	<i>13,178</i>	<i>4,283</i>	<i>32.5%</i>
Capital and reserves	62,073	51,783	10,290	19.9%
<i>Share capital</i>	<i>35,478</i>	<i>35,443</i>	<i>35</i>	<i>0.1%</i>
<i>Total reserves</i>	<i>5,173</i>	<i>3,868</i>	<i>1,305</i>	<i>33.7%</i>
<i>Retained earnings</i>	<i>21,131</i>	<i>12,403</i>	<i>8,728</i>	<i>70.4%</i>
<i>Minority interest</i>	<i>291</i>	<i>69</i>	<i>222</i>	<i>322%</i>

We carry out monthly liquidity stress tests using industry-wide and Techcombank-specific scenarios. These help us forecast cash flow over a set period, and test how the Bank would face stressful events such as a sharp rise in withdrawals or limited access to interbank funds. Our liquidity conservation plan (LCP) aims to ensure a timely response to such stressors and help prevent a cash crisis.

We have a long way to go, but Techcombank's determined execution of our transformation strategy is delivering outstanding results. The Board of Management and our employees are confident that Techcombank is on track for even greater success.

Liquidity ratio	Limit 2019	Actual 31/12/2019	Limit 2018	Actual 31/12/2018
Liquid reserve ratio	≥10%	22.1%	≥10%	16.9%
30-day solvency ratio (VND)	≥50%	71.3%	≥50%	55.9%
Loan to deposit ratio	≤80%	76.3%	≤80%	65.4%
Short-term funding to the medium and long-term loans	≤40%	38.4%	≤45%	31.5%

Personal financial services

“We’re proud to say that Asian Banker awarded Techcombank 2019’s Best Home Loan Product in retail banking.”

Personal Financial Services Division (PFS)

In 2019, retail lending exceeded VND 105.2 trillion, representing 45% YoY growth. Our efforts to improve customers’ experience with better lending policies and solutions, supported by our intelligence decision computing (IDC) system, which offers advanced credit approval processes, are really having an impact.

Our focus was on mortgage loans for off-the-plan properties with a balance over VND 72 trillion and residential houses with balances of nearly VND 13 trillion. We’re proud to say that Asian Banker awarded Techcombank 2019’s Best Home Loan Product in retail banking. It’s validation of the leading mortgage loan products we’ve developed over recent years.

We welcomed many new customers, who helped grow our deposit base. Our big Zero Fees and 1% debit cash-back programs have seen online savings rocket by 151%, and CASA by over 67% YoY. Affluent customers accounted for 85% of this increase. We’ve changed the banking behaviour of 180,000 customers.

Bancassurance also improved markedly in 2019. Techcombank coordinated more closely with Manulife, our strategic partner, to provide quality life insurance products, including An Nhlen 360, Universal Life 2019 and Digital Insurance. We now have a leading position in Vietnam’s life insurance distribution market.

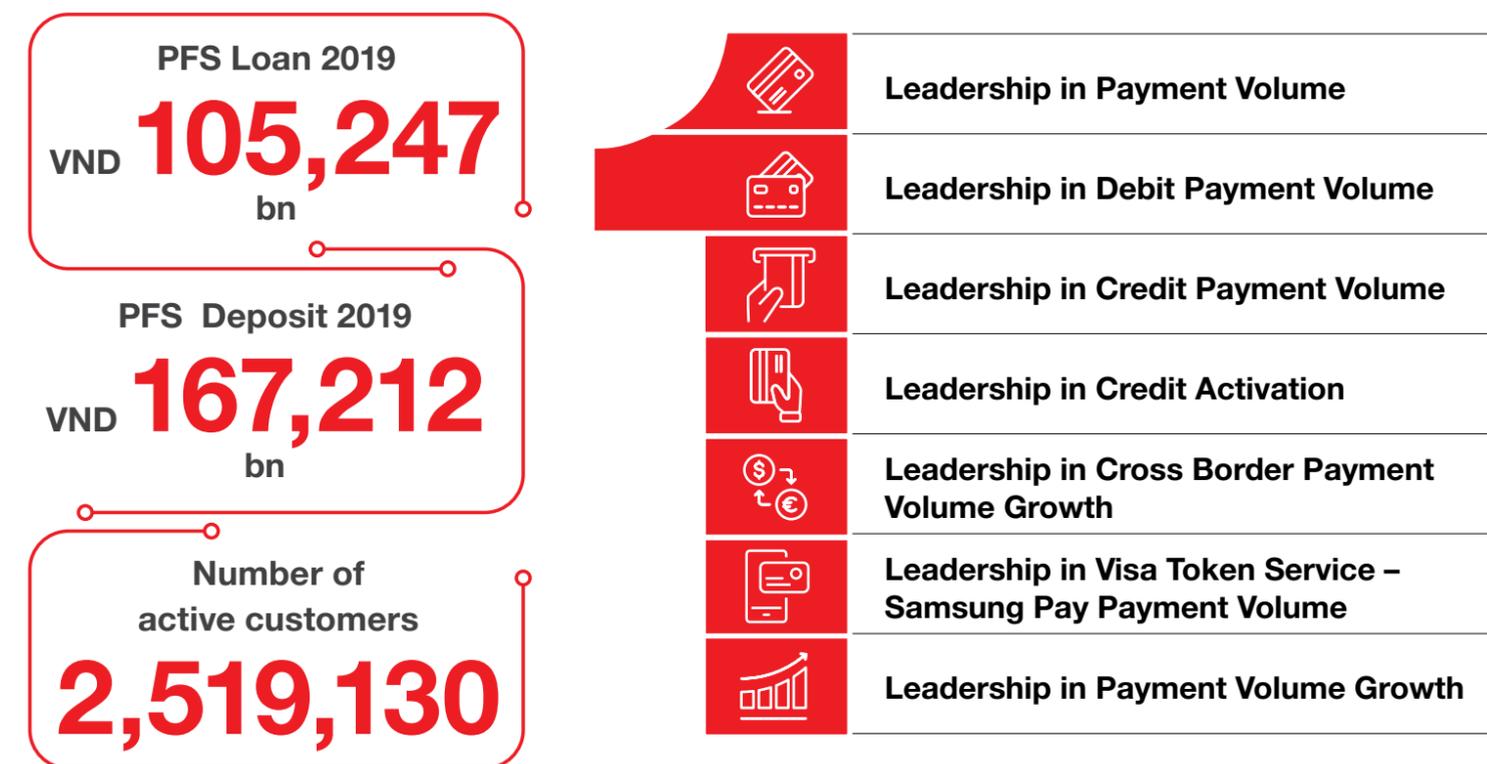
Heavy investment in technology, to attract and serve more customers via digital banking, has been critical. Techcombank’s success is being acknowledged. At the Napas Member Bank Conference in 2019, we were honoured by both Napas and SBV for outstanding banking performance. We received Vietnam’s most important awards for domestic non-cash payment services:

- Outstanding Bank in Interbank Fund Transfers (IBFT)
- Outstanding Bank in Card Payment Transactions (covers ATM card payment transactions via POS and e-commerce)
- Outstanding Bank Performance.

Napas applauded Techcombank for helping regulators implement non-cash payment policies such as our breakthrough Zero Fees for e-Banking, 1% cash-back debit card, and other card payment and e-bank transactions promotions. These policies, developed in line with Napas standards and the SBV national payment system, drove considerable transaction volumes, high customer satisfaction and better risk management – all while improving operations. We’re now installing chips on our cards, further complying with SBV requirements.

The accolades don’t end there. VISA Inc. honoured Techcombank as a 2019 Outstanding Performance Bank, giving us seven awards – the highest number of any bank in Vietnam. They also recognised Techcombank’s steady growth since 2016, and our modern and secure payment methods. We remain determined to deliver customers the best card services and benefits.

2019 VISA Inc. awards



Our impressive bundle of Visa and Napas awards reaffirm Techcombank’s relentless efforts to implement the best payment services for our customers and the Vietnamese people, while also realising the aims of the government’s and SBV’s non-cash payment policy.

Business banking



“In the Business Banking Division (BB), our aim is to be the one-stop solutions provider for our corporate customers and their value chains.”

In 2019, we continued our journey to be truly customer-centric by providing new and improved solutions to address the ever-evolving needs of our customers.

In line with the Vietnam government's drive to develop the economy and promote digitisation, we are proud to be the first Vietnamese bank to offer overseas remittances, including value-added functionalities to buy and sell foreign currency online through our corporate online banking platform, Fast E-bank (FEB). This service not only saves our customers'

BB Loan 2019
VND **44,921**
bn

BB Deposit 2019
VND **28,740**
bn

Number of
active customers
37,937

time and resources, with the transaction being processed in approximately one hour, it has significantly enhanced customer satisfaction.

We have also enhanced FEB to serve our customers' payroll needs. With our online payroll solution, our customers no longer have to queue at branches and can seamlessly manage their monthly payroll via FEB. With our commitment to be a supportive partner promoting customer growth, our solution also protects our customers, fulfils customers' needs for internal control (with features such as customisable multiple approvers, automatic checking of remittance requests for limits), and minimises potential processing errors.

Based on our Voice of Customer (VOC) survey, we noted that charging transfer fees for local payments is a pain point that has been highlighted by many Vietnamese SMEs and mid-sized corporate businesses alike. Therefore, we led the way and were the first and only bank that offers truly Zero Fees to our customers when they initiate payments through our FEB platform. Our commitment is to offer this to all clients, leveraging FEB for local payments without any cap, thereby making our Zero Fee offering truly unlimited and without any caps or restrictions.

We acknowledge that as SMEs grow, their needs become more complex and diverse. With specific industry-focused solutions, designed by a team of industry experts and delivered by our well-trained and qualified frontline teams, we are able to strongly partner our clients and enable them to effectively manage their funding and liquidity needs in the short term, and enable them to grow in the long term.

Our commitment to customer excellence and support has resulted in their continued trust, which is well demonstrated through sustainable income growth of 29% YoY. This maintains the momentum of the strong 25% YoY growth in 2018. We have a balanced mix of both non-credit and credit customers and have solutions to meeting their following diverse needs:

- Short-term and long-term working capital
- Cash management and liquidity
- Business expansion
- Risk management and hedging
- Boosting yield.

Other performance highlights include:

- A 2.9% Bank-wide ROA
- Strong YoY lending growth of 43% and deposit growth of 22%
- BB revenue grew strongly at 29% (25% in 2018)
- A strong risk management culture, supported by early-warning triggers and tools, has further improved our already prudent NPL to 0.9% at December 2019, compared to 1.5% in 2018.

➤ Wholesale banking

“ Our Wholesale Banking Division (WB) is striving hard toward the strategic of becoming our customers’ trusted advisor and primary bank. WB has focused this year on implementing our ‘one bank’ approach as part of Techcombank’s 5-year strategy. ‘One bank’ aims to provide value chain solutions to rainmakers and large corporate customers across selected economic sectors and ecosystems. ”

WB’s approach is building on the following pillars

WB piloted the client service team (CST) model, collaborating with the BB and PFS Divisions to form teams, focusing on one economic sector. The teams garnered in-depth knowledge of the business and value chains across each customer ecosystem to provide answers in the shortest time possible. By breaking down silos within the Bank, Techcomers (our workforce) could better share insights about customers, designing and rolling out richer solutions, and excellent after-sales service.

Team members included senior experts from different units, so customer advice and solutions covered financial services, but also legal, marketing, sales and people management. The advice applied to WB’s clients, their suppliers, distributors and end-users, so all parties had comprehensive solutions across the entire value chain. This aided sustainable development and helped customers grow stronger, be more satisfied and want to transact more with Techcombank.

Industry knowledge excellence: Leading market insights to provide comprehensive solutions across our six chosen economic sectors.

People excellence: A high-quality, excellence focused sales force who can offer financial advice.

Technology excellence: Industry-leading products (transaction banking, markets, investment banking) and support for our sales force with productivity enhancing sales tools like account planning, and tools to support and boost sales like CRM and RM Workbench.

Risk management and operational excellence:

- Better managing risk through greater insight into customers, value chains and sectors.
- Standardising and simplifying credit conditions for sectors/ industries based on in-depth knowledge of risk.

WB’s dedicated sales and service model allowed Techcombank employees to improve their capabilities and learn from peers.

Superior results and bolstered morale will inspire Techcomers to deliver even better customer value.



➤ Results of strategies and transformation projects



For 26 years, the #1 aim of Techcombank has been to provide the best possible value to our customers, employees and shareholders. We're now Vietnam's most efficient bank and our 2016–2020 Customer-Centric Strategy is delivering ever greater value to customers, employees and the community. Our successful operations make customers happy every day, as we go from being a good bank to the best bank.

Over the past 10 years, a laser focus on customers has helped us gather valuable insights across the entire customer value chain. By really getting to know the people who bank with us, we can meet their needs more comprehensively and increase their satisfaction. The growing prestige of Techcombank has significantly grown our customer numbers with the number of new retail and corporate customers doubling between 2016 and 2019.

On average, over 100,000 new accounts are added every month and we now have an astonishing 7.3 million customers at the end of 2019.

Our commitment to 'work effectively and prioritise tasks that generate high value' has seen us focus on six key sectors of the domestic economy, meeting retail and corporate customers' demands for:

- Long-term funding – housing, automobile, financial services
- Short-term capital – telecommunications, FMCG, travel and leisure.

In 2019, Techcombank enjoyed notable success in the housing sector with our M+ project. In this Vietnamese first, we went digital to offer an outstanding customer experience, with rapid turn-arounds and lean processes, allowing customers to manage their financial journey precisely and effectively – anywhere, anytime.

In financial services, via our Direct Model program, our Bancassurance products meant many staff members were called upon to provide financial advice. We proudly and continuously led 2019's corporate bond market distribution, diversifying customers' investment channels.

