

Vietnam Technological and Commercial Joint Stock Bank

The separate financial statements
in accordance with the Vietnamese Accounting Standards
and Accounting System for Credit Institutions

For the period from 01 January 2018 to 30 June 2018

Vietnam Technological and Commercial Joint Stock Bank

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Vietnam Technological and Commercial Joint Stock Bank

CORPORATE INFORMATION

Banking Licence No 0038/GP-NHNN 06 March 2018

The banking licence was issued by the State Bank of Vietnam, replacing the banking licence No 0040/NH-GP dated 06 August 1993. The operation period is 99 years since 06 August 1993.

Business Registration Certificate No 055697 07 September 1993

The Bank's Business Registration Certificate has been amended 49 times. The most recent of which is by Business Registration Certificate No. 0100230800 issued by Hanoi Department of Planning and Investment, dated 28 December 2017.

Board of Directors	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

Board of Supervision	Mr. Hoang Huy Trung	Head of Board of Supervision cum Member in charge
	Mr. Mag Rec Soc Oec Romauch Hannes	Member
	Ms. Nguyen Thu Hien	Member in charge
	Ms. Bui Thi Hong Mai	Member

Vietnam Technological and Commercial Joint Stock Bank

CORPORATE INFORMATION (continued)

Board of Management	Mr. Nguyen Le Quoc Anh	Chief Executive Officer
	Mr. Do Tuan Anh	Deputy Chief Executive Officer
	Mr. Pham Quang Thang	Deputy Chief Executive Officer cum Head of Compliance and Legal Division
	Mr. Trinh Bang	Group Chief Finance Officer (from 25 January 2018)
	Mr. Le Ba Dung	Head of Risk Management
	Ms. Tran Thi Minh Lan	Head of Strategy and Corporate Development
	Mr. Chester Gorski	Head of IT and Operations
	Mr. Vu Minh Truong	Head of Treasury and Financial Markets
	Ms. Phan Thi Thanh Binh	Head of Wholesales Banking (from 24 Apr 2018)
		Transformation Director – Wholesales Banking (to 24 Apr 2018)
	Ms. Nguyen Huong Giang	Head of Transaction Banking
	Mr. Vishal Shah	Head of Business Banking (from 02 March 2018)
	Mr. Phung Quang Hung	Head of Sales and Distribution
	Ms. Le Thi Bich Phuong	Head of Personal Financial Services
	Ms. Pham Vu Minh Dan	Head of Human Resources
	Ms. Nguyen Thi Van Anh	Head of Marketing and Branding
	Mr. Chung Ba Phuong	Head of Insurance Division
	Mr. Ashish Sharma	Transformation Director – Transformation Office
	Mr. Phan Thanh Son	Transformation Director – Transaction Banking
Mr. Chan Jonathan Chung Ming	Transformation Director – Personal Financial Services	
Legal representative	Mr. Ho Hung Anh	Chairman
Registered office	191 Ba Trieu Street Hai Ba Trung District, Hanoi, Vietnam	

Vietnam Technological and Commercial Joint Stock Bank

SEPARATE BALANCE SHEET
as at 30 June 2018

Form B02a/TCTD

		<i>Notes</i>	<i>06/30/2018 VND million</i>	<i>12/31/2017 VND million (Audited)</i>
A	ASSETS			
I	Cash and gold on hand	4	3,590,328	2,344,362
II	Balances with the State Bank of Vietnam (“the SBV”)	5	3,211,552	4,279,337
III	Balances with and loans to other credit institutions	6	51,139,001	30,034,321
1	Balances with other credit institutions		37,793,610	16,121,568
2	Loans to other credit institutions		13,345,391	13,912,753
IV	Securities held for trading	7	7,290,335	6,712,746
1	Securities held for trading		7,307,775	6,729,718
2	Provision for securities held for trading		(17,440)	(16,972)
V	Derivatives and other financial assets	17	-	36,292
VI	Loans to customers		163,615,748	158,459,062
1	Loans to customers	8	166,131,691	160,339,908
2	Provision for loans to customers	9	(2,515,943)	(1,880,846)
VIII	Investment securities	10	53,825,894	50,347,773
1	Available-for-sale securities		49,813,484	44,813,540
2	Held-to-maturity securities		4,171,200	5,715,484
3	Provision for investment securities		(158,790)	(181,251)
IX	Long-term investments	11	1,462,223	2,191,080
1	Investments in subsidiaries		1,450,000	2,181,412
4	Other long-term investments		12,223	11,424
5	Provision for long-term investments		-	(1,756)
X	Fixed assets		1,471,562	1,493,089
1	Tangible fixed assets	12	579,034	561,678
<i>a</i>	<i>Cost</i>		1,623,678	1,578,100
<i>b</i>	<i>Accumulated depreciation</i>		(1,044,644)	(1,016,422)
2	Intangible fixed assets	13	892,528	931,411
<i>a</i>	<i>Cost</i>		1,435,414	1,425,617
<i>b</i>	<i>Accumulated amortisation</i>		(542,886)	(494,206)
XII	Other assets	14	13,446,638	12,456,220
1	Receivables		8,720,357	9,415,143
2	Accrued interest and fee receivables		4,653,948	3,794,844
4	Other assets		631,907	529,770
5	Provision for other assets		(559,574)	(1,283,537)
	TOTAL ASSETS		299,053,281	268,354,282

The accompanying notes are integral part of the separate financial statements

Vietnam Technological and Commercial Joint Stock Bank

SEPARATE BALANCE SHEET (continued)
as at 30 June 2018

Form B02a/TCTD

		Notes	06/30/2018 VND million	12/31/2017 VND million (Audited)
B	LIABILITIES AND OWNERS' EQUITY			
	LIABILITIES			
I	Amounts due to the Government and the State Bank of Vietnam		2,000,000	1,000,000
II	Deposits and borrowings from other credit institutions	15	37,706,302	46,887,039
1	Deposits from other credit institutions		27,935,285	21,877,589
2	Borrowings from other credit institutions		9,771,017	25,009,450
III	Deposits from customers	16	187,594,231	171,511,295
IV	Derivatives and other financial liabilities	18	67,057	-
VI	Valuable papers issued	18	18,478,333	17,664,156
VII	Other liabilities	19	7,764,671	6,321,398
1	Accrued interest and fee payables		3,067,426	2,767,482
2	Other liabilities		4,697,245	3,553,916
	TOTAL LIABILITIES		253,610,594	243,383,888
	SHAREHOLDERS' EQUITY			
VIII	Capital and reserves	20	45,442,687	24,970,394
1	Capital		26,126,384	9,777,116
a	Share capital		11,655,307	11,655,307
c	Share Premium		14,471,077	2,165,058
d	Treasury shares		-	(4,043,249)
2	Reserves		5,847,818	5,847,818
3	Exchange rate revaluation		(350)	-
5	Retained earnings		13,468,835	9,345,460
	TOTAL SHAREHOLDERS' EQUITY		45,442,687	24,970,394
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		299,053,281	268,354,282

The accompanying notes are integral part of the separate financial statements

Vietnam Technological and Commercial Joint Stock Bank

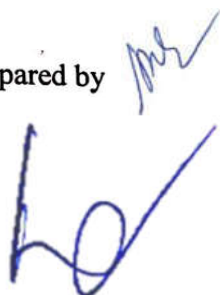
SEPARATE BALANCE SHEET (continued)
as at 30 June 2018

Form B02a/TCTD

OFF-BALANCE SHEET ITEMS

		Notes	06/30/2018 VND million	12/31/2017 VND million (Audited)
I	CONTINGENT LIABILITIES		179,168,149	179,169,524
1	Guarantees for borrowings		5,766	8,558
2	Commitments for currency contracts		94,517,168	121,109,669
	<i>Commitments to buy foreign currency</i>		3,855,579	2,911,065
	<i>Commitments to sell foreign currency</i>		2,932,528	5,440,635
	<i>Commitments for currency swap contracts</i>		87,729,061	112,757,969
4	Letter of Credit		14,318,949	9,366,321
5	Other Guarantees		17,129,758	16,001,135
6	Valuable papers forward commitments		11,285,093	9,638,324
7	Other commitments		41,911,415	23,045,517

Prepared by



Ms. Bui Thi Khanh Van
Chief Accountant

20-07-2018

Approved by



The stamp is a red circular seal with the text: "M.Đ. N: 0100290800-C.T.C.P", "NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN KỸ THƯƠNG VIỆT NAM", and "Q. HAI BÀ TRUNG TT".

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

Mr. Nguyen Le Quoc Anh
Chief Executive Officer

The accompanying notes are integral part of the separate financial statements

Vietnam Technological and Commercial Joint Stock Bank

SEPARATE STATEMENT OF INCOME
For the period from 01 January 2018 to 30 June 2018

Form B03a/TCTD

		Notes	Quarter II		Accumulated	
			This year VND million	Last year VND million (Reclassified)	This year VND million	Last year VND million (Reclassified)
1	Interest and similar income	21	4,896,459	4,409,882	9,854,302	8,803,463
2	Interest and similar expenses	21	(2,404,909)	(2,207,435)	(4,836,149)	(4,433,140)
I	Net interest and similar income	21	2,491,550	2,202,447	5,018,153	4,370,323
3	Fee and commission income	22	731,499	637,081	1,298,538	1,218,065
4	Fee and commission expenses	22	(157,665)	(154,639)	(315,438)	(250,083)
II	Net fee and commission income	22	573,834	482,442	983,100	967,982
III	Net gain from foreign currencies trading	23	152,927	30,347	198,244	119,183
IV	Net gain/ (loss) from securities held for trading	24	(12,294)	105,076	(1,732)	279,665
V	Net gain/ (loss) from investment securities	25	269,066	(7,131)	672,209	49,912
5	Other income	26	540,905	548,600	870,338	808,909
6	Other expenses	26	(182,991)	(48,937)	(318,575)	(88,003)
VI	Net gain from other activities	26	357,914	499,663	551,763	720,906
VII	Income from investments in other entities	27	275	-	1,069,326	355,192
VIII	Operating expenses	28	(1,096,490)	(988,273)	(2,327,837)	(2,059,198)
IX	Profit before provision for credit losses		2,736,782	2,324,571	6,163,226	4,803,965
X	Provision expenses for credit losses	29	(219,577)	(1,105,256)	(1,044,172)	(2,375,579)
XI	Profit before tax		2,517,205	1,219,315	5,119,054	2,428,386
7	Current corporate income tax expenses	30	(503,652)	(226,237)	(995,679)	(468,051)
8	Deferred corporate income tax expenses	30	-	(17,626)	-	(17,626)
XII	Corporate income tax expenses	30	(503,652)	(243,863)	(995,679)	(485,677)
XIII	Profit after tax		2,013,553	975,452	4,123,375	1,942,709

