

# **Vietnam Technological and Commercial Joint Stock Bank**

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

For the period from 01 January 2018 to 30 September 2018

# Vietnam Technological and Commercial Joint Stock Bank

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# Vietnam Technological and Commercial Joint Stock Bank

## CORPORATE INFORMATION

<b>Banking Licence No.</b>	0038/GP-NHNN	6 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.	
<b>Business Registration Certificate No.</b>	055697	7 September 1993
	The Bank's Business Registration Certificate has been amended 50 times. The most recent of which is by Business Registration Certificate No. 0100230800 issued by Hanoi Department of Planning and Investment, dated 10 August 2018.	
<b>Board of Directors</b>	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
<b>Board of Supervision</b>	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

<b>Board of Management</b>	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
	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. Nguyen Huong Giang	Head of Transaction Banking
	Mr. Vishal Shah	Head of Business Banking (from 02 March 2018)
	Ms. Phan Thi Thanh Binh	Head of Wholesales Banking (from 23 April 2018)
		Transform Director – Wholesales Banking (to 22 April 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	
Mr. De Leeuw Van Weenen Alexander Iwan Paul	Transformation Director – Human Resources (from 06 August 2018)	
<b>Legal representative</b>	Mr. Ho Hung Anh	Chairman
<b>Registered office</b>	191 Ba Trieu Street Hai Ba Trung District, Hanoi, Vietnam	

# Vietnam Technological and Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET  
as at 30 September 2018

Form B02a/TCTD-HN

		Note	09/30/2018 VND million	12/31/2017 VND million (audited)
<b>A</b>	<b>ASSETS</b>			
<b>I</b>	<b>Cash and gold</b>	<b>4</b>	<b>4,041,877</b>	<b>2,344,362</b>
<b>II</b>	<b>Balances with the State Bank of Vietnam (“the SBV”)</b>	<b>5</b>	<b>5,582,643</b>	<b>4,279,431</b>
<b>III</b>	<b>Balances with and credit granting to other credit institutions</b>	<b>6</b>	<b>43,737,213</b>	<b>30,155,807</b>
1	Balances with other credit institutions		27,666,716	16,243,054
2	Credit granting to other credit institutions		16,070,497	13,912,753
<b>IV</b>	<b>Securities held for trading</b>	<b>7</b>	<b>5,576,396</b>	<b>6,758,094</b>
1	Securities held for trading		5,586,683	6,775,118
2	Provision for securities held for trading		(10,287)	(17,024)
<b>V</b>	<b>Derivatives and other financial assets</b>	<b>19</b>	<b>-</b>	<b>36,292</b>
<b>VI</b>	<b>Loans to customers</b>		<b>164,282,010</b>	<b>158,964,456</b>
1	Loans to customers	8	166,938,850	160,849,037
2	Provision for loans to customers	9	(2,656,840)	(1,884,581)
<b>VII</b>	<b>Debt purchased</b>	<b>10</b>	<b>-</b>	<b>10,332</b>
1	Debt purchased		1,682	12,092
2	Provision for debt purchased		(1,682)	(1,760)
<b>VIII</b>	<b>Investment securities</b>	<b>11</b>	<b>69,000,379</b>	<b>51,542,484</b>
1	Available-for-sale securities		53,276,405	46,018,398
2	Held-to-maturity securities		15,986,200	5,715,484
3	Provision for investment securities		(262,226)	(191,398)
<b>IX</b>	<b>Long-term investments</b>	<b>12</b>	<b>12,223</b>	<b>9,683</b>
4	Other long-term investments		12,883	12,084
5	Provision for long-term investments		(660)	(2,401)
<b>X</b>	<b>Fixed assets</b>		<b>1,586,082</b>	<b>1,511,446</b>
1	Tangible fixed assets	13	653,352	569,789
a	Cost		1,730,445	1,602,956
b	Accumulated depreciation		(1,077,093)	(1,033,167)
2	Intangible fixed assets	14	932,730	941,657
a	Cost		1,516,222	1,449,616
b	Accumulated amortisation		(583,492)	(507,959)
<b>XI</b>	<b>Investment property</b>	<b>15</b>	<b>1,205,274</b>	<b>1,238,030</b>
a	Cost		1,435,699	1,442,827
b	Accumulated amortisation		(230,425)	(204,797)
<b>XII</b>	<b>Other assets</b>	<b>16</b>	<b>16,771,539</b>	<b>12,541,963</b>
1	Receivables		10,141,222	9,417,589
2	Accrued interest and fees receivable		6,035,558	3,876,528
3	Deferred tax assets		-	1,773
4	Other assets		665,969	557,642
	<i>In which: Goodwill</i>		-	19,765
5	Provision for other assets		(71,210)	(1,311,569)
	<b>TOTAL ASSETS</b>		<b>311,795,636</b>	<b>269,392,380</b>

# Vietnam Technological and Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET  
as at 30 September 2018 (continued)

Form B02a/TCTD-HN

		Note	09/30/2018 VND million	12/31/2017 VND million (audited)
<b>B</b>	<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
	<b>LIABILITIES</b>			
<b>I</b>	<b>Borrowings from the Government and the State Bank of Vietnam</b>		<b>2,000,000</b>	<b>1,000,000</b>
<b>II</b>	<b>Deposits and borrowings from other financial institutions and credit institutions</b>	<b>17</b>	<b>39,571,425</b>	<b>46,323,825</b>
1	Deposits from other financial institutions and credit institutions		29,388,541	21,274,375
2	Borrowings from other financial institutions and credit institutions		10,182,884	25,049,450
<b>III</b>	<b>Deposits from customers</b>	<b>18</b>	<b>193,583,132</b>	<b>170,970,833</b>
<b>IV</b>	<b>Derivatives and other financial liabilities</b>	<b>19</b>	<b>382,672</b>	<b>-</b>
<b>VI</b>	<b>Valuable papers issued</b>	<b>20</b>	<b>17,240,065</b>	<b>17,639,970</b>
<b>VII</b>	<b>Other liabilities</b>	<b>21</b>	<b>9,537,341</b>	<b>6,527,007</b>
1	Accrued interest and fee payables		3,562,788	2,764,162
3	Other liabilities		5,974,553	3,762,845
	<b>TOTAL LIABILITIES</b>		<b>262,314,635</b>	<b>242,461,635</b>
	<b>SHAREHOLDERS' EQUITY</b>			
<b>VIII</b>	<b>Capital and reserves</b>	<b>22</b>	<b>49,481,001</b>	<b>26,930,745</b>
1	Capital		35,442,869	9,777,116
a	Share capital		34,965,922	11,655,307
c	Share Premium		476,947	2,165,058
d	Treasury Share		-	(4,043,249)
2	Reserves		2,650,914	6,156,928
3	Foreign exchange differences		(499)	-
5	Retained earnings		11,387,717	10,996,701
	<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>49,481,001</b>	<b>26,930,745</b>
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>311,795,636</b>	<b>269,392,380</b>

# Vietnam Technological and Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET  
as at 30 September 2018 (continued)

Form B02a/TCTD-HN

## CONSOLIDATED OFF-BALANCE SHEET ITEMS

		Note	09/30/2018 VND million	12/31/2017 VND million (audited)
<b>CONTINGENT LIABILITIES</b>				
1	Guarantees for borrowings		5,810	8,558
2	Commitments for currency contracts		179,650,573	232,107,961
	<i>Commitments to buy foreign currency</i>		14,739,495	2,911,065
	<i>Commitments to sell foreign currency</i>		8,663,249	5,440,635
	<i>Commitments to buy currency swap contracts</i>		78,149,358	111,777,120
	<i>Commitments to sell currency swap contracts</i>		78,098,471	111,979,141
4	Letter of Credit		14,912,961	9,366,321
5	Other guarantees		18,469,618	16,001,135
7	Valuable papers forward commitments		8,632,660	9,638,324
8	Other commitment		166,702,098	23,045,517

(\*) The balance as at 30 September 2018 of “Other commitments” additionally includes unused credit limits that the Bank has the right to cancel or automatically cancel when customers breach conditions of cancelling or deteriorate their capacity to perform obligations; and unused credit limits of credit cards in accordance with Circular No. 19/2017/TT-NHNN dated 28 December 2017 amending and supplementing some articles of the Circular No. 36/2014/TT-NHNN dated 20 November 2014 of the Governor of the State Bank of Vietnam regulating the limits and adequacy ratios in operation of credit institutions and foreign bank branches, which has been effective on 12 February 2018.

Prepared by



Ms. Bui Thi Khanh Van  
Chief Accountant

Approved by



Mr. Nguyen Le Quoc Anh  
Chief Executive Officer

22 -10- 2018

# Vietnam Technological and Commercial Joint Stock Bank

CONSOLIDATED STATEMENT OF INCOME  
for the period from 1 January 2018 to 30 September 2018

Form B03a/TCTD-HN

		Note	Quarter 3		Accumulated	
			This year VND million	Last year VND million (reclassified)	This year VND million	Last year VND million (reclassified)
1	Interest and similar income	23	5,677,781	4,164,100	15,574,294	12,986,671
2	Interest and similar expenses	23	(2,560,876)	(2,108,740)	(7,406,771)	(6,525,218)
<b>I</b>	<b>Net interest and similar income</b>	<b>23</b>	<b>3,116,905</b>	<b>2,055,360</b>	<b>8,167,523</b>	<b>6,461,453</b>
3	Fee and commission income	24	1,171,873	746,698	2,702,144	2,095,622
4	Fee and commission expenses	24	(239,737)	(102,905)	(588,739)	(405,486)
<b>II</b>	<b>Net fee and commission income</b>	<b>24</b>	<b>932,136</b>	<b>643,793</b>	<b>2,113,405</b>	<b>1,690,136</b>
<b>III</b>	<b>Net gain from trading of foreign currencies</b>	<b>25</b>	<b>48,455</b>	<b>84,240</b>	<b>246,699</b>	<b>203,423</b>
<b>IV</b>	<b>Net gain from trading of securities held for trading</b>	<b>26</b>	<b>116,620</b>	<b>94,686</b>	<b>115,037</b>	<b>374,298</b>
<b>V</b>	<b>Net gain/ (loss) from investment securities</b>	<b>27</b>	<b>(39,389)</b>	<b>300,067</b>	<b>703,635</b>	<b>494,152</b>
5	Other income	28	875,759	400,123	1,795,688	1,250,195
6	Other expenses	28	(415,343)	(96,904)	(742,287)	(182,519)
<b>VI</b>	<b>Net gain from other activities</b>	<b>28</b>	<b>460,416</b>	<b>303,219</b>	<b>1,053,401</b>	<b>1,067,676</b>
<b>VII</b>	<b>Income from investments in other entities</b>	<b>29</b>	<b>-</b>	<b>271</b>	<b>894,703</b>	<b>355,463</b>
<b>VIII</b>	<b>Operating expenses</b>	<b>30</b>	<b>(1,314,671)</b>	<b>(1,218,247)</b>	<b>(3,733,658)</b>	<b>(3,270,280)</b>
<b>IX</b>	<b>Profit before provision for credit losses</b>		<b>3,320,472</b>	<b>2,263,388</b>	<b>9,560,745</b>	<b>7,376,321</b>
<b>X</b>	<b>Provision expenses</b>	<b>31</b>	<b>(742,614)</b>	<b>(157,064)</b>	<b>(1,786,535)</b>	<b>(2,535,949)</b>
<b>XI</b>	<b>Profit before tax</b>		<b>2,577,858</b>	<b>2,106,324</b>	<b>7,774,210</b>	<b>4,840,372</b>
7	Income tax expense – current	32	(518,294)	(399,265)	(1,563,189)	(929,218)
8	Income tax expense – deferred		-	(860)	(1,773)	(20,686)
<b>XII</b>	<b>Total income tax expense</b>		<b>(518,294)</b>	<b>(400,125)</b>	<b>(1,564,962)</b>	<b>(949,904)</b>
<b>XIII</b>	<b>Net profit after tax</b>		<b>2,059,564</b>	<b>1,706,199</b>	<b>6,209,248</b>	<b>3,890,468</b>

