

Vietnam Technological and Commercial Joint Stock Bank

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

For the period from 01 January 2018 to 31 December 2018

Vietnam Technological and Commercial Joint Stock Bank

CONTENT

	<i>Pages</i>
Corporate Information	1 - 2
Separate balance sheet	3 - 5
Separate statement of income	6
Separate statement of cash flows	7 - 8
Notes to the separate financial statements	9 - 58

Vietnam Technological and Commercial Joint Stock Bank

CORPORATE INFORMATION

Banking Licence No	0038/GP-NHNN	06 March 2018
	The banking licence was issued by the State Bank of Vietnam, replacing the banking licence No 0040/NH-GP dated 06 August 1993. The operation period is 99 years since 06 August 1993.	
Business Registration Certificate No	055697	07 September 1993
	The Bank's Business Registration Certificate has been amended 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.	
Board of Directors	Mr. Ho Hung Anh	Chairman
	Mr. Nguyen Dang Quang	The first Vice Chairman
	Mr. Nguyen Thieu Quang	Vice Chairman
	Mr. Nguyen Canh Son	Vice Chairman
	Mr. Do Tuan Anh	Vice Chairman
	Mr. Lee Boon Huat	Member
	Mr. Nguyen Doan Hung	Independent Member
Board of Supervision	Mr. Hoang Huy Trung	Head of Board of Supervision cum Member in charge
	Mr. Mag Rec Soc Oec Romauch Hannes	Member
	Ms. Nguyen Thu Hien	Member in charge
	Ms. Bui Thi Hong Mai	Member

Vietnam Technological and Commercial Joint Stock Bank

CORPORATE INFORMATION (continued)

Board of Management	Mr. Nguyen Le Quoc Anh	Chief Executive Officer
	Mr. Do Tuan Anh	Deputy Chief Executive Officer
	Mr. Pham Quang Thang	Deputy Chief Executive Officer cum Head of Compliance and Legal Division
	Mr. Le Ba Dung	Deputy Chief Executive Officer (from 07 January 2019) cum Head of Risk Management
	Mr. Trinh Bang	Group Chief Finance Officer (from 25 January 2018)
	Ms. Tran Thi Minh Lan	Head of Strategy and Corporate Development
	Mr. Chester Gorski	Head of IT and Operations
	Mr. Vu Minh Truong	Head of Treasury and Financial Markets
	Ms. Phan Thi Thanh Binh	Head of Wholesales Banking (from 23 April 2018)
		Transformation Director – Wholesales Banking (to 22 April 2018)
	Ms. Nguyen Huong Giang	Head of Transaction Banking
	Mr. Vishal Shah	Head of Business Banking (from 02 March 2018)
	Mr. Phung Quang Hung	Head of Sales and Distribution
	Ms. Le Thi Bich Phuong	Head of Personal Financial Services
	Ms. Pham Vu Minh Dan	Head of Human Resources
	Ms. Nguyen Thi Van Anh	Head of Marketing and Branding
Mr. Chung Ba Phuong	Head of Insurance Division	
Mr. Ashish Sharma	Transformation Director – Transformation Office	
Mr. Phan Thanh Son	Transformation Director – Transaction Banking	
Mr De Leeuw Van Weenen	Transformation Director – Human Resources	
Alexander Iwan Paul	(from 06 August 2018)	
Legal representative	Mr. Ho Hung Anh	Chairman
Registered office	191 Ba Trieu Street Hai Ba Trung District, Hanoi, Vietnam	

Vietnam Technological and Commercial Joint Stock Bank

SEPARATE BALANCE SHEET
as at 31 December 2018

Form B02a/TCTD

		Notes	12/31/2018 VND million	12/31/2017 VND million (Audited)
A	ASSETS			
I	Cash and gold on hand	4	2,606,467	2,344,362
II	Balances with the State Bank of Vietnam (“the SBV”)	5	10,555,483	4,279,337
III	Balances with and credit granting to other credit institutions	6	35,359,355	30,034,321
1	Balances with other credit institutions		23,969,504	16,121,568
2	Credit granting to other credit institutions		11,389,851	13,912,753
IV	Securities held for trading	7	7,572,229	6,712,746
1	Securities held for trading		7,583,090	6,729,718
2	Provision for securities held for trading		(10,861)	(16,972)
V	Derivatives and other financial assets	17	-	36,292
VI	Loans to customers		156,640,879	158,459,062
1	Loans to customers	8	159,019,859	160,339,908
2	Provision for loans to customers	9	(2,378,980)	(1,880,846)
VIII	Investment securities	10	85,020,629	50,347,773
1	Available-for-sale securities		65,129,687	44,813,540
2	Held-to-maturity securities		20,236,200	5,715,484
3	Provision for investment securities		(345,258)	(181,251)
IX	Long-term investments	11	1,462,223	2,191,080
1	Investments in subsidiaries		1,450,000	2,181,412
4	Other long-term investments		12,223	11,424
5	Provision for long-term investments		-	(1,756)
X	Fixed assets		1,671,944	1,493,089
1	Tangible fixed assets	12	756,304	561,678
a	Cost		1,786,064	1,578,100
b	Accumulated depreciation		(1,029,760)	(1,016,422)
2	Intangible fixed assets	13	915,640	931,411
a	Cost		1,507,957	1,425,617
b	Accumulated amortisation		(592,317)	(494,206)
XII	Other assets	14	17,733,839	12,456,220
1	Receivables		11,481,699	9,415,143
2	Accrued interest and fee receivables		5,619,490	3,794,844
4	Other assets		707,320	529,770
5	Provision for other assets		(74,670)	(1,283,537)
	TOTAL ASSETS		318,623,048	268,354,282

The accompanying notes are integral part of the separate financial statements

Vietnam Technological and Commercial Joint Stock Bank

SEPARATE BALANCE SHEET
as at 31 December 2018 (continued)

Form B02a/TCTD

		Notes	12/31/2018 VND million	12/31/2017 VND million (Audited)
B	LIABILITIES AND OWNERS' EQUITY			
	LIABILITIES			
I	Amounts due to the Government and the State Bank of Vietnam		6,025,027	1,000,000
II	Deposits and borrowings from other financial institutions and credit institutions	15	36,128,928	46,887,039
1	Deposits from other financial institutions and credit institutions		28,973,455	21,877,589
2	Borrowings from other financial institutions and credit institutions		7,155,473	25,009,450
III	Deposits from customers	16	202,829,420	171,511,295
IV	Derivatives and other financial liabilities	17	310,313	-
VI	Valuable papers issued	18	12,614,219	17,664,156
VII	Other liabilities	19	11,425,078	6,321,398
1	Accrued interest and fee payables		3,410,598	2,767,482
3	Other liabilities		8,014,480	3,553,916
	TOTAL LIABILITIES		269,332,985	243,383,888
	SHAREHOLDERS' EQUITY			
VIII	Capital and reserves	20	49,290,063	24,970,394
1	Capital		35,442,539	9,777,116
a	Share capital		34,965,922	11,655,307
c	Share Premium		476,617	2,165,058
d	Treasury shares		-	(4,043,249)
2	Reserves		3,550,950	5,847,818
5	Retained earnings		10,296,574	9,345,460
	TOTAL SHAREHOLDERS' EQUITY		49,290,063	24,970,394
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		318,623,048	268,354,282

The accompanying notes are integral part of the separate financial statements

Vietnam Technological and Commercial Joint Stock Bank

SEPARATE BALANCE SHEET
as at 31 December 2018 (continued)

Form B02a/TCTD

OFF-BALANCE SHEET ITEMS

		Notes	12/31/2018 VND million	12/31/2017 VND million (Audited)
I	CONTINGENT LIABILITIES			
1	Guarantees for borrowings		5,957	8,558
2	Commitments for currency contracts		160,600,295	232,107,961
	<i>Commitments to buy foreign currency</i>		<i>3,305,927</i>	<i>2,911,065</i>
	<i>Commitments to sell foreign currency</i>		<i>7,472,531</i>	<i>5,440,635</i>
	<i>Commitments to buy currency swap contracts</i>		<i>74,815,387</i>	<i>111,777,120</i>
	<i>Commitments to sell currency swap contracts</i>		<i>75,006,450</i>	<i>111,979,141</i>
4	Letter of Credit		12,163,321	9,366,321
5	Other Guarantees		19,043,774	16,001,135
6	Valuable papers forward commitments		8,059,426	9,638,324
7	Other commitments (*)		202,008,746	23,045,517

(*) The balance as at 31 December 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