Our transaction channels across FMCG, travel and leisure, have improved markedly. We've promoted consumption through initiatives like our flagship Zero Fees program and unlimited 1% cashback, to bring customers a best-in-class experience.

Our enormous investment in foundational capabilities allows us to better meet the demands of our rapidly growing customer base.

People Excellence is at our core. We never forget that the secret to our success is our workforce – we call them Techcomers – and we've always been among the biggest investors in talent acquisition and professional, systematic training. Training reinforces customer trust and fosters more capable, devoted employees, who have our values and beliefs in their DNA. They are:

- Inspirational
- Transparent
- Ethical
- Professional
- Knowledgeable.

We harness the power of each individual to create a collective of talent that is greater than the sum of its parts, guaranteeing great success for our customers and community.

Techcombank's business model is effective, sustainable and profitable. In the past four years we've committed to low-risk, high-return, stable revenue growth that has seen us shift away from lending and towards fee-for-service, dramatically increasing net non-interest income. Seventeen consecutive quarters of growth with revenue increasing at a CAGR of 22%, record operating income and a tripling of profit before tax since 2016. What a journey ...

Constant improvements in governance and robust management have been important. We're proudly Basel II compliant, boast a new head office with agile design, and have begun the second wave of digitalising all our processes. Some tweaks to our corporate culture, and other shifts in the Bank's fundamentals will drive our success forward.

In 2020 and beyond, Techcombank will continue to:

- Deepen our customer insights
- Develop outstanding IT infrastructure
- Digitalise our centralised operation system
- Nurture skilled employees
- Develop excellent risk management systems.

All this and more, will help us realise our ambition to be Vietnam's #1 most trusted bank.

Risk management

“ In 2019, Techcombank continued its transformation journey to be Vietnam’s best bank. Our comprehensive risk management model follows our customer centric strategy of putting the people who bank with us at the centre of everything we do. ”



Here’s a few risk management highlights from 2019

Becoming Basel II compliant

Achieving Basel II compliance ahead of the SBV timeframe in Circular 41/2016/TT-NHNN on capital adequacy ratios for bank and foreign bank branches was a major achievement that reflects our efforts to make our management system more professional, transparent and effective.

During 2019 we developed our internal capital adequacy assessment process (ICAAP), conducted stress testing, and did the necessary capital planning to meet Basel II requirements. We’ll continue improving our risk rating models according to the advanced, internal ratings-based (IRB) approach.

This work ensures we’ll have adequate capital in different risk scenarios and puts us in line with international best practice. It’s a mark of professionalism and makes our governance transparent – based on data and strong analytics – so we can win the trust and confidence of customers and investors.

Comprehensive risk management

From late 2018 to early 2019, Techcombank set up and operated the Executive Risk, and Capital Management committees in compliance with the SBV’s Circular 13/2018/TT-NHNN on corporate governance systems for commercial and foreign bank branches. During the second half of 2019, we worked with renowned consulting firms to refine the roles and responsibilities of these committees and help them function more effectively.

The Bank also undertook activities focused on managing material risks.

Managing credit risk

Techcombank has gained in-depth insights into our customers and their ecosystem; and our credit policy, and business strategy are focused on customer segments.

We’ve gradually applied risk assessment models to our end-to-end credit process, shortening turn-around-times and improving customer experience, as we provide optimal financial solutions.

Managing market risk

Techcombank has measured and assessed market risks according to Basel II requirements by:

- Computing value at risk (VaR) and expected shortfall for portfolios for the trading book
- Conducting backtesting of VaR for each trading portfolio
- Simultaneously launching a project to validate models so functional and business units can make well-informed decisions.

Managing liquidity risk

As per SBV requirements, our regulations and processes on liquidity risk management fully comply with Circular 13/2018/TT-NHNN on corporate governance. Our new governance structure and model, our policies, our processes, our regulations and limits will identify, measure, monitor

and report risk triggers; in compliance with SBV’s banking regulations on liquidity and solvency ratios.

Managing operational risk

Protecting the Bank, shareholders and customers from operational losses is a priority.

Our Operational Risk Management sub-committee executed our 2019 operational risk management strategy. This dedicated team identifies, and evaluates operational risks and handles them quickly and consistently in compliance with the Bank’s risk management policy and regulatory requirements.

Additionally, Techcombank has been transferring operational risks via insurance. Our insurance needs are managed by the Operational Risk Insurance Management team – part of our Insurance Division. Centralising resources, from planning to execution and assessment of appropriate insurance, makes for more efficient operations.

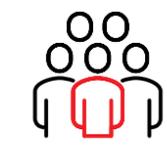
Human Resources



In 2019, in addition to fostering the value of People Excellence, Techcombank closely monitored employees' trust in our organisation, and their well-being. Techcombank believes employees are fulfilled when they are recognised

and rewarded fairly and transparently, and given training and opportunities to develop. The ultimate goal is to make Techcombank Vietnam's #1 bank.

“Techcombank believes employees are fulfilled when they are recognised and rewarded fairly and transparently, and given training and opportunities to develop. The ultimate goal is to make Techcombank Vietnam's #1 bank.”

Techcombank's headcount in 2019
 **11,156** people

Onboarding and training programs during 2019

Techcombank invested heavily in training in 2019, introducing practical solutions to improve employee quality. We equipped people with the skills and knowledge they'll need for the Bank's transformation strategy. In 2019, 109,975 trainees completed 1,348 courses and examinations including.

- 665 centralised courses
- 597 e-learning courses
- 86 decentralised courses (outside the Bank).

In-house trainers gradually increased throughout 2019, hitting 435 (excluding contractors).

These impressive numbers affirm another successful year for training at Techcombank.

Notably, the Bank continued to prioritise and focus on intensive training for managers and successors. Our innovative programs provide the foundation individuals need to adapt to change and take on new roles. Senior managers receive leadership skills through leadership competency development programs recommended by leading consulting firms.

Taking an employee-centric approach to all activities, we focus on both quality and quantity:

- In 2019, Techcombank's headcount increased by 14% (from 9,757 in 2018 to 11,156 in 2019), in line with the Bank's strategy and business development plan, affirming our scope and market position
- Employees with higher education increased, with 84% now holding bachelor's degrees and 8% having masters or higher.

At 16.7%, Techcombank's attrition rate remains unchanged from 2018. Given our high recruitment numbers, this is a great result and reflects the Bank's constant investment in:

- Competitive policies to attract and retain the strongest talent (annual salary rises, outstanding performance programs, etc.)
- Intensive training, competency-based training, personal development plan (PDP) implementation, succession planning, etc.

Our average employee's tenure is 4.5 years, while the service industry's average is three. This shows how committed our employees are.

➤ Human Resources (continued)



Competitive compensation policy

Techcombank's competitive compensation policy is based on our people excellence strategy and aligns with our talent management strategy. We aim to maximise both resource efficiency and employee satisfaction.

Our compensation is higher than at other Vietnamese banks and multinationals, with all employees paid at P50 or above, and P75/P90 payments offered to the talented and hi-performing. We make sure the benefits on offer stay ahead of market trends through programs such as Employee(s) of the Year, TechcomKids scholarship, ESOP, etc., to keep employees motivated and retain their trust and commitment.

In the unfortunate event that a Techcomer must leave the Bank due to an unfortunate personal or family situation, we'll use our Charity Fund to support them through the difficult times.

Additionally, at Techcombank, employees enjoy a clear career path with plenty of development opportunities in a professional, friendly environment. We make sure our competency framework is current and progressive, and hold regular workshops such as the Capability Framework Instruction Workshop, to pass on new, useful knowledge.

We expect all Techcomers to perform their role but also to take responsibility for broadening their knowledge and skills, through our PDPs and succession plans. Those who propose new ideas and initiatives that we consider for adoption, are rewarded with compensation and development opportunities.



Assessing employee engagement and the results for 2019

Every two years, Human Resources (HR) collaborates with the Korn Ferry on our Employee Engagement Survey (EES). In 2019, our EES engagement, enablement and effectiveness levels increased significantly from 2017, across all 12 dimensions. The four highest were:

- Clear and potential career orientation (95% vs. 93%)
- Quality and customer focus (92% vs. 86%)
- Trust in the leadership (89% vs. 83%)
- Work, structure and process (89% vs. 84%).

Techcombank scored highly when benchmarked against other Southeast Asian foreign banks and multinationals in Vietnam.

Internal surveys also frequently assess employee satisfaction. Satisfaction has remained high, and increased notably year after year.



Employer of the Year

In September, we won Employer of the Year – Banking at the Stevie Awards for Great Employers. This prestigious international award is the business equivalent of an Oscar and reflects our commitment to outstanding employment policies, individual satisfaction and inspiration.

“Techcombank HR enjoyed huge success in 2019. In 2020, growing morale will reinforce our solid foundation for ongoing, shared success towards become Vietnam's #1 bank.”



Corporate culture

“Shaped by our mission and vision, it forms part of every Techcomer’s DNA, with staff at all levels sharing core values and meeting behavioural norms.”

Over the past 10 transformational years, Techcombank has hit many important milestones and is now Vietnam’s most efficient domestic bank. Our leading achievements include:

- A clear development strategy
- A customer-centric business model
- A strong and effective corporate culture.

Our powerful and unique corporate culture is crucial to our success. It forms the rails upon which the Techcombank train runs smoothly. Shaped by our mission and vision, it forms part of every Techcomer’s DNA, with staff at all levels sharing core values and meeting behavioural norms. Our executives play a leading role, reinforcing and promoting what we stand for, and encouraging staff to embrace our way of doing things at every turn.

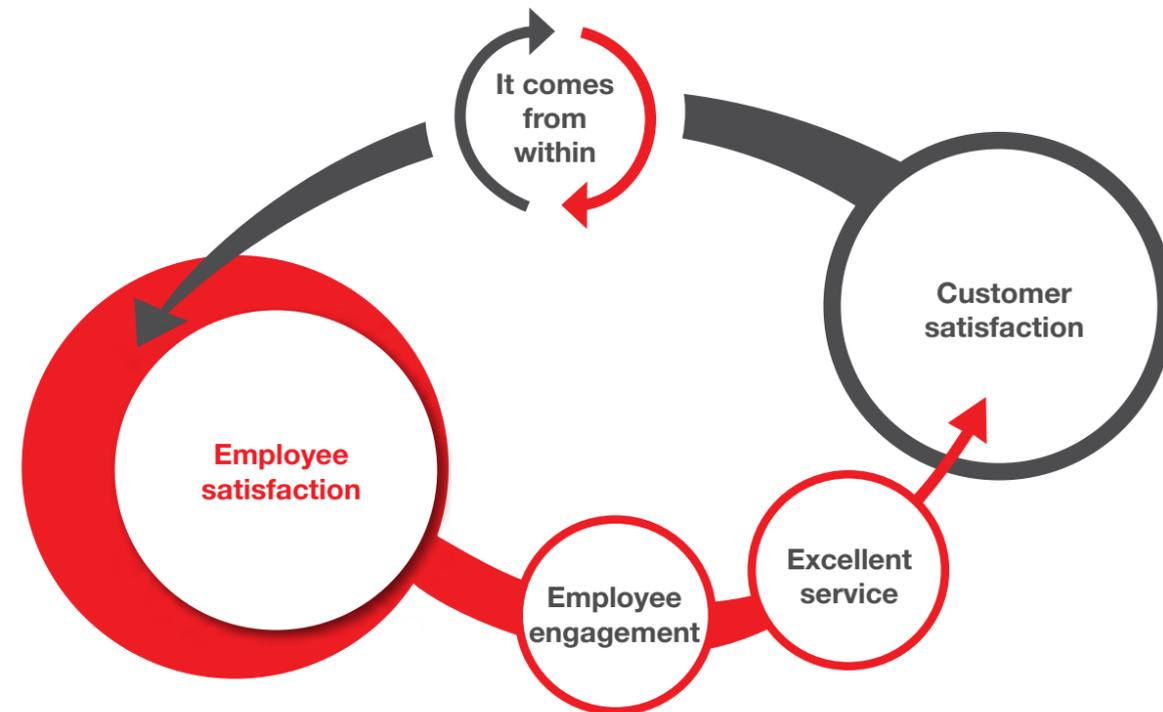
In preparation for our 2021–2025 Transformation strategy, our executives have begun to tweak our core values and behavioural norms. Following are the core values and beliefs that will shape the Bank’s future, guiding us to meet customer needs, and growing their trust and satisfaction with the Bank.

Core values of Techcombank in the new era

VALUE	BELIEF	INTERPRETATION
 <p>CUSTOMER CENTRICITY</p>	<p>Because we only succeed when customers succeed</p>	<ul style="list-style-type: none"> › Seeks the solution that proactively meets the client’s needs › Performs work beyond their scope of responsibilities to solve issues for customers › Looks for ways to increase customer satisfaction
 <p>INNOVATION & CREATIVENESS</p>	<p>To always lead</p>	<ul style="list-style-type: none"> › Looks for ways to overcome obstacles in the way of reaching the objective › Proposes new solutions for current tasks › Initiates improvements in working practices of a department he/she is working in
 <p>COLLABORATION FOR COMMON OBJECTIVES</p>	<p>To create collective strength to bring outstanding results to both individuals and the organisation</p>	<ul style="list-style-type: none"> › Engages colleagues in working together/joint work › Accepts feedback in a constructive way and corrects his/her behavior accordingly › Speaks sincerely on current problems in his/her work and encourages others to do so
 <p>SELF-DEVELOPMENT</p>	<p>To be able to grasp development opportunities with the organisation</p>	<ul style="list-style-type: none"> › Studies new fields/technologies even if they are not related to his/her work directly but which can contribute to organisational development › Sets himself/herself goals for career development › Improves his/her professional knowledge and skills
 <p>WORK EFFICIENCY</p>	<p>To bring greater success with appropriate resources</p>	<ul style="list-style-type: none"> › Complies with Code of Conduct and standards of Techcombank › Organises his/her work to perform it consistently and without emergencies › Uses the resources available with rationality

➤ Corporate culture (continued)

The relationship between employee and customer satisfaction



Individual belief

Two of Techcombank's five core values emphasise the importance of individuals. For us, our strength lies in their excellence. We pick the right people and provide the optimal working environment for self-development. This is borne out by 2019's sharp increases in our OHI and EES scores, which are among the highest in our region. Techcombank's keenness to benefit employees through our AON and ESOP policies has seen us invest heavily in TechcomLead training courses and the 2019 National University of Singapore (NUS) Boot Camp.