Prepared by



Ms. Bui Thi Khanh Van  
Chief Accountant  
22-10-2018

Approved by




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

Mr. Nguyen Le Quoc Anh  
Chief Executive Officer



# Vietnam Technological and Commercial Joint Stock Bank

CONSOLIDATED STATEMENT OF CASH FLOWS  
for the period from 01 January 2018 to 30 September 2018

Form B04a/TCTD-HN

		Note	From 01/01/2018 to 09/30/2018 VND million	From 01/01/2017 to 09/30/2017 VND million (reclassified)
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1	Interest and similar income received		13,415,264	11,251,076
2	Interest and similar expenses paid		(6,608,145)	(5,782,532)
3	Fee and commission income received		2,113,405	1,716,541
4	Net received from foreign currencies, gold and securities trading activities		1,129,462	1,141,971
5	Other income received		236,661	535,695
6	Proceeds from loans previously written off	28	816,740	531,981
7	Operating and salary expenses payments		(3,074,489)	(3,273,366)
8	Current income tax paid for the period	32	(1,528,451)	(747,031)
	<b>Net cash flow from operating activities before changes in operating assets and liabilities</b>		<b>6,500,447</b>	<b>5,374,335</b>
	<b>Changes in operating assets</b>			
9	(Increase)/decrease in balance with and credit granting to other credit institutions		(2,134,706)	1,107,962
10	(Increase)/decrease in securities held for trading and investment securities		(10,864,188)	1,407,036
11	(Increase)/decrease in derivatives and other financial assets		36,292	(81,560)
12	(Increase)/decrease in loans to customers		(6,089,813)	5,243,373
13	Utilisation of provision to write off	9, 11	(2,226,351)	(3,682,760)
14	Increase in other assets		(1,687,578)	(1,371,120)
	<b>Changes in operating liabilities</b>			
15	Increase in borrowings from the Government and the State Bank of Vietnam		-	552,030
16	Increase/(decrease) in deposits and borrowings from other financial institutions and credit institutions		(6,752,400)	2,581,706
17	Increase/(decrease) in deposits from customers (including deposits from State Treasury)		23,612,299	(7,126,086)
18	Increase in valuable papers issued		2,300,095	1,072,295
20	Increase/(decrease) in derivatives and other financial liabilities		382,672	(67,892)
21	Other liabilities		2,484,367	563,504
22	Payments from reserves		-	(24)
<b>I</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>5,561,136</b>	<b>5,572,799</b>

# Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period from 01 January 2018 to 30 September 2018

Form B05a/TCTD-HN

		Note	From 01/01/2018 to 09/30/2018 VND million	From 01/01/2017 to 09/30/2017 VND million (reclassified)
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1	Payments for purchases of fixed assets		(171,858)	(65,550)
2	Proceeds from disposals of fixed assets		775	842
3	Payments for disposals of fixed assets		(2,233)	(717)
8	Proceeds from disposals, sales of investment properties		894,427	925,480
9	Dividends from investing in other entities		276	271
<b>II</b>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>721,387</b>	<b>860,326</b>
	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>			
2	Proceeds from long-term valuable papers issued classified into owner's equity and other long-term loans		-	8,164
3	Payments for long-term valuable papers issued classified into owner's equity and other long-term loans		(2,700,000)	-
5	Payments for treasury shares		-	(4,043,249)
6	Proceeds from sales of treasury shares		16,341,507	-
<b>III</b>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>13,641,507</b>	<b>(4,035,085)</b>
<b>IV</b>	<b>NET CASH FLOWS DURING THE PERIOD</b>		<b>19,924,030</b>	<b>2,398,040</b>
<b>V</b>	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>22,681,199</b>	<b>14,193,097</b>
VI	Effect of foreign exchange differences		(499)	(411)
<b>VII</b>	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>33</b>	<b>42,604,730</b>	<b>16,590,726</b>

Prepared by



Ms. Bui Thi Khanh Van  
Chief Accountant

22-10-2018

Approved by



Mr. Nguyen Le Quoc Anh  
Chief Executive Officer

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

# Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period from 01 January 2018 to 30 September 2018

Form B05a/TCTD-HN

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

## 1. GENERAL INFORMATION

Vietnam Technological and Commercial Joint Stock Bank (hereinafter referred to as “Techcombank”) 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 was 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; granting loans on short, medium and long-term basis up to the nature and ability of the Bank’s capital resources; conducting settlement and cash services and other banking services as approved by the SBV; conducting investments in associate, joint-ventures and other companies, investments in bonds and deal in foreign exchange in accordance with applicable regulations.

As at 30 September 2018, the Bank’s share capital was VND 34,965,921,600,000 (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 September 2018, the Bank had one (01) Head Office, two (02) representative offices and three hundred thirteen (313) transaction offices nationwide and three (03) subsidiaries.

The consolidated financial report as at 30 September 2018 included Techcombank and subsidiaries (hereinafter referred to as “the Bank”).

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

<u>Subsidiaries</u>	<u>Operating licence</u>	<u>Nature of Business</u>	<u>% owned by the Bank</u>
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 September 2018, the Bank had 8,957 employees (31 December 2017: 8,328 employees).

# Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period from 01 January 2018 to 30 September 2018 (continued)

Form B05a/TCTD-HN

## 2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam 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 consolidated financial statements are not intended to present the consolidated the financial position and consolidated the results of operations and consolidated 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.

### (b) Basis of measurement

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

### (c) Annual accounting period

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

### (d) Accounting currency

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

### (e) Applied accounting policies and regimes

The consolidated financial statements of the Bank are prepared in accordance with the Accounting System for Credit Institutions required under Decision No. 479/2004/QD-NHNN which was issued on 29 April 2004 by the Governor of the State Bank of Vietnam 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 and 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 CONSOLIDATED FINANCIAL STATEMENTS  
for the period from 01 January 2018 to 30 September 2018 (continued)

Form B05a/TCTD-HN

## (f) Basis of assumptions and uses of estimates

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

### *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 consolidated financial statements are prepared on the going concern basis.

## (g) Basis of consolidation financial statement preparation

### *(i) Subsidiaries*

Subsidiaries are those companies over which Techcombank has the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to Techcombank. They are de-consolidated from the date on which the control ceases.

The Bank uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equities instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of the minority interest.

### *(ii) Transactions eliminated on consolidation*

Inter-company balances, transactions and unrealised gains on transactions between those subsidiaries and the Bank are eliminated. Unrealised losses also eliminated unless transactions provide evidence of an impairment of the asset transferred. The accounting policies of subsidiaries have been changed when necessary to ensure the consistency with the policies adopted by the Bank.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Changes in accounting policies

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

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*Circular No. 16/2018/TT-BTC ("Circular 16") provides guidelines for financial regulations applicable to credit institutions and foreign bank branches regulated on Government's Decree No. 93/2017/ND-CP dated August 07, 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 main 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 affective 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. The Bank assesses that Circular 16 has no material impact on its accounting policies.

*Circular No. 22/2017/TT-NHNN amends and supplements 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"). Circular 22 was effective on 01 April 2018*

Circular 22 includes the following amendments:

- ▶ Amending and supplementing the guidance 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 guidance on the accounting treatment for some accounts in the chart of account system applicable to credit institutions; and
- ▶ Amending and supplementing the guidance on the financial reporting regime applicable to credit institutions.

The Bank has carried out a comparative assessment of the consolidated financial statements in accordance with Circular 22. Accordingly, the effects on the financial statements due to the change in exchange rate policy are immaterial. As a result, the Bank does not need to restate its comparative figures due to the impact of exchange rate changes.

## **(b) 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.

## **(c) Balances with and credit granting to other credit institutions**

Balances with and credit granting to other credit institutions are stated at cost. The classification of credit risk for balances with and credit granting to other credit institutions and the corresponding

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provision are made in accordance with Circular No. 02/2013/TT-NHNN issued by the SBV on 21 January 2013 on asset classification, risk provisioning and use of provision against credit risks by credit institutions and foreign bank branches ("Circular 02") and Circular No. 09/2014/TT-NHNN issued by the SBV on 18 March 2014 amending and supplementing a number of articles of Circular 02 ("Circular 09").

Accordingly, the Bank is required to make specific provision for balances with (except for current accounts) and credit granting to other credit institutions as described in Note 3(e).

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

## **(d) 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 provision for diminution in the value by reference to the yield curve listed at the Hanoi Stock Exchange on the consolidate balance-sheet date.

Debt securities held for trading which are unlisted corporate bonds are stated at cost less provision for credit risk as stipulated in Circular 02 and Circular 09. Accordingly, provision for unlisted corporate bond held for trading is determined in accordance with methods described in Note 3(e).

For other debt securities held for trading, provision is determined in accordance 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 Jun 2013 of the Ministry of Finance ("Circular 89").

Provision for credit risk and provision for diminution in value of securities held-for-trading as described above are reversed when there is a subsequent increase in the recoverable value of securities due to the objective events occurring after the provision is made. The maximum amount to be reversed cannot exceed the book value of the securities before making provision.

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

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## (e) 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 (01) year from the loan disbursement date, medium-term loans are those with a repayment date from one 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 credit granting 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 credit granting 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 September 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 August. The basis to determine the value and discounted value for each type of collateral is specified in Circular 02.

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

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"> <li>▪ Debts violating Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or</li> <li>▪ Debts violating Clause 1, 2, 3, 4 under Article 127 of Law</li> </ul>	20%



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Group		Description	Provision
		on Credit Institutions; or <ul style="list-style-type: none"> <li>▪ Debts violating Clauses 1, 2 and 5 under Article 128 of Law on Credit Institutions.</li> </ul> (e) Debts which are recovered under inspection conclusions	
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%
5	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%

When a customer has more than one debt with the Bank and 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 participates in a syndicated loan as a participant, it classifies loans (including syndicated loans) of the customer into a higher risk group among assessment of the leading bank and its own assessment.

According to Article 10, Clause 3a of Circular 09, loans are rescheduled and classified in the same loan groups as before restructuring when the following conditions are met:

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- ▶ Loans and disbursements do not violate the provisions of law;
- ▶ Restructuring 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 long-term one.