Prepared by



Ms. Bui Thi Khanh Van
Chief Accountant

20-07-2018

Approved by





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

Mr. Nguyen Le Quoc Anh
Chief Executive Officer

The accompanying notes are integral part of the separate financial statements

Vietnam Technological and Commercial Joint Stock Bank

SEPARATE STATEMENT OF CASH FLOWS
For the period from 01 January 2018 to 30 June 2018

Form B04a/TCTD

		<i>Notes</i>	<i>From 01/01/2018 to 06/30/2018 VND million</i>	<i>From 01/01/2017 to 06/30/2017 VND million (Reclassified)</i>
	CASH FLOWS FROM OPERATING ACTIVITIES			
01	Interest and similar income received		8,995,198	7,591,775
02	Interest and similar expenses paid		(4,536,205)	(3,740,260)
03	Fee and commission income received		983,100	967,982
04	Net receipts from foreign currencies and securities trading activities		846,728	481,411
05	Other income received		81,890	482,388
06	Proceeds from loans previously written off	26	469,873	238,518
07	Operating and salary expenses payments		(2,588,182)	(2,262,198)
08	Current income taxation paid for the period	33	(1,060,263)	(390,042)
	Net cash flows from operating activities before changes in operating assets and liabilities		3,192,139	3,369,574
	Changes in operating assets			
09	(Increase)/Decrease in balance with and loans to other credit institutions		548,914	(322,647)
10	Increase in securities held for trading and investment securities		(4,033,717)	(1,419,173)
11	(Increase)/Decrease in derivatives and other financial assets		36,292	(60,048)
12	(Increase)/Decrease in loans to customers		(5,791,783)	10,931,292
13	Utilisation of provision to write off	9,10	(1,131,539)	(3,611,872)
14	(Increase)/Decrease in other operating assets		1,254,786	(556,806)
	Changes in operating liabilities			
15	Decrease in amounts due to the Government and the State Bank of Vietnam		-	(447,970)
16	Decrease in deposits and borrowings from other credit institutions		(9,180,737)	(4,504,687)
17	Increase/ (Decrease) in deposits from customers (including Vietnam State Treasury)		17,082,936	(627,215)
18	Increase/(Decrease) in valuable papers issued		2,014,177	(36,881)
20	Increase/(Decrease) in derivatives and other financial liabilities		67,057	(67,892)
21	Increase in other liabilities		1,602,014	208,922
22	Payments from reserves		-	(24)
I	NET CASH FLOWS FROM OPERATING ACTIVITIES		5,660,539	2,854,573

The accompanying notes are integral part of the separate financial statements

Vietnam Technological and Commercial Joint Stock Bank

SEPARATE STATEMENT OF CASH FLOWS (continued)
For the period from 01 January 2018 to 30 June 2018

Form B04a/TCTD

		Notes	From 01/01/2018 to 06/30/2018 VND million	From 01/01/2017 to 06/30/2017 VND million (Reviewed)
	CASH FLOWS FROM INVESTING ACTIVITIES			
01	Payments for purchases of fixed assets		(45,397)	(13,499)
02	Proceeds from disposals of fixed assets		6,835	460
03	Payments for disposals of fixed assets		(8,447)	(201)
08	Proceeds from investing into other entities		927,338	925,180
09	Dividends received from long-term investments		141,988	-
II	NET CASH FLOWS FROM INVESTING ACTIVITIES		1,022,317	911,940
	CASH FLOWS FROM FINANCING ACTIVITIES			
02	Proceeds from the issuance of long-term valuable papers being eligible to be included in equity and other long-term loans		-	8,164
03	Payments from the issuance of long-term valuable papers being eligible to be included in equity and other long-term loans		(1,200,000)	-
06	Proceeds from selling of treasury shares		16,349,268	-
III	NET CASH FLOWS FROM FINANCING ACTIVITIES		15,149,268	8,164
IV	NET CASH FLOWS FOR THE PERIOD		21,832,124	3,774,677
V	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		22,669,473	14,012,122
VI	EXCHANGE RATE REVALUATION		(350)	(19,557)
VII	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	31	44,501,247	17,767,242

Prepared by



Ms. Bui Thi Khanh Van
Chief Accountant

20-07-2018

Approved by



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

Mr. Nguyen Le Quoc Anh
Chief Executive Officers

The accompanying notes are integral part of the separate financial statements

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 30 June 2018

Form B05a/TCTD

These notes form an integral part of, and should be read in conjunction with, the accompanying separate financial statements.

1. GENERAL INFORMATION

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

The Bank’s Banking Licence No. 0038/GP-NHNN dated 06 March 2018 issued by the State Bank of Vietnam, replacing the Licence No 0040/NH-GP dated 06 August 1993. Its operation year was 99 years since 06 August 1993.

The principal activities of the Bank are mobilising and receiving short, medium and long-term deposit funds from organisations and individuals, lending on a 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 associate, joint-ventures and other companies, investment in bonds and deal in foreign exchange in accordance with applicable regulations.

As at 30 June 2018, the Bank’s share capital was VND 11,655,307,200,000 (as at 31 December 2017 was VND 11,655,307,200,000).

The Bank’s Head Office is located at 191 Ba Trieu, Hai Ba Trung District, Hanoi. As at 30 June 2018, the Bank had one (01) Head Office, two (02) representative offices, three hundred and twelve (312) transaction offices nationwide and three (03) subsidiaries.

As at 30 June 2018, the Bank had three (03) subsidiaries as follows:

<i>Subsidiaries</i>	<i>Operating licence</i>	<i>Nature of Business</i>	<i>% owned by the Bank</i>
Techcom Securities Joint Stock Company	125/GP-UBCK, dated 30 May 2018 granted by the State Securities Commission	Securities activities	99.99999%
Vietnam Technological and Commercial Joint Stock Bank - Asset Management Company Limited	0104003519 dated 18 June 2008 granted by the Hanoi Department of Planning and Investment	Asset management	100.00%
Techcom Capital Management Company Limited	40/UBCK-GP, dated 21 October 2008 granted by the State Securities Commission	Fund management	100.00%

As at 30 June 2018, the Bank had 8,240 employees (31 December 2017: 7,811 employees).

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the period from 01 January 2018 to 30 June 2018

Form B05a/TCTD

2. BASIS OF PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

(a) Basis of preparation

These are the separate financial statements of the Bank which do not include financial statements of subsidiaries. The Bank prepares consolidated financial statements which include the Bank's and its subsidiaries' and issues them separately, in addition to the separate financial statements.

(b) Statement of compliance

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the SBV and the relevant statutory requirements. These standards and statutory requirements may differ in some material respects from the generally accepted accounting principles and standards of other countries. Accordingly, the accompanying separate financial statements are not intended to present the unconsolidated financial position and unconsolidated results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices.

(c) Basis of measurement

The separate financial statements, except for the separate statement of cash flows, are prepared on the accrual basis using the historical cost concept. The separate statement of cash flows is prepared on cash basis and using the direct method.

(d) Annual accounting period

The annual accounting period of the Bank is from 01 January to 31 December.

(e) Accounting currency

The separate financial statements are prepared and presented in Vietnam Dong ("VND"), rounded to the nearest million ("VND million").

(f) Applied accounting standards and regimes

The separate financial statements of the Bank are prepared in accordance with the Accounting System for Credit Institutions required under Decision No. 479/2004/QD-NHNN issued on 29 April 2004 by the Governor of the SBV which was enacted from 01 January 2005 and decisions on amendment and supplementation of Decision No. 479/2004/QD-NHNN, Decision No. 16/2007/QD-NHNN issued on 18 April 2007 and Circular No. 49/2014/TT-NHNN about changing and supplementing some Articles regarding Financial reporting regime for Credit Institutions enacted with Decision No. 16/2017/QD-NHNN, Vietnamese Accounting Standards and related regulations 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).

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the period from 01 January 2018 to 30 June 2018

Form B05a/TCTD

(g) Basis of assumptions and uses of estimates

The preparation of the separate 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 and expenses and the resultant provisions. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty and actual results may differ resulting in future changes in such provision.

Going concern

The Board of Management of the Bank assessed the Bank's ability to continue as a going concern and found that the Bank has sufficient resources to continue its operation in the certain future. Furthermore, the Board of Management did not notice any material uncertainty which can affect the Bank's ability to continue as a going concern. Therefore, these separate financial statements are prepared on the going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted by the Bank in the preparation of the separate financial statements.

(a) Change in accounting policies

The accounting policies adopted by the Bank in preparation of the separate financial statements are consistent with those followed in the preparation of the separate financial statements for the year ended 31 December 2017, except for the following changes in the accounting policies.

On 07 February 2018, Ministry of Finance issued Circular No. 16/2018/TT-BTC ("Circular 16") on guidelines for financial regulations applicable to credit institutions and branches of foreign bank branches regulated on Government's Decree No. 93/2017/ND-CP dated 07 August 2017 on financial regulations applicable to credit institutions and foreign bank branches and financial supervision, evaluation of efficiency of State capital investment in credit institutions with State owning 100% of charter capital and State-owned credit institutions.

Circular 16 includes the following amendments:

- ▶ Amending and supplementing the guideline on management and utilization of real estate hold from debt settlement activities;
- ▶ Amending and supplementing on recognition of incomes from trading securities (excluding equities);
- ▶ Amending and supplementing on recognition of expenses.

Circular 16 was effective from 26 March 2018, replacing Circular 05/2013/TT-BTC dated 09 January 2013 issued by Ministry of Finance on guidelines for financial regulations applicable to credit institutions and foreign bank branches.

On 29 December 2017, the SBV issued Circular No. 22/2017/TT-NHNN amending and supplementing a number of articles of chart of account system applicable to credit institutions issued in connection with Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 and the financial reporting regime applicable to credit institutions required under Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 by the Governor of the SBV ("Circular 22").