Staff have made great strides with clear career development paths and a sense of security and loyalty to the Bank. As we rolled out a myriad of initiatives, many staff were honoured for their breakthrough innovations. Innovation and creativeness are critical to who we are.



Our collective strength

Our spirit of teamwork is embedded in the two core values of 'Collaborating for common objectives' and 'Efficiency'. We believe that **If you want to go fast, go alone. If you want to go far, go together.** We are structured so that all divisions, functions and units work together efficiently, and staff are trained to allocate resources reasonably; anticipating risks and minimising waste.

In line with our core belief in the power of cooperation, every Techcomer, no matter their role, works with others. On joint projects, Techcomers always engage and support each other. They enthusiastically welcome and respond to suggestions from colleagues, supervisors and subordinates with the aim: **Make today better than yesterday.**

The consensus and commitment fostered within our corporate culture makes it easier for us to solve problems, so we can grow and enhance customer experience and satisfaction.



“ Our cultural transformation to realise the ambition of ‘Becoming the #1 bank’, must be sustainable. So, we’re making steady progress and ensuring we get things right. Once we reach the top, we want to remain the institution behind our customers’ success. ”

➤ Corporate culture (continued)

Shared joy, shared success

Techcombank staff put the customer at the centre of everything we do. Techcomers’ love, trust, and pride in the Bank, cements our commitment to help customers through any difficulties they face in reaching their goals. The relentless efforts of the whole Techcombank team to make dreams come true has put millions of smiles on millions of faces.

Importantly, our trusting customers happily refer us to friends, family and business partners. The 2019 Net Promoter Score (NPS) survey saw an increase from 2017 in our satisfaction index, and in customer willingness to recommend our services in the affluent and mass customer segments.

Despite high levels of customer satisfaction (>80%), we never rest on our laurels and respond eagerly to customer feedback. From executive level down, we’re always on the hunt for ways to grow customer satisfaction and trust.

Constant development, constant improvement

A thriving corporate culture takes time to build. Through our internal communication network and unique corporate culture programs, we have been strengthening and maintaining ours for years, with 2019 being the eighth year of our ‘Cultural Journey’ program. This program helps employees gain a deeper understanding of our core values and how they translate into behavioural norms.

Individuals who always showcase all that Techcombank stands for, and who are not only talented but also lead by example through their focus on customers, are eligible for the Techcomer of the Year Award. This coveted honour is presented by the Chairman.

Our focus on meeting people's needs
and the power of digitisation are helping change
the face of Vietnamese banking.

Digitalising and automating

74 Investment in technology

75 Digital banking

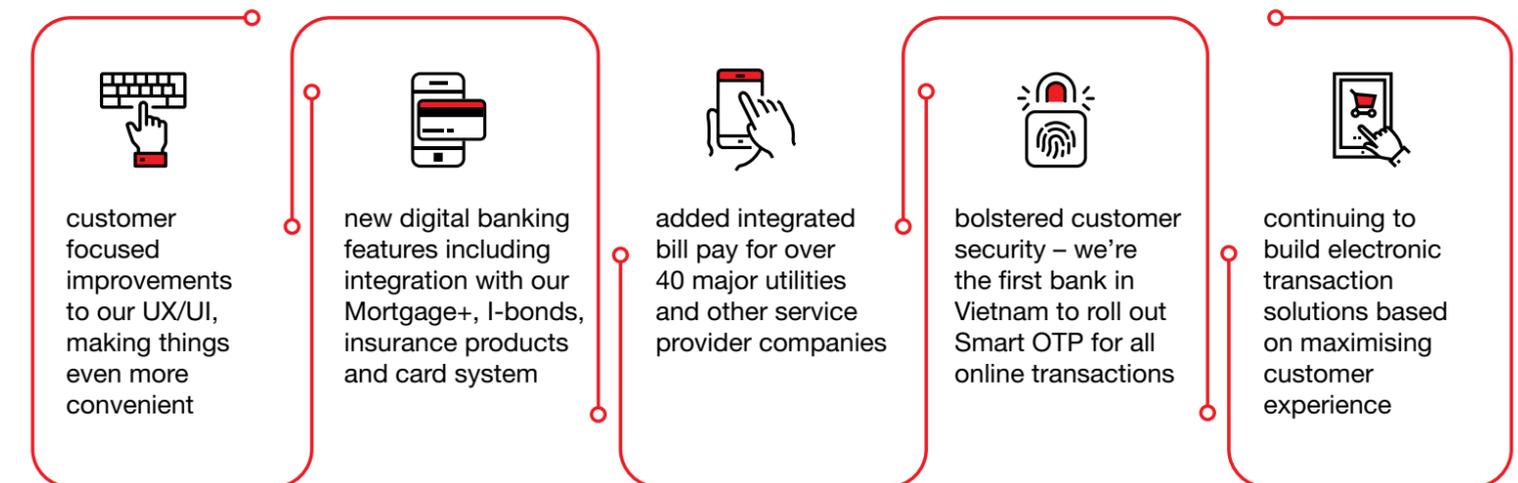


➤ Digital banking

Digital banking is shaping Vietnam's emerging cashless economy. Techcombank's suite of digital banking products and cutting-edge innovation put us firmly at the forefront of this progress. We're proud to be leading the way with our best practice global technology – simultaneously saving customers time and increasing their security. During 2019, millions of our digital savvy customers continued to welcome the comfort and convenience of our online banking solutions. We also signed up over 1 million new customers, growing our e-banking transaction value by 191% YoY. Currently, 85% of customer activity is purely digital and this will only expand.

Pace setting developments in 2019 included an integrated digital product suite with personal financial services accounts, payments, bill pay, insurance and wealth management functions.

Highlights were:



Our new features and capabilities for banking, investing and financial management improved customers' lives throughout the year. For example, our mobile banking app now integrates with all utility providers, so paying a bill is as easy as tapping a phone. Our investments in more scalable, resilient, high-availability infrastructure and architecture, continue to deliver the best-in-class service levels expected of a leading 24/7 bank. Our Techcomers have also digitalised a mortgage process, M+, slashing processing time from two days to nearly one.

The future for digital banking at Techcombank is bright. We have plans to make our popular digital platforms even better and to continue innovating with technology products and services for big life events like buying a home, investing and insurance. We'll continue to invest in and develop agile technology that exceeds customer expectations. And of course, the more digital customers we have the lower our costs – savings we happily pass on to customers. This makes us even more competitive and brings joy to everyone who trusts us with their financial future.

➤ Investment in technology

Techcombank provided Vietnam's first core banking system and we were first to market with online and mobile banking. For 26 years we've maintained our lead in the digitalisation of Vietnam's banking services and products, and 2019 was ripe with achievements.

Our ongoing Bank-wide transformation rests on committed and consistent investment in technology to streamline operations and improve services. In 2019, customer needs continued to shape priorities, as we sought to ease their borrowing journey by further digitalising card services and modernising key workflows.

Our market leading digital platforms give customers the freedom to bank 24/7, from wherever they choose, and our big investment in resilient and accessible infrastructure and architecture ensures the platforms' stability. We added many exciting new features and capabilities to both our retail and commercial digital platforms, so customers could do more banking and investing, and improve their financial management.

Importantly, 2019 saw us significantly strengthen cyber security. In a world of daily cyber threats, customers need to know they can trust Techcombank with their finances and that their privacy is respected and protected. We again allocated significant amounts to recruiting the best people, cyber security technology, and training. It's how we ensure that every customer's data and transactions are safeguarded, with international-standard security methods and protocols.

Our ongoing focus on customer needs rewarded us with more than 1 million new customers. We saw a 151% surge in use for our convenient and effective digital platforms (including ATMs, mobile banking, internet banking), and our serviced transaction value rose by 143% YoY. With customers flocking to digital, we now service 10 times more of them online than in bricks-and-mortar branches. Changing banking preferences has created a virtuous circle – keeping costs low and efficiencies high.

Our aim is to enable Vietnamese people
to realise their dreams, so we can
Be Greater together.



Corporate Social Responsibility

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- 79 Creating sustainable values
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- 82 Paying it back, paying it forward

➤ Leading the Be Greater way of life

“The common traits in Vietnamese people are optimism and autonomy, and making relentless effort to realise their big dreams and aspirations. At Techcombank, we echo that spirit and we want to do our part in making our country a better place to live and work. Since late 2016, our long-term Corporate Social Responsibility (CSR) strategy has been enabling Vietnamese people to realise their dreams in their own ways, so that we can Be Greater together.”



➤ Creating sustainable values

“At Techcombank, we want to go beyond a banking brand name. We want Techcombank to not only be the leading bank, but also to create sustainable values, representing the determination, the aspirations, the optimism and autonomy of Vietnamese people”, said Techcombank’s CEO when announcing the Bank’s new brand position of Be Greater. This statement speaks very well to the Bank’s long-term CSR strategy.

The majority of Vietnamese people are young, optimistic, and autonomous. However, in order to be more successful, to go further faster, they are in need of a partner that can give them support. We understand that need and we make it our mission to enable people, small enterprises and large corporations to achieve greater goals.

We are striving to lead, to inspire, and to spread the Be Greater way of life. This will be reflected in different themes such as health and wellness, environment, education, startups and career orientation. Techcombank will sponsor marathon races to remind everyone to stay active and healthy. We will also be running media programs to raise environmental awareness, prompting people to live green, while enabling Vietnamese people to realise their dreams in their own way.

When everyone, every group, every business becomes greater, so does the nation. That is the message that Techcombank wishes to convey through our brand position of Be Greater.



➤ Promoting a healthy lifestyle

One of the highlighted activities that demonstrates Techcombank's long-term CSR strategy over the years, and especially in 2019, was sponsoring and organising endurance sports events such as the International HCM Techcombank Marathon and the International Danang Ironman, which has created a very positive and active life style for every one that participates. We train together, we promote a healthy lifestyle and, at the same time, we send a strong message that perseverance and everyday training and effort is what it takes to pursue and realise the dreams of every one in Vietnam.

In 2017, when Techcombank was the title sponsor of the International Techcombank Ho Chi Minh City Marathon for the first time, there were only 5,000 runners. After three years, that number has risen to 13,000, making the race one of the biggest marathons ever held in Vietnam: the highest number of 42 km (full marathon) athletes with 1,695 runners, the lowest percentage of 5 km runners at only 8%, and athletes from 66 different countries all over the globe. These are record numbers for any marathon in Vietnam, which proves that the marathon and Be Greater spirit in Vietnam have become more widespread.

For Techcomers, the number of participants has increased greatly over the years, from 700 runners in 2018 to over 2,000 in 2019. Many have taken up running as their daily habit with the goal of improving their endurance, and creating a healthier spirit for a more positive mindset. Not content with only sponsoring the events, Techcombank wants every Techcomer to be a change agent to inspire and move our community forward.

Number of Marathon Techcombank 2019 participants

 **13,000** people

Along with the International HCM Marathon, Techcombank has sponsored the triathlon sport Ironman and brought it to Vietnam. It has twice organised Uprace, with the goal of inspiring and enabling a healthy Vietnam.

Techcombank Ironman 70.3 Vietnam 2019 has reaffirmed the increasing popularity of the sport in the country. While the first edition attracted only 50 local athletes, the fifth edition drew record numbers of more than 1,000 local athletes with the coastal city of Da Nang being selected as the event venue for the first time. This was also the first time Vietnam had been chosen to host Iron Man 70.3 Asian Championships – a major international triathlon in the region and in the world.

Through these endurance activities, Techcombank has effectively promoted the sports spirit, where running and jogging have become more widespread throughout Vietnam. Not everyone have all the traits to be a pro athlete, but they absolutely can push their own boundaries – that is the message which Techcombank wants share.

“ Not everyone has all the traits to be a pro athlete, but they absolutely can push their own boundaries – that is the message which Techcombank wants share. ”



➤ Paying it back, paying it forward

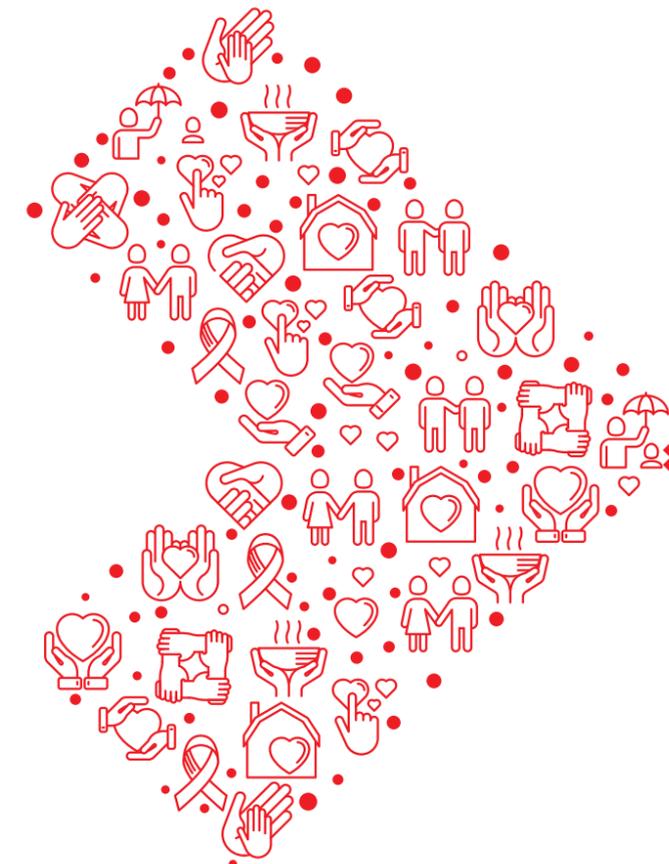
Organising endurance sports tournaments to encourage and enable everyone to persistently pursue their dreams is not all we do. Techcombank has also given financial support in these tournaments to disadvantaged families, social organisations, and charitable organisations, as well as young and ambitious people who are trying to start their own business. In 2018, Techcombank donated VND 1.2 billion – the equivalent of the completed mileage of athletes at the HCMC Techcombank Marathon 2018. In 2019, when the race set new records in both number of runners and covered

mileage, VND 2 billion was donated to charity funds, bringing the total CSR budget of the Bank in 2019 to VND 65 billion (up by 30% compared to 2018).