Only when these above conditions are met, the Bank can restructure its debt repayment schedule and classify in the same loan group as before restructuring. For a debt, restructuring repayment schedule and keeping the same group can be done only once. Article 10, Paragraph 3a of Circular 09 was effective from 20 March 2014 and ceased from 01 April 2015.

In accordance with the requirements of Circular 02, as at 30 September 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 August.

## **(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 consolidated 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 consolidated statement of income on an accrual basis.

Available-for-sale and held-to-maturity securities are initially stated at cost less provision for investment securities.

Provision for listed available for sale equity securities is determined by reference to closing prices of securities from the Ho Chi Minh City Stock Exchange and average prices from the Hanoi Stock Exchange as at consolidated balance sheet date.

Provision for diminution in the value of unlisted available for sale equity securities which are actively traded on trading market for unlisted public companies market (“Upcom”) is determined as the average transaction price at as at consolidated balance sheet date.

Provision for unlisted available for sale equity securities which are not actively traded on trading market for unlisted public companies market is determined by reference to the average price of the transaction price quotes from three securities companies having charter capital above VND billion 300.

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Provision for diminution on debt securities are determined in accordance with Circular 228/2009/TT-BTC issued by Ministry of Finance on 7 December 2009 when book value is higher than market value. In case the market value of securities can be determined, no provision is made. Provision for diminution is recognised in “*Net gain/loss from investment securities*” in the consolidated income statement.

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

(iii) *Special bonds issued by the Vietnam Assets Management Company (“VAMC”)*

Special bonds issued by VAMC are term valuable papers, which aim to purchase bad debts of the Bank. Special bonds are classified as held-to-maturity securities and are initially recorded at cost at transaction date and subsequently carried at par value. Par value of special bonds is equivalent to the value of bad debts sold and equal to the principal balance minus specific provision made but not utilized for those debts.

During the period holding special bonds, the Bank is required to make specific provision for special bonds annually in accordance with requirements of Circular No. 14/2015/TT-NHNN dated 28 August 2015 by the SBV amending Circular No. 19/2013/TT-NHNN on the purchase, sales and resolution of bad debts of VAMC.

Specific provision for each special bond is recognized in the consolidated income statement in “Provision expenses for credit losses”. General provision is not required for the special bonds.

**(g) 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 requirement on prudential ratio of the operations of credit institutions stipulated by the State Bank of Vietnam) and the Bank is the founding shareholder; or strategic partner; or the Bank can have certain but not significant 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 on the transaction date and continuously carried at cost minus amortisation (if any) in the subsequent holding periods.

***Provision for long-term investments***

Provision is made when the business entities invested incur losses (unless losses were previously forecasted in the business plan). Therefore, provision for each investment is calculated as the difference between the actual contributed capital of all owners in the 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.

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## **(h) 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, organisation and operation of Vietnam Assets Management Company”, the Circular 19/2013/TT-NHNN dated 06 September 2013 providing “Regulations of purchase, sale and handling bad debts of Vietnam Assets Management Company” and its amendment – Circular 14/2015/TT-NHNN 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 provisions made for the VAMC bonds and the balances of uncollected debts/bonds will be recognised in the consolidated statement of income.

## **(i) Derivative financial instrument**

### *(i) Currency forwards and swaps*

For currency forwards and swaps, the difference between values 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 consolidated 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 in the consolidated balance sheet over the contract year in the consolidated statement of income.

For currency option, the nominal value of the contract is not recognised in the consolidated 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 consolidated 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 consolidated income statement on the basis of market price, the exercise price of the underlying item, trading volume and the effective term of the contract.

### *(ii) Interest rate swaps*

The nominal value of interest rate swap contracts is not recognised in the consolidated 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 consolidated 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 consolidated 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 is not recognised on the consolidated balance sheet. Fee from these brokerage services are recognised in the consolidated income statements.

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## (j) 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 consolidated 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

## (k) 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.

#### ***Land use rights 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.

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## *(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.

## **(l) Investment property**

### *(i) Cost*

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

### *(ii) Depreciation*

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property. The estimated useful lives are as follows:

- ▶ Building 10 – 40 years

## **(m) Goodwill**

Goodwill arising from the merger of enterprises acquired properties are represented by a payment by the lessee to purchase the property implementation for the purpose of obtaining economic benefits in the future.

Goodwill is determined by the difference between the market value of the enterprise and a net asset of the enterprise and is recorded in the financial statements at the time of merger.

Goodwill is recognized on the consolidated balance sheet and is amortized to the consolidated statement of income on the straight-line basis over 5 years.

## **(n) 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 accounted for in the consolidated statement of income.

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For overdue receivables, Techcombank use provision rates based on the overdue days in accordance with Circular 228 and Circular 89 as below:

<i>Overdue days</i>	<i>Provision rate</i>
▶ From six (06) months up to one (01) year	30.00%
▶ From one (01) year up to two (02) years	50.00%
▶ From two (02) years up to three (03) years	70.00%
▶ More than three (03) years	100.00%

## *Classifications and provisioning for debt sold*

According to Circular 02 and 09, provisions for receivables from a debt which has been sold not received payment are made base on the debt classification and collateral value as before selling date.

### **(o) Other provision**

A provision other than allowances described in Notes 3(c), 3(d), 3(e), 3(f) and 3(g) 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 Labour, 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. The Bank has no further obligation.

#### *(ii) Provision for severance allowance*

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more ("eligible employee") voluntarily terminates his labour contract, 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, Techcombank is no longer required to provide severance allowance for the service year after 01 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.

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## *iii) Retrenchment benefits*

The Bank has the obligation, under Section 17 of the Vietnam Labour Code, to pay allowance to employees who are retrenched as a result of organisational 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 recognised in operating expenses of the period.

## **(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.

## **(s) Reserves and funds**

### *(i) Reserves and funds of Techcombank*

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	5.00% of profit after tax	100.00% share capital
Financial reserve	10.00% 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 Meeting. These funds are not required by law and are fully distributable.

### *(ii) Reserves and funds of subsidiaries*

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

According to Circular No. 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance, the reserves as allocation requirements are the same as those of the Bank.



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*Techcom Securities Joint Stock Company and Techcom Capital Management Company Limited*

According to Circular No. 146/TT/2014/TT-BTC issued by the Ministry of Finance issued on 06 October 2014 guiding the financial regime for securities, fund management companies ("Circular 146"), from 2014 onwards, realized profit of the Company shall be distributed as follows:

	<i>Annual allocation</i>	<i>Maximum</i>
Reserve to supplement chartered capital	5.00% profit after tax	10.00% chartered capital
Financial reserve	5.00% profit after tax	10.00% chartered capital

The retained earnings distribution is decided by Board of Members/ Board of Directors of the Company.

## **(t) Fiduciary assets**

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

## **(u) Revenue recognition**

### *(i) Interest income*

Interest income is recognised in the consolidated statement of income on an accrual basis, except for interest on loans classified in Group 2 to Group 5 as defined in Note 3(h) which is recognised upon receipt.

### *(ii) Fee and commission income*

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

## **(v) Dividend income**

Dividends receivable in cash are recognised in the consolidated 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, dividends received by the Bank in form of shares distributed from retained earnings are not recognised as an increase in the value of the investment and income is not recognised in the consolidated statement of income.

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## **(w) Income and expenses from the sale of debts**

Income and expenses from the sale of debts are recognized in accordance with Decision No. 59/2006/QĐ-NHNN issued by the SBV promulgating regulations on sale and purchase of debts by credit institutions. From 1 September 2015, income and expenses arising from purchase and sale of debts are recognized following Circular No. 09/2015/TT-NHNN providing guidance on the sale of debts of credit institutions and foreign bank branches.

According to Decision No. 59/2006/QĐ-NHNN and Circular No. 09/2015/TT-NHNN, the difference between the prices of debts purchased or sold and their book value are recorded as follows:

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

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

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

## **(x) Interest expenses**

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

## **(y) Operating lease payments**

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

## **(z) Foreign currency transactions**

Monetary assets and liabilities denominated in foreign currencies are converted into VND at the exchange rates ruling at the 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 consolidated 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” and taken into the consolidated statement of income at year-end date of fiscal year.

# Vietnam Technological and Commercial Joint Stock Bank

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## (aa) 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 State Bank of Vietnam and other credit institutions;
- ▶ Loans and 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 State Bank of Vietnam;
- ▶ Deposits and borrowings from other credit institutions;
- ▶ Deposit from customers and entrusted funds;
- ▶ Valuable papers issued;
- ▶ Derivative financial liabilities; and
- ▶ Other financial liabilities.

Financial assets and financial liabilities are offset and reported on a basis in the consolidated 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 realise the asset and settle the liability simultaneously.

### (i) Recognition

The Bank initially recognises financial assets and liabilities on the trade date at which Techcombank 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.

# Vietnam Technological and Commercial Joint Stock Bank

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## **(bb) Taxation**

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the consolidated 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 the tax authorities. Because the applicability of tax laws and regulations too many types of transactions and susceptible to various interpretation, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

# Vietnam Technological and Commercial Joint Stock Bank

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## 4. CASH AND GOLD

	<i>09/30/2018</i> <i>VND million</i>	<i>12/31/2017</i> <i>VND million</i> <i>(audited)</i>
Cash in VND	3,558,325	1,948,066
Cash in foreign currencies	466,494	374,120
Gold	17,058	22,176
	<b>4,041,877</b>	<b>2,344,362</b>

## 5. BALANCES WITH THE STATE BANK OF VIETNAM

	<i>09/30/2018</i> <i>VND million</i>	<i>12/31/2017</i> <i>VND million</i> <i>(audited)</i>
Balances with the State Bank of Vietnam in VND	5,581,151	4,277,877
Balances with the State Bank of Vietnam in foreign currencies	1,492	1,554
	<b>5,582,643</b>	<b>4,279,431</b>

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

	<i>09/30/2018</i> <i>VND million</i>	<i>12/31/2017</i> <i>VND million</i> <i>(audited)</i>
<b>Current accounts</b>	<b>9,374,061</b>	<b>7,108,306</b>
Current accounts in VND	7,110,418	1,359,152
Current accounts in foreign currencies	2,263,643	5,749,154
<b>Term deposits</b>	<b>18,292,655</b>	<b>9,134,748</b>
Term deposits in VND	7,375,151	7,071,648
Term deposits in foreign currencies	10,917,504	2,063,100
	<b>27,666,716</b>	<b>16,243,054</b>
<b>Credit granting</b>	<b>16,070,497</b>	<b>13,912,753</b>
Credit granting in VND	12,941,358	11,146,941
Credit granting in foreign currencies	3,129,139	2,765,812
	<b>43,737,213</b>	<b>30,155,807</b>

# Vietnam Technological and Commercial Joint Stock Bank

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## 7. SECURITIES HELD FOR TRADING

	<i>09/30/2018</i> <i>VND million</i>	<i>12/31/2017</i> <i>VND million</i> <i>(audited)</i>
<b>Debt securities</b>		
- Government Bonds	3,280,628	3,822,161
- Bonds issued by local credit institutions	1,502,320	116,614
<i>In which: Bonds guaranteed by the Government for settlement</i>	-	116,614
- Bonds issued by local economics entities	803,735	2,836,343
	<b>5,586,683</b>	<b>6,775,118</b>
Provision for credit risk of unlisted corporate bonds	(10,052)	(14,246)
Provision for diminution in value of securities held for trading	(235)	(2,778)
	<b>5,576,396</b>	<b>6,758,094</b>