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the period from 01 January 2018 to 30 June 2018

Form B05a/TCTD

Circular 22 includes the following amendments:

- ▶ Amending and supplementing the guidances on the accounting treatment for foreign exchange and gold transactions;
- ▶ Amending a few accounts in the chart of account system applicable to credit institutions;
- ▶ Amending the guidances on the accounting treatment for some accounts in the chart of account system applicable to credit institutions; and
- ▶ Amending and supplementing the guidances on the financial reporting regime applicable to credit institutions.

Circular 22 was effective on 01 April 2018.

(b) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the rates of exchange ruling at the separate balance sheet date. Non-monetary foreign currency assets and liabilities are reported using the exchange rates effective at the date of the transactions. Income/expense transactions incurred in foreign currencies are recognised in the separate statement of income in VND using the exchange rates ruling on the dates of the transactions.

Translation adjustments arising from dealing activities as at the balance sheet date are recognized in “Exchange rate revaluation” which is in “Capital and reserves” and taken into the separate statement of income at year-end date of fiscal year.

(c) Financial instruments

In its business operation, the Bank regularly enters into contracts which give rise to financial assets, financial liabilities and equity instruments.

Financial assets of the Bank mainly include:

- ▶ Cash and gold on hand;
- ▶ Balances with the SBV and other credit institutions;
- ▶ Loans to customers;
- ▶ Securities held for trading;
- ▶ Investment securities;
- ▶ Long-term investments;
- ▶ Derivative financial assets; and
- ▶ Other financial assets.

Financial liabilities of the Bank mainly include:

- ▶ Amounts due to the Government and the SBV;
- ▶ Deposits and borrowings from other credit institutions;
- ▶ Deposit from customers and entrusted funds;
- ▶ Valuable papers issued;
- ▶ Derivative financial liabilities; and

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the period from 01 January 2018 to 30 June 2018

Form B05a/TCTD

► Other financial liabilities.

Financial assets and financial liabilities are offset and reported on a basis in the separate balance sheet only when 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.

(i) Recognition

The Bank initially recognises financial assets and liabilities on the trade date at which the Bank becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are measured at costs that are directly attributable to their acquisition or issue.

(ii) De-recognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, gold on hand, balances with the SBV, Government promissory notes and other valuable papers which are eligible for discount, balances with other credit institutions with original terms to maturity not exceeding three months, and investment securities with terms from the date of purchase to maturity not exceeding three months, which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

(e) Securities held for trading

(i) Classification and Recognition

Securities held for trading are debt or equity securities purchased by the Bank that are intended to be sold in a short time to benefit from arbitrage opportunities. Securities held for trading are initially recognised at cost.

(ii) Measurement

Listed debt securities held for trading are stated at cost less allowance for diminution in value by reference to the yield curve listed at the Hanoi Stock Exchange at the balance sheet date.

Debt securities held for trading which are unlisted corporate bonds are stated at cost less allowance for credit risk in compliance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the SBV on classification of assets, levels and method of making allowance for credit risk in activities of credit institutions, foreign bank branches ("Circular 02"), and Circular No. 09/2014/TT-NHNN of the SBV dated 18 March 2014 on amending and supplementing a number of articles of Circular 02 ("Circular 09") as described in Note 3(h).

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As far as other securities are concerned, the allowance is determined in compliance with Circular No. 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance (“Circular 228”) and Circular No. 89/2013/TT-BTC dated 28 June 2013 of the Ministry of Finance on amending and supplementing a number of articles of Circular 228 (“Circular 89”).

Allowance for diminution of securities held for trading as described above is reversed when the subsequent increase in the recoverable value of the securities is due to the objective events occurring after the allowance is made. The maximum amount to be reversed cannot exceed book value of the securities before making allowance.

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

(f) Investment securities

(i) Classification and Recognition

Investment securities are classified into available for sale investment securities and held to maturity investment securities. The Bank initially recognised investment securities at cost.

(ii) Measurement

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 allowance for impairment. Premium and discounts arising from purchases of debt securities are amortised to the separate statement of income on a straight-line basis over the period from acquisition date to maturity date.

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

Listed available-for-sale debt securities and held-to-maturity investment securities are measured at cost less allowance for impairment which is determined by reference to the yield curve quoted on Hanoi Stock Exchange at the balance sheet date.

Allowance for impairment of investment securities which are unlisted corporate bonds is determined in compliance with Circular 02 and Circular 09 as described in Note 3(h).

The Bank determines allowance for impairment of other unlisted available-for-sale debt securities and unlisted held-to-maturity debt securities (excluding unlisted corporate available-for-sale and held-to-maturity debt securities) in accordance with Circular 228 and Circular 89 as described in Note 3(e).

(iii) Special bonds issued by VAMC

Special bonds issued by VAMC are fixed term valuable paper, used to buy bad debts of the Bank. The special bonds are initially recognised at face value and subsequently carried at face value during the holding period. Face value of the bonds is equal to the balance of the sold debt less their unused specific provision.

During holding period, the Bank annually calculates and makes specific provision at the rate not less than 20.00% of the face value of the special bonds. The specific provision of special bonds is recognised in the separate statement of income.

The Bank has liquidated all special bonds issued by VAMC in 2017.

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(g) Long-term investment

(i) Investments in subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are recorded at cost less provision in the separate financial statements. Distributions from the accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the separate statement of income.

(ii) Other long-term investments

Other long-term investments are investments in other entities in which the Bank holds less than 11.00% of voting rights (in compliance with requirements on prudential ratios of credit institutions stipulated by the SBV) and the Bank is the founding shareholder; or strategic partner; or the Bank can have certain influence on the entity's financial and operational policies under written agreement on delegating its representatives to take part in the Board of Director/Management.

Other long-term investments are carried at cost at the transaction date and continuously carried at cost less provision (if any) in the subsequent holding periods.

(iii) Provision for other long-term investments

Provision is made when the business entities invested incur losses (unless losses were previously forecasted in the business plan). Accordingly, provision for each investment is calculated as the difference between the actual contributed capital of all owners in the subsidiaries and business entities and the outstanding equity of the business entities multiplying by (x) the proportion of capital contributed by the Bank in the business entities.

(h) Loans to customers

Loans to customers are stated at the amount of the principal outstanding less any provision for loans to customers.

Short-term loans are those with a repayment date within one year from the loan disbursement date, Medium-term loans are those with a repayment date from one (01) to five (05) years from the disbursement date. Long-term loans are those with a repayment date of more than five (05) years from the disbursement date.

The classification of loans and provision for credit losses are carried out in accordance with Circular 02 and Circular 09 as described in Note 9.

Asset classification and provisioning rate, risk provisioning for balances with and loans to other credit institutions, investments and trusted investments in non-listed corporate bonds, loans to customers and entrustments for credit granting

Asset classification for balances with and loans to other credit institutions, investments and trusted investments in non-listed corporate bonds, loans to customers and entrustments for credit granting (here refer as "debts") is made by the quantitative method as regulated under Article 10 of Circular 02.

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

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Group		Description	Provision
1	Current	(a) Current debts that being assessed as fully and timely recoverable, both principals and interests; or (b) Debts which are overdue for a period of less than 10 days and being assessed as fully recoverable, both overdue principals and interests, and fully and timely recoverable, 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 are restructured repayment term 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 are extended repayment term for the first time; or (c) Debts which are exempted or reduced interests because customers are not sufficient capability to pay all interests under credit contracts; or (d) Debts in one of the following cases have not been recovered in less than 30 days from the date of the decision to collect: <ul style="list-style-type: none"> ▪ Debts violating the rules in Clauses 1, 3, 4, 5, 6, Article 126 of the Law on Credit Institutions; or ▪ Debts violating the rules in Clauses 1, 2, 3, 4, Article 127 of the Law on Credit Institutions; or ▪ Debts violating the rules in Clauses 1, 2 and 5 of Article 128 of the Law on Credit Institutions. (e) Debts which are 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 are restructured repayment term for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts which are restructured repayment term for the second time; or (d) Debts which are specified in point (d) of Group 3 and overdue for a period of between 30 days and 60 days after decisions on recovery have been issued; or (e) Debts which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue from 60 days ago.	50%

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Group		Description	Provision
	Loss	(a) Debts which are overdue for a period of more than 360 days; or (b) Debts which are restructured repayment term 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 are restructured repayment term for the second time but still overdue under that second restructured repayment term; or (d) Debts which are restructured repayment term for the third time or later, whether debts are overdue or not; or (e) Debts which are specified in point (d) of Group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue for more than 60 days; or (g) Debts of customers being credit institutions which are announced by the State bank to place in special control status, or foreign banks' branches of which capital and assets are blockaded.	100%

Where a customer has more than one debt with the Bank that have any outstanding debt is classified into a higher risk group, the Bank has to classify all the remaining debts of that customer into higher risk groups.

When the Bank participated in a syndicated loan but not in the leading role, the Bank classifies loans (including syndicated loans) of the customer into a higher risk group among assessment of leading bank and its own assessment.

Accordance to Article 10, Clause 3a of Circular 09, loans are rescheduled and classified in the same loan groups as before restructure when they meet the following conditions:

- Loans and disbursements do not violate the provisions of law;
- The loan restructure is consistent with the purpose of the loan in the credit contract;
- Customer follows the loan purposes;
- Customer has the new feasible repayment plans, consistent with business conditions; and
- The Bank meets the provisions of the SBV on the limitation, safety ratios in the operation of the Bank, including the maximum ratio of short-term funds are used for medium and long term loans in cases of restructuring short-term loan to the medium and long-term one.

The basis to determine the value and discounted value for each type of collateral is specified in Circular 02.

In accordance with the requirements of Circular 02, as at 30 June the Bank is also required to make a general provision of 0.75% of total outstanding loans excluding balance with and loans to other credit institutions and excluding any loans classified into loss loan group as at 31 May.

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(i) Selling bad debts to Vietnam Assets Management Company (“VAMC”)

The Bank sold loans to VAMC based on the book value under the Decision No. 53/2013/ND-CP which is effective from 09 July 2013 on “Establishment, organization and operation of Vietnam Assets Management Company”, the Circular No. 19/2013/TT-NHNN dated 06 September 2013 providing “Regulations of purchase, sale and handling bad debts of Vietnam Assets Management Company” and Letter No. 8499/NHNN-TCKT dated 14 November 2013 providing “Guidance on accounting for bad debts sales and purchases between VAMC and credit institutions”. Under the book value method, the selling price is determined by balance of a bad debt minus its unused specific provision and will be received in form of a special bond issued by VAMC. Upon completion of debt selling procedures, the Bank will write off both principal and provision of the sold debt and recognise the face value of the VAMC special bond, which equals to the balances of the uncollected debt less its unused specific provision. When receiving bad debts back from VAMC, the Bank will use the provision which has been made annually for the VAMC special bonds to write off such bad debts, the difference between the provision made for the VAMC bonds and the balances of uncollected debts/bonds will be recognised as "Other income" in the separate statement of income.