With this VND 65 billion, five new schools were constructed for children in disadvantaged and remote areas, and 151 new homes have been built for poor families. These CSR spendings help Techcombank to continue fulfilling its mission of bringing happiness to society while becoming one of the leading banks in Vietnam.

Over the past three years of implementation, with the desire to inspire Vietnamese people and enable them to realise their dreams in their own way, Techcombank's sustainable CSR strategy with the Be Greater spirit has not only been bringing benefits to society, it has been an unfailing source of inspiration for Techcombank employees as well. It may affect Techcomers in different ways, but the inspiration that this message delivers is simple: the Bank always embraces its employees' dreams and aspirations to be the best version of themselves through daily, persistent efforts.

Building on the strong momentum of 2019, Techcombank in 2020 will continue to promote its Be Greater way of life in the themes of health and wellness, environment, education, start-up and career orientation, so as to inspire the community.



Good corporate governance makes
Techcombank Be Greater.



Corporate governance

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benefits of Board of Directors,
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Supervisory Board

Messages on corporate governance

Chairman's message



Mr Ho Hung Anh
Chairman

“At the governance level, we commit to build and develop a transparent and effective corporate governance structure, guaranteeing the rights of our customers, employees and shareholders; thereby ensuring the existence and sustainable value of our organisation.”

Techcombank's targeted Corporate Governance Model is designed on the principles of transparency and efficiency, clearly separating governance and management to maximise the effectiveness of the different roles and responsibilities. The responsibilities of the Board are particularly important, setting strategic direction, supervision protocols and corporate governance. We've strengthened the governance mechanism for all key areas of the Bank to match the developmental status of the organisation. Shareholders, investors, and stakeholders can invest safely and be proud of their association with Techcombank.

In 2019, our corporate governance structure was implemented and updated according to the roadmap approved by the Board of Directors. It provides the basis for the transformation of our business model and daily operations, and for the adoption of international best practices and standards including OECD, IFC and COSO guidelines. In the past year, the Bank actively researched and applied the Best Practice-based Corporate Governance Code, issued by the State Securities Commission of Vietnam in collaboration with IFC. To better meet the regulations of listed public companies and improve corporate governance practices, the Bank has appointed a Corporate Secretary. They will support the decision-making processes of the Board of Directors, ensuring compliance with legal regulations and Techcombank's Charter. The Corporate Secretary will also consult the Board of Directors on legal and risk issues in operational and business activities.

Techcombank commits to building and operating its corporate governance structure to meet the legitimate requirements of stakeholders. For the interests of

shareholders and investors, our appropriate Governance and Management team and our information transparency mechanism help us maintain an effective and flexible structure within which the business can achieve attractive profits in the range of managed risks. For local regulators, the Bank's corporate governance structure complies with all laws and we have a clear separation of governance and management responsibilities, thus helping improve broader control of the financial/banking system. For customers, by proactively setting up levels to supervise and guide the Bank's key activities, we can also better serve the needs of our customers and ensure their rights when they use Techcombank's products and services.

In order to enhance governance effectiveness and orientation of the Board of Directors, the General Assembly of Shareholders selected and elected members for the Board of Directors 2019–2024 term. The elected members have international experience, diversified expertise, the knowledge and capacity to supervise key areas of the bank most effectively, lead the Bank expertly through market fluctuations, and continue to strengthen its leading Bank position in Vietnam, going towards competition in regional markets.

In 2020, Techcombank will continue on our transformational journey, aiming to be a digital bank of the future. For sustainable development during the transformation process, the update of our governance/management structure will be one of our top priorities. The revised structure will support effective and rapid decision-making processes and increase management efficiency, helping to meet customer needs better and ensuring the rights of shareholders and stakeholders.

➤ Messages on corporate governance (continued)

CEO's message



Mr Nguyen Le Quoc Anh
CEO

“ At management level, we commit to ensuring the sustainable development of our organisation by increasing operational efficiency in all key areas of the Bank, and maintaining a transparent and open information mechanism to uphold the highest standards of business performance and enhance the reputation of Techcombank. ”

2019 marked the third consecutive year that Techcombank maintained its leading position in the effectiveness index of the entire Vietnamese banking industry. It continues to achieve record operating income and profit before tax. This confirms that the Bank's business transformation strategy is the right one; not only meeting customers' needs, but also becoming a pioneering bank in leading the financial lives of Vietnamese people.

The Vietnamese legal environment continues to evolve, requiring internationally practised corporate governance principles. Techcombank has proactively updated its corporate governance structure, ensuring absolute compliance with the provisions of Vietnamese law and meeting international standards. The Board of Directors has approved the principles of the Bank's corporate governance structure. This will deliver on our management level's commitment to building and operating the Bank based on the governance/management transparency principles, and with clear determinations of rights, responsibilities and authorisation at all levels.

Management committees have been established and put into operation with distinctly defined functions, clear separation of responsibilities and lines of authority to ensure compliance with guidelines and provisions of laws. In addition to current committees that have been set up to enhance the governance quality covering risk management, capital management and liquidity, the Board of Management has proactively proposed to enhance corporate governance by establishing new committees, which focus specifically and more strategically on supervising, interacting and better managing key issues of the Bank. These governing bodies help us bring outstanding value to customers and cement a sustainable governance structure to underpin our progression of being an even stronger organisation.



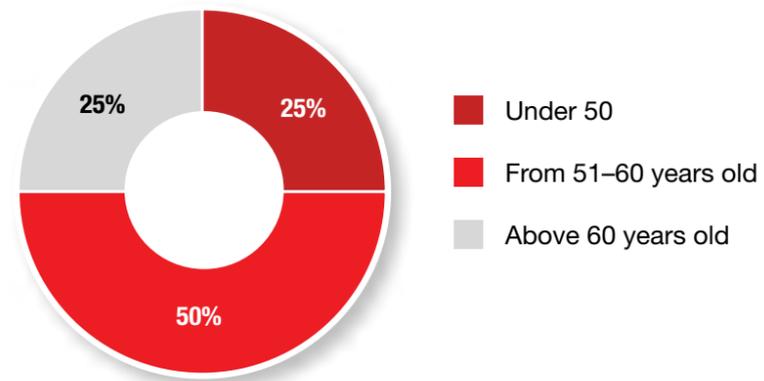
Entering the second phase of our transformation journey, Techcombank is aiming for digitalisation of all services, inside and outside the Bank. In 2020, we will strongly maintain our commitment to execute the Bank's corporate governance principles and focus on building the targeted corporate governance structure, according to the deployment roadmap until 2023. In particular, at management level, including the Board of Management and its affiliated committees, we will work tirelessly to increase operational effectiveness in key areas of the Bank, optimising our organisation's resources to bring about the most comprehensive and reliable customer service.

Our Board of Directors

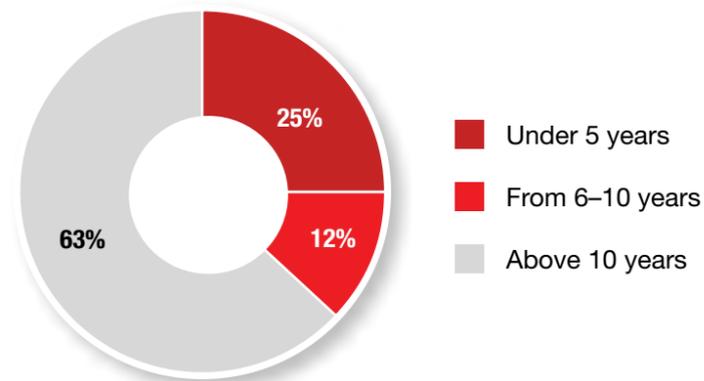
2019–2024 term

- 1** Independent Directors
- 6** Non-executive Directors
- 1** Executive Directors

Age group



Tenure at Techcombank



Deep banking knowledge and experience

Two-thirds of our Board of Directors have extensive banking and financial services experience

Highest pre-tax profit bank in the private banking sector

Techcombank earned first place in the private banking sector, in terms of pre-tax profit for two consecutive years

Top 3 most profitable private enterprise in 2019

Techcombank is the only bank in Vietnam that made it into Vietnam's Top 3 most profitable private enterprises, as announced by Vietnam Report of Profit 500 in 2019 (VnReport)



Mr Ho Hung Anh

Chairman

Age: 50
Board member since: 03/2004

Mr Ho Hung Anh has been the Chairman of Techcombank's Board of Directors since May 2008. Prior to his election as Chairman, Mr Ho Hung Anh served as a member of Techcombank's Board of Directors from 2004. His professional career includes several years of executive-level experience at large organisations, including Masan.

Mr Ho Hung Anh holds a Bachelor's degree in electrical engineering from Kiev Polytechnic Institute in the Ukraine, and a Masters in Human Resource Management from MADI, Russia.

Our Board of Directors (continued)

2019–2024 Term



Mr Nguyen Dang Quang

First Vice Chairman

Age: 57
Board member since: 01/2000

Mr Nguyen Dang Quang has served as First Vice Chairman of Techcombank's Board of Directors since April 2016. Previously, he was a member of Techcombank's Board of Directors, from May 2014 to March 2016, and was First Vice Chairman of the Bank from May 2008 to April 2014. Before becoming a Director of Techcombank, Mr Nguyen Dang Quang had more than 20 years' executive experience, including membership on the Board of Directors of Masan and key management positions at Techcombank since 1995.

Mr Nguyen Dang Quang holds a PhD from the National Academy of Sciences of Belarus and an MBA from the Plekhanov Russian University of Economics.



Mr Nguyen Thieu Quang

Vice Chairman

Age: 61
Board member since: 06/2000

Mr Nguyen Thieu Quang has been a member of Techcombank's Board of Directors since 1999 and became Vice Chairman of Techcombank's Board of Directors in May 2008. Mr Nguyen Thieu Quang has significant executive experience, including various key positions at Masan, Vinaconex, and Senco.

Mr Nguyen Thieu Quang holds a Bachelor's degree in civil engineering from Donetsk Polytechnic Institute in the Ukraine (now Donetsk National Technical University).



Mr Nguyen Canh Son

Vice Chairman

Age: 53
Board member since: 05/2008

Mr Nguyen Canh Son has served on the Board of Directors since May 2008, and has been the Vice Chairman of Techcombank's Board of Directors since April 2009. Mr Nguyen Canh Son has more than 20 years of experience, including positions as the Chairman at Eurowindow Holding and Board member for T&M Invest Vietnam.

He holds a Bachelor's degree in civil engineering from the Moscow Institute of Civil Engineering in Russia (now Moscow State University of Civil Engineering).



Mr Do Tuan Anh

Vice Chairman cum Deputy CEO

Age: 47
Board member since: 12/2012

Mr Do Tuan Anh has been Vice Chairman of the Board of Directors and Deputy CEO of Techcombank since June 2015 and has served as a member of Techcombank's Board of Directors since December 2012. Prior to his appointment to the Board of Directors, Mr Do Tuan Anh held various management positions at the State Bank of Vietnam and Techcombank, including Deputy Director of the General International Cooperation Department and Director of the Banking Supervision Agency, Senior Assistant to the Board of Directors and Head of the Strategy and Corporate Development Division.

He holds a Master's degree in Wealth Management from Singapore Management University (Singapore).

Our Board of Directors (continued)

2019–2024 Term



Mr Lee Boon Huat

Non-executive Director

Age: 63
Board member since: 12/2012

Mr Lee Boon Huat has been a member of Techcombank's Board of Directors since May 2014. Prior to that, he was an independent Director on the Board of Directors from December 2012 to April 2014. Before joining Techcombank, Mr Lee Boon Huat worked with several international organisations, including the Monetary Authority of Singapore, HSBC, Canadian Imperial Bank of Commerce, Chemical Bank, and Standard Chartered Bank.

Mr Lee Boon Huat holds a Bachelor's degree in Business Accounting from the Western Australian Institute of Technology (now Curtin University).



Mr Saurabh Narayan Agarwal

Non-executive Director

Age: 39
Board member since: 04/2019

Mr Saurabh Narayan Agarwal has been appointed to Techcombank's Board since April 2019. Prior to joining Techcombank, he worked for many years in finance and financial investment, holding executive positions such as Director of McKinsey Company in New Delhi, India, and New Jersey in the US; and Director of Warburg Pincus, New York, the US and Singapore.

He graduated from the Indian Institute of Technology Bombay with a Bachelor in Technology and Electrical Engineering, and a Master in Technology and Microelectronics, and holds a Master of Business Administration from Harvard Business School in the US.



Mr Nguyen Nhan Nghia

Independent Director

Age: 51
Board member since: 04/2019

Mr Nguyen Nhan Nghia was appointed as Techcombank's independent director in April 2019. He worked for many years at the State Bank of Vietnam, Bank for Investment and Development of Vietnam (BIDV), and held managerial and executive positions such as Deputy Head of BIDV's Business Center 3, Deputy CEO and CEO of BIDV-Vietnam Partners, and Investment Management Joint Venture Company (BVIM).