Movements in provision for securities held for trading were as follows:

	<i>From 01/01/2018 to 09/30/2018</i> <i>VND million</i>	<i>From 01/01/2017 to 09/30/2017</i> <i>VND million</i>
<b>Opening balance</b>	<b>17,024</b>	<b>11,285</b>
Reversal of credit risk provision during the period ( <i>Note 26</i> )	(4,194)	(2,982)
Reversal of provision for diminution in value of securities held for trading ( <i>Note 26</i> )	(2,543)	-
<b>Closing balance</b>	<b>10,287</b>	<b>8,303</b>

# Vietnam Technological and Commercial Joint Stock Bank

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## 8. LOANS TO CUSTOMERS

	<i>09/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(audited)</i>
Loans to local economic entities and individuals	165,869,884	158,497,737
Discounted bills	555,244	1,983,527
Payment on behalf of customers	94,998	2,166
Loans financed by trusted funds	415,141	358,449
Loans to foreign organizations, individuals	3,583	7,158
	<b>166,938,850</b>	<b>160,849,037</b>

Loan portfolio by loan group are as follows:

	<i>09/30/2018</i>		<i>12/31/2017</i>	
			<i>(audited)</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
Group 1 - Current	160,657,223	96.24%	155,931,825	96.94%
Group 2 - Special mention	2,853,411	1.71%	2,333,286	1.45%
Group 3 - Substandard	452,663	0.27%	575,397	0.36%
Group 4 - Doubtful	948,730	0.57%	455,567	0.28%
Group 5 - Loss	2,026,823	1.21%	1,552,962	0.97%
	<b>166,938,850</b>	<b>100%</b>	<b>160,849,037</b>	<b>100%</b>

Loan portfolio by term are as follows:

	<i>09/30/2018</i>		<i>12/31/2017</i>	
			<i>(audited)</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
Short term	70,212,691	42.06%	63,412,628	39.42%
Medium term	39,551,088	23.69%	42,896,541	26.67%
Long term	57,175,071	34.25%	54,539,868	33.91%
	<b>166,938,850</b>	<b>100%</b>	<b>160,849,037</b>	<b>100%</b>

# Vietnam Technological and Commercial Joint Stock Bank

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## 9. PROVISION FOR LOANS TO CUSTOMERS

Provision for loans to customers consists of:

	<i>09/30/2018</i> <i>VND million</i>	<i>12/31/2017</i> <i>VND million</i> <i>(audited)</i>
General provision	1,271,235	1,061,081
Specific provision	1,385,605	823,500
	<b>2,656,840</b>	<b>1,884,581</b>

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

<i>VND million</i>	<i>Specific provision</i>	<i>General provision</i>	<i>Total</i>
<b>Opening balance</b>	<b>823,500</b>	<b>1,061,081</b>	<b>1,884,581</b>
Provision made during the period <i>(Note 31)</i>	2,788,456	210,154	2,998,610
Utilisation of provision during the period	(2,226,351)	-	(2,226,351)
<b>Closing balance</b>	<b>1,385,605</b>	<b>1,271,235</b>	<b>2,656,840</b>

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

<i>VND million</i>	<i>Specific provision</i>	<i>General provision</i>	<i>Total</i>
<b>Opening balance</b>	<b>494,120</b>	<b>1,001,355</b>	<b>1,495,475</b>
Provision made/ (reversed) during the period <i>(Note 31)</i>	968,608	(5,471)	963,137
Utilisation of provision during the period	(651,454)	-	(651,454)
<b>Closing balance</b>	<b>811,274</b>	<b>995,884</b>	<b>1,807,158</b>



# Vietnam Technological and Commercial Joint Stock Bank

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## 10. DEBT PURCHASED

	<i>09/30/2018</i> <i>VND million</i>	<i>12/31/2017</i> <i>VND million</i> <i>(audited)</i>
Debt purchased in VND	1,682	12,092
Provision for debt purchased	(1,682)	(1,760)
	<u>-</u>	<u>10,332</u>
	<i>09/30/2018</i> <i>VND million</i>	<i>12/31/2017</i> <i>VND million</i> <i>(audited)</i>
Principal of debt purchased	-	49,516
Interest of debt purchased	1,682	23,619
	<u>1,682</u>	<u>73,135</u>

Movements in provision for debt purchased are as follows:

	<i>From 01/01/2018</i> <i>to 09/30/2018</i> <i>VND million</i>	<i>From 01/01/2017</i> <i>to 09/30/2017</i> <i>VND million</i>
<b>Opening balance</b>	<b>1,760</b>	<b>973</b>
Provision reversed during the period ( <i>Note 31</i> )	(78)	(91)
<b>Closing balance</b>	<u><b>1,682</b></u>	<u><b>882</b></u>

# Vietnam Technological and Commercial Joint Stock Bank

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## 11. INVESTMENT SECURITIES

	<i>09/30/2018</i> <i>VND million</i>	<i>12/31/2017</i> <i>VND million</i> <i>(audited)</i>
<b>Available-for-sale securities</b>		
<b>Debt securities</b>		
- Government bonds	10,708,509	13,048,507
- Bonds issued by local credit institutions	20,807,712	17,010,279
<i>In which: bonds guaranteed by the Government for settlement</i>	<i>12,251,895</i>	<i>12,459,709</i>
- Bonds issued by local economic entities	21,760,184	15,739,612
<b>Equity securities</b>		
- Shares issued by local economic entities	-	220,000
	<b>53,276,405</b>	<b>46,018,398</b>
Provision for credit risk of unlisted corporate bonds	(200,387)	(141,035)
Provision for diminution in value of available-for-sale securities	(16,793)	(15,816)
	<b>53,059,225</b>	<b>45,861,547</b>
<b>Held-to-maturity securities</b>		
<b>Debt securities</b>		
- 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	15,956,200	3,116,200
	<b>15,986,200</b>	<b>5,715,484</b>
Provision for credit risk of unlisted corporate bonds	(45,046)	(34,547)
	<b>15,941,154</b>	<b>5,680,937</b>
	<b>69,000,379</b>	<b>51,542,484</b>
Provision for investment securities includes:		
	<i>09/30/2018</i> <i>VND million</i>	<i>12/31/2017</i> <i>VND million</i> <i>(audited)</i>
Provision for unlisted corporate bonds	245,433	175,582
Provision for diminution of securities	16,793	15,816
Provision for special bonds issued by VAMC	-	-
	<b>262,226</b>	<b>191,398</b>

# Vietnam Technological and Commercial Joint Stock Bank

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Movements in provision for investment securities for the period from 01 January 2018 to 30 September 2018 were as follows :

<i>VND million</i>	<i>General provision</i>	<i>Provision for diminution</i>	<i>Total</i>
<b>Opening balance</b>	<b>175,582</b>	<b>15,816</b>	<b>191,398</b>
Creation of provision during the period ( <i>Note 27</i> )	69,851	977	70,828
<b>Closing balance</b>	<b>245,433</b>	<b>16,793</b>	<b>262,226</b>

Movements of provision for investment securities for the period from 01 January 2017 to 30 September 2017 were as follows :

<i>VND million</i>	<i>General provision</i>	<i>Specific provision</i>	<i>Total</i>
<b>Opening balance</b>	<b>93,018</b>	-	<b>93,018</b>
Creation of provision during the period ( <i>Note 27</i> )	49,598	23,482	73,080
<b>Closing balance</b>	<b>142,616</b>	<b>23,482</b>	<b>166,098</b>

Movements of provision for VAMC special bonds were as follows:

	<i>From 01/01/2018 to 30/09/2018 VND million</i>	<i>From 01/01/2017 to 30/09/2017 VND million</i>
<b>Opening balance</b>	-	<b>1,367,540</b>
Creation of provision during the period ( <i>Note 31</i> )	-	1,663,766
Utilization of provision for VAMC special bonds	-	(3,031,306)
<b>Closing balance</b>	-	-

## 12. LONG-TERM INVESTMENTS

	<i>09/30/2018 VND million</i>	<i>12/31/2017 VND million (audited)</i>
Other long-term investments – cost	12,883	12,084
Provision for long-term investment (i)	(660)	(2,401)
	<b>12,223</b>	<b>9,683</b>

# Vietnam Technological and Commercial Joint Stock Bank

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(i) Movements of provision for long-term investments are as follows:

	<i>From 01/01/2018 to 09/30/2018</i>	<i>From 01/01/2017 to 09/30/2017</i>
	<i>VND million</i>	<i>VND million</i>
<b>Opening balance</b>	<b>2,401</b>	<b>4,926</b>
Provision reversed for long-term investments (Note 30)	(1,741)	(2,525)
<b>Closing balance</b>	<b>660</b>	<b>2,401</b>

## 13. TANGIBLE FIXED ASSETS

*For the period from 01 January 2018 to 30 September 2018*

<i>VND million</i>	<i>Buildings and building improvements</i>	<i>Office equipment</i>	<i>Vehicles</i>	<i>Other fixed assets</i>	<i>Total</i>
<b>Cost</b>					
<b>Balance at 01 January 2018</b>	<b>336,742</b>	<b>1,115,220</b>	<b>148,850</b>	<b>2,144</b>	<b>1,602,956</b>
Additions	60,719	60,161	-	-	120,880
Transfer from construction in progress	36,007	3,711	17,715	-	57,433
Other increases	5,681	-	-	-	5,681
Disposals	-	(48,910)	(1,127)	(171)	(50,208)
Other decreases	(4,643)	(543)	(975)	(136)	(6,297)
<b>Balance at 30 September 2018</b>	<b>434,506</b>	<b>1,129,639</b>	<b>164,463</b>	<b>1,837</b>	<b>1,730,445</b>
<b>Accumulated depreciation</b>					
<b>Balance at 01 January 2018</b>	<b>32,940</b>	<b>907,879</b>	<b>90,571</b>	<b>1,777</b>	<b>1,033,167</b>
Charge for the period	9,780	71,696	10,614	132	92,222
Disposals	-	(46,678)	(1,127)	(164)	(47,969)
Other movements	1,328	(543)	(975)	(137)	(327)
<b>Balance at 30 September 2018</b>	<b>44,048</b>	<b>932,354</b>	<b>99,083</b>	<b>1,608</b>	<b>1,077,093</b>
<b>Net book value</b>					
<b>Balance at 01 January 2018</b>	<b>303,802</b>	<b>207,341</b>	<b>58,279</b>	<b>367</b>	<b>569,789</b>
<b>Balance at 30 September 2018</b>	<b>390,458</b>	<b>197,285</b>	<b>65,380</b>	<b>229</b>	<b>653,352</b>