Approved by

Ms. Bui Thi Khanh Van
Chief Accountant

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

Mr. Nguyen Le Quoc Anh
Chief Executive Officer

The accompanying notes are integral part of the separate financial statements

Vietnam Technological and Commercial Joint Stock Bank

SEPARATE INCOME STATEMENT
for the period from 01 January 2018 to 31 December 2018

Form B03a/TCTD

		Notes	Quarter IV		Accumulated	
			This year VND million	Last year VND million (Reclassified)	This year VND million	Last year VND million (Reclassified)
1	Interest and similar income	21	5,528,358	4,563,027	21,029,143	17,521,176
2	Interest and similar expenses	21	(2,610,514)	(2,144,816)	(10,005,763)	(8,692,479)
I	Net interest and similar income	21	2,917,844	2,418,211	11,023,380	8,828,697
3	Fee and commission income	22	996,595	2,161,959	3,020,828	4,012,138
4	Fee and commission expenses	22	(314,805)	(180,582)	(858,796)	(575,745)
II	Net fee and commission income	22	681,790	1,981,377	2,162,032	3,436,393
III	Net gain/(loss) from foreign currencies trading	23	(12,948)	75,100	233,751	278,523
IV	Net gain from securities held for trading	24	53,193	22,432	168,381	396,783
V	Net gain/(loss) from investment securities	25	(65,205)	298,450	454,347	411,365
5	Other income	26	1,347,323	672,603	3,088,141	1,862,530
6	Other expenses	26	(778,164)	(64,629)	(1,519,775)	(253,113)
VI	Net gain from other activities	26	569,159	607,974	1,568,366	1,609,417
VII	Income from investments in other entities	27	640,001	63	1,709,327	385,986
VIII	Operating expenses	28	(2,038,920)	(1,490,983)	(5,620,341)	(4,688,045)
IX	Profit before provision for credit losses		2,744,914	3,912,624	11,699,243	10,659,119
X	Provision expenses for credit losses	29	(58,979)	(1,069,486)	(1,843,873)	(3,602,150)
XI	Profit before tax		2,685,935	2,843,138	9,855,370	7,056,969
7	Current corporate income tax expenses	30	(451,063)	(564,991)	(1,856,819)	(1,361,769)
8	Deferred corporate income tax expenses	30	-	-	-	(17,626)
XII	Corporate income tax expenses	30	(451,063)	(564,991)	(1,856,819)	(1,379,395)
XIII	Profit after tax		2,234,872	2,278,147	7,998,551	5,677,574

Prepared by

Approved by

Ms. Bui Thi Khanh Van
Chief Accountant

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

Mr. Nguyen Le Quoc Anh
Chief Executive Officer

The accompanying notes are integral part of the separate financial statements

Vietnam Technological and Commercial Joint Stock Bank

SEPARATE INCOME STATEMENT
for the period from 01 January 2018 to 31 December 2018

Form B03a/TCTD

	Notes	From 01/01/2018 to 12/31/2018 VND million	From 01/01/2017 to 12/31/2017 VND million (Reclassified)
CASH FLOWS FROM OPERATING ACTIVITIES			
01		19,204,497	17,703,662
02		(9,362,647)	(8,123,100)
03		2,162,032	3,371,645
04		1,014,375	1,180,591
05		148,785	499,080
06	26	1,419,581	1,110,337
07		(4,127,936)	(4,197,299)
08	35	(1,911,358)	(866,443)
		8,547,329	10,678,473
Net cash flows from operating activities before changes in operating assets and liabilities			
Changes in operating assets			
09		2,566,213	(1,218,716)
10		(35,690,235)	(3,185,924)
11		36,292	(36,292)
12		1,320,049	(17,675,170)
13	9,10, 14	(2,553,152)	(4,779,220)
14		(3,562,675)	(2,381,514)
Changes in operating liabilities			
15		3,024,907	(447,970)
16		(10,758,111)	20,954,936
17		33,318,245	(2,638,020)
18		(2,349,937)	7,369,144
20		310,313	(67,892)
21		4,444,614	533,469
22		(59)	(263)
I		(1,346,207)	7,105,041

The accompanying notes are integral part of the separate financial statements

Vietnam Technological and Commercial Joint Stock Bank

SEPARATE STATEMENT OF CASH FLOWS

Form B04a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

		<i>Notes</i>	<i>From 01/01/2018 to 12/31/2018 VND million</i>	<i>From 01/01/2017 to 12/31/2017 VND million (Reclassified)</i>
	CASH FLOWS FROM INVESTING ACTIVITIES			
01	Payments for purchases of fixed assets		(355,259)	(169,094)
02	Proceeds from disposals of fixed assets		775	1,233
03	Payments for disposals of fixed assets		(2,302)	(717)
08	Proceeds from disposals, sales of investment properties		1,709,326	925,180
09	Dividends received from long-term investments		781,988	30,794
II	NET CASH FLOWS FROM INVESTING ACTIVITIES		2,134,528	787,396
	CASH FLOWS FROM FINANCING ACTIVITIES			
01	Increase of capital from issuance of shares		-	2,099,999
02	Proceeds from the issuance of long-term valuable papers being eligible to be included in equity and other long-term loans		310,000	2,708,164
03	Payments from the issuance of long-term valuable papers being eligible to be included in equity and other long-term loans		(3,010,000)	-
05	Payment for purchasing of treasury shares		-	(4,043,249)
06	Proceeds from selling of treasury shares		16,341,177	-
III	NET CASH FLOWS FROM FINANCING ACTIVITIES		13,641,177	764,914
IV	NET CASH FLOWS FOR THE PERIOD		14,429,498	8,657,351
V	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		22,669,473	14,012,122
VII	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	31	37,098,971	22,669,473

Prepared by

Approved by

Ms. Bui Thi Khanh Van
Chief Accountant

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

Mr. Nguyen Le Quoc Anh
Chief Executive Officer

The accompanying notes are integral part of the separate financial statements

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018

Form B05a/TCTD

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

1. GENERAL INFORMATION

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

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

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

As at 31 December 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 31 December 2018, the Bank had one (01) Head Office, two (02) representative offices, three hundred and fourteen (314) transaction offices and three (03) subsidiaries.

As at 31 December 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	94.49999%
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 31 December 2018, the Bank had 9,210 employees (31 December 2017: 7,811 employees).

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

2. BASIS OF PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

(a) Basis of preparation

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

(b) Statement of compliance

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

(c) Basis of measurement

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

(d) Annual accounting period

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

(e) Accounting currency

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

(f) Applied accounting standards and regimes

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

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

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

(g) Basis of assumptions and uses of estimates

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

Going concern

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Changes in accounting policies

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

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

Circular 16 includes the following amendments:

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

Circular 16 was effective from 26 March 2018, replacing Circular 05/2013/TT-BTC dated 09 January 2013 issued by Ministry of Finance on guidelines for financial regulations applicable to credit institutions and foreign bank branches. The Bank assesses that Circular 16 has no material impact on its accounting policies.

On 29 December 2017, the SBV issued Circular No. 22/2017/TT-NHNN amending and supplementing a number of articles of chart of account system applicable to credit institutions issued in connection with Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 and the financial reporting regime applicable to credit institutions required under Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 by the Governor of the SBV ("Circular 22"). Circular 22 was effective on 01 April 2018.

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

Circular 22 includes the following amendments:

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

The Bank has carried out a comparative assessment of the separate 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 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.

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

(ii) Measurement

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

Debt securities held for trading which are unlisted corporate bonds are stated at cost less allowance for credit risk in compliance with Circular 02 and Circular 09 as described in Note 3(e).

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

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

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

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

The classification of loans and provision for credit losses are carried out in accordance with Circular 02 and Circular 09 as described in Note 8.