He graduated from Water Resources University, majoring in Water Engineering, has a Finance and Economics Master's degree from the University of London, and was awarded a CFA (Chartered Financial Analyst) Certificate, through an international professional Financial Analysis Program offered by CFA Institute in the US.



Mr Nguyen Tuan Minh

**Head of Board of Director's Office
(Company Secretary)**

Mr Nguyen Tuan Minh joined Techcombank in May 2013 and has worked at the Bank for over six years working at Techcombank in many different management positions such as Head of Legal; Head of Compliance, Operational Risk and Legal Division; and Head of Legal Counsel at Corporate Assurance Division. Prior to that, he spent over 20 years in legal consulting – as a practising lawyer, and in-house general counsel and management at a private law firm in Vietnam, the Vietnam branch of an international law firm and commercial bank and securities company. Mr Nguyen Tuan Minh was appointed Company Secretary on 4 November 2019.

He holds a Bachelor's degree in International Relations from the Diplomatic Academy of Vietnam, and a Bachelor of Law from Hanoi Law University. He is a practising lawyer and member of the Hanoi Bar Association.

➤ Our Board of Directors (continued)

Techcombank share ownership and positions in other companies held by members of the Board of Directors (BOD) 2019–2024 term

No.	Full Name	Position	Number of shares	Percentage shareholding	Positions in other companies held by BOD members
1	Mr Ho Hung Anh	Chairman	39,309,579	1.1230%	• None
2	Mr Nguyen Dang Quang	First Vice Chairman	9,403,176	0.2686%	<ul style="list-style-type: none"> • BOD Chairman cum CEO, Masan Group • BOD Member, Masan Consumer • BOD Chairman, VCM Services And Trading Development JSC • BOD Chairman, VinCommerce General Commercial Services JSC • BOD Chairman cum CEO, Masan Corporation
3	Mr Nguyen Thieu Quang	Vice Chairman	30,256,431	0.8644%	<ul style="list-style-type: none"> • BOD Member, Masan Consumer • BOD Chairman, Saigon Environmental Technology and Construction Corporation • BOD Chairman, Golden Lotus Kim Huynh JSC
4	Mr Nguyen Canh Son	Vice Chairman	17,954,979	0.5129%	<ul style="list-style-type: none"> • BOD Chairman, Eurowindow Holding • BOD Chairman, Melinh Plaza Thanh Hoa Trade Complex Investment JSC • BOD Member, T&M Van Phong Investment and Tourism JSC • BOD Chairman, Incentra JSC • BOD Chairman, Eurowindow JSC

No.	Full Name	Position	Number of shares	Percentage shareholding	Positions in other companies held by BOD members
5	Mr Do Tuan Anh	Vice Chairman cum Deputy CEO	1,087,542	0.0310%	<ul style="list-style-type: none"> • Member of the Member's Council, Techcom Securities • BOD Chairman, INB Investment JSC • BOD Chairman, Dai Hung Tinh Investment JSC • BOD Member, Techcom Capital JSC
6	Mr Lee Boon Huat	Non-Executive Director	0	0.0000%	<ul style="list-style-type: none"> • Independent Director, Alliance Bank Bhd • BOD Member, Credit Counselling Singapore • Independent Director, British Malayan Holdings Limited
7	Mr Saurabh Narayan Agarwal	Non-Executive Director	0	0.0000%	<ul style="list-style-type: none"> • Managing Director, Clean Max Enviro Energy Solutions Private Limited • Managing Partner, Nanhe Kadam, Non-profit Society • Independent Director, MoMo Payment Service JSC
8	Mr Nguyen Nhan Nghia	Independent Director	259,963	0.0074%	• None

Percentage of shareholding of BOD member updated at 31/12/2019

Our Board of Directors (continued)

Activities of the Board of Directors

The Board of Directors (BOD) oversees the operations of the CEO and Board of Management (BOM) through the authorisation and delegation mechanism, as well as Techcombank's internal regulations as issued by the BOD. Activities that are under the authority and decision of the Shareholders' General Assembly and the BOD, shall be reported and submitted to the BOD for approval by the CEO, upon which the BOD will make decisions promptly and/or authorise the CEO/BOM to implement them.

BOD's activities in 2019

In 2019, the Techcombank BOD held five meetings. The BOD (term 2014–19) took one meeting in the first Quarter of 2019. From 13 April 2019, the BOD (term 2019–24) accounted for four meetings, until 31 December 2019.

No.	BOD Members	Position	Day elected as member of BOD	No. of attended meetings	Attendance rate	Reasons for absence
1	Mr Ho Hung Anh	Chairman	13/04/2019	05/05	100%	
2	Mr Nguyen Dang Quang	First Vice Chairman	13/04/2019	05/05	100%	
3	Mr Nguyen Thieu Quang	Vice Chairman	13/04/2019	05/05	100%	
4	Mr Nguyen Canh Son	Vice Chairman	13/04/2019	05/05	100%	
5	Mr Do Tuan Anh	Vice Chairman cum Deputy CEO	13/04/2019	05/05	100%	
6	Mr Lee Boon Huat	Non-executive Director	13/04/2019	05/05	100%	
7	Mr Saurabh Narayan Agarwal	Non-executive Director	13/04/2019	04/04	100%	Elected 13/04/2019
8	Mr Nguyen Nhan Nghia	Independent Director	13/04/2019	04/04	100%	Elected 13/04/2019
9	Mr Nguyen Doan Hung	Independent Director	19/04/2014 - 13/04/2019	01/01	100%	Term ended 13/04/2019

Resolutions of the BOD in 2019

No.	Resolution no.	Issuance date	Main Content
1	No. 0309/2019/NQ-HĐQT	22/03/2019	<ul style="list-style-type: none"> Approval of business results as of March 2019 Review and approval of Supervisory Board's report as of 1st Quarter, 2019 Approval of the organisation of Annual General Shareholders' Meeting 2019 Approval of subsidiaries' business plan and targets for 2019 Approval of updated measurement and limit of LDR
2	No. 0419 and No. 0420/2019/NQ-HĐQT	13/04/2019	<ul style="list-style-type: none"> Election of Board Chairman and Vice Chairman of 2019–2024 term Assigned responsibilities for BOD member of 2019–2024 term
3	No. 0910/2019/NQ-HĐQT	30/07/2019	<ul style="list-style-type: none"> Approval of business results as of first half of 2019 Review and approval of 2016–2020 strategy updates report and transformation program in 2nd phase Review and approval of Supervisory Board's report as of 2nd Quarter in 2019 Approval of remuneration amendment in 2019 for branch managers Approval of initial selling price of Techcombank specialised money-transfer vehicles
4	No. 1215/2019/NQ-HĐQT	22/10/2019	<ul style="list-style-type: none"> Approval of business results as of 9 months in 2019 Review and approval of transformation program in 2nd phase Review and approval of Supervisory Board as of 3rd Quarter in 2019 Review and approval of the partial transfer plan of No. 6 Quang Trung Construction project (No. 44 Ly Thuong Kiet, Hoan Kiem, Hanoi) to TCO Vietnam JSC
5	No. 1412/2019/NQ-HĐQT	18/12/2019	<ul style="list-style-type: none"> Approval of business results of full year 2019 Review and approval of Supervisory Board's report of 4th Quarter in 2019 Approval of business plan for 2020 Approval of principles of long-term incentive program (LTIP) for employees Approval of principles of corporate governance targeted model to implement from 12/2019 to 2023 Approval of the separation of Credit Risk and Debt Settlement Committee into Credit Risk Committee and Debt Settlement Committee

➤ Our Board of Directors (continued)

Activities of Independent Director

As stipulated in Techcombank's Charter, passed by the General Shareholders' Meeting on 13 April 2019, in addition to meeting the requirements of the capacity for civil acts, professional ethics, qualifications and experience in accordance with current laws and regulations, an independent director of Techcombank's BOD must also meet the following criteria and conditions:

- Neither currently working for Techcombank or its subsidiaries, nor working for Techcombank or its subsidiaries in three (3) preceding years;
- Not receiving any remuneration and allowances from Techcombank other than the standard allowances for BOD members under existing regulations;
- Having no spouse, parent, child, or sibling being a major shareholder of Techcombank, manager or member of Supervisory Board of Techcombank or its subsidiaries;
- Neither directly nor indirectly owning or representing ownership of 1% or more of Techcombank's chartered capital or voting shares; together with his/her related persons not owning 5% or more of Techcombank's chartered capital or voting shares;
- Not being a manager or a member of Techcombank's Supervisory Board at any time in the five (5) preceding years.

The Independent Director of Techcombank has been a member of the Audit and Risk Committee, as assigned by the Board of Directors. In 2019, the Independent Director fully and actively attended relevant meetings of the Board and committees.

List of members of BOD with certificates on corporate governance

In 2019, members of Techcombank's BOD all participated in various programs on corporate governance topics.

➤ Activities of committees under BOD

Summary of Activities (From 01/01/2019 to 31/12/2019)				
Number of meetings	General Meeting of Shareholders	BOD	ARCO ¹	NORCO ²
	1	5	4	5
Key matters	<ul style="list-style-type: none"> • Business plan and performance • Vote for members of BOD and Supervisory Board for 2019–2024 • Orientation for activities of BOD and Supervisory Board for 2019–2024 • Modify and supplement documents and regulations on corporate governance under authority of the General Shareholders Meeting • Plan for charter capital increase in 2019 	<ul style="list-style-type: none"> • Update transformation strategy and program • Matters of corporate governance • Financial performance • Operational and Business Plan • Crucial programs for employees (based on NORCO consultation) 	<p>Risk management</p> <ul style="list-style-type: none"> • Risk management strategy, risk appetite and risk management indicators • Risk management policy and framework • Risk management culture <p>Audit</p> <ul style="list-style-type: none"> • Issues from internal and independent audits • Internal control system 	<p>HR</p> <ul style="list-style-type: none"> • Succession plan for senior levels • Regulations on recruitment, training and talent retention <p>Salary, benefit and compensation</p> <ul style="list-style-type: none"> • Salary, benefit and compensation policy framework • Crucial compensation programs for employees and employees' value

Notes:

¹ ARCO: Audit and Risk Committee.

² NORCO: Nomination and Remuneration Committee.

➤ Activities of committees under BOD (continued)

Audit and Risk Committee

The Audit and Risk Committee (ARCO) held four plenary meetings with a separate agenda for risk management and audit of the Bank, carrying out the task of advising and proposing to the BOD in audit, supervision and risk management. This was in accordance with regulations on organisation and operation of the ARCO.

ARCO Members	
Mr Ho Hung Anh – Chairman	ARCO Chairman
Mr Nguyen Dang Quang – First Vice Chairman	ARCO members
Mr Nguyen Thieu Quang – Vice Chairman	
Mr Nguyen Canh Son – Vice Chairman	
Mr Do Tuan Anh – Vice Chairman	
Mr Lee Boon Huat – Non-executive Director	
Mr Nguyen Nhan Nghia – Independent Director	



Risk management

ARCO reviewed and advised the BOD on risk appetite in 2019 and 2020, including the risk appetite statement and risk appetite orientation indicators.

ARCO proactively supervises risk management Bank-wide, monitoring compliance with regulations of laws, SBV, supervision of risk management policy, and risk appetite:

- Credit risk and credit concentration risk: (i) ARCO directs and supervises the units developing credit risk measurement models for corporate and individual customers; (ii) ARCO directs the classification and grouping of focused sectors/industries/segments/

sub-segments according to key economic sectors to ensure their true and special nature is covered, then orients the implementation, allocation and planning of business strategy for each customer segment, improving the efficiency of centralised risk management for such industries/sectors/segments/sub-segments.

- Operational and fraud risk management: ARCO adopts the operational risk and fraud risk management methodology, controlling and supervising the implementation of this methodology to minimise operational risks, fraud risks and to maintain daily operations at business units.

- Liquidity risk management: ARCO adopts the methodology of liquidity risk management and the transformation of centralised liquidity risk management in the Risk Management Division, ensuring compliance with the principle of three defence lines and centralised management of key risks to the Bank.

- ARCO closely monitors, supervises and directs in order to enhance the effectiveness of applicable provisions of the law and international standards. ARCO also advises the BOD in risk management for enterprises involved with Techcombank's capital by closely monitoring and directing the effective implementation of the interaction mechanism

between Techcombank and such businesses, which ensures alignment with the goal of mutual development and the general strategic direction of Techcombank and these businesses.

Audit

In 2019, ARCO reviewed, assessed and reported BOD important findings, recommendations of internal and independent audits, and oversaw and supported the CEO and BOM in enhancing the effectiveness of internal control systems.

➤ Activities of committees under BOD (continued)

Nomination and Remuneration Committee (NORCO)

In 2019, to achieve the goal of completing our strategic orientation towards people excellence by approaching employee centricity, NORCO organised five meetings, and advised and consulted the BOD on matters related to personnel, policies, remuneration, competitive incentive, talent acquisition, development and retention – ensuring high and sustainable performance that aims to realise the objective of being the #1 bank in Vietnam regarding efficiency and effectiveness.

NORCO Members

Mr Nguyen Nhan Nghia – Independent Director	NORCO Chairman
Mr Ho Hung Anh – BOD Chairman	NORCO Vice Chairman
Mr Nguyen Dang Quang – First Vice Chairman	NORCO members
Mr Nguyen Canh Son – Vice Chairman	
Mr Do Tuan Anh – Vice Chairman	

Talent recruitment and acquisition

NORCO reinforced orientation for senior-level staff recruitment. We identified recruitment positions, developed a recruitment plan for 20 senior-level positions and outsourced recruitment activities. We also developed an on boarding program for international candidates.

HR management, development and talent retention

NORCO continues to advise on regulations for recruiting, appointing, dismissing and mobilising senior-level staff to meet HR needs in the short and long term. NORCO suggests programs to build and develop succession staff in key talent segments of the Bank. NORCO also supported orientation for implementing the ESOP program in 2018 and 2019, building the LTIP, managing the HR transformation in Head Office Relocation project 2019–2020, and setting

up Employee Value Propositioning (EVP) for employees of the Transformation Program 2.0, all in parallel with good management of employees' expectations Bank-wide.