The Bank has liquidated all special bonds issued by VAMC in 2017.

(j) Provision for Deposits and loans to other credit institutions

Accordance to Circular 02 and Circular 09, the Bank must classify and set up provision for deposits and loan to other credit institution being similar to those policies with loan to customers.

The specific provision policy for loans to other credit institutions is consistent with that for loans to customers as described in Note 3(h).

Accordance to Circular 02, the Bank is not required to make general provision for deposits and loans to other credit institutions.

(k) Derivative financial instruments

(i) Currency derivatives

For currency forwards and swaps, the difference between value in VND of the foreign currencies committed to buy/sell translated at the forward rate and at the spot rate at the effective contract date is initially recognised as an asset in the separate balance sheet if the difference is positive and as a liability if the difference is negative. This difference is subsequently amortised on a straight-line basis over the contract period in the separate statement of income.

For currency option, the nominal value of the contract is not recognised in the separate balance sheet. Option fee paid or received is recorded as a receivable or payable and is amortised on a straight line basis into income or expense over the life of the contract. At the date of the separate financial statements, the profits or losses from buying or selling option contract which have been incurred but not yet realised shall be determined and recognised in the separate income statement on the basis of market price, the exercise price of the underlying item, trading volume and the effective term of the contract.

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(ii) Interest rate swaps

The nominal value of interest rate swap contracts is not recognised in the separate balance sheet. Differences in paid and received interest rates are recorded as receivables or payables and are amortised on a straight line basis into income or expense over the life of the contract. At the date of the separate financial statements, the profits or losses from buying or selling interest rate swap contracts which have incurred but not yet realised shall be determined and recognised in the separate income statement on the basis of market price, the exercise price of the underlying item, trading volume and the effective term of the contract.

(iii) Futures commodity contracts

The Bank acts as a broker for its customers in entering into the futures commodity contracts, therefore, value of these contracts are not recognised on the separate balance sheet. Fee from these brokerage services are recognised in the separate income statement.

(l) Tangible fixed assets

(i) 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 other direct related expenses. 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 statement of income in the year in which the costs are incurred. In situations 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.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of items of tangible fixed assets. The estimated useful lives 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

(m) Intangible fixed assets

(i) Software

The cost of acquiring new software, which is an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis from 4 to 8 years.

(ii) Land use rights

Termed land use rights

Termed land use rights are stated at cost less accumulated amortisation. The initial cost of a termed land use right comprises payments for legally land use rights plus expenses for compensations of land clearance, registration fee. Amortisation is computed on a straight-line basis over leasing period.

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Land use right with indefinite term

Land use rights with indefinite term are stated at cost and are not amortised. The initial cost of a land use right with indefinite term comprises payments for legally land use rights plus expenses for compensations of land clearance, registration fee.

(iii) Other intangible fixed assets

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

(n) Account receivables

Account receivables other than receivables from credit activities of the Bank are initially recorded at cost and always carried at cost subsequently.

Provision for impairment loss is made based on the overdue status of the receivable or estimated possible loss in case the receivable is not yet overdue but the debtors are bankrupted or liquidated for corporate entities or are dead, missing or under legal claim for individual. Provision expenses incurred are recorded in the separate statement of income.

The Bank makes allowance for doubtful receivables in accordance with Circular 228 and Circular 89 as follows:

<i>Overdue days</i>	<i>Provision rate</i>
• In schedule or overdue up to one six (06) months	0%
• From six (06) months up to one (01) year	30%
• From one (01) year up to two (02) years	50%
• From two (02) years up to three (03) years	70%
• More than three (03) years	100%

The Bank reclassifies and makes allowance for the debts which have been sold but not yet collected, using the loan classification and collateral value as before the selling date according to Circular 02 and Circular 09.

(o) Other provision

A provision other than allowances described in Notes 3(e), 3(f), 3(g), 3(h) and 3(i) is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(p) Employee benefits

(i) 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 17.00% of an employee's basic salary on a monthly basis. Besides, the Bank has no further obligation.

(ii) Provision for severance allowance

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Under the Vietnamese Labour Code, when employees who have worked for 12 months or more (“eligible employee”) voluntarily terminates their labour contracts, the employer is required to pay the eligible employees severance allowance calculated based on years of service and employees’ compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 01 January 2009, the Bank and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1.00% of the lower of the employees’ basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of the unemployment insurance scheme, the Bank is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to existing eligible employees will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

(iii) Retrenchment benefits

The Bank has the obligation, under Section 17 of the Vietnam Labor Code, to pay allowance to employees who are retrenched as a result of organizational restructuring or technological changes. In such case, the Bank shall pay to employees an allowance for loss of work equivalent to the aggregate amount of one month's salary for each year of employment, but no less than two months’ salary. Increase or decrease provision balance will be recorded in operating expenses of the year.

(q) Other payables

Other payables are stated at their cost.

(r) Share capital

(i) 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.

(ii) Share premium

Share premium reflects the difference (increase or decrease) between the issue price and the par value of shares (including reissue treasury shares), and other direct cost related to issuing ordinary shares or selling treasury shares.

(iii) Treasury shares

Equity instruments acquired by the Bank (Treasury shares) are recognized at cost and deducted from equity. The Bank does not record any gain or loss on the purchase, sale, issuance or cancellation of equity instruments.

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(s) Reserves and funds

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

	<i>Percentage of profit after tax</i>	<i>Maximum balance</i>
Supplement charter capital reserve	5% of profit after tax	100% share capital
Financial reserve	10% of profit after tax	Not regulated

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

(t) Fiduciary assets

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

(u) Revenue recognition

(i) Interest income

Interest income is recognised in the separate statement of income on an accrual basis, except for interest on loans classified in Group 2 to Group 5 according to regulation which is recognised upon receipt.

(ii) Fee and commission income

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

(v) Dividend income

Dividends receivable in cash are recognised in the separate statement of income when the Bank's right to receive payment is established.

In accordance with Circular No. 244/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 separate statement of income.

(w) Interest expenses

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

(x) Operating lease payments

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

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(y) Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the separate statement of income.

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

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 realisation 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.

The Bank's tax returns are subject to examination by tax authorities. Because the application of laws and regulations on taxation for different types of transactions can be interpreted in many different ways, the amounts presented in the separate financial statements may be subject to change as decided by the tax authorities

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4. CASH AND GOLD IN HAND

	<i>06/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Cash on hand in VND	3,132,484	1,948,066
Cash on hand in foreign currencies	439,224	374,120
Gold on hand	18,620	22,176
	<u>3,590,328</u>	<u>2,344,362</u>

5. BALANCES WITH THE STATE BANK OF VIETNAM

	<i>06/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Balances with the SBV in VND	3,210,042	4,277,784
Balances with the SBV in foreign currencies	1,510	1,553
	<u>3,211,552</u>	<u>4,279,337</u>

6. BALANCES WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	<i>06/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Current accounts	6,543,802	7,102,674
Current accounts in VND	4,066,658	1,353,520
Current accounts in foreign currencies	2,477,144	5,749,154
Term deposits	31,249,808	9,018,894
Term deposits in VND	10,345,638	6,955,794
Term deposits in foreign currencies	20,904,170	2,063,100
	<u>37,793,610</u>	<u>16,121,568</u>
Loans to other credit institutions	13,345,391	13,912,753
Loans in VND	11,419,437	11,146,941
Loans in foreign currencies	1,925,954	2,765,812
	<u>51,139,001</u>	<u>30,034,321</u>

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7. SECURITIES HELD FOR TRADING

	<i>06/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Debt securities	7,307,775	6,729,718
- Government bonds	4,517,706	3,822,161
- Bonds issued by local credit institutions	1,913,500	116,614
<i>In which: bonds guaranteed by the Government for settlement</i>	<i>138,969</i>	<i>116,614</i>
- Bonds issued by local economic institutions	876,569	2,790,943
Provision for Securities held for trading	(17,440)	(16,972)
Provision for credit risk of unlisted corporate bond (i)	(17,440)	(14,194)
Provision for diminution in value of securities held-for-trading (i)	-	(2,778)
	<u>7,290,335</u>	<u>6,712,746</u>

(i) Movements in provision for securities held-for-trading were as follows:

	<i>2018</i>	<i>2017</i>
	<i>VND million</i>	<i>VND million</i>
Balance at 01 January	16,972	11,285
Provision made/(reversed) for credit risk of unlisted corporate bond during the period (Note 24)	3,246	(4,535)
Reversal of provision for diminution in value of securities held-for-trading during the period (Note 24)	(2,778)	-
Balance at 30 June	<u>17,440</u>	<u>6,750</u>

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8. LOANS TO CUSTOMERS

	<i>06/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Loans to local economic entities and individuals	164,299,617	157,988,608
Discounted bills and valuable papers	1,326,203	1,983,527
Loans financed by trusted funds	410,711	358,449
Payment on behalf of customers	93,708	2,166
Loans to foreign economic entities and individuals	1,452	7,158
	166,131,691	160,339,908

Loan portfolio by loan group was as follows:

	<i>06/30/2018</i>		<i>12/31/2017</i>	
			<i>(Audited)</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
Group 1 - Current	160,452,705	96.59	155,423,383	96.94
Group 2 - Special mention	2,282,789	1.37	2,332,648	1.45
Group 3 - Substandard	1,050,592	0.63	575,397	0.36
Group 4 - Doubtful	363,608	0.22	455,567	0.28
Group 5 - Loss	1,981,997	1.19	1,552,913	0.97
	166,131,691	100.00	160,339,908	100.00

Loan portfolio by term was as follows:

	<i>06/30/2018</i>		<i>12/31/2017</i>	
			<i>(Audited)</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
Short term	70,753,910	42.59	62,586,711	39.04
Medium term	40,521,588	24.39	42,894,846	26.75
Long term	54,856,193	33.02	54,858,351	34.21
	166,131,691	100.00	160,339,908	100.00