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 lending 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 31 December 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 30 November. The basis to determine the value and discounted value for each type of collateral is specified in Circular 02. Loan groups and the rates for specific provision for each group are presented as follows:

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

Group		Description	Provision
1	Current	(a) Current debts that being assessed as fully and timely recoverable, both principals and interests; or (b) Debts which are overdue for a period of less than 10 days and being assessed as fully recoverable, both overdue principals and interests, and fully and timely recoverable, both remaining principals and interests;	0%
2	Special mention	(a) Debts which are overdue for a period of between 10 days and 90 days; or (b) Debts which are restructured repayment term for the first time	5%
3	Sub Standard	(a) Debts which are overdue for a period of between 91 days and 180 days; or (b) Debts which are extended repayment term for the first time; or (c) Debts which are exempted or reduced interests because customers are not sufficient capability to pay all interests under credit contracts; or (d) Debts in one of the following cases have not been recovered in less than 30 days from the date of the decision to collect: <ul style="list-style-type: none"> ▪ Debts violating the rules in Clauses 1, 3, 4, 5, 6, Article 126 of the Law on Credit Institutions; or ▪ Debts violating the rules in Clauses 1, 2, 3, 4, Article 127 of the Law on Credit Institutions; or ▪ Debts violating the rules in Clauses 1, 2 and 5 of Article 128 of the Law on Credit Institutions. (e) Debts which are recovered under inspection conclusions.	20%
4	Doubtful	(a) Debts which are overdue for a period of between 181 days and 360 days; or (b) Debts which are restructured repayment term for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts which are restructured repayment term for the second time; or (d) Debts which are specified in point (d) of Group 3 and overdue for a period of between 30 days and 60 days after decisions on recovery have been issued; or (e) Debts which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue from 60 days ago.	50%

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

Group		Description	Provision
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%

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

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

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

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

Only when these above conditions are met, the Bank can restructure its debt repayment schedule and classify in the same loan group as before restructure. For a debt, restructuring repayment schedule and keeping the same group can be done only one time. 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 31 December the Bank is also required to make a general provision of 0.75% of total outstanding loans excluding balance with and credit granting to other credit institutions and excluding any loans classified into loss loan group as at 30 November.

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

(f) Investment securities

(i) Classification

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

Held-to-maturity investment securities

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

Available-for-sale investment securities

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

(ii) Recognition

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

(iii) Measurement

Debt securities

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

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

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

For unlisted corporate debt securities, provision for credit risk is determined in accordance with Circular 02 as described in Note 4.6.

For other available-for-sale corporate debt securities and held-to-maturity debt securities: provision for diminution is determined in accordance with regulations stipulated in Circular 228/2009/TT-BTC dated 7 December 2009 and Circular N89/2013/TT-BTC dated 28 June 2013.

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

(iv) Special bonds issued by 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 which is the principal balance net of 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 separate income statement in “*Provision expenses for credit losses*”. General provision is not required for the special bonds.

(g) Long-term investment

(i) Investments in subsidiaries

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

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

(ii) Other long-term investments

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

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

(iii) Provision for other long-term investments

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

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

(h) Selling bad debts to VAMC

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

(i) Derivative financial instruments

(i) Currency derivatives

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 separate balance sheet if the difference is positive and as a liability if the difference is negative. This difference is subsequently amortised on a straight-line basis over the contract period in the separate statement of income.

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

(ii) Interest rate swaps

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

(iii) Futures commodity contracts

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

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

(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 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 right with indefinite term

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

(iii) Other intangible fixed assets

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

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

(l) Account receivables

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

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

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

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

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

(m) 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.

(n) Employee benefits

(i) Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank by the Social Insurance Agency which belongs to the Ministry of Labor, Invalids and Social Affairs. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.05% of an employee's basic salary on a monthly basis. Besides, the Bank has no further obligation.

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

(ii) Provision for severance allowance

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

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

(iii) Retrenchment benefits

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

(o) Other payables

Other payables are stated at their cost.

(p) 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.

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

(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.

(q) Reserves and funds

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

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

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

(r) Fiduciary assets

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

(s) Revenue recognition

(i) Interest income

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

(ii) Fee and commission income

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

(t) Dividend income

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

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

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

(u) 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 separate 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 or 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.

(v) Interest expenses

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

(w) Operating lease payments

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

(x) Foreign currency transactions

The Bank maintains its accounting system and records all transactions in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the separate balance sheet date. Non-monetary items arising in foreign currencies during the period are converted into VND at rates ruling on the transaction dates.

Foreign exchange differences arising from the translation of monetary assets and liabilities into VND in the period are recognized and followed in the “Differences in foreign exchange” under “Shareholders’ equity” in the separate balance sheet and will be transferred to the separate income statement at the end of the financial year.

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

(y) Financial instruments

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

Financial assets of the Bank mainly include:

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

Financial liabilities of the Bank mainly include:

- ▶ Amounts due to the Government and the SBV;
- ▶ Deposits and borrowings from other financial institutions and credit institutions;
- ▶ Deposits 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 separate balance sheet only when there is a currently enforceable legal right to offset financial assets against financial liabilities or vice-versa, and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(i) *Recognition*

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

(z) Taxation

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

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

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

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

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

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

4. CASH AND GOLD ON HAND

	<i>12/31/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Cash on hand in VND	2,121,147	1,948,066
Cash on hand in foreign currencies	472,445	374,120
Gold on hand	12,875	22,176
	2,606,467	2,344,362

5. BALANCES WITH THE STATE BANK OF VIETNAM

	<i>12/31/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Balances with the SBV in VND	10,554,041	4,277,784
Balances with the SBV in foreign currencies	1,442	1,553
	10,555,483	4,279,337

6. BALANCES WITH AND CREDIT GRANTING TO OTHER CREDIT INSTITUTIONS

	<i>12/31/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Current accounts	8,956,048	7,102,674
Current accounts in VND	5,042,175	1,353,520
Current accounts in foreign currencies	3,913,873	5,749,154
Term deposits	15,013,456	9,018,894
Term deposits in VND	6,058,483	6,955,794
Term deposits in foreign currencies	8,954,973	2,063,100
	23,969,504	16,121,568
Credit granting	11,389,851	13,912,753
Credit granting in VND	9,589,218	11,146,941
Credit granting in foreign currencies	1,800,633	2,765,812
	35,359,355	30,034,321

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

7. SECURITIES HELD FOR TRADING

	<i>12/31/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Debt securities		
- Government bonds	3,723,271	3,822,161
- Bonds issued by local credit institutions	2,724,819	116,614
<i>In which: bonds guaranteed by the Government for settlement</i>	<i>1,711,904</i>	<i>116,614</i>
- Bonds issued by local economic institutions	1,135,000	2,790,943
	7,583,090	6,729,718
Provision for credit risk of unlisted corporate bonds (i)	(10,544)	(14,194)
Provision for diminution in value of securities held-for-trading (i)	(317)	(2,778)
	7,572,229	6,712,746

(i) Movements in provision for securities held-for-trading for the period from 01/01/2018 to 12/31/2018 were as follows:

<i>VND million</i>	<i>General provision</i>	<i>Provision for diminution in value of securities</i>	<i>Total</i>
Balance at 01/01/2018	14,194	2,778	16,972
Provision reversed in the period (Note 24)	(3,650)	(2,461)	(6,111)
Balance at 12/31/2018	10,544	317	10,861

Movements in provision for securities held-for-trading for the period from 01/01/2017 to 12/31/2017 were as follows:

<i>VND million</i>	<i>General provision</i>	<i>Provision for diminution in value of securities</i>	<i>Total</i>
Balance at 01/01/2017	11,285	-	11,285
Provision made in the period (Note 24)	2,909	2,778	5,687
Balance at 12/31/2017	14,194	2,778	16,972

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

8. LOANS TO CUSTOMERS

	<i>12/31/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Loans to local economic entities and individuals	158,052,269	157,988,608
Discounted bills and valuable papers	361,280	1,983,527
Loans financed by trusted funds	472,609	358,449
Payment on behalf of customers	94,473	2,166
Loans to foreign economic entities and individuals	39,228	7,158
	<u>159,019,859</u>	<u>160,339,908</u>

Loan portfolio by loan group was as follows:

	<i>12/31/2018</i>		<i>12/31/2017</i>	
			<i>(Audited)</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
Group 1 - Current	153,629,191	96.61	155,423,383	96.94
Group 2 - Special mention	2,587,219	1.63	2,332,648	1.45
Group 3 - Substandard	237,758	0.15	575,397	0.36
Group 4 - Doubtful	862,510	0.54	455,567	0.28
Group 5 - Loss	1,703,181	1.07	1,552,913	0.97
	<u>159,019,859</u>	<u>100.00</u>	<u>160,339,908</u>	<u>100.00</u>

Loan portfolio by term was as follows:

	<i>12/31/2018</i>		<i>12/31/2017</i>	
			<i>(Audited)</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
Short term	59,010,188	37.11	62,586,711	39.04
Medium term	36,777,735	23.13	42,894,846	26.75
Long term	63,231,936	39.76	54,858,351	34.21
	<u>159,019,859</u>	<u>100.00</u>	<u>160,339,908</u>	<u>100.00</u>

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

9. PROVISION FOR LOANS TO CUSTOMERS

Provision for loans to customers consists of:

	<i>12/31/2018</i> <i>VND million</i>	<i>12/31/2017</i> <i>VND million</i> <i>(Audited)</i>
General provision	1,219,151	1,057,397
Specific provision	1,159,829	823,449
	<u>2,378,980</u>	<u>1,880,846</u>