Salary, remuneration and compensation policy

NORCO maintains its role in consulting and directing market research relating to salary, remuneration and compensation; guiding their continuous review and adjustment, so these remain competitive. It allows us to encourage employees to express their spirit of self-development; continuously achieving outstanding results through the close link between salary, remuneration and compensation and employees' capacity, potential and performance. In order to increase the engagement, motivation and pride of Techcomers, NORCO actively reviews, improves and promotes market-leading incentive programs, to provide comprehensive care that meets the essential needs of employees.

➤ Introducing our Supervisory Board 2019–2024 Term



Mr Hoang Huy Trung

Head of Supervisory Board cum full-time member

Mr Hoang Huy Trung has many years' experience in the banking industry and has held various management positions at the State Bank of Vietnam and Techcombank. He has been the Head, and a full-time member, of Techcombank Supervisory Board since December 2012.

Mr Hoang Huy Trung graduated with a Master's degree in Economics, specialising in Banking, from the National Economics University in Hanoi, and a Bachelor in Economics, majoring in Banking and Finance, from the Academy of Finance.



Mr Mag Rec Soc Oec Romauch Hannes

Member

Mr Mag Rec Soc Oec Romauch Hannes has many years' experience in banking and finance, and has held many important management positions in financial institutions and large corporations. He has been a member of the Techcombank Supervisory Board since April 2012.

Mr Mag Rec Soc Oec Romauch Hannes holds a Master's degree in Business Administration, majoring in Finance, Banking and Marketing, from Klagenfurt University, Austria.



Ms Bui Thi Hong Mai

Full-time member

Ms Bui Thi Hong Mai has many years' experience in accounting and finance. From April 2010 to April 2019, she was a member in charge of the Techcombank Supervisory Board. She has been a full-time member of the Techcombank Supervisory Board since 13 April 2019.

Ms Bui Thi Hong Mai holds a Bachelor's degree in Accounting and Finance.

Supervisory Board's activities

Information about the Supervisory Board

Information on shareholders' ownership of Techcombank's voting shares and other securities

No.	Name	Position	Number of Techcombank shares	% shareholding
1	Mr Hoang Huy Trung	Head of Supervisory Board cum full-time member	57,504	0.0016%
2	Ms Bui Thi Hong Mai	Full-time member	48	0.000001%
3	Mr Mag Rec Soc Oec Romauch Hannes	Member	0	0.0000%

Percentage of shareholding was updated at 31/12/2019.

Supervisory Board's activities

Supervision activities of the Supervisory Board for the Board of Directors, Board of Management and shareholders

- Monitor compliance with legal regulations and Techcombank's Charter in governance and management activities of the Bank
- Perform the internal audit function, providing direction and administration and monitoring the operation of the Internal Audit function to objectively review and assess the internal control system
- Appraise the Bank's semi-annual and annual financial statements
- Perform inspection and monitoring (if any) at the request of the State Bank of Vietnam and/ or major shareholders/ group of major shareholders in accordance with the law and the Bank's Charter

Coordination of activities of the Supervisory Board, the Board of Directors and Board of Management and other management

- Based on internal audit results, the Supervisory Board and Internal Audit team have informed, in a timely way, and worked with the Board of Directors, CEO and other members of the Board of Management to make decisions, and strictly address the divisions/units to prevent, promptly detect and resolve issues in operations – contributing to improved efficiency and enhanced capacity of the internal control system, regulations, processes, risk management and governance capacity of the organisation.
- The Board of Directors and Board of Management have proactively remediated existing issues as recommended by the Supervisory Board and Internal Audit; while at the same time providing timely supports to the Supervisory Board during the execution of its responsibilities.

As of 1 January 2019, Techcombank's Supervisory Board has four members, including two full-time members and two part-time members. Since 13 April 2019, the number of Supervisory Board members voted for 2019–2024 term is three members, comprising two full-time members and one part-time member. Meeting attendance of the Supervisory Board members in 2019 is as follows:

Supervisory Board's meetings in 2019

No.	Name	Position	Date became a member	No. of meetings attended	Attendance rate	Notes
1	Mr Hoang Huy Trung	Head of Supervisory Board cum full-time member	13/04/2019	4	100%	
2	Ms Bui Thi Hong Mai	Full-time member	13/04/2019	4	100%	
3	Mr Mag Rec Soc Oec Romauch Hannes	Member	13/04/2019	4	100%	
4	Mrs Nguyen Thu Hien	Member	19/04/2014–13/04/2019	1	100%	Term ended 13/04/2019

Results of the Supervisory Board's meetings

No.	Document no.	Issued date	Main content
1	Meeting minutes Quarter 1/2019	20/03/2019	<ul style="list-style-type: none"> • Review and approve audit plan execution results in quarter 1/2019; • Update some of the Bank's safety ratios as at 31/12/2018, financial status of the Bank till end of 28/02/2019 and draft audit report of financial statements 2018 prepared by independent auditors; • Review draft reports of the Board of Directors, Supervisory Board, and other material at the Annual General Shareholders' Meeting 2019.
2	Meeting minutes Quarter 2/2019	20/06/2019	<ul style="list-style-type: none"> • Review and approve audit plan execution results in quarter 2/2019; • Update loan balance to related parties; • Update some safety ratios in the Bank's operation as at 31/5/2019; • Review and amend some documents regarding the operation of Internal Audit in order for early application of Circular 41 "Basel II" approved by the SBV.
3	Meeting minutes Quarter 3/2019	26/09/2019	<ul style="list-style-type: none"> • Review and approve audit plan execution results in quarter 3/2019; • Update loan balance to related parties; • Update some safety ratios in the Bank's operation as at 31/8/2019; • Report on the adjustment of the internal audit plan 2019.
4	Meeting minutes Quarter 4/2019	12/12/2019	<ul style="list-style-type: none"> • Review and approve: <ul style="list-style-type: none"> Audit plan execution results in quarter 4/2019; + Consolidated Internal Audit report for 2019 and; + Internal Audit Plan for 2020; + Draft an amendment of audit and supervising procedure for the execution of internal audit's recommendations. • Update some safety ratios in the Bank's operation and status on credit granting to customers under the approval authority of the Board of Directors as at 31/10/2019.

➤ Introducing our Board of Management



Mr Nguyen Le Quoc Anh

CEO

Mr Nguyen Le Quoc Anh was appointed Chief Executive Officer of Techcombank in September 2016. Prior to this, he was the Head of the Strategy and Corporate Development Division of Techcombank from May 2015, and Deputy Chief Executive Officer from January 2016. He has more than 25 years' experience, including holding a variety of senior management positions in banking, financial services, telecommunication and management consulting firms including Wells Fargo, Fortress Investment Group, T-Mobile, and McKinsey & Company.

He holds a PhD in Nuclear Engineering from Purdue University (US) and a Master's Degree in Econometrics from University of California, East Bay (US).



Mr Do Tuan Anh

**Vice Chairman of Board of Directors
cum Deputy CEO and Head of Corporate Affairs**

Mr Do Tuan Anh has served as a member of the Board of Directors since December 2012 and became Vice Chairman of the Board of Directors and Deputy CEO of Techcombank in June 2015. He has 22 years' experience in banking. Previously, he was Unit Deputy Head of the International Cooperation Department, Department Head of the Banking Supervision Agency at the State Bank of Vietnam, Senior Assistant to the Board of Directors, and Head of the Strategy and Corporate Development Division. In September 2019, he was appointed Techcombank's Head of Corporate Affairs.

He holds a Master's Degree in Wealth Management from Singapore Management University (Singapore).



Mr Pham Quang Thang

Deputy CEO cum Transformation Director

Mr Pham Quang Thang was appointed Deputy Chief Executive Officer in January 2014. He has more than 20 years' experience in banking, including several senior positions such as Chief Accountant, Head of Treasury and Transactions Management Center, Deputy Chief Executive Officer in charge of Finance, Planning and Strategy, Head of the Commercial Banking Division, and Head of the Credit Approval Division. In September 2019, he was appointed as Transformation Director in Techcombank.

He holds a Master's degree in International Accounting from Swinburne Technology University (Australia).



Mr Phan Thanh Son

**Deputy CEO
cum Head of Global Transaction Services**

Mr Phan Thanh Son was appointed Deputy Chief Executive Officer in August 2019. Prior to this, he was Head of Treasury and Financial Markets Division, from January 2011. He has more than 20 years' experience in local financial markets and played an important role in developing local fixed income markets. He was the Deputy Chief Executive Officer at TienPhong Bank and has held various positions in Global Markets Divisions at Standard Chartered Bank (Vietnam), Citibank (Vietnam), and Citigroup Global Markets Ltd (Hong Kong). In September 2019, he was appointed Head of Global Transaction Services.

He holds a Master's degree in Economics from the National Economics University, Hanoi (Vietnam).

➤ Introducing our Board of Management (continued)



Mr Phung Quang Hung

Standing Deputy Chief Executive Office cum Managing Director and Head of Customer Service and Financial Advisory Division

Mr Phung Quang Hung was appointed Head of Customer Services and Financial Advisory in November 2014. Prior to this, he was Techcombank's Chief Technology and Operations Officer from September 2010. He has more than 20 years' management experience at international banks, including previous positions as Head of IT and Operations at ABN AMRO (Vietnam) and Business Partner at National Australia Bank (London).

He holds a Master's degree in International Business from Washington State University (US).



Ms Tran Thi Minh Lan

Head of Strategy and Corporate Development cum Chief of Staff

Ms Tran Thi Minh Lan was appointed Head of Strategy and Corporate Development in August 2017. Before this, she was Techcombank's Deputy Head of Strategy and Corporate Development, and Head of the Transformation Program since December 2015, which is responsible for building and implementing the Bank's overall strategy. She has more than 15 years' experience in banking strategy and risk management, and has held several senior positions including Deputy Head of the Risk Management Division at Techcombank.

She graduated from the Executive Development Program at the Wharton School, University of Pennsylvania (US) and holds a Master's degree in Financial and Accounting Management from the University of Berlin (Germany).



Mr Trinh Bang

Chief Financial Officer

Mr Trinh Bang was appointed Chief Financial Officer in January 2018. He has more than 23 years' global banking and finance experience including 18 years with Morgan Stanley in New York and Singapore, most recently as Senior Advisor and Managing Director/Country Head for Vietnam and the Philippines.

He holds a Bachelor's degree in Systems Engineering from the University of Virginia (US).



Ms Phan Thi Thanh Binh

Head of Wholesale Banking

Ms Phan Thi Thanh Binh was appointed Transformation Director of Wholesale Banking in July 2017. She has more than 20 years' experience with ANZ in various positions, including Head of Markets, Vietnam, acting CEO of ANZ (Vietnam), Member of the Board of Directors at ANZ (Vietnam, Cambodia, and Laos) and Chairwoman of ANZ (Laos).

She holds a Master's degree from University Libre de Bruxelles (Belgium).

➤ Introducing our Board of Management (continued)



Mr Vishal Shah

Head of Business Banking

Mr Vishal Shah has more than 20 years' experience at leading companies with strong expertise in commercial banking, retail banking and financial advisory services. He has held key leadership positions at Standard Chartered Bank in Singapore, India, and the UAE. He has also held advisory roles at Ernst & Young and KPMG.

He holds a Bachelor's degree in Commerce from HR College of Commerce and Economics, Mumbai University (India). He is a qualified Chartered Accountant (ACA) and Cost and Works Accountancy (Grad CWA).



Ms Le Thi Bich Phuong

Head of Personal Financial Services

Ms Le Thi Bich Phuong was appointed Techcombank's interim Head of Personal Financial Services in September 2015 and officially made Head of Personal Financial Services in June 2016. She has more than 15 years' experience in banking, holding executive sales and distribution positions including Head of Area, Head of Region, and Head of Sales and Distribution for the South of Vietnam.

She holds a Bachelor's degree in Economics and International Business from the Hanoi University of Social and Human Sciences (Vietnam).



Mr Nguyen Xuan Minh

Head of Investment Banking

Mr Nguyen Xuan Minh was appointed Head of Investment Banking Division and Chairman of the Board of Directors of Techcom Securities Company Limited in October 2013. He has more than 20 years' experience in fund management and investment banking, and held previous positions such as CEO of Vietnam Asset Management Ltd (VAM) and Senior Vice President of Franklin Templeton Investments in Singapore.

He holds a Master's degree in Applied Finance and Investment from Securities Institute of Australia (FINSIA), and an Masters in Science, Oil and Gas - Mechanical Engineering, from Gubkin Russian State University of Oil and Gas (Russia). He is a CFA Charter holder.



Mr Chester Gorski

Chief Technology Operation Officer

Mr Chester Gorski was appointed Chief Technology Operation Officer in February 2016. He has more than 25 years' experience, including senior leadership roles in banking, insurance and financial services firms such as Wells Fargo and Wachovia and Aon, as well as consulting firms including PwC and McKinsey & Company

He holds an MBA from the University of Chicago (US).

➤ Introducing our Board of Management (continued)



Ms Nguyen Thi Van Anh

Head of Marketing

Ms Nguyen Thi Van Anh joined Techcombank in November 2014. She was appointed Techcombank's interim Head of Marketing in November 2015 and officially made Head of Marketing in June 2016. Prior to joining Techcombank, she had more than 20 years' experience as Head of Brand and Head of Marketing at major national and multi-national companies including Vingroup, British Petroleum, and British American Tobacco (BAT).

She holds an MBA from University of Westminster (UK) and a Master's degree in Marketing from Swinburne University of Technology (Australia).