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

<i>VND million</i>	<i>Buildings and building improvements</i>	<i>Office equipment</i>	<i>Vehicles</i>	<i>Other fixed assets</i>	<i>Total</i>
<b>Cost</b>					
<b>Balance at 01 January 2017</b>	<b>241,190</b>	<b>1,121,608</b>	<b>153,345</b>	<b>2,144</b>	<b>1,518,287</b>
Additions	95,552	29,521	8,879	-	133,952
Disposals	-	(33,091)	(13,374)	-	(46,465)
Other decreases	-	(2,818)	-	-	(2,818)
<b>Balance at 31 December 2017</b>	<b>336,742</b>	<b>1,115,220</b>	<b>148,850</b>	<b>2,144</b>	<b>1,602,956</b>
<b>Accumulated depreciation</b>					
<b>Balance at 01 January 2017</b>	<b>21,860</b>	<b>833,454</b>	<b>84,546</b>	<b>1,591</b>	<b>941,451</b>
Charge for the period	10,673	108,885	19,228	186	138,972
Other increases	407	-	171	-	578
Disposals	-	(32,246)	(13,374)	-	(45,620)
Other decreases	-	(2,214)	-	-	(2,214)
<b>Balance at 31 December 2017</b>	<b>32,940</b>	<b>907,879</b>	<b>90,571</b>	<b>1,777</b>	<b>1,033,167</b>
<b>Net book value</b>					
<b>Balance at 01 January 2017</b>	<b>219,330</b>	<b>288,154</b>	<b>68,799</b>	<b>553</b>	<b>576,836</b>
<b>Balance at 31 December 2017</b>	<b>303,802</b>	<b>207,341</b>	<b>58,279</b>	<b>367</b>	<b>569,789</b>

# Vietnam Technological and Commercial Joint Stock Bank

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## 14. INTAGIBLE FIXED ASSETS

*For the period from 01 January 2018 to 30 September 2018*

<i>VND million</i>	<i>Software</i>	<i>Land use rights</i>	<i>Others</i>	<i>Total</i>
<b>Cost</b>				
<b>Balance at 01 January 2018</b>	<b>828,990</b>	<b>616,223</b>	<b>4,403</b>	<b>1,449,616</b>
Additions	31,590	19,388	-	50,978
Transfer from construction in progress	12,024	-	-	12,024
Disposals	(1,025)	-	-	(1,025)
Other increases	-	4,629	-	4,629
<b>Balance at 30 September 2018</b>	<b>871,579</b>	<b>640,240</b>	<b>4,403</b>	<b>1,516,222</b>
<b>Accumulated amortisation</b>				
<b>Balance at 01 January 2018</b>	<b>487,127</b>	<b>18,447</b>	<b>2,385</b>	<b>507,959</b>
Charge for the period	67,169	9,065	59	76,293
Other decreases	(760)	-	-	(760)
<b>Balance at 30 September 2018</b>	<b>553,536</b>	<b>27,512</b>	<b>2,444</b>	<b>583,492</b>
<b>Net book value</b>				
<b>Balance at 01 January 2018</b>	<b>341,863</b>	<b>597,776</b>	<b>2,018</b>	<b>941,657</b>
<b>Balance at 30 September 2018</b>	<b>318,043</b>	<b>612,728</b>	<b>1,959</b>	<b>932,730</b>

*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>
<b>Cost</b>				
<b>Balance at 01 January 2017</b>	<b>802,879</b>	<b>615,768</b>	<b>4,403</b>	<b>1,423,050</b>
Additions	41,408	455	-	41,863
Disposals	(15,297)	-	-	(15,297)
<b>Balance at 31 December 2017</b>	<b>828,990</b>	<b>616,223</b>	<b>4,403</b>	<b>1,449,616</b>
<b>Accumulated depreciation</b>				
<b>Balance at 01 January 2017</b>	<b>408,309</b>	<b>6,548</b>	<b>2,307</b>	<b>417,164</b>
Charge for the period	94,115	11,899	78	106,092
Disposals	(15,297)	-	-	(15,297)
<b>Balance at 31 December 2017</b>	<b>487,127</b>	<b>18,447</b>	<b>2,385</b>	<b>507,959</b>
<b>Net book value</b>				
<b>Balance at 01 January 2017</b>	<b>394,570</b>	<b>609,220</b>	<b>2,096</b>	<b>1,005,886</b>
<b>Balance at 31 December 2017</b>	<b>341,863</b>	<b>597,776</b>	<b>2,018</b>	<b>941,657</b>

# Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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## 15. INVESTMENT PROPERTY

*For the period from 01 January 2018 to 30 September 2018*

<i>VND million</i>	<i>Buildings</i>
<b>Cost</b>	
<b>Balance at 1 January 2018</b>	<b>1,442,827</b>
Other decrease	(7,128)
<b>Balance at 30 September 2018</b>	<b>1,435,699</b>
<b>Accumulated amortization</b>	
<b>Balance at 1 January 2018</b>	<b>204,797</b>
Charge for the period	26,966
Other decrease	(1,338)
<b>Balance at 30 September 2018</b>	<b>230,425</b>
<b>Net book value</b>	
<b>Balance at 1 January 2018</b>	<b>1,238,030</b>
<b>Balance at 30 September 2018</b>	<b>1,205,274</b>

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

<i>VND million</i>	<i>Buildings</i>
<b>Cost</b>	
<b>Balance at 1 January 2017</b>	<b>1,447,256</b>
Disposal	(4,429)
<b>Balance at 31 December 2017</b>	<b>1,442,827</b>
<b>Accumulated amortization</b>	
<b>Balance at 1 January 2017</b>	<b>168,720</b>
Charge for the period	36,077
<b>Balance at 31 December 2017</b>	<b>204,797</b>
<b>Net book value</b>	
<b>Balance at 1 January 2017</b>	<b>1,278,536</b>
<b>Balance at 31 December 2017</b>	<b>1,238,030</b>

# Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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## 16. OTHER ASSETS

	<i>09/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(audited)</i>
<b>Receivables</b>		
▪ Internal receivables	56,264	25,774
▪ Deposits and advances for office rental	98,290	395,207
▪ Receivables relating to Interest Subsidy Program	20,050	21,148
▪ Deposits for purchase of office	2,352,839	2,352,839
▪ Advances for contracts	106,930	55,040
▪ Receivables from advance for deferred L/C	5,046,007	2,789,982
▪ Deposits for gold, commodity and foreign currencies trading in futures markets	56,744	45,586
▪ Receivables from sales of loans to customers	-	1,862,038
▪ Advances for fixed assets purchases and construction in progress expenses	1,416,701	946,456
▪ Receivables from other credit institutions	665,329	71,266
▪ Receivables from bond's principal and interest due on holiday	-	368,300
▪ Other receivables	322,068	483,953
	<b>10,141,222</b>	<b>9,417,589</b>
<b>Accrued interest and fee receivables</b>	<b>6,035,558</b>	<b>3,876,528</b>
<b>Deferred tax assets</b>	<b>-</b>	<b>1,773</b>
<b>Other assets</b>		
▪ Materials	10,525	24,475
▪ Prepayments	655,444	513,402
▪ Goodwill (i)	-	19,765
	<b>665,969</b>	<b>557,642</b>
<b>Provision for other assets (ii)</b>	<b>(71,210)</b>	<b>(1,311,569)</b>
	<b>16,771,539</b>	<b>12,541,963</b>



# Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(i) Movements of goodwill

	<i>From 01/01/2018 to 09/30/2018 VND million</i>	<i>From 01/01/2017 to 09/30/2017 VND million</i>
<b>Total goodwill</b>	<b>49,411</b>	<b>49,411</b>
<b>Armotisation time (year)</b>	<b>5</b>	<b>5</b>
<b>Goodwill at the beginning of the period</b>		
- Goodwill amortized at the beginning of the period	29,646	19,764
- Goodwill unamortized at the beginning of the period	19,765	29,647
<b>Goodwill decreases during the period</b>		
- Goodwill amortized during the period ( <i>Note 30</i> )	(19,765)	(7,412)
<b>Goodwill unamortized at the end of the period</b>	<b>-</b>	<b>22,235</b>

(ii) Movements in provision for other assets are as follows:

	<i>From 01/01/2018 to 09/30/2018 VND million</i>	<i>From 01/01/2017 to 09/30/2017 VND million</i>
<b>Opening balance</b>	<b>1,311,569</b>	<b>1,504,323</b>
Provision reserved for receivables from sales of loans to customer during the period ( <i>Note 31</i> )	(1,220,903)	(99,112)
Provision made for other over due receivables during the period ( <i>Note 30</i> )	-	318
Provision made for receivables from deferred L/C ( <i>Note 31</i> )	8,906	8,249
Provision reversed for diminution in the value of inventory ( <i>Note 30</i> )	(1,499)	(293)
Effects of consolidation	(26,863)	-
<b>Closing balance</b>	<b>71,210</b>	<b>1,413,485</b>

# Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period from 01 January 2018 to 30 September 2018 (continued)

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

	<i>09/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(audited)</i>
<b>Demand deposits</b>	<b>9,064,325</b>	<b>1,032,265</b>
Demand deposits in VND	9,062,826	1,031,740
Demand deposits in foreign currencies	1,499	525
<b>Term deposits</b>	<b>20,324,216</b>	<b>20,242,110</b>
Term deposits in VND	15,728,600	15,999,300
Term deposits in foreign currencies	4,595,616	4,242,810
	<b>29,388,541</b>	<b>21,274,375</b>
<b>Borrowings</b>	<b>10,182,884</b>	<b>25,049,450</b>
Borrowings in VND	3,373,462	19,321,553
Borrowings in foreign currencies	6,809,422	5,727,897
	<b>39,571,425</b>	<b>46,323,825</b>

## 18. DEPOSITS FROM CUSTOMERS

	<i>09/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(audited)</i>
<b>Current deposits</b>	<b>43,750,149</b>	<b>38,234,560</b>
Current accounts in VND	39,434,261	34,061,915
Current accounts in foreign currencies	4,315,888	4,172,645
<b>Term deposits</b>	<b>145,676,739</b>	<b>129,727,778</b>
Term deposits in VND	139,041,470	121,993,210
Term deposits in foreign currencies	6,635,269	7,734,568
<b>Marginal deposits</b>	<b>4,156,244</b>	<b>3,008,495</b>
Marginal deposits in VND	4,082,356	2,843,993
Marginal deposits in foreign currencies	73,888	164,502
	<b>193,583,132</b>	<b>170,970,833</b>

# Vietnam Technological and Commercial Joint Stock Bank

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## 19. DERIVATIVES AND OTHER FINANCIAL ASSETS/ (LIABILITIES)

	<i>09/30/2018</i>		<i>12/31/2017 (audited)</i>	
	<i>Total contract nominal value (at the rate of the value date)</i>	<i>Total carrying value</i>	<i>Total contract nominal value (at the rate of the value date)</i>	<i>Total carrying value</i>
	<i>VND million</i>	<i>Assets/ (liabilities) VND million</i>	<i>VND million</i>	<i>Assets/ (liabilities) VND million</i>
Foreign exchange forward contracts	62,097,241	(322,807)	26,744,367	144,445
Foreign exchange currency swap contracts	77,957,531	50,331	103,970,254	(173,684)
Foreign exchange interest rate swap contracts	10,141,521	(110,196)	5,148,488	65,531
	<b>150,196,293</b>	<b>(382,672)</b>	<b>135,863,109</b>	<b>36,292</b>