Movements in provision for loans to customers for the period from 01/01/2018 to 12/31/2018 were as follows:

<i>VND million</i>	<i>Specific provision</i>	<i>General provision</i>	<i>Total</i>
Balance at 01/01/2018	823,449	1,057,397	1,880,846
Provision made in the period (<i>Note 29</i>)	2,889,488	161,754	3,051,242
Utilisation of provision in the period	(2,553,108)	-	(2,553,108)
Balance at 12/31/2018	<u>1,159,829</u>	<u>1,219,151</u>	<u>2,378,980</u>

Movements in provision for loans to customers for the period from 01/01/2017 to 12/31/2017 were as follows:

<i>VND million</i>	<i>Specific provision</i>	<i>General provision</i>	<i>Total</i>
Balance at 01/01/2017	494,045	1,003,508	1,497,553
Provision made in the period (<i>Note 29</i>)	2,077,318	53,889	2,131,207
Utilisation of provision in the period	(1,747,914)	-	(1,747,914)
Balance at 12/31/2017	<u>823,449</u>	<u>1,057,397</u>	<u>1,880,846</u>

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

10. INVESTMENT SECURITIES

	<i>12/31/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Available-for-sale securities		
<i>Debt securities</i>		
- Government bonds	8,793,593	13,048,507
- Bonds issued by local credit institutions	19,516,744	17,009,710
<i>In which: bonds guaranteed by the Government for settlement</i>	<i>11,114,162</i>	<i>12,459,709</i>
- Bonds issued by local economic entities	<u>36,819,350</u>	<u>14,755,323</u>
	<u>65,129,687</u>	<u>44,813,540</u>
Provision for credit risk of unlisted corporate bonds (i)	(182,039)	(131,056)
Provision for diminution in value of available-for-sale securities (i)	<u>(3,797)</u>	<u>(15,648)</u>
	<u>64,943,851</u>	<u>44,666,836</u>
Held-to-maturity securities		
<i>Debt securities</i>		
- Government bonds	-	569,283
- Bonds issued by local credit institutions	30,000	2,030,001
<i>In which: bonds guaranteed by the Government for settlement</i>	<i>30,000</i>	<i>30,001</i>
- Bonds issued by local economic entities	<u>20,206,200</u>	<u>3,116,200</u>
	<u>20,236,200</u>	<u>5,715,484</u>
Provision for credit risk of held-to-maturity securities (i)	<u>(159,422)</u>	<u>(34,547)</u>
	<u>20,076,778</u>	<u>5,680,937</u>
	<u>85,020,629</u>	<u>50,347,773</u>
 (i) Provision for investment securities includes:		
	<i>12/31/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Provision for credit risk of unlisted corporate bonds	341,461	165,603
Provision for diminution in value of investment securities	<u>3,797</u>	<u>15,648</u>
	<u>345,258</u>	<u>181,251</u>

Movements in provision for investment securities for the period from 01/01/2018 to 12/31/2018 were as follows:

<i>VND million</i>	<i>General provision</i>	<i>Provision for diminution in value of securities</i>	<i>Total</i>
Balance at 01/01/2018	165,603	15,648	181,251
Provision made/(reversed) in the period (<i>Note 25</i>)	<u>175,858</u>	<u>(11,851)</u>	<u>164,007</u>
Balance at 12/31/2018	<u>341,461</u>	<u>3,797</u>	<u>345,258</u>

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

Movements in provision for investment securities for the period from 01/01/2017 to 12/31/2017 were as follows:

<i>VND million</i>	<i>General provision</i>	<i>Provision for diminution in value of securities</i>	<i>Total</i>
Balance at 01/01/2017	93,018	-	93,018
Provision made in the period (<i>Note 25</i>)	72,585	15,648	88,233
Balance at 12/31/2017	165,603	15,648	181,251

Movements in provision for VAMC:

	<i>From 01/01/2018 to 12/31/2018 Million VND</i>	<i>From 01/01/2017 to 12/31/2017 Million VND</i>
Balance at 01 January	-	1,367,540
Provision made for VAMC in the period (<i>Note 29</i>)	-	1,663,766
Provision used to write-off VAMC in the period	-	(3,031,306)
Balance at 31 December	-	-

11. LONG-TERM INVESTMENTS

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

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

	<i>From 01/01/2018 to 12/31/2018 VND million</i>	<i>From 01/01/2017 to 12/31/2017 VND million</i>
Balance at 01 January	1,756	4,384
Provision reversed for long-term investments (<i>Note 28</i>)	(1,756)	(2,628)
Balance at 31 December	-	1,756

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

12. TANGIBLE FIXED ASSETS

For the year ended 31 December 2018

<i>VND million</i>	<i>Buildings and building improvements</i>	<i>Machines and equipment</i>	<i>Vehicles</i>	<i>Other fixed assets</i>	<i>Total</i>
Cost					
Balance at 01/01/2018	336,729	1,092,771	146,750	1,850	1,578,100
Additions	117,122	176,119	-	-	293,241
Construction in progress completed	102,790	3,711	17,715	-	124,216
Disposals	(106,289)	(97,798)	-	(171)	(204,258)
Other decreases	(4,629)	(530)	-	(76)	(5,235)
Balance at 12/31/2018	<u>445,723</u>	<u>1,174,273</u>	<u>164,465</u>	<u>1,603</u>	<u>1,786,064</u>
Accumulated depreciation					
Balance at 01/01/2018	32,930	893,576	88,426	1,490	1,016,422
Charge for the period	13,549	90,514	13,962	173	118,198
Disposals	(10,721)	(93,369)	-	(164)	(104,254)
Other decreases	-	(530)	-	(76)	(606)
Balance at 12/31/2018	<u>35,758</u>	<u>890,191</u>	<u>102,388</u>	<u>1,423</u>	<u>1,029,760</u>
Net book value					
Balance at 01/01/2018	<u>303,799</u>	<u>199,195</u>	<u>58,324</u>	<u>360</u>	<u>561,678</u>
Balance at 12/31/2018	<u>409,965</u>	<u>284,082</u>	<u>62,077</u>	<u>180</u>	<u>756,304</u>

For the year ended 31 December 2017 (Audited)

<i>VND million</i>	<i>Buildings and building improvements</i>	<i>Machines and equipment</i>	<i>Vehicles</i>	<i>Other fixed assets</i>	<i>Total</i>
Cost					
Balance at 01/01/2017	241,177	1,096,595	137,870	1,850	1,477,492
Additions	95,552	29,023	8,880	-	133,455
Disposals	-	(32,774)	-	-	(32,774)
Other decreases	-	(73)	-	-	(73)
Balance at 12/31/2017	<u>336,729</u>	<u>1,092,771</u>	<u>146,750</u>	<u>1,850</u>	<u>1,578,100</u>
Accumulated depreciation					
Balance at 01/01/2017	21,853	820,145	69,439	1,303	912,740
Charge for the year	10,673	106,031	18,907	187	135,798
Disposals	-	(32,043)	-	-	(32,043)
Other movements	404	(557)	80	-	(73)
Balance at 12/31/2017	<u>32,930</u>	<u>893,576</u>	<u>88,426</u>	<u>1,490</u>	<u>1,016,422</u>
Net book value					
Balance at 01/01/2017	<u>219,324</u>	<u>276,450</u>	<u>68,431</u>	<u>547</u>	<u>564,752</u>
Balance at 12/31/2017	<u>303,799</u>	<u>199,195</u>	<u>58,324</u>	<u>360</u>	<u>561,678</u>

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

13. INTAGIBLE FIXED ASSETS

For the year ended 31 December 2018

<i>VND million</i>	<i>Software</i>	<i>Land use rights</i>	<i>Others</i>	<i>Total</i>
Cost				
Balance at 01/01/2018	809,634	613,935	2,048	1,425,617
Additions	36,806	25,212	-	62,018
Construction in progress completed	12,024	4,050	-	16,074
Disposals	(339)	-	(42)	(381)
Other increases	-	4,629	-	4,629
Balance at 12/31/2018	<u>858,125</u>	<u>647,826</u>	<u>2,006</u>	<u>1,507,957</u>
Accumulated amortisation				
Balance at 01/01/2018	475,493	18,447	266	494,206
Charge for the year	86,198	12,120	78	98,396
Disposals	(243)	-	(42)	(285)
Balance at 12/31/2018	<u>561,448</u>	<u>30,567</u>	<u>302</u>	<u>592,317</u>
Net book value				
Balance at 01/01/2018	<u>334,141</u>	<u>595,488</u>	<u>1,782</u>	<u>931,411</u>
Balance at 12/31/2018	<u>296,677</u>	<u>617,259</u>	<u>1,704</u>	<u>915,640</u>