9. PROVISION FOR LOANS TO CUSTOMERS

Provision for loans to customers consists of:

	<i>06/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
General provision	1,247,242	1,057,397
Specific provision	1,268,701	823,449
	2,515,943	1,880,846

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For the period from 01 January 2018 to 30 June 2018

Movements in provision for loans to customers for the period from 01 January 2018 to 30 June 2018 were as follows:

<i>VND million</i>	<i>Specific provision</i>	<i>General provision</i>	<i>Total</i>
Balance at 01 January 2018	823,449	1,057,397	1,880,846
Provision made in the period (Note 29)	1,576,791	189,845	1,766,636
Utilisation of provision in the period	(1,131,539)	-	(1,131,539)
Balance at 30 June 2018	1,268,701	1,247,242	2,515,943

Movements in provision for loans to customers for the period from 01 January 2017 to 30 June 2017 were as follows:

<i>VND million</i>	<i>Specific provision</i>	<i>General provision</i>	<i>Total</i>
Balance at 01 January 2017	494,045	1,003,508	1,497,553
Provision made/ (reversed) in the period (Note 29)	833,480	(26,176)	807,304
Utilisation of provision in the period	(580,566)	-	(580,566)
Balance at 30 June 2017	746,959	977,332	1,724,291

10. INVESTMENT SECURITIES

	<i>06/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Available-for-sale securities	49,813,484	44,813,540
<i>Debt securities</i>		
- Government bonds	17,327,347	13,048,507
- Bonds issued by local credit institutions	18,267,347	17,009,710
<i>In which: bonds guaranteed by the Government for settlement</i>	<i>11,370,614</i>	<i>12,459,709</i>
- Bonds issued by local economic entities	14,218,790	14,755,323
Provision for available-for-sale securities (i)	(124,243)	(146,704)
Provision for credit risk of unlisted corporate bond	(108,652)	(131,056)
Provision for diminution in value of available-for-sale securities	(15,591)	(15,648)
	49,689,241	44,666,836
Held-to-maturity securities	4,171,200	5,715,484
<i>Debt securities</i>		
- Government bonds	-	569,283
- Bonds issued by local credit institutions	30,000	2,030,001
<i>In which: bonds guaranteed by the Government for settlement</i>	<i>30,000</i>	<i>30,001</i>
- Bonds issued by local economic entities	4,141,200	3,116,200
Provision for credit risk of held-to-maturity securities (i)	(34,547)	(34,547)
	4,136,653	5,680,937
	53,825,894	50,347,773

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(i) Provision for investment securities includes:

	<i>06/31/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Provision for credit risk of unlisted corporate bond	143,199	165,603
Provision for diminution in value of investment securities	<u>15,591</u>	<u>15,648</u>
	<u>158,790</u>	<u>181,251</u>

Movements in provision for investment securities were as follows:

	<i>2018</i>	<i>2017</i>
	<i>VND million</i>	<i>VND million</i>
Balance at 01 January	181,251	1,460,558
Provision made for VAMC bonds in the period (Note 29)	-	1,663,766
Provision made/ (reversed) for credit risk of unlisted corporate bond in the period (Note 25)	(22,404)	37,186
Provision reversed for diminution in value of investment securities in the period (Note 25)	(57)	-
Utilisation of provision in the period	<u>-</u>	<u>(3,031,306)</u>
Balance at 30 June	<u>158,790</u>	<u>130,204</u>

11. LONG-TERM INVESTMENTS

	<i>06/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Investments in subsidiaries – cost	1,450,000	2,181,412
Other long-term investments – cost	<u>12,223</u>	<u>11,424</u>
	1,462,223	2,192,836
Provision for long-term investment	<u>-</u>	<u>(1,756)</u>
	<u>1,462,223</u>	<u>2,191,080</u>

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12. TANGIBLE FIXED ASSETS

For the period from 01 January 2018 to 30 June 2018

<i>VND million</i>	<i>Buildings and building improvements</i>	<i>Machines and equipment</i>	<i>Vehicles</i>	<i>Other fixed assets</i>	<i>Total</i>
Cost					
Balance at 01 January 2018	336,729	1,092,771	146,750	1,850	1,578,100
Additions	27,089	11,289	-	-	38,378
Construction in progress completed	36,008	3,711	-	-	39,719
Disposals	-	(31,825)	-	(87)	(31,912)
Other decreases	-	(531)	-	(76)	(607)
Balance at 30 June 2018	<u>399,826</u>	<u>1,075,415</u>	<u>146,750</u>	<u>1,687</u>	<u>1,623,678</u>
Accumulated depreciation					
Balance at 01 January 2018	32,930	893,576	88,426	1,490	1,016,422
Charge for the period	6,483	47,310	6,801	90	60,684
Disposals	-	(31,768)	-	(87)	(31,855)
Other decreases	-	(531)	-	(76)	(607)
Balance at 30 June 2018	<u>39,413</u>	<u>908,587</u>	<u>95,227</u>	<u>1,417</u>	<u>1,044,644</u>
Net book value					
Balance at 01 January 2018	<u>303,799</u>	<u>199,195</u>	<u>58,324</u>	<u>360</u>	<u>561,678</u>
Balance at 30 June 2018	<u>360,413</u>	<u>166,828</u>	<u>51,523</u>	<u>270</u>	<u>579,034</u>

For the period from 01 January 2017 to 31 December 2017 (Audited)

<i>VND million</i>	<i>Buildings and building improvements</i>	<i>Machines and equipment</i>	<i>Vehicles</i>	<i>Other fixed assets</i>	<i>Total</i>
Cost					
Balance at 01 January 2017	241,177	1,096,595	137,870	1,850	1,477,492
Additions	95,552	29,023	8,880	-	133,455
Disposals	-	(32,774)	-	-	(32,774)
Other movements	-	(73)	-	-	(73)
Balance at 31 December 2017	<u>336,729</u>	<u>1,092,771</u>	<u>146,750</u>	<u>1,850</u>	<u>1,578,100</u>
Accumulated depreciation					
Balance at 01 January 2017	21,853	820,145	69,439	1,303	912,740
Charge for the period	10,673	106,031	18,907	187	135,798
Disposals	-	(32,043)	-	-	(32,043)
Other movements	404	(557)	80	-	(73)
Balance at 31 December 2017	<u>32,930</u>	<u>893,576</u>	<u>88,426</u>	<u>1,490</u>	<u>1,016,422</u>
Net book value					
Balance at 01 January 2017	<u>219,324</u>	<u>276,450</u>	<u>68,431</u>	<u>547</u>	<u>564,752</u>
Balance at 31 December 2017	<u>303,799</u>	<u>199,195</u>	<u>58,324</u>	<u>360</u>	<u>561,678</u>

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13. INTAGIBLE FIXED ASSETS

For the period from 01 January 2018 to 30 June 2018

<i>VND million</i>	<i>Software</i>	<i>Land use rights</i>	<i>Others</i>	<i>Total</i>
Cost				
Balance at 01 January 2018	809,634	613,935	2,048	1,425,617
Additions	3,938	3,081	-	7,019
Construction in progress completed	2,778	-	-	2,778
Balance at 30 June 2018	<u>816,350</u>	<u>617,016</u>	<u>2,048</u>	<u>1,435,414</u>
Accumulated amortisation				
Balance at 01 January 2018	475,493	18,447	266	494,206
Charge for the period	42,676	5,965	39	48,680
Balance at 30 June 2018	<u>518,169</u>	<u>24,412</u>	<u>305</u>	<u>542,886</u>
Net book value				
Balance at 01 January 2018	<u>334,141</u>	<u>595,488</u>	<u>1,782</u>	<u>931,411</u>
Balance at 30 June 2018	<u>298,181</u>	<u>592,604</u>	<u>1,743</u>	<u>892,528</u>

For the period from 01 January 2017 to 31 December 2017 (Audited)

<i>VND million</i>	<i>Software</i>	<i>Land use rights</i>	<i>Others</i>	<i>Total</i>
Cost				
Balance at 01 January 2017	789,747	613,480	2,048	1,405,275
Additions	35,184	455	-	35,639
Disposals	(15,297)	-	-	(15,297)
Balance at 31 December 2017	<u>809,634</u>	<u>613,935</u>	<u>2,048</u>	<u>1,425,617</u>
Accumulated amortisation				
Balance at 01 January 2017	401,061	6,548	188	407,797
Charge for the period	89,729	11,899	78	101,706
Disposals	(15,297)	-	-	(15,297)
Balance at 31 December 2017	<u>475,493</u>	<u>18,447</u>	<u>266</u>	<u>494,206</u>
Net book value				
Balance at 01 January 2017	<u>388,686</u>	<u>606,932</u>	<u>1,860</u>	<u>997,478</u>
Balance at 31 December 2017	<u>334,141</u>	<u>595,488</u>	<u>1,782</u>	<u>931,411</u>

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14. OTHER ASSETS

	06/30/2018 VND million	12/31/2017 VND million (Audited)
Receivables		
Internal receivables	49,698	20,079
External receivables	8,670,659	9,395,064
• Deposits for office rental	279,944	574,726
• Deposits for purchase of office	2,352,839	2,352,839
• Receivables relating to Interest Subsidy Program	20,050	20,050
• Advances for contracts	74,122	54,376
• Deposits for gold, commodity and foreign currencies trading in futures markets	19,712	45,586
• Advances for fixed assets purchases and construction in progress	1,338,602	943,174
• Receivables from loans sold contracts	822,608	1,862,038
• Receivables from advance for deferred L/C	3,207,756	2,789,982
• Settlement on behalf of other credit institutions	398,736	134,884
• Receivables from bond principals and interests due on holiday	-	368,300
• Other external receivables	156,290	249,109
	<u>8,720,357</u>	<u>9,415,143</u>
Accrued interest and fee receivables	4,653,948	3,794,844
Other assets	631,907	529,770
• Materials	10,481	23,694
• Prepayments	621,426	506,076
	<u>14,006,212</u>	<u>13,739,757</u>
Provision for other assets (i)	(559,574)	(1,283,537)
	<u>13,446,638</u>	<u>12,456,220</u>

(i) Movements in provision for other assets were as follows:

	2018 VND million	2017 VND million
Balance at 01 January	1,283,537	1,476,587
Reversal of provision for receivables from loans sold contracts (Note 29)	(724,599)	(91,252)
Reversal for diminution in the value of inventory (Note 28)	(1,499)	(178)
Provision/ (Reversal) for deferred L/C (Note 29)	2,135	(4,239)
Balance at 30 June	<u>559,574</u>	<u>1,380,918</u>