## 20. VALUABLE PAPERS ISSUED

Valuable papers issued - categorised by terms:

	<i>09/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million (audited)</i>
Up to 12 months	6	6
From 1 year to 5 years	13,340,059	11,039,964
More than 5 years	3,900,000	6,600,000
	<b>17,240,065</b>	<b>17,639,970</b>

# Vietnam Technological and Commercial Joint Stock Bank

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## 21. OTHER LIABILITIES

	<i>09/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(audited)</i>
<b>Accrued interest and fee payables</b>	<b>3,562,788</b>	<b>2,764,162</b>
<b>Other liabilities</b>		
▪ Internal payables	9,407	13,465
▪ Deferred proceeds from the sales of collateral	80,681	156,580
▪ Remittance payables	3,236,452	927,230
▪ Payable to employees	445,610	615,387
▪ Tax payable ( <i>Note 37</i> )	962,940	928,393
▪ Deferred income	137,248	9,141
▪ Advance from customers	1,352	52,595
▪ Salaries accrued expenses	234,917	237,113
▪ Accrued expenses	184,049	368,949
▪ Disbursement waiting for settlement	50,422	6,990
▪ Fund kept for customers waiting for settlement	98,354	176,308
▪ Bonus and welfare funds	11,067	2,680
▪ Deposit of customers waiting for settlement	191,294	105,583
▪ Other payables	330,760	162,431
	<b>5,974,553</b>	<b>3,762,845</b>
	<b>9,537,341</b>	<b>6,527,007</b>

# Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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## 22. CAPITAL AND RESERVES

### Statement of changes in equity

Unit: VND Million

	Share capital	Share premium	Treasury share	Foreign exchange differences	Reserve to supplement capital	Financial reserves	Other reserves	Total Reserves	Retained earnings	Total
<b>Balance at 31 December 2016</b>	<b>8,878,079</b>	-	-	-	<b>3,658,696</b>	<b>1,560,012</b>	<b>474</b>	<b>5,219,182</b>	<b>5,489,215</b>	<b>19,586,476</b>
Capital increase from convertible bond	2,077,228	765,059	-	-	-	-	-	-	-	<b>2,842,287</b>
Capital increase	700,000	1,399,999	-	-	-	-	-	-	-	<b>2,099,999</b>
Net profit for the year	-	-	-	-	-	-	-	-	6,445,595	<b>6,445,595</b>
Purchases of treasury share	-	-	(4,043,249)	-	-	-	-	-	-	<b>(4,043,249)</b>
Appropriations to reserves	-	-	-	-	325,056	612,953	-	938,009	(938,009)	-
Utilisation of reserves	-	-	-	-	-	(263)	-	(263)	-	<b>(263)</b>
Other movements	-	-	-	-	-	-	-	-	(100)	<b>(100)</b>
<b>Balance at 31 December 2017</b>	<b>11,655,307</b>	<b>2,165,058</b>	<b>(4,043,249)</b>	-	<b>3,983,752</b>	<b>2,172,702</b>	<b>474</b>	<b>6,156,928</b>	<b>10,996,701</b>	<b>26,930,745</b>
Capital increase	23,310,615	(13,986,369)	-	-	(3,496,592)	-	-	(3,496,592)	(5,827,654)	-
Net profit during the period	-	-	-	-	-	-	-	-	6,209,248	<b>6,209,248</b>
Sales of Treasury shares	-	12,298,258	4,043,249	-	-	-	-	-	-	<b>16,341,507</b>
Other movements	-	-	-	(499)	(3,141)	(6,281)	-	(9,422)	9,422	<b>(499)</b>
<b>Balance at 30 September 2018</b>	<b>34,965,922</b>	<b>476,947</b>	-	<b>(499)</b>	<b>484,019</b>	<b>2,166,421</b>	<b>474</b>	<b>2,650,914</b>	<b>11,387,717</b>	<b>49,481,001</b>

# Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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<b>Share capital</b>	<i>09/30/2018</i>	<i>12/31/2017</i> <i>(audited)</i>
	<i>Number of shares</i>	<i>Number of shares</i>
<b>Authorised share capital</b>	<b><u>3,496,592,160</u></b>	<b><u>1,165,530,720</u></b>
<b>Issued share capital</b>		
Ordinary shares	<u>3,496,592,160</u>	<u>1,165,530,720</u>
<b>Treasury shares</b>		
Ordinary shares	<u>-</u>	<u>(172,353,345)</u>
<b>Shares in circulation</b>		
Ordinary shares	<b><u>3,496,592,160</u></b>	<b><u>993,177,375</u></b>

## 23. NET INTEREST INCOME

	<i>From 01/01/2018</i> <i>to 09/30/2018</i> <i>VND million</i>	<i>From 01/01/2017</i> <i>to 09/30/2017</i> <i>VND million</i>
<b><i>Interest and similar income</i></b>		
Interest income from deposits	427,809	270,111
Interest income from loans to customers	11,552,327	9,939,798
Interest income from debt securities investment	2,772,316	2,456,477
Interest income from guarantee services	188,408	195,254
Income from other credit activities	633,434	125,031
	<b><u>15,574,294</u></b>	<b><u>12,986,671</u></b>
<b><i>Interest and similar expenses</i></b>		
Interest expenses for deposits	(6,031,912)	(5,796,005)
Interest expenses for borrowings	(319,398)	(244,256)
Interest expenses for valuable paper issued	(1,055,461)	(484,957)
	<b><u>(7,406,771)</u></b>	<b><u>(6,525,218)</u></b>
	<b><u>8,167,523</u></b>	<b><u>6,461,453</u></b>

# Vietnam Technological and Commercial Joint Stock Bank

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## 24. NET FEE AND COMMISSION INCOME

	<i>From 01/01/2018 to 09/30/2018 VND million</i>	<i>From 01/01/2017 to 09/30/2017 VND million (reclassified)</i>
<b><i>Fee and commission income from</i></b>		
Settlement and cash services	1,254,988	1,061,472
Cashiering services	1,523	1,069
Trustee and agency services	34,422	18,895
Consulting services	35,042	2,885
Bancassurance services	468,770	374,596
Income from securities issuance guarantee services	505,643	161,255
Income from securities brokerage services	83,633	30,360
Other services	318,123	445,090
	<b>2,702,144</b>	<b>2,095,622</b>
<b><i>Fee and commission expenses for</i></b>		
Settlement and cash services	(315,647)	(194,671)
Cashiering services	(37,586)	(39,851)
Consulting services	(34,685)	(5,853)
Other services	(200,821)	(165,111)
	<b>(588,739)</b>	<b>(405,486)</b>
	<b>2,113,405</b>	<b>1,690,136</b>

## 25. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	<i>From 01/01/2018 to 09/30/2018 VND million</i>	<i>From 01/01/2017 to 09/30/2017 VND million</i>
<b><i>Income from trading of foreign currencies</i></b>		
Foreign exchange trading	961,594	151,505
Financial derivatives	498,471	619,135
	<b>1,460,065</b>	<b>770,640</b>
<b><i>Expenses for trading of foreign currencies</i></b>		
Foreign exchange trading	(24,332)	(148,967)
Financial derivatives	(1,189,034)	(418,250)
	<b>(1,213,366)</b>	<b>(567,217)</b>
	<b>246,699</b>	<b>203,423</b>

# Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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## 26. NET GAIN FROM TRADING OF SECURITIES HELD FOR TRADING

	<i>From 01/01/2018 to 09/30/2018 VND million</i>	<i>From 01/01/2017 to 09/30/2017 VND million</i>
Income from trading of securities held for trading	288,091	467,957
Expenses for trading of securities held for trading	(179,791)	(96,641)
Reversal of provision for diminution in the value of trading securities ( <i>Note 7</i> )	2,543	-
Reversal of credit risk provision for unlisted corporate bonds ( <i>Note 7</i> )	4,194	2,982
	<b>115,037</b>	<b>374,298</b>

## 27. NET GAIN FROM INVESTMENT SECURITIES

	<i>From 01/01/2018 to 09/30/2018 VND million</i>	<i>From 01/01/2017 to 09/30/2017 VND million</i>
Income from trading of investment securities	1,112,131	720,224
Expenses for trading of investment securities	(337,668)	(152,992)
Creation of provision for diminution in value of investment securities ( <i>Note 11</i> )	(977)	-
Creation of credit risk provision for unlisted corporate bonds ( <i>Note 11</i> )	(69,851)	(73,080)
	<b>703,635</b>	<b>494,152</b>

## 28. NET GAIN FROM OTHER ACTIVITIES

	<i>From 01/01/2018 to 09/30/2018 VND million</i>	<i>From 01/01/2017 to 09/30/2017 VND million</i>
<b><i>Other operating incomes</i></b>		
Income from other derivatives	858,810	134,492
Recovery of loans previously written-off	816,740	531,981
Income from entrusted debt collection	24,006	46,155
Income from office rental	2,005	2,905
Income from debt purchase	28,886	1,825
Income from early settlement of VAMC bonds	-	424,134
Other income	65,241	108,703
	<b>1,795,688</b>	<b>1,250,195</b>
<b><i>Other operating expenses</i></b>		
Expenses for other derivatives	(659,144)	(91,493)
Other expenses	(83,143)	(91,026)
	<b>(742,287)</b>	<b>(182,519)</b>
	<b>1,053,401</b>	<b>1,067,676</b>



# Vietnam Technological and Commercial Joint Stock Bank

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## 29. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	<i>From 01/01/2018 to 09/30/2018 VND million</i>	<i>From 01/01/2017 to 09/30/2017 VND million</i>
Dividends received from long-term investment	276	271
Proceeds from the liquidation of long-term investment	894,427	355,192
	<b>894,703</b>	<b>355,463</b>

## 30. OPERATING EXPENSES

	<i>From 01/01/2018 to 09/30/2018 VND million</i>	<i>From 01/01/2017 to 09/30/2017 VND million (reclassified)</i>
Salaries and related expenses	2,123,724	1,778,823
Publication, marketing and promotion	111,193	129,305
Office and asset rental	341,449	325,058
Depreciation of fixed assets	195,481	214,129
Tax, duties and fees	75,484	60,985
Tools and equipment expenses	50,911	28,425
Telecommunication expenses	23,860	25,832
Expenses for maintenance and repair of assets	145,094	150,915
Utilities expenses	40,812	37,343
Expenditure on payment of insurance premium for customers' deposits	142,131	122,848
Per diem expenses	66,481	42,839
Provision reversed for long-term investment (Note 12)	(1,741)	(2,525)
Provision made for other asset (Note 16)	-	318
Provision reversed for diminution in the value of inventory (Note 16)	(1,499)	(293)
Armotisation of goodwill (Note 16)	19,765	7,412
Training expenses	15,896	15,949
Ceremonies expenses	23,535	9,769
Consulting expenses	11,434	89,602
Other operating expenses	349,648	233,546
	<b>3,733,658</b>	<b>3,270,280</b>

# Vietnam Technological and Commercial Joint Stock Bank

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## 31. PROVISION EXPENSES FOR CREDIT LOSSES