For the year ended 31 December 2017 (Audited)

<i>VND million</i>	<i>Software</i>	<i>Land use rights</i>	<i>Others</i>	<i>Total</i>
Cost				
Balance at 01/01/2017	789,747	613,480	2,048	1,405,275
Additions	35,184	455	-	35,639
Disposals	(15,297)	-	-	(15,297)
Balance at 12/31/2017	<u>809,634</u>	<u>613,935</u>	<u>2,048</u>	<u>1,425,617</u>
Accumulated amortisation				
Balance at 01/01/2017	401,061	6,548	188	407,797
Charge for the year	89,729	11,899	78	101,706
Disposals	(15,297)	-	-	(15,297)
Balance at 12/31/2017	<u>475,493</u>	<u>18,447</u>	<u>266</u>	<u>494,206</u>
Net book value				
Balance at 01/01/2017	<u>388,686</u>	<u>606,932</u>	<u>1,860</u>	<u>997,478</u>
Balance at 12/31/2017	<u>334,141</u>	<u>595,488</u>	<u>1,782</u>	<u>931,411</u>

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

14. OTHER ASSETS

	<i>12/31/2018</i> <i>VND million</i>	<i>12/31/2017</i> <i>VND million</i> <i>(Reclassified)</i>
Receivables		
Internal receivables	64,572	20,079
Deposits for office rental	286,380	574,726
Deposits for purchase of office	377,467	2,352,839
Receivables relating to Interest Subsidy Program	20,006	20,050
Advances for contracts	90,734	54,376
Deposits for gold, commodity and foreign currencies trading in futures markets	77,349	45,586
Advances for fixed assets purchases and construction in progress	3,457,983	943,174
Receivables from loans sold contracts	-	1,862,038
Receivables from advance for deferred L/C	4,240,462	2,789,982
Settlement on behalf of other credit institutions	2,259,597	71,266
Receivables from bond principals and interests due on holiday	231,486	368,300
Other receivables	375,663	312,727
	11,481,699	9,415,143
Accrued interest and fee receivables	5,619,490	3,794,844
Other assets	707,320	529,770
Materials	10,020	23,694
Prepayments	697,300	506,076
	17,808,509	13,739,757
Provision for other assets (i)	(74,670)	(1,283,537)
	17,733,839	12,456,220

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

	<i>From 01/01/2018</i> <i>to 12/31/2018</i> <i>VND million</i>	<i>From 01/01/2017</i> <i>to 12/31/2017</i> <i>VND million</i>
Balance at 01 January	1,283,537	1,476,587
Reversal of provision for receivables from loan sold contracts (<i>Note 29</i>)	(1,220,903)	(193,809)
Reversal for diminution in the value of inventory (<i>Note 28</i>)	(1,498)	(248)
Provision made for deferred L/C (<i>Note 29</i>)	12,675	986
Provision made for other assets bearing credit risk (<i>Note 29</i>)	859	-
Provision made for other receivables (<i>Note 28</i>)	44	21
Utilisation of provision in the period	(44)	-
Balance at 31 December	74,670	1,283,537

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

15. DEPOSITS AND BORROWINGS FROM OTHER FINANCIAL INSTITUTIONS AND CREDIT INSTITUTIONS

	<i>12/31/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Demand deposits	5,037,660	1,034,479
Demand deposits in VND	5,036,111	1,033,954
Demand deposits in foreign currencies	1,549	525
Term deposits	23,935,795	20,843,110
Term deposits in VND	22,057,000	16,600,300
Term deposits in foreign currencies	1,878,795	4,242,810
	28,973,455	21,877,589
Borrowings		
Borrowings in VND	1,542,567	19,281,553
Borrowings in foreign currencies	5,612,906	5,727,897
	7,155,473	25,009,450
	36,128,928	46,887,039

16. DEPOSITS FROM CUSTOMERS

	<i>12/31/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Current accounts	55,544,308	38,664,954
Current accounts in VND	49,057,257	34,492,309
Current accounts in foreign currencies	6,487,051	4,172,645
Term deposits	144,096,572	129,837,846
Term deposits in VND	137,118,865	122,103,278
Term deposits in foreign currencies	6,977,707	7,734,568
Marginal deposits	3,188,540	3,008,495
Marginal deposits in VND	3,080,503	2,843,993
Marginal deposits in foreign currencies	108,037	164,502
	202,829,420	171,511,295

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

17. DERIVATIVES AND OTHER FINANCIAL ASSETS/ (LIABILITIES)

	12/31/2018		12/31/2017 (Audited)	
	<i>Total contract nominal value</i> (*)	<i>Total carrying value</i> (**)	<i>Total contract nominal value</i> (*)	<i>Total carrying value</i> (**)
		<i>Assets/ (liabilities)</i>		<i>Assets/ (liabilities)</i>
	<i>VND million</i>	<i>VND million</i>	<i>VND million</i>	<i>VND million</i>
Foreign exchange forward contracts	64,416,164	(64,693)	26,744,367	144,445
Foreign exchange swap contracts	75,166,996	(191,614)	103,970,254	(173,684)
Interest rate swap contracts	11,386,132	(54,006)	5,148,488	65,531
	150,969,292	(310,313)	135,863,109	36,292

(*) at the contractual exchange rates

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

18. VALUABLE PAPERS ISSUED

Valuable papers issued - categorised by terms:

	12/31/2018 <i>VND million</i>	12/31/2017 <i>VND million</i> (Audited)
Up to 12 months	6	6
From 12 months up to 5 years	8,714,213	11,064,150
More than 5 years	3,900,000	6,600,000
	12,614,219	17,664,156

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

19. OTHER LIABILITIES

	<i>12/31/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Accrued interest and fee payables	3,410,598	2,767,482
Other liabilities		
Internal payables	12,582	13,465
Remittance payables	5,059,137	927,230
Payable to employees	609,253	558,764
Tax payable (Note 35)	775,836	824,615
Deferred income	834	9,125
Accrued salary expenses	401,467	237,113
Other accrued expenses	435,571	365,672
Payable relating to marketing and promotion	1,965	20,135
Reward and welfare funds	7,012	2,443
Disbursements awaiting for settlement	22,408	6,990
Funds kept for customers awaiting for settlement	137,805	176,298
Deferred proceeds from sale of collaterals	83,833	156,580
Deposit certificates of customers awaiting settlement	85,103	105,583
Other payables	381,674	149,903
	8,014,480	3,553,916
	11,425,078	6,321,398

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

20. CAPITAL AND RESERVES

Statement of changes in equity

<i>VND million</i>	<i>Share capital</i>	<i>Treasury shares</i>	<i>Share premium</i>	<i>Exchange rate revaluation</i>	<i>Reserve to supplement capital</i>	<i>Financial reserve</i>	<i>Other reserves</i>	<i>Total Reserves</i>	<i>Retained profits</i>	<i>Total</i>
Balance at 31 December 2016	8,878,079	-	-	-	3,548,504	1,447,467	474	4,996,445	4,519,522	18,394,046
Capital increase	700,000	-	1,399,999	-	-	-	-	-	-	2,099,999
Capital increase from convertible bonds	2,077,228	-	765,059	-	-	-	-	-	-	2,842,287
Net profit for the year	-	-	-	-	-	-	-	-	5,677,574	5,677,574
Utilisations of reserves	-	-	-	-	-	(263)	-	(263)	-	(263)
Appropriations to reserves	-	-	-	-	283,879	567,757	-	851,636	(851,636)	-
Purchase of Treasury shares	-	(4,043,249)	-	-	-	-	-	-	-	(4,043,249)
Balance at 31 December 2017	11,655,307	(4,043,249)	2,165,058	-	3,832,383	2,014,961	474	5,847,818	9,345,460	24,970,394
Capital increase	23,310,615	-	(13,986,369)	-	(3,496,592)	-	-	(3,496,592)	(5,827,654)	-
Net profit for the period	-	-	-	-	-	-	-	-	7,998,551	7,998,551
Sale of Treasury shares	-	4,043,249	12,297,928	-	-	-	-	-	-	16,341,177
Utilisations of reserves	-	-	-	-	-	(59)	-	(59)	-	(59)
Appropriations to reserves	-	-	-	-	399,928	799,855	-	1,199,783	(1,199,783)	-
Appropriations to reward and welfare fund	-	-	-	-	-	-	-	-	(20,000)	(20,000)
Balance at 31 December 2018	34,965,922	-	476,617	-	735,719	2,814,757	474	3,550,950	10,296,574	49,290,063