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15. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

	<i>06/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i> <i>(Audited)</i>
Demand deposits	4,029,671	1,034,479
Demand deposits in VND	4,027,839	1,033,954
Demand deposits in foreign currencies	1,832	525
Term deposits	23,905,614	20,843,110
Term deposits in VND	22,849,500	16,600,300
Term deposits in foreign currencies	1,056,114	4,242,810
	27,935,285	21,877,589
Borrowings		
Borrowings in VND	1,424,803	19,281,553
Borrowings in foreign currencies	8,346,214	5,727,897
	9,771,017	25,009,450
	37,706,302	46,887,039

16. DEPOSITS FROM CUSTOMERS

	<i>06/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i> <i>(Audited)</i>
Current accounts	42,505,008	38,664,954
Current accounts in VND	38,341,525	34,492,309
Current accounts in foreign currencies	4,163,483	4,172,645
Term deposits	140,867,203	129,837,846
Term deposits in VND	134,374,896	122,103,278
Term deposits in foreign currencies	6,492,307	7,734,568
Marginal deposits	4,222,020	3,008,495
Marginal deposits in VND	4,151,512	2,843,993
Marginal deposits in foreign currencies	70,508	164,502
	187,594,231	171,511,295

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17. DERIVATIVES AND OTHER FINANCIAL ASSETS/ LIABILITIES

	06/30/2018		12/31/2017 (Audited)	
	<i>Total contract nominal value</i> (*)	<i>Total carrying value</i> (**)	<i>Total contract nominal value</i> (*)	<i>Total carrying value</i> (**)
		<i>Assets/ (liabilities)</i>		<i>Assets/ (liabilities)</i>
	<i>VND million</i>	<i>VND million</i>	<i>VND million</i>	<i>VND million</i>
Foreign exchange forward contracts	22,735,483	(93,869)	18,133,992	144,445
Foreign exchange swap contracts	87,729,061	26,812	112,757,969	(108,153)
	110,464,544	(67,057)	130,891,961	36,292

(*) at the foreign exchange rate at the value date

(**) at the foreign exchange rate at the reporting date

18. VALUABLE PAPERS ISSUED

Valuable papers issued - categorised by terms:

	06/30/2018 <i>VND million</i>	12/31/2017 <i>VND million</i> (Audited)
Up to 12 months	6	6
From 12 months up to 5 years	13,078,327	11,064,150
More than 5 years	5,400,000	6,600,000
	18,478,333	17,664,156

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19. OTHER LIABILITIES

	<i>06/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Accrued interest and fee payables	3,067,426	2,767,482
Other liabilities		
Internal payables	15,759	13,465
External payables	4,681,486	3,540,451
- <i>Remittance payables</i>	2,232,527	927,230
- <i>Payable to employees</i>	398,267	558,764
- <i>Tax payable (Note 33)</i>	773,853	824,615
- <i>Deferred income</i>	60,441	9,125
- <i>Accrued salary expenses</i>	233,740	237,113
- <i>Other accrued expenses</i>	121,369	365,672
- <i>Payables relating to marketing and promotion</i>	1,747	20,135
- <i>Reward and welfare funds</i>	19,318	2,443
- <i>Disbursements awaiting for settlement</i>	23,672	6,990
- <i>Funds kept for customers awaiting for settlement</i>	134,695	176,298
- <i>Deferred proceeds from sale of collaterals</i>	99,758	156,580
- <i>Deposit certificates of customers awaiting settlement</i>	317,775	105,583
- <i>Other payables</i>	264,324	149,903
	4,697,245	3,553,916
	7,764,671	6,321,398

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20. CAPITAL AND RESERVES

Statement of changes in equity

	<i>Share capital VND million</i>	<i>Treasury shares VND million</i>	<i>Share premium VND million</i>	<i>Exchange rate revaluation VND million</i>	<i>Reserve to supplement capital VND million</i>	<i>Financial reserve VND million</i>	<i>Other reserves VND million</i>	<i>Total Reserves VND million</i>	<i>Retained profits VND million</i>	<i>Total VND million</i>
Balance at 01 January 2017	8,878,079	-	-	-	3,548,504	1,447,467	474	4,996,445	4,519,522	18,394,046
Capital increase	700,000	-	1,399,999	-	-	-	-	-	-	2,099,999
Capital increase from convertible bonds	2,077,228	-	765,059	-	-	-	-	-	-	2,842,287
Net profit for the year	-	-	-	-	-	-	-	-	5,677,574	5,677,574
Utilisations of reserves	-	-	-	-	-	(263)	-	(263)	-	(263)
Appropriations to reserves	-	-	-	-	283,879	567,757	-	851,636	(851,636)	-
Purchase of Treasury shares	-	(4,043,249)	-	-	-	-	-	-	-	(4,043,249)
Balance at 31 December 2017	11,655,307	(4,043,249)	2,165,058	-	3,832,383	2,014,961	474	5,847,818	9,345,460	24,970,394
Net profit for the period	-	-	-	-	-	-	-	-	4,123,375	4,123,375
Sale of Treasury shares	-	4,043,249	12,306,019	-	-	-	-	-	-	16,349,268
Other movements	-	-	-	(350)	-	-	-	-	-	(350)
Balance at 30 June 2018	11,655,307	-	14,471,077	(350)	3,832,383	2,014,961	474	5,847,818	13,468,835	45,442,687

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Share Capital

	<i>06/30/2018</i>	<i>12/31/2017</i> <i>(Audited)</i>
	<i>Number of shares</i>	<i>Number of shares</i>
Authorised share capital	1,165,530,720	1,165,530,720
Issued share capital		
Ordinary shares	1,165,530,720	1,165,530,720
Treasury shares		
Ordinary shares	-	(172,353,345)
Shares in circulation		
Ordinary shares	1,165,530,720	993,177,375

21. NET INTEREST INCOME

	<i>From</i> <i>01/01/2018 to</i> <i>06/30/2018</i> <i>VND million</i>	<i>From</i> <i>01/01/2017 to</i> <i>06/30/2017</i> <i>VND million</i> <i>(Reviewed)</i>
Interest and similar income from		
Interest income from deposits	262,134	204,031
Interest income from loans	7,623,496	6,701,979
Income from debt securities investment	1,708,147	1,662,608
Income from guarantee service	126,313	108,922
Other income from credit activities	134,212	125,923
	9,854,302	8,803,463
Interest and similar expenses for		
Interest expenses for customer deposits	(3,929,221)	(3,914,815)
Interest expenses for borrowings	(196,367)	(198,777)
Interest expenses for valuable paper issued	(710,561)	(319,548)
	(4,836,149)	(4,433,140)
	5,018,153	4,370,323

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22. NET FEE AND COMMISSION INCOME

	<i>From 01/01/2018 to 06/30/2018 VND million</i>	<i>From 01/01/2017 to 06/36/2017 VND million (Reclassified)</i>
Fee and commission income from		
Settlement and cash services	802,361	681,966
Cashiering services	954	854
Trustee and agency services	753	511
Consulting services	33,551	2,064
Bancassurance services	292,054	260,197
Other services	168,865	272,473
	1,298,538	1,218,065
Fee and commission expenses for		
Settlement and cash services	(186,929)	(120,185)
Cashiering services	(22,927)	(26,022)
Other services	(105,582)	(103,876)
	(315,438)	(250,083)
	983,100	967,982

23. NET GAIN FROM FOREIGN CURRENCIES TRADING

	<i>From 01/01/2018 to 06/30/2018 VND million</i>	<i>From 01/01/2017 to 06/30/2017 VND million (Reviewed)</i>
Income from foreign currencies trading		
Foreign exchange trading	364,145	113,099
Financial derivatives	358,418	473,239
	722,563	586,338
Expenses for foreign currencies trading		
Foreign exchange trading	(24,326)	(139,626)
Financial derivatives	(499,993)	(327,529)
	(524,319)	(467,155)
	198,244	119,183

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24. NET GAIN/ (LOSS) FROM SECURITIES HELD FOR TRADING

	<i>From 01/01/2018 to 06/30/2018 VND million</i>	<i>From 01/01/2017 to 06/30/2017 VND million (Reviewed)</i>
Income from trading of securities held-for-trading	138,662	329,075
Expenses for trading of securities held-for-trading	(139,926)	(53,945)
Reversal of provision for diminution in the value of securities held-for-trading (Note 7)	2,778	-
Provision (made)/reversed for credit risk of unlisted corporate bond (Note 7)	(3,246)	4,535
	<u>(1,732)</u>	<u>279,665</u>

25. NET GAIN FROM INVESTMENT SECURITIES

	<i>From 01/01/2018 to 06/30/2018 VND million</i>	<i>From 01/01/2017 to 06/30/2017 VND million (Reviewed)</i>
Income from trading of investment securities	819,684	178,315
Expenses for trading of investment securities	(169,936)	(91,217)
Provision made for diminution in the value of investment securities (Note 10)	57	-
Provision (made)/reversed for credit risk of unlisted corporate bond (Note 10)	22,404	(37,186)
	<u>672,209</u>	<u>49,912</u>

26. INCOME FROM OTHER ACTIVITIES

	<i>From 01/01/2018 to 06/30/2018 VND million</i>	<i>From 01/01/2017 to 06/30/2017 VND million (Reviewed)</i>
Other operating incomes		
Income from other derivatives	349,329	88,685
Recovery of loans previously written-off	469,873	238,518
Income from VAMC early settlement	-	424,134
Other income	51,136	57,572
	<u>870,338</u>	<u>808,909</u>
Other operating expenses		
Expenses for other derivatives	(260,510)	(61,059)
Other expenses	(58,065)	(26,944)
	<u>(318,575)</u>	<u>(88,003)</u>
	<u>551,763</u>	<u>720,906</u>

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27. INCOME FROM INVESTMENT IN OTHER ENTITIES

	<i>From 01/01/2018 to 06/30/2018 VND million</i>	<i>From 01/01/2017 to 06/30/2017 VND million (Reviewed)</i>
Proceeds from the liquidation of long-term investment	927,337	355,192
Proceeds from dividend	141,989	-
	1,069,326	355,192