	<i>Note</i>	<i>From 01/01/2018 to 09/30/2018 VND million</i>	<i>From 01/01/2017 to 09/30/2017 VND million</i>
Creation/(Reversal) of general provision for loans to customers	9	210,154	(5,471)
Creation of specific provision for loans to customers	9	2,788,456	968,608
Creation of provision for VAMC bonds	11	-	1,663,766
Reversal of provision for receivables from loan sold contracts	16	(1,220,903)	(99,112)
Reversal of provision for debt purchased	10	(78)	(91)
Creation of provision for receivables from advance for deferred L/C	16	8,906	8,249
		<b>1,786,535</b>	<b>2,535,949</b>

# Vietnam Technological and Commercial Joint Stock Bank

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## 32. CURRENT 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:

	<i>From 01/01/2018 to 09/30/2018 VND million</i>	<i>From 01/01/2017 to 09/30/2017 VND million</i>
<b>Profit before tax</b>	<b>7,774,210</b>	<b>4,840,372</b>
Adjustments for:		
- Income from tax exempt dividends	(276)	(271)
- Non-deductible expenses	5,004	393
- Tax exempt income	(239)	(1,087)
- Other adjustment	-	(15,680)
- Temporary differences from previous years	(8,865)	(99,134)
- Effect of consolidation	33,704	20,465
<b>Taxable Corporate income</b>	<b>7,803,538</b>	<b>4,745,058</b>
<b>Current Corporate income tax</b>	<b>1,560,709</b>	<b>949,012</b>
- Corporate income tax from transfer of real estate	266	-
- Adjustments of tax expenses from previous years	2,214	(19,794)
<b>Current Corporate income tax incurred during the period</b>	<b>1,563,189</b>	<b>929,218</b>
<b>CIT payable at the beginning of the period</b>	<b>866,900</b>	<b>336,612</b>
- CIT adjusted for prior periods	2,308	-
- CIT paid during the period	(1,528,451)	(747,031)
<b>CIT payable at the end of the period</b>	<b>903,946</b>	<b>518,799</b>

# Vietnam Technological and Commercial Joint Stock Bank

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## 33. CASH AND CASH EQUIVALENTS

	<i>09/30/2018</i>	<i>09/30/2017</i>
	<i>VND million</i>	<i>VND million</i>
Cash and gold ( <i>Note 4</i> )	4,041,877	3,137,121
Balances with the State Bank of Vietnam ( <i>Note 5</i> )	5,582,643	3,604,657
Investment securities with original terms of not exceeding three months	5,476,100	-
Balances with other credit institutions with original terms of not exceeding three months	27,504,110	9,848,948
	<b>42,604,730</b>	<b>16,590,726</b>

## 34. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

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

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

As at 30 September 2018, there were the following significant balances and transactions with related parties:

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<i>Related party</i>		<i>Balance</i>	
		<i>09/30/2018</i>	<i>12/31/2017</i>
		<i>VND million</i>	<i>VND million</i>
			<i>(audited)</i>
<b>Loans from the Bank</b>			
The European Plastic Window JSC	(ii)	466,204	394,097
<i>In which: Increase</i>		398,719	285,092
<i>Decrease</i>		(326,612)	(298,601)
Nui Phao Mining Company Ltd.,	(ii)	1,131,650	890,802
<i>In which: Increase</i>		1,563,591	1,192,178
<i>Decrease</i>		(1,322,743)	(938,358)
T&M Vietnam Investment JSC	(iii)	590,000	590,000
<b>Par value of investment bond</b>			
Masan Group Corporation	(i)	77,334	274,155
Masan JSC	(ii)	-	6,012
Nui Phao Mining Company Ltd.,	(ii)	99,990	-
<b>Deposits at the bank</b>			
Masan Group Corporation	(i)	(30,629)	(172,521)
MapleLeaf Company Limited	(i)	(319)	(315)
Masan JSC	(ii)	(68,349)	(851)
The European Plastic Window JSC	(ii)	(516)	(23,793)
Masan Resources Corporation	(ii)	(1,110)	(484)
Nui Phao Mining Company Ltd.,	(ii)	(26,307)	(167,262)
Masan Consumer Corporation	(ii)	(1,575,268)	(311,562)
Vinh Hao Mineral Water JSC	(iii)	(14,320)	(62,706)
Vinacafe Bien Hoa JSC	(iii)	(606)	(1,486,643)
Masan Consumer Holdings Company Limited	(iii)	(6,655)	(6,449)
Masan Brewery Distribution One Member Company Limited	(iii)	(13,921)	(47,369)
Quang Ninh Mineral Water Corporation	(iii)	(3,286)	(37,354)
Members of the Board of Directors, the Boards of Supervision, the Board of Management and their close members	(i), (iii)	(1,596,412)	(541,745)

# Vietnam Technological and Commercial Joint Stock Bank

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	<i>Related party</i>	<i>Transaction</i>	
		<i>From 01/01/2018 to 09/30/2018 VND million</i>	<i>From 01/01/2017 to 09/30/2017 VND million</i>
<b>Interest income</b>			
The European Plastic Window JSC	(ii)	31,000	22,949
Nui Phao Mining Company Ltd.,	(ii)	34,242	26,599
<b>Interest expense</b>			
Masan Group Corporation	(i)	(7,977)	(3,033)
MapleLeaf Company Limited	(i)	(10)	(3)
Masan JSC	(ii)	(75)	(4,076)
The European Plastic Window JSC	(ii)	(6)	(6)
Masan Resources Corporation	(ii)	(48)	(1)
Nui Phao Mining Company Ltd.,	(ii)	(3,777)	(222)
Masan Consumer Corporation	(ii)	(28,927)	(53,166)
Vinh Hao Mineral Water JSC	(iii)	(2,255)	(2,609)
Vinacafe Bien Hoa JSC	(iii)	(6,379)	(5,919)
Masan Consumer Holdings Company Limited	(iii)	(248)	(177)
Masan Brewery Distribution One Member Company Limited	(iii)	(877)	(365)
Quang Ninh Mineral Water Corporation	(iii)	(665)	(578)
Members of the Board of Directors, the Boards of Supervision, the Board of Management and their close members	(i), (iii)	(45,051)	(20,014)

(i) Shareholder has its representative in the Board of Directors of the Bank

(ii) Related party has its representative in the Board of Directors of the Bank

(iii) Related party has its representative related to members of the Board of Directors, or Board of Management or Board of Supervisors of the Bank

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

*As at 30 September 2018*

	<i>Total loans VND million</i>	<i>Total deposit VND million</i>	<i>Total commitments VND million</i>	<i>Derivatives VND million</i>	<i>Trading and investment securities VND million</i>
Domestic	183,005,765	222,329,833	104,511,488	150,196,293	74,849,288
Overseas	3,582	641,840	-	-	-
	<b>183,009,347</b>	<b>222,971,673</b>	<b>104,511,488</b>	<b>150,196,293</b>	<b>74,849,288</b>

*As at 31 December 2017 (audited)*

	<i>Total loans VND million</i>	<i>Total deposit VND million</i>	<i>Total commitments VND million</i>	<i>Derivatives VND million</i>	<i>Trading and investment securities VND million</i>
Domestic	174,754,632	191,691,596	48,421,531	130,891,961	58,509,000
Overseas	7,158	553,612	-	-	-
	<b>174,761,790</b>	<b>192,245,208</b>	<b>48,421,531</b>	<b>130,891,961</b>	<b>58,509,000</b>

## 36. EMPLOYEE BENEFITS

	<i>From 01/01/2018 to 09/30/2018 VND million</i>	<i>From 01/01/2017 to 09/30/2017 VND million</i>
Total employees as at 30 September (person)	8,957	8,363
Average number of employees during the period (person)	8,643	8,075
Employees' remuneration		
1. Basic salaries (VND million)	1,766,333	1,380,058
2. Allowances and other income (VND million)	357,391	398,765
	<b>2,123,724</b>	<b>1,778,823</b>
Average monthly salary (VND million/person)	23	19
Average monthly remuneration (VND million/person)	27	24

## Vietnam Technological and Commercial Joint Stock Bank

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### 37. OBLIGATIONS TO THE STATE BUDGET

*For the period from 01 January 2018 to 30 September 2018*

<i>VND million</i>	<i>01/01/2018</i>	<i>Incurred</i>	<i>Adjustment</i>	<i>Paid</i>	<i>09/30/2018</i>
Value added tax	10,406	135,155	3	(131,967)	13,597
Corporate income tax	866,900	1,563,189	2,308	(1,528,451)	903,946
Other taxes	51,087	424,161	(343)	(429,508)	45,397
	<b>928,393</b>	<b>2,122,505</b>	<b>1,968</b>	<b>(2,089,926)</b>	<b>962,940</b>

*For the period from 01 January 2017 to 31 December 2017 (audited):*

*VND million*

	<i>01/01/2017</i>	<i>Incurred</i>	<i>Adjustment</i>	<i>Paid</i>	<i>12/31/2017</i>
Value added tax	13,438	308,343	-	(311,375)	10,406
Corporate income tax	336,613	1,564,816	-	(1,034,529)	866,900
Other taxes	26,816	341,851	(2,370)	(315,210)	51,087
	<b>376,867</b>	<b>2,215,010</b>	<b>(2,370)</b>	<b>(1,661,114)</b>	<b>928,393</b>



# Vietnam Technological and Commercial Joint Stock Bank

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## 38. 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 consolidated balance sheet and off-balance sheets items) for safety and risk minimisation 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 consolidated 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.

### (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.

# Vietnam Technological and Commercial Joint Stock Bank

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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 reporting date are shown below:

	<i>09/30/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
Real estate	203,416,697	182,200,811
Equipment and machinery	54,745,642	52,230,799
Valuable papers issued	95,954,686	74,638,896
Others	124,048,845	99,198,221
	<b>478,165,870</b>	<b>408,268,727</b>

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## (iii) Liquidity Risk

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

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

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

- ▶ Balances with the State Bank of Vietnam are classified as demand deposits which include compulsory deposits. The balance of compulsory deposits depends on the proportion and terms of the Bank's customer deposits;
- ▶ The maturity term of investment securities is calculated based on the maturity date of each category of securities; In which, securities issued by Government/ guaranteed by Government, although classified based on residual maturity, but considered as liquid assets in the market that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value;
- ▶ The maturity term of balances with and loans to other credit institutions; and loans to customers is determined on the maturity date as stipulated in contracts. The actual maturity term may be altered because loan contracts may be extended/prepaid;
- ▶ The maturity term of equity investments is considered as more than five years because these investments do not have specific maturity date;
- ▶ The maturity term of deposits and borrowings from credit institutions 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, however, a large proportion of this deposits type of customers remain stable at the Bank over one year. The maturity term of borrowings and term deposits is determined based on the maturity date in contracts. In fact, these amounts may be rotated and therefore they last beyond the original maturity date;
- ▶ The maturity term of fixed assets is determined on the remaining useful life of assets;
- ▶ The maturity term of valuable papers issued is calculated based on the maturity date of each category of valuable paper;
- ▶ The maturity term of other liabilities is determined on the actual maturity date of each liability.