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

Share Capital

	<i>12/31/2018</i>	<i>12/31/2017</i> <i>(Audited)</i>
	<i>Number of shares</i>	<i>Number of shares</i>
Authorised share capital	<u>3,496,592,160</u>	<u>1,165,530,720</u>
Issued share capital		
Ordinary shares	<u>3,496,592,160</u>	<u>1,165,530,720</u>
Treasury shares		
Ordinary shares	<u>-</u>	<u>(172,353,345)</u>
Shares in circulation		
Ordinary shares	<u>3,496,592,160</u>	<u>993,177,375</u>

21. NET INTEREST AND SIMILAR INCOME

	<i>From 01/01/2018</i> <i>to 12/31/2018</i> <i>VND million</i>	<i>From 01/01/2017</i> <i>to 12/31/2017</i> <i>VND million</i> <i>(Audited)</i>
Interest and similar income		
Interest income from deposits	598,223	321,916
Interest income from loans	15,394,979	13,361,913
Income from debt securities investment	4,092,918	3,474,260
Income from guarantee service	312,998	280,709
Other income from credit activities	630,025	82,378
	<u>21,029,143</u>	<u>17,521,176</u>
Interest and similar expenses		
Interest expenses for customer deposits	(8,250,704)	(7,673,815)
Interest expenses for borrowings	(430,472)	(317,306)
Interest expenses for valuable paper issued	(1,324,587)	(701,358)
	<u>(10,005,763)</u>	<u>(8,692,479)</u>
	<u>11,023,380</u>	<u>8,828,697</u>

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

22. NET FEE AND COMMISSION INCOME

	<i>From 01/01/2018 to 12/31/2018 VND million</i>	<i>From 01/01/2017 to 12/31/2017 VND million (Reclassified)</i>
Fee and commission income from		
Settlement and cash services	1,763,056	1,465,532
Cashiering services	2,523	1,355
Trustee and agency services	146,271	1,508,857
Consulting services	33,798	2,281
Bancassurance services	722,479	512,882
Other services	352,701	521,231
	3,020,828	4,012,138
Fee and commission expenses for		
Settlement and cash services	(517,780)	(277,684)
Cashiering services	(58,102)	(53,905)
Other services	(282,914)	(244,156)
	(858,796)	(575,745)
	2,162,032	3,436,393

23. NET GAIN FROM FOREIGN CURRENCIES TRADING

	<i>From 01/01/2018 to 12/31/2018 VND million</i>	<i>From 01/01/2017 to 12/31/2017 VND million (Audited)</i>
Income from foreign currencies trading		
Foreign exchange trading	1,030,351	193,080
Financial derivatives	848,966	911,886
	1,879,317	1,104,966
Expenses for foreign currencies trading		
Foreign exchange trading	(154,420)	(244,100)
Financial derivatives	(1,491,146)	(582,343)
	(1,645,566)	(826,443)
	233,751	278,523

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

24. NET GAIN FROM SECURITIES HELD FOR TRADING

	<i>From 01/01/2018 to 12/31/2018 VND million</i>	<i>From 01/01/2017 to 12/31/2017 VND million (Audited)</i>
Income from trading of securities held-for-trading	350,135	539,888
Expenses for trading of securities held-for-trading	(187,865)	(137,418)
Provision (made)/reversed for diminution in the value of securities held-for-trading (Note 7)	2,461	(2,778)
Provision (made)/reversed for credit risk of unlisted corporate bonds (Note 7)	3,650	(2,909)
	<u>168,381</u>	<u>396,783</u>

25. NET GAIN FROM INVESTMENT SECURITIES

	<i>From 01/01/2018 to 12/31/2018 VND million</i>	<i>From 01/01/2017 to 12/31/2017 VND million (Audited)</i>
Income from trading of investment securities	950,307	674,616
Expenses for trading of investment securities	(331,953)	(175,018)
Provision (made)/reversed for diminution in the value of investment securities (Note 10)	11,851	(15,648)
Provision made for credit risk of unlisted corporate bonds (Note 10)	(175,858)	(72,585)
	<u>454,347</u>	<u>411,365</u>

26. NET GAIN FROM OTHER ACTIVITIES

	<i>From 01/01/2018 to 12/31/2018 VND million</i>	<i>From 01/01/2017 to 12/31/2017 VND million (Audited)</i>
Other operating incomes		
Income from other derivatives	1,544,089	193,008
Recovery of loans previously written-off	1,419,581	1,110,337
Income from VAMC early settlement	-	424,134
Other income	124,471	135,051
	<u>3,088,141</u>	<u>1,862,530</u>
Other operating expenses		
Expenses for other derivatives	(1,228,490)	(128,764)
Other expenses	(291,285)	(124,349)
	<u>(1,519,775)</u>	<u>(253,113)</u>
	<u>1,568,366</u>	<u>1,609,417</u>

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

27. INCOME FROM INVESTMENT IN OTHER ENTITIES

	<i>From 01/01/2018 to 12/31/2018 VND million</i>	<i>From 01/01/2017 to 12/31/2017 VND million (Audited)</i>
Proceeds from the liquidation of long-term investment	927,339	355,192
Dividends received from long-term investment	781,988	30,794
	<u>1,709,327</u>	<u>385,986</u>

28. OPERATING EXPENSES

	<i>From 01/01/2018 to 12/31/2018 VND million</i>	<i>From 01/01/2017 to 12/31/2017 VND million (Reclassified)</i>
Salaries and related expenses	3,000,730	2,430,825
Publication, marketing and promotion	300,947	263,405
Office and asset rental	613,158	590,414
Depreciation of fixed assets	216,594	237,504
Tax, duties and fees	99,297	74,347
Tools and equipment expenses	85,721	51,528
Telecommunication expenses	37,678	34,408
Expenses for maintenance and repair of assets	210,795	218,695
Utilities expenses	66,671	53,067
Expenditure on payment of insurance premium for customers' deposits	193,813	166,187
Per diem expenses	92,085	63,726
Reversal of provision for long-term investments (Note 11)	(1,756)	(2,628)
Reversal of provision for diminution in the value of inventory (Note 14)	(1,498)	(248)
Provision made for other assets (Note 14)	44	21
Training expense	34,901	29,408
Conference expense	75,687	41,949
Consulting services expense	39,376	113,818
Other operating expenses	556,098	321,619
	<u>5,620,341</u>	<u>4,688,045</u>

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

29. PROVISION EXPENSES FOR CREDIT LOSSES

	<i>Notes</i>	<i>From 01/01/2018 to 12/31/2018 VND million</i>	<i>From 01/01/2017 to 12/31/2017 VND million (Audited)</i>
Specific provision made for loans to customers	9	2,889,488	2,077,318
General provision made for loans to customers	9	161,754	53,889
Provision made for VAMC bonds	10	-	1,663,766
Provision reversed for receivables from loan sold contracts	14	(1,220,903)	(193,809)
Provision made for receivables from advance for deferred L/C	14	12,675	986
Provision made for other assets bearing credit risk	14	859	-
		<u>1,843,873</u>	<u>3,602,150</u>

30. CORPORATE INCOME TAX EXPENSES

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 follows:

	<i>From 01/01/2018 to 12/31/2018 VND million</i>	<i>From 01/01/2017 to 12/31/2017 VND million (Audited)</i>
Profit before tax	9,855,370	7,056,969
<i>Adjustments for:</i>		
- Income of dividend exempt from CIT	(781,988)	(30,794)
- Non-deductable expenses	517,014	237,515
- Prior period income deductible in this period	(144,636)	-
- Prior period temporary differences deductible in this period	(190,213)	(343,772)
Taxable Corporate income	<u>9,255,547</u>	<u>6,919,918</u>
Corporate income tax	1,851,109	1,383,984
Corporate income tax adjusted for previous years	5,710	(22,215)
Corporate income tax payable for the period	<u>1,856,819</u>	<u>1,361,769</u>
CIT payable at the beginning of the period	787,359	292,033
CIT paid in the period	(1,911,358)	(866,443)
CIT payable at the end of the period	<u>732,820</u>	<u>787,359</u>

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

31. CASH AND CASH EQUIVALENTS

	<i>12/31/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
Cash and gold on hand <i>(Note 4)</i>	2,606,467	2,344,362
Balances with the SBV <i>(Note 5)</i>	10,555,483	4,279,337
Balances with other credit institutions with original terms of not exceeding three months	<u>23,937,021</u>	<u>16,045,774</u>
	<u>37,098,971</u>	<u>22,669,473</u>

32. 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.