28. OPERATING EXPENSES

	<i>From 01/01/2018 to 06/30/2018 VND million</i>	<i>From 01/01/2017 to 06/30/2017 VND million (Reclassified)</i>
Salaries and related expenses	1,324,486	1,098,221
Publication, marketing and promotion	52,972	89,059
Office and asset rental	301,569	292,021
Depreciation of fixed assets	109,364	120,106
Tax, duties and fees	51,768	37,688
Tools and equipment expenses	27,647	17,150
Telecommunication expenses	13,610	16,126
Expenses for maintenance and repair of assets	90,993	98,963
Utilities expenses	22,907	22,944
Expenditure on payment of insurance premium for customers' deposits	91,698	72,749
Per diem expenses	36,370	24,891
Reversal of provision for long term investments	(1,756)	-
Reversal of provision for diminution in the value of inventory (Note 14)	(1,499)	(178)
Training expense	5,268	4,016
Conference expense	1,588	1,746
Consulting services expense	74,420	45,080
Other operating expenses	126,432	118,616
	2,327,837	2,059,198

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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29. PROVISION EXPENSES

	Notes	From 01/01/2018 to 06/30/2018 VND million	From 01/01/2017 to 06/30/2017 VND million (Reviewed)
Specific provision made for loans to customers	9	1,576,791	833,480
General provision made/ (reversed) for loans to customers	9	189,845	(26,176)
Provision made for VAMC bonds	10	-	1,663,766
Provision reversed for receivables from loan sold contracts	14	(724,599)	(91,252)
Provision made/ (reversed) for receivables from advance for deferred L/C	14	2,135	(4,239)
		1,044,172	2,375,579

30. CURRENT CORPORATE INCOME TAX

The Bank has an obligation to pay the government corporate income tax (“CIT”) at the rate of 20.00% of taxable profit (2017: 20.00%). The corporate income tax computation is subject to the review and approval by local tax authority. The corporate income tax computation is calculated as follow:

	From 01/01/2018 to 06/30/2018 VND million	From 01/01/2017 to 06/30/2017 VND million (Reviewed)
Profit before tax	5,119,054	2,428,386
<i>Adjustments for:</i>		
- Income of dividend exempt from CIT	(141,989)	-
- Prior period temporary differences deductible in this period	-	(88,130)
Taxable Corporate income	4,977,065	2,340,256
Corporate income tax	995,413	468,051
Corporate income tax adjusted for previous years	266	-
Corporate income tax payable for the period	995,679	468,051
CIT payable at the beginning of the period	787,359	292,033
CIT paid in the period	(1,060,263)	(390,042)
CIT payable at the end of the period	722,775	370,042

31. CASH AND CASH EQUIVALENTS

	06/30/2018 VND million	06/30/2017 VND million (Reviewed)
Cash and gold on hand (Note 4)	3,590,328	2,872,546
Balances with the SBV (Note 5)	3,211,552	7,043,909
Balances with other credit institutions with original terms of not exceeding three months	37,699,367	7,850,787
	44,501,247	17,767,242

Vietnam Technological and Commercial Joint Stock Bank

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32. EMPLOYEE BENEFITS

	<i>From 01/01/2018 to 06/30/2018 VND million</i>	<i>From 01/01/2017 to 06/30/2017 VND million (Reclassified)</i>
Total employees as at 30 June (person)	8,240	7,174
Average number of employees in the period (person)	8,026	7,250
Employees' remuneration		
1. Basic salaries (VND million)	1,094,024	810,084
2. Allowances and other income (VND million)	230,462	288,137
	<u>1,324,486</u>	<u>1,098,221</u>
Average monthly salary (VND million/person)	23	19
Average annual remuneration (VND million/person)	<u>28</u>	<u>25</u>

33. OBLIGATIONS TO THE STATE BUDGET

As at 30 June 2018

	<i>01/01/2018 VND million</i>	<i>Incurred VND million</i>	<i>Adjustment VND million</i>	<i>Paid VND million</i>	<i>06/30/2018 VND million</i>
Value added tax	8,068	68,571	2	(58,570)	18,071
Corporate income tax	787,359	995,679	-	(1,060,263)	722,775
Other taxes	29,188	233,047	(182)	(229,046)	33,007
	<u>824,615</u>	<u>1,297,297</u>	<u>(180)</u>	<u>(1,347,879)</u>	<u>773,853</u>

As at 31 December 2017 (Audited)

	<i>01/01/2017 VND million</i>	<i>Incurred VND million</i>	<i>Adjustment VND million</i>	<i>Paid VND million</i>	<i>12/31/2017 VND million</i>
Value added tax	9,618	280,518	-	(282,068)	8,068
Corporate income tax	292,033	1,361,769	-	(866,443)	787,359
Other taxes	16,107	252,104	(2,370)	(236,653)	29,188
	<u>317,758</u>	<u>1,894,391</u>	<u>(2,370)</u>	<u>(1,385,164)</u>	<u>824,615</u>

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

As at 30 June 2018

	<i>Total loans</i>	<i>Total deposit</i>	<i>Credit</i>	<i>Derivatives</i>	<i>Trading and</i>
	<i>VND million</i>	<i>VND million</i>	<i>commitments</i>	<i>VND million</i>	<i>investment</i>
			<i>VND million</i>		<i>securities</i>
					<i>VND million</i>
Domestic	179,475,630	214,962,907	73,365,888	110,464,544	61,292,459
Overseas	1,452	566,609	-	-	-
	179,477,082	215,529,516	73,365,888	110,464,544	61,292,459

As at 31 December 2017 (Audited)

	<i>Total loans</i>	<i>Total deposit</i>	<i>Credit</i>	<i>Derivatives</i>	<i>Trading and</i>
	<i>VND million</i>	<i>VND million</i>	<i>commitments</i>	<i>VND million</i>	<i>investment</i>
			<i>VND million</i>		<i>securities</i>
					<i>VND million</i>
Domestic	174,245,503	192,835,272	48,421,531	130,891,961	57,258,742
Overseas	7,158	553,612	-	-	-
	174,252,661	193,388,884	48,421,531	130,891,961	57,258,742

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35. RISK MANAGEMENT DISCLOSURE

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

(i) Risk management policy

The Bank's business goal is to be a multi-purpose financial group. Accordingly, the utilisation of financial instruments including customers' deposits (customers' deposits and valuable papers issued) and investments in highly profitable financial assets is the key to achieve the premium interest difference for the Bank. In terms of risk management, the Bank is required to maintain a healthy structure for its assets, liabilities and equity (including both separate balance sheet and off-balance sheets items) for safety and risk minimization purpose in the Bank's operations. In addition, the Bank has used some of its working capital to invest in securities or loans to other banks. Foreign currency risk and interest rate risk are controlled by limitations to avoid over-concentration and the Bank also involves in diversifying activities with risk balancing effect in order to minimize the risks. The ownership of highly profitable financial instruments helps smoothing the structure of the separate balance sheet and reducing liquidity risk. Moreover, the Bank engages in hedging activities like currency swaps for interest rate risk management.

While managing the credit risks, the Bank has made good use of the credit manuals which entails the policies, procedures and guidance to standardize the credit activities of the Bank. Liquidity risk is reduced thanks to cash and cash equivalents on hand in forms of Nostro accounts, term-deposits at the SBV and other credit institutions. Ratios which take risk into account are also used to keep control of liquidity risks. The Bank evaluates interest rates on a regular basis, compares local interest rates with international ones for timing adjustments. In addition, internal audit has become more efficient because of the Centralized Capital Management System and Centralized Payment System which enables all treasury activities and payments to be conducted by the Head Office. This gives the Bank closer supervision on the changes in capital to reduce errors and unnecessary procedures.

Vietnam Technological and Commercial Joint Stock Bank

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(ii) Credit risk

Credit risk is the inherent risk incurred in banking activities that the Bank may face when clients do not or cannot fulfil its obligations as committed.

The Bank has maintained a policy of credit risk management to ensure the following basic principles:

- ▶ Set up an appropriate credit risk management environment;
- ▶ Operate in a healthy process for granting credit facilities;
- ▶ Maintain an appropriate management, measurement and monitoring credit process; and
- ▶ Ensure adequate controls for credit risk.

The approval process for granting credit must go through several management levels to ensure a credit facility is reviewed independently together with the credit limit applied to each competent level. In addition, the participation of Credit Council in the credit approval model also helps to ensure a highest quality and concentrated approval process.

Details of collaterals held by the Bank at the end of the period are shown below:

	<i>06/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Real estate	198,775,817	183,357,316
Equipment and machinery	52,650,225	52,230,799
Valuable papers issued	102,839,144	74,638,895
Others	120,081,138	99,198,222
	<u>474,346,324</u>	<u>409,425,232</u>

Vietnam Technological and Commercial Joint Stock Bank

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(iii) Market risk

Liquidity risk

Liquidity risk generally arises in the Bank's process of raising capital as well as in the process of managing the monetary position of the Bank. Liquidity risk includes the risk of unable to sponsor assets according to the appropriate maturity and interest rate as well as not being able to liquidate an asset with a reasonable price and in an appropriate time frame.

The maturity term of assets and liabilities represents the remaining year of assets and liabilities as calculated from the separate balance sheet date to the settlement date as stipulated in contracts or issuance terms and conditions.

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

- ▶ Deposits at the SBV are classified as demand deposits which include compulsory deposits. The balance of compulsory deposits depends on the proportion and terms of the Bank's customer deposits;
- ▶ The maturity term of investment securities is calculated based on the maturity date of each category of securities; In particular, securities issued by the Government or guaranteed by the Government, although classified as long-term bases on the remaining tenor of the securities, are liquid assets in the market, can be converted to cash in a short period with insignificant costs;
- ▶ The maturity term of placements with and loans to other banks; 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 other banks and customers' deposits 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. 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 of valuable papers issued is determined based on maturity term of each type of valuable paper;
- ▶ The maturity term of other liabilities is determined based on the actual maturity of each item.