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 September 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>
<b>Assets</b>								
Cash and gold on hand	-	-	4,041,877	-	-	-	-	4,041,877
Balances with the SBV	-	-	5,582,643	-	-	-	-	5,582,643
Balances with and loans to other credit institutions – gross	-	-	28,681,200	9,274,037	5,738,665	43,311	-	43,737,213
Securities held for trading - gross	-	-	-	-	1,598,270	944,392	3,044,021	5,586,683
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	-	-	-	-	103,596	544,392	2,632,640	3,280,628
Loans to customers – gross	2,853,411	3,428,216	10,691,624	30,482,025	27,381,046	39,323,420	52,779,108	166,938,850
Loan purchased - cost	-	1,682	-	-	-	-	-	1,682
Investment securities – gross	-	188,128	5,952,534	3,655,853	5,919,355	43,494,849	10,051,886	69,262,605
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	-	188,128	2,152,536	2,546,518	4,246,072	7,049,722	6,887,627	23,070,603
Long term investments - cost	-	-	-	-	-	-	12,883	12,883
Fixed assets and investment properties	-	-	59,027	1,271	12,769	281,754	2,436,535	2,791,356
Other assets – gross	-	250,774	7,237,144	1,720,673	3,044,414	3,206,426	1,383,318	16,842,749
	<b>2,853,411</b>	<b>3,868,800</b>	<b>62,246,049</b>	<b>45,133,859</b>	<b>43,694,519</b>	<b>87,294,152</b>	<b>69,707,751</b>	<b>314,798,541</b>
<b>Liabilities</b>								
Amounts due to the Government	-	-	1,000,000	1,000,000	-	-	-	2,000,000
Deposits and borrowings from other credit institutions	-	-	32,510,247	2,202,771	3,985,476	869,410	3,521	39,571,425
Deposits from customers	-	-	99,658,923	32,776,594	53,116,456	7,962,864	68,295	193,583,132
Derivatives and other financial liabilities	-	-	37,979	18,850	59,015	266,828	-	382,672
Valuable papers issued	-	-	6	1,150,000	2,729,547	10,169,605	3,190,907	17,240,065
Other liabilities	-	-	6,484,210	1,006,053	1,353,285	657,444	36,349	9,537,341
	-	-	<b>139,691,365</b>	<b>38,154,268</b>	<b>61,243,779</b>	<b>19,926,151</b>	<b>3,299,072</b>	<b>262,314,635</b>
<b>Net liquidity gap</b>	<b>2,853,411</b>	<b>3,868,800</b>	<b>(77,445,316)</b>	<b>6,979,591</b>	<b>(17,549,260)</b>	<b>67,368,001</b>	<b>66,408,679</b>	<b>52,483,906</b>

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## (iv) Market Risk

### *Interest rate risk*

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

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

Interest rate repricing terms for items with fixed interest rate for remaining period until maturity date of assets, as for floating interest rate which is remaining period until changes in interest rate.

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

- ▶ Cash and gold; capital contribution; long-term investments; fixed assets, other receivables and other liabilities are classified as non-interest sensitivity items;
- ▶ Balances with the State Bank of Vietnam, demand balances with and loans to other credit institutions, demand deposits are classified as non-interest sensitivity items;
- ▶ Interest rate repricing of trading securities and investment securities are based on the actual maturity date at the reporting date if such securities have a fixed interest rate or based on revaluation of interest rate if such securities have a floating interest rate;
- ▶ Interest rate repricing of balances with and loans to other credit institutions; loans to customers; deposits and borrowings from Government and State Bank of Vietnam are identified as follows:
  - Items with fixed interest rate for the duration of contract: interest rate repricing based on actual maturity date since reporting date of the consolidated financial statements;
  - Items with floating interest rate: interest rate repricing based on nearest interest since reporting date of the consolidated financial statements;
- ▶ Interest rate repricing of valuable papers issued based on the actual maturity date of each type of valuable papers if there is a fixed interest rate or time-based revaluation if there is a floating interest 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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<i>As at 30 September 2018 (VND million)</i>	<i>Overdue</i>	<i>Not influence by changes of interest rate</i>	<i>Up to 1 month</i>	<i>From 1 to 3 months</i>	<i>From 3 to 6 months</i>	<i>From 6 to 12 months</i>	<i>Over 1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
<b>Assets</b>									
Cash and gold on hand	-	4,041,877	-	-	-	-	-	-	4,041,877
Balances with the SBV	-	5,582,643	-	-	-	-	-	-	5,582,643
Balances with and loans to other credit institutions – gross	-	9,336,319	19,344,881	9,274,037	2,194,535	3,587,441	-	-	43,737,213
Securities held for trading – gross	-	-	-	803,734	300,000	894,536	544,392	3,044,021	5,586,683
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	-	-	-	-	-	103,596	544,392	2,632,640	3,280,628
Loans to customers – gross	6,281,627	-	69,757,132	38,974,802	15,038,099	16,271,883	17,776,618	2,838,689	166,938,850
Loan purchased - cost	1,682	-	-	-	-	-	-	-	1,682
Investment securities - gross	188,128	904,829	8,687,000	5,445,942	30,579,795	3,835,002	12,490,352	7,131,557	69,262,605
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	188,128	898,633	1,250,000	3,598,786	2,488,167	1,413,872	6,749,460	6,483,557	23,070,603
Long term investments - cost	-	12,883	-	-	-	-	-	-	12,883
Fixed assets and investment properties	-	2,791,356	-	-	-	-	-	-	2,791,356
Other assets - gross	250,774	16,591,975	-	-	-	-	-	-	16,842,749
	<b>6,722,211</b>	<b>39,261,882</b>	<b>97,789,013</b>	<b>54,498,515</b>	<b>48,112,429</b>	<b>24,588,862</b>	<b>30,811,362</b>	<b>13,014,267</b>	<b>314,798,541</b>
<b>Liabilities</b>									
Amounts due to the Government and the SBV	-	-	1,000,000	1,000,000	-	-	-	-	2,000,000
Deposits and borrowings from other credit institutions	-	9,064,326	23,445,921	2,202,771	2,007,058	1,978,418	869,410	3,521	39,571,425
Deposits from customers	-	48,735,667	53,165,831	33,437,981	29,621,728	23,754,513	4,851,331	16,081	193,583,132
Derivatives and other financial liabilities	-	-	11,397,188	8,574,478	975,774	(1,857,403)	(18,707,365)	-	382,672
Valuable papers issued	-	6,413	1,500,000	1,850,000	-	2,729,548	7,956,104	3,198,000	17,240,065
Other liabilities	-	9,537,341	-	-	-	-	-	-	9,537,341
	-	<b>67,343,747</b>	<b>90,508,940</b>	<b>47,065,230</b>	<b>32,604,560</b>	<b>26,605,076</b>	<b>(5,030,520)</b>	<b>3,217,602</b>	<b>262,314,635</b>
<b>Total interest sensitivity gap</b>	<b>6,722,211</b>	<b>(28,081,865)</b>	<b>7,280,073</b>	<b>7,433,285</b>	<b>15,507,869</b>	<b>(2,016,214)</b>	<b>35,841,882</b>	<b>9,796,665</b>	<b>52,483,906</b>

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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.

## Vietnam Technological and Commercial Joint Stock Bank

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*As at 30 September 2018*  
*(VND million)*

	<i>USD</i>	<i>EUR</i>	<i>Gold</i>	<i>Other currencies</i>	<i>Total</i>
<b>Assets</b>					
Cash and gold on hand	329,098	42,055	17,058	95,341	483,552
Balances with the SBV	1,492	-	-	-	1,492
Balances with and loans to other credit institutions - gross	15,516,693	481,400	-	312,192	16,310,285
Loans to customers - gross	9,349,637	21,233	-	-	9,370,870
Other assets - gross	4,663,232	608,688	-	15,669	5,287,589
	<b>29,860,152</b>	<b>1,153,376</b>	<b>17,058</b>	<b>423,202</b>	<b>31,453,788</b>
<b>Liabilities</b>					
Deposits and borrowings from other credit institutions	10,786,383	608,591	-	11,563	11,406,537
Deposits from customers	10,021,369	485,289	-	518,387	11,025,045
Derivatives and other financial liabilities	12,910,185	46,017	-	(139,150)	12,817,052
Other liabilities	478,364	7,391	-	1,674	487,429
	<b>34,196,301</b>	<b>1,147,288</b>	<b>-</b>	<b>392,474</b>	<b>35,736,063</b>
<b>FX position on balance sheet</b>	<b>(4,336,149)</b>	<b>6,088</b>	<b>17,058</b>	<b>30,728</b>	<b>(4,282,275)</b>
<b>FX position off-balance sheet</b>	<b>6,099,103</b>	<b>(2,788)</b>	<b>-</b>	<b>(20,070)</b>	<b>6,076,245</b>
<b>Total FX position on and off-balance sheet</b>	<b>1,762,954</b>	<b>3,300</b>	<b>17,058</b>	<b>10,658</b>	<b>1,793,970</b>



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## 39. PROFIT MOVEMENTS

Profit before tax (PBT) up to 30 September 2018 increase by VND 2,933,838 million, which is equivalent to 60.61% compared to 30 September 2017, as a result of the following factors:

Million VND	Profit before tax
Increase PBT as a result of increase in net interest income	1,706,070
Increase PBT as a result of increase in net fee and commission income	423,269
Increase PBT as a result of gain from trading of foreign currencies and gold	43,276
Decrease PBT as a result of loss from trading of securities held for trading	(259,261)
Increase PBT as a result of gain from investment securities	209,483
Decrease PBT as a result of decrease in other income	(14,275)
Increase PBT as a result of gain from income from investments in other entities	539,240
Decrease PBT as a result of increase in operating expense	(463,378)
Increase PBT as a result of decrease in allowance and provision expenses	749,414
<b>Total increase in PBT</b>	<b><u>2,933,838</u></b>

## 40. CORRESPONDING FIGURES

### CONSOLIDATED INCOME STATEMENT

<i>VND million</i>	<i>From 01/01/2017 to 09/30/2017 (as previously reported)</i>	<i>(reclassified)</i>
Fee and commission expenses	(495,088)	(405,486)
Operating expenses	<u>(3,180,678)</u>	<u>(3,270,280)</u>

### CONSOLIDATED STATEMENT OF CASHFLOWS

<i>VND million</i>	<i>From 01/01/2017 to 09/30/2017 (as previously reported)</i>	<i>(reclassified)</i>
Fee and commission income received	1,600,534	1,716,541
Operating and salary expenses payments	<u>(3,157,359)</u>	<u>(3,273,366)</u>

# Vietnam Technological and Commercial Joint Stock Bank

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## 41. FOREIGN CURRENCY EXCHANGE AT THE END OF PERIOD

	30/09/2018	31/12/2017
	VND	VND
AUD	16,065	17,718
CAD	17,678	18,053
CHF	23,753	23,306
CNY	3,396	3,490
DKK	3,630	3,660
EUR	27,083	27,246
GBP	30,401	30,691
HKD	2,980	2,907
JPY	205	202
NOK	2,863	2,766
SEK	2,624	2,768
SGD	16,750	16,979
THB	668	697
USD	23,328	22,425

Prepared by



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Approved by



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Chief Executive Officer

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

22 -10- 2018