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

As at 31 December 2018, there were the following significant balances and transactions with related parties:

<i>Related parties</i>	<i>Notes</i>	<i>Receivables/(Payables)</i>	
		<i>12/31/2018</i>	<i>12/31/2017</i>
		<i>VND million</i>	<i>VND million</i> <i>(audited)</i>
Loans from the Bank			
The European Plastic Window JSC	(ii)	487,336	394,097
<i>In which: Increase</i>		652,705	285,092
<i>Decrease</i>		(559,466)	(298,601)
Nui Phao Mining Company Ltd.,	(ii)	1,158,160	890,802
<i>In which: Increase</i>		1,648,913	1,192,178
<i>Decrease</i>		(1,381,555)	(938,358)
T&M Vietnam Investment JSC	(iii)	590,000	590,000
Vietnam Technological and Commercial Joint Stock Bank- Asset Management Company Limited	(iv)	450,000	450,000
Par value bond of the bank			
Nui Phao Mining Company Ltd.,	(ii)	499,990	-
Deposits at the bank (*)			
Masan Group Corporation	(i)	(354,845)	(172,521)
MapleLeaf Company Limited	(i)	(323)	(315)
Masan JSC	(ii)	(761)	(851)
The European Plastic Window JSC	(ii)	(10,670)	(23,793)
Masan Resources Corporation	(ii)	(3,289)	(484)
Nui Phao Mining Company Ltd.,	(ii)	(60,159)	(167,262)
Masan Consumer Corporation	(ii)	(208,973)	(311,562)
Vinh Hao Mineral Water JSC	(iii)	(54,353)	(62,706)
Vinacafe Bien Hoa JSC	(iii)	(141)	(1,486,643)
Masan Consumer Holdings Company Limited	(iii)	(6,770)	(6,449)
Masan Brewery Distribution One Member Company Limited	(iii)	(6,705)	(47,369)
Quang Ninh Mineral Water Corporation	(iii)	(19,188)	(37,354)
Vietnam Technological and Commercial Joint Stock Bank- Asset Management Company Limited	(iv)	(198,330)	(120,911)
Techcom Securities JSC	(iv)	(1,148,623)	(399,103)
Techcom Capital Management Company Limited	(iv)	(11,131)	(20,444)
Members of the Board of Directors, the Boards of Supervision, the Board of Management and their close members	(i), (iii)	(1,246,758)	(541,745)

(*) Including Current deposit, Term deposit and Marginal deposit

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

<i>Related parties</i>	<i>Notes</i>	<i>Revenue/(Expenses)</i>	
		<i>From 01/01/2018 to 12/31/2018 VND million</i>	<i>From 01/01/2017 to 12/31/2017 VND million</i>
Interest income			
The European Plastic Window JSC	(ii)	41,343	32,075
Nui Phao Mining Company Ltd.,	(ii)	47,421	38,461
T&M Vietnam Investment JSC	(iii)	61,314	3,278
Vietnam Technological and Commercial Joint Stock Bank- Asset Management Company Limited	(iv)	46,396	44,579
Interest expense			
Masan Group Corporation	(i)	(48,206)	(10,399)
MapleLeaf Company Limited	(i)	(14)	(7)
Masan JSC	(ii)	(102)	(4,078)
The European Plastic Window JSC	(ii)	(9)	(8)
Masan Resources Corporation	(ii)	(85)	(6)
Nui Phao Mining Company Ltd.,	(ii)	(3,822)	(532)
Masan Consumer Corporation	(ii)	(34,551)	(54,832)
Vinh Hao Mineral Water JSC	(iii)	(2,545)	(2,889)
Vinacafe Bien Hoa JSC	(iii)	(6,387)	(7,534)
Masan Consumer Holdings Company Limited	(iii)	(335)	(252)
Masan Brewery Distribution One Member Company Limited	(iii)	(1,096)	(735)
Quang Ninh Mineral Water Corporation	(iii)	(879)	(1,021)
Vietnam Technological and Commercial Joint Stock Bank- Asset Management Company Limited	(iv)	(8,618)	(3,655)
Techcom Securities JSC	(iv)	(5,930)	(4,000)
Techcom Capital Management Company Limited	(iv)	(269)	(317)
Members of the Board of Directors, the Boards of Supervision, the Board of Management and their close members	(i), (iii)	(6,008)	(3,394)

(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

(iv) Subsidiaries

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

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

As at 31 December 2018

	<i>Total loans</i>	<i>Total deposit</i>	<i>Credit</i>	<i>Derivatives</i>	<i>Trading and</i>
	<i>VND million</i>	<i>VND million</i>	<i>commitments</i>	<i>VND million</i>	<i>investment</i>
			<i>VND million</i>	<i>VND million</i>	<i>securities</i>
					<i>VND million</i>
Domestic	170,370,482	231,060,994	108,612,258	150,969,292	92,948,977
Overseas	39,228	741,881	-	-	-
	170,409,710	231,802,875	108,612,258	150,969,292	92,948,977

As at 31 December 2017 (Audited)

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

34. EMPLOYEE BENEFITS

	<i>From 01/01/2018</i>	<i>From 01/01/2017</i>
	<i>to 12/31/2018</i>	<i>to 12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
Total employees as at 31 December (person)	7,811	7,326
Average number of employees in the period (person)	8,511	7,569
Employees' remuneration		
1. Basic salaries (VND million)	2,479,932	1,912,826
2. Allowances and other income (VND million)	520,798	517,999
	3,000,730	2,430,825
Average monthly salary (VND million/person)	24	21
Average annual remuneration (VND million/person)	29	27

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

35. OBLIGATIONS TO THE STATE BUDGET

As at 31 December 2018

	<i>01/01/2018</i>	<i>Incurred</i>	<i>Adjustment</i>	<i>Paid</i>	<i>12/31/2018</i>
	<i>VND million</i>	<i>VND million</i>	<i>VND million</i>	<i>VND million</i>	<i>VND million</i>
Value added tax	8,068	148,573	2	(141,541)	15,102
Corporate income tax	787,359	1,856,819	-	(1,911,358)	732,820
Other taxes	29,188	386,501	(270)	(387,505)	27,914
	824,615	2,391,893	(268)	(2,440,404)	775,836

As at 31 December 2017 (Audited)

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

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

36. RISK MANAGEMENT DISCLOSURE

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

(i) Risk management policy

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

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

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

(ii) Credit risk

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

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

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

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

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

	<i>12/31/2018</i>	<i>12/31/2017</i>
	<i>VND million</i>	<i>VND million</i>
		<i>(Audited)</i>
Real estate	223,402,821	183,357,316
Equipment and machinery	52,218,872	52,230,799
Valuable papers issued	127,069,423	74,638,895
Others	127,122,314	99,198,222
	<u>529,813,430</u>	<u>409,425,232</u>

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

(iii) Market risk

Liquidity risk

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

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

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

- ▶ Deposits at the SBV are classified as demand deposits which include compulsory deposits. The balance of compulsory deposits depends on the proportion and terms of the Bank's customer deposits;
- ▶ The maturity term of investment securities is calculated based on the maturity date of each category of securities; In particular, securities issued by the Government or guaranteed by the Government, although classified as long-term bases on the remaining tenor of the securities, are liquid assets in the market, can be converted to cash in a short period with insignificant costs;
- ▶ The maturity term of placements with and credit granting to other banks; and loans to customers is determined on the maturity date as stipulated in contracts; not overdue is defined in Group 1 (Current). The actual maturity term may be altered because loan contracts may be extended/prepaid;
- ▶ The maturity term of equity investments is considered as more than five years because these investments do not have specific maturity date;
- ▶ The maturity term of deposits and borrowings from other banks and customers' deposits is determined based on features of these items or the maturity date as stipulated in contracts. Demand deposits are transacted as required by customers and therefore being classified as current accounts. The maturity term of borrowings and term deposits is determined based on the maturity date in contracts. In fact, these amounts may be rotated and therefore they last beyond the original maturity date;
- ▶ The maturity term of fixed assets is determined on the remaining useful life of assets;
- ▶ The maturity of valuable papers issued is determined based on maturity term of each type of valuable paper;
- ▶ The maturity term of other liabilities is determined based on the actual maturity of each item.