The following table shows the analysis of financial assets and liabilities of the Bank by maturity groups as follows:

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<i>As at 30 June 2018 (VND million)</i>	<i>Overdue less than 3 months</i>	<i>Overdue more than 3 months</i>	<i>Up to 1 month</i>	<i>From 1 to 3 months</i>	<i>From 3 to 12 months</i>	<i>From 1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Assets								
Cash and gold on hand	-	-	3,590,328	-	-	-	-	3,590,328
Balances with the SBV	-	-	3,211,552	-	-	-	-	3,211,552
Balances with and loans to other credit institutions - gross	-	-	29,699,493	16,992,092	4,393,278	54,138	-	51,139,001
Securities held for trading – gross	-	-	-	-	926,492	1,911,005	4,470,278	7,307,775
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	-	-	-	-	-	710,927	3,945,748	4,656,675
Loans to customers - gross	2,282,789	3,396,197	6,815,834	14,656,052	48,444,093	40,653,259	49,883,467	166,131,691
Investment securities - gross	-	-	560,091	5,335,663	10,047,100	24,885,015	13,156,815	53,984,684
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	-	-	60,091	359,563	5,171,550	6,865,396	10,201,050	22,657,650
Long term investments - gross	-	-	-	-	-	-	1,462,223	1,462,223
Fixed assets	-	-	30,601	1,553	19,550	277,881	1,141,977	1,471,562
Other assets - gross	-	39,720	5,429,204	1,399,876	3,968,885	2,711,740	456,787	14,006,212
	2,282,789	3,435,917	49,337,103	38,385,236	67,799,398	70,493,038	70,571,547	302,305,028
Liabilities								
Amounts due to the Government and the SBV	-	-	1,000,000	1,000,000	-	-	-	2,000,000
Deposits and borrowings from other credit institutions	-	-	27,816,155	6,333,259	2,634,468	908,897	13,523	37,706,302
Deposits from customers	-	-	99,885,880	28,251,376	49,608,131	9,781,005	67,839	187,594,231
Derivatives and other financial liabilities	-	-	(23,802)	27,131	5,001	58,727	-	67,057
Valuable papers issued	-	-	-	-	1,150,000	14,128,333	3,200,000	18,478,333
Other liabilities	-	-	5,540,130	766,842	1,097,735	332,171	27,793	7,764,671
	-	-	134,218,363	36,378,608	54,495,335	25,209,133	3,309,155	253,610,594
Net liquidity gap	2,282,789	3,435,917	(84,881,260)	2,006,628	13,304,063	45,283,905	67,262,392	48,694,434

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Interest rate risk

Interest rate risk arises when there is a difference in the duration of interest rate valuation for assets and liabilities. All lending, deposit, investment activities of the Bank creates the interest rate risk.

Based on the "interest rate sensitivity" status of each interest rate risk changing period, assets, liabilities and off-balance sheet items are classified into the appropriate terms of the "interest rate gap" model.

The interest repricing duration for those items with fixed interest rate is the remaining term to its maturity date, and for those with float interest rate is the remaining term to its next interest rate repricing date.

The following assumptions and conditions are applied in building "interest rate gap" model:

- ▶ Cash and gold; capital contribution; long-term investments; fixed assets and other liabilities are classified as "Not influenced by changes in interest rate" items;
- ▶ Balance with the SBV, demand deposits at and loans to other banks, demand deposits are classified as "Not influenced by changes in interest rate" items ;
- ▶ The interest rate repricing duration of investment securities is determined based on the actual maturity date as at balance sheet date for those securities with fixed interest rate, or based on the interest rate repricing duration for those securities with float interest rate;
- ▶ The interest rate repricing duration of placements with and loans to other banks; loans to customers; other assets; amounts due to the SBV; deposits and borrowings from other credit institutions, and customer deposits are determined as follows:
 - For items with fixed interest rate during the contract: re-pricing duration is calculated according to separate balance sheet date to the maturity date.
 - For items with float interest rate during the contract : re-pricing duration is calculated from the separate balance sheet date to the next interest rate re-pricing date.
- ▶ The interest rate repricing duration of valuable papers is determined from the separate balance sheet date to the maturity date for valuable papers with fixed interest rate, or from the balance sheet date to the next repricing date for those with float rate.

The following table shows the classification of the Bank's assets and liabilities according to "Interest rate gap" model as at reporting date:

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As at 30 June 2018
(VND million)

	Overdue	Not influenced by changes in interest rate	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	Total
Assets									
Cash and gold on hand	-	3,590,328	-	-	-	-	-	-	3,590,328
Balances with the SBV	-	3,211,552	-	-	-	-	-	-	3,211,552
Balances with and loans to other credit institutions - gross	-	6,543,802	25,705,678	14,446,728	2,410,686	1,977,969	54,138	-	51,139,001
Securities held for trading - gross	-	-	-	400,000	776,491	950,078	710,927	4,470,279	7,307,775
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	-	-	-	-	-	-	710,927	3,945,748	4,656,675
Loans to customers - gross	5,678,986	-	74,635,983	29,449,373	21,330,818	16,963,162	15,432,114	2,641,255	166,131,691
Investment securities - gross	-	1,649,614	660,000	8,686,900	9,406,486	10,573,167	13,285,261	9,723,256	53,984,684
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	-	1,651,290	60,000	404,600	2,134,486	2,773,167	6,360,851	9,273,256	22,657,650
Long term investments - gross	-	1,462,223	-	-	-	-	-	-	1,462,223
Fixed assets	-	1,471,562	-	-	-	-	-	-	1,471,562
Other assets - gross	39,720	13,966,492	-	-	-	-	-	-	14,006,212
	5,718,706	31,895,573	101,001,661	52,983,001	33,924,481	30,464,376	29,482,440	16,834,790	302,305,028
Liabilities									
Amounts due to the Government and the SBV	-	-	1,000,000	1,000,000	-	-	-	-	2,000,000
Deposits and borrowings from other credit institutions	-	4,029,670	23,794,206	6,330,408	1,526,848	1,102,750	918,521	3,899	37,706,302
Deposits from customers	-	46,775,805	54,629,379	29,255,767	26,263,626	25,138,809	5,515,607	15,238	187,594,231
Derivatives and other financial liabilities	-	-	(522,629)	(1,894,724)	34,910	(14,576)	2,464,076	-	67,057
Valuable papers issued	-	-	1,500,000	2,300,000	1,850,000	-	9,628,333	3,200,000	18,478,333
Other liabilities	-	7,764,671	-	-	-	-	-	-	7,764,671
	-	58,570,146	80,400,956	36,991,451	29,675,384	26,226,983	18,526,537	3,219,137	253,610,594
Interest sensitivity gap of balance sheet items	5,718,706	(26,674,573)	20,600,705	15,991,550	4,249,097	4,237,393	10,955,903	13,615,653	48,694,434

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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 loans were mainly denominated in VND with the remainder mainly in USD. However, some of the Bank's other assets are in currencies other than the reporting currency and USD.

The Bank's management has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

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As at 30 June 2018
(VND million)

	<i>USD</i>	<i>EUR</i>	<i>Gold</i>	<i>Other currencies</i>	<i>Total</i>
Assets					
Cash and gold on hand	282,810	44,020	18,620	112,394	457,844
Balances with the SBV	1,510	-	-	-	1,510
Balances with and loans to other credit institutions - gross	24,605,037	444,810	-	257,421	25,307,268
Loans to customers - gross	10,105,865	26,878	-	-	10,132,743
Other assets - gross	3,264,760	136,646	-	2,918	3,404,324
	38,259,982	652,354	18,620	372,733	39,303,689
Liabilities					
Deposits and borrowings from other credit institutions	9,267,711	136,449	-	-	9,404,160
Deposits from customers	9,761,998	456,092	-	508,208	10,726,298
Derivatives and other financial liabilities	15,505,431	11,420	-	(154,091)	15,362,760
Other liabilities	181,409	4,382	-	7,107	192,898
	34,716,549	608,343	-	361,224	35,686,116
FX position on balance sheet	3,543,433	44,011	18,620	11,509	3,617,573
FX position off-balance sheet	12,391,868	2,117,727	-	160,653	14,670,248
Total FX position on and off-balance sheet	15,935,301	2,161,738	18,620	172,162	18,287,821

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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36. PROFIT MOVEMENTS

Profit before tax (PBT) up to 30 June 2018 increase by VND 2,690,668 million, which is equivalent to 110.8% compared to 30 June 2017, as a result of the following factors:

Million VND	Profit before tax
Increase PBT as a result of increase in net interest income	647,830
Increase PBT as a result of increase in net fee and commission income	15,118
Increase PBT as a result of increase in net gain from trading of foreign currencies and gold	79,061
Decrease PBT as a result of decrease in net gain from trading of securities held for trading	(281,397)
Increase PBT as a result of increase in net gain from investment securities	622,297
Decrease PBT as a result of decrease in net gain from other income	(162,332)
Increase PBT as a result of increase in income from investments in other entities	714,134
Decrease PBT as a result of increase in operating expense	(275,450)
Increase PBT as a result of decrease in provision expenses for credit losses	1,331,407
Total of increase	2,690,668

37. CORRESPONDING FIGURES

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

INCOME STATEMENT

<i>VND million</i>	<i>From 01/01/2017 to 06/30/2017 (reclassified)</i>	<i>From 01/01/2017 to 06/30/2017 (as previously reported)</i>
Fee and commission expenses	(250,083)	(295,164)
Operating expenses	(2,059,198)	(2,014,117)

STATEMENT OF CASH FLOWS

<i>VND million</i>	<i>From 01/01/2017 to 06/30/2017 (reclassified)</i>	<i>From 01/01/2017 to 06/30/2017 (as previously reported)</i>
Fee and commission income received	967,982	922,901
Operating and salary expenses payments	(2,262,198)	(2,217,117)

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38. FOREIGN CURRENCY EXCHANGE AT THE END OF PERIOD

	30/06/2018	31/12/2017
	<u>VND</u>	<u>VND</u>
AUD	17,001	17,718
CAD	17,475	18,053
CHF	23,175	23,306
CNY	3,468	3,490
DKK	3,600	3,660
EUR	26,472	27,246
GBP	29,695	30,691
HKD	2,926	2,907
JPY	204	202
NOK	2,819	2,766
SEK	2,566	2,768
SGD	16,505	16,979
THB	695	697
USD	22,959	22,425

Prepared by



Ms. Bui Thi Khanh Van
Chief Accountant

20-07-2018

Approved by



The stamp is circular and red, containing the following text: 'NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN KỸ THƯƠNG VIỆT NAM' and 'Q. HAI BÀ TRUNG TP. HỒ CHÍ MINH'. The registration number 'M.S.D.N: 0100290800-C.T.C.P' is also visible.

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

Mr. Nguyen Le Quoc Anh
Chief Executive Officer