Mr Kenneth Keeslir

Deputy Head in charge of Risk Management

Mr Kenneth Keeslir was appointed as Deputy Head of Risk Management in January 2017 and Deputy Head in charge of Risk Management in April 2019. He has over 15 years' experience as a risk manager at HSBC and Prudential. Prior to joining Techcombank, he held the position of Head of Business Transformation, Director of Security Risk and Fraud Risk, and Director of Global Analysis Center at HSBC Vietnam and HSBC Shanghai.

He holds a Master of Science degree in Information Systems from the New Jersey Institute of Technology (US).



Ms Nguyen Ngoc Due

Deputy Head in charge of Human Resource Management

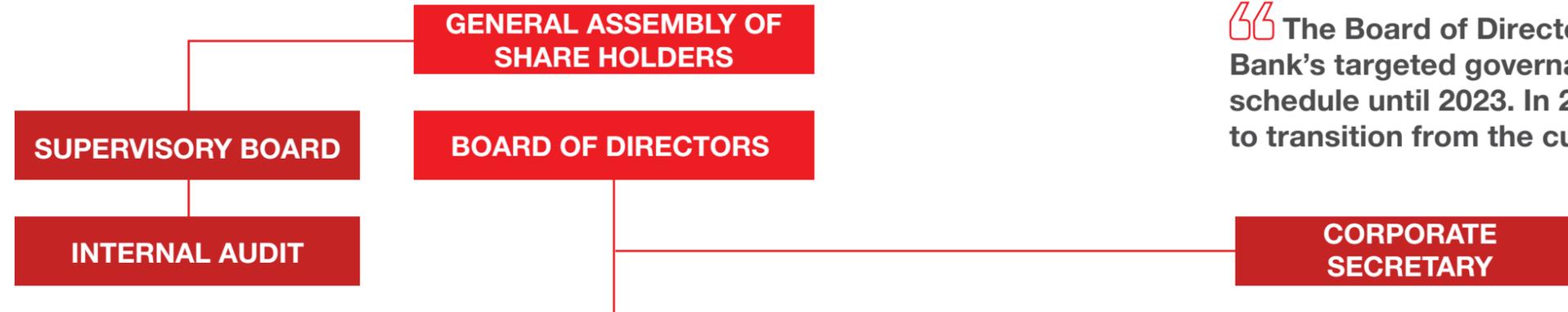
Ms Nguyen Ngoc Due joined Techcombank in May 2010, and has spent nearly four years as Deputy Head of Human Resource Management. She has over 25 years' banking experience. She has held various management positions in Citibank's professional operations, and various management positions in human resource management with Techcombank including Director of Data and Resources Management; Director of Human Resources Business Partners, Deputy Head of Human Resources Management, and Deputy Head in charge of Human Resources Management Division.

She graduated from Hanoi University of Foreign Studies.

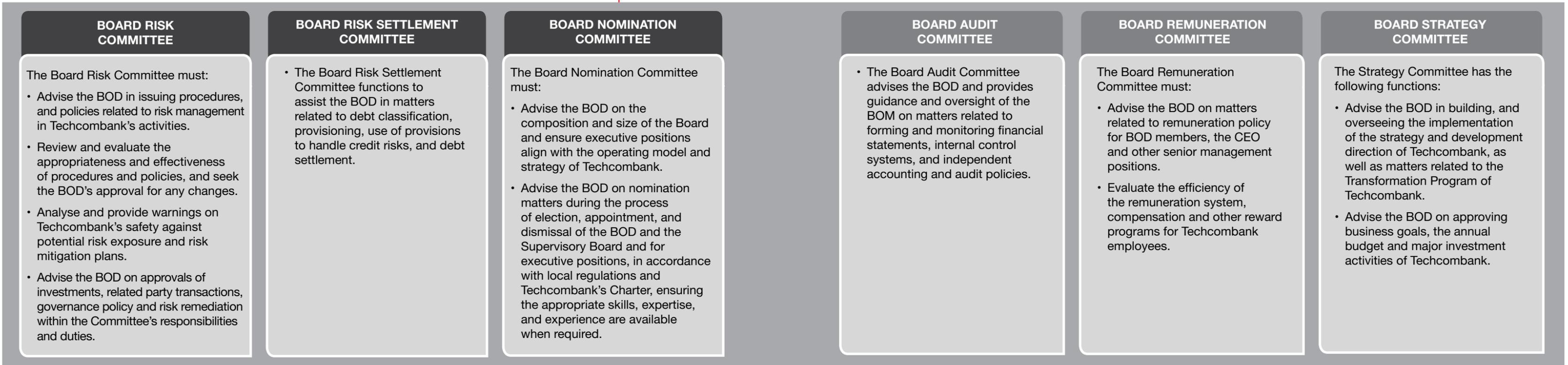
“ The Board of Management will work tirelessly to increase operational effectiveness in key areas of the Bank, optimising our organisation's resources to bring about the most comprehensive and reliable customer service. ”

Corporate Governance Model

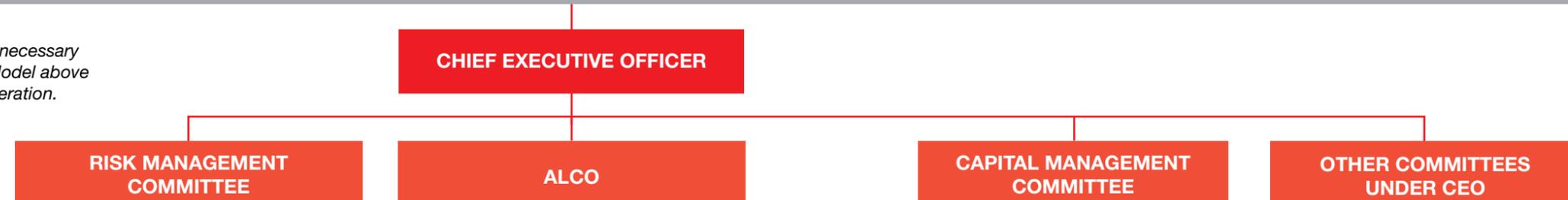
Techcombank's 2023 targeted Corporate Governance Model



“ The Board of Directors of Techcombank has approved the Bank’s targeted governance model, detailing the implementation schedule until 2023. In 2019, the Bank undertook specific activities to transition from the current model to the target model. ”



Recently Techcombank has been implementing the necessary initiatives to transform the Corporate Governance Model above into a practical actions in the Bank’s governance operation.



Note

■ Committees under BOD in compliance with regulatory requirements.

■ Committees under BOD.

Transactions, remuneration and benefits of the Board of Directors, the Board of Management and the Supervisory Board

Information on internal shareholders' ownership of Techcombank shares as at 31 December 2019

No.	Name	Position	Number of Techcombank shares	% shareholding
Board of Directors				
1	Mr Ho Hung Anh	Chairman	39,309,579	1.1231%
2	Mr Nguyen Dang Quang	First Vice Chairman	9,403,176	0.2687%
3	Mr Nguyen Thieu Quang	Vice Chairman	30,256,431	0.8644%
4	Mr Nguyen Canh Son	Vice Chairman	17,954,979	0.5130%
5	Mr Do Tuan Anh	Vice Chairman cum Deputy CEO	1,087,542	0.0311%
6	Mr Lee Boon Huat	Board Director	0	0.0000%
7	Mr Saurabh Narayan Agarwal	Board Director	0	0.0000%
8	Mr Nguyen Nhan Nghia	Board Independent Director	259,963	0.0074%
Supervisory Board				
1	Mr Hoang Huy Trung	Head of Supervisory Board cum full-time member	57,504	0.0016%
2	Ms Bui Thi Hong Mai	Full-time member	48	0.000001%
3	Mr Mag Rec Soc Oec Romauch Hannes	Member	0	0.0000%
Executive members				
1	Mr Nguyen Le Quoc Anh	CEO	6,100,000	0.1743%
2	Mr Do Tuan Anh	Vice Chairman cum Deputy CEO	1,087,542	0.0311%
3	Mr Pham Quang Thang	Deputy CEO	875,222	0.0250%
4	Mr Phan Thanh Son	Deputy CEO	2,331,873	0.0666%
5	Mr Trinh Bang	Group CFO	6,000,000	0.1714%
6	Ms Thai Ha Linh	Head of Accounting, Financial policy and Tax cum Person authorised to disclose information	993,097	0.0284%
7	Ms Bui Thi Khanh Van	Chief Accountant	8,870	0.0003%

As of 31/12/2019.



Share transactions by internal shareholders and related parties

In 2019, the number of transactions and volume of Techcombank shares traded by internal shareholders were as follows:

	Transactions	Transaction volume
Buy	6	551,460
Sell	1	100,000
Total	7	651,460

In 2019, the number of transactions and volume of Techcombank shares traded by internal shareholders' related parties were as follows:

	Transactions	Transaction volume
Buy	3	99,780
Sell	1	5,000
Total	4	104,780

Detailed information on the transactions by internal shareholders and their related parties are provided on Techcombank's website.

Transactions, remuneration and benefits of the Board of Directors, the Board of Management and the Supervisory Board (continued)

Salary, rewards, remuneration and other benefits and expenses for each member of the Board of Directors, the Supervisory Board and the CEO

Salary, rewards, remuneration and other benefits and expenses for members of the Board of Directors in office 2019–2024

No.	Member of BOD	Position	Salary/rewards/remuneration and other benefits
1	Mr Ho Hung Anh	Chairman	Refer to the 2019 Consolidated Financial Statement – Footnote no. 39 on ‘Transactions with related parties’
2	Mr Nguyen Dang Quang	First Vice Chairman	
3	Mr Nguyen Thieu Quang	Vice Chairman	
4	Mr Nguyen Canh Son	Vice Chairman	
5	Mr Do Tuan Anh	Vice Chairman cum Deputy CEO	
6	Mr Lee Boon Huat	Board Director	
7	Mr Saurabh Narayan Agarwal	Board Director	
8	Mr Nguyen Nhan Nghia	Board Independent Director	

Salary, rewards, remuneration and other benefits and expenses for members of the Supervisory Board in office 2019–2024

No.	Member of Supervisory Board	Position	Salary/rewards/remuneration and other benefits
1	Mr Hoang Huy Trung	Head of Supervisory Board cum full-time member	Refer to the 2019 Consolidated Financial Statement – Footnote no. 39 on ‘Transactions with related parties’
2	Ms Bui Thi Hong Mai	Full-time member	
3	Mr Mag Rec Soc Oec Romauch Hannes	Member	

Salary, rewards, remuneration and other benefits and expenses for the CEO

No.	Full name	Position	Salary/rewards/remuneration and other benefits
1	Mr Nguyen Le Quoc Anh	CEO	Refer to the 2019 Consolidated Financial Statement – Footnote no. 39 on ‘Transactions with related parties’

Contracts or transactions with internal shareholders

Refer to the 2019 Consolidated Financial Statement – Footnote no. 39 on ‘Transactions with related parties’

Report on performance of corporate governance regulations

In 2019, Techcombank maintained compliance with all applicable regulations and guidelines on corporate governance issued by state management agencies. At the same time, the Bank implemented new regulations enacted or taking effect in 2019 to ensure our governance–management framework complied with upcoming applicable laws. The laws and guidelines applied by the Bank include:

- **Circular No. 155/2015/TT-BTC** on guiding information announcements in the securities market
- **Decree No. 71/2017/ND-CP** on guiding corporate governance applied to public companies
- **Circular No. 95/2017/TT-BTC** on guiding Articles of Decree No. 71/2017/ND-CP
- **Circular No. 13/2018/TT-NHNN** on internal control systems of commercial joint-stock banks, foreign bank branches, and other relevant regulations
- **Circular No. 22/2019/TT-NHNN** regulating safety adequacy ratios and limits in the operations of banks and foreign bank branches
- **Code of Best Practices-based Corporate Governance** issued in August 2019 by State Securities Commission and International Finance Corporation (IFC).

The Bank implemented and submitted our adjustment of internal regulations to the General Meeting of Shareholders for approval on amending the Bank’s Charter, the Regulation on

organisation and operation of the Board of Directors and the Supervisory Board, and the Bank’s Internal Management Regulation.

This will help us better meet supervision requirements for senior management, ensure independence and clearly define responsibilities among authorities in the Bank’s governance mechanism as per Circular No. 13/2018/TT-NHNN effective 1 January 2019. Techcombank also adjusted our **governance structure and components** of Committees **operating in debt handling and credit approval** to comply with **Circular No.22/2019/TT-NHNN**, effective 1 January 2020, ensuring transparency and independence in debt handling and credit approval.

At management level, the Bank established committees in accordance with **Circular No.13/2018/TT-NHNN**, effective from 1 January 2019, and Techcombank strengthened its governance mechanism by establishing several new committees directly under the CEO to better supervise and manage the Bank’s key issues as we develop.

In the past year, Techcombank actively researched, then applied, best practices on corporate governance in the region and the world, including the **Best practices-based Corporate Governance Code** issued in August 2019 by the State Securities Commission and IFC. In particular, the Bank appointed a Chief of the Board of Directors’ Office to perform the roles and functions of Corporate Secretary as stipulated in the Corporate Governance Code, and according to the management practices of advanced banks in the region.

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.