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

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

<i>As at 31 December 2018 (VND million)</i>	<i>Overdue less than 3 months</i>	<i>Overdue more than 3 months</i>	<i>Up to 1 month</i>	<i>From 1 to 3 months</i>	<i>From 3 to 12 months</i>	<i>From 1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Assets								
Cash and gold on hand	-	-	2,606,467	-	-	-	-	2,606,467
Balances with the SBV	-	-	10,555,483	-	-	-	-	10,555,483
Balances with and credit granting to other credit institutions - gross	-	-	22,843,537	8,325,791	4,190,027	-	-	35,359,355
Securities held for trading – gross	-	-	-	807,800	1,340,115	2,153,431	3,281,744	7,583,090
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	-	-	-	-	-	2,153,431	3,281,744	5,435,175
Loans to customers - gross	2,587,219	2,803,449	8,977,696	15,502,564	34,202,921	37,259,157	57,686,853	159,019,859
Investment securities - gross	62,709	188,128	1,990,930	1,606,574	39,509,525	31,131,153	10,876,868	85,365,887
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	62,709	188,128	1,990,930	1,606,574	1,830,496	8,874,571	5,464,546	20,017,954
Long term investments - gross	-	-	-	-	-	-	1,462,223	1,462,223
Fixed assets	-	-	95,240	1,143	14,642	298,530	1,262,389	1,671,944
Other assets - gross	-	250,774	10,691,750	2,368,471	2,709,451	1,461,581	326,482	17,808,509
	2,649,928	3,242,351	57,761,103	28,612,343	81,966,681	72,303,852	74,896,559	321,432,817
Liabilities								
Amounts due to the Government and the SBV	-	-	5,025,027	1,000,000	-	-	-	6,025,027
Deposits and borrowings from other financial institutions and credit institutions	-	-	29,470,618	2,861,178	2,926,655	866,976	3,501	36,128,928
Deposits from customers	-	-	111,361,736	33,207,610	52,166,232	6,028,430	65,412	202,829,420
Derivatives and other financial liabilities	-	-	34,406	(17,530)	165,418	128,019	-	310,313
Valuable papers issued	-	-	-	-	2,300,000	7,114,219	3,200,000	12,614,219
Other liabilities	-	-	8,620,461	869,449	1,383,438	543,333	8,397	11,425,078
	-	-	154,512,248	37,920,707	58,941,743	14,680,977	3,277,310	269,332,985
Net liquidity gap	2,649,928	3,242,351	(96,751,145)	(9,308,364)	23,024,938	57,622,875	71,619,249	52,099,832

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

Interest rate risk

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

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

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

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

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

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

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period from 01 January 2018 to 31 December 2018 (continued)

Form B05a/TCTD

As at 31 December 2018
(VND million)

		<i>Not influenced by changes in 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>
Assets	<i>Overdue</i>								
Cash and gold on hand	-	2,606,467	-	-	-	-	-	-	2,606,467
Balances with the SBV	-	10,555,483	-	-	-	-	-	-	10,555,483
Balances with and credit granting to other credit institutions - gross	-	8,956,048	13,887,489	8,325,791	2,366,686	1,823,341	-	-	35,359,355
Securities held for trading - gross	-	-	-	1,357,800	585,000	205,115	2,153,431	3,281,744	7,583,090
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	-	-	-	-	-	-	<i>2,153,431</i>	<i>3,281,744</i>	<i>5,435,175</i>
Loans to customers - gross	5,390,668	-	66,601,296	25,037,221	24,014,142	14,310,803	20,798,072	2,867,657	159,019,859
Investment securities - gross	250,837	671,104	12,988,667	31,137,390	16,364,709	6,110,296	12,383,327	5,459,557	85,365,887
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	<i>250,837</i>	<i>668,061</i>	<i>1,988,667</i>	<i>1,599,500</i>	<i>1,157,709</i>	<i>710,296</i>	<i>8,333,327</i>	<i>5,309,557</i>	<i>20,017,954</i>
Long term investments - gross	-	1,462,223	-	-	-	-	-	-	1,462,223
Fixed assets	-	1,671,944	-	-	-	-	-	-	1,671,944
Other assets - gross	250,774	17,557,735	-	-	-	-	-	-	17,808,509
	5,892,279	43,481,004	93,477,452	65,858,202	43,330,537	22,449,555	35,334,830	11,608,958	321,432,817
Liabilities									
Amounts due to the Government and the SBV	-	-	5,025,027	1,000,000	-	-	-	-	6,025,027
Deposits and borrowings from other financial institutions and credit institutions	-	5,037,660	24,432,957	2,861,178	1,606,533	1,320,123	866,976	3,501	36,128,928
Deposits from customers	-	58,778,812	54,206,620	33,525,858	26,468,638	25,277,518	4,554,077	17,897	202,829,420
Derivatives and other financial liabilities	-	-	15,308,314	7,491,852	(1,605,644)	(3,826,665)	(17,057,544)	-	310,313
Valuable papers issued	-	-	1,920,806	2,740,200	1,595,500	5,500,000	857,713	-	12,614,219
Other liabilities	-	11,425,078	-	-	-	-	-	-	11,425,078
	-	75,241,550	100,893,724	47,619,088	28,065,027	28,270,976	(10,778,778)	21,398	269,332,985
Interest sensitivity gap of balance sheet items	5,892,279	(31,760,546)	(7,416,272)	18,239,114	15,265,510	(5,821,421)	46,113,608	11,587,560	52,099,832

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

As at 31 December 2018
(VND million)

	<i>USD</i>	<i>EUR</i>	<i>Gold</i>	<i>Other currencies</i>	<i>Total</i>
Assets					
Cash and gold on hand	317,505	55,879	12,875	99,061	485,320
Balances with the SBV	1,442	-	-	-	1,442
Balances with and credit granting to other credit institutions - gross	13,725,401	455,883	-	488,195	14,669,479
Loans to customers - gross	9,338,756	13,974	-	-	9,352,730
Other assets - gross	3,776,750	754,002	-	36,751	4,567,503
	27,159,854	1,279,738	12,875	624,007	29,076,474
Liabilities					
Deposits and borrowings from other financial institutions and credit institutions	6,713,214	754,005	-	26,031	7,493,250
Deposits from customers	12,538,067	494,912	-	539,816	13,572,795
Derivatives and other financial liabilities	2,749,867	22,572	-	19,734	2,792,173
Other liabilities	662,829	9,001	-	13,437	685,267
	22,663,977	1,280,490	-	599,018	24,543,485
FX position on balance sheet	4,495,877	(752)	12,875	24,989	4,532,989
FX position off-balance sheet	(4,162,093)	-	-	(4,511)	(4,166,604)
Total FX position on and off-balance sheet	333,784	(752)	12,875	20,478	366,385

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

37. PROFIT MOVEMENTS

Profit before tax (PBT) up to 12/31/2018 increase by VND 2,798,401 million which is equivalent to 39.65% compared to 12/31/2017, as a result of the following factors:

	Profit before tax <i>(VND million)</i>
Increase/(Decrease) PBT as a result of:	
Increase in net interest income	2,194,683
Decrease in net fee and commission income	(1,274,361)
Decrease in net gain from trading of foreign currencies and gold	(44,772)
Decrease in net gain from trading of securities held for trading	(229,223)
Increase in net gain from investment securities	43,803
Decrease in net gain from other activities	(41,051)
Increase in income from investments in other entities	1,323,341
Increase in operating expense	(932,296)
Decrease in provision expenses for credit losses	1,758,277
Total of increase	<u>2,798,401</u>

38. CORRESPONDING FIGURES

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

INCOME STATEMENT

<i>VND million</i>	<i>From 01/01/2017 to 12/31/2017 (reclassified)</i>	<i>From 01/01/2017 to 12/31/2017 (as previously reported)</i>
Fee and commission expenses	(575,745)	(689,563)
Operating expenses	(4,688,045)	(4,574,227)

STATEMENT OF CASH FLOWS

<i>VND million</i>	<i>From 01/01/2017 to 12/31/2017 (reclassified)</i>	<i>From 01/01/2017 to 12/31/2017 (as previously reported)</i>
Fee and commission income received	3,371,645	3,257,827
Operating and salary expenses payments	(4,197,299)	(4,083,481)

Vietnam Technological and Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Form B05a/TCTD

For the period from 01 January 2018 to 31 December 2018 (continued)

39. FOREIGN CURRENCY EXCHANGE AT THE END OF PERIOD

	<i>12/31/2018</i>	<i>12/31/2017</i>
	<i>VND</i>	<i>VND</i>
AUD	16,378	17,718
CAD	17,039	18,053
CHF	23,553	23,306
CNY	3,372	3,490
DKK	3,553	3,660
EUR	26,529	27,246
GBP	29,548	30,691
HKD	2,962	2,907
JPY	211	202
NOK	2,669	2,766
SEK	2,593	2,768
SGD	17,025	16,979
THB	716	697
USD	23,195	22,425

Prepared by

Approved by

Ms. Bui Thi Khanh Van
Chief Accountant

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

Mr. Nguyen Le Quoc Anh
Chief Executive Officer