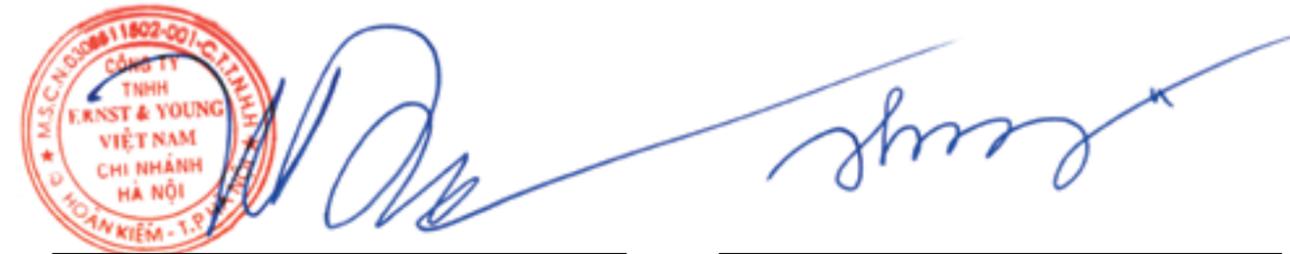
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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

Hanoi, Vietnam, 18 March 2020

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

	Notes	31 December 2019 VND million	31 December 2018 VND million
ASSETS			
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)
TOTAL ASSETS		383,699,461	320,988,941

	Notes	31 December 2019 VND million	31 December 2018 VND million
LIABILITIES			
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
TOTAL LIABILITIES		321,626,694	269,206,236
SHAREHOLDERS' EQUITY			
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
TOTAL SHAREHOLDERS' EQUITY	24	62,072,767	51,782,705
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		383,699,461	320,988,941

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
Contingent liabilities		
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
	533,432,681	401,881,519

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

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)
CASH FLOWS FROM OPERATING ACTIVITIES			
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)
Net cash flows from operating activities before changes in operating assets and liabilities		13,007,909	9,926,403
<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)
Net cash flows from operating activities		12,631,802	298,932

	Notes	2019 VND million	2018 VND million (reclassified)
CASH FLOWS FROM INVESTING ACTIVITIES			
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
Net cash flows (used in)/from investing activities		(222,244)	519,470
CASH FLOWS FROM FINANCING ACTIVITIES			
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
Net cash flows (used in)/from financing activities		(3,094,234)	13,699,378
Net cash flows during the year		9,315,324	14,517,780
Cash and cash equivalents at the beginning of the year		37,198,979	22,681,199
Cash and cash equivalents at the end of the year	36	46,514,303	37,198,979
SIGNIFICANT NON-CASH TRANSACTIONS DURING THE YEAR			
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

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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)

as at 31 December 2019 and for the year then ended

B05/TCTD-HN

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%



Notes to the consolidated financial statements (continued)

as at 31 December 2019 and for the year then ended

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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.



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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.



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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.



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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.



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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-BLĐTBXH 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
	4,820,627	2,606,467

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
	3,192,256	10,555,483

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
Deposits in VND		
Compulsory deposits	0.80%	1.20%
Amount over compulsory deposits	0.00%	0.00%
Deposits in foreign currencies		
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
Current accounts	15,173,807	8,956,056
- In VND	6,117,336	5,042,183
- In foreign currencies	9,056,471	3,913,873
Term deposits	23,422,613	15,213,456
- In VND	19,657,000	6,258,483
- In foreign currencies	3,765,613	8,954,973
	38,596,420	24,169,512

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

	31 December 2019	31 December 2018
Current accounts		
- In VND	0.00%	0.00% - 0.20%
- In foreign currencies	0.00%	0.00%
Term deposits		
- 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
	9,393,804	11,389,851

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
Debt securities	10,052,963	7,583,090
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>	185,821	1,711,904
Bonds issued by local economic entities	-	1,135,000
Provision for securities held-for-trading	(11,407)	(10,861)
Provision for credit risk of unlisted corporate bonds	(8,184)	(10,544)
Provision for diminution of securities held-for-trading	(3,223)	(317)
	10,041,556	7,572,229



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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)
Balance as at 31 December 2019	8,184	3,223	11,407

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)
Balance as at 31 December 2018	10,544	317	10,861

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

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

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
	230,802,027	159,939,217

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
	230,802,027	100.00	159,939,217	100.00

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
	5,422	18,887

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
	230,802,027	100.00	159,939,217	100.00



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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	%
Loans to economic entities	125,554,677	54.40	87,555,538	54.74
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
Loans to individuals	105,247,350	45.60	72,383,679	45.26
	230,802,027	100.00	159,939,217	100.00

9. LOANS TO CUSTOMERS (continued)

9.4 Loan portfolio by ownership

	31 December 2019		31 December 2018	
	VND million	%	VND million	%
Loans to economic entities	125,554,677	54.40	87,555,538	54.74
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
Loans to individuals	105,247,350	45.60	72,383,679	45.26
	230,802,027	100.00	159,939,217	100.00

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
	2,916,744	2,385,114

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
As at 31 December 2019	1,265,078	1,651,666	2,916,744



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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)
As at 31 December 2018	1,159,849	1,225,265	2,385,114

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
	1,682	1,682

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)
Closing balance	1,682	1,682

12. INVESTMENT SECURITIES

Investment securities at the reporting date include:

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

12.1 Available-for-sale securities

	31 December 2019 VND million	31 December 2018 VND million
Debt securities	65,503,185	66,625,257
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
Equity securities	655,524	4
Equity security issued by local credit institutions	200,000	-
Equity security issued by local economic entities	455,524	4
Provision for available-for-sale securities	(242,368)	(189,691)
Provision for credit risk of unlisted corporate bonds	(240,185)	(185,894)
Provision for diminution of available-for-sale securities	(2,183)	(3,797)
	65,916,341	66,435,570



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12. INVESTMENT SECURITIES (continued)

12.2 Held-to-maturity securities

	31 December 2019 VND million	31 December 2018 VND million
Debt securities	202,006	20,236,200
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
Provision for held-to-maturity securities	(63,750)	(159,422)
Provision for credit risk of unlisted corporate bonds	(63,750)	(159,422)
	138,256	20,076,778

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
	306,118	349,113

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)
As at 31 December 2019	303,935	2,183	306,118

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
As at 31 December 2018	345,316	3,797	349,113

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)
	12,223	12,223

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
		12,883		12,883



Notes to the consolidated financial statements (continued)

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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)
Closing balance	660	660

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
Cost					
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
Accumulated depreciation					
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
Net book value					
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
Cost					
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
Accumulated depreciation					
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
Net book value					
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



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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
Cost				
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
Accumulated amortisation				
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
Net book value				
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
Cost				
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
Accumulated amortisation				
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
Net book value				
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



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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
Cost	
As at 1 January 2019	1,435,699
As at 31 December 2019	1,435,699
Accumulated depreciation	
As at 1 January 2019	239,375
Charge for the year	35,800
As at 31 December 2019	275,175
Net book value	
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
Cost	
As at 1 January 2018	1,442,827
Other decreases	(7,128)
As at 31 December 2018	1,435,699
Accumulated depreciation	
As at 1 January 2018	204,797
Charge for the year	35,916
Other decreases	(1,338)
As at 31 December 2018	239,375
Net book value	
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
Other receivables	12,954,103	11,322,256
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
Interest and fee receivables	5,553,724	5,737,907
Other assets	1,055,475	717,481
- Materials	12,916	10,735
- Prepaid expenses	1,037,910	706,746
- Other assets	4,649	-
Provision for other assets (vi)	(228,908)	(75,839)
	19,334,394	17,701,805

(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
	228,908	75,839

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	228,908	75,839

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
	-	6,025,027

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

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
	22,634,298	7,452,105



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

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	%
Deposits from organizations	64,084,783	27.71	59,358,072	29.47
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
Deposits from individuals	167,211,978	72.29	142,056,460	70.53
	231,296,761	100.00	201,414,532	100.00

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)
	195,199,211	(434,008)	150,969,292	(310,313)

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
	17,460,634	13,177,959

(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
Accrued interest and fee payables	3,479,310	3,424,068
Other liabilities	7,689,346	8,428,777
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
	11,168,656	11,852,845

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
	934,024	980,062

23. OBLIGATIONS TO THE STATE BUDGET

VND million

	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
Taxes payable	980,062	3,567,554	9	(3,613,601)	934,024

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
Profit before tax	12,838,268	10,661,016
<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
Taxable corporate income	13,154,068	10,886,319
- 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
Current corporate income tax expense for the year	2,612,059	2,185,246
Opening corporate income tax payable	915,054	866,900
Corporate income tax adjusted for prior years	-	3,666
Corporate income tax paid for the year	(2,678,919)	(2,140,758)
Closing corporate income tax payable	848,194	915,054

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)
As at 31 December 2019	35,001,400	476,567	1,332,891	3,839,319	474	5,172,684	21,131,391	290,725	62,072,767

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)
As at 31 December 2018	34,965,922	476,617	-	892,289	2,975,083	474	3,867,846	12,403,003	69,317	51,782,705



Notes to the consolidated financial statements (continued)

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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
	35,477,967	35,442,539

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
Shares in circulation		
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
Ordinary shares at 31 December	3,500,139,962	3,496,592,160

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
	25,016,341	21,413,626

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
	10,758,497	10,023,687



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27. NET FEES AND COMMISSION INCOME

	2019 VND million	2018 VND million (reclassified)
Fees and commission income from	4,884,408	4,188,317
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
Fees and commission expenses for	(1,631,055)	(915,737)
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)
	3,253,353	3,272,580

28. NET GAIN FROM TRADING FOREIGN CURRENCIES

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

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
	397,664	168,433

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
	1,243,759	756,585

31. NET GAIN FROM OTHER OPERATING ACTIVITIES

	2019 VND million	2018 VND million
Other operating income	4,425,079	3,147,169
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
Other operating expenses	(2,618,351)	(1,513,392)
Expenses for other derivatives	(2,493,050)	(1,228,491)
Other expenses	(125,301)	(284,901)
	1,806,728	1,633,777



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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
	4,216	894,703

(*) 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
		7,312,509	5,842,507

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
		917,368	1,846,245

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)
Profit after tax attributable to ordinary shareholders (VND million)	10,043,139	8,442,775
Weighted average number of ordinary shares	3,497,603,041	2,212,707,968
Earnings per share (VND)	2,871	3,816

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
	46,514,303	37,198,979



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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
From customers	594,089,422	524,374,576
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
From other credit institutions	6,150,634	4,282,349
Valuable papers	5,512,700	4,273,905
Other collaterals	637,934	8,444
	600,240,056	528,656,925

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	-
	6,463,460	2,010,000

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:

- 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);
- Associates (see Vietnamese Accounting Standards No. 07 "Accounting for Investments in Associates");
- 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;
- 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
- 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		
Masan Group Corporation Joint Stock Company	(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
Masan Corporation Joint Stock Company	(ii)								
Face value		-	-	-	-	6,012	2,847,892	(2,853,904)	-
Interest receivables		-	-	-	-	16	3,225	(3,241)	-
Nui Phao Mining Company Limited	(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
Masan Resources Joint Stock Company	(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
Remuneration of Board of Directors, Supervision and Management			
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	-
	240,195,831	269,929,098	172,326,776	195,199,211	76,413,678

(*) 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
	369,691,757	302,980,686

(*) 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
	363,708,417	297,086,298



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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:

VND million

	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
	330,866	40,820	118,135	741,528	1,231,349

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:

VND million

	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
	404,226	46,305	183,371	639,877	1,273,779

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:

VND million

	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
	567,348	1,854,536	177,308	249,804	1,902,995	4,751,991

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

VND million

	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
	-	2,246,129	191,453	804,558	1,378,469	4,620,609

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
As at 31 December 2019			
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	
Assets									
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
Total assets	5,415,992	48,986,584	136,561,832	70,653,728	24,067,582	38,517,741	39,759,623	23,201,898	387,164,980
Liabilities									
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
Total liabilities	-	98,964,695	111,478,581	60,237,322	40,179,068	14,229,904	(3,480,608)	17,732	321,626,694
Interest sensitivity gap	5,415,992	(49,978,111)	25,083,251	10,416,406	(16,111,486)	24,287,837	43,240,231	23,184,166	65,538,286

(*) 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
As at 31 December 2019			
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
Assets					
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
Total assets	31,662,528	1,072,669	12,836	3,062,738	35,810,771
Liabilities					
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
Total liabilities	31,077,020	1,068,694	-	3,069,898	35,215,612
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)
Total FX position on and off-balance sheet	(3,942,648)	3,975	12,836	17,253	(3,908,584)

(*) 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	
Assets								
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
Total assets	2,185,402	3,230,590	54,323,052	35,676,739	92,992,552	77,315,004	121,441,641	387,164,980
Liabilities								
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
Total liabilities	-	-	183,793,157	54,231,491	64,433,664	19,099,773	68,609	321,626,694
Net liquidity gap	2,185,402	3,230,590	(129,470,105)	(18,554,752)	28,558,888	58,215,231	121,373,032	65,538,286

(*) 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
	657,811	499,409

(*) 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:

	VND million						
	Book value						
	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	(*)
	10,052,963	202,006	301,946,486	66,171,592	-	378,373,047	
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	(*)
	434,008	-	-	-	318,139,932	318,573,940	

(*) 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:

VND million

Criteria	Bank	Assets Management	Trading securities	Fund Management	Elimination (*)	Total
I. Revenue	65,365,680	192,704	2,174,856	220,350	(233,067)	67,720,523
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
II. Expense	(53,571,858)	(222,758)	(355,375)	(34,609)	219,713	(53,964,887)
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)
Profit before provision expenses for credit losses	11,793,822	(30,054)	1,819,481	185,741	(13,354)	13,755,636
Provision expenses for credit losses	(912,833)	5	-	-	(4,540)	(917,368)
Segment profit	10,880,989	(30,049)	1,819,481	185,741	(17,894)	12,838,268
III. Assets	379,598,492	1,291,671	6,301,696	289,597	(3,781,995)	383,699,461
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
IV. Liabilities	321,643,993	573,289	1,674,518	27,913	(2,293,019)	321,626,694
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
CONSOLIDATED PROFIT AND LOSS				
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
CONSOLIDATED CASH FLOW STATEMENT				
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
Profit increase/(decrease) due to:	
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
Profit before tax increased by:	2,177,252



Notes to the consolidated financial statements (continued)

as at 31 December 2019 and for the year then ended

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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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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



**Our customers can expect us
to continue** listening, making
changes and providing the
best possible experiences
no matter how they bank with us.



**VIETNAM TECHNOLOGICAL AND COMMERCIAL
JOINT STOCK BANK